

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

TITLE VIII

CONCILIATION AGREEMENT

Between

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

and

Legal Aid of Western, Missouri
1125 Grand Blvd., Suite 1900
Kansas City, Missouri 64106
(Complainants)

and

First Federal Bank, FSB, et al.
c/o John R. Buckner, II, President
6900 N. Executive Drive
Kansas City, Missouri 64120
(Respondent)

Approved by the FHEO Regional Director on behalf of
the United States Department of Housing and Urban Development

FHEO CASE NUMBERS: 07-16-0013-8
07-16-0014-8

A. PARTIES AND SUBJECT PROPERTY

- Metropolitan St. Louis Equal Housing and Opportunity Council (EHOC), Complainant
- Legal Aid of Western, Missouri, Complainant
- First Federal Bank, FSB, Respondent. The Respondent's name was incorrect as shown and should be First Federal Bank of Kansas City.

B. STATEMENT OF FACTS

The Complainants, Metropolitan St. Louis Equal Housing and Opportunity Council (EHOC) and Legal Aid of Western Missouri (Legal Aid) filed separate complaints with the U. S. Department of Housing and Urban Development (the Department) on October 5, 2015, alleging that the Complainants were injured by discriminatory acts of the Respondent. The Complainants, Metropolitan St. Louis Equal Housing and Opportunity Council (EHOC) and Legal Aid of Western Missouri, allege that the Respondent, First Federal Bank of Kansas City, ("First Federal Bank") violated § 805 of the Fair Housing Act as amended in 1988, 42 U.S.C. 3601 et seq. ("the Act"), on the basis of race. The Complainants allege that the Respondent's lack of market penetration in African-American communities made residential real estate products less available to persons based on race. The Complainants further allege that the Respondent designated their service area, or assessment area, in a way that excluded areas of high African American concentration, which resulted in making residential real estate products less available to persons based on race.

Respondent denies having discriminated against Complainants, but agrees to settle the claims in the underlying action by entering into this Conciliation Agreement.

C. TERM OF AGREEMENT

1. This Conciliation Agreement (hereinafter "Agreement") shall govern the conduct of the parties for a period of three (3) years from the effective date of the Agreement, unless the Respondent has not satisfied all financial obligations specified in this Agreement, including disbursement of all monies recited in this Agreement, then Agreement shall extend in one year increments until such time as the Respondent has fulfilled all financial obligations.

D. EFFECTIVE DATE

2. The parties expressly agree that this Agreement constitutes neither a binding contract under state or federal law nor a Conciliation Agreement pursuant to the Act, unless and until such time as it is approved by the U.S. Department of Housing and Urban Development, through the FHEO Regional Director, or his or her designee.
3. This Agreement shall become effective on the date on which it is approved by the FHEO Region VII Director, (400 State Avenue, Room 400, Gateway Tower II, Kansas City, Kansas 66101) of the United States Department of Housing and Urban Development (HUD).

E. GENERAL PROVISIONS

4. The parties acknowledge that this Agreement is a voluntary and full settlement of the disputed 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.
5. The Respondent acknowledges that it has an affirmative duty not to discriminate under the Act, and that 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. Respondent further acknowledges that any retaliation or discrimination constitutes both a material breach of this Agreement, and a statutory violation of the Act.
6. This Agreement, after it has been approved by the FHEO Regional Director, or his or her designee, is binding upon First Federal Bank, its employees, successors and assigns and all others in active concert with it in the ownership or operation of First Federal Bank.
7. It is understood that, pursuant to Section 810(b) (4) of the Act, upon approval of this Agreement by the FHEO Regional Director, or his or her designee, it is a public document.
8. This Agreement does not in any way limit or restrict the Department's authority to investigate any other complaint involving Respondent made pursuant to the Fair Housing Act, or any other complaint within the Department's jurisdiction.
9. It is understood that the Agreement does not constitute an admission by the Respondent of any violation of federal or state law or regulation, nor does the Agreement constitute evidence of a determination by the Department that any violation of federal or state law or regulation has occurred.

10. No amendment to, modification of, or waiver of any provisions of this Agreement shall be effective unless: (a) all signatories or their successors to the Agreement 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 and signed by the FHEO Regional Director.
11. The parties agree that the execution of this Agreement may be accomplished by separate execution of consents to this Agreement, the original executed signature pages to be attached to the body of the Agreement to constitute one document.
12. Provided the Respondent complies with this Agreement, Complainants EHOC and Legal Aid of Western, Missouri hereby forever waive, release, and covenant not to sue the Department or First Federal Bank, its board members, assigns, officers, agents, employees and attorneys as well as any successors-in-interest with regard to any and all claims, damages and injuries of whatever nature whether presently known or unknown, arising out of the subject matter of HUD Case Numbers 07-16-0013-8 and 07-16-0014-8, or which could have been filed in any action or suit arising from said subject matter.
13. Respondent First Federal Bank hereby forever waives, releases, and covenants not to sue the Department or Complainants EHOC and Legal Aid of Western, Missouri and its successors, assigns, agents, officers, board members, 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 subject matter of HUD Case Numbers 07-16-0013-8 and 07-16-0014-8, or which could have been filed in any action or suit arising from said subject matter.

F. RELIEF FOR COMPLAINANT

14. Respondent First Federal Bank agrees to take the following actions, and, as set forth in this Agreement, will provide the Department with written certification that these requirements have been met:

Support for Community Reinvestment and Fair Lending

15. The bank will donate a total of Fifty Thousand Dollars (\$50,000.00 US) to the complainants in two separate Cashier's Checks payable to each complainant in the sum of Twenty-Five Thousand Dollars (\$25,000 US) to support each organization's on-going community reinvestment and fair lending work.

Annual Meetings

16. The bank will meet annually (once a year) with Complainants EHOC and Legal Aid of Western, Missouri, as well as the option for representatives of the Department, to report on updates and progress regarding this Agreement, as well as other community reinvestment or fair lending activities.

17. As outlined in its CRA plan, the bank will sponsor a Kansas City Housing Symposium each year at which the Complainants as well as other community leaders, non-profit organizations, and government agencies will be invited to discuss fair lending and related issues.

G. RELIEF IN THE PUBLIC INTEREST

New Branch Locations

18. Respondent has applied to the OCC to merge with Inter-state Federal Savings and Loan Association, which has two stand-alone, full-service and established branches located in low- to moderate- income tracts with majority African American populations in the Kansas City Metropolitan area. Pursuant to this Agreement, if the OCC approves the acquisition, Respondent will maintain both locations as full-service branches during at least the term of the Agreement. Respondent will also maintain their current branch location in majority-minority census tract in the Kansas City metropolitan area for at least the term of the Agreement.
19. The Respondent will follow any criteria set forth by the OCC, as well as the Bank's obligations under the Act and CRA, to evaluate future branch openings, closings, and other significant changes in services.
20. The Respondent shall promptly provide the Department with a copy of any applications or notices submitted to open, acquire, relocate, or close any branches during the Term of this Agreement. Respondents shall provide the copy to the Department no later than the time they submit the application or notice to their Federal regulatory agency.

Loan Pool Investment

21. The bank will assist in the capitalization of a revolving loan pool. The loan pool will be administered by Alt-Cap (and owned by Alt-Cap, or a related entity), a Kansas City Community Development Financial Institution (CDFI), which will make short term loans (up to five years) to developers to finance the rehabilitation of vacant, blighted homes in distressed areas of Kansas City. The assistance to be provided by the bank will be by making a Community Re-investment Act (CRA) donation of Thirty-Five Thousand Dollars (\$35,000) per year for three consecutive years to the revolving loan pool. Complainants shall make all reasonable efforts to assist the bank in securing Missouri Department of Economic Development's Neighborhood Assistance Program tax credits, to the extent made available by the State of Missouri.

Affordable Mortgage Subsidy

22. The bank will provide Seventy Five Thousand Dollars (\$75,000 US) in subsidy funds during the three years of the Agreement to provide discounts or subsidies on home

purchase loans to owner occupied, properties or on the repair of such properties to majority African American census tracts in the Kansas City Missouri-Kansas MSA. Subsidies could be closing cost assistance, down-payment assistance, or interest rate reduction, with a maximum of Two Thousand Five Hundred Dollars (\$2,500 US) per subsidy.

23. As part of the affordable mortgage subsidy program (meaning mortgages with a discount from the relevant Subsidy Fund that will count towards the origination requirements of this program), the Respondent agrees to originate Two Million Five Hundred Thousand Dollars (\$2,500,000 US) in mortgage loans. The criteria for loans in this paragraph would meet the criteria for loans as described in Paragraph 22.
24. For the purposes of accounting for the Subsidy Fund, the monetary value of the subsidy on a loan with a reduced interest rate shall be determined using the Respondent's rate sheets for comparable Fannie Mae, Freddie Mac, or FHA products.
25. No loans made pursuant to this Agreement shall be required to be made inconsistent with safety and soundness or in contravention of any statutory or regulatory requirements.

Affirmative Marketing and Outreach

26. The bank will spend a total of Fifty Thousand Dollars (\$50,000 US) at the rate of at least Fifteen Thousand Dollars (\$15,000 US) per year for three consecutive years for affirmative marketing and outreach to African American communities in the Kansas City metropolitan area. This should include print, radio, social media, and participation in outreach events such as community fairs that are open to the public. It also shall allow for the sponsorship of events targeted to the African American community. Outreach events must have a predominantly African American target audience.
27. Respondent shall ensure that the marketing, advertising, and outreach programs in Paragraph 26 are designed to meet the credit needs of residents of majority African American census tract in the Kansas City metropolitan area or to attract the African American community's interest in the bank as a lending and deposit institution.
28. Print Media - During each year of this Agreement, as part of the Respondent's marketing outreach, Respondents shall advertise in at least one print medium specifically directed to African American readers in the Kansas City, Missouri metropolitan area. These advertisements shall promote the types of products and services that are promoted in other marketing undertaken by the Respondent and may include information about the lending anticipated by this Agreement. The Respondent retains the discretion to determine the size, content, and frequency of such advertising subject to the standards set forth above.

29. Radio - During each year of this Agreement, if the Respondent otherwise advertises on the radio, the Respondent shall also place radio advertisements on stations specifically directed to African American listeners. These advertisements shall promote the types of products and services that are promoted in other marketing undertaken by the Respondent and may include information about the lending anticipated by this Agreement. The Respondent retains the discretion to determine the length, content, and frequency of such radio advertisements subject to the standards set forth above.

Community Development Lender

30. The bank will appoint a Community Development Lender who is primarily focused on low- and moderate-income communities and majority African American communities. A candidate filling this position will be expected to have, or quickly develop the ability to work effectively in these communities. The person who fills this position will work no less than 50% of his or her time on issues directly related to the bank's service of minority or low-and moderate-income communities.

Support for Employee Fair Lending Training

31. Within six months of the effective date of this Agreement, the Respondent shall require all of its employees, including the Community Development Lender (when appointed), and agents having substantial involvement in residential lending to attend two (2) hours of Fair Lending Training to ensure that their residential lending activities are conducted in a manner consistent with fair lending laws, including the Act, and this Agreement. Such training shall be conducted by an agency or organization approved by the Department's Office of Fair Housing and Equal Opportunity. The Respondent must seek and obtain such written approval from Department's Office of Fair Housing and Equal Opportunity at least ten (10) days prior to the commencement of the training. Such office shall use its best efforts respond to any request for approval in writing within five (5) days following receipt.
32. The Respondent shall bear all costs associated with the training.

Financial Education

33. Respondent agrees to establish or support financial education programs with a track record of effectiveness. This could be done in partnership with nonprofit or community organizations already conducting financial education. As part of this commitment, the Respondent agrees to continue conducting financial education programs. The Respondent agrees to spend a total of Thirty Thousand Dollars (\$30,000 US) in its overall efforts to support financial education specifically targeting majority African American communities, which shall be at a rate of Ten Thousand Dollars (\$10,000 US) per year over the three-year period of this Agreement. These funds can be used in partnership with community organizations involved in financial education.

H. MONITORING

34. Within thirty (30) days of the effective date of this Agreement, Respondent shall inform all of its agents and employees responsible for compliance with this Agreement, including any officers and board members, of the terms of this Agreement and shall provide each such person with a copy of this Agreement.
35. The Department shall determine compliance with the terms of this Agreement. During the term of this Agreement, HUD may review compliance with this Agreement. As part of such review, HUD may examine witnesses, and copy pertinent records of the Respondent. Respondent reserves the right to be represented by counsel in such monitoring. Respondent agrees to provide full cooperation in any monitoring review undertaken by HUD to ensure compliance with this Agreement.
36. For the Term of this Agreement, Respondent shall retain all records relating to the obligations under this Agreement, including all relevant residential lending activities (including applications for residential loans and files on mortgages), advertising, outreach, branching, any special programs, and other compliance activities as set forth herein. The Department shall have the right to review and copy all such records upon request, subject to legal requirements and attorney-client privilege.

I. REPORTING AND RECORDKEEPING

37. Respondent shall provide the Department the data it submits to the Federal Financial Institutions Examination Council (FFIEC) pursuant to the Home Mortgage Disclosure Act and the Community Reinvestment Act (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.
38. During the Term of this Agreement, the Respondent shall annually provide the Department with data describing each loan made under the loan programs described in Paragraphs 22-25. The data shall be due at the same time as the annual reports discussed in Paragraph 39. For each loan, the data will report the loan number, the recipient (name, race, and ethnicity of the borrower and co-borrower), the location of the property (address, state, county, and census tract), the product or program name and short description, the subsidy amount, and the components underlying the calculation of the subsidy amount (the reduction in note rate or points, the note rate and points after the reduction, and the points corresponding to any note rate reduction). The Department may request additional information to verify the disbursement of the subsidy amounts, including, but not limited to, loan files and rate sheets, but shall allow Respondent a reasonable time to assemble and deliver such materials.
39. In addition to the submission of any other information or reports required under this Agreement, the Respondent shall make an annual report to the Department on its

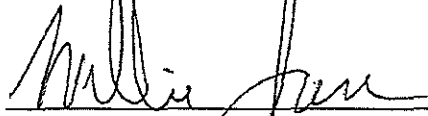
progress in fulfilling the goals of this Agreement. Each report shall provide a general account of the Respondent's actions to comply with each requirement of this Agreement during the previous year, an objective assessment of the extent to which each obligation was met, an explanation of why the Respondent fell short of meeting any of its obligations during that year, and an explanation of how they would correct the non-compliance. The Respondent shall submit this report each year during the Term of this Agreement forty-five (45) days before the anniversary of the effective date of this Agreement. In addition, The Respondent shall attach to the annual reports representative copies of training materials, advertising and marketing materials produced and disseminated pursuant to this Agreement.

40. All information, reports, or notices submitted to the Department pursuant to the Agreement shall be submitted to FHEO's Region VII Director, or his or her designee, unless otherwise provided herein.
41. Within one hundred and eighty (180) days of the effective date of this Agreement, the Respondent shall provide written notice to the FHEO's Region VII Director, or his or her designee, that they have complied with paragraphs 15, 31 and 34 (Relief for EHOC and Legal Aid of Western Missouri, Training, and Notice to Employees) of this Agreement.
42. The Respondent's compliance with the terms of this Agreement shall fully and finally resolve all claims alleged in the above-referenced complaint, including those claims for equitable relief and monetary damages and penalties.

J. BREACH OF THE AGREEMENT

43. Whenever the Department has reasonable cause to believe that the Respondent have breached this Agreement, the Department shall first notify the Respondent and provide the Respondent with a detailed description of the alleged breach(es) and provide the Respondent with a reasonable time to correct such alleged breach(es) before pursuing any further action.
44. In the event Respondents have not corrected such breach(es) in a reasonable time, the matter may be referred to the Attorney General of the United States, to commence a civil action in the appropriate U.S. District Court, pursuant to §§ 810(c) and 814(b)(2) of the Act.

K. SIGNATURES (1/3)

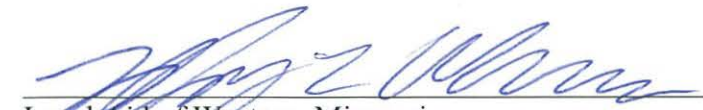


Metropolitan St. Louis Equal Housing
Opportunity Council
(Complainant)
By: Will Jordan
Executive Director

2-24-16

Date

SIGNATURES (2/3)




Legal Aid of Western, Missouri
(Complainant)
By: Jeffrey L. Williams, Staff Attorney
Economic Development Unit

2-24-16

Date

SIGNATURES (3/3)



First Federal Bank, FSB
(Respondent)
By: John R. Buckner, II
President

2/22/14
Date

L. APPROVAL



for Betty L. Bottiger, FHEO Region VII Director

February 24, 2016
Date