



Metropolitan St. Louis
Equal Housing Opportunity Council
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Robert J. Carmona
Deputy Regional Director
Federal Deposit Insurance Corporation
2345 Grand Boulevard, Suite 1200
Kansas City, MO 64108

Dear Mr. Carmona:

The Metropolitan St. Louis Equal Housing Opportunity Council would like to offer public comment on The Business Bank of St. Louis (“BBSL”) pursuant to the Community Reinvestment Act of 1977 (“CRA”). BBSL is under review during the third quarter of 2009 (July 1 – September 30), and we have noticed several trends in the bank’s lending practices that we feel merit further investigation by the Federal Deposit Insurance Corporation (“FDIC”).

Based on publicly available data, we have determined that BBSL is failing to adequately penetrate the African-American, Hispanic and Asian communities in the St. Louis Metropolitan Statistical Area. Fewer than 2% of BBSL’s residential loan originations go to individuals from these minority groups, significantly less than the percentage of minorities in BBSL’s assessment area, which is 20.75%. This level of market penetration is less than BBSL’s peer banks. The Private Bank, another commercial lending bank in St. Louis with a similar amount of assets, originates 4% of its loans to minorities. Its two other peer banks, St. Louis Bank and Southern Commercial Bank, also originate higher percentages of their loans to minorities than BBSL. We question whether BBSL can match The Private Bank’s rating of “Satisfactory” with less than half of its market penetration to minority communities. We urge the FDIC to investigate whether BBSL’s failure to lend to racial minorities may be a symptom of exclusionary advertising practices.

We have also found that, within BBSL’s assessment area, residential loans from 2008 were geographically concentrated in a suspect manner. Loans were evenly distributed within St. Charles County and the central and southern half of St. Louis County, but the northern half of St. Louis County and Jefferson County each received a minimal number of loan applications. While the distance from north St. Louis County to the bank’s sole location may inhibit loan applications from this area, that hypothesis is directly refuted by the presence of numerous loan applications from St. Charles County. We urge the FDIC to scrutinize BBSL’s advertising practices to ensure that BBSL is adequately marketing its residential lending services to areas within its assessment area that contain a high minority concentration (such as north St. Louis County), and that such advertisements are culturally sensitive.

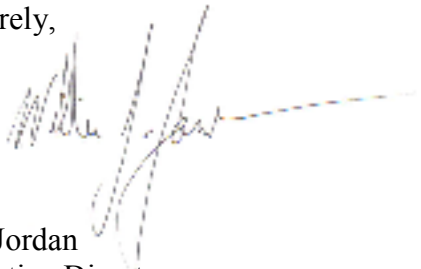
We have also reviewed BBSL's public file for community development investments. In the 2004 CRA evaluation of BBSL, it was determined that "the level of qualified investments is not sufficient to justify" a rating of "Outstanding." BBSL's public file contains records of investments to Rebuilding Together St. Louis, the St. Louis Equity Fund, Inc., and St. Jude's Children's Hospital totaling \$503,500. For the sake of comparison, The Private Bank, one of BBSL's peers, received a rating of "Outstanding" in 2008 based on contributions of \$4.8 million. We encourage BBSL to increase its community development investments because these investments represent an opportunity to further their lending to areas in their assessment area that they have not reached. We hope that the FDIC will maintain the same high standard of community investment when assessing BBSL's community development test as it does to its peers.

We understand that BBSL is primarily a commercial lending bank and that residential mortgage lending may not be scrutinized thoroughly in their CRA examination. Because commercial loan data is not publicly available by race, gender, and income as provided by the Home Mortgage Disclosure Act for residential mortgages, we are unable to ascertain whether the bank's inadequate penetration into minority communities carries over into the realm of commercial lending. We therefore encourage the FDIC to examine whether BBSL relies on referrals from its commercial borrowers for its residential mortgage applications, and whether the disparities in lending to minority borrowers and minority communities may be a byproduct of institutional discrimination in BBSL's commercial lending practices.

Finally, we are aware that BBSL received \$15 million of taxpayer funds through the Trouble Assets Relief Program ("TARP"). We believe that BBSL is required to demonstrate that they are "affirmatively furthering fair housing" as a condition of accepting these funds, as required by 12 U.S.C.S. § 5211 *et seq.* We believe that this places a higher burden on BBSL to adopt an affirmative fair marketing plan and / or to develop products and services that will help erase disparities based on race, color, religion, gender, national origin, familial status and disability. We stand ready to partner with BBSL in identifying ways to meet these fair housing obligations.

We look forward to seeing what your strict scrutiny in evaluating BBSL will uncover. Please feel free to contact us should you have any questions.

Sincerely,



Will Jordan
Executive Director

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cc: Denise Murphy, Field Supervisor – Compliance
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