

# St. Louis Equal Housing and Community Reinvestment Alliance

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

## **MEMBER ORGANIZATIONS**

March 23, 2011

Center for the  
Acceleration of  
African American  
Business

Colette A. Fried  
Assistant Vice President  
Federal Reserve Bank of Chicago  
230 South LaSalle Street

Community Action  
Agency of St. Louis  
County

Chicago, IL 60604-1413  
Via email to [Colette.A.Fried@chi.frb.org](mailto:Colette.A.Fried@chi.frb.org)

Citizens Coalition to  
Fight Eminent  
Domain Abuse

RE: Bank of Montreal, Montreal, Canada application to acquire Marshall and Ilsley Corporation, Milwaukee, Wisconsin.

Dear Ms. Fried:

Human Development  
Corporation

The St. Louis Equal Housing and Community Reinvestment Alliance (“SLEHCRA”) would like to offer public comments regarding the application of Bank of Montreal, Montreal, Canada, Harris Financial Corp., Wilmington, Delaware, and Harris Bankcorp, Inc., Chicago, Illinois to acquire all of the voting shares of Marshall and Ilsley Corporation, Milwaukee, Wisconsin. SLEHCRA is a coalition working in the St. Louis metropolitan area 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 concerns with the current performance of both Bank of Montreal and Marshall and Ilsley Corporation (“M&I”) and their affiliates in providing services to low-income and minority communities, and are concerned that the acquisition will result in additional difficulties for these communities to access safe and affordable financial products and services.

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

Our concerns are based on the CRA ratings of both institutions and an analysis of M&I’s lending and services within the St. Louis metropolitan area. We believe that Bank of Montreal as the acquirer must have a clear and demonstrated plan for serving low-income and minority borrowers and communities that maintains and expands on the strengths of M&I’s performance. We urge the Federal Reserve Bank to not approve Bank of Montreal’s application until a detailed CRA commitment plan is developed.

Ready, Aim,  
Advocate! Committee

We are concerned that Bank of Montreal and their subsidiaries received lower ratings on CRA performance evaluations than Marshall and Ilsley Corporation subsidiaries. M&I Marshall and Ilsley Bank, the lead bank of the holding company, received Outstanding ratings on the last nine CRA performance evaluations since 1994. The M&I subsidiary in the St. Louis area, Southwest Bank, received Outstanding CRA ratings on the last three performance evaluations since 2005. An overall Outstanding rating indicates excellent lending to low- and moderate-income borrowers and communities, excellent community development lending and investments, and excellent services provided through branch access and employee services. Bank of Montreal subsidiaries, Harris N.A. and The Harris Bank, both received Satisfactory ratings in their last two CRA performance evaluations, indicating only adequate lending, investments, and services provided to low- and moderate-income communities and borrowers.

St. Louis Community  
Land Trust

Union Sarah  
Community  
Corporation

Wellston Community  
Support Association

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Page 2

We are concerned that Bank of Montreal in their acquisition of M&I will not continue to maintain those Outstanding CRA performance ratings, reducing services and resources within these vulnerable communities. We urge the Federal Reserve to require Bank of Montreal to demonstrate their commitment to low- and moderate- income communities and to maintain Outstanding CRA ratings among all subsidiaries.

We are also concerned with the performance and commitment to the St. Louis area's low- and moderate-income communities and communities of color, and ask that Bank of Montreal demonstrate a commitment to maintaining M&I's strengths and expanding in areas where the bank needs to improve.

In October 2002 Marshall and Ilsley Corporation acquired Southwest Bank of St. Louis, a local community bank originally chartered in St. Louis City in 1920. The bank operated as a subsidiary of M&I and continued using the name Southwest Bank through additional acquisitions and expansions until July 2010 when it merged completely into M&I Bank. Of the bank's current 17 full-service branch locations, the bank continues to operate four locations in St. Louis City, three of which are in moderate-income census tracts and have substantial minority populations in their surrounding neighborhoods. As a majority of the low-income and minority communities are located within St. Louis City, it is essential that Bank of Montreal continue this long history of service to St. Louis City by providing loans, investments, and services to all parts of the City.

Southwest Bank has also provided adequate levels of mortgage and small business lending to low- and moderate geographies. According to data provided through the Home Mortgage Disclosure Act ("HMDA") from 2007 to 2009, Southwest Bank originated 4.36 percent of loans to low-income geographies and 16.82 percent to moderate-income geographies, which is above the aggregate percentage of lending to low- and moderate-income geographies. Their small business lending over the last three years to low- and moderate-income geographies is nearly comparable to the percentage of businesses located in those census tracts, with 5.33 percent of loans originated to business located in low-income census tracts and 16.05 percent to moderate-income census tracts. Bank of Montreal must provide commitments to continuing this level of service to low- and moderate-income neighborhoods and businesses, and we urge the Federal Reserve to require the development of a CRA commitment with specific lending goals to low- and moderate- income borrowers and geographies.

Similarly, Southwest Bank has an excellent record of mortgage lending to Hispanic borrowers. According to the HMDA data from 2007 to 2009, Southwest Bank originated 3.75 percent of loans to Hispanic borrowers, which is significantly above the aggregate level of lending at less than 1 percent to Hispanic borrowers, and above the percentage of Hispanics in our metropolitan area (2.3 percent). We would like assurance that this excellent level of market penetration to the Hispanic population in St. Louis will be continued, and we urge Bank of Montreal to include Hispanic market penetration in a CRA commitment plan.

We urge Bank of Montreal to also include a plan to increase market penetration to African-American borrowers. Southwest Bank has low levels of lending to African-American borrowers, with only 2.88 percent of HMDA loans over the last three years originated to African-American borrowers. Considering the aggregate percentage of 7.17 percent of loans originated to African-Americans and the significant population within the metro area and around current branch locations, the bank needs to expand their outreach and market penetration to the African-American community and Bank of Montreal needs to include that in a CRA commitment. African Americans constitute 17.8 percent of the population in the St. Louis MSA. This community has been underserved by banking institutions. In its most recent study on the unbanked, the FDIC found that the St. Louis MSA had the highest percentage of African Americans that were unbanked of any region in the country (31 percent) and the highest racial disparity in the unbanked in any area of the country (only 1 percent of whites are unbanked).

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Page 3

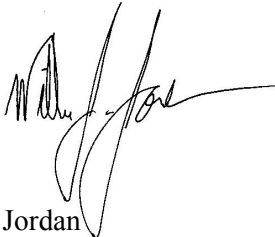
African Americans were also disproportionately hit by subprime loans compared to white borrowers. A study in 2002 identified the St. Louis region as the area with the highest racial disparity in subprime lending among upper income borrowers (i.e. which borrowers were more likely to obtain a subprime versus a prime loan). The high degree of racial segregation in our region contributes to the disparities in lending.

Southwest Bank has an outstanding record of community development lending and investments, as seen in their high CRA performance evaluations and their impact within our local community. We would like assurance that this leadership and excellence in providing community development resources and services will continue under Bank of Montreal's leadership, and we ask the Bank of Montreal to commit to outstanding community development by setting specific goals regarding lending and investments.

We ask the Federal Reserve to not approve Bank of Montreal's application to acquire Marshall and Ilsley Corporation until they demonstrate specific plans for meeting the credit needs of low- and moderate-income communities and communities of color with outstanding services and resources. This commitment should include specific goals relating to lending to low- and moderate-income borrowers and communities through home mortgage lending and small business lending, commitments to increase market penetration to minority borrowers and communities, commitments for community development loans and investments, and policies for branch openings and closing in order to increase access to low-income and minority communities. These commitments should encompass all of the areas in which Bank of Montreal and Marshall and Ilsley Corporation currently do business, including the St. Louis metropolitan area. The development of a clear and detailed plan will sufficiently address our concerns regarding the bank's and will demonstrate a proactive commitment to serve low-income and minority communities.

Thank you for your consideration.

Sincerely,



Will Jordan  
Metropolitan St. Louis Equal Housing  
Opportunity Council



Adolphus Pruitt  
NAACP St. Louis



Rance Thomas  
North County Churches Uniting for Racial  
Justice and Harmony



Lucille Walton  
Wellston Community Support Association

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Rob Boyle  
Justine Petersen



Rose Eichelberger  
R.A.A. - Ready, Aim, Advocate! Committee



Lynn Oldham  
Missourians Organizing for Reform and  
Empowerment



Jackie Hutchinson  
Human Development Corporation

*Cheryl Daniel*

Cheryl Daniel  
Union Sarah Community Corporation

*Isaiah Hair*

Isaiah Hair  
Citizens Coalition to Fight Eminent Domain  
Abuse