

St. Louis Equal Housing and Community Reinvestment Alliance

c/o EHOc, 1027 South Vandeventer Ave., 6th Floor, St. Louis, MO 63110 * ehocmt@birch.net

MISSION

*The St. Louis
Equal Housing
and Community
Reinvestment
Alliance works
to promote
investment in
low-income
and minority
communities*

November 20, 2009

Glenda Wilson
Community Affairs Officer
Federal Reserve Bank of St. Louis
P.O. Box 442
St. Louis, MO 63166

MEMBER

ORGANIZATIONS

Dear Glenda Wilson,

ACORN St. Louis
stlouis.acorn.org

Citizens Coalition
to Fight Eminent
Domain Abuse

Justine Petersen
justinepetersen.org

Metro St. Louis
Coalition for
Inclusion &
Equity
www.mslice.org

Metropolitan St.
Louis Equal
Housing
Opportunity
Council
ehocstl.org

Red Brick
Community Land
Trust
www.redbrickclt.org

Wellston
Community
Support
Association

The St. Louis Equal Housing and Community Reinvestment Act (“SLEHCRA”) would like to offer public comment on the application by Central Bancompany, of Jefferson City, MO, to acquire all of the voting shares of Overland Bancorp, and thus the Bank of Belton, both located in Belton, MO. SLEHCRA is a coalition working to increase investment in low-income and minority communities by ensuring that banks are meeting their obligations under the Community Reinvestment Act (“CRA”) and fair lending laws. We have a few concerns with the practices of Central Bancompany, and we urge you to further investigate these concerns as you consider their acquisition application.

We are concerned that Central Bancompany is not adequately serving the needs of low- and moderate- income and African American communities, supported by evidence from two of the company’s affiliates, First National Bank of St. Louis and Metcalf Bank, based in Lee’s Summit, Missouri. According to the publicly available HMDA data and CRA disclosure data on small business and farm loans, both banks have unsatisfactory market penetration to low- and moderate- income borrowers and communities. We also feel that both banks are not adequately serving the minority communities in their respective areas.

Metcalf Bank has a poor record of serving low-income communities. For example, out of Metcalf Bank’s 21 branches in the Kansas City metropolitan area, *none* are located in a low-income census tract; two are in moderate-income census tracts and the remaining 19 are in middle- or upper- income census tracts. In 2008, less than 1% of Metcalf Bank’s residential loan originations went to low-income census tracts. Similarly, only 1.48% of small business and farm loans were originated to low-income census tracts. However, Metcalf Bank’s Assessment Area includes 39 low-income census tracts which encompass 11.4% of their Assessment Area. The bank’s low percentage of loans to low-income areas, despite including a significant portion of those areas in their service area, reflects a lack of service to low-income communities.

First National Bank of St. Louis has no services located in low- or moderate income communities. The bank has a total of 14 branches, *none* of which are located in low- or moderate- income census tracts.

First National Bank of St. Louis has drawn its assessment area to exclude areas of low- and moderate-income concentration. The Assessment Area of First National Bank of St. Louis only contains one low-income census tract and 11 moderate-income census tracts, out of a total of 207 census tracts. Additionally, their Assessment Area does not include the entire St. Louis metropolitan area. The City of St. Louis is not included in their Assessment Area. It also divides the political subdivisions of St. Louis County in Missouri and St. Clair County in Illinois to exclude the northern portion of St. Louis County and the northwestern corner of St. Clair County. Many of these excluded areas are low- and moderate-income communities. The City of St. Louis, for example, contains 40 low-income census tracts and 49 moderate- income census tracts, but has been excluded from the bank's Assessment Area despite receiving a substantial portion of loan originations. According to 2007 HMDA and CRA disclosure data, over a third (35.52%) of all residential, small business, and farm loans were originated outside of the bank's Assessment Area, with the largest portion of those loans originated to the excluded areas of St. Louis County and St. Louis City. They each respectively received 9.79% and 8.22% of all loan originations, which is more than areas *within* their Assessment Area, like the included portion of St. Clair County, Warren County, and Monroe County that together received only 4.57% of all loan originations.

Under Regulation BB Subpart C, Section 228.41, a bank's Assessment Area must generally consist of one or more Metropolitan Statistical Areas, or one or more contiguous political subdivisions. It also must include the geographies in which the bank has its main office, its branch locations, and its deposit-taking ATMs, *as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans*. It may not arbitrarily exclude low- or moderate- income geographies. We are concerned that the selective Assessment Area of First National Bank of St. Louis does not follow this CRA regulation by: (1) not including an entire Metropolitan Statistical Area, (2) dividing political subdivisions, (3) excluding areas with a substantial portion of loan originations, and (4) excluding low- and moderate- income areas from the bank's services.

In addition, we are concerned that the Assessment Area of First National Bank of St. Louis may reflect illegal discrimination by excluding areas of the St. Louis metropolitan area that are predominately African-American. As detailed above, the bank's Assessment Area excludes St. Louis City, north St. Louis County, and the northwestern corner of St. Clair County in Illinois. Communities that have over 90% African Americans, such as Wellston and Pagedale in Missouri and East St. Louis and Alorton in Illinois, are pointedly excluded on the border of the bank's Assessment Area delineation. The resulting map of their Assessment Area creates an unusual configuration which looks like a bow tie, with large coverage in the outlying areas and little areas of coverage in the urban, inner city areas. Regulation BB prohibits a bank of designating its assessment area in a manner that reflects illegal discrimination.

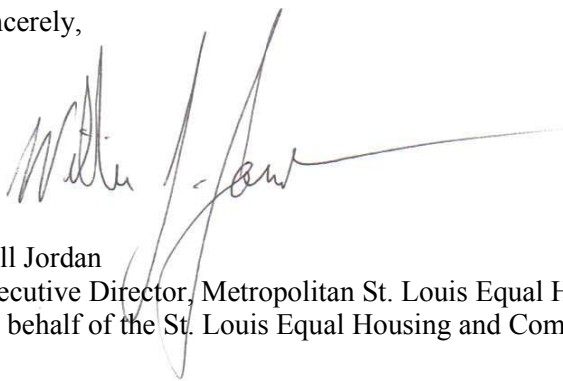
Along with our concern that the Assessment Area of First National Bank of St. Louis excludes minorities, we also have fair lending concerns with the practices of both First National Bank of St. Louis and Metcalf Bank. We are concerned that both banks are not adequately serving the African-American population within their communities. According to First National Bank of St. Louis HMDA data, only 2.55% of residential loan originations have gone to African-Americans in the past three years. This is considerably less when compared to the St. Louis aggregate percentage of 10.26% of all residential loans originated to African-Americans. We also notice a large disparity in denial rates between African-American borrowers and borrowers of other races for First National Bank of St. Louis. The denial rate for African-American applicants is 15.58%, compared to a denial rate of 3.01% for white applicants and a total denial rate of 3.64%. These concerns of disparate treatment are further supported by the bank's lack of services to areas with high minority populations. All 14 branches of First National Bank of St. Louis are located in census tracts with 80% or higher majority white populations.

We have similar concerns of disparate treatment of African-Americans with Metcalf Bank. In 2008, Metcalf Bank originated only 1 residential loan to an African-American, out of a total 429 loans. They only received 4 applications from African-Americans. However, the percentage of residential loan applications from African-Americans (0.71%) is significantly less than the population of African-Americans within the bank's Assessment Area. The bank's Assessment Area consists of Jackson County and Cass County in Missouri and Johnson County in Kansas, which together has a 13.92% African-American population. We feel that the bank is not adequately serving the African-American population of their service area, and we urge the Federal Reserve to further investigate the bank's services, marketing, and treatment of African-American customers.

We are concerned that Central Bancompany's application to acquire Bank of Belton may result in disparate and inadequate services to African-Americans. According to HMDA data, Bank of Belton has not received a single application from an African-American within the last three years. The bank's Assessment Area, which consists of 10 census tracts in Cass County, has an African-American population of nearly 2%. The bank's complete lack of service to any African-American despite an African-American population included in their Assessment Area is unacceptable. We are concerned about the acquisition of a bank like Bank of Belton with such fair lending concerns by a company with similar fair lending concerns in their affiliates of First National Bank of St. Louis and Metcalf Bank.

There is currently a fair housing complaint filed by the Metropolitan St. Louis Equal Housing Opportunity Council (EHOC) before the U. S. Department of Housing & Urban Development against Central Bancompany and First National Bank of St. Louis. We believe that the application should not be approved until this complaint has been resolved. Before an application is accepted for the acquisition of Bank of Belton by Central Bancompany, we would like to see Central Bancompany add St. Louis City, and all of St. Louis and St. Clair counties to the assessment area for First National Bank of St. Louis and to agree to open at least one branch in a low-income and/or minority census tracts in the St. Louis metropolitan area (First National Bank) and the Kansas City metropolitan area (Metcalf / Belton) as a part of its long-range planning process. Until such changes are made, we urge you to reject Central Bancompany's application for acquisition of Overland Bancorp, holding company of the Bank of Belton. Please feel free to contact us should you have any questions.

Sincerely,



Will Jordan
Executive Director, Metropolitan St. Louis Equal Housing Opportunity Council
On behalf of the St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA)

SLEHCRA Member Organizations:
ACORN St. Louis Office
Citizens Coalition to Fight Eminent Domain Abuse
Justine Petersen
Metro St. Louis Coalition for Inclusion & Equity (M-SLICE)
Metropolitan St. Louis Equal Housing Opportunity Council (EHOC)
Red Brick Community Land Trust
Wellston Community Support Association