

August 8, 2003

Applications Department
Office of Thrift Supervision
1475 Peachtree Street, NE
Atlanta, GA 30309

To Whom It May Concern:

I am writing from the Woodstock Institute in Chicago to comment on the proposed acquisition of St. Francis Bank, FSB, by MAF Bancorp, holding company of MidAmerica Bank in Chicago. In light of MAF Bancorp's recent settlement with the Department of Justice (DOJ) regarding MidAmerica's fair lending record, the Institute has several concerns about the proposed merger. In the DOJ settlement, the Bank agreed to:

- Open or acquire two branch offices in minority areas within 30 months.
- Implement a targeted ad campaign to increase home mortgage lending.
- Provide \$10 million in benefits to borrowers through special financing programs to help residents of minority areas achieve home ownership.
- Contribute \$500,000 to homebuyer education and counseling programs, and conduct an assessment of the home mortgage credit needs of residents in minority areas.

MidAmerica has made some progress in meeting these goals. However, Woodstock feels that in light of the Bank's recent acquisition of Fidelity Bancorp (which had a very poor record of lending to African-Americans), the settlement falls short. MidAmerica still has very few branches in lower-income or minority census tracts. The proposed acquisition of St. Francis in Milwaukee will only worsen the situation. The OTS stated in its April, 2001, CRA exam of St. Francis that the bank's branch network was less than adequate in serving the needs of lower-income people, as only 3 of St. Francis' 22 branches were in LMI census tracts. Only one of these was in a lower-income tract. The OTS stated that "this percentage does not compare favorably with the assessment area demographics that indicate that 36 percent of the census tracts and BNAs are categorized as low- or moderate-income areas" (April 23, 2001, CRA Exam of St. Francis Bank, FSB, p.20).

The Institute has looked into St. Francis' branching patterns also. The Bank is not well-represented in minority areas in Milwaukee. Only one branch is in an African-American zip code, and one is in a moderately-minority zip code. This branching pattern exacerbates the trend that the DOJ settlement was trying to rectify. Further, the DOJ settlement only applies to the Chicago area, and this proposed acquisition will move MAF Bancorp into an interstate position and significantly increase its geographic base.

Moreover, St. Francis Bank, FSB, exhibits many of the same lending patterns that MAF Bancorp was engaged in prior to the DOJ settlement. St. Francis seems to be ignoring the African-American market and putting its efforts into the white and Latino markets, as the following table shows.

Table 1) St. Francis Minority Lending (Milwaukee MSA, 2001)

	Loans to Whites	Loans to Af-Amer	Loans to Hispanics	Af-Amer/ White MSR	Hispanic/ White MSR
Home Purchase	779	35	110	0.48	2.6
Refinance	1942	37	98	0.39	1.88

The Woodstock Institute uses a market share ratio approach to describe an institution's lending patterns. If a bank is making an equal effort in lending to the African-American and white markets in a given geographic area, the market share ratio (MSR) would be 1.0. The above table shows that St. Francis is not making even half the effort in providing home purchase and refinance loans to African-American borrowers as it is in providing such loans to white borrowers in the Milwaukee region. This is a very similar pattern to MidAmerica's lending in the Chicago market.

The Institute feels that it is unwise to allow MAF Bancorp to acquire a Bank in another state that has the same poor record of serving African-Americans. MAF Bancorp should not be allowed to acquire St. Francis until it commits to opening a specific number of additional branches in African-American areas in Milwaukee and Chicago. The Bank must also set goals to bring its market share of mortgage lending to African-American borrowers on par with its market share of lending to white borrowers. Woodstock has talked to community groups in the Chicago area that continue to be concerned about MidAmerica's level of service in certain neighborhoods. Thank you for your continued attention to this important matter, and please contact me if you have any questions or require further information.

Sincerely,

Katy Jacob
Project Director

cc: Ms. Lynn Bedard, Community Affairs, OTS