

CHICAGO, IL (September 20, 2010) – Rep. Jan Schakowsky (D-IL) issued the following release after a meeting on Sunday with community leaders in Schakowsky’s Congressional District and officers from United Central Bank, which does lending to businesses in the area.

“So far, so good,” said Congresswoman Jan Schakowsky after a meeting she organized between the top management of United Central Bank, including the President/CEO, and more than 100 business owners—primarily from the South Asian community—who are facing potential foreclosures.

This was the second meeting in 8 days organized by Schakowsky and community leaders to address the potentially devastating loss of dozens of businesses that represent thousands of employees in the Rogers Park area and beyond. Congressman Danny Davis (D-IL), who said some businesses in his community would also be affected, was in attendance at both meetings, as was 49th Ward Alderman Joe Moore. State Senator Ira Silverstein attended the first meeting.

United Central Bank, based in Garland, Texas, was chosen to be the successor to Mutual Bank, which was shut down by the FDIC. Many leaders in the community found UCB to treat them rudely and to be unwilling to work out agreements that would prevent them from losing their businesses and their personal assets, since most borrowers had also signed personal guarantees to back up their business loans.

“Talking to many business men and women, I learned that this was not just a threat to individuals,” said Schakowsky. “The extent of the foreclosures in this area would have absolutely devastated the entire community. Something needed to be done.

“I feel optimistic that serious progress was made on Sunday. Luke Lively, the President and CEO of United Central Bank, brought well over a dozen bank officials with him—some from Texas and others from the local branch located on Western Avenue. He agreed that the bank would work with each borrower, and in the meantime, put a halt to foreclosures. He asked the community to select some leaders to participate in a ‘community outreach committee’ that would meet every month to work out any and all problems with the bank. He agreed to personally attend some of those meetings.”

Lively announced that he would put a moratorium on the legal proceedings of foreclosures for individuals who call United Central Bank at (773) 290-6636 and set up an appointment to discuss their loans. Prior to the Sunday meeting Lively negotiated new terms with some of the larger borrowers.

“These small business owners are not looking to escape responsibility,” said Schakowsky. “They just want a chance to continue to operate but need to negotiate a plan that will allow them to pay back a reasonable amount over a reasonable time period, but they say that up until now United Central Bank has refused.

“When small businesses shut their doors, it is truly devastating to the community as a whole because buildings often become vacant and many families—in this case, many of them immigrants from South Asia—lose their livelihoods. It’s clear we need collaboration right now in order to preserve these culturally rich communities. That starts with beating back the tide of foreclosure that is looming for so many businesses. Based on Sunday’s meeting with the community and United Central Bank, I believe we’re making critical strides.”

“It was an excellent meeting,” said community leader Balvinder Singh. “We are happy that United Central Bank listened to us and that they are establishing a process to continue our conversation. I was also pleased learn that the bank will stop foreclosures until business owners can meet with them to discuss their loans. This is a very important development for the community and I look forward to future meetings between our leaders and United Central Bank.”