

January 22, 2007

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington DC, 20552

Attn: No. 2006-44 / CRA Performance Evaluations – RIN 1550-AC08

This comment letter is in response to the Notice of Proposed Rulemaking published November 24, 2006 concerning OTS' proposed changes to its Community Reinvestment Act (CRA) regulations.

A. **SUMMARY**

BankFinancial, FSB ("the Bank") is a \$1.6 billion federal savings institutions located in the Chicago, IL metropolitan area. The Bank has maintained an "Outstanding" Community Reinvestment Act rating since 1998. We believe that the OTS was correct in its adoption of the additional flexibility for evaluating CRA performance in its March 2, 2005 Final Rule ("the Current Rule") and remains so to this day. Interested parties who wish to achieve uniformity among the Federal banking agencies should urge the other agencies to adopt the OTS March 2, 2005 Final Rule as the principles and logic underlying the Current Rule apply equally to all institutions subject to the Community Reinvestment Act

B. **WHY THE CURRENT RULE IS STILL CORRECT**

There is no evidence that the Current Rule is not achieving its goal of strong CRA compliance consistent with the express requirements of the statute and the circumstances of each institution within its designated market territory. The flexibility permitted by the Current Rule enables each institution to determine the most effective manner in which to meet its CRA obligations by matching its strengths and expertise to the community's needs. In particular, the ability to strengthen the weights given to the "Lending" and "Investment" tests create a strong potential for additional capital to be channeled towards meritorious community-level economic activity.

In addition, the continuing diversification and innovation taking place in retail financial services also justifies the additional flexibility provided by the Current Rule. The widespread availability of various forms of electronic banking services continues to supplement the "bricks-and-mortar" presence of community banks. The recent trends towards expansion of branch offices is ample evidence that insured depository institutions will open new branch offices wherever they believe that there are new customers to be served. In the Chicago area, new competitors from outside the market (Bank of America and Washington Mutual, to name two prominent institutions) alone opened more than 200 branch offices in the greater metropolitan area in the past few years; institutions already present in the market at least matched the growth rate of new branch facilities. Finally, the entrance of non-bank competitors offering banking services through non-traditional locations such as insurance brokerage offices (State Farm Bank) has further increased the density of services available to every part of the geographic market.

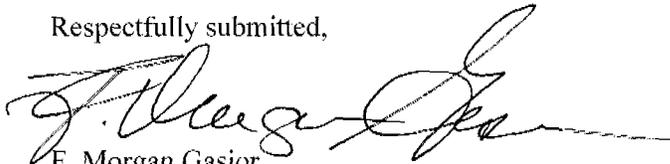
If anything, the twin forces of technology and national / global competition are providing all types of financial services to our community at unprecedented levels and local institutions must respond accordingly. The flexibility permitted by the Current Rule allows each institution to identify and capitalize on their relative competitive service advantages in the face of this extraordinary level of competition consistent with their overall CRA obligations.

C. **WHY THE CURRENT RULE SHOULD BE UNIFORMLY APPLIED**

The issues of stronger capital flows and intensified competition within communities are not exclusive to federally-regulated savings institutions. It appears that OTS was prescient in its early discernment of these trends and developments. To enable all insured depository institutions to meet these new challenges in an effective manner, the remaining Federal banking agencies should adopt the Current Rule and amend public disclosures so that all interested parties understand the basis for each institution's assigned CRA rating and can make any necessary comparisons on a consistent basis.

We thank the OTS for the opportunity to provide our views on the proposed rule. Please contact Chief Executive Officer F. Morgan Gasior at 630.242.7010 if any additional information is needed.

Respectfully submitted,



F. Morgan Gasior
Chief Executive Officer