



Department of Justice

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JUSTICE DEPARTMENT ANNOUNCES SETTLEMENT WITH MID AMERICA BANK REGARDING ALLEGED DISCRIMINATION IN LENDING

WASHINGTON, D.C. – The Department of Justice today announced that Mid America Bank, fsb (Mid America) of Clarendon Hills, Illinois, will invest more than \$10 million and open two new branches in minority neighborhoods to settle a lawsuit alleging that it engaged in a pattern of discrimination on the basis of race and national origin.

Today's agreement, submitted together with a complaint and answer to the U.S. District Court in Chicago, resolves allegations that Mid America violated the Fair Housing Act and the Equal Credit Opportunity Act (ECOA) by unlawfully failing to market and provide its lending products and services to predominantly African American and Hispanic neighborhoods, a practice known as redlining.

Mid America has denied that it engaged in redlining, and has agreed to entry of the Proposed Order resolving the United States' complaint in order to demonstrate its commitment to fair lending practices.

"We commend Mid America for moving quickly and cooperatively to resolve this case by taking steps to ensure that its lending products and services are made available in minority communities on the same basis as in white communities," said Ralph F. Boyd, Jr., Assistant Attorney General for Civil Rights. "We encourage other banks to follow Mid America's example."

Under the settlement, which is subject to court approval, Mid America will:

§open two new full-service branch offices in the redlined areas within the next two and a half years;

§invest \$10 million over five years in a special financing program, under which it will offer residents of the redlined areas home mortgages and other residential real estate-related loan products on more favorable terms than would normally be provided, such as: (a) an interest rate lower than the prevailing rate to borrowers who qualify for the prevailing rate, (b) the prevailing interest rate to borrowers who would not otherwise qualify for that rate, and (c) down payment and closing cost assistance;

§assess the home mortgage and other residential real estate-related credit needs of the redlined areas - including consulting with community and fair lending organizations - for the purpose of developing an action plan

by which the Bank can further improve its services and products;

§conduct a targeted advertising program to generate significant numbers of loan applications from qualified residents of the redlined areas; and,

§pay a minimum of \$500,000 to develop and implement a comprehensive homebuyer education and counseling program for residents of the redlined areas.

Mid America Bank has also agreed to develop further its Community Lending Division to work with mortgage bankers and brokers serving minority neighborhoods. At least six times a year for five years, Mid America will conduct programs to inform brokers, realtors, developers, and public or private entities doing business in minority neighborhoods of the products and services it offers, including its special financing program.

According to the complaint, the 34-branch Mid America has never opened a full-service branch office in a census tract with a majority African American or majority African American/Hispanic population, despite opening or acquiring twenty new branch offices between 1994 and early 2002.

The complaint also alleges that Mid America Bank made nearly \$6 billion in single-family residential real-estate loans between 1996 and 2000, but that only 1% of that amount went to census tracts with majority African American populations and only 2.75% to majority African American, African American/Hispanic, and Hispanic census tracts combined. In the city of Chicago alone in 1990, over 40% of the census tracts were majority African American and over 60% majority African American and/or Hispanic.

The complaint further alleges that Mid America, until December 2001, defined its service area in an unusually restrictive way that excluded most minority neighborhoods. Additionally, the complaint alleged that although Mid America solicited and funded a large number of loans outside its defined service area, those loans also were made primarily to residents of predominantly white census tracts.

Mid America, a federally chartered savings and loan association, is the largest independent thrift institution in the Chicago metropolitan area and the second largest in Illinois.

"No bank should determine where to locate its branches or market its loans based on race or ethnicity," said Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois. "We will vigorously enforce the laws that guarantee all persons in our community who meet legitimate credit criteria equal access to home mortgages and related residential credit products."

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