



February 13, 2023

Simmons Bank
501 S Main St
Pine Bluff, AR 71601

Federal Reserve Bank of St. Louis
P.O. Box 442
St. Louis, MO 63166-0442

RE: NOTICE OF APPLICATION

The undersigned community organization is submitting this letter to support Simmons Bank's application to establish a branch at 2498 West Illinois Avenue, Dallas, Dallas County, Texas 75233.

The Community Reinvestment Act (CRA) is a law intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income (LMI) neighborhoods.

Credit Needs:

On page 5 of this Federal Reserve report, the map colors depict areas of greater Dallas County according to credit score and income. The light and dark orange regions reveal that lower credit scores are largely in the southern reaches of the city where lower median household incomes are found.

<https://www.dallasfed.org/-/media/Documents/cd/cct/18cct.pdf?la=en>

Dallas has a housing shortage of approximately 20,000 units.

<https://dallascityhall.com/departments/housing-neighborhood-revitalization/DCH%20Documents/Adopted%20Housing%20Policy.pdf>

Dallas' Small Business Ecosystem Assessment

<https://www.dallasecocodev.org/DocumentCenter/View/2789/Dallas-Small-Business-Ecosystem-Report-PDF>

Report on Housing Affordability and Vulnerability in Dallas, Texas

<https://nalcab.org/nalcab-releases-report-on-housing-affordability-and-vulnerability-in-dallas-texas/>

FINDING G: MINORITY OWNED BUSINESSES ACCESS TO CREDIT/CAPITAL ANALYSIS (CHAPTER 6)

<https://dallascityhall.com/departments/public-affairs-outreach/DCH%20Documents/availability-disparity-study.pdf>

City of Dallas Economic Development Plan

<https://www.dallasecodev.org/544/Strategic-Economic-Development-Plan>

The Dallas–Fort Worth–Arlington metropolitan statistical area's population was 7,573,136 according to the U.S. Census Bureau's 2019 population estimates, making it the most populous metropolitan area in both Texas and the Southern United States, the fourth largest in the U.S., and the tenth largest in the Americas. The [Dallas–Fort Worth](#) metroplex has over one million [African-American](#) and the second-largest metro population of African-Americans in Texas.

Dallas is a majority minority city (66.1 percent of population) with 41.8 percent of residents identifying as Hispanic and 24.3 percent identifying as Black.

Dallas is a city with a population of just under 1,344,000, including 24.3 percent African American residents, 41.8 percent Hispanic/Latinx residents, and 3.4 percent Asian residents; and 30.5 White (Non-Hispanic)

Conclusion

We would look forward to Simmons Bank being responsive to our community needs and be a leader in addressing inequality in the DFW MSA.

Sincerely,

James McGee

James McGee
President/Chair
JMcGee@SouthernDallasProgress.com
Southern Dallas Progress Community Development Corporation





Improving Lives, One Community at a Time

September 4, 2023

Southwest Bank (now Simmons Bank)
501 Main Street
Pine Bluff, AR 71611

Federal Reserve Bank of St. Louis
P.O. Box 442
St. Louis, Missouri 63166-0442

RE: Discrimination and Redlining Compliant

Dear Federal Regulator,

The undersigned community organization is submitting this letter to file a redlining and discrimination complaint against Southwest Bank (now Simmons Bank). From 1985 to 2018, Southwest Bank (now Simmons Bank) excluded several Low to Moderate Income Census Tracts from their assessment area map. Also, the census tracts excluded are majority minority.

Southwest Bank (now Simmons Bank) 's exclusion of Southern Dallas' low to moderate income and majority minority neighborhoods from its CRA assessment area reduced credit availability, investments, lending and discouraged prospective applicants.

Simmons Bank Completes Merger of Southwest Bank - February 20, 2018

<https://www.simmonsbank.com/about/newsroom/02202018-simmons-bank-completes-merger-of-southwest-bank>

Southwest Bank (now Simmons Bank) Dallas County Locations as of February 20, 2018.

Branch Address: 1603 Lyndon B Johnson Fwy Farmers Branch, TX 75234; Date Established 08/15/1985; Location in an upper income census tract North of Interstate 30. (MSA-State-County-Tract: 19124-48-113-0140.02)

REDLINING CONCERNS/ DESCRIPTION OF ASSESSMENT AREA

Dallas MD AA consists of 529 contiguous census tracts in Dallas County, which comprises a portion of the Dallas-Plano-Irving MD and has a total population of 2,667,720. According to the 2015 ACS US Census, the assessment area contained 107 low-income, 187 moderate-income, 110 middle-income, 120 upper-income census tracts, and 5 census tracts with no income designation.

CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its performance. Southwest Bank (now Simmons Bank) delineated portions of Dallas County within the Dallas MD AA assessment area.

12 CFR 345.41(e) Limitations on the delineation of an assessment area. *Each bank's assessment area(s):*

(1) Must consist only of whole geographies;

(2) **May not reflect illegal discrimination;**

(3) **May not arbitrarily exclude low- or moderate-income geographies,** taking into account the bank's size and financial condition; and

(4) May not extend substantially beyond an MSA boundary or beyond a state boundary unless the assessment area is located in a multistate MSA. If a bank serves a geographic area that extends substantially beyond a state boundary, the bank shall delineate separate assessment areas for the areas in each state. If a bank serves a geographic area that extends substantially beyond an MSA boundary, the bank shall delineate separate assessment areas for the areas inside and outside the MSA.

[https://www.ecfr.gov/current/title-12/chapter-III/subchapter-B/part-345/subpart-C/section-345.41#p-345.41\(e\)](https://www.ecfr.gov/current/title-12/chapter-III/subchapter-B/part-345/subpart-C/section-345.41#p-345.41(e))

Southwest Bank (now Simmons Bank) did arbitrarily exclude high minority and low to moderate-income areas in Southern Dallas.¹ Southwest Bank (now Simmons Bank) did **Not** include Southern Dallas (City of Dallas & Dallas County) in their assessment area.

Southern Dallas Zip Codes (LMI/High Minority Areas)

75203, 75207, 75208, 75210, 75211, 75212, 75215, 75216, 75217, 75223, 75224, 75226, 75227, 75228, 75232, 75233, 75236, 75237, 75241, 75249, 75253

The following section discuss demographic in the Southern Dallas area.

- Southern Dallas is home to 43% of all Dallas residents in just 57% of the city's land area.
- Of the 560,000 residents of neighborhoods in southern Dallas, approximately 38% live below poverty - roughly 9% higher than the City's overall poverty rate of 29%.

¹ "<https://www.justice.gov/crt/case-document/report-and-recommendation-united-states-v-kleinbank-d-minn>

<https://www.justice.gov/crt/case-document/order-entering-settlement-agreement-and-agreed-order-united-states-v-first>

<https://www.justice.gov/crt/case-document/consent-order-united-states-v-union-savings-bank-and-guardian-savings-bank-sd-oh-0>

- Overall, 56% of Dallas residents living below poverty live in the southern neighborhoods of Dallas.
- *The City of Dallas is a unique place. There is a difference between "South Dallas" and "Southern Dallas".*
- *The Southern Sector of Dallas (Southern Dallas) is commonly defined as those areas south of Interstate 30.*
- *The Southern Dallas is 196.7 total square miles. 45% of the City's residents live in Southern Dallas (91% of the residents are minorities in Southern Dallas).*

Redlining Violates the Fair Housing Act and the Equal Credit Opportunity Act

The federal financial regulators have long recognized that redlining violates the fair lending laws, including in the following policy documents:

- 1994 Interagency Policy Statement on Discrimination in Lending: Redlining refers to the illegal practice of refusing to make residential loans or imposing more onerous terms on any loans made because of the predominant race, national origin, etc., of the residents of the neighborhood in which the property is located. Redlining violates both the Fair Housing Act and the Equal Credit Opportunity Act.
- 2009 Interagency Fair Lending Examination Procedures: Redlining is a form of illegal disparate treatment in which a lender provides unequal access to credit, or unequal terms of credit, because of the race, color, national origin, or other prohibited characteristic(s) of the residents of the area in which the credit seeker resides or will reside or in which the residential property to be mortgaged is located.

Courts have repeatedly recognized that redlining is a violation of the Fair Housing Act and the Equal Credit Opportunity Act. *See, e.g., Ring v. First Interstate Mortgage, Inc., 984 F. 2d 924 (8th Cir. 1993); Hirschfeld v. Metlife Bank, N.A., 2012 WL 3240669 (E.D.N.Y. July 31, 2012); JAT, Inc. v. Nat'l City Bank of Midwest, 460 F. Supp. 2d 812, 819-20 (E.D. Mich. 2006); Hargraves v. Capital City Mortg. Corp., 140 F. Supp. 2d 7, 21 (D.D.C. 2000); Milton v. Bancplus Mortgage Corp., 1996 WL 197532 (N.D. Ill. Apr. 19, 1996); Old West End Ass'n v. Buckeye Federal Sav. & Loan, 675 F. Supp. 1100 (N.D. Ohio 1987); Harrison v. Otto G. Heinzeroth Mortg. Co., 430 F. Supp. 893 (N.D. Ohio 1977); Laufman v. Oakley Bldg. & Loan Co., 408 F. Supp. 489 (S.D. Ohio 1976).*

Since the 1990s, the DOJ has litigated multiple court-approved settlements citing redlining as a violation of the Fair Housing Act and the Equal Credit Opportunity Act.

Redlining Violates the Fair Housing Act

The Fair Housing Act, 42 U.S.C. § 3601, et seq., prohibits discrimination in housing and "residential real estate-related transactions" on the basis of race, color, national origin, sex, religion, familial status, or disability. A "residential real estate-related transaction" includes making loans or providing other financial assistance for purchasing, constructing, improving, repairing, or maintaining a dwelling. 42 U.S.C. § 3605(b)(1)(A). In addition, the U.S. Department of Housing and Urban Development ("HUD") has the authority to promulgate regulations to implement the Fair Housing Act, which can be found at 24 C.F.R. Part 100.

Redlining is prohibited under the following provisions of the Fair Housing Act (in relevant part) and its implementing regulation:

- It shall be 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, color, or national origin.
 - *Fair Housing Act: 42 U.S.C. § 3605(a).*
 - *Regulations: 24 C.F.R. §§ 100.110(b), 100.120(a)-(b).*
- It shall be unlawful to discriminate against any person in the terms, conditions, or privileges of the sale or rental of a dwelling, or in the provision of services or facilities in connection therewith, because of race, color, or national origin.
 - *Fair Housing Act: 42 U.S.C. § 3604(b).*
 - *Regulations: 24 C.F.R. §§ 100.50(b)(2), 100.65.*
- It shall be unlawful to refuse to sell or rent after the making of a bona fide offer, or to refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling to any person because of race, color, or national origin.
 - *Fair Housing Act: 42 U.S.C. § 3604(a).*
 - *Regulation: 24 C.F.R. § 100.50(b)(3).*
- It shall be unlawful to make, print, or publish, or cause to be made, printed, or published any notice, statement, or advertisement, with respect to the sale or rental of a dwelling that indicates any preference, limitation, or discrimination based on race, color, or national origin, or an intention to make any such preference, limitation, or discrimination.
 - *Fair Housing Act: 42 U.S.C. § 3604(c).*
 - *Regulation: 24 C.F.R. § 100.50(b)(4).*

Redlining Violates the Equal Credit Opportunity Act

The Equal Credit Opportunity Act (“ECOA”), 15 U.S.C. § 1691, et seq., prohibits a creditor from discriminating in any aspect of a credit transaction on the basis of race, color, national origin, sex, religion, marital status, age, because all or part of the applicant’s income derives from any public assistance program, or because of the applicant’s exercise in good faith of any right under the Consumer Credit Protection Act. ECOA applies to any extension of credit, including mortgage loans and small business loans. 15 U.S.C. § 1691a(d). In addition, the Consumer Financial Protection Bureau (“CFPB”) has the authority to promulgate regulations to implement the ECOA, which is known as “Regulation B” and can be found at 12 C.F.R. Part 1002.

Redlining is prohibited under the following provisions of the ECOA and its implementing regulation:

It shall be unlawful for any creditor to discriminate against any applicant, with respect to any aspect of a credit transaction, on the basis of race, color, or national origin. Equal Credit Opportunity Act, 15 U.S.C. § 1691(a)(1). Regulation: 12 C.F.R. § 1002.4(a).

- A creditor shall not make any oral or written statement, in advertising or otherwise, to applicants or prospective applicants that would discourage, on the basis of race, color, or national origin, a reasonable person from making or pursuing an application. Regulation: 12 C.F.R. § 1002.4(b). (See also Equal Credit Opportunity Act, 15 U.S.C. § 1691(a)(1)).
- ECOA and Regulation B prohibit discrimination on a “prohibited basis,” which includes on the basis of race, color, and national origin. 12 C.F.R. § 1002.2(z). The commentary to Regulation B clarifies that a creditor may not discriminate against persons associated with the applicant on a prohibited basis, including, for example, “because of the race of other residents in the neighborhood where the property offered as collateral is located.” 12 C.F.R. Part 1002, Supp. I, ¶ 2(z)-1.

Regulatory Framework: Bank Supervision and Enforcement

Each of the federal financial regulators has the authority to examine and supervise the regulated financial institutions within its jurisdiction for compliance with the fair lending laws: the Fair Housing Act and ECOA.

ECOA requires the regulators refer matters to the Justice Department when a creditor is engaged in a pattern or practice of discrimination which violates ECOA.

Redlining Cases

Justice Department Announces New Initiative to Combat Redlining

<https://www.justice.gov/opa/pr/justice-department-announces-new-initiative-combat-redlining>

Justice Department and Office of the Comptroller of the Currency Announce Actions to Resolve Lending Discrimination Claims Against Cadence Bank

<https://www.justice.gov/opa/pr/justice-department-and-office-comptroller-currency-announce-actions-resolve-lending>

Justice Department Secures Agreement with Lakeland Bank to Address Discriminatory Redlining

<https://www.justice.gov/opa/pr/justice-department-secures-agreement-lakeland-bank-address-discriminatory-redlining>

Justice Department Secures Over \$31 Million from City National Bank to Address Lending Discrimination Allegations

<https://www.justice.gov/opa/pr/justice-department-secures-over-31-million-city-national-bank-address-lending-discrimination>

Justice Department Secures \$9 Million from Park National Bank to Address Lending Discrimination Allegations

<https://www.justice.gov/opa/pr/justice-department-secures-9-million-park-national-bank-address-lending-discrimination>

Justice Department Announces Actions to Resolve Lending Discrimination Claims Against Evolve Bank and Trust

<https://www.justice.gov/opa/pr/justice-department-announces-actions-resolve-lending-discrimination-claims-against-evolve>

CFPB, DOJ Order Trident Mortgage Company to Pay More Than \$22 Million for Deliberate Discrimination Against Minority Families

<https://www.consumerfinance.gov/about-us/newsroom/cfpb-doj-order-trident-mortgage-company-to-pay-more-than-22-million-for-deliberate-discrimination-against-minority-families/>

Cadence Bank Announces Settlement of Claims Made by U.S. Department of Justice and the Office of the Comptroller of the Currency

<https://www.justice.gov/crt/case/united-states-v-cadence-bank>

Conclusion

The CRA regulation is very clear — a finding that a bank failed to comply with laws on fair and responsible lending trumps otherwise satisfactory or even outstanding CRA performance. The CRA regulations specifically state that a rating will be "adversely affected by evidence of discriminatory or other illegal credit practices," including but not limited to violations of the Equal Credit Opportunity Act, the Fair Housing Act, the Home Ownership and Equity Protection Act, the Federal Trade Commission Act, the Real Estate Settlement Procedures Act, and the Truth in Lending Act.

Southwest Bank (now Simmons Bank) 's board and senior management failed to self-identify redlining risks and taken appropriate corrective action.

We would look forward to this case being reviewed and referred to the U.S. Department of Justice (DOJ) and the Consumer Financial Protection Bureau (CFPB).

Sincerely,

James McGee

James McGee
President/Chair

JMcGee@SouthernDallasProgress.com

Southern Dallas Progress Community Development Corporation



Improving Lives, One Community at a Time

November 27, 2023

Simmons Bank RSSD #663245
501 South Main Street
Pine Bluff, Arkansas 71601

Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, Missouri 64198

RE: COMPLAINT AGAINST SIMMONS BANK

Dear Federal Regulator,

The undersigned community organization is submitting this letter to file a complaint against Simmons Bank.

The passing of the 1977 Community Reinvestment Act aimed at reversing the practice of redlining when banks and the government would restrict credit in communities deemed “risky” — based on the race and background of that community’s residents.

The Community Reinvestment Act (CRA), enacted by Congress in 1977 (12 U.S.C. 2901) and implemented by Regulations 12 CFR parts 25, 228, 345, and 195, is intended to encourage depository institutions to help meet the **credit needs** of the communities in which they operate, including low- and moderate-income (LMI) neighborhoods.

Simmons Bank is not meeting the credit needs of our community, which specifically includes low- and moderate-income neighbor located in Southern Dallas.

Southern Dallas Zip Codes (LMI/High Minority Areas)

75203, 75207, 75208, 75210, 75211, 75212, 75215, 75216, 75217, 75223, 75224, 75226, 75227, 75228, 75232, 75233, 75236, 75237, 75241, 75249, 75253

Community Credit Needs Assessment

Simmons Bank failed to conduct a Community Credit Needs Assessment for majority-Black and Hispanic census tracts within the DFW MSA, specifically Southern Dallas.

A Community Credit Needs Assessment is a research-based market study to help a lender identify the needs for financial services in an area.

This assessment should include the following information about majority-Black and Hispanic census tracts within Covered Lending Area: (1) an evaluation (to include market research and interviews) of residential mortgage credit needs and current lending opportunities available in the area; (2) recent demographic and socioeconomic data; (3) potential strategies for Simmons Bank to provide residential mortgage lending services in these census tracts; (4) a review of loan products offered by other lenders and their success in the market; (5) an overview of federal, state, and local programs that are available to residents seeking and obtaining residential mortgage loans;

Community Development Partnership Program

Simmons Bank failed to partner with community-based or governmental organizations that provide the residents of majority-Black and Hispanic census tracts in **Southern Dallas** that provide services related to credit, financial education, homeownership, and foreclosure prevention.

Simmons Bank failed to write a description of how these partnership(s) will be used to meet the credit needs identified in the Community Credit Needs Assessment.

Simmons Bank failed to respond to Southern Dallas Process CDC recent emails to form such partnership.

Exhibit A & Exhibit B

Products available for the Underserved/Minority Communities

Access to affordable credit is a key component of an individual's ability to cultivate a strong financial position and participate fully in the DFW economy. The Equal Credit Opportunity Act of 1974 was passed to protect all consumers, yet the effects of the discrimination endure today.

Simmons Bank failed to offer any solutions for the 163,000 unbanked/underbanked residents in the DFW MSA.

- https://household-survey.fdic.gov/place-data?type=msa&area=Dallas_Fort_Worth_Arlington_TX
 - The underbanked/unbanked information is available on the FDIC website.

Simmons Bank failed to Adopt Bank On standards.

- <https://joinbankon.org/accounts/>
- <https://2wvkof1mfraz2etgea1p8kiy-wpengine.netdna-ssl.com/wp-content/uploads/2020/10/Bank-On-National-Account-Standards-2021-2022.pdf>

- <https://www.aba.com/about-us/press-room/press-releases/aba-urges-americas-banks-to-offer-bank-on-certified-accounts>

Simmons Bank does not have any special-purpose credit programs to address disparities in small business & mortgage lending in underserved high minority communities like Southern Dallas.

- <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-advisory-opinion-to-help-expand-fair-equitable-and-nondiscriminatory-access-to-credit/>
- https://www.hud.gov/sites/dfiles/GC/documents/Special_Purpose_Credit_Program_OGC_guidance_12-6-2021.pdf
- [12 CFR § 202.8 - Special purpose credit programs.](#)
 - <https://www.ffiec.gov/PDF/fairlend.pdf>

Simmons Bank fails to offer Credit Builder Loans or Credit Builder Loans to help Rebuild Southern Dallas LMI residents' Credit History.

- <https://www.dallasfed.org/cd/cct/18cctdallas>

Activities under the CRA since the most recent CRA Performance Evaluation

Simmons Bank failed to describe any significant **Southern Dallas CRA initiatives** undertaken, particularly with respect to credit and deposit products and retail banking services targeted toward low- and moderate-income geographies, African American/Hispanic geographies, and individuals, identifying key elements of the products and services, the approximate date introduced, and results achieved to date.

Simmons Bank failed to provide any details current community outreach and marketing efforts to residents and businesses throughout Bank's low-income census tracts, moderate-income census tracts, and major minority census tracts, **specifically in Southern Dallas.**

Fair Lending Concerns

I worked with the National Community Reinvestment Coalition (NCRC) to analyze the home purchase and small business lending of Simmons Bank in Dallas. This is what NCRC found.

- According to the Home Mortgage Disclosure Act (HMDA) data from 2017 to 2018, SIMMONS BANK made a total of **0 home loans were extended to Blacks (African Americans).**
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
 - No loans were made in Southern Dallas
- According to the Home Mortgage Disclosure Act (HMDA) data from 2018 to 2019, SIMMONS BANK made a total of **1 home loans were extended to Blacks (African Americans).**
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
 - No loans were made in Southern Dallas
- According to the Home Mortgage Disclosure Act (HMDA) data from 2019 to 2020, SIMMONS BANK made a total of **5 home loans were extended to Blacks (African Americans).**

- Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
- No loans were made in Southern Dallas
- According to the Home Mortgage Disclosure Act (HMDA) data from 2020 to 2021, SIMMONS BANK made a total of 6 home loans were extended to Blacks (African Americans).
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
 - No loans were made in Southern Dallas
- According to the Home Mortgage Disclosure Act (HMDA) data from 2021 to 2022, SIMMONS BANK made a total of 14 home loans were extended to Blacks (African Americans).
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
 - No loans were made in Southern Dallas
- Small Business Lending
 - SDPCDC compared Simmons Bank Co. small business lending to other non-credit card small business lenders in Dallas and found that Simmons Bank trailed in lending to businesses with less than \$1 million in annual revenue from 2017 to 2022.
 - Extremely low amount of small business loans were made in Southern Dallas

Per Simmon Bank's Recent Performance Evaluation

Loan Distribution by Borrower's Profile

The bank's distribution of loans by income or revenue profile is poor.
 HMDA Lending The bank's borrower distribution of HMDA loans is poor.

The bank originated 1.4 percent of its 2019 HMDA loans to low-income borrowers, which trails the level of lending to low-income borrowers by peer institutions in the assessment area (3.6 percent) and is well below the demographic figure (23.4 percent), reflecting poor performance. The bank's level of HMDA lending to low-income borrowers dropped to 0.5 percent in 2020, again trailing aggregate lenders (3.1 percent) and the demographic and reflects poor performance. The bank's HMDA lending to moderate-income borrowers was also poor for both 2019 (8.3 percent) and 2020 (6.6 percent). This performance again trailed peers (13.9 percent in 2019 and 12.7 percent in 2020) and was below demographic levels (16.5 percent).

Small Business Lending

The bank's borrower distribution of small business loans is poor.

In 2019, the bank made 44.9 percent of its loans to businesses with annual revenues of \$1 million or less. This was in line with aggregate lending levels (47.0 percent) but below the demographic level (92.0 percent), reflecting adequate performance. In 2020, the bank originated 27.4 percent of its loans to

businesses with annual revenues of \$1 million or less, which was below aggregate lenders (37.7 percent) and the demographic (92.3 percent) and **is considered poor.**

Community Development Lending

Simmons Bank made a significant lower level of Community Development loans in minority areas (Southern Dallas) when compared to majority-white areas (Northern Dallas).

Small Business/Commercial Lending

Simmons Bank made a significant lower level of Small Business/Commercial loans in minority areas (Southern Dallas) when compared to majority-white areas (Northern Dallas).

Mortgage Lending

Simmons Bank made a significant lower level of mortgage loans in minority areas (Southern Dallas) when compared to majority-white areas (Northern Dallas).

Lack of Staff and Board Diversity

Simmons Bank does not have any African Americans on the Board of Directors.

Simmons Bank does not have any African Americans on the DFW MSA Leadership Team.

Simmons Bank does not have any Mortgage Loans Officers in the DFW MSA that are African Americans.

Simmons Bank does not participate in the Dodd-Frank Act Section 342(b)(2)(C) Diversity self-assessment.

Simmons Bank is not a member of any of the Minority Trade Organizations below:

<https://www.namcdfw.org/>

<https://blackcontractors.org/>

Simmons Bank is not a member of any of the Minority Chambers below:

<https://dallasblackchamber.org/>

<https://arlingtonblackchamber.org/>

Simmons Bank is not a member of any of the Minority Real Estate Trade Organizations below:

<https://www.varep.net/index.php/dallas-chapter>

<https://narebnorthtexas.org/nareb-north-texas>

<https://wcdallas.com/>

<https://www.narebdallas.org/>

Conclusion

On behalf of the Southern Dallas Community, we asked that the Federal Reserve take the rare action of downgrading Simmons Bank's CRA rating to "Needs Improve".

Sincerely,

James McGee

James McGee
President/Chair
JMcGee@SouthernDallasProgress.com
Southern Dallas Progress Community Development Corporation

Research on Dallas Community Needs

Dallas has a *housing* shortage of approximately 20,000 units.

<https://dallascityhall.com/departments/housing-neighborhood-revitalization/DCH%20Documents/Adopted%20Housing%20Policy.pdf>

North Texas Regional Housing Assessment

<https://dhantx.com/report/north-texas-regional-housing-assessment/>

Dallas' Small Business Ecosystem Assessment

<https://www.dallasecocodev.org/DocumentCenter/View/2789/Dallas-Small-Business-Ecosystem-Report-PDF>

Report on Housing Affordability and Vulnerability in Dallas, Texas

<https://nalcab.org/nalcab-releases-report-on-housing-affordability-and-vulnerability-in-dallas-texas/>

FINDING G: MINORITY OWNED BUSINESSES ACCESS TO CREDIT/CAPITAL ANALYSIS (CHAPTER 6)

<https://dallascityhall.com/departments/public-affairs-outreach/DCH%20Documents/availability-disparity-study.pdf>



Via Email

James McGee
Southern Dallas Progress Community Development Corporation
1402 Corinth Street, #147
Dallas, TX 75215
jmcgee@southerndallasprogress.com

RE: Correspondence

Dear Mr. McGee,

Simmons Bank is in receipt of your letters written on behalf of Southern Dallas Progress Community Development Corporation and dated September 4, 2023 (the “September Letter”) and November 27, 2023 (the “November Letter”).

With respect to the September Letter, Simmons Bank notes that the items mentioned therein concern Southwest Bank rather than Simmons Bank. While Simmons Bank did acquire Southwest Bank in 2018, the letter does not address items that postdate the year of that merger. As a result, Simmons Bank is not opining on the items in the September Letter, as those items do not concern it.

With respect to the November Letter, based upon its review, Simmons Bank believes that the assertions set forth therein reflect a general lack of understanding of the bank and its activities. For instance, the November Letter states, among other things, that “Simmons Bank does not have any African Americans on the Board of Directors.” This is simply untrue. Simmons Bank’s board of directors currently has, and has had for many years, African American members. It is important to note that not only is this information publicly available, but also Simmons Bank has previously shared this information with you at your request.

Sincerely,

Simmons Bank



Improving Lives, One Community at a Time

April 1, 2024

Simmons Bank RSSD #663245
501 South Main Street
Pine Bluff, Arkansas 71601

Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, Missouri 64198

RE: COMPLAINT AGAINST SIMMONS BANK

Dear Federal Regulator,

This correspondence serves as a response to the letter issued by Simmons Bank on 4/1/2024. As highlighted in my prior letter dated 11/27/2023, **Simmons Bank is not meeting the credit needs of our community, which specifically includes low- and moderate-income neighbor located in Southern Dallas.**

The Community Reinvestment Act (CRA) of 1977 was introduced to address the discriminatory practice of redlining, in which banks and government entities restricted access to credit in communities based on the race and socioeconomic status of residents. Enacted by Congress in 1977 (12 U.S.C. 2901) and enforced through Regulations 12 CFR parts 25, 228, 345, and 195, the CRA is designed to encourage depository institutions to actively engage in meeting the credit needs of the communities they serve, particularly in low- and moderate-income (LMI) neighborhoods.

Simmons Bank's banking and mortgage services have been notably absent in predominantly Black and Hispanic neighborhoods in Southern Dallas. Instead, Simmons Bank has concentrated its lending activities predominantly in white areas of Dallas. Meanwhile, other lenders have been processing applications in majority-Black and Hispanic neighborhoods at rates four to five times higher than Simmons Bank.

Southern Dallas Zip Codes (LMI/High Minority Areas)

75203, 75207, 75208, 75210, 75211, 75212, 75215, 75216, 75217, 75223, 75224, 75226, 75227, 75228, 75232, 75233, 75236, 75237, 75241, 75249, 75253

Community Credit Needs Assessment (Simmons Bank failed to address in their most recent response)

Simmons Bank failed to conduct a Community Credit Needs Assessment for majority-Black and Hispanic census tracts within the DFW MSA, specifically Southern Dallas.

A Community Credit Needs Assessment is a research-based market study to help a lender identify the needs for financial services in an area.

This assessment should include the following information about majority-Black and Hispanic census tracts within Covered Lending Area: (1) an evaluation (to include market research and interviews) of residential mortgage credit needs and current lending opportunities available in the area; (2) recent demographic and socioeconomic data; (3) potential strategies for Simmons Bank to provide residential mortgage lending services in these census tracts; (4) a review of loan products offered by other lenders and their success in the market; (5) an overview of federal, state, and local programs that are available to residents seeking and obtaining residential mortgage loans;

Community Development Partnership Program (Simmons Bank failed to address in their most recent response)

Simmons Bank failed to partner with community-based or governmental organizations that provide the residents of majority-Black and Hispanic census tracts in **Southern Dallas** that provide services related to credit, financial education, homeownership, and foreclosure prevention.

Simmons Bank failed to write a description of how these partnership(s) will be used to meet the credit needs identified in the Community Credit Needs Assessment.

Simmons Bank failed to respond to Southern Dallas Process CDC recent emails to form such partnership.

Exhibit A & Exhibit B

Products available for the Underserved/Minority Communities (Simmons Bank failed to address in their most recent response)

Access to affordable credit is a key component of an individual's ability to cultivate a strong financial position and participate fully in the DFW economy. The Equal Credit Opportunity Act of 1974 was passed to protect all consumers, yet the effects of the discrimination endure today.

Simmons Bank failed to offer any solutions for the 163,000 unbanked/underbanked residents in the DFW MSA.

- https://household-survey.fdic.gov/place-data?type=msa&area=Dallas_Fort_Worth_Arlington_TX

- The underbanked/unbanked information is available on the FDIC website.

Simmons Bank failed to Adopt Bank On standards.

- <https://joinbankon.org/accounts/>
- <https://2wvkof1mfraz2etgea1p8kiy-wpengine.netdna-ssl.com/wp-content/uploads/2020/10/Bank-On-National-Account-Standards-2021-2022.pdf>
- <https://www.aba.com/about-us/press-room/press-releases/aba-urges-americas-banks-to-offer-bank-on-certified-accounts>

Simmons Bank does not have any special-purpose credit programs to address disparities in small business & mortgage lending in underserved high minority communities like Southern Dallas.

- <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-advisory-opinion-to-help-expand-fair-equitable-and-nondiscriminatory-access-to-credit/>
- https://www.hud.gov/sites/dfiles/GC/documents/Special_Purpose_Credit_Program_OGC_guidance_12-6-2021.pdf
- [12 CFR § 202.8 - Special purpose credit programs.](#)
 - <https://www.ffiec.gov/PDF/fairlend.pdf>

Simmons Bank fails to offer Credit Builder Loans or Credit Builder Loans to help Rebuild Southern Dallas LMI residents' Credit History.

- <https://www.dallasfed.org/cd/cct/18cctdallas>

Activities under the CRA since the most recent CRA Performance Evaluation (Simmons Bank failed to address in their most recent response)

Simmons Bank failed to describe any significant **Southern Dallas CRA initiatives** undertaken, particularly with respect to credit and deposit products and retail banking services targeted toward low- and moderate-income geographies, African American/Hispanic geographies, and individuals, identifying key elements of the products and services, the approximate date introduced, and results achieved to date.

Simmons Bank failed to provide any details current community outreach and marketing efforts to residents and businesses throughout Bank's low-income census tracts, moderate-income census tracts, and major minority census tracts, **specifically in Southern Dallas.**

Fair Lending Concerns (Simmons Bank failed to address lending disparity in their most recent response)

I worked with the National Community Reinvestment Coalition (NCRC) to analyze the home purchase and small business lending of Simmons Bank in Dallas. This is what NCRC found.

- According to the Home Mortgage Disclosure Act (HMDA) data from 2017 to 2018, SIMMONS BANK made a total of **0 home loans were extended to Blacks (African Americans).**
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA

- No loans were made in Southern Dallas
- According to the Home Mortgage Disclosure Act (HMDA) data from 2018 to 2019, SIMMONS BANK made a total of 1 home loans were extended to Blacks (African Americans).
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
 - No loans were made in Southern Dallas
- According to the Home Mortgage Disclosure Act (HMDA) data from 2019 to 2020, SIMMONS BANK made a total of 5 home loans were extended to Blacks (African Americans).
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
 - No loans were made in Southern Dallas
- According to the Home Mortgage Disclosure Act (HMDA) data from 2020 to 2021, SIMMONS BANK made a total of 6 home loans were extended to Blacks (African Americans).
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
 - No loans were made in Southern Dallas
- According to the Home Mortgage Disclosure Act (HMDA) data from 2021 to 2022, SIMMONS BANK made a total of 14 home loans were extended to Blacks (African Americans).
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
 - No loans were made in Southern Dallas
- Small Business Lending
 - SDPCDC compared Simmons Bank Co. small business lending to other non-credit card small business lenders in Dallas and found that Simmons Bank trailed in lending to businesses with less than \$1 million in annual revenue from 2017 to 2022.
 - Extremely low amount of small business loans were made in Southern Dallas

Per Simmon Bank’s Recent Performance Evaluation (Simmons Bank failed to address in their most recent response)

Loan Distribution by Borrower’s Profile

The bank’s distribution of loans by income or revenue profile is poor.

HMDA Lending The bank’s borrower distribution of HMDA loans is poor.

The bank originated 1.4 percent of its 2019 HMDA loans to low-income borrowers, which trails the level of lending to low-income borrowers by peer institutions in the assessment area (3.6 percent) and is well below the demographic figure (23.4 percent), reflecting poor performance. The bank’s level of HMDA lending to low-income borrowers dropped to 0.5 percent in 2020, again trailing aggregate lenders (3.1 percent) and the demographic and reflects poor performance. The bank’s HMDA lending to moderate-income borrowers was also poor for both 2019 (8.3 percent) and 2020 (6.6 percent). This performance again trailed peers (13.9 percent in 2019 and 12.7 percent in 2020) and was below demographic levels (16.5 percent).

Small Business Lending

The bank's borrower distribution of small business loans is poor.

In 2019, the bank made 44.9 percent of its loans to businesses with annual revenues of \$1 million or less. This was in line with aggregate lending levels (47.0 percent) but below the demographic level (92.0 percent), reflecting adequate performance. In 2020, the bank originated 27.4 percent of its loans to businesses with annual revenues of \$1 million or less, which was below aggregate lenders (37.7 percent) and the demographic (92.3 percent) and **is considered poor.**

Community Development Lending (Simmons Bank failed to address lending disparity in their most recent response)

Simmons Bank made a significant lower level of Community Development loans in minority areas (Southern Dallas) when compared to majority-white areas (Northern Dallas).

Small Business/Commercial Lending (Simmons Bank failed to address lending disparity in their most recent response)

Simmons Bank made a significant lower level of Small Business/Commercial loans in minority areas (Southern Dallas) when compared to majority-white areas (Northern Dallas).

Mortgage Lending (Simmons Bank failed to address lending disparity in their most recent response)

Simmons Bank made a significant lower level of mortgage loans in minority areas (Southern Dallas) when compared to majority-white areas (Northern Dallas).

Simmons Bank is not a member of any of the Minority Trade Organizations below: (Simmons Bank failed to address in their most recent response)

<https://www.namcdfw.org/>

<https://blackcontractors.org/>

Simmons Bank is not a member of any of the Minority Chambers below: (Simmons Bank failed to address in their most recent response)

<https://dallasblackchamber.org/>

<https://arlingtonblackchamber.org/>

Simmons Bank is not a member of any of the Minority Real Estate Trade Organizations below:
(Simmons Bank failed to address in their most recent response)

<https://www.varep.net/index.php/dallas-chapter>

<https://narebnorthtexas.org/nareb-north-texas>

<https://wcdallas.com/>

<https://www.narebdallas.org/>

Conclusion

Representing the Southern Dallas Community, we have formally requested that the Federal Reserve downgrade Simmons Bank's Community Reinvestment Act (CRA) rating to "Needs Improvement." Furthermore, we urge for our concerns to be given closer scrutiny during Simmons Bank Bank's upcoming Fair Lending Exam.

We hope that Simmons Bank will become more attentive to the needs of our community and take a proactive stance in addressing inequalities within the Dallas-Fort Worth Metropolitan Statistical Area (MSA).

Sincerely,

James McGee

James McGee
President/Chair

JMcGee@SouthernDallasProgress.com

Southern Dallas Progress Community Development Corporation



Improving Lives, One Community at a Time

April 1, 2024

Simmons Bank (Formerly Southwest Bank)
501 South Main Street
Pine Bluff, Arkansas 71601

Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, Missouri 64198

RE: Discrimination and Redlining Compliant

Dear Federal Regulator,

This correspondence serves as a response to the inaccurate letter written by Simmons Bank dated 4/1/2024. As highlighted in my prior letter, spanning from 1985 to 2018, Simmons Bank consistently excluded the majority of Low to Moderate Income Census Tracts from its assessment area map. Notably, these excluded census tracts predominantly consist of minority residents.

Simmons Bank's decision to exclude low to moderate-income and majority minority neighborhoods in Southern Dallas from its CRA (Community Reinvestment Act) assessment area has had detrimental effects. This exclusion has resulted in reduced credit availability, limited investments, decreased lending activities, and has created a discouraging environment for prospective applicants in these communities.

Southern Dallas Zip Codes (LMI/High Minority Areas) *

75203, 75207, 75208, 75210, 75211, 75212, 75215, 75216, 75217, 75223, 75224, 75226, 75227, 75228, 75232, 75233, 75236, 75237, 75241, 75249, 75253

*This major minority community is home to 500,000 residents.

Regulatory Enforcement Authority

As a reminder to Simmons Bank, it's crucial to acknowledge that the Consumer Financial Protection Bureau (CFPB) is the enforcing authority for the Equal Credit Opportunity Act (Regulation B). Additionally, enforcement responsibilities for the Fair Housing Act are jointly held by the Department of Justice (DOJ) and the Department of Housing and Urban Development (HUD).

It is significant to highlight that Simmons Bank has not taken the initiative to self-report their actions to the Consumer Financial Protection Bureau (CFPB), the Department of Housing and Urban Development (HUD), and the Department of Justice (DOJ) concerning the exclusion of low- and moderate-income census tracts in Southern Dallas. This lack of proactive reporting may have implications for regulatory compliance and cooperation with relevant enforcement authorities.

Regulatory Violations:

Between 1985 and 2018, Simmons Bank breached the following regulatory requirements:

12 CFR § 345.41(e)(2):

- Violation: Engaged in practices that may reflect illegal discrimination.

12 CFR § 345.41(e)(3):

- Violation: Arbitrarily excluded low- or moderate-income geographies, without considering the bank's size and financial condition.

DOJ, CFPB, and OCC announce aggressive redlining initiative; take action against national bank for alleged lending discrimination.

On October 22, 2021 the DOJ, in collaboration with the CFPB and the OCC, announced a new initiative to combat redlining and lending discrimination. The Combatting Redlining Initiative will be led by the DOJ's Civil Rights Division's Housing and Civil Enforcement Section in partnership with U.S. Attorney's offices, and will, among other things, (i) "ensure that fair lending enforcement is informed by local expertise on housing markets and the credit needs of local communities of color"; (ii) "expand the department's analyses of potential redlining to both depository and non-depository institutions" (the DOJ noted that non-depository lenders now make the majority of mortgages in the U.S.); (iii) strengthen financial regulator partnerships to ensure fair lending violations are identified and referred to the DOJ; and (iv) increase fair lending coordination with state attorneys general to identify potential violations. Attorney General Merrick Garland stated that the initiative will "address modern-day redlining by making far more robust use of our fair lending authorities," and marks the DOJ's "most aggressive, coordinated effort to address redlining." Garland noted that several redlining investigations are currently ongoing, and more are expected to be opened in the upcoming months.

<https://www.justice.gov/opa/pr/justice-department-announces-new-initiative-combat-redlining>

Department of Justice (DOJ) Redlining Cases

All banks fined by the Department of Justice (DOJ) previously received a Satisfactory or Outstanding rating in their Community Reinvestment Act (CRA) Performance Evaluation conducted by their regulator. In these evaluations, the regulator did not identify discriminatory or other illegal credit practices by these financial institutions. However, despite these positive evaluations, the DOJ issued regulatory fines for redlining and discrimination. The Justice Department's Combating Redlining Initiative has secured over \$107 million in relief for communities of color nationwide that have experienced lending discrimination by banks.

<https://www.justice.gov/crt/recent-accomplishments-housing-and-civil-enforcement-section>

Department of Justice (DOJ)- Mergers and Acquisitions (M&A)

The Department of Justice (DOJ) has expressed a stance regarding the accountability of banks that acquire other banks.

"The Department of Justice (DOJ) has emphasized that any bank acquiring another bank should be held accountable for the actions of the acquired bank."

Conclusion

From 1985 to 2018, Simmons Bank engaged in a pattern or practice of redlining in violation of the Fair Housing Act ("FHA"), 42 U.S.C. §§ 3601–3619, the Equal Credit Opportunity Act ("ECOA"), 15 U.S.C. §§ 1691–1691f, and Regulation B, 12 C.F.R. § 1002.1 et seq., by discriminating based on race, color, and national origin. Specifically, Simmons Bank engaged in redlining by avoiding providing home loans, small business loans, and other financial services in majority-Black/Hispanic and Low to Moderate Income census tracts.

On behalf of the Southern Dallas Community, we asked that the Federal Reserve take the rare action of downgrading Simmons Bank's CRA rating to "Needs Improve". We would look forward to this case being referred to the U.S. Department of Justice (DOJ) and the Consumer Financial Protection Bureau (CFPB).

Sincerely,

James McGee

James McGee
President/Chair

JMcGee@SouthernDallasProgress.com

Southern Dallas Progress Community Development Corporation

