

St. Louis Equal Housing and Community Reinvestment Alliance

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

MEMBER ORGANIZATIONS

Center for the
Acceleration of
African American
Business
December 15, 2010
Robert J. Carmona
Deputy Regional Director
Federal Deposit Insurance Corporation
2345 Grand Boulevard, Suite 1200
Kansas City, MO 64108

Community Action
Agency of St. Louis
County

Citizens Coalition to
Fight Eminent
Domain Abuse
Re: CRA performance evaluation of Bank of Washington, Washington, MO
Dear Mr. Carmona:

Human Development
Corporation
The St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA)
would like to offer public comments regarding Bank of Washington pursuant to the
Community Reinvestment Act (CRA) and the bank's performance evaluation
scheduled for the present quarter. SLEHCRA is a coalition working to increase
investment in low-income and minority communities by ensuring that banks are
meeting their obligations under the CRA and fair lending laws. We have some concerns
with Bank of Washington, and we urge the FDIC to consider our concerns in the bank's
evaluation.

Justine Petersen

Lemay Housing
Partnership

Metropolitan St.
Louis Equal Housing
Opportunity Council

Missourians
Organizing for
Reform and
Empowerment

MoKan

NAACP St. Louis

North County
Churches Uniting for
Racial Harmony and
Justice

Ready, Aim,
Advocate! Committee

St. Louis Community
Land Trust

Union Sarah
Community
Corporation

Wellston Community
Support Association

We are concerned that the Bank of Washington is not adequately serving low- and moderate-income borrowers, as seen in low levels of home mortgage lending. According to publicly-available Home Mortgage Disclosure Act (HMDA) data, the bank originated 8.76 percent of loans to low-income borrowers and 16.01 percent to moderate-income borrowers over the last three years, 2007 to 2009. These percentages are unsatisfactory when compared to the demographics within the bank's assessment area and comparable aggregate lending.

The bank's last CRA performance evaluation in 2007 notes the family population of the assessment area includes 16 percent low-income families and 20 percent moderate-income families, according to 2000 census information. In comparison to aggregate lending, the aggregate HMDA lending for Franklin County originated 11.55 percent of loans to low-income borrowers and 23.60 percent to moderate-income borrowers in the last three years. All of the bank's branches are located in Franklin County, and the bank has designated 10 census tracts in Franklin County and one census tract in Warren County as its assessment area. We are concerned that Bank of Washington's level of lending is significantly less than the demographic percentages and the comparable aggregate lending levels, which suggests overall an inadequate level of service to low- and moderate-income families and communities.

We are also concerned with the bank's assessment area, as a significant amount of home mortgage lending is outside of the designated assessment area. As stated above, the bank has designated ten census tracts in Franklin County and one census tract in Warren County as its assessment area. According to the HMDA data from 2007 to 2009, the bank originated 58.48 percent of loans to Franklin County. St. Louis County, which is not included in the assessment area, received 20.10 percent of all originations.

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The City of St. Louis, also not included in the assessment area, received 6.11 percent of originations. Warren County received 4.85 percent of originations. We are concerned that the bank is conducting such a significant amount of lending outside of the assessment area, which we believe does not meet the criteria within the CRA evaluation and should not be considered reasonable. Additionally, loans made outside of the assessment area are not as thoroughly scrutinized under the CRA regulation and we ask the FDIC to closely examine all loans for safety and soundness, as well as compliance with fair lending laws.

We also have fair lending concerns with the Bank of Washington, as seen in low market penetration to minority borrowers. According to the HMDA data, from 2007 to 2009 the bank originated less than 1 percent of loans (0.88) to African-American borrowers, 0.13 percent loans to Asian borrowers, and 0.25 percent to Hispanic borrowers. In comparison, the population in bank's assessment area includes 1.10 percent African-Americans, 0.24 percent Asians, and 0.74 percent Hispanics according to the Census 2000. Though the bank's assessment area does not have a large minority population, the bank is lending below the census data demographics. Additionally, as explained above, the bank is doing a substantial amount of lending to areas outside of the assessment area where there are significant minority populations. St. Louis County, for example, consists of 19 percent African-Americans, 2.2 percent Asians, and 1.4 percent Hispanics. We urge the FDIC to further investigate the bank's marketing, service, and treatment of minority customers in a thorough fair lending review.

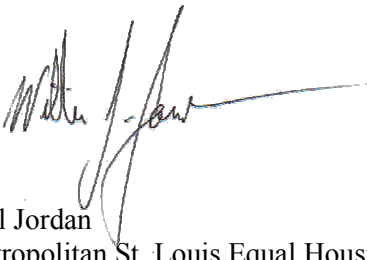
The bank's parent company, Diamond Bancorp, received \$20.4 million in Troubled Asset Relief Program (TARP) in May 2009 that has yet to be repaid. We believe that by accepting TARP money, institutions have an affirmative obligation to further fair housing. We believe Bank of Washington and Diamond Bancorp have not demonstrated adequate service to the entire community and need to improve their service to minority communities.

We urge the FDIC to consider our concerns regarding Bank of Washington's performance in low- and moderate-income communities, as well as in minority communities. We feel the bank is not adequately serving the needs of those communities, as reflected in low levels of lending to low- and moderate-income borrowers and low market penetration within minority communities. We are also concerned with the bank's significant volume of lending outside of their assessment area.

Our coalition seeks to work with banks to better improve services and investments to low-income and minority communities. We ask the bank to be proactive in their outreach and services, and to create innovative strategies for engaging those communities. Our coalition stands ready to partner with the bank to create those strategies and to better serve our shared community.

Thank you for your consideration.

Sincerely,



Will Jordan
Metropolitan St. Louis Equal Housing
Opportunity Council (EHOc)



Eddie Davis
Center for the Acceleration of African-American
Business (CAAAB)

St. Louis Equal Housing and Community Reinvestment Alliance

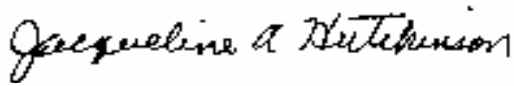
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Adolphus Pruitt
NAACP St. Louis



Rance Thomas
North County Churches Uniting for Racial
Harmony and Justice



Jackie Hutchinson
Human Development Corporation (HDC)



Rose Eichelberger
Ready! Aim! Advocate! Committee



Lynn Oldham
Missourians Organizing for Reform and
Empowerment (MORE)