UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

TITLE VIII of the Civil Rights Act of 1968 as amended by the Fair Housing Act of 1988

CONCILIATION AGREEMENT

between

Metropolitan St. Louis Equal Housing Opportunity Council (Complainant)

and

First National Bank of St. Louis

and Central Bancompany

(Respondents)

Approved by the United States Department of Housing and Urban Development

FHEO CASE NUMBER: 07-10-0153-8

I. PARTIES

Respondents

First National Bank of St. Louis ("Bank")
c/o Richard J. Bagy, Jr, President
7707 Forsyth Blvd.
Clayton, MO 63105

Central Bancompany
c/o Charles A. Weber, Esq.
Executive Vice President and General Counsel
238 Madison Street
Jefferson City, MO 65101

Complainant

Metropolitan St. Louis Equal Housing Opportunity Council ("EHOC" or "Complainant")
1027 South Vandeventer Avenue
6th Floor
St. Louis, MO 63110

II. STATEMENT OF POSITIONS

A. Complainant's Position

EHOC filed a complaint with the United States Department of Housing and Urban Development ("Department" or "HUD") alleging that Respondents First National Bank of St. Louis and Central Bancompany (collectively, "Respondents") violated § 805 of the Fair Housing Act, 42 U.S.C. 3605 ("Act"), by designating their service area or assessment area in a discriminatory manner, excluding areas of high minority concentration, locating branches and services in a manner that did not give equal access based on race, failing to market residential real estate products to African Americans, and charging different residential mortgage rates to African American and white loan applicants because of race ("Complaint"). Section 805 of the Act makes it unlawful "for any person or other entity whose business includes engaging in residential real estate-related transactions to discriminate against any person in making available such a transaction, or in the terms or conditions of such a transaction, because of race or color." 42 U.S.C. § 3605.

B. <u>Respondents' Position</u>

Respondents deny any discriminatory conduct toward the communities EHOC serves. It is Respondents' policy to engage in fair and responsible lending, and to strengthen the communities they serve by making all of their products and services available on a fair and consistent basis without consideration of the membership of the borrowers in classes protected by the Act. The Bank represents that it routinely monitors its performance under the Act, the Community Reinvestment Act (CRA), the Equal Credit Opportunity Act (ECOA), and other applicable laws and regulations and takes corrective action when indicated by such review. The Bank also represents that it has established a long-standing, solid fair lending control environment. Without admitting any wrongdoing, and in the interest of cooperation and to avoid the costs associated with future administrative and judicial proceedings with respect to this matter, Respondents agree to settle the claims presented in the Complaint by entering into this Conciliation Agreement ("Agreement").

III. TERM OF AGREEMENT

This Agreement shall govern the conduct of Complainant and Respondents ("Parties") for a period of four (4) years from the effective date of this Agreement ("Term"), except if the Bank has not expended $500,000 in the Special Financing Program as provided in

Article VII(F) of this Agreement, then the Department may extend the terms of this Agreement relevant to the Special Financing Program for one (1) additional year.

IV. EFFECTIVE DATE

Upon approval by the Department, this Agreement shall constitute a binding contract under state and federal law and a Conciliation Agreement pursuant to the Act. This Agreement shall be approved by the Department and become effective on the date on which it is signed by the Director for the Office of Systemic Investigations, HUD's Office of Fair Housing and Equal Opportunity (FHEO).

V. GENERAL PROVISIONS

1. The Parties acknowledge that this Agreement is a voluntary and full settlement of the Complaint. The Parties affirm that they have read and fully understand the terms set forth herein. No party has been coerced, intimidated, threatened or in any way forced to become a party to this Agreement.
2. Respondents acknowledge that the Act makes it is unlawful to retaliate against any person because that person has made a complaint, testified, assisted, or participated in any manner in a proceeding under the Act. Respondents further acknowledge that any subsequent retaliation or discrimination constitutes both a material breach of this Agreement and a statutory violation of the Act.
3. This Agreement is binding upon the Parties, their employees, heirs, successors and assigns and all others in active concert with them in the ownership or operation of their respective enterprises.
4. Pursuant to 42 U.S.C. § 3610(b)(4), this Agreement is a public document.

5. This Agreement does not in any way limit or restrict the Department's authority to investigate any other complaint or matter involving Respondents made under the Act or any other matter within the Department's jurisdiction.

6. With the exception of Article III, no amendment to, modification of, or waiver of any provisions of this Agreement shall be effective unless: (a) all Parties agree in writing to the amendment, modification or waiver; (b) the amendment, modification or waiver is in writing; and (c) the amendment, modification or waiver is approved, in writing by FHEO's Director of the Office of Systemic Investigations.

7. The Parties agree that the execution of this Agreement may be accomplished by separate execution of consents to this Agreement, and that the separate executed signature pages attached to the body of the Agreement constitute one document.

8. Respondents hereby forever waive, release, and covenant not to sue the Department or the Complainant, their agents, employees, and attorneys with regard to any and all claims, damages and injuries of whatever nature whether presently known or unknown, arising out of the allegations presented in HUD Case Number 07-10-0153-8, relating to Respondents' banking activities in the St. Louis metropolitan statistical area.

9. In exchange for Respondents' performance of the provisions of the Agreement, Complainant hereby forever waives, releases, and covenants not to sue Respondents, their agents, employees, and attorneys with regard to any and all claims, damages and injuries of whatever nature whether presently known or unknown, arising out of the allegations presented in HUD Case Number 07-10-0153-8, relating to Respondents' banking activities in the St. Louis metropolitan statistical area.

10. It is understood that the Agreement does not constitute an admission by Respondents of any violation of the Act or any other federal statute or regulation, nor does the Agreement constitute evidence of a determination by the Department of any violation of the Act or other federal statute or regulation.

VI. GENERAL NON-DISCRIMINATION REQUIREMENTS

1. Respondents, including all of their officers, employees, agents, representatives, assignees, and successors in interest, and all those in active concert or participation with them, are hereby enjoined from engaging in any act or practice which discriminates on the basis of race or color in any aspect of a residential real estate-related transaction in violation of the Act. This prohibition includes, but is not limited to: the selection of sites for, and the provision of services at, branch offices; marketing; the definition of CRA assessment areas; and the determination of the geographic areas in which loan applications are solicited or funded, except as needed to remedy the violations alleged in the Complaint.

2. Respondents shall take whatever actions are necessary to ensure that they provide all persons with an equal opportunity to apply for and obtain credit, including residential loan products, without regard to the race or color of residents of the area in which a borrower lives or the area in which the property securing the loan is located. Those actions include, but are not limited to, the actions specified in this Agreement.

VII. RELIEF FOR COMPLAINANT AND IN THE PUBIC INTEREST

A. Community Reinvestment Act Assessment Area and Future Branch Openings

1. The Bank shall revise its CRA assessment area to include the entirety of St. Louis County, Missouri, St. Louis City, Missouri, and St. Clair County, Illinois. For purposes of this Agreement, the portions of St. Louis County, Missouri, St. Louis City, Missouri, and St. Clair County, Illinois not included in the Bank's 2010 CRA assessment area are defined as the newly incorporated areas (collectively, the "Newly Incorporated Areas"). Nothing in this Agreement precludes the Bank from further altering its CRA assessment area in a manner consistent with the provisions of the CRA and its implementing regulations, provided that the Bank's assessment area includes the Newly Incorporated Areas, throughout the Term of this Agreement.

2. The Bank shall open one (1) Bank branch, ("Branch") in a majority African American census tract within the Newly Incorporated Areas.

3. Within six (6) months of the effective date of this Agreement, the Bank shall complete a feasibility study to determine the best location for the new Branch opened pursuant to this Agreement. A copy of the feasibility study shall be promptly furnished to HUD upon completion, but in no case later than 6 months after the effective date of this Agreement.

4. The Branch described in paragraph 2 above shall open for business within one (1) year from the date of completion of the feasibility study, subject to regulatory approval from

the Office of the Comptroller of the Currency, and any other regulatory approvals required by law.

5. The Branch may be located within a grocery store or strip mall, provided that would meet the credit needs of the residents in the Newly Incorporated Areas.

6. The Branch shall provide the complete range of lending services, access to lending products and expertise comparable to that typically offered at the Bank's existing full service branches.

7. The Branch shall remain open during the Term of this Agreement.

8. The Bank will also provide, from all of its branches, access to at least one employee who is fluent in Spanish and is fully trained to assist with residential lending transactions. A Spanish speaking employee will accompany loan officers to conduct business with borrowers upon request.

9. The Bank will follow an objective set of criteria to evaluate future branch openings, closings, and other significant changes in services. These criteria will incorporate the Bank's obligations under the Act, CRA, and ECOA.

10. Respondents shall promptly provide the Department with a copy of any applications or notices it submits to open, acquire, relocate, or close any branches in the St. Louis metropolitan statistical area during the Term of this Agreement. Nothing in this Agreement requires Respondents to otherwise consult with the Department regarding the opening, acquisition, relocation, or closing of any other branches except as provided in this Agreement or as required by law.

B. Training

1. The Bank shall require all of its employees and agents involved in residential lending to complete an annual fair lending training course designed to ensure that their residential lending activities are conducted in a manner consistent with the Act, CRA, ECOA, and this Agreement. Such training shall be conducted by EHOC, or a qualified third party training provider selected by the Bank and approved by the Department. In addition, within fifteen (15) days of the entry of this Agreement, the Bank shall provide to all such employees or agents an explanation and copies of this Agreement, and answer any questions concerning the Agreement.

C. Advertising and Outreach

1. The Bank shall expand its marketing, advertising, and outreach programs to improve its performance in meeting the credit needs of the residents of majority African American census tracts within the Newly Incorporated Areas.

2. The Bank shall spend a minimum of $50,000 on the targeted advertising and marketing campaign described in paragraphs (a)-(d) below during the Term of this Agreement. This program shall be specifically targeted to generate a significant number of additional applications for all types of its credit products from qualified residents in majority African American census tracts in the Newly Incorporated Areas. This program shall include, at a minimum, the following components:

(a) Print Media. During each year of this Agreement, in addition to any other print advertising, the Bank shall advertise in at least one print medium, specifically directed to African-American readers and at least one print medium directed to Hispanic readers within the Newly Incorporated Areas. The selection of these media must be approved by EHOC prior to the placement of advertising. These advertisements, over the course of one (1) year, shall advertise the Bank's full range of principal credit products, including any special products or services made available pursuant to this Agreement. The Bank retains the discretion to determine the size, content, and frequency of such advertising subject to the standards set forth above. For advertisements placed in Spanish language publications, the text of the advertisements shall be in Spanish.

(b) Radio. During each year of this Agreement, the Bank shall place radio advertisements, primarily during peak listening hours, on at least one radio station specifically directed to African-American listeners and at least one radio station specifically directed to Hispanic listeners within the Newly Incorporated Areas. The selection of these radio stations must be approved by EHOC prior to the placement of the advertising. The radio advertising, over the course of one (1) year, shall include the Bank's full range of principal loan products, including any special products or services made available pursuant to this Agreement. The Bank retains the discretion to determine the length, content and frequency of such radio advertisements subject to the standards set forth above.

(c) Promotional Materials. The Bank shall create point-of-distribution materials, such as posters and brochures, targeted toward the residents of the Newly Incorporated Areas, to advertise the products and services it offers, including the special financing program or services made available pursuant to this Agreement. These materials shall be published in English and Spanish. The Bank shall place or display these promotional materials in its branch offices and additional distribution locations throughout the Newly Incorporated Areas, as appropriate.

(d) Direct Mailings. The Bank also may, at its discretion, utilize direct mailing to advertise any new branch opened and/or the special financing program required by this Agreement to residents in the Newly Incorporated Areas, but shall not target these mailings exclusively or primarily at existing customers.

(e) All of the Bank's print advertising and promotional materials shall contain an equal housing opportunity logo, slogan, or statement. Print images shall show individuals of different races and national origins. All of the Bank's radio and television advertisements shall include the audible statement "Equal Opportunity Lender" or, in Spanish, "Prestamista que provee igualdad de oportunidad al préstamo".

(f) In addition to the targeted efforts described in subparagraphs (a)-(d), during the Term of this Agreement, the Bank will conduct a minimum of six (6) outreach programs per year for real estate brokers and agents, developers, and public or private entities doing business in the Newly Incorporated Areas, to inform them of the products and services the Bank offers, including those provided pursuant to this Agreement, and to otherwise develop business relationships with them. These programs may be performed by or with third parties.

D. <u>Consumer Education</u>

1. The Parties acknowledge that financially educated consumers are essential to the remedial goal of sustained increases in the Bank's residential lending in majority minority census tracts within the Newly Incorporated Areas. To help identify and develop qualified loan applicants from the Newly Incorporated Areas, the Bank shall invest a minimum of $100,000 over the term of the Agreement to provide credit counseling, financial literacy, and other related educational programs targeted at the residents in the Newly Incorporated Areas. Such programs shall also be offered, where appropriate, in Spanish. This $100,000 commitment may be accomplished through hiring additional Bank staff, provided that a substantial portion of the new hires' responsibilities and duties are dedicated exclusively to providing credit counseling, financial literacy and other related educational programs as described in this paragraph.

E. Promoting Affordable Housing and Home Ownership Opportunities

1. Respondents shall commit $2 million in the form of community development loans and investments within the Newly Incorporated Areas during the Term of this Agreement. Community development loans and investments shall include any loan and investment whose primary purpose is to provide: (a) affordable housing (including multifamily rental housing) for low- or moderate- income individuals; (b) community services targeted to low- or moderate- income individuals; or (c) activities that revitalize or stabilize low- or moderate-income geographies or designated disaster areas.

F. Special Financing Program

1. The Bank shall commit $500,000 during the Term of this Agreement to a Special Financing Program. The Special Financing Program will be available to residents in the Newly Incorporated Areas.
2. Pursuant to the Special Financing Program, the Bank will subsidize mortgage loans used to purchase, refinance or improve a primary residence by (a) charging an interest rate a minimum of ½ of a percentage point (50 basis points) below the otherwise prevailing rate, provided that if the prevailing rate for any such loan exceeds 8% at any time during the term of this Agreement, the interest rate subsidy shall be a minimum of 1%, and if the prevailing rate exceeds 12% at any time during the term of this

Agreement, the subsidy shall be a minimum of 1.5%[1] and/or (b) providing between $500.00 and $2,500.00 of down payment or closing cost assistance in the form of a direct grants. The Bank will not charge any administrative or other fees in return for these benefits above those normally charged by the Bank for its standard loan products.

3. The Bank, absent a showing of business necessity, shall not limit the Special Financing Program to particular loan products.

4. If, at the conclusion of the Term of this Agreement (including any extension of the Term pursuant to Article III), the Bank has not been able to expend $500,000 through the Special Financing Program, despite having used its best efforts to identify a sufficient number of qualified borrowers who are eligible for its benefits, the Bank will be deemed to have complied with the Special Financing Program provision of this Agreement; provided that if the Bank has expended less than $300,000 in the Special Financing Program, then the Bank shall provide to Complainant in a lump sum, an amount that, when totaled with the amount expended through the Special Financing Program would equal $300,000. The lump sum shall be provided to Complainant within thirty (30) days following the termination of this Agreement. Any funds provided to Complainant pursuant to this paragraph shall be used to advance Complainant's goal of improving minority and low-income communities' access to wealth through financial literacy training and other forms of community outreach and development. In the event that Complainant is no longer in existence at the conclusion

[1] For purposes of this Agreement the loan subsidy amount calculation will be (a) the reduction in the monthly payment from the standard fully-amortized monthly payment based on the borrower's qualifications which results from the interest rate reduction the borrower receives times (b) the number of monthly payments for 48 months.

of the Term of this Agreement, the amount that would otherwise would have been provided to Complainant pursuant to this paragraph, shall be provided to an organization approved by HUD whose goal is the improvement of minority and low-income communities' access to wealth through financial literacy training and other forms of community outreach and development.

G. <u>Additional Banking Services Offered to Residents in the Newly Incorporated Areas</u>

1. Within six (6) months of the effective date of this Agreement, the Bank will offer a checking account with no fees and no minimum balance to residents in the Newly Incorporated Areas. The account will include:

    a. No annual fees or fees for non-use;

    b. No minimum balance;

    c. Online or mobile access, including online account opening;

    d. Debit cards;

    e. No fees for one box of checks annually;

    f. The option to opt in for overdraft protection for overdrafts up to $100;

    g. No fees for the use of ATMs belonging to the Bank or the Bank's affiliates;

    h. A fee waiver for the additional 200 ATMs in the St. Louis metropolitan area in the MoneyPass system; and

    i. Upon request, financial literacy training offered pursuant to this Agreement.

2. Applicants for the special checking account described in the prior paragraph who do not qualify based on an objective, third-party debit scoring system or credit scoring system

may be offered the opportunity to open a Fresh Start Checking Account, a product currently offered by the Bank which does not permit overdrafts. Financial literacy training will be offered to these applicants for a "Fresh Start Checking Account" upon request.

H. <u>Additional Relief for Complainant</u>

1. A sum of $100,000 shall be paid to Complainant for fair housing and community reinvestment activity in two payments of $50,000. The first payment shall be provided to Complainant within thirty (30) days of the effective date of this Agreement; the second shall be provided to Complainant within one year of the first payment.

VIII. EVALUATING AND MONITORING COMPLIANCE

1. For the Term of this Agreement, Respondents shall retain all records relating to its obligations under this Agreement, including all relevant residential lending activities (including applications for residential loans and files on mortgages), advertising, outreach, branching, the Special Financing Program, checking accounts opened pursuant to the Agreement, and other compliance activities as set forth herein. In addition, Respondents shall retain records relating to checking accounts denied at the new Branch opened pursuant to the Agreement. The Department shall have the right to review and copy all such records upon request.
2. The Respondents shall provide to the Department the data it submits to the Federal Financial Institutions Examination Council (FFIEC) pursuant to the Home Mortgage Disclosure Act and the CRA. The data will be provided in the same format in which it is presented to the FFIEC within thirty (30) days of its submission to the FFIEC each year for the Term of this Agreement.

3. In addition to the submission of any other information or reports required under this Agreement, Respondents shall make an annual report to the Department on its progress in fulfilling the goals of this Agreement. Each such report shall provide a complete account of the Bank's actions to comply with each requirement of this Agreement during the previous year, an objective assessment of the extent to which each obligation was met, an explanation of why the Bank fell short of meeting any of its obligations during that year, and an explanation of how it would correct its non-compliance. The annual reports should detail how the community development loans and investments as provided in Article VII.E.1 of this Agreement promote the goal of providing affordable multifamily rental housing and homeownership opportunities among residents in the Newly Incorporated Areas. The Bank shall submit this report each year during the Term of this Agreement within forty-five (45) days of the anniversary of the effective date of this Agreement. In addition, the Bank shall attach to its annual reports representative copies of training material, advertising and marketing materials produced and disseminated pursuant to this Agreement.

5. All information, reports, or notices submitted to the Department pursuant to the Agreement shall be submitted to FHEO's Director for the Office of Systemic Investigations or his designee, unless otherwise provided herein.

IX. ADMINISTRATION

1. Modifications to this Agreement may be made only upon approval of the Department, as provided in Article V, above. The Parties recognize that there may be changes in relevant and material circumstances during the term of this Agreement which may impact compliance with this Agreement. The Parties agree to work cooperatively to discuss and

attempt to agree upon any modifications to this Agreement required due to changed circumstances.

2. The Parties to the Agreement will endeavor in good faith to resolve any differences regarding the interpretation of, or compliance with, this Agreement before presenting the matter to the Department. If Complainant reasonably believes that Respondents have violated any provision of this Agreement, it will provide Respondents with written notice thereof and allow sixty (60) days to resolve the alleged violation before presenting the matter to the Department. In the event of Respondents' failure to comply with this Agreement, the Department may pursue judicial enforcement of this Agreement, as provided in 42 U.S.C. §§ 3610 (c), 3614(b)(2), including the imposition of any remedy authorized by law or equity including attorneys' fees and costs.

3. Each Party to this Agreement shall bear its own costs and attorney's fees associated with this conciliation.

X. SIGNATURES

For Complainant:

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Will Jordan
Executive Director
Metropolitan St. Louis Equal Housing Council

For Respondents:

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Richard J. Bagy, Jr.
President
First National Bank of St. Louis

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Charles A. Weber, Esq.
Executive Vice President and General Counsel
Central Bancompany

XI. APPROVAL

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Joel D. Armstrong
Director
Office of Systemic Investigations
U.S. Department of Housing and Urban Development