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Comptroller of the Currency  
Administrator of National Banks

**LARGE BANK**

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**PUBLIC DISCLOSURE**

**January 12, 1998**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**TCF National Bank Wisconsin  
Charter Number 23256  
500 West Brown Deer Road  
Milwaukee, Wisconsin 53217**

**Supervisory Agency: Office of the Comptroller of the Currency  
Midwestern District  
2345 Grand Boulevard, Suite 700  
Kansas City, Missouri 64108**

**Note:** This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## GLOSSARY OF TERMS AND COMMON ABBREVIATIONS

The following terms and abbreviations are used throughout this Performance Evaluation.

**Assessment Area (AA)** - The geographic area which an institution selects as the community within which its regulator will assess the institution's record of CRA performance. Generally, an urban assessment area will not extend beyond the boundaries of a MSA. Rural assessment areas may contain one or more adjoining counties.

**Block Numbering Area (BNA)** - Small statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census committees have not established census tracts. State agencies and the Census Bureau delineated BNAs for the 1990 census using guidelines similar to those for the delineation of census tracts. BNAs do not cross county boundaries.

**Census Tract (CT)** - Small, locally defined statistical areas within a MSA. These areas are determined by the United States Census Bureau in an attempt to group homogeneous populations. A CT has defined boundaries per 10-year census and an average population of 4,000. Census tracts do not cross county boundaries.

**Community Development Purpose** is defined as affordable housing (including multi-family rental housing) for low and moderate-income individuals; community services targeted to low- and moderate-income individuals; activities that promote economic development by financing businesses or farms that meet size and revenue standards defined by the CRA regulation; and activities that vitalize or stabilize low- and moderate-income geographies.

**Community Development Loan** - A loan which must have as its *primary* purpose community development. Community development loans specifically exclude loans which have been reported under HMDA or as small loans to businesses or farms, except for multi-family rental housing loans, which can be reported under both categories.

**Community Development Service** - A service that must have community development as its *primary* purpose and be related to the provisions of financial services.

**Demographic Characteristic** - A statistical representation of people, housing, geographical areas or other measurable factors with regard to size, density, distribution, or other measurable characteristics.

**Family** - A family consists of a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. All persons in a household who are related to the householder are regarded as members of his or her family.

**Geography** - A census tract or a block numbering area as defined by the United States Census Bureau.

**Home Mortgage Disclosure Act (HMDA)** - Requires certain mortgage lenders that do business or have banking offices in MSAs to file annual summary reports of their lending activity. The reports include the race, gender, and the income of the applicant(s), the amount of loan requested and its disposition (e.g. made, turned down, withdrawn). The types of loan applications reported include governmentally-guaranteed home purchase and home improvement loans

conventional home purchase and home improvement loans, refinancing of home purchase and home improvement loans and loans for the purchase of multi-family (five or more units) dwellings.

**Household** - A household includes all the persons who occupy a housing unit. A household can contain only one family for purposes of Census tabulations. Not all households contain families because a household may be made up of a group of unrelated persons or one person living alone.

**Income Levels** - These relate to individuals, families, households, the CTs in a MSA, or BNAs in a non-MSA.

**Low** = An income level that is less than 50% of the median income.

**Moderate** = An income level that is at least 50% and less than 80% of the median income.

**LMI** = An income level that is less than 80% of the median income.

**Middle** = An income level that is at least 80% and less than 120% of the median income.

**Upper** = An income level that is 120% or more of the median income.

**Large Financial Institution** - A financial institution with total assets of \$250 million or more or an institution of an size that is an affiliate of a bank holding company with \$1 billion or more in banking and thrift assets.

**Market Share** - The average of all reporting lenders for a specific loan type - HMDA, small business or small farm in a MSA.

**Median Family Income (MFI)** - The median family income for a specific MSA as determined by the United States Census Bureau. The Department of Housing and Urban Development updates this figure annually using an estimate inflation factor.

**Metropolitan Statistical Area (MSA)** - An area containing a city with a population of at least 50,000 or an urbanized area with a population of at least 50,000 and a total metropolitan population of at least 100,000. Generally MSAs consist of one or more whole counties that have a high degree of interaction.

**Consolidated Metropolitan Statistical Area (CMSA)** - An MSA that has been subdivided into PMSAs is redesignated as a CMSA by the Federal Office of Management and Budget.

**Primary Metropolitan Statistical Area (PMSA)** - An MSA with a population of one million or more may be subdivided into component areas. These areas called PMSAs consist of one or more counties that demonstrate, based on specific standards, strong internal economic and social links separate from its ties to other portions of the MSA.

**Poverty Level** - An income level that is less than 30% of the median income.

**Qualified investment** - A lawful investment that has as its *primary* purpose community development.

**Small Business or Small Farm** - A business or farm that has \$1,000,000 or less in gross annual revenues.

**Small Loan to a Business or Farm** - A loan of \$1,000,000 or less to a business of any size or a loan of \$500,000 or less to a farm of any size, consistent with definitions in the instructions for preparation of the Consolidated Report of Condition and Income.

## 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 operation 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 **TCF National Bank Wisconsin, Milwaukee, Wisconsin (TCF)**, prepared by the **Office of the Comptroller of the Currency (OCC)** as of **January 12, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

**Institution's CRA Rating:** This institution is rated **"Satisfactory Record of Meeting Community Credit Needs."**

The following table indicates the performance level of TCF with respect to the lending, investment, and service tests

TCF National Bank Wisconsin Performance Tests			
Performance Levels	Lending Test*	Investment Test	Service Test
<b>Outstanding</b>			
<b>High Satisfactory</b>	X		X
<b>Low Satisfactory</b>			
<b>Needs To Improve</b>		X	
<b>Substantial Noncompliance</b>			

\*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

We rated TCF "Satisfactory Record of Meeting Community Credit Needs" because TCF:

- C Demonstrated good responsiveness to the credit needs of its assessment areas. The most favorable element of the bank's lending performance was found in the bank's HMDA lending.
  - C The bank has successfully reached low- and moderate-income borrowers and geographies for its HMDA-related loan products. For example, during 1996 for the bank's largest HMDA product - refinance loans - 7% of the bank's loans were to low-income borrowers compared to 5% for all other lenders in TCF's assessment areas and 18% of the families in the assessment areas. Similarly, 19% of the bank's loans were

- to moderate-income borrowers, compared to 17% for all lenders and 18% of the families in the assessment areas. The percentages of the bank's lending to low-income families and moderate-income families increased during the first nine months of 1997.
- C TCF's consumer lending to borrowers of different income levels was good, but its overall geographic penetration for its consumer lending was weak. While 8% of the households in TCF's assessment areas were in low-income CTs, only 2% of its consumer loans in 1996 and 3% in 1997 were to borrowers that live in the low-income CTs. TCF's consumer lending penetration of moderate-income CTs was better, at 10% in 1996 and 11% in 1997. This penetration was still less than the portion of households - 14% - in the bank's assessment areas that are in moderate-income CTs.
  - C Total dollars toward community development lending are good for a bank of this size.
  - C The bank has demonstrated good use of some flexible lending programs that help meet the credit needs of residential homebuyers.
- C Provided a relatively high level of community development services for its size and its retail banking services were accessible throughout its various assessment areas.
- C Community development services focused on affordable housing for low- and moderate-income borrowers.
  - C Other community development services have included training and guidance on establishing and operating small businesses.
  - C Branches and ATMs are accessible to individuals of all income levels, including LMI, through a network of 28 offices and 86 ATMs.
  - C A variety of products and services are available through traditional activities and have been enhanced through the direct involvement of TCF staff with various community organizations.
- C Made only limited qualifying investments and grants to organizations within the assessment areas. The investments and grants totaled \$210,218. Most related to housing and to various social service agencies that provide essential human services.

## **DESCRIPTION OF THE INSTITUTION**

TCF National Bank Wisconsin has average assets of approximately \$610 million. Its main office is located in Milwaukee. It is an intrastate bank and has 28 branches located in Milwaukee, Waukesha, Kenosha, Racine, Madison, Walworth, Whitewater, Appleton, and Menasha. The bank also operates loan production offices in Wausau, Fond Du Lac, Stevens Point, Sheboygan, and Janesville. The bank operates ATMs throughout the state.

This bank is a wholly owned subsidiary of TCF Financial Corporation, a multi-bank holding company located in Minneapolis, Minnesota. TCF Financial Corporation has \$10 billion in total assets and has separately chartered banks located in Minnesota, Wisconsin, Michigan, Illinois, and Colorado. Other affiliates include mortgage banking, consumer finance, commercial leasing, title insurance, and annuity/mutual fund sales companies. A division of the holding company provides computer processing services for all subsidiary banks.

Until April 1997, TCF had been a thrift savings institution. As such, its primary focus had been residential real estate and consumer loans. As of September 30, 1997, the bank's \$398 million loan portfolio consisted of 68% one-to-four family residential real estate loans, 16% commercial and commercial real estate loans, eight percent loans to individuals, and seven percent multi-family real estate loans, and one percent in other loans. TCF does not extend farm loans.

TCF has the financial capacity to assist the communities it serves with identified credit needs. For the period ending September 30, 1997, the bank recorded a return on average assets of approximately 1.12%. There are no known legal or financial constraints that would impede the bank from its CRA efforts. TCF's prior Performance Evaluation was dated January 30, 1995 and the rating was "Satisfactory Record of Meeting Community Credit Needs."

## **DESCRIPTION OF THE ASSESSMENT AREA**

TCF has defined five assessment areas for CRA purposes. The assessment areas are as follows:

- C Milwaukee (PMSA #5080) Racine (PMSA #6600) area which is the entire Milwaukee-Racine, WI CMSA;
- C Kenosha PMSA #3800 which is a part of the Chicago-Gary-Kenosha, IL-IN-WI CMSA;
- C Madison MSA #4720 which consists of all of Dane County;
- C portions of the Appleton-Oshkosh-Neenah, WI MSA #0460 consisting of two census tracts within Calumet County, 32 census tracts within Outagamie County, and 18 census tracts within Winnebago County; and
- C Walworth County, a non-MSA area consisting of 14 block numbering areas located in southern Wisconsin along Illinois border.

Except for Appleton, each assessment area consists of whole counties. The Appleton assessment area contains portions of three counties and includes whole census tracts. The bank's assessment areas do not arbitrarily exclude any LMI geographies. The assessment areas include all deposit-taking ATMs and banking offices.

The following table provides demographic information on the bank's Milwaukee-Racine assessment area. This area is the bank's primary assessment area because the bulk of the deposits and the majority of loans are originated here. Additional tables containing demographic information for the other assessment areas are found in the *Appendix* section. The information was obtained from 1990 census data. Updated 1997 income information was provided by the department of Housing and Urban Development (HUD).

ASSESSMENT AREA PROFILE: MSAs #5080 and #6600 MILWAUKEE-RACINE, WI						
DEMOGRAPHIC CHARACTERISTICS	#	Low	Moderate	Middle	Upper	NA
Population	1,607,183					
Census Tracts in AA	430	18%	16%	46%	19%	1%
Income Level of Families in AA (9% below poverty)	419,702	19%	18%	26%	37%	--
Families Living in CT Category	419,702	10%	12%	51%	27%	--
Income Level of Households in AA (10% below poverty)	601,967	23%	16%	21%	40%	--
Households Living in CT Category	601,967	10%	14%	52%	24%	--
Owner-Occupied Housing (% of # in CT)	363,215	5%	9%	55%	31%	--
Businesses (% of # in CT)	52,609	9%	10%	51%	30%	< 1%
Median Family Income = \$39,005 (Milwaukee MSA) = \$37,991 (Racine MSA)						
HUD Adjusted Median Family Income for 1997 = \$50,700 (Milwaukee MSA) = \$49,100 (Racine MSA)						
Unemployment Rate = 3% in 1997						

Data Source: 1990 Census Data - U. S. Bureau of the Census; Dun & Bradstreet; Bureau of Labor Statistics  
 NA = No income designation.

Milwaukee is located in southeastern Wisconsin along Lake Michigan. Racine is located 20 miles south of Milwaukee. With a combined population of 1.6 million, the greater Milwaukee-Racine area is Wisconsin's most populated area. The city of Milwaukee ranks as the seventeenth largest in the United States. The economy in this area is considered stable and good. Although there has been a significant decrease in manufacturing jobs over the last fifteen years, manufacturing remains as one of the primary sources for employment. Overall, unemployment remains low at three percent. New jobs have been created primarily in the service sector, mostly outside of the city of Milwaukee. City residents, as a result, often have to commute to these lower paying jobs. A report from the city of Milwaukee as well as HUD reports (Consolidated Plan Executive Summary) show that the shift from manufacturing to service-oriented jobs has had a disproportionately high impact on the unemployment rates of minorities and that it has also created pressure on affordable housing within the city and surrounding suburbs.

Business demographic information shows that approximately 93% of the businesses are small with less than 50 employees. Less than one percent have more than 500 employees. Some of the larger employers in the assessment area are Harley Davidson, Miller Brewing Company, Danfoss Fluid Power, Inc., Case Corporation, and SC Johnson & Son, Inc. Tourism is an increasing source of revenue for the area. The city of Milwaukee estimates that 31% of the state's tourism dollars come from Milwaukee visitors. The city is home to several professional sports teams.

Both cities have generally older housing markets. The median housing value in the Milwaukee MSA is \$73,428 and median housing value in the Racine MSA is \$64,563. The HUD Consolidated Plan Executive Summary reports that over half of all occupied units were built before 1940. Although the median housing values appear affordable, the HUD report shows a need for more affordable housing and assistance for the homeless. There are lengthy waiting lists for public housing and rental assistance. With the older housing stock, the cities identified a need for more home improvement loan programs and general revitalization of neighborhoods.

The area is home to a number of large, interstate financial institutions. There are numerous financial institutions, credit unions, mortgage companies, brokerage companies, and insurance companies within the assessment area. Competition is strong and increasing.

We considered information from 15 community contacts in the greater Milwaukee-Racine CMSA and from six community contacts in outstate Wisconsin. These contacts were made within the last two years by the OCC and other regulatory agencies. The contacts were with nonprofit housing organizations, government agencies, chambers of commerce, and a realtor. They provided background information on the economy of their respective areas, the condition of housing and small businesses, the availability of financial services, and the responsiveness of banks and other financial institutions serving the communities. In the greater Milwaukee area, the contacts said that there is a need for more housing for low- and moderate-income families and a need for more small business loans. The contacts said that there should be more low down payment programs for both small business customers and home buyers. In outstate Wisconsin, the contacts said that there is a need for more technical assistance and advice for small business owners. Other comments indicated that there was a need for more advertisements that demonstrated a willingness to serve the needs of low-equity borrowers.

The Appleton-Oshkosh-Neenah MSA is the commercial center for the Fox River Valley area which is one of the fastest growing sections of Wisconsin. Appleton is the sixth largest city in the state. It is located approximately 30 miles southwest of Green Bay. It is home to Lawrence University. The area has a diverse economy and includes the paper industry, manufacturing, service, and retail-related jobs. The largest employers in the area include Kimberly-Clark Corporation, Appleton Papers, and Plexus Corporations. Unemployment is low at two percent. There is strong demand for houses in the \$50,000 to \$120,000 range.

TCF did not include all geographies within the MSA. The bank did not include 32 CTs - including one low-income and five moderate-income CTs. The bank's assessment area is primarily centered around the cities of Appleton, Menasha, and Neenah. The bank has three branches within this assessment area - two in the city of Appleton and one in Menasha. The selected assessment area is representative of the areas actually served by the branch locations.

Kenosha is located between Milwaukee and Chicago along the western edge of Lake Michigan. The area has been experiencing considerable growth and development due to its proximity to these two major cities and the fact that Kenosha has lower taxes and housing costs than these larger cities. Because of the cost savings, more people are willing to commute to either Milwaukee or Chicago for employment. The economy has rebounded from a tremendous blow in 1988 when its largest auto manufacturing plant closed. This closing shifted the economy from strong dependence on blue collar assembly to more diversification. Kenosha now has a smaller Chrysler plant that builds Jeeps.

engines. Other large employers include Jockey International and Snap-On Tools Corp. Unemployment is low at three percent.

Madison is the capital of Wisconsin and home of the state university system. The economy is diverse and considered healthy. The area benefits from its strong ties to agriculture, from high-technology companies, and positive quality of life matters such as healthcare and the high scholastic achievement found in its public school system. The area is also a regional shopping center for south-central Wisconsin. The city is the second largest in the state. A July 1996 issue of *Money* magazine named the city and surrounding county as the "best place to live in the United States." Major employers include the state government and university, Ray-O-Vac, Oscar Mayer, and American Family Insurance. Unemployment is low at two percent. A substantial portion (approximately 44 to 50%) of all housing is rental, influenced by the presence of the large university. Property values are increasing which further limits available, affordable housing. The university has very limited on-campus housing for its 40,000 students. According to university housing authorities, there are approximately 6,800 on-campus spaces for students. Because groups of students rent multi-bedroom apartments, low-income families with children are in direct competition with the students for apartments with more than one bedroom.

Walworth County is a non-MSA area located between Janesville-Beloit on the west and Kenosha-Racine on the east. It has seven middle-income BNAs and seven upper-income BNAs. Unemployment is low at two percent. The county has experienced rapid population growth in recent years because of the area's good economic base and the accessibility of major transportation. Incoming residents are likely to continue working in the large cities outside of the county, such as Racine, Kenosha, Milwaukee, Janesville, Beloit, or even as far away as Chicago. Three of the top ten employers in the county are tied to the resort/hotel industries. The Lake Geneva resort area is nationally recognized as a vacation spot. Other large employers are Albert Trostel Packings, Roadmaster Corporation, and Sta-Rite Industries.

## **SCOPE OF EXAMINATION**

The OCC examined TCF using the lending, investment, and service tests for large financial institutions pursuant to the revised CRA regulation. These tests assess the bank's record of helping to meet community credit needs. We analyzed the bank's: mortgage, small business, consumer, and community development loans; the number and types of qualified investments; branch distribution and accessibility; and retail and community development services. Our evaluation of the bank's performance was based largely on its real estate lending. At the bank's option, we also considered its consumer lending performance. This consumer lending included home equity and other real estate secured loans, motor vehicle loans, and other secured and unsecured loans. The bank reported a low volume of small business loans, reflective of its recent history as a thrift institution. Based on this low volume - a total of 266 originated during the evaluation period - small business lending did not have a material impact on our assessment of the bank's CRA performance. As a result, we have not presented any analysis regarding the bank's small business lending performance. The bank did not originate small loans to farms during the evaluation period. The current evaluation covers the period from January 1, 1996 through December 31, 1997 for community development lending, investment and services and flexible loan programs. It covers the period from January 1, 1996 through September 30, 1997 for other portions of our review.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

TCF showed good responsiveness to the credit needs of its communities. The bank's performance for its HMDA-related products was the driving force behind the overall lending test rating. The bank has demonstrated very strong performance for its HMDA products to low- and moderate-income borrowers and also within low- and moderate-income geographies. The bank's volume of consumer loans to LMI borrowers was good but the bank was not as successful in originating consumer loans within low- and moderate-income geographies. Consumer loan origination within these tracts were weak. TCF made community development loans within two of its assessment areas during the evaluation period.

Most loans (75%) were made within the assessment areas. This represented all loan products evaluated for CRA purposes throughout the evaluation period. We also did not identify any unexplained gaps in the bank's geographic distribution of loans.

Tables on the following pages illustrate the information that TCF provided for our analysis. We include tables for the combined assessment areas as well as for the Milwaukee-Racine assessment area. Performance within the Milwaukee-Racine assessment area carried the most weight in reaching our overall conclusions. We have included both sets of tables to provide perspective on performance as a whole as well as within the primary assessment area. There are separate tables showing this information for mortgage-related loans and consumer loans. Similar information for the bank's other assessment areas is included in the *Appendix*.

### Lending Activity

#### HMDA LOANS

During this evaluation period, TCF originated 1,800 HMDA-related loans across all its assessment areas. During 1996, TCF garnered a 1.12% market share among all lenders reporting HMDA loans. Although this market share number appears low, TCF ranked twentieth out of 468 lenders which demonstrates satisfactory responsiveness. Two identified credit needs were loans for affordable housing and for the revitalization of older housing stock. Table 1 shows the volumes of all HMDA-related loans, including home purchase and home improvement loans, which would help meet those identified credit needs. Table 3 shows that TCF generally had stronger performance than all other lenders among low- and moderate-income borrowers. Most HMDA loans (72% in 1996 and 67% in 1997) were made within the combined assessment areas.

Table 1 shows the number and dollar amount of HMDA-reportable loans TCF made in all of its assessment areas in calendar year 1996 and through September 1997.

Table 1

HMDA PRODUCT	1996		January - September 1997	
	Number	\$ (000's)	Number	\$ (000's)
Home Purchase	166	14,787	89	7,801
Refinance	695	37,997	557	33,412
Home Improvement	160	2,266	128	1,714
Multi-family	2	3,330	3	1,073
<b>TOTAL HMDA LOANS</b>	<b>1,023</b>	<b>58,380</b>	<b>777</b>	<b>44,000</b>

Data Source: Bank Records

Table 1a shows the number and dollar amount of HMDA-reportable loans that TCF made in the Milwaukee-Racine CMSA in calendar year 1996 and through September 1997. The table shows that this CMSA generated slightly more than half of TCF's total number of HMDA loans during both years. The market share earned in this CMSA was also similar to the overall market share TCF had in all of its assessment areas. In this CMSA, TCF had a market share of 1.05% and was ranked number 24 out of 330 lenders.

Table 1a

HMDA PRODUCT	1996		January - September 1997	
	Number	\$ (000's)	Number	\$ (000's)
Home Purchase	139	12,694	67	6,241
Refinance	358	20,777	291	17,746
Home Improvement	98	1,390	75	1,025
Multi-Family	1	130	3	1,073
<b>TOTAL HMDA LOANS</b>	<b>596</b>	<b>34,991</b>	<b>436</b>	<b>26,085</b>

Data Source: Bank Records

## CONSUMER LOANS

The volume of consumer loans was reasonable based on the bank's size and the competitive nature of the bank's markets. By number of loans, consumer loan originations equal 64% of all loans made during the evaluation period. majority (77% in both 1996 and 1997) of all consumer loans were made within the combined assessment areas. However, because lenders are not required to collect or report this type of lending data, we do not have comparable data to determine how significant the volumes are relative to all consumer loans originated within the assessment are

Table 2 shows the number and dollar amount of the four categories of consumer loans TCF elected to have considered that were made in all of its assessment areas.

Table 2

CONSUMER LOAN TYPE	1996		January - September 1997	
	Number	\$(000's)	Number	\$(000's)
Home Equity & Other RE Secured	1,014	27,600	579	17,144
Motor Vehicle	143	1,755	136	1,448
Other Secured	344	2,431	301	2,454
Other Unsecured	600	3,739	566	4,205
<b>TOTAL CONSUMER LENDING</b>	<b>2,101</b>	<b>35,525</b>	<b>1,582</b>	<b>25,251</b>

Data Source: Bank Records

Table 2a shows the number and dollar amount of the four categories of consumer loans TCF elected to have considered that were made in the Milwaukee-Racine assessment area. This CMSA generated slightly more than 60% of all TCF consumer loans in both years.

Table 2a

CONSUMER LOAN TYPE	1996		January - September 1997	
	Number	\$(000's)	Number	\$(000's)
Home Equity	624	17,692	361	10,331
Motor Vehicle	101	1,194	75	824
Other Secured	241	1,666	198	1,607
Other Unsecured	365	2,291	312	2,238
<b>TOTAL CONSUMER LENDING</b>	<b>1,331</b>	<b>22,843</b>	<b>946</b>	<b>15,000</b>

Data Source: Bank Records

*Distribution of Loans by Borrower Profile*

**HMDA LOANS**

TCF had excellent penetration of HMDA-related loans to low- and moderate-income borrowers. Its performance was especially strong for loans made to moderate-income borrowers. The percentage of loans exceeded the percentage of families at this income level, especially for 1997 refinance loans and home improvement loans for both years. The percentages of loans TCF made was also better than the aggregate of all other lenders reporting loans in this income category. Although the percentage of loans TCF made to low-income borrowers was considerably less than the

percentage of families living at this income level, TCF demonstrated significantly better performance than other lenders. If the volume of families living below the poverty level is not included (refer to discussion in following paragraph), TCF's performance becomes more reflective of the percentage of low-income families that could likely qualify for credit.

Table 3 shows the percentages of borrowers of different income levels compared to the population demographics of TCF's assessment areas and compared to the percentages of loans made to borrowers of different income levels by all lenders. We analyzed the information based on the number of HMDA loans rather than the dollar volume because more clearly depicts the number of borrowers who have benefitted from these types of loans. We also analyzed this data based on the realization that eight percent of all families within the assessment areas live below the poverty level. Families with income below the poverty level are less likely to qualify for loans of this type because of more limited financial capacity to repay the loans.

Table 3

Income Category & HMDA Product	1996		January - September 1997	Percent of Families in Income Category (8% of all families are below poverty level)
	All Lenders (% of number)	TCF (% of number)	TCF (% of number)	
<b>LOW-INCOME BORROWERS</b>				<b>18%</b>
<i>Home Purchase</i>	5%	10%	7%	
<i>Refinance</i>	5%	7%	9%	
<i>Home Improvement</i>	8%	13%	11%	
<b>MODERATE-INCOME BORROWERS</b>				<b>18%</b>
<i>Home Purchase</i>	19%	19%	17%	
<i>Refinance</i>	17%	19%	23%	
<i>Home Improvement</i>	18%	30%	30%	
<b>MIDDLE-INCOME BORROWERS</b>				<b>26%</b>
<i>Home Purchase</i>	33%	33%	42%	
<i>Refinance</i>	32%	39%	37%	
<i>Home Improvement</i>	32%	30%	30%	
<b>UPPER-INCOME BORROWERS</b>				<b>38%</b>
<i>Home Purchase</i>	41%	37%	34%	
<i>Refinance</i>	43%	35%	31%	
<i>Home Improvement</i>	39%	27%	29%	
<b>BORROWERS WITH UNKNOWN INCOME</b>				<b>--</b>

Income Category & HMDA Product	1996		January - September 1997	Percent of Families in Income Category (8% of all families are below poverty level)
	All Lenders (% of number)	TCF (% of number)	TCF (% of number)	
<i>Home Purchase</i>	2%	1%	--	
<i>Refinance</i>	3%	<1%	--	
<i>Home Improvement</i>	3%	--	--	

Data Sources: FFIEC 1996 Aggregate HMDA Data, Bank Records and 1990 Census Data-U.S. Bureau of the Census

Table 3a shows the portfolio percentages among borrowers of different income levels compared to the population demographics of the Milwaukee-Racine CMSA and compared to the percentage of loans made to borrowers of different income levels by all lenders. The conclusions on the performance within this CMSA are consistent with the overall performance discussed above and shown on Table 3. The percentage of loans made to moderate-income borrowers shows strong penetration for all products but especially for refinance loans and home improvement loans. The percentages of loans are higher than the percentage of families at that income level and are higher than the aggregate of all other lenders. The percentage of loans made to low-income borrowers is good compared to all other lenders but is considerably less than the percentage of families at the low-income level.

Table 3a

Income Category & HMDA Product	1996		January - September 1997	Percent of Families in Income Category (9% of all families are below poverty level)
	All Lenders (% of number)	TCF (% of number)	TCF (% of number)	
<b>LOW-INCOME BORROWERS</b>				<b>19%</b>
<i>Home Purchase</i>	6%	11%	5%	
<i>Refinance</i>	6%	7%	8%	
<i>Home Improvement</i>	9%	18%	15%	
<b>MODERATE-INCOME BORROWERS</b>				<b>18%</b>
<i>Home Purchase</i>	17%	19%	16%	
<i>Refinance</i>	16%	20%	22%	
<i>Home Improvement</i>	17%	33%	29%	
<b>MIDDLE-INCOME BORROWERS</b>				<b>26%</b>
<i>Home Purchase</i>	33%	33%	42%	
<i>Refinance</i>	32%	36%	37%	
<i>Home Improvement</i>	32%	27%	31%	
<b>UPPER-INCOME BORROWERS</b>				<b>37%</b>

Income Category & HMDA Product	1996		January - September 1997	Percent of Families in Income Category (9% of all families are below poverty level)
	All Lenders (% of number)	TCF (% of number)	TCF (% of number)	
<i>Home Purchase</i>	42%	37%	37%	
<i>Refinance</i>	43%	37%	33%	
<i>Home Improvement</i>	39%	22%	25%	
<b>BORROWERS WITH UNKNOWN INCOME</b>				--
<i>Home Purchase</i>	2%	--	--	
<i>Refinance</i>	3%	<1%	--	
<i>Home Improvement</i>	3%	--	--	

Data Sources: FFIEC 1996 Aggregate HMDA Data, Bank Records and 1990 Census Data-U.S. Bureau of the Census

Table 4 shows TCF's market shares among borrowers of different income levels compared to its overall market share in the Milwaukee-Racine assessment area. The table shows that the bank's strongest performance for borrowers in the low- and moderate-income levels was for home improvement loans. It also shows that TCF captured a larger market share for these three products among low- and moderate-income borrowers than it did for its overall market share.

Table 4

HMDA Product & Income Category	1996
<b>HOME PURCHASE</b>	<b>Overall Market Share = .62%</b>
<i>Low-Income Borrowers</i>	1.19%
<i>Moderate-Income Borrowers</i>	.66%
<i>Middle-Income Borrowers</i>	.62%
<i>Upper-Income Borrowers</i>	.56%
<b>REFINANCE</b>	<b>Overall Market Share = 1.51%</b>
<i>Low-Income Borrowers</i>	1.70%
<i>Moderate-Income Borrowers</i>	1.94%
<i>Middle-Income Borrowers</i>	1.73%
<i>Upper-Income Borrowers</i>	1.28%
<b>HOME IMPROVEMENT</b>	<b>Overall Market Share = 1.00%</b>
<i>Low-Income Borrowers</i>	2.11%
<i>Moderate-Income Borrowers</i>	1.85%
<i>Middle-Income Borrowers</i>	.84%
<i>Upper-Income Borrowers</i>	.58%

Data Source: FFIEC 1996 Aggregate HMDA Data

**CONSUMER LOANS**

For consumer lending, TCF's distribution to borrowers of different income levels was good. Its lending to moderate income borrowers was especially strong, well exceeding the percentage of households at that income level. Its lending to low-income borrowers was weaker. A comparison of TCF's distribution to that of all other lenders in the assessment area was not possible because lenders are not required to collect information regarding consumer loan originations.

Table 5 shows the distribution of consumer loans for all of TCF's assessment areas among borrowers of different income levels compared to the percentage of households at that income level. We used the number of households in our analysis of consumer loans because it more accurately reflects the number of individuals who would benefit from this type of credit. (In other tables throughout this evaluation, our analyses and conclusions were based on loans made to families of different income levels or within geographies of different income categories.) Note that the percentage of all households below the poverty level is 10%.

Table 5

CONSUMER LOAN DISTRIBUTION BY INCOME LEVEL OF BORROWER					
CONSUMER LOANS	TIME PERIOD	Low-Income % of #	Moderate-Income % of #	Middle-Income % of #	Upper-Income % of #
	1996	14%	21%	33%	32%
	January - September 1997	14%	23%	31%	32%
% of Households at Income Level		22%	16%	21%	41%

Data Source: Bank Records

Table 5a shows the distribution of consumer loans for the Milwaukee-Racine assessment area among borrowers of different income levels compared to the percentage of households at that income level. The performance within this CMSA was similar to the performance demonstrated for the bank as a whole across all assessment areas. TCF's lending to moderate-income borrowers was strong and was better than the level of lending to low-income borrowers. The percentage of households below the poverty level was 10%.

Table 5a

CONSUMER LOAN DISTRIBUTION BY INCOME LEVEL OF BORROWER					
CONSUMER LOANS	TIME PERIOD	Low-Income % of #	Moderate-Income % of #	Middle-Income % of #	Upper-Income % of #
	1996	15%	22%	31%	32%
	January - September 1997	14%	22%	31%	33%
% of Households at Income Level		23%	16%	21%	40%

Data Source: Bank Records

Distribution of Loans by Geography

**HMDA LOANS**

In its combined assessment areas, TCF had excellent penetration of loans into the low- and moderate-income geographies. While the performance for all products was good, the performance of home improvement loans was especially strong. TCF also showed stronger performance for all HMDA loans than all other lenders in the low- and moderate-income geographies.

We analyzed TCF's performance by comparing the percentage of loans made in each type of geography to the percentage of owner-occupied housing in each type of geography. Table 6 shows that there is relatively little owner-occupied housing in the low- and moderate-income census tracts. But it shows that TCF has had success in generating HMDA-related loans within these tracts. The table also shows the percentage of families in each type of geography :

a further reference for comparison. Table 1 shows the volumes of the different HMDA loans made during the evaluation period and gives a better perspective on the resulting percentages shown below in Table 6. TCF generate a greater volume of refinance loans than other types of HMDA loans. Although home purchase lending represented smaller percentage of the bank’s originations, it received favorable consideration because creating and financing affordable housing were identified needs in the bank’s assessment areas. In contrast, refinance loans are typically made to people who already own a home but are looking for more preferable interest rates.

Table 6 shows the percentages TCF realized in its combined assessment areas compared to the percentages of loans made by all lenders in each type of geography.

Table 6

Income Category & HMDA Product in Percentages	1996		January - September 1997	Percent of Families Living in CT	Percent of Owner-Occupied Housing
	All Lenders	TCF	TCF		
<b>LOW-INCOME CTs</b>				<b>8%</b>	<b>3%</b>
<i>Home Purchase</i>	2%	4%	7%		
<i>Refinance</i>	2%	2%	2%		
<i>Home Improvement</i>	3%	9%	5%		
<i>Multi-family</i>	6%	--	--		
<b>MODERATE-INCOME CTs</b>				<b>11%</b>	<b>9%</b>
<i>Home Purchase</i>	8%	11%	11%		
<i>Refinance</i>	8%	11%	11%		
<i>Home Improvement</i>	10%	19%	17%		
<i>Multi-family</i>	22%	--	67%		
<b>MIDDLE-INCOME CTs</b>				<b>57%</b>	<b>60%</b>
<i>Home Purchase</i>	61%	64%	67%		
<i>Refinance</i>	61%	69%	65%		
<i>Home Improvement</i>	63%	64%	66%		
<i>Multi-family</i>	58%	100%	33%		
<b>UPPER-INCOME CTs</b>				<b>25%</b>	<b>28%</b>
<i>Home Purchase</i>	29%	21%	15%		
<i>Refinance</i>	29%	18%	22%		
<i>Home Improvement</i>	24%	8%	12%		
<i>Multi-family</i>	14%	--	--		

Data Source: FFIEC 1996 Aggregate HMDA Data

TCF’s performance within the Milwaukee-Racine assessment area was consistent with its performance in the combined assessment areas. Within this assessment area, TCF demonstrated better performance than all other lenders for the percentage of total loans made into low- and moderate-income geographies. By comparing the percentage of loans

made to the percentage of owner-occupied housing, TCF demonstrated strong performance for all HMDA loan products.

Table 6a shows the portfolio percentages TCF realized in its Milwaukee-Racine assessment area compared to the percentage of loans made by all lenders in each type of geography. It also shows the percentage of owner-occupied housing in each type of geography.

**Table 6a**

Income Category & HMDA Product in Percentages	1996		January - September 1997	Percent of Families Living in CT	Percent of Owner-Occupied Housing
	All Lenders	TCF	TCF		
<b>LOW-INCOME CTs</b>				<b>10%</b>	<b>5%</b>
<i>Home Purchase</i>	3%	5%	8%		
<i>Refinance</i>	4%	4%	3%		
<i>Home Improvement</i>	5%	13%	8%		
<i>Multi-family</i>	7%	--	--		
<b>MODERATE-INCOME CTs</b>				<b>12%</b>	<b>9%</b>
<i>Home Purchase</i>	8%	12%	10%		
<i>Refinance</i>	7%	10%	9%		
<i>Home Improvement</i>	9%	24%	20%		
<i>Multi-family</i>	20%	--	67%		
<b>MIDDLE-INCOME CTs</b>				<b>51%</b>	<b>55%</b>
<i>Home Purchase</i>	55%	60%	64%		
<i>Refinance</i>	55%	62%	57%		
<i>Home Improvement</i>	58%	54%	61%		
<i>Multi-family</i>	61%	100%	33%		
<b>UPPER-INCOME CTs</b>				<b>27%</b>	<b>31%</b>
<i>Home Purchase</i>	34%	23%	18%		
<i>Refinance</i>	34%	24%	31%		
<i>Home Improvement</i>	28%	9%	11%		
<i>Multi-family</i>	12%	--	--		

Data Source: FFIEC 1996 Aggregate HMDA Data

For each HMDA-related product within the Milwaukee-Racine assessment area, TCF has attained a larger market share in the low- and moderate-income census tracts than it achieved for its overall market share. Although the overall market shares for these product types appear low, TCF's overall ranking for each product was good considering the number of all lenders reporting loans within this market. For all originations within the assessment area, TCF ranked twenty-fourth out of 330 lenders. In its other assessment areas, TCF also demonstrated strong penetration into the low- and moderate-income geographies. In its other assessment areas, TCF also captured a much larger market share

in the low- and moderate-income census tracts than it did for its overall market share for each product. Additional information on TCF's other assessment areas is found in the *Appendix*.

Table 7 illustrates market share comparisons based on the geography of the loan in TCF's Milwaukee-Racine assessment area.

Table 7

HMDA Product & Income Category	1996
<b>HOME PURCHASE</b>	<b>Overall Market Share = .62%</b>
<i>Low-Income CTs</i>	1.07%
<i>Moderate-Income CTs</i>	.87%
<i>Middle-Income CTs</i>	.68%
<i>Upper-Income CTs</i>	.42%
<b>REFINANCE</b>	<b>Overall Market Share = 1.51%</b>
<i>Low-Income CTs</i>	1.52%
<i>Moderate-Income CTs</i>	2.00%
<i>Middle-Income CTs</i>	1.71%
<i>Upper-Income CTs</i>	1.08%
<b>HOME IMPROVEMENT</b>	<b>Overall Market Share = 1.00%</b>
<i>Low-Income CTs</i>	2.71%
<i>Moderate-Income CTs</i>	2.50%
<i>Middle-Income CTs</i>	.94%
<i>Upper-Income CTs</i>	.32%

Data Source: FFIEC 1996 Aggregate HMDA Data

## CONSUMER LOANS

TCF's overall geographic distribution of consumer loans was weak. While 8% of the households in TCF's assessment areas were in low-income areas, only 2% of TCF's 1996 lending and 3% of its 1997 lending was to households in low-income areas. TCF's distribution to households in moderate-income areas was, however, adequate at 10% and 11% for 1996 and 1997 compared to the 14% of households in moderate-income areas. A comparison of TCF's distribution to that of all other lenders in the assessment area was not possible because lenders are not required to collect information regarding consumer loan originations.

Table 8 shows the distribution of consumer loans among the income levels of the geography in which the loan was located for all of TCF's assessment areas, compared to the percentage of households at any income level that live in that geography. We used the number of households in the various census tracts in our analysis of consumer loans because it more closely reflected the number of individuals who would benefit from this type of credit. The percentage of all households below the poverty level was 10%. These households below poverty may be distributed throughout census tracts regardless of the income level of the tract.

Table 8

CONSUMER LOAN DISTRIBUTION BY INCOME LEVEL OF GEOGRAPHY					
CONSUMER LOANS	TIME PERIOD	Low-Income % of #	Moderate-Income % of #	Middle-Income % of #	Upper-Income % of #
	1996	2%	10%	68%	20%
	January - September 1997	3%	11%	63%	23%
% of Households Living in CT		8%	14%	56%	22%

Data Source: Bank Records

Table 8a shows the distribution of consumer loans among the income levels of the geography in which the loan is located for TCF's Milwaukee-Racine assessment area, compared to the percentage of households at any income level that live in that geography. The performance for this assessment area was consistent with what was generated throughout the combined assessment areas. The distribution of consumer loans in low-income geographies was weak and in moderate-income geographies was adequate. The volume of loans within both the low- and moderate-income census tracts increased from 1996 to 1997. The percentage of all households below the poverty level within this assessment area was also 10%.

Table 8a

CONSUMER LOAN DISTRIBUTION BY INCOME LEVEL OF GEOGRAPHY					
CONSUMER LOANS	TIME PERIOD	Low-Income % of #	Moderate-Income % of #	Middle-Income % of #	Upper-Income % of #
	1996	3%	9%	65%	23%
	January - September 1997	4%	12%	58%	26%
% of Households Living in CT		10%	14%	52%	24%

Data Source: Bank Records

**Community Development Lending**

TCF originated loans to two community development organizations in Milwaukee and one in Kenosha. The loans total \$2.1 million and represent 4.7% of the bank's Tier I capital. Unfunded commitments total an additional \$430,000 or .9% of Tier I capital. TCF's community development loans are as follows:

- C TCF made four loans totaling \$1.9 million to a nonprofit organization engaged in providing affordable housing for families with incomes up to 80% of median income in Waukesha County, which is part of TCF's Milwaukee-Racine assessment area. Each of the loans was for the funding of construction of up to nine single-family homes. The loan program was a flexible collaboration of the nonprofit organization, the County, local builders, and TCF through which Community Development Block Grants were used to supplement the collateral and the County

guaranteed interest payments to TCF. As a result of the collaboration, the homes were available to eligible buyers \$15,000 to \$20,000 below market value.

- C TCF is a member of a consortium of lenders that administers a housing rehabilitation loan program in Waukesha County. TCF has extended loans totaling \$13,194 under its \$25,000 commitment to the consortium. Qualified borrowers under the program have incomes of no more than 80% of County median income.
- C TCF is a member of a consortium of lenders that administers an interim financing program for the development of affordable multi-family housing in targeted low- or moderate-income areas primarily in Milwaukee. The bank has originated loans totaling \$281,365 under its \$500,000 commitment.
- C TCF is also a member of a consortium of lenders that administers a loan fund designed to assist private developers in undertaking affordable housing projects in Kenosha. TCF has made a \$4,900 loan through the consortium, the proceeds of which were used to acquire land in a moderate-income area. TCF also has a \$200,000 unfunded revolving credit note to the consortium which originated in a prior examination period.

### **Flexible Loan Programs**

TCF offers several flexible loan programs that have resulted in 1,060 loans totaling just over \$20.5 million during the last two years. Most of the programs were for residential mortgage loans although TCF also offers loans under five programs for consumer loans and two of the Small Business Administration loan programs. The volumes of these originations, as well as their distribution to borrowers of different income levels, have been analyzed under their respective loan categories.

The most widely used of TCF's flexible loan programs was the WHEDA Home Program, under which TCF originated 109 loans totaling \$6.2 million during 1996 and 1997. The program features low downpayment requirements and assists the borrower with closing costs. Examples of other flexible residential mortgage loan programs the bank offers are: the Veterans Administration Loan Program which has originated 65 loans totaling \$5.9 million; the State of Wisconsin Department of Veteran Affairs loan program which has originated 33 loans totaling \$3.3 million; and the Closing Cost Assistance Program which has originated 33 loans totaling \$90,377.

### **INVESTMENT TEST**

TCF has made only limited qualifying investments or grants to organizations that serve its assessment areas. The qualified investments made by the bank help respond to some of the credit needs of the assessment areas and reflect some of the available opportunities. However, given the bank's capacity and the numerous opportunities for obtaining qualifying investments, particularly within the Milwaukee-Racine assessment area, the level of responsiveness is considered less than satisfactory. The investments and grants made over the last two years total only \$210,218 which equals 0.44% of Tier I capital (as of September 30, 1997). Except for \$930 granted within the Appleton assessment

area, all investments and grants were from the Milwaukee-Racine assessment area. Other assessment areas served by this bank did not have qualified investments or grants.

Of the total amount that meets the community development purpose within the CRA regulation, TCF made \$110,218 donations and in-kind contributions to qualifying community development organizations. The majority of these donations provided financial support to organizations that provide essential human services such as affordable housing, emergency shelters, youth programs, social services and child protection, and financial counseling. Several programs provided job training while others helped create jobs or stabilize the community.

The remaining \$100,000 represents a direct investment in a national fund that develops and operates affordable housing projects. It benefits the greater, regional area and represents a limited partnership investment that meets the definition of the regulation.

The following table illustrates the types of investments and grants that the bank has made throughout the evaluation period in all of TCF's assessment areas.

**Table 9**

<b>INVESTMENT TEST: Bank Totals</b>		
<b>Investment Type</b>	<b>Number of Investments</b>	<b>Dollars of Investments (000's)</b>
<b><i>Affordable Housing</i></b>		
Direct Investment	1	100
Grant / Contribution	25	25
<b><i>Economic Development</i></b>		
Direct Investment	0	0
Grant / Contribution	8	13
<b><i>Low/Mod Individuals</i></b>		
Direct Investment	0	0
Grant / Contribution	10	38
<b><i>Revitalize/Stabilize</i></b>		
Direct Investment	0	0
Grant / Contribution	11	34
<b>TOTAL INVESTMENTS</b>	<b>55</b>	<b>210</b>

**SERVICE TEST**

TCF's retail banking services are accessible to its assessment areas and the bank provides a relatively high level of community development services.

**Retail Banking Services**

The distribution of the bank’s branches and ATMs is reasonable. While the data in the following table shows that 29% of the CTs and BNAs in TCF’s assessment areas are designated LMI, only 19% of the families in the assessment area reside in those geographies. In light of the distribution of families, TCF’s overall branch and ATM distribution is good with 18% of its branches and 19% of its ATMs located in those LMI geographies. Branch office and ATM distribution is weakest in terms of penetration into LMI geographies in the Milwaukee-Racine assessment area, the area in which TCF has its largest presence. TCF’s strongest penetration into LMI geographies is in the Appleton and Kenosha assessment areas. TCF does not have branches or ATMs in the LMI geographies of its Madison assessment area, and there are no LMI geographies in TCF’s non-MSA (Walworth County) assessment area.

The following table summarizes TCF’s branch distribution throughout its assessment areas.

**Table 10**

<b>SERVICE TEST: TCF National Bank Wisconsin</b>					
<b>SERVICE TYPE</b>	<b>#</b>	<b>Low CTs</b>	<b>Moderate CTs</b>	<b>Middle CTs</b>	<b>Upper CTs</b>
<b>Branch Offices</b>	28	7%	11%	64%	18%
<b>Bank ATMs *</b>	86	6%	13%	55%	24%
<b>Census Tracts and BNAs in AA *</b>	616	14%	15%	51%	19%

\* Row does not equal 100% because income information for 2% of the Bank ATMs and 1% of the CTs is not available.

The following table summarizes TCF’s branch distribution in the Milwaukee-Racine assessment area.

**Table 10a**

<b>SERVICE TEST: MSAs #5080 and #6600 MILWAUKEE-RACINE, WI</b>					
<b>SERVICE TYPE</b>	<b>#</b>	<b>Low CTs</b>	<b>Moderate CTs</b>	<b>Middle CTs</b>	<b>Upper CTs</b>
<b>Branch Offices</b>	18	6%	11%	61%	22%
<b>Bank ATMs *</b>	44	7%	11%	55%	25%
<b>Census Tracts in AA *</b>	430	18%	16%	46%	19%

\* Row does not equal 100% because income information for 2% of the Bank ATMs and 1% of the CTs is not available.

Changes in branch offices during this evaluation period have positively affected the bank’s ability to serve the LMI portions of the assessment areas. This positive affect came from the expansion of the bank’s Mid-City office, which located in a low-income area of Milwaukee. Office size more than doubled and the bank increased the level and type of services available at the office. Other branch office changes during the evaluation period consisted of opening three offices in grocery stores in middle-income areas of Milwaukee; opening a branch office in Waukesha, an upper-income area in the bank’s Milwaukee assessment area; opening an office in a grocery store in a middle-income area of Racine and closing an office in Little Chute, a middle-income area in the bank’s Appleton assessment area.

In addition to branch offices and ATMs, bank services are also available via drive-up facilities. The bank has a drive up facility at each branch with the exception of its downtown Kenosha branch (located in a low-income area), its West Racine branch (located in a middle-income area), and the grocery store branches. Both the downtown Kenosha and West Racine branches are located in downtown areas with configurations that do not allow for drive-up facilities.

Because TCF does not fully staff each branch with lenders, access to lending services varies somewhat from branch to branch. Every TCF branch either has lenders with offices onsite, or has a lender with an office at another location assigned to that branch. Generally when lenders are not onsite at a branch, people can go to the branch at which the lender has an office, or can apply for a loan over the telephone. The bank has business lenders with onsite offices at two of its Milwaukee branches and one of its Racine branches. It has mortgage lenders with onsite offices at three of its Milwaukee branches, one of its Racine branches and one of its Kenosha branches. It has consumer lenders at most branches, with the exception of three Milwaukee branches, one Racine branch, the Whitewater branch, and the Walworth County branch. In addition, the grocery store branches are not staffed with any lenders due to size limitations of those facilities. The distribution of lenders by income level of geography is similar to the distribution of branches. As a result, the bank's distribution of lenders is reasonable across geographies of different income levels.

The business hours of TCF's branch offices are similar across all assessment areas. All offices are open at least one evening per week as well as Saturdays. In addition, TCF's three Milwaukee grocery store branch offices and one Racine grocery store branch office are open on Sundays. Every branch office has a deposit-taking ATM. ATMs at nonbranch offices do not accept deposits.

The products and services TCF offers through traditional channels are enhanced through a foreign-language speaking lender and through TCF's involvement with various community organizations. During the evaluation period, TCF's downtown Kenosha office was staffed with a Spanish-speaking lender. This lender made loan services more accessible to the significant Hispanic population that resides near that office. The downtown Kenosha office is located in a low-income area. In addition, TCF has established mortgage lending relationships through its work with various community organizations. Relationships have developed as the organizations have referred constituents to TCF. TCF has also worked through the organizations by providing general homebuyer counseling and specific information regarding TCF's mortgage products.

### **Community Development Services**

TCF provides a relatively high level of community development services, considering its size and resources. The focus of TCF's efforts has been affordable housing for LMI individuals. Its other efforts have been operating a bank-in-school program and providing guidance to individuals and business owners regarding establishing and/or operating small businesses.

The bank was innovative in establishing a bank-in-school program at Kagel Elementary School, which serves a low-moderate-income area of Milwaukee. Students applied for jobs at the bank and went through job interviews. Students

operate the bank one day per week under the supervision of TCF employees. TCF employees have also periodically conducted business- and banking-related classes through the school under the Junior Achievement program.

TCF employees worked on housing issues through the following organizations by providing counseling to potential homebuyers, by providing educational seminars, and by serving on the organizations' Boards of Directors or Committees:

- Milwaukee:
- ☐ Committee of African American Lenders
  - ☐ Habitat for Humanity
  - ☐ Waukesha County Lenders Consortium
  - ☐ Lisbon Avenue Neighborhood Development
  - ☐ Midtown Neighborhood Association
  - ☐ Milwaukee Innerscity Congregation Allied for Hope, Inc.
  - ☐ Neighborhood Housing Services
  - ☐ Housing Partnership Corporation

- Racine:
- ☐ Racine Interfaith Coalition
  - ☐ Family Service of Racine, Inc.

- Kenosha:
- ☐ Kenosha Housing Partnership

- Appleton:
- ☐ ADVOCAP Inc. Homeowner Development Program
  - ☐ Appleton Housing Authority - Diversified Opportunities for Ownership, Rehabilitation and Subsidy

TCF employees also worked with community development organizations that focus on assisting small businesses. These organizations are:

- Milwaukee:
- ☐ Midtown Neighborhood Association
  - ☐ Wisconsin Women's Business Initiative Corporation

- Racine:
- ☐ Racine Development Group

The Wisconsin Women's Business Initiative Corporation is especially unique in that it provides business mentorship financing assistance to small and micro-businesses, many of which are operated by people previously on public assistance.

TCF offers free or low-cost checking accounts tailored to the needs of retail and business customers as well as community groups.

## **FAIR LENDING REVIEW**

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified during our review. We reviewed the underwriting decisions the bank made during the first half of 1997 and focused on the race the applicants. The applications were for home improvement loans.

## **A P P E N D I X**

Although TCF’s overall rating was largely influenced by the performance within the Milwaukee-Racine assessment area, we also reviewed performance in the other assessment areas to determine if it was consistent with that in Milwaukee-Racine. Although some of the outstate assessment areas may have performance elements that were not as favorable, none were seen as a detriment to the bank’s overall performance nor negatively impacted the rating. These outstate locations constitute a smaller share of the bank’s business and the performance in these locations should be evaluated from that perspective.

**Appleton Assessment Area**

TCF has a limited presence within the area. It operates three branch offices and six ATMs. It had closed one office since the last evaluation. This did not have a significant impact on low- or moderate-income individuals because it had been located in a middle-income census tract. The assessment area has \$58 million in deposits which represents two percent of the bank’s total deposits. These deposits equal only two percent of the deposits generated at all financial institutions operating within the assessment area. The performance in this assessment area was relatively comparable to that of the whole bank. The percentage of loan originations within the assessment area (fifteen percent by number of all TCF originations within the state) is reasonable compared to the percentage of total deposits that are generated within the area. The following table shows the demographic characteristics of the assessment area.

ASSESSMENT AREA PROFILE: MSA #0460 APPLETON					
DEMOGRAPHIC CHARACTERISTICS	#	Low	Moderate	Middle	Upper
Population	206,249				
Census Tracts in AA	52	0%	6%	83%	11%
Income Level of Families in AA (4% below poverty)	56,187	14%	17%	30%	39%
Families Living in CT Category	56,187	--	2%	83%	15%
Income Level of Households in AA (6% below poverty)	76,588	19%	16%	23%	42%
Households Living in CT Category	76,588	--	3%	83%	14%
Owner-Occupied Housing (% of # in CT)	54,337	--	2%	83%	15%
Businesses (% of # in CT)	7,322	--	9%	66%	25%
Median Housing Value = \$65,131					
Median Family Income = \$37,202					
HUD Adjusted Median Family Income for 1997 = \$47,600					
Unemployment Rate =2% in 1997					

Data Source: 1990 Census Data - U. S. Bureau of the Census; Dun & Bradstreet; Bureau of Labor Statistics

Overall lending performance was acceptable and was generally comparable to the bank’s performance as a whole. For HMDA loans, TCF had a market share rank of seventeen out of all 154 lenders reporting these types of loans. This was similar to the bank’s overall performance. Within this assessment area, TCF has been effective in lending moderate-income borrowers. The percentage of loans made to moderate-income borrowers clearly exceeded the demographic percentage at this level, while the percentage of loans made to low-income borrowers was not as favorable. The percentage of loans made in the moderate-income census tracts exceeded the percentage of families and households living in those census tracts.

The following table summarizes the lending performance in the Appleton assessment area.

LENDING TEST: MSA #0460 APPLETON							
LOAN TYPE	#	\$ (000's)		Low % of # of loans	Moderate % of # of loans	Middle % of # of loans	Upper % of # of loans
HMDA Products	321	20,500	CT	--	5%	85%	10%
			B*	7%	23%	40%	29%
Consumer Loans	538	8,317	CT	--	3%	83%	14%
			B	11%	25%	35%	29%
Small Loans to Businesses	5	1,453	CT	--	20%	60%	20%
Community Development	0	0					
<b>TOTAL LENDING</b>	<b>864</b>	<b>30,270</b>					

Data Source: Bank Records (1996 and January through September, 1997)

CT = Income level of census tracts. B = Income level of borrower.

\* Row does not equal 100% because 1% of the borrowers did not report income.

**Investment Test:**

TCF granted \$930 in the Appleton assessment area during the evaluation period.

**Service Test:**

Performance under the service test in this assessment area was consistent with all other areas. Although all types of loans, deposits, and services are available at all TCF offices, the offices within this assessment area do not have on-site commercial or mortgage lenders. Business hours are similar to what is found at other offices across the state and include evening hours at least once per week as well as Saturday hours. The table below shows a good percentage of branch locations and ATMs in the moderate-income census tracts compared to the overall number of census tracts. There are only three offices and six ATMs in the assessment area.



The following table summarizes TCF’s branch distribution in the Appleton assessment area.

SERVICE TEST: MSA #0460 APPLETON					
SERVICE TYPE	#	Low CTs	Moderate CTs	Middle CTs	Upper CTs
Branch Offices	3	--	33%	67%	0%
Bank ATMs	6	--	17%	66%	17%
Census Tracts in AA	52	--	6%	83%	11%

**Kenosha Assessment Area**

Performance was reasonably consistent with TCF’s overall performance. There are three branches and 14 ATMs within this assessment area. The \$85 million in deposits generated within the assessment area are 17% of total bank deposits. The deposits represent eleven percent of all deposits at all financial institutions within this area. During the evaluation period, this assessment area had fewer loan originations, proportionally, than it has in deposits. Though the assessment area had 17% of total TCF deposits, it originated only ten percent of all TCF loans. As with other assessment areas, this assessment area demonstrated better performance to moderate-income borrowers than it did with low-income borrowers.

The following table shows the demographic characteristics of TCF’s Kenosha assessment area.

ASSESSMENT AREA PROFILE: MSA #3800 KENOSHA					
DEMOGRAPHIC CHARACTERISTICS	#	Low	Moderate	Middle	Upper
Population	128,181				
Census Tracts in AA	31	7%	16%	61%	16%
Income Level of Families in AA (8% below poverty)	34,184	17%	20%	25%	38%
Families Living in CT Category	34,184	3%	14%	65%	18%
Income Level of Households in AA (9% below poverty)	47,011	21%	17%	22%	40%
Households Living in CT Category	47,011	4%	14%	65%	17%
Owner-Occupied Housing (% of # in CT)	32,368	1%	10%	69%	20%
Businesses (% of # in CT)	3,823	12%	13%	59%	16%
Median Housing Value = \$65,697					
Median Family Income = \$35,657					

ASSESSMENT AREA PROFILE: MSA #3800 KENOSHA	
HUD Adjusted Median Family Income for 1997 = \$44,500	
Unemployment Rate = 3% in 1997	

Data Source: 1990 Census Data - U. S. Bureau of the Census; Dun & Bradstreet; Bureau of Labor Statistics

The table below shows that TCF was more effective at originating loans to moderate-income borrowers than it was to low-income borrowers. The volume of loans to moderate-income borrowers was good whereas the volume of loans to low-income borrowers was adequate. For consumer and HMDA loans, TCF's percentage of loans made to moderate-income borrowers was nearly equal to the demographic profile. This assessment area had an overall HMD market share rank of twelfth which is better than the performance of the bank as a whole. The geographic distribution of the bank's lending is similar to the related demographic information.

The following table summarizes the lending performance in the Kenosha assessment area.

LENDING TEST: MSA #3800 KENOSHA							
LOAN TYPE	#	\$ (000's)		Low % of # of loans	Moderate % of # of loans	Middle % of # of loans	Upper % of # of loans
HMDA Products	263	10,283	CT	2%	16%	69%	13%
			B	8%	19%	38%	35%
Consumer Loans	495	8,712	CT	2%	13%	67%	18%
			B	10%	16%	31%	43%
Small Loans to Businesses	13	2,192	CT	8%	8%	61%	23%
Community Development	1	5					
<b>TOTAL LENDING</b>	<b>772</b>	<b>21,192</b>					

Data Source: Bank Records (1996 and January through September, 1997)

CT = Income level of census tracts. B = Income level of borrower.

**Investment Test:**

TCF did not make any qualified investments in its Kenosha assessment area during the evaluation period.

**Service Test:**

Performance under the service test within this assessment area was consistent with the bank as a whole. Although all types of loans, deposits, and services are available at all TCF offices, the offices within this assessment area do not

have onsite commercial lenders. There is a mortgage lender, who also speaks Spanish, onsite at one of the offices. Two offices have onsite consumer lenders; the third office (located in downtown Kenosha in a low-income census tract) shares a consumer lender. Business hours are similar to what is found at other offices across the state. Offices have evening hours at least one night per week and also have Saturday hours. The table below shows a good percentage of branch locations and ATMs in the low- and moderate-income census tracts.

The following table summarizes TCF’s branch distribution in the Kenosha assessment area.

SERVICE TEST: MSA #3800 KENOSHA					
SERVICE TYPE	#	Low CTs	Moderate CTs	Middle CTs	Upper CTs
Branch Offices	3	33%	0%	67%	0%
Bank ATMs	14	14%	7%	57%	22%
Census Tracts in AA	31	7%	16%	61%	16%

**Madison Assessment Area**

Performance within this assessment area was somewhat lower than what was demonstrated by the whole bank. LM lending was lower than that experienced throughout the whole bank. This can be partially explained by TCF’s very limited presence within this assessment area. TCF has only two offices and has generated only \$17 million in deposits. This is only three percent of total bank deposits and is also less than one percent of all deposits from all financial institutions found within Dane county. The dollar volume of originated loans from this office is equal to only six percent of TCF’s total loan originations. Another possible explanation can be found in the fact that the office did not have onsite commercial or mortgage lenders. The bank does not have an office or ATM located in a low-income geography. Also, there are no offices in moderate-income geographies.

The following table shows the demographic characteristics of TCF’s Madison assessment area.

ASSESSMENT AREA PROFILE: MSA #4720 MADISON						
DEMOGRAPHIC CHARACTERISTICS	#	Low	Moderate	Middle	Upper	NA
Population	367,085					
Census Tracts in AA	89	6%	17%	54%	20%	3%
Income Level of Families in AA (5% below poverty)	87,346	16%	20%	28%	36%	--
Families Living in CT Category	87,346	3%	16%	63%	18%	--
Income Level of Households in AA (10% below poverty)	142,231	22%	17%	21%	40%	--
Households Living in CT Category	142,231	6%	22%	57%	15%	--

ASSESSMENT AREA PROFILE: MSA #4720 MADISON						
Owner-Occupied Housing (% of # in CT)	78,821	1%	14%	65%	20%	--
Businesses (% of # in CT)	14,600	6%	23%	55%	16%	--
Median Housing Value = \$78,779						
Median Family Income = \$41,529						
HUD Adjusted Median Family Income for 1997 = \$54,600						
Unemployment Rate = 2% in 1997						

Data Source: 1990 Census Data - U. S. Bureau of the Census; Dun & Bradstreet; Bureau of Labor Statistics

NA = No income designation.

As with other assessment areas, this location demonstrated stronger performance among moderate-income borrowers than it did with low-income borrowers. The bank's performance for consumer loans was more favorable than its performance for HMDA. Compared to HMDA loans, there were twice as many consumer loans originated and a higher percentage of those consumer loans were made to low-income borrowers. TCF ranked 41 out of 199 lenders for HMDA loans in the assessment area.

The geographic distribution of the bank's lending was somewhat weaker than the related demographic information within this assessment area. The exception to this was HMDA lending in moderate-income geographies, for which 24% of the bank's loans were in moderate-income geographies, while 16% of the families in the assessment area live those geographies.

The following table summarizes the lending performance in the Madison assessment area.

LENDING TEST: MSA #4720 MADISON							
LOAN TYPE	#	\$ (000's)		Low % of # of loans	Moderate % of # of loans	Middle % of # of loans	Upper % of # of loans
HMDA Products	153	8,326	CT	1%	24%	66%	9%
			B	10%	26%	40%	24%
Consumer Loans	317	4,758	CT	2%	21%	66%	11%
			B	19%	26%	39%	16%
Small Loans to Businesses	1	236	CT	0%	100%	0%	0%
Community Development	0	0					
<b>TOTAL LENDING</b>	<b>471</b>	<b>13,320</b>					

**Data Source: Bank Records (1996 and January through September, 1997)**

**CT = Income level of census tracts. B = Income level of borrower.**

**Investment Test:**

TCF did not make any qualifying investments in its Madison assessment area during the evaluation period.

**Service Test:**

TCF has only two offices in this assessment area but a good number of ATMs. There are, however, no ATMs located in low-income census tracts and both offices are located in middle-income census tracts. Although all types of loans, deposits, and services are available at all TCF offices, the offices within this assessment area do not have onsite commercial or mortgage lenders. These types of lenders are shared with other TCF locations. Business hours are similar to what is found at other offices across the state. Offices have evening hours at least one night per week and also have Saturday hours.

The following table summarizes TCF’s branch distribution in the Madison assessment area.

SERVICE TEST: MSA #4720 MADISON					
SERVICE TYPE	#	Low CTs	Moderate CTs	Middle CTs	Upper CTs
Branch Offices	2	0%	0%	100%	0%
Bank ATMs *	20	0%	20%	50%	25%
Census Tracts in AA *	89	6%	17%	54%	20%

\* Row does not equal 100% because income information for 5% of the Bank ATMs and 3% of the CTs is not available.

**Walworth Assessment Area**

TCF has a very limited presence within this assessment area. It has only two branches and two ATMs. There are no LMI geographies within this assessment area. This assessment area has generated only \$16 million in deposits which only three percent of TCF’s total deposits. These deposits also represent only two percent of the deposits of all financial institutions within Walworth county. The volume of loans originated within this assessment area was also small. The loans originated within the assessment area are only 1.6% of all TCF originations during the evaluation period.

Although the level of lending is reasonable based on the bank’s small size in this assessment area, the lack of onsite lenders and the lack of investments within the assessment area result in performance that is not consistent with the combined bank.

The following table shows the demographic characteristics of TCF’s Walworth assessment area.

ASSESSMENT AREA PROFILE: Non-MSA					
DEMOGRAPHIC CHARACTERISTICS	#	Low	Moderate	Middle	Upper
Population	75,000				
Block Numbering Areas in AA	14	0%	0%	50%	50%
Income Level of Families in AA (5% below poverty)	19,060	11%	16%	23%	50%
Families Living in BNA Category	19,060	--	--	50%	50%
Income Level of Households in AA (10% below poverty)	27,615	17%	15%	18%	50%
Households Living in BNA Category	27,615	--	--	49%	51%
Owner-Occupied Housing (% of # in BNA)	18,467	--	--	49%	51%
Businesses (% of # in BNA)	3,059	--	--	56%	44%
Median Housing Value = \$71,349					
Median Family Income = \$30,290					
HUD Adjusted Median Family Income for 1997 = \$39,600					
Unemployment Rate = 2% in 1997					

Data Source: 1990 Census Data - U. S. Bureau of the Census; Dun & Bradstreet; Bureau of Labor Statistics

Lending performance was generally consistent with the other TCF assessment areas. The level of lending to moderate income borrowers was strong due to consumer loans. The level of HMDA originations to low-income borrowers was however, poor. For this assessment area, the bank's market share ranking for HMDA is 24 out of 130 lenders reporting these types of loans.

The following table summarizes the lending performance in the Walworth assessment area.

LENDING TEST: Non-MSA							
LOAN TYPE	#	\$ (000's)		Low % of # of loans	Moderate % of # of loans	Middle % of # of loans	Upper % of # of loans
HMDA Products	31	2,195	BNA	--	--	71%	29%
			B	0%	13%	23%	64%
Consumer Loans	56	1,146	BNA	--	--	59%	41%
			B	11%	23%	29%	37%
Small Loans to Businesses	0	0	BNA	--	--	--	--

LENDING TEST: Non-MSA			
Community Development	0	0	
<b>TOTAL LENDING</b>	<b>87</b>	<b>3,341</b>	

Data Source: Bank Records (1996 and January through September, 1997)

BNA = Income level of block numbering areas. B = Income level of borrower.

**Investment Test:**

TCF did not make any qualifying investments in its Walworth assessment area during the evaluation period.

**Service Test:**

Performance under the service test in this assessment area was not consistent with all other areas primarily because the assessment area does not have onsite lenders. This assessment area shares consumer lenders with an office in Milwaukee. Mortgage lending is shared with the downtown Kenosha office. Commercial lending is also shared with other locations. All types of products, services, loans, and deposits are available through these offices. Business hours are similar to what is found at other offices across the state. Offices have evening hours at least one night per week and also have Saturday hours.

The following table summarizes TCF's branch distribution in the Walworth assessment area.

SERVICE TEST: Non-MSA					
SERVICE TYPE	#	Low BNAs	Moderate BNAs	Middle BNAs	Upper BNAs
Branch Offices	2	--	--	50%	50%
Bank ATMs	2	--	--	50%	50%
Block Numbering Areas in AA	14	0%	0%	50%	50%