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May 1, 2013

Dana English  
Assistant Regional Director  
Federal Deposit Insurance Corporation (FDIC)  
5100 Poplar Avenue, Suite 1900  
Memphis, Tennessee 38137-5900

RE: Renasant Bank acquisition of Merchants & Farmers Bank

Dear Mr. English:

The undersigned organizations, working together in coalition with the National Community Reinvestment Coalition, have serious concerns about the acquisition of Merchants & Farmers (M&F) bank by Renasant bank. We do not believe that Renasant is meeting the needs of low- and moderate-income communities, and communities of color, nor do we believe that the acquisition of Merchants & Farmers bank will create a clear public benefit that the law requires. Absent a plan to do just that, we respectfully request that the Federal Deposit Insurance Corporation (FDIC) hold public hearings to discuss the bank's plans and extend the comment period on the merger by a period of 90 days.

Our organizations are concerned that this acquisition will not provide a clear or significant public benefit. For nearly 50 years, the law has required prudential regulators to consider the public's interest when approving bank mergers and acquisitions. Section 225.24(a) (iii) of Regulation Y specifically states that every applicant has a duty to state the public benefits that can reasonably be expected to result from the acquisition.

But Renasant has not demonstrated a clear or significant public benefit and their past track record, and that of Merchants & Farmers, gives the public reason to be concerned. For example M&F received low CRA grades on the lending, investment and service tests in every assessment area outside of the state of Mississippi, including one test where they received a failing grade. But we are also more broadly concerned about both banks' track record in home and small business lending to low- and moderate-income communities, as well as to African-American borrowers.

Renasant bank specifically claims in the merger application to the FDIC that its "support of small business is strong." Despite this claim, the bank has an inconsistent record of lending to small businesses located in LMI communities including in its largest service area, the non-metropolitan, rural counties of Mississippi (rural MS). Furthermore, its branch network does not adequately serve LMI communities in the bank's footprint.

Moreover, we also have serious concerns about the record of the bank being acquired: Merchants & Farmers bank. M&F likewise has an uneven record of meeting the lending needs of LMI borrowers, small businesses and communities in many of its markets. Their record is of even more concern considering that the bank is a Community Development Financial Institution (CDFI) whose primary mission is community development and meeting the needs of underserved communities. However, Renasant bank points to M&F's CDFI status in its merger application to the FDIC as one way in which the bank will help meet the convenience and needs of the community through its acquisition of M&F. However, M&F has a lackluster record of meeting these needs.

We request that you consider the following facts, which were compiled using Home Mortgage Act Data and other federally collected data on lending and branching. The data has been analyzed by the National Community Reinvestment Coalition (NCRC) and provided to members and partners at their request. The complete data analysis has been attached to this email. However, we have highlighted the areas of greatest concern below:

**Renasant is not meeting the needs of low- and moderate-income borrowers or communities.**

- Renasant's record of meeting the needs of low-moderate income borrowers is poor in Birmingham, Huntsville, Memphis and Nashville.
- In the Huntsville metropolitan statistical area (MSA), Renasant made just 19% of its home loans to low- and moderate-income borrowers in 2011. In contrast, all lenders, as a group, made 31.6% of their home loans to LMI borrowers in 2011.
- Renasant's record of meeting the needs of low-moderate income census tracts is poor in Huntsville, Memphis and rural MS.
- In rural MS, Renasant made just 1.9 % of its home loans to low- and moderate-income neighborhoods in 2011. In contrast, all lenders, as a group, issued 5.7% of their loans to LMI neighborhoods in 2011.
- The lending data is even more striking when you consider that 17% of households in rural MS are in low-and moderate-income neighborhoods. Furthermore, Renasant Bank has a large share of the market, making 6.3% of the home loans in rural MS. The bank issued 1,012 loans in rural MS during 2011.

**Renasant's lending to African-Americans in many of its markets is concerning.**

- Renasant's record of meeting the needs of African-American borrowers is poor in Atlanta, Birmingham, Huntsville, Memphis and Nashville.
- In the Memphis multi-state MSA, Renasant made just 5.0% of its home loans to African-American borrowers in 2011. In contrast, all lenders, as a group, issued 17.2% of their loans to African-American borrowers in 2011.
- This data is even more striking when you consider that 39.8% of households in the Memphis multi-state MSA are African-American.

**Renasant is not meeting the needs of small businesses in low- and moderate-income communities.**

- Renasant's record of meeting the needs of small businesses in low-and-moderate income census tracts is poor in Huntsville, Memphis and rural MS.
- The most recent data shows that Renasant made just 3.3% of its small business loans in LMI census tracts in rural MS during 2011. In contrast, all lenders, as a group, issued 16.1% of their loans to businesses in LMI census tracts in 2011.
- In Huntsville the pattern continues with the bank making 17.4% of its small business loans in LMI census tracts in 2011. In contrast, all lenders, as a group, issued 26.3% of their loans to LMI census tracts in 2011.
- The failure of Renasant Bank to at least match the performance of all lenders, as a group, is worse when you consider that the bank makes up 5.5% of the small business loan market in rural MS and 2.8% of the market in Huntsville.

**Renasant branch network is failing to serve low- and moderate-income neighborhoods.**

- According to the latest data, the bank is not serving low- and moderate-income neighborhoods. Renasant's record of serving LMI neighborhoods with branches is poor in every market. The bank trails its peers, as a group, in all of its major markets including Atlanta, Birmingham, Decatur, Huntsville, Memphis, Nashville and rural MS.

- In rural MS, the bank has just 18.0% of its branches in low- and moderate-income census tracts. In contrast, all lenders, as a group, have 28% of their branches in LMI census tracts during 2011. Furthermore, Renasant receives just 16% of its deposits from LMI neighborhoods. In contrast, all lenders, as a group, receive 29.8% of their deposits from LMI neighborhoods during 2011.
- The failure of Renasant bank to serve the needs of low- and moderate-neighborhoods in this market is worse when considering that the bank has about 6% of all the branches in rural MS.

Furthermore, we have serious concerns about the record of M&F in lending to small businesses in low-and-moderate income communities, as well as regarding the distribution of its branch network. We have attached the full analysis to this document. However, we have highlighted the areas of greatest concern below:

**M&F is not meeting the needs of small businesses in low- and moderate-income communities.**

- According to the latest data, M&F has a poor record of meeting the needs of small businesses in low-and-moderate income census tracts in Birmingham, Jackson and Memphis.
- The most recent data shows that M&F made just 18.4% of its loans to small businesses in LMI census tracts in during 2011. In contrast, all lenders, as a group, issued 21.8% of their loans to small businesses in LMI census tracts in 2011.
- The lending data is even more striking when you consider that 30.2% of small businesses in the Jackson MSA are in low-and moderate-income neighborhoods. Furthermore, M&F bank makes up 4.2% of the small business loan market in the Jackson MSA and issued 354 loans in 2011.
- In Birmingham, M&F issued 3.9 percent of its loans to small businesses in LMI census tracts while all lenders, as a group, made 20.7 percent of their loans to these businesses during 2011.

**M&F branch network is failing to serve low- and moderate-income neighborhoods.**

- According to the latest data, M&F has a poor record of serving LMI neighborhoods with branches needs improvement in every market.
- In the Jackson MSA, the bank has just 18.2% of its branches in low- and moderate-income census tracts. In contrast, all lenders, as a group, have 31.5% of their branches in LMI census tracts during 2011.
- The lending data is even more striking when considering that M&F bank makes up 4.4% of the branch network in the Jackson MSA.

Renasant's application to acquire M&F states that, "Both the Applicant and M&F Bank are committed to serving the needs of the communities in which they operate and sponsor programs and activities specifically targeted to LMI residents throughout their respective footprints." However, Renasant does not adequately outline how its current programs are meeting community needs, nor does it show how the combined merger will lead to greater public benefits for these underserved communities. Renasant maintains that it will offer expanded products and services but does not address how it will offer more loans, investments, and services in LMI and minority communities and address the multiple weaknesses in its performance. Will Renasant open additional branches in LMI and minority communities; will it hire and expand loan officers and community development staff for serving these communities; will it expand its advertising? Without answering these questions, the assertions of expanded products and facilities are dubious at best.

Renasant and M&F's records demonstrate a failure to meet community needs in major markets and to broad groups of borrowers. We therefore believe that the merger of these two banks will not benefit the public. The banks have outlined no clear public benefit from this merger. Our groups urge the FDIC to reject Renasant's acquisition of M&F, unless Renasant can clearly demonstrate how the merger will create a public benefit.

Our groups stand ready to meet with the Renasant and M&F banks to discuss how they can better meet the needs of underserved borrowers in communities which they serve. To start this conversation our groups have prepared a public benefits agreement that outlines many different products and services which we would like to see Renasant offer; we will be providing this document to the bank and to the FDIC when the bank agrees to meet with us. This would demonstrate that Renasant is truly committed to serving all of the communities in its service area.

The uneven and lackluster record of these two banks suggests that changes are needed to the banks' marketing, underwriting, and products. We also call for public hearings on this



merger to be held in two states which the banks service. Only through meetings and a thorough public vetting of this merger will the public have an opportunity to see whether the banks' proposed merger will create a public benefit, since the bank merger application does not clearly present one.

Thank you for providing us with an opportunity to comment on this important matter.

Sincerely,



John Taylor  
National Community Reinvestment Coalition

Atlanta Housing Association of  
Neighborhood Developers  
Alabama Association of Community  
Development Corporations  
Birmingham Business Resource Center  
Birmingham Business Development  
Initiative  
Building Alabama Reinvestment  
Center for Fair Housing  
Community Development Council of  
Greater Memphis  
Covenant Faith Outreach  
Ministries/Covenant Community  
Development Corporation

Dickerson Management  
Dominion Financial Management  
Elevated Mind Group, L.L.C.  
Emerging Change Leaders  
Fair Housing Center of Northern  
Alabama  
Hope Enterprise Corporation  
Housing Education and Economic  
Development  
RISE Foundation  
The PERICO Institute for Development  
and Entrepreneurship