

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **First State Bank of Maple Park, Maple Park, Illinois** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of February 26, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION-S RATING: This institution is rated Satisfactory.

The rating is based upon the bank's strong loan-to-deposit ratio and a satisfactory level of lending within the assessment area, and among borrowers and businesses of different income levels and sizes.

The following table indicates the performance level of **The First State Bank of Maple Park** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	THE FIRST STATE BANK OF MAPLE PARK PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio	X		
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the previous examination.		

DESCRIPTION OF INSTITUTION

First State Bank of Maple Park, with total assets of \$87.2 million as of December 31, 1995, is a subsidiary of Maple Park Bancshares, Inc. The bank operates a main office in Maple Park and one full-service branch office in Kaneville, Illinois. Real estate mortgages comprise a significant portion (approximately 51% as of the December 31, 1995 Call Report) of the bank's loan portfolio. These mortgages are originated by the bank's subsidiary, Maple Park Mortgage, which has offices in St. Charles, Sycamore, and Rockford. The majority of the bank's real estate loans are originated, closed, and processed by Maple Park Mortgage and subsequently sold by the bank in the secondary market. Additionally, the bank makes direct real estate loans and other types of consumer, commercial, and agricultural loans.

The bank's competitors include The First National Bank in DeKalb, National Bank & Trust in Sycamore, Kane County Bank & Trust Company in Elburn, the American National Bank of DeKalb County, First of America Bank - Illinois in DeKalb and branch offices of various banks, mortgage bankers and credit unions.

DESCRIPTION OF BANK'S ASSESSMENT AREA

The bank's entire assessment area (83 census tracts) is located in the Chicago Metropolitan Statistical Area (MSA). The assessment area can best be described as two equal sized rectangles with one in DeKalb County and the other in Kane County. In 1994, DeKalb County became part of the Chicago MSA and the Aurora-Elgin MSA was redesignated within the Chicago MSA (1600). The portion of the bank's assessment area falling in Kane County includes the following townships: Hampshire, Rutland, Burlington, Plato, Elgin, Virgil, Campton, St. Charles, Kaneville, Blackberry, Geneva, Batavia, Big Rock, Sugar Grove, and Aurora. The portion of the assessment area falling in DeKalb County includes Franklin, Kingston, Genoa, South Grove, Mayfield, Sycamore, Malta, DeKalb, Cortland, Milan, Afton, Pierce, Clinton, Squaw Grove, Somonauk, and Sandwich.

The population of the bank's assessment area (according to the 1990 U.S. census data) is 390,260. The racial and ethnic makeup of the population within the assessment area is as follows: Whites 321,702 or 82.43%; Blacks 19,420 or 4.98%; Asians 5,948 or 1.52%; individuals of Hispanic descent 42,172 or 10.81%; and all other minorities 1,118 or 0.26%. Of the bank's total population, 13,405 or 3.43% is concentrated in low-income areas and 51,242 or 13.13% is concentrated in moderate-income areas. When using a concentration level of 50% or more minority residents in a tract, 7 or 8.4% are designated as minority census tracts.

There are a total of 137,638 housing units in the market, with 89,098 or 64.73% owner-occupied units and 43,345 or 31.49% rental-units. Of the total number of owner-occupied units, 72 are in low-income areas and 7,080 are in moderate-income areas. The median age of the housing stock in the assessment area is 30 years, while the median age of the housing stock in low-income and moderate-income areas is 42 years.

Employment opportunities for residents of the assessment area are varied. Northern Illinois University in DeKalb (10 miles west of Maple Park) is the largest employer in the area, employing approximately 3,500 . Major employers are generally located in the eastern side of Kane County.

The larger employers and their respective number of employees in Kane County include: Allsteel Inc. (750); Caterpillar Inc. (3050); Dunlee (225); Burgess-Norton Mfg. (900); National Metalwares, Inc. (300); Pratt Co. (300); Sealmaster Bearings (300), Emerson Power Trans (300); and, Suncast Corp. (450). In addition to Northern Illinois University, some of DeKalb County's major employers include: Alloyd Co. Inc. (300); Creative Calligraphy Inc. (150); Electro-Mechanical Devices, Inc. (280); G E Company (250); Nehring Electrical Works Co. (110); and, A.O. Smith Harvestore Products, Inc. (232).

Employment trends in Kane and DeKalb Counties indicate a stable employment environment. According to the State of Illinois Department of Employment Security, the October, 1995 unemployment rate for Kane County and DeKalb County was 4.0% and 4.5%, respectively, while the State of Illinois unemployment rate for the same period was 4.7%.

The following charts illustrate recent employment trends in the bank's assessment area, based on the US Department of Labor Statistics:

Employment by Industry for Kane County	1990	1993	Difference(#)	% Change
Farm	1,313	1,338	25	1.90
Manufacturing	32,058	34,915	2,857	8.91
Construction	10,308	10,427	119	1.15
Mining	304	266	(38)	(12.50)
Government	16,998	17,692	694	4.08
Private Service-Producing				
Transportation & Utilities	4,104	4,477	373	9.09
Finance, Insurance & Real Estate	14,709	13,167	(1,542)	(10.48)
Retail & Wholesale Trade	40,177	39,400	(777)	(1.93)
Service	1,771	1,806	35	1.98
Total	60,761	58,850	(1,911)	(3.15)

Employment by Industry for DeKalb County	1990	1993	Difference(#)	% Change

Farm	1,377	1,381	4	0.29
Manufacturing	6,577	6,483	(94)	-1.43
Construction	1,729	2,016	287	16.60
Mining	89	97	8	8.99
Government	11,073	11,090	17	0.15
Private Service-Producing				
Transportation & Utilities	1,065	1,148	83	7.79
Finance, Insurance & Real Estate	2,296	2,445	149	6.49
Retail & Wholesale Trade	7,626	7,853	227	2.98
Service	8,593	9,089	496	5.77
Total	19,580	20,535	955	4.88

By industry, the most significant fluctuations occurred in the construction sector (in DeKalb County), and in the finance, insurance and real estate sector (in Kane County).

Information obtained from contacts in the community indicates that the assessment area is experiencing a period of business and housing prosperity. Contacts indicated that moderately priced homes range from \$180,000 to \$250,000, while upscale homes range from \$270,000 to \$600,000. Mortgage loans are readily available from various financial institutions located within the bank's assessment area. The contacts expressed concern that the housing growth needs to be well-managed due to a possible strain on the municipal infrastructure.

Contacts indicated that county officials utilize business tax incentives to promote business relocation into the bank's assessment area. Light industry, professional services and a healthy retail district comprise a majority of the assessment area's business district. Business start-up and expansion credit is offered and made available by various financial institutions in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank is in compliance with the substantive provisions of anti-discrimination laws and regulations, including the Equal Credit Opportunity Act, Fair Housing Act and the Home Mortgage Disclosure Act. No discriminatory lending patterns or practices intended to discourage loan applications were detected during the examination.

Loan/Deposit Ratio Analysis

An analysis of the bank's Consolidated Reports of Condition since the previous examination

revealed an average loan-to-deposit ratio of 85.8%, with the most recent call report, as of December 31, 1995, showing a loan-to-deposit ratio of 91.6%. Since the previous examination in March of 1994 (based on December 31, 1993 Call Report data), the bank's total outstanding loans have increased by \$18,266,000 or 40.6%.

A review of the September 30, 1995 Uniform Bank Performance Report (UBPR), indicated that the bank's average loan-to-deposit ratio is 16.4% higher than the peer group's loan-to-deposit ratio of 66.15%. The bank's lending performance exceeds the standards for satisfactory and is considered more than reasonable based upon its size, financial condition, and assessment area credit needs.

Lending in Assessment Area

A review of the examination loan sample (from January, 1996) revealed the following geographic distribution:

LOAN TYPE	TOTAL SAMPLED	WITHIN THE ASSESSMENT AREA	% OF TOTAL
Real Estate	27	16	59.3
Installment	18	13	72.2
Single Payment	10	9	90.0
Commercial	10	9	90.0
Total Approved	65	47	72.3

As the preceding chart illustrates, the majority (72.3%) of loans sampled were made within the bank's assessment area. The distribution of the examination loan sample is consistent with 1994 Home Mortgage Disclosure Act (HMDA) data which shows that 71.76% of the total 1994 HMDA-reportable loan originations were made within the assessment area.

Analysis of the 1994 HMDA and the examination loan sample indicates that the majority of the bank's credit activity is located within the assessment area and support the bank's satisfactory performance.

Lending to Borrowers of Different Incomes

An analysis of the examination loan sample indicates that the bank had a satisfactory performance with respect to originations from low-income and moderate-income applicants, as illustrated in the following chart:

LOAN TYPE	LOW-INCOME \$000's/Number	MODERATE- INCOME \$000's/Number	MIDDLE- INCOME \$000's/Number	UPPER-INCOME \$000's/Number
Real Estate	0 / 0	379,700 / 4	1,324,150 / 14	842,750 / 8
Installment	2,700 / 1	18,600 / 3	39,500 / 4	44,000 / 3
Single Payment	9,200 / 1	5,900 / 3	18,300 / 2	0 / 0
Total Originations	11,900 / 2	404,200 / 10	1,381,950 / 19	886,750 / 11

As the preceding chart illustrates, loans in the examination loan sample are distributed among borrowers of different income levels. The largest concentration (19 or 45.24%) of loans was to middle-income individuals, with remaining 26.19% made to upper-income individuals and 28.57% made to low-income (2 or 4.76%) and moderate-income (10 or 23.81%) individuals. According to the 1994 HMDA data, the distribution of loans among borrowers of different incomes levels was similar to that of the examination loan sample and was as follows: 24.75% low- and moderate-income; 39.85% middle-income; and, 35.40% upper-income.

The bank's June call reports between 1993 and 1995 showed the following number of loans to small businesses and farms:

	<u>1993</u>	<u>1994</u>	<u>1995</u>
Loans secured by farmland	10	14	12
Loans to finance agricultural production	162	157	137
Loans secured by nonfarm nonresidential properties	11	14	12
Commercial and industrial loans	158	473	635

The trend for originating loans secured by farmland and nonfarm/nonresidential properties appears stable during the three year period. Loans to finance agricultural production decreased by 15.43%, while commercial and industrial loans increased by 301% (a 199% increase occurred between 1993 and 1994).

Analysis of the 1994 HMDA data and examination loan sample indicates that the bank's level of lending to individuals of different income levels, and businesses and farms of different sizes is satisfactory.

Geographic Distribution of Credit Within the Assessment Area

Although 71.76% (404 of 563) of the bank's 1994 HMDA-reportable loans were made within the bank's community, the 1994 HMDA data indicates that the distribution of loans was not spread throughout the entire assessment area; 29% (24 of 83) of the census tracts within the assessment area showed no lending activity (either originations or denials). The 1994 HMDA data revealed that no activity was reported in 10 of 12 moderate-income census tracts, in 1 of 2 low-income census tracts, and in 6 of 7 minority census tracts; however, review of the recently submitted 1995 HMDA data suggests that the geographic distribution of lending activity in 1995 is more widespread. From 1994 to 1995, the number of data records (which include approved, denied and withdrawn applications) more than tripled; from 619 records in 1994 to 1,895 records in 1995. Management attributes the increase in lending activity throughout the assessment area to the opening of Maple Park Mortgage Company's new office in Rockford, the hiring of two Hispanic originators, and the reporting of mortgage receivables from affiliate banks.

The bank's self analysis of the geographic distribution of its lending activity, which is depicted on a map, showed concentrations of loan activity around the bank's two offices and on both sides of Fox River which runs along the eastern boundary of the bank's assessment area. According to information provided by management, 81.02% (303 of 374) of the total small business and farm accounts are within and distributed throughout the assessment area. A concentration of commercial loans outside the bank's assessment area was in Princeton. The town of Princeton, the location of the bank's leasing company subsidiary (Maple Park Leasing), had 28 of the 71 (39.44%) small business and farm loans that were made outside of the assessment area.

Analysis of the bank's geographic distribution of loans indicates a satisfactory performance. Although the bank had no application or loan activity in 29% of its assessment area, according to the 1994 HMDA data, a review of the preliminary 1995 HMDA data reveals that the distribution of lending activity improved and is disseminated throughout the assessment area. Concentrations of loan activity are primarily around the bank's facilities. The bank should continue to monitor the geographic distribution of loans, using HMDA data and other information, to ensure that lending activity in the future is dispersed throughout the assessment area.

Response to Substantiated Complaints

No complaints were received by the institution regarding its CRA performance since the previous examination.