

August 1, 2001

Ronald N. Karr  
Regional Director  
Office of Thrift Supervision  
1 S. Wacker Dr., Suite 2000  
Chicago, IL 60606

Dear Mr. Karr,

We are writing concerning MAF Bancorp's proposed acquisition of Mid Town Bancorp (parent of Mid Town Bank). MAF Bancorp is the parent company of Mid America Bank FSB. Although Mid America received an outstanding on its most recent CRA exam in April, 1999, two issues are of particular concern, the bank's assessment area and their minority lending performance.

We believe that Mid America Bank's assessment area excludes a significant number of low- and moderate-income (LMI) and minority census tracts and does not accurately reflect where the bank is doing business. As seen in the attached map, the assessment area used in their 1999 CRA exam is oddly drawn and includes only a small portion of Cook County, where the majority of the region's lower income people live. This is despite the fact that, at the time of the exam, 16 of Mid America's 26 offices were in Cook County. Additionally, very few LMI census tracts were included in the bank's assessment area. According to the 1999 CRA exam, less than 25 percent of the census tracts in the assessment area are LMI. Since their last exam, the bank has added two branches in suburban Cook County, and, with the pending acquisition, are planning to acquire four new branches on Chicago's gentrified North Side. This would bring their total number of branches in Cook County to 22 of their 32 total branches (if no Mid Town branches are closed), giving them a significant presence in the county.

Also, we feel that bank's assessment area does not accurately reflect where the bank is doing business within the Chicago MSA. Mid America is the ninth largest Illinois-based bank by asset size, and it is one of the largest home lenders in the region. In 1999 for the six-county Chicago area, Mid America was the third largest home purchase lender and the tenth largest refinance lender. Further analysis of Mid America's 1999 home purchase lending shows that nearly 40 percent of these Chicago area loans were originated outside of the bank's assessment area. This indicates that the bank is a major lender in the region doing significant business outside of its assessment area.

The CRA examination procedures for large institutions dictate that a bank's assessment area:

- Consist of one or more MSAs or contiguous political subdivisions (i.e. counties, cities, or towns);

- Include the geographies where the institution has its main office, branches, and deposit taking ATMs, as well as the surrounding geographies in which the institution originated or purchased a substantial portion of its loans;
- Does not reflect illegal discrimination;
- Does not arbitrarily exclude any low- or moderate-income area(s) taking into account the institution's size and financial condition.

Mid America is a large bank with over \$5 billion in assets and a substantial home lending presence in the Chicago six-county area. We believe the above evidence shows that their assessment area violates the above criteria and should, at the least, be expanded to include all of Cook and DuPage Counties.

Additionally, we have concerns about the bank's lending to minorities. While the bank's lending to low- and moderate-income borrowers is acceptable, we have concerns about the bank's lending to African-American and Hispanic borrowers. When only considering the bank's gerrymandered assessment area, Mid America originated 49 home purchase loans to African American borrowers, 364 home purchase loans to Hispanic borrowers, and 2,721 home purchase loans to White borrowers (see Table 1). These numbers give the bank a .29 African-American to White borrower market share ratio (MSR) and a .57 Hispanic to White MSR for home purchase lending. Numbers for refinance lending are even worse. This indicates that the bank is devoting significantly more resources towards white borrowers than minorities, even within an assessment area that excludes significant portions of these populations. We believe that Mid America Bank needs to commit to expanding its lending presence in African-American and Hispanic communities as it expands its assessment area to include these parts of the region.

**Table 1) Mid America Minority Lending (in assessment area)**

	Loans to Whites	Loans to Af-Amer	Loans to Hispanics	Af-Amer/ White MSR	Hispanic/ White MSR
Home Purchase	2,721	49	364	0.288	0.570
Refinance	1,477	14	151	0.136	0.520

Please take the above comments into account when reviewing MAF Bancorp's acquisition of Mid Town Bancorp. We believe the bank should be required to significantly expand its assessment area. Additionally we feel it should be more closely examined for fair lending and community reinvestment progress in the near future.

Sincerely,

Malcolm Bush,  
President

Cc: Claude Becker, Community Affairs Liaison, OTS  
Andrew Glas, CRA Compliance Officer, Mid American Bank