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First National Bank plans investment, new branch for underserved areas

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First National Bank of St. Louis announced it will open a new branch in a low-income area and that it's expanding its coverage in north St. Louis, north St. Louis County and northwest St. Clair County as part of a deal to resolve a complaint alleging unfair lending practices.

The new branch will open within the next 18 months, although the site has not yet been determined.

In November 2009, the Metropolitan St. Louis Equal Housing Opportunity Council made a complaint to the U.S. Department of Housing and Urban Development that accused First National of failing to locate branches and provide banking services in African-American neighborhoods in violation of the federal Fair Housing Act.

HUD investigated the complaint and conducted a mediation between the council and First National Bank officials over the past year.

In addition to opening a new bank branch, First National has agreed to invest \$2.75 million in the next four years in the expanded coverage area, said Rick Bagy, president and chief operating officer of the bank.

"Access to banking services is critically important for people of all income levels, and our commitment to opening a new branch as well as providing discounted loans and financial support in these economically depressed neighborhoods will go a long way in helping to strengthen our communities," Bagy said.

First National's planned investment in the new areas includes \$2 million in community development loans and investments, \$500,000 for discounted mortgage loans or down payment assistance and \$100,000 for Fair Lending and Community Reinvestment Activities. In addition to its Clayton headquarters, First National has 13 branch locations in the St. Louis area and is owned by Jefferson City-based Central Bancompany. The last new branch it opened was in 2008 in Columbia, Ill.

A December 2009 Federal Deposit Insurance Corp. survey found that 31 percent of the St. Louis area's black households are 'unbanked,' or don't have checking accounts. The survey found that St. Louis' unbanked percentage among black households was the highest among the 20 metro areas included in the study.

Will Jordan, executive director of the Metropolitan St. Louis Equal Housing Opportunity Council, said First National's planned investment will offer alternatives to people who rely on payday lenders, check cashing services, title loans and other high cost financial services.

"Quite a few people are losing quite a bit of money on fees unnecessarily," Jordan said.