

St. Louis Equal Housing and Community Reinvestment Alliance

c/o EHOc · 1027 S. Vandeventer Avenue, 6th floor · St. Louis, MO · 63110 · www.slehcra.org

Member Organizations

October 22, 2012

Coalition of
Concerned Citizens,
Alton Area

Mr. Robert Carmona
Deputy Regional Director
Federal Deposit Insurance Corporation
1100 Walnut St, Suite 2100
Kansas City, MO 64106

Center for the
Acceleration of
African American
Business

Re: Business Bank of St. Louis CRA performance evaluation

Community Action
Agency of St. Louis
County

Dear Mr. Carmona,

Community Resource
and Development
Organization

The St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA) would like to provide additional comments regarding the Business Bank of St. Louis pursuant to the Community Reinvestment Act (CRA) and the bank's upcoming CRA performance evaluation scheduled for the fourth quarter in 2012. SLEHCRA is a coalition working to increase investment in minority communities, regardless of income, and in low- and moderate-income communities, regardless of race, by ensuring that banks are meeting their obligations under the CRA and fair lending laws.

Consumers Council
of Missouri

Justine Petersen

SLEHCRA submitted public comments on October 1, 2012 regarding serious concerns with the Business Bank of St. Louis' record of providing services to low- and moderate-income communities and communities of color. We have additional concerns regarding the lawsuit filed by the Business Bank of St. Louis challenging the recent foreclosure mediation ordinance passed in St. Louis County. We believe the action to block mandatory foreclosure mediation for struggling homeowners brings further harm to the stabilization of families and neighborhoods in our community. Additionally, the bank's legal challenge demonstrates the bank's disinclination to respond to the needs of the community, particularly low- and moderate-income communities.

Lemay Housing
Partnership

Metropolitan St.
Louis Equal Housing
& Opportunity
Council

Missourians
Organizing for
Reform and
Empowerment

The St. Louis Post-Dispatch reported that on September 18, 2012, Business Bank of St. Louis filed a class action lawsuit against St. Louis County challenging the authority and application of the ordinance.¹ The ordinance, Bill 174 passed by the St. Louis County on August 28, 2012, requires lenders to offer foreclosure mediation to homeowners facing foreclosure. The bill requires lenders to pay a nominal amount for the mediation process. The goal of the mediation is to seek alternatives to foreclosure that works for both the homeowner and the lender.

MoKan

NAACP St. Louis

North County
Churches Uniting for
Racial Harmony and
Justice

The Business Bank's suit argues that Missouri state law preempts the ordinance and that the effects of the ordinance will be detrimental to the economy and residents of St. Louis County. A final argument stated in the Business Bank's challenge is that the ordinance discriminates against St. Louis County borrowers because lenders will increase interest rates in order to mitigate the losses of compliance with the ordinance.

Ready, Aim,
Advocate! Committee

¹ Hampel, Paul. "Bank files lawsuit challenging St. Louis County foreclosure law" [St. Louis Post-Dispatch](#); Political Fix. 9/19/2012.

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We believe the minute fee required by the ordinance is not a sufficient reason for restricting credit access or penalizing borrowers with higher cost mortgages. The cost of foreclosure mediation is significantly lower than the losses the bank potentially faces with a foreclosed property. Mediation also carefully considers the interests of the lender so that any agreement, if reached, works in the interests of both the lender and homeowner. As supporters and advocates of the bill have previously argued, foreclosure mediation is a benefit to homeowners, lenders, and St. Louis County.²

Additionally, according to the St. Louis Post-Dispatch article, the Business Bank challenges the application of the foreclosure mediation bill to community commercial banks such as their bank. The Business Bank argues that commercial banks were not involved in the residential foreclosure crisis that was the focus of the ordinance. While we recognize the differences between lending institutions, we believe any bank engaged in residential mortgage lending in any capacity should be held to the same standards with no exceptions.

We understand that the Business Bank of St. Louis, as primarily a business bank, operates differently than the largest mortgage lenders. However, the Business Bank still offers and provides mortgages as a line of business. According to the Home Mortgage Disclosure Act, Business Bank of St. Louis received 32 mortgage loan applications in 2011. In previous years, mortgage lending at the bank was substantially larger with 187 mortgage applications in 2009 and 216 mortgage applications in 2008. The bank also advertises mortgage lending on their website and highlights their ‘mortgage lending team’ on the front page of the website. Their mortgage services page cites the Business Bank of St. Louis as having a ‘full service mortgage group.’³

The St. Louis County Council passed this legislation in an effort to provide the opportunity for more families to stay in their homes, which strengthens the surrounding neighborhood and entire community. The Business Bank of St. Louis’ attempts to dissolve these protections for borrowers and families further demonstrates the bank’s lack of response to real community needs, particularly low-income and working class families that have been hardest hit by the economic downturn and the foreclosure crisis.

We believe the Business Bank of St. Louis is failing to meet the needs of all parts of our community. Previously submitted public comments detailed concerns with the bank’s continued inadequate lending and services in low- and moderate-income communities and in minority communities. This legal challenge brought by the Business Bank of St. Louis presents the bank working directly against the needs of our community. The bank’s action further damages our neighborhoods and calls into question the obligation of the bank to serve our community.

We ask the FDIC to consider these concerns in the upcoming performance evaluations of the Business Bank of St. Louis.

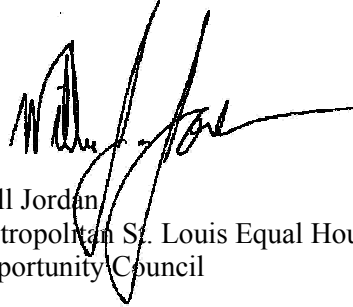
Sincerely,

² Swanstrom, Todd and Karen Tokarz, “Guest Commentary: Mediation of home foreclosures can work,” St. Louis Post Dispatch, Opinion. August 22, 2012.

³ “The Business Bank of St. Louis :: Mortgage Services,” https://www.bbssl.com/mortgage_index.aspx



Rose Eichelberger
Ready! Aim! Advocate! Committee



Will Jordan
Metropolitan St. Louis Equal Housing &
Opportunity Council



Lynn Oldham
Missourians Organizing for Reform and
Empowerment



Adolphus Pruitt
NAACP St. Louis



Jackie Hutchinson
Consumers Council of Missouri



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Merline Anderson
Community Action of St. Louis County, Inc.