

December 18, 2002

Ms. Lynn Bedard
Community Affairs Liaison
Office of Thrift Supervision
1475 Peachtree Street, NE
Atlanta, GA 30309

Dear Ms. Bedard:

We are writing concerning MAF Bancorp's (parent company of MidAmerica Bank) proposed acquisition of Fidelity Federal Savings Bank. As you know, in August of 2001, the Woodstock Institute protested MAF Bancorp's proposed acquisition of Midtown Bancorp because of MAF Bancorp's poor performance in lending to minorities and for its discriminatory CRA assessment area. In August of 2002, the Bank announced that the U.S. Department of Justice is investigating it for fair lending violations. MidAmerica Bank is a very large bank with almost \$6 billion in assets. In 2001, it was the 7th largest home purchase lender in the Chicago region and the 12th largest refinance lender. The bank it is proposing to acquire, Fidelity Federal Savings Bank, has approximately \$700 million in assets. In the past MidAmerica Bank has included only a small portion of Cook County (where it has 22 branches) in its oddly defined assessment area, effectively excluding most low-income and minority areas from its service area. The Bank's assessment area is in direct violation of the CRA regulation.

In 2001, the Institute commented on this performance to the Office of Thrift Supervision and asked OTS to force the Bank to expand its assessment area. Woodstock also recommended that the Bank be investigated for fair lending violations, an investigation that we understand is currently underway. MidAmerica Bank responded to the Institute's letter by asserting that they could not possibly serve a larger region, even though Woodstock's analysis showed that similarly-sized banks in the Chicago region included much larger areas in their CRA assessment areas. In its letter to the OTS, the Bank also "questioned the significance" of Woodstock's interest in its minority lending record. Woodstock issued a second letter to the OTS in response, and has been disappointed that the regulator has not contacted the Institute on this matter. Other regulatory agencies have been much more responsive on such issues of late.

MidAmerica Bank's minority lending record continues to be atrocious. In fact, an analysis of the bank's lending record for 2001 HMDA data shows that the bank

worsened in this regard between 2000 and 2001¹. While the bank's lending to low- and moderate-income borrowers is acceptable for home purchase and refinance lending², we are astounded by the bank's lack of lending to minorities, especially to African-American borrowers. Woodstock Institute uses a market share ratio approach to compare lending among banks in the same market, and the ratios for MidAmerica Bank are some of the worst we have ever seen. MidAmerica is barely making a tenth of the effort in lending to African-American borrowers in the refinance market as it is to whites. The Bank doesn't even make a tenth of the effort in offering home improvement loans to African-American borrowers as it does to whites. Home purchase lending is just as bad. This is despite the fact that the Bank has 32 branches in the Chicago region, 22 of which are in Cook County, with 6 in LMI tracts. There is a substantial African-American population in this region and there is no reason for the Bank to have such an atrocious lending record.

Table 1) MidAmerica Minority Lending (6-county Chicago Area, 2001))

	Loans to Whites	Loans to Af-Amer	Loans to Hispanics	Af-Amer/ White MSR	Hispanic/ White MSR
Home Purchase	4,174	108	564	0.19	0.69
Refinance	4718	62	559	0.125	0.520
Home Improvement	973	17	88	0.08	0.48

Moreover, MidAmerica Bank is choosing to acquire a bank with a lending record that is as bad as its own. Fidelity Federal Savings Bank has five branches in the Chicago region, all of which are in MUI areas. An analysis of the 2001 HMDA data for the 6-county Chicago region shows that the Bank, while performing adequately in offering loans to lower-income people, is not offering loans to African-Americans in particular. Of 652 home purchase, refinance and home improvement loans made in the region in 2001, only 4 went to African Americans:

Table 2) Fidelity Federal Minority Lending (6-County area, 2001)

	Loans to Whites	Loans to Af-Amer	Af-Amer/ White MSR
Home Purchase	239	1	0.04
Refinance	200	2	0.09
Home Improvement	44	1	0.12

MidAmerica Bank, which is being investigated by the Department of Justice for unfair lending practices, should not be allowed to acquire Fidelity Federal, which will enable it to continue to engage in what appear to be discriminatory practices against African-American borrowers. We understand that the OTS has recently completed a CRA examination of MidAmerica Bank and that the public evaluation might not become available for some time. In light of this proposed

¹ Woodstock Institute utilized a 6-county Chicago assessment area because we believe this accurately reflects the Bank's market and we are unsure as to whether the Bank has changed its old gerrymandered assessment area. Also, Fidelity Federal Savings Bank uses a 6-County assessment area: Cook, DuPage, Kane, Lake, McHenry and Will Counties.

² MidAmerica's LMI-MUI market share ratio for home improvement lending is only 0.62. For multifamily lending, the market share ratio of loans made in LMI tracts to loans made in MUI tracts is a dismal 0.15.

acquisition, we request that OTS release the CRA public evaluation without delay so that it can inform discussions of the acquisition. Please also take the above comments into account when reviewing MAF Bancorp's acquisition of Fidelity Bancorp.

Sincerely,

Katy Jacob
Research, Communications and Development Associate

cc: Andrew Glas, CRA Compliance Officer, Mid American Bank