

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF MISSISSIPPI
ABERDEEN DIVISION

UNITED STATES OF AMERICA, and
CONSUMER FINANCIAL PROTECTION
BUREAU,

Plaintiffs,

v.

BANCORPSOUTH BANK,

Defendant.

Case No. **1:16cv118-GHD-DAS**

COMPLAINT

INTRODUCTION

1. Plaintiffs the United States and the Consumer Financial Protection Bureau (“Bureau”) bring this action against BancorpSouth Bank (“BancorpSouth” or “Bank”) under the Equal Credit Opportunity Act (“ECOA”), 15 U.S.C. §§ 1691-1691f, and the Fair Housing Act (“FHA”), 42 U.S.C. §§ 3601-3619, to remedy discrimination in its mortgage lending.¹

2. ECOA and the FHA prohibit creditors from discriminating on the basis of, among other characteristics, race, color, and national origin in their mortgage lending practices. ECOA and its implementing regulation, Regulation B, 12 C.F.R. pt. 1002, make it illegal for a creditor to discriminate against an applicant in any aspect of a credit transaction, including consumer and business transactions, on the basis of, among other characteristics, race, color, and national origin. 15 U.S.C. § 1691(a); 12 C.F.R. § 1002.4(a). ECOA and Regulation B also prohibit any statements, acts, or practices that would or could discourage on a prohibited basis a prospective

¹ For purposes of this Complaint, we define “mortgage loans” as all loans that BancorpSouth was required to report under the Home Mortgage Disclosure Act, 12 U.S.C. §§ 2801 – 2810, and “mortgage lending” as the provision of such loans.

applicant from applying for credit. 15 U.S.C. § 1691(a); 12 C.F.R. § 1002.4(b); 12 C.F.R. pt. 1002, Supp. I, ¶ 1002.4(b)(1). The FHA makes it unlawful for any bank to discriminate against any person in making available residential mortgage loans on the basis of, among other characteristics, race, color, and national origin. 42 U.S.C. § 3605(a).

3. BancorpSouth discriminated in a number of distinct ways through virtually every stage of its lending process.

4. First, BancorpSouth engaged in unlawful redlining by acting to meet the credit needs of majority-White neighborhoods in the Memphis TN-MS-AR Metropolitan Statistical Area (“Memphis MSA” or “MSA”) while avoiding the credit needs of majority-minority neighborhoods, thereby engaging in acts or practices directed at prospective applicants that discouraged people in minority neighborhoods from applying for credit. BancorpSouth generates more mortgage loan applications in the Memphis MSA than any other MSA in which it operates.

5. Second, the Bank discriminated against African-American applicants in its underwriting of mortgage loans, including loans that the Bank classified as for a consumer purpose and loans that the Bank classified as for a business purpose, by rejecting their applications at significantly higher rates than similarly situated non-Hispanic White (“White”) applicants.

6. Third, the Bank discriminated against African-American borrowers in the pricing of mortgage loans, including consumer-purpose and business-purpose transactions, by charging them, on average, 30-64 basis points² more for first lien and second lien mortgage loans than similarly situated White borrowers.

² One basis point represents one one-hundredth of a percentage point (0.01%).

7. Fourth, BancorpSouth implemented a policy and practice that required its employees to treat applicants for mortgage loans differently based on the applicant's race or other prohibited characteristic. Specifically, the Bank instructed its loan officers to deny applications from minorities and other "protected class members" more quickly than other applicants and not to provide credit assistance to "borderline" applicants that other applicants may have received that might have improved their chances of being approved for the loan.

8. In addition, a series of matched-pair tests at several BancorpSouth branches further demonstrate the Bank's discrimination against African Americans. The tests revealed that the Bank treated African-American testers less favorably than similarly situated White testers.

JURISDICTION AND VENUE

9. This Court has subject-matter jurisdiction over this action under 12 U.S.C. § 5565(a)(1), 28 U.S.C. § 1331, 28 U.S.C. § 1345, 42 U.S.C. § 3614, and 15 U.S.C. § 1691e(h).

10. Venue is proper in this judicial district under 28 U.S.C. §§ 1391(b) and (c) and 12 U.S.C. § 5564(f) because BancorpSouth conducts business and has its principal place of business in this judicial district.

PARTIES

11. Plaintiff United States brings this action to enforce ECOA and the FHA. The Attorney General is authorized to initiate a civil action in federal district court whenever a matter is referred to her pursuant to 15 U.S.C. § 1691e(g), or whenever she has reason to believe that a pattern or practice in violation of ECOA has occurred. 15 U.S.C. § 1691e(h). The Attorney General is authorized to initiate a civil action in federal district court whenever she has reasonable cause to believe that a pattern or practice of discrimination in violation of the FHA

has occurred or that any group of persons has been denied rights granted by the FHA and such denial raises an issue of general public importance. 42 U.S.C. § 3614(a).

12. Plaintiff the Bureau is an agency of the United States created by the Consumer Financial Protection Act (“CFPA”). 12 U.S.C. § 5491(a). The Bureau has independent litigating authority, including the authority to enforce ECOA. 12 U.S.C. §§ 5564(a) - (b), 5481(12)(D), 5481(14).

13. Defendant BancorpSouth Bank is a depository institution headquartered in Tupelo, Mississippi. BancorpSouth operates branches in eight states: Alabama, Arkansas, Florida, Louisiana, Mississippi, Missouri, Tennessee, and Texas. As of March 31, 2016, BancorpSouth had total assets of \$13.9 billion. BancorpSouth is a wholly-owned subsidiary of BancorpSouth, Inc., a financial holding company.

14. BancorpSouth originated mortgage loans through two separate departments³ within the Bank. The Mortgage Department typically originated mortgage loans for sale in the secondary market. The Community Bank Department typically originated loans that the Bank kept in its portfolio.

15. From January 1, 2011 to December 31, 2013 (“Relevant Time Period”), BancorpSouth originated approximately 50,554 mortgage loans; approximately 26,718 mortgage loans were originated in its Mortgage Department, and 23,836 in its Community Banking Department.

16. BancorpSouth is subject to the federal laws governing fair lending, including the FHA, ECOA, and their respective implementing regulations.

³ As used in this Complaint, the term “Department” encompasses units that the Bank previously referred to as “Divisions.”

17. BancorpSouth is engaged in “residential real estate-related transactions” within the meaning of the FHA, 42 U.S.C. § 3605, and is a “creditor” within the meaning of ECOA, 15 U.S.C. § 1691a(e).

FACTUAL ALLEGATIONS

Redlining in the Memphis MSA

18. BancorpSouth engaged in unlawful redlining by acting to meet the credit needs of majority-White neighborhoods in the Memphis MSA while avoiding the credit needs of majority-minority neighborhoods (census tracts with a minority population greater than 50 percent), and thereby engaged in acts or practices directed at prospective applicants that discouraged people from applying for credit in those neighborhoods, as described in the following paragraphs.

19. BancorpSouth generates more mortgage loan applications for properties within the Memphis MSA than in any other MSA. During the Relevant Time Period, BancorpSouth originated approximately 4,540 mortgage loans in the Memphis MSA. BancorpSouth is among the largest lenders in the Memphis MSA, ranking 2nd, 3rd and 4th in 2011, 2012, and 2013, respectively, in its number of first-lien mortgage loan originations, out of approximately 400 lenders operating in the MSA.

20. The Memphis MSA is comprised of eight counties in three states: Tunica, Tate, Desoto, and Marshall Counties in Mississippi; Crittenden County, Arkansas; and Shelby, Tipton, and Fayette Counties in Tennessee.

21. The Memphis MSA contains a significant number of minorities and minority neighborhoods. As of 2010, the Memphis MSA’s population was 1,316,100, of which 46.4 percent were African American, 4.7 percent were Hispanic, and 46.2 percent were White. Nearly

half of the population of the MSA, 646,889 people, live in the principal city of Memphis, Tennessee, in Shelby County. Of these Memphis residents, 63.3 percent were African American, 6.5 percent were Hispanic, and 27.5 percent were White. Eighty percent of the minority population of the Memphis MSA lives in Shelby County, Tennessee.

22. As of 2010, 115 of the MSA's 312 neighborhoods (36.9 percent) were high-minority (census tracts with a minority population greater than 80 percent) and over half (51.6 percent) were majority-minority.

CRA Assessment Area

23. Until January 23, 2013, BancorpSouth excluded nearly all majority-minority neighborhoods in the Memphis MSA from its Community Reinvestment Act ("CRA") area. By doing so, BancorpSouth reduced credit availability and investment in those neighborhoods and discouraged prospective applicants and lending in those neighborhoods.

24. Congress enacted the CRA to encourage financial institutions to "help meet the credit needs of the local communities in which they are chartered." 12 U.S.C. § 2901(b). The CRA is an important safeguard for minority neighborhoods that have been traditionally underserved by creditors.⁴

25. Under implementing regulations promulgated by the FDIC, a bank must "delineate one or more assessment areas within which the FDIC evaluates the bank's record of helping to meet the credit needs of its community." 12 C.F.R. § 345.41(a). In other words, the CRA and its implementing regulations required BancorpSouth to select the geographic

⁴ Plaintiffs do not have authority to enforce the CRA and do not purport to do so here. Rather, Plaintiffs cite to the Bank's exclusion of majority-minority neighborhoods from its designated assessment area as evidence that the Bank engaged in unlawful discrimination in violation of ECOA and the FHA.

boundaries of “its community” whose credit needs it would help to meet, called an “assessment area.”

26. The CRA also requires that a bank maintain a file available to the public that includes, among other things, “[a] map of each assessment area showing the boundaries of the area and identifying the geographies contained within the area.” 12 C.F.R. § 345.43. Thus, BancorpSouth must make the geographic boundaries of the Bank’s community available to prospective applicants.

27. Until January 23, 2013, the Bank divided its assessment area within the Memphis MSA into eleven areas, with one Bank president responsible for each area (“pre-January 2013 assessment area”). These Bank presidents had wide discretion in the final determination of the boundaries of their assessment area. BancorpSouth did not have a policy governing how these assessment areas were chosen, and Bank presidents did not document reasons why they chose the area they would serve.

28. BancorpSouth created this pre-January 2013 assessment area prior to 2010. Based on 2000 census data, BancorpSouth’s pre-January 2013 assessment area excluded all 91 high-minority neighborhoods and 137 of the 142 majority-minority neighborhoods (96.5 percent) in the Memphis MSA, including minority neighborhoods near existing branches that easily could have been drawn into the assessment area. See Exhibits A and B.

29. BancorpSouth selected all or part of five out of the eight counties in the Memphis MSA to include in its pre-January 2013 assessment area: Tipton, Fayette, and Shelby Counties in Tennessee, and Desoto and Tate Counties in Mississippi. For counties with few or no majority-minority neighborhoods, the Bank selected all or most of the county to be in its assessment area. BancorpSouth selected all of Tipton County, which had only one majority-minority tract; all of

Fayette County, which also had only one majority-minority tract; all of Desoto County, which had no majority-minority tracts; and three of the four tracts in Tate County, which had no majority-minority census tracts. The Bank selected, however, only 58 of the 216 census tracts in Shelby County, Tennessee, which contains the city of Memphis, thereby excluding 123 of Shelby County's 126 majority-minority neighborhoods (97.7 percent) and all of its 85 high-minority neighborhoods. In other words, BancorpSouth selected only 27 percent of the tracts from the most heavily minority county in the MSA, and in doing so excluded nearly every one of its minority neighborhoods. See Exhibit A.

30. Based on 2000 census data, the Bank's delineation excluded approximately 85 percent of the 523,000 African Americans living in the Memphis MSA from its CRA assessment area.

31. BancorpSouth discouraged mortgage lending outside of its CRA assessment area. The Bank's General Loan Policy provided that the Bank's "primary trade area" was its CRA assessment area and that loans made outside this trade area were "undesirable." The Bank also assigned annual CRA goals to each of the eleven assessment areas within the Memphis MSA to ensure that the credit needs of those communities were being met. Bank presidents would not receive CRA credit towards meeting these goals for loans made outside of the Bank's assessment area.

32. In keeping with this policy, BancorpSouth encouraged its loan officers to be active in the communities within its assessment areas. These loan officers were generally aware of the Bank's assessment area delineations, and the Bank made maps of its assessment areas accessible to loan officers. By the Bank's own admission, it has always focused its lending efforts within its assessment areas.

33. The Bank's exclusion of nearly all majority-minority neighborhoods from its CRA assessment area reduced credit availability and investment in those neighborhoods and discouraged prospective applicants and lending in those neighborhoods.

34. On January 23, 2013, the Bank amended its CRA assessment area to include all census tracts in each county in the Memphis MSA in which the Bank had a branch: DeSoto and Tate Counties in Mississippi, and Tipton, Fayette, and Shelby Counties in Tennessee. However, the amended assessment area did not alter the Bank's practice of discouraging prospective applicants for credit in minority communities. The Bank did not open or acquire any new branches in majority-minority neighborhoods, and the Bank's proportion of applications from minority neighborhoods stayed nearly the same. In both 2011 and 2012, the Bank drew 3.2 percent of its applications from high-minority neighborhoods and 8.6 percent of its applications from majority-minority neighborhoods. In 2013, it drew 3.3 percent of its applications from high-minority neighborhoods and 9.0 percent of its applications from majority-minority neighborhoods. Nor did the assessment area change improve the Bank's generation of applications from minority neighborhoods as compared to its peers.

Branch Locations

35. BancorpSouth concentrated its branches to serve the credit needs in areas outside of, and avoid lending in, minority neighborhoods, thereby discouraging prospective applicants in those minority neighborhoods. During the Relevant Time Period, BancorpSouth operated 22 branches in the Memphis MSA. Based on 2000 census data, all 22 of the Bank's branches were located outside of majority-minority neighborhoods. See Exhibit C. Based on 2010 census data, four of these branches are now located in majority-minority neighborhoods, due to population-shifting demographics rather than actions by the Bank to serve minority communities.

36. The Bank's branches played a key role in its ability to draw mortgage loan applications. Most (70 percent) of the mortgage loan applications submitted to the Bank were for properties within 5 miles of its 22 branches.

37. Where BancorpSouth strayed from this pattern of lending in close proximity to its branches, it did so in a manner that disproportionately yielded applications from majority-White neighborhoods and White applicants. Specifically, in areas at least 5 miles from any branch, the Bank drew 87 percent of applications from majority-White areas and only 13 percent from majority-minority neighborhoods; only 5 percent of applications came from high-minority neighborhoods; and even among the 13 percent of applications that came from majority-minority neighborhoods, most were from White applicants (64 percent).

38. The Memphis MSA, including its minority neighborhoods, is well-suited for new branches, a fact BancorpSouth has been aware of since at least February 2011.

39. In February 2011, BancorpSouth's consultant analyzed the market potential of 222 areas and concluded that the Memphis MSA should be targeted for near-term branch expansion. The consultant assigned the Memphis MSA its highest rating for expansion opportunities. Moreover, Shelby County, which contains the city of Memphis and has a majority African-American population (52 percent), was one of two counties in the MSA to receive the highest rating.

40. In July 2011, a second consultant concluded that the Memphis MSA "offers BancorpSouth many of the top expansion options corporate-wide" because of, among other things, its market quality and relatively low branch saturation from competitors. The consultant informed the Bank that the Memphis MSA contained 16 submarkets with viable branch opportunities. Six of these viable branch locations are in high-minority census tracts. See Exhibit

D. The consultant recommended targeting the Memphis MSA as a “top marketwide expansion priority.”

41. At least since late 2013 or early 2014, BancorpSouth has been aware that its proportions of applications and originations in minority communities are “significantly lower” than those of its peers. Yet the Bank sought to open a branch in a minority tract in the Memphis MSA only recently—in February 2015—after the Bureau informed the Bank in December of 2014 of the Bureau’s then-preliminary conclusion that the Bank had engaged in redlining.

Marketing

42. BancorpSouth focused advertising in majority-White neighborhoods but failed to advertise meaningfully in majority-minority neighborhoods. BancorpSouth focused its marketing efforts on promoting individual loan officers, the vast majority of whom were White, and their branch locations, which were located predominantly in majority-White areas.

43. Of the 86 loan officers who worked in the Memphis MSA during the Relevant Time Period, 83 (96.5 percent) were White.

44. Additionally, BancorpSouth engaged in three direct-mail marketing campaigns for mortgage loan and other products between 2011 and 2013. These mailings were overwhelmingly mailed to majority-White neighborhoods. BancorpSouth sent approximately 38,000 direct mailings in these campaigns, of which 90 percent went to majority-White areas and just 5 percent went to high-minority neighborhoods.

45. BancorpSouth has not specifically targeted any marketing towards minority communities.

Applications from Minority Neighborhoods

46. From at least 2011 through the present, the Bank's policies and practices directed at prospective applicants, including but not necessarily limited to its CRA assessment area delineation, branch locations, and marketing practices, discouraged prospective applicants in minority neighborhoods from applying for credit.

47. Statistical analysis of BancorpSouth's mortgage applications in the Memphis MSA as compared to its peers showed disparities in lending to majority-minority neighborhoods between BancorpSouth and its peers. These disparities are statistically significant and show that there were applicants seeking mortgage loans in majority-minority neighborhoods in the Memphis MSA. These disparities further show that BancorpSouth had no legitimate, non-discriminatory reason to draw relatively few applications from these majority-minority areas.

48. BancorpSouth has drawn a smaller proportion of mortgage loan applications from minority neighborhoods than its peer lenders operating in the Memphis MSA. From 2011 through 2013, BancorpSouth drew 5,762 total mortgage loan applications in the MSA. Only 3.2 percent of those applications – 185 total – were for properties in high-minority neighborhoods, even though 36.9 percent of the MSA's tracts are high-minority. Only 9.0 percent of its mortgage loan applications came from majority-minority neighborhoods, even though 51.6 percent of the MSA's tracts are majority-minority. In contrast, BancorpSouth generated 91.0 percent of its applications from majority-White neighborhoods, while only 48.4 percent of the MSA's tracts are majority-White. See Exhibit E.

49. BancorpSouth's peers generated a larger proportion of their applications from minority neighborhoods in the Memphis MSA. While BancorpSouth drew 3.2 percent of its applications from high-minority neighborhoods from 2011 through 2013, the Bank's peers drew

17.6 percent of their applications from such neighborhoods—five-and-a-half times that of BancorpSouth. BancorpSouth generated 9.0 percent of its applications from majority-minority tracts from 2011 through 2013, while its peers generated 27.6 percent—more than three times that of BancorpSouth.

50. These disparities between BancorpSouth and its peers show that there were applicants seeking mortgage loans in majority-minority and high-minority neighborhoods in the MSA. These disparities are statistically significant.⁵ These disparities cannot be explained by a legitimate, non-discriminatory reason.

51. The totality of BancorpSouth's acts, policies, and practices described herein constitute the redlining of majority-minority neighborhoods in the Memphis MSA. BancorpSouth's acts, policies, and practices directed at prospective applicants are intended to deny and discourage, or have the effect of denying or discouraging, an equal opportunity to the prospective applicants of the majority-minority neighborhoods of the Memphis MSA to obtain mortgage loans on the basis of the racial and ethnic composition of those neighborhoods.

Mortgage Loan Underwriting

52. BancorpSouth's Community Banking Department has consistently rejected African-American applicants for mortgage loans at significantly higher rates than similarly situated White applicants. The Bank granted its Community Banking Department employees substantial discretion to decide whether or not to approve a mortgage loan application. In contrast, the Bank's Mortgage Department made nearly all credit decisions through an automated underwriting system.

⁵ Statistical significance measures the probability that an observed outcome could have occurred by chance. As used in this Complaint, an outcome is statistically significant if the probability that it could have occurred by chance is less than five percent.

53. From January 1, 2011, through December 31, 2013, BancorpSouth's Community Banking Department accepted approximately 26,208 mortgage loan applications. Approximately 9,618 of these applications (36.7%) were classified by the Bank as for a business purpose while approximately 16,590 (63.3%) were classified as for a consumer purpose. All of these applications were manually underwritten by Bank employees, rather than underwritten by an automated system, as with the Mortgage Department.

54. From at least January 1, 2011, until at least January 2013, individual Community Banking Department loan officers underwrote—that is, made the decision whether to approve or deny—mortgage loan applications, with the exception of certain home equity loans that were centrally underwritten beginning in 2005. From at least January 1, 2011, until at least January 2013, BancorpSouth gave individual loan officers in its Community Banking Department wide discretion to approve or deny mortgage loan applications.

55. The Bank's General Loan Policy, which governed the Community Banking Department's underwriting, provided only minimal guidance on how borrower or loan characteristics should affect the underwriting decision, and BancorpSouth loan officers had wide discretion within these very generalized parameters.

56. For instance, the General Loan Policy was silent as to how an applicant's credit score should affect the underwriting decision for mortgage loans other than home equity loans. It was up to the individual loan officer evaluating the mortgage loan application to decide how a broad range of credit scores affected whether or not the application should be approved.

57. Similarly, the General Loan Policy provided only recommended maximum loan-to-value ratios for non-home equity mortgage loans, but Bank loan officers were free to exceed

these recommended limits. The Bank did not require that loan officers provide any justification for exceeding these recommended limits.

58. BancorpSouth did not require that loan officers document how borrower or loan characteristics influenced their decision on a mortgage loan application.

59. As shown by statistical analysis of mortgage loan data provided by BancorpSouth, from at least 2011 through 2013, the Bank's Community Banking Department denied African-American applicants more often than similarly situated, White applicants. These racial disparities in underwriting are statistically significant.

60. Plaintiffs conducted a statistical regression analysis of the Bank's mortgage loan application data for applications submitted by natural persons to the Bank's Community Banking Department from 2011 through 2012. Plaintiffs analyzed mortgage loan data for both consumer-purpose loans and business-purpose loans. The statistical analysis shows that African-American applicants to the Community Banking Department were denied first-lien mortgage loans at a rate 9.5 percentage points higher than the rate at which they would have been denied if they had been White. In relative terms, this means that African-American applicants were denied at a rate 1.9 times the expected rate if they had been White.

61. In 2011 and 2012, African-American applicants to the Community Banking Department were denied second-lien mortgage loans at a rate 12.3 percentage points higher than the rate at which they would have been denied if they had been White. In relative terms, this means that African-American applicants were denied at a rate 13.6 times the expected rate if they had been White.

62. In 2011 and 2012, African-American applicants to the Community Banking Department for unsecured home improvement loans were denied at a rate 8.3 percentage points

higher than the rate at which they would have been denied if they had been White. In relative terms, this means that African-American applicants were denied at a rate 1.4 times the expected rate if they had been White.

63. In January 2013, the Community Banking Department initiated a pilot program to have underwriters in a central location, rather than individual loan officers, underwrite certain consumer loans, and by March 2014, all mortgage loan products were centrally underwritten by underwriters. Nonetheless, the Bank granted these central underwriters the same wide discretion to make credit decisions that it had previously granted its individual loan officers.

64. Plaintiffs conducted a statistical regression analysis of the Bank's mortgage loan application data for applications submitted by natural persons to the Bank's Community Banking Department in 2013. Plaintiffs analyzed mortgage loan data for both consumer-purpose loans and business-purpose loans. In 2013, after the Bank had begun transitioning to central underwriting, racial disparities substantially worsened, however. In 2013, African-American applicants to the Community Banking Department were denied first-lien mortgage loans at a rate 16.8 percentage points higher than the rate at which they would have been denied if they had been White. In relative terms, this means that African-American applicants were denied at a rate 2.7 times the expected rate if they had been White.

65. In 2013, African-American applicants to the Community Banking Department were denied second-lien mortgage loans at a rate 25.5 percentage points higher than the rate at which they would have been denied if they had been White. In relative terms, this means that African-American applicants were denied at a rate 4.6 times the expected rate if they had been White.

66. In 2013, African-American applicants to the Community Banking Department for unsecured home improvement loans were denied at a rate 21.5 percentage points higher than the rate at which they would have been denied if they had been White. In relative terms, this means that African-American applicants were denied at a rate 1.9 times the expected rate if they had been White.

67. Looking at 2011 through 2013 combined, African-American applicants were denied substantially more often than similarly situated White applicants. During that time, African-American applicants to the Community Banking Department were denied first-lien mortgage loans at a rate 11.9 percentage points higher than the rate at which they would have been denied if they had been White. In relative terms, this means that African-American applicants were denied at a rate 2.2 times the expected rate if they had been White.

68. In 2011 through 2013, African-American applicants to the Community Banking Department were denied second lien mortgage loans at a rate 12.5 percentage points higher than the rate at which they would have been denied if they had been White. In relative terms, this means that African-American applicants were denied at a rate 2.9 times the expected rate if they had been White.

69. In 2011 through 2013, African-American applicants to the Community Banking Department were denied unsecured home improvement loans at a rate 12.1 percentage points higher than the rate at which they would have been denied if they had been White. In relative terms, this means that African-American applicants were denied at a rate 1.5 times the expected rate if they had been White.

70. The Bank's policies and practices of granting its employees wide discretion to make credit decisions and the Bank's inadequate controls and monitoring—both of which

continue to the present—caused these racial disparities. These racial disparities in underwriting cannot be explained by the Bank’s consistent consideration of risk-related factors. Rather, these disparities stem from discrimination on the basis of race by BancorpSouth.

71. These disparities mean that over 300 African-American applicants were denied mortgage loans because of their race from 2011 through 2013.

72. These disparities cannot be explained by a legitimate, nondiscriminatory reason. Moreover, BancorpSouth’s underwriting policies and practices identified in the previous paragraphs were not justified by a legitimate business need.

73. There were also less discriminatory alternatives available to BancorpSouth than these policies and practices.

Mortgage Loan Pricing

74. From January 2011 until at least December 2013, BancorpSouth’s Community Banking Department charged higher loan prices to African-American borrowers than it charged White borrowers. The higher prices were not based on their creditworthiness or other objective criteria related to borrower risk, but, instead, were based on race.

75. Similar to its underwriting policies and practices, there were key differences between the Bank’s pricing policies in its Mortgage Department and its Community Banking Department. The Mortgage Department limited discretion by relying on rate sheets that listed mortgage loan prices that should be charged based on risk-based borrower and loan characteristics. In contrast, the Bank’s Community Banking Department did not rely on rate sheets until at least October 2013. From at least January 2011 until at least October 2013, BancorpSouth granted its Community Banking Department loan officers nearly unfettered

discretion to set the price of mortgage loans, including setting the interest rate and what percentage of the loan amount the Bank charged as an origination fee.⁶

76. The only limitation the Bank imposed on mortgage loan price setting in the Community Banking Department was generally not allowing loan officers to originate loans that met the definition of “Higher-Priced Mortgage Loans” in Regulation Z, 12 C.F.R. § 226.35(a). Yet the Bank allowed business-purpose loans to exceed even this cap.

77. The General Loan Policy states that “[l]oan Pricing is not an exact science, and it is intended that Loan Officers have some flexibility in the pricing of credits.” The General Loan Policy lists “some” of the risk-related factors “that affect the price of a loan,” but is silent as to how these factors should affect loan price.

78. BancorpSouth did not require that loan officers document the factors that they considered when setting the price of a mortgage loan.

79. BancorpSouth had no process to ensure that different loan officers considered risk-related criteria (such as credit score) in similar ways or that the same loan officer considered them consistently from one loan to the next.

80. Plaintiffs conducted a statistical regression analysis of the annual percentage rate (“APR”) charged by BancorpSouth for mortgage loans to natural persons originated by its Community Banking Department, including consumer-purpose loans and business-purpose loans. That analysis accounted for whether BancorpSouth classified the loan as a business-purpose loan.

⁶ Certain Community Banking Division home equity loan products were centrally priced beginning in 2005 by a Bank unit called the Equity Credit Center. These Equity Credit Center loans are not included in the Complaint’s reference to “mortgage loans” in paragraphs 74 - 87.

81. Plaintiffs' statistical analysis shows that, from at least 2011 through 2013, the Bank's Community Banking Department charged African-American borrowers higher prices for mortgage loans than similarly situated White borrowers. These disparities are statistically significant.

82. From 2011 through 2013, BancorpSouth charged African-American borrowers of first-lien mortgage loans, on average, APRs that were 30.3 basis points higher than APRs of similarly situated White borrowers.

83. From 2011 through 2013, BancorpSouth charged African-American borrowers of second-lien mortgage loans, on average, APRs that were 63.9 basis points higher than APRs of similarly situated White borrowers.

84. These racial disparities in pricing cannot be explained by the Bank's consistent consideration of risk-related factors. Rather, these pricing disparities stem from the Bank's policies and practices of granting its employees nearly unfettered discretion to set loan prices and the Bank's inadequate controls and monitoring of those policies and practices.

85. These racial disparities mean that from 2011 through 2013 over 900 African-American borrowers paid higher fees and/or additional interest in each monthly mortgage payment because of their race. On average, an African-American borrower paid \$360 more than a similarly situated White borrower each year he or she held the loan.

86. These pricing disparities cannot be explained by a legitimate, nondiscriminatory reason. Moreover, BancorpSouth's pricing policies and practices identified in the previous paragraphs were not justified by a legitimate business need.

87. There were also less discriminatory alternatives available to BancorpSouth than its pricing policies and practices.

Discriminatory Denial Policy and Practice

88. BancorpSouth implemented a policy or practice in its Mortgage Department that required its employees to treat applicants for mortgage loans differently based on the applicant's race, color, national origin, or other prohibited characteristic. Specifically, the Bank instructed loan officers to "turn[] down" minority applicants more quickly than White applicants and not to provide credit assistance to "borderline" applicants that other applicants may have received.

89. The Bank's explicitly race-based denial policy would put minorities and others it viewed as protected class members who may be marginally qualified at a disadvantage to receive credit assistance that may have improved their chances of being approved for the loan.

90. An audio recording of an internal meeting at BancorpSouth in or around September 2012 clearly articulates the Bank's policy or practice to reject minority applicants more quickly than White applicants, as well as the Bank's perception of African Americans. The meeting participants were all White and included at least one BancorpSouth manager, loan officers, and loan processors.

91. Regulation B requires that a lender notify all applicants, regardless of race or any other protected characteristic, of a decision on an application for credit within 30 days of receiving a completed application. 12 C.F.R. § 1002.9(a)(1)(i).

92. At the meeting, a BancorpSouth manager instructed loan officers and processors under her supervision that mortgage applications from minorities and others whom BancorpSouth viewed as "protected class" members must be "turned down" in 21 days and that "borderline" customers should be turned down quickly, while applications from White applicants were not subject to this shorter review period. The Bank generally permitted loan officers to assist marginal applicants; the explicitly race-based denial policy departed from that practice.

93. When asked for an explanation for the explicitly race-based denial policy, the manager stated, “I think it’s lawsuits, it’s lawsuits, and we just dodged a really large bullet.” According to the Bank manager, a minority applicant whose application had been delayed had previously threatened to sue BancorpSouth, and the Bank was concerned about similar lawsuits from other minorities.

94. Later in the meeting, a loan officer asked the manager whether loan officers should help marginally qualified applicants improve their credit scores so their applications would be approved. The manager cautioned against doing so stating that “you are gonna spend two weeks trying to get it re-scored and get that credit score up and by that time they’re mad and sending you mean letters.”

95. The audio recording also documented BancorpSouth employees making derisive comments about minorities following the manager’s articulation of the race-based denial policy.

96. In discussing the explicitly race-based denial policy, a loan officer commented that “they need to get their credit up” and “stop paying their damn bills late” and then laughed.

97. In response to a loan officer noting that all of the meeting participants were White, the manager stated “I’m sure I’ll hear about that soon, too. I’m looking. I don’t know where I’ll put one, but I’m looking.”

98. In discussing the Bank’s hiring of an African-American employee, a loan processor cautioned, “don’t use the n-word.” A few moments later, a Bank employee quipped “what’s up, niggas!” Both of these comments were followed by laughter in the room.

Discrimination in Application Inquiries

99. In addition, a series of matched-pair tests at several BancorpSouth branches is further evidence of the Bank’s discrimination against, including discouragement of, African

Americans. In 2013, the Bureau conducted a series of matched-pair tests to evaluate whether BancorpSouth treated individuals who inquired about mortgage loans similarly regardless of race and color. In each test, the Bureau sent an African-American tester and a White tester to the same BancorpSouth branch within ten days of each other. The testers posed as first-time homebuyers and asked the same BancorpSouth Mortgage Department loan officer about their eligibility for a mortgage loan. Each African-American tester was assigned a slightly better financial profile than the corresponding White tester, including a higher credit score, higher monthly income, more funds available for down payment, less debt, and more favorable information in their credit history. The testing showed that BancorpSouth's loan officers treated African-American testers less favorably than White testers, as described below.

Madison, Alabama

100. At a BancorpSouth branch in Madison, Alabama, the loan officer provided information encouraging the African-American tester to apply for a Federal Housing Administration-insured loan ("FHA loan"), while encouraging the White tester to apply for a loan guaranteed by the U.S. Department of Agriculture ("USDA loan"). The FHA loan was more expensive and therefore would have limited the African-American tester to purchasing a less expensive home despite a higher down payment and a higher monthly payment.

101. Specifically, the loan officer gave inconsistent information about the Bank's minimum credit score, thus limiting the African-American tester's loan options. The loan officer told the White tester, who had a 622 credit score, that "620 is the minimum" credit score requirement and so "you qualify for every program" BancorpSouth offers, including conventional mortgage loans, FHA loans, USDA loans, and an Alabama mortgage loan program. Just nine days earlier, the same loan officer told the African-American tester, who had a higher

625 credit score, that “normally they want you to have a 640 credit score” and conventional mortgage loans are “not as lenient” as FHA loans, so an FHA loan was the “better bet” for her. According to the Bank’s guidelines, the minimum credit score for both conventional loans and FHA loans was 620. The African-American tester did not express a preference for an FHA loan over a conventional loan.

102. The loan officer provided a written closing cost and monthly payment estimate to the White tester but not to the African-American tester. Therefore, the loan officer provided less helpful information to the African-American tester than the White tester.

103. The loan officer recommended different products and quoted higher fees to the African-American tester than the Federal Housing Administration charges. As a result, the loan officer told the African-American tester, who had a higher income, that she could afford a home priced \$5,000 lower than the White tester, despite the African-American tester having a \$3,500 higher down payment and a higher monthly payment. These differences were on the basis of the race and color and not risk-related characteristics of the testers.

Birmingham, Alabama

104. At a BancorpSouth branch in Birmingham, Alabama, a loan officer told both the African-American tester and the White tester that they would qualify for a \$200,000 home. But the loan officer told the White tester to call her if she found a house for \$235,000 to see if she qualified for a loan, while telling the African-American tester to call her if she found a house for \$210,000 to see if she qualified. The loan officer made these statements even though the African-American tester had a higher income, less debt, and more funds available for a down payment than the White tester.

105. In addition, the Birmingham branch loan officer recommended to the White tester that she make a down payment of ten percent of the purchase price if she found a \$200,000 home. In order to estimate a monthly payment, the same loan officer assumed the African-American tester would put down only five percent to purchase a \$200,000 home, even though the African-American tester had more money available for a down payment and told the loan officer that she felt comfortable putting down more than five percent. A lower down payment would have resulted in a larger loan amount and therefore a higher monthly payment for the African-American tester.

106. The Birmingham branch loan officer estimated over \$600 more in closing and prepaid costs for the African-American tester than the White tester by estimating higher attorney's fees and other costs for the African-American tester. This difference would make the African-American tester's loan more expensive than the White tester's loan.

107. These differences were on the basis of the race and color and not risk-related characteristics of the testers.

Memphis, Tennessee

108. At a BancorpSouth branch in Memphis, Tennessee, the loan officer told the White tester that the maximum debt-to-income ratio for an FHA loan was "mid-50s, 52, 53" percent. Just five days later, the same loan officer told the African-American tester, who had a higher credit score, that FHA "usually with decent credit" permits a maximum debt-to-income ratio of only "50 percent." The loan officer calculated the White tester's maximum monthly payment based on a 52 percent debt-to-income ratio and the African-American tester's maximum monthly payment based on a 50 percent debt-to-income ratio. The loan officer had no legitimate reason to impose this requirement differently. This difference would give the White tester the ability to

purchase a more expensive home relative to his income and debt than the African-American tester.

109. These differences were on the basis of the race and color and not risk-related characteristics of the testers.

Tupelo, Mississippi

110. At a Tupelo, Mississippi branch, a loan officer, unprompted by the White tester, provided her with recommendations and contact information for three realtors who the loan officer described as “really, really good ones,” including one realtor who had represented the loan officer’s son and niece. The same loan officer told the African-American tester to “get a good realtor” but did not give her any recommendations or contact information. The loan officer had no legitimate reason to provide different levels of assistance.

111. Also unprompted, the loan officer gave the White tester detailed advice on a number of locations to look for a home, including an area with more affordable homes, another “nice, quiet neighborhood” with a “really good school district” where “properties hold their value really well,” and other locations that would be an easy commute for the White tester. The loan officer did not give any advice on locations to the African-American tester, even though the African-American tester asked the loan officer whether she suggested living in the city of Tupelo or outside it. The loan officer had no legitimate reason to provide less assistance to the African-American tester.

112. These differences were on the basis of the race and color and not risk-related characteristics of the testers.

EQUAL CREDIT OPPORTUNITY ACT VIOLATIONS

Count 1

(Redlining)

113. Plaintiffs incorporate the allegations in Paragraphs 1- 112 here by reference.

114. BancorpSouth's policies and practices constitute the unlawful redlining of majority-minority communities in the Memphis MSA. BancorpSouth's acts and practices directed at prospective applicants discouraged prospective applicants from applying for credit on the basis of race, color, or national origin in violation of Regulation B and ECOA. 12 C.F.R. § 1002.4(b); 15 U.S.C. § 1691(a)(1).

115. BancorpSouth discriminated against applicants with respect to credit transactions on the basis of race, color and national origin in violation of ECOA, 15 U.S.C. § 1691(a)(1).

116. BancorpSouth's practices constitute a pattern or practice of discrimination and discouragement in violation of ECOA, 15 U.S.C. § 1691(a)(1).

117. BancorpSouth's pattern or practice of discrimination was intentional and willful and was implemented with reckless disregard for the rights of African-American applicants and applicants of other prohibited basis groups.

Count 2

(Underwriting)

118. Plaintiffs incorporate the allegations in Paragraphs 1 - 112 here by reference.

119. BancorpSouth, through intent and/or effect of its underwriting policies and procedures, denied mortgage loan applications of African-Americans more often than applications of similarly situated White applicants. These underwriting disparities were on the basis of race and were not based on legitimate loan or borrower characteristics.

120. These disparities cannot be explained by a legitimate, non-discriminatory reason. BancorpSouth's underwriting policies and practices were not justified by a legitimate business need, and there were less discriminatory alternatives available to BancorpSouth than these policies and practices.

121. BancorpSouth discriminated against applicants with respect to its underwriting of credit transactions on the basis of race in violation of ECOA, 15 U.S.C. § 1691(a)(1).

122. BancorpSouth's practices constitute a pattern or practice of discrimination in violation of ECOA, 15 U.S.C. § 1691(a)(1).

123. BancorpSouth's pattern or practice of discrimination was intentional and willful and was implemented with reckless disregard for the rights of African-American applicants.

Count 3

(Pricing)

124. Plaintiffs incorporate the allegations in Paragraphs 1 - 112 here by reference.

125. BancorpSouth, through intent and/or effect of its pricing policies and procedures, charged African-American borrowers higher prices for mortgage loans than similarly situated White borrowers. These pricing disparities were on the basis of race and were not based on legitimate loan or borrower characteristics.

126. These disparities cannot be explained by a nondiscriminatory reason. BancorpSouth's pricing policies and practices were not justified by a legitimate business need, and there were less discriminatory alternatives available to BancorpSouth than these policies and practices.

127. BancorpSouth's discriminated against applicants with respect to its pricing of credit transactions on the basis of race in violation of ECOA, 15 U.S.C. § 1691(a)(1).

128. BancorpSouth's practices constitute a pattern or practice of discrimination in violation of ECOA, 15 U.S.C. § 1691(a)(1).

129. BancorpSouth's pattern or practice of discrimination was intentional and willful and was implemented with reckless disregard for the rights of African-American borrowers.

Count 4

(Discriminatory Policy and Practice)

130. Plaintiffs incorporate the allegations in Paragraphs 1- 112 here by reference.

131. BancorpSouth instructed loan officers to deny applications from minorities and others whom BancorpSouth viewed as "protected class members" in 21 days and that "borderline" customers should be turned down quickly, while applications from other applicants were not subject to this shorter review period.

132. BancorpSouth's policy and practice explicitly treated certain mortgage loan applicants less favorably on the basis of their race, color, national origin, or other prohibited characteristics.

133. BancorpSouth's policy and practice, as alleged herein, constitutes discrimination against applicants with respect to credit transactions on the basis of race, color, national origin, or other prohibited characteristics in violation of ECOA, 15 U.S.C. § 1691(a)(1).

134. BancorpSouth's policy and practice constitutes a pattern or practice of discrimination in violation of ECOA, 15 U.S.C. § 1691(a)(1).

135. BancorpSouth's pattern or practice of discrimination was intentional and willful and was implemented with reckless disregard for the rights of African-American borrowers and potential borrowers as well as borrowers and potential borrowers of other prohibited basis groups.

FAIR HOUSING ACT VIOLATIONS

Count 1

(Redlining)

136. The United States incorporates the allegations in Paragraphs 1-112 here by reference.

137. BancorpSouth's policies and practices constitute the unlawful redlining of majority-minority communities in the Memphis MSA. BancorpSouth's policies and practices are intended to deny and discourage, or have the effect of denying or discouraging, an equal opportunity to the residents of majority-minority neighborhoods of the Memphis MSA to obtain mortgage loans, on account of the minority composition of those neighborhoods. These policies and practices are not justified by business necessity or legitimate business considerations.

138. BancorpSouth's actions as alleged herein constitute:

a. Discrimination on the basis of race, color, or national origin in making available, or in the terms or conditions of residential real estate-related transactions, in violation of the FHA, 42 U.S.C. § 3605(a);

b. The making unavailable or denial of dwellings to persons because of race, color, or national origin in violation of the FHA, 42 U.S.C. § 3604(a); and

c. Discrimination on the basis of race, color, or national origin in the terms, conditions, or privileges or the provision of services or facilities in connection with the sale or rental of dwellings, in violation of the FHA, 42 U.S.C. § 3604(b).

139. BancorpSouth's policies and practices as alleged herein constitute:

a. A pattern or practice of resistance to the full enjoyment of rights secured by the FHA; and

b. A denial of rights granted by the FHA to a group of persons that raises an issue of general public importance.

140. BancorpSouth's pattern or practice of discrimination was intentional and willful and implemented with reckless disregard for the rights of African-American applicants and applicants of other protected classes.

Count 2

(Underwriting)

141. The United States incorporates the allegations in Paragraphs 1-112 here by reference

142. BancorpSouth, through intent and/or effect of its underwriting policies and procedures, denied mortgage loan applications of African-Americans more often than applications of similarly situated White applicants. These underwriting disparities were on the basis of race and were not based on legitimate loan or borrower characteristics.

143. These disparities cannot be explained by a legitimate, non-discriminatory reason. BancorpSouth's underwriting policies and practices were not justified by a legitimate business need, and there were less discriminatory alternatives available to BancorpSouth than these policies and practices.

144. BancorpSouth's actions as alleged herein constitute:

a. Discrimination on the basis of race in making available, or in the terms or conditions of, residential real estate-related transactions, in violation of the FHA, 42 U.S.C. § 3605(a);

b. The making unavailable or denial of dwellings to persons because of race in violation of the FHA, 42 U.S.C. § 3604(a); and

c. Discrimination on the basis of race in the terms, conditions, or privileges, or the provision of services or facilities in connection with, the sale or rental of dwellings, in violation of the FHA, 42 U.S.C. § 3604(b).

145. BancorpSouth's policies and practices as alleged herein constitute:

a. A pattern or practice of resistance to the full enjoyment of rights secured by the FHA; and

b. A denial of rights granted by the FHA to a group of persons that raises an issue of general public importance.

146. BancorpSouth's pattern or practice of discrimination was intentional and willful and implemented with reckless disregard for the rights of African-American applicants.

Count 3

(Pricing)

147. The United States incorporates the allegations in Paragraphs 1-112 here by reference.

148. BancorpSouth, through its pricing policies and procedures, charged African-American borrowers higher prices for mortgage loans than similarly situated White borrowers. These pricing disparities were on the basis of race and were not based on legitimate loan or borrower characteristics.

149. These disparities cannot be explained by a legitimate, non-discriminatory reason. BancorpSouth's pricing policies and practices were not justified by a legitimate business need, and there were less discriminatory alternatives available to BancorpSouth than these policies and practices.

150. BancorpSouth's actions as alleged herein constitute:

a. Discrimination on the basis of race in making available, or in the terms or conditions of, residential real estate-related transactions, in violation of the FHA, 42 U.S.C. § 3605(a); and

b. Discrimination on the basis of race in the terms, conditions, or privileges, or the provision of services or facilities in connection with, the sale or rental of dwellings, in violation of the FHA, 42 U.S.C. § 3604(b).

151. BancorpSouth's policies and practices as alleged herein constitute:

a. A pattern or practice of resistance to the full enjoyment of rights secured by the FHA; and

b. A denial of rights granted by the FHA to a group of persons that raises an issue of general public importance.

152. BancorpSouth's pattern or practice of discrimination was intentional and willful and implemented with reckless disregard for the rights of African-American borrowers.

Count 4

(Discriminatory Policy and Practice)

153. The United States incorporates the allegations in Paragraphs 1-112 here by reference.

154. BancorpSouth instructed loan officers to deny applications from minorities and others whom BancorpSouth viewed as "protected class members" in 21 days and that "borderline" customers should be turned down quickly, while applications from other applicants were not subject to this shorter review period.

155. BancorpSouth's policy and practice explicitly treated certain mortgage loan applicants less favorably on the basis of their race, color, national origin, or other protected characteristics.

156. BancorpSouth's actions as alleged herein constitute:

a. Discrimination on the basis of race, color, national origin, or other protected characteristics in making available, or in the terms or conditions of, residential real estate-related transactions, in violation of the FHA, 42 U.S.C. § 3605(a);

b. Making unavailable or denial of dwellings to persons because of race, color, national origin, or other protected characteristics in violation of the FHA, 42 U.S.C. § 3604(a); and

c. Discrimination on the basis of race, color, national origin, or other protected characteristics in the terms, conditions, or privileges, or the provision of services or facilities in connection with, the sale or rental of dwellings, in violation of the FHA, 42 U.S.C. § 3604(b).

157. BancorpSouth's policies and practices as alleged herein constitute:

a. A pattern or practice of resistance to the full enjoyment of rights secured by the FHA; and

b. A denial of rights granted by the FHA to a group of persons that raises an issue of general public importance.

158. BancorpSouth's pattern or practice of discrimination was intentional and willful and implemented with reckless disregard for the rights of African-American borrowers and potential borrowers as well as borrowers and potential borrowers of other protected classes.

CONSUMER INJURY

159. Persons who have been victims of BancorpSouth's discriminatory policies and practices are aggrieved persons as described in ECOA, 15 U.S.C. § 1691e(i), and as defined in the FHA, 42 U.S.C. § 3602(i), and have suffered substantial injury as a result of BancorpSouth's conduct in violation of the FHA and ECOA, as alleged herein.

THIS COURT'S POWER TO GRANT RELIEF

160. ECOA empowers this Court to grant such relief as may be appropriate, including actual and punitive damages and injunctive relief. 15 U.S.C. §§ 1691c(a)(9), 1691e(h).

161. The FHA empowers this Court to grant legal or equitable relief necessary to ensure the full enjoyment of the rights granted by the FHA, including a temporary or permanent injunction, restraining order, and monetary damages to aggrieved persons. 42 U.S.C. § 3614(d).

162. The CFPA empowers this Court to grant any appropriate legal or equitable relief including, without limitation, a permanent or temporary injunction, rescission or reformation of contracts, the refund of moneys paid, restitution, disgorgement or compensation for unjust enrichment, monetary relief, and civil money penalties, to prevent and remedy any violation of any provision of law enforced by the Bureau. 12 U.S.C. § 5565.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray that the Court enter an ORDER that:

- (1) Declares that the challenged acts, policies, and practices of BancorpSouth constitute violations of ECOA, 15 U.S.C. §§ 1691-1691f, and the FHA, 42 U.S.C. §§ 3601-3619;
- (2) Enjoins BancorpSouth, its agents, employees, successors, and all others in active concert or participation with the Bank, from:
 - (a) Discriminating in any aspect of its mortgage lending business on the basis

of race, color, national origin, or any other basis prohibited by ECOA, 15 U.S.C. § 1691(a), or the FHA, 42 U.S.C. § 3605;

(b) Failing or refusing to take such affirmative steps as may be necessary to restore, as nearly as practicable, the victims of BancorpSouth's unlawful conduct to the position they would have been in but for the discriminatory conduct; and

(c) Failing or refusing to take such affirmative steps as may be necessary to prevent the recurrence of any such discriminatory conduct in the future; to eliminate, to the extent practicable, the effect of BancorpSouth's unlawful practices; and to implement policies and procedures to ensure that all borrowers have an equal opportunity to seek and obtain loans on a non-discriminatory basis and with non-discriminatory terms and conditions; and

(3) Awards equitable and monetary damages to all victims of BancorpSouth's discriminatory policies and practices for the injuries caused by BancorpSouth, including direct economic costs, consequential damages, and other damages, pursuant to 15 U.S.C. §§ 1691c(a)(9) and 1691e(h), 12 U.S.C. § 5565, and 42 U.S.C. § 3614(d)(1)(B); and

(4) Assesses a civil money penalty against BancorpSouth in an amount authorized by 12 U.S.C. § 5565(c) and 42 U.S.C. § 3614(d)(1)(C) to vindicate the public interest; and

(5) Awards such additional relief as the interests of justice may require.

Dated: June 29, 2016

Respectfully submitted,

Consumer Financial Protection Bureau:

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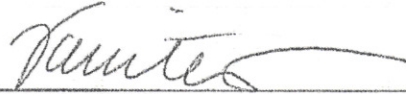
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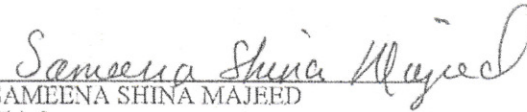


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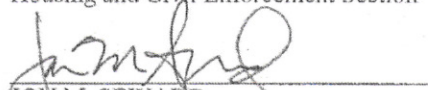
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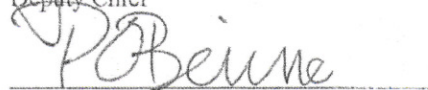
VANITA GUPTA
Principal Deputy Assistant Attorney General
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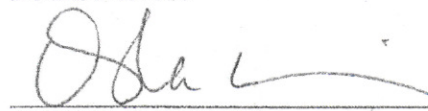
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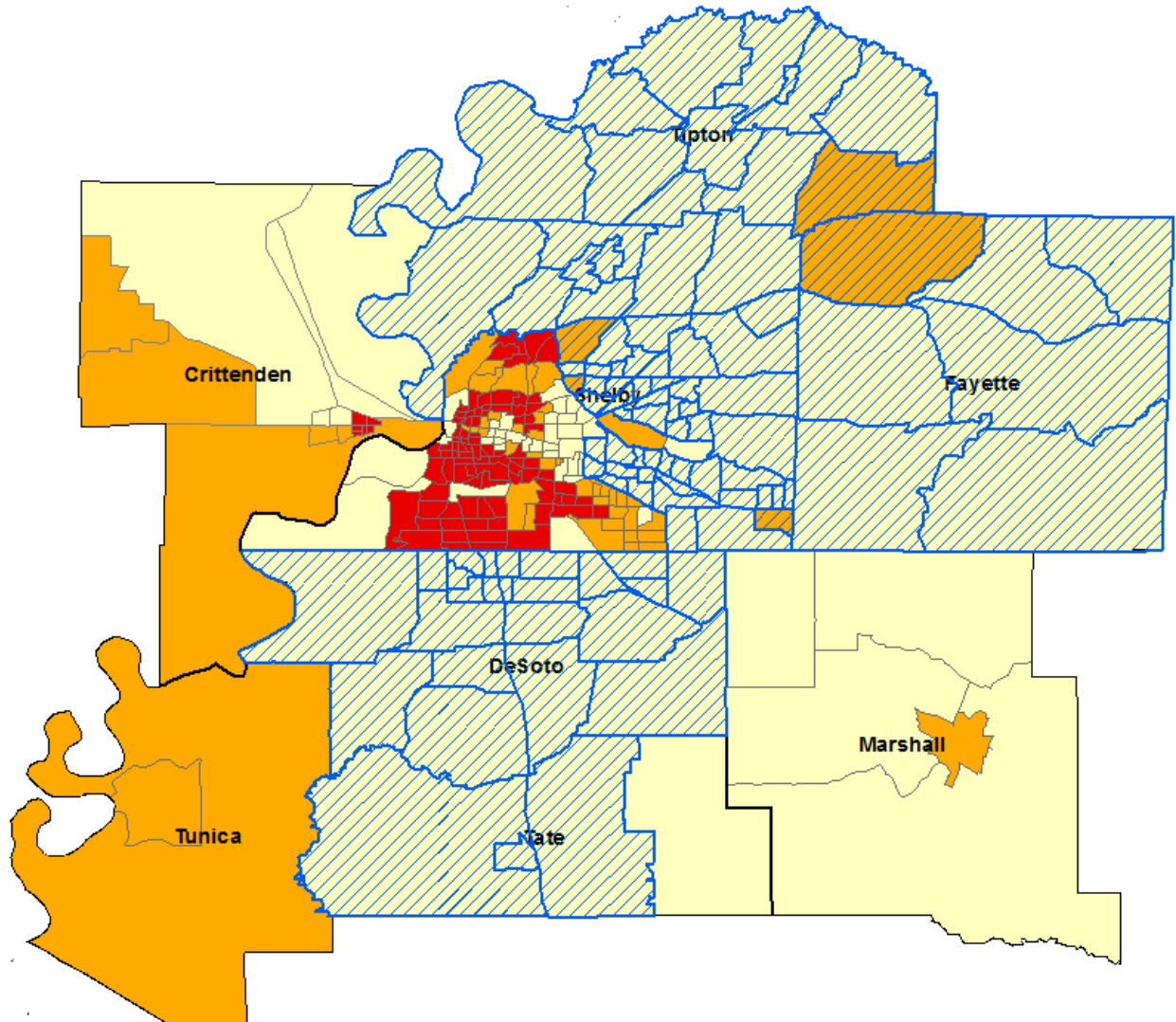


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Exhibit A:

BancorpSouth Pre-January 2013 Assessment Area, Memphis MSA



— County Boundaries
▨ CRA Assessment Area

**2000 Census Tract
Minority Population**

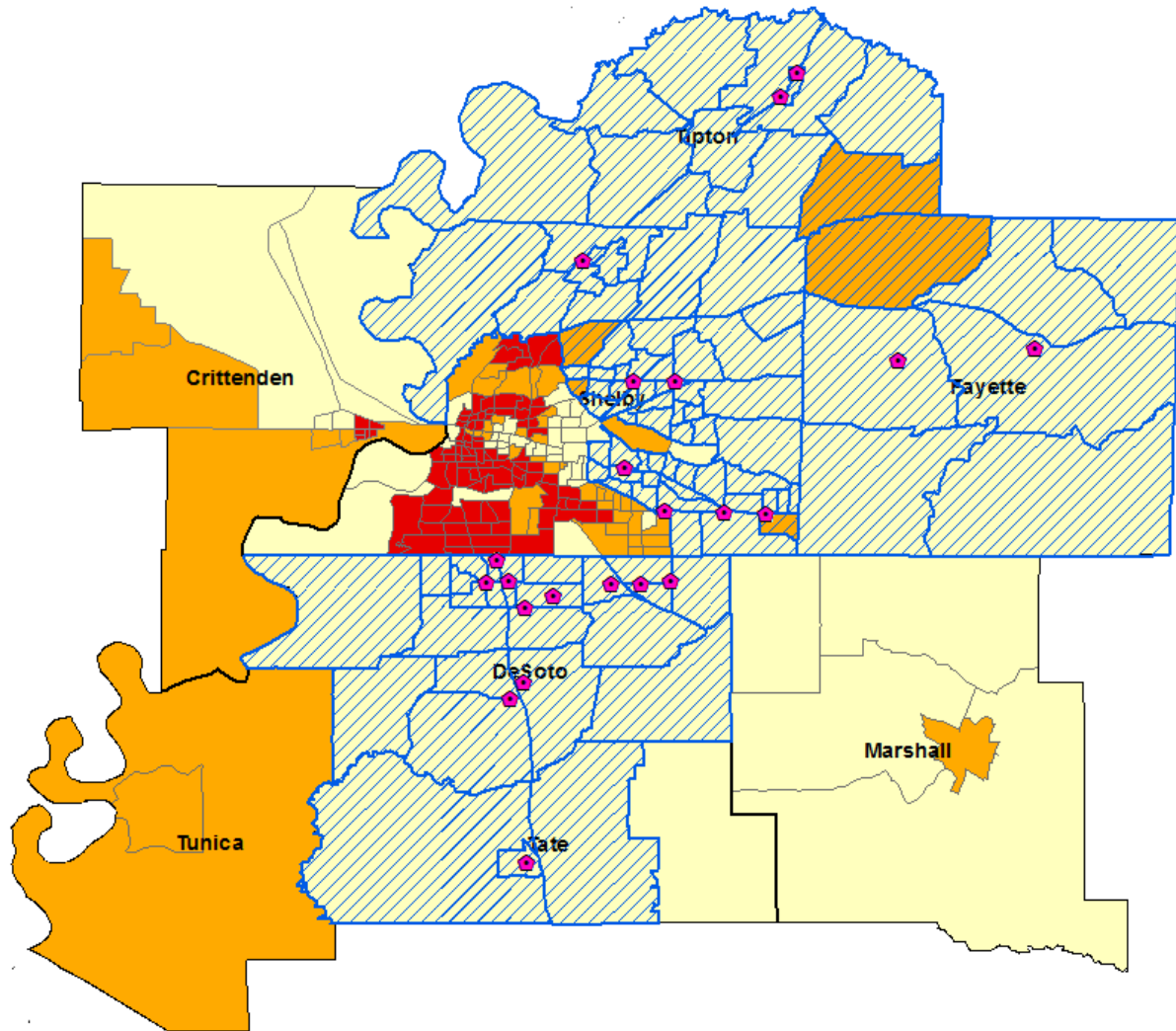
- Minority% $\geq 80\%$
- $50\% \leq \text{Minority}\% < 80\%$
- $0\% \leq \text{Minority}\% < 50\%$

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Exhibit B:

BancorpSouth Pre-January 2013 Assessment Area and Branches, Memphis MSA



- County Boundaries
-  CRA Assessment Area
-  Branch Location

**2000 Census Tract
Minority Population**

-  Minority% $\geq$ 80%
-  50% $\leq$ Minority% $<$ 80%
-  0% $\leq$ Minority % $<$ 50%

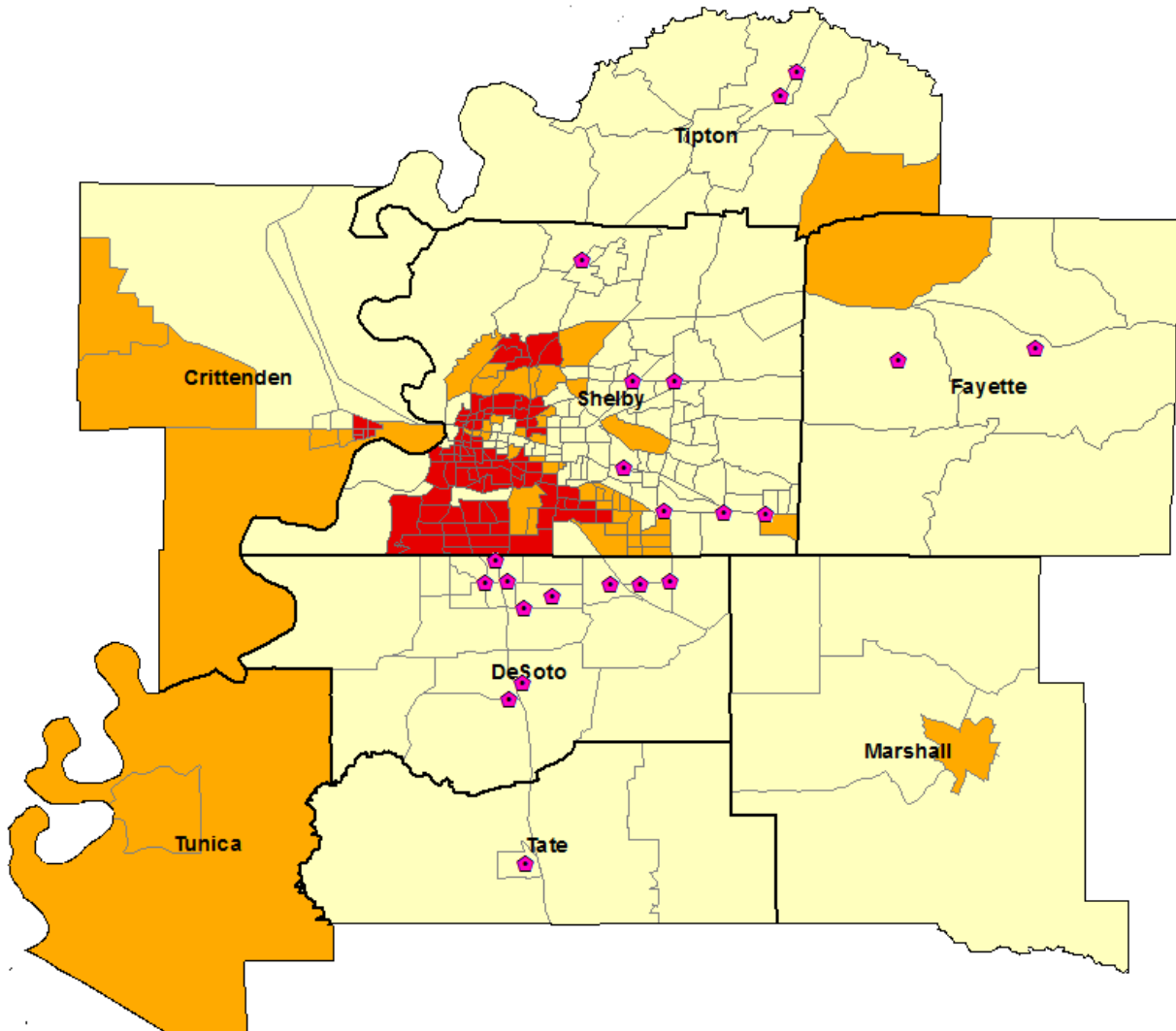


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Exhibit C:

BancorpSouth Branch Locations during the Relevant Time Period, Memphis MSA



— County Boundaries

🏠 Branch Location

**2000 Census Tract
Minority Population**

■ Minority% $\geq$ 80%

■ 50% $\leq$ Minority% $<$ 80%

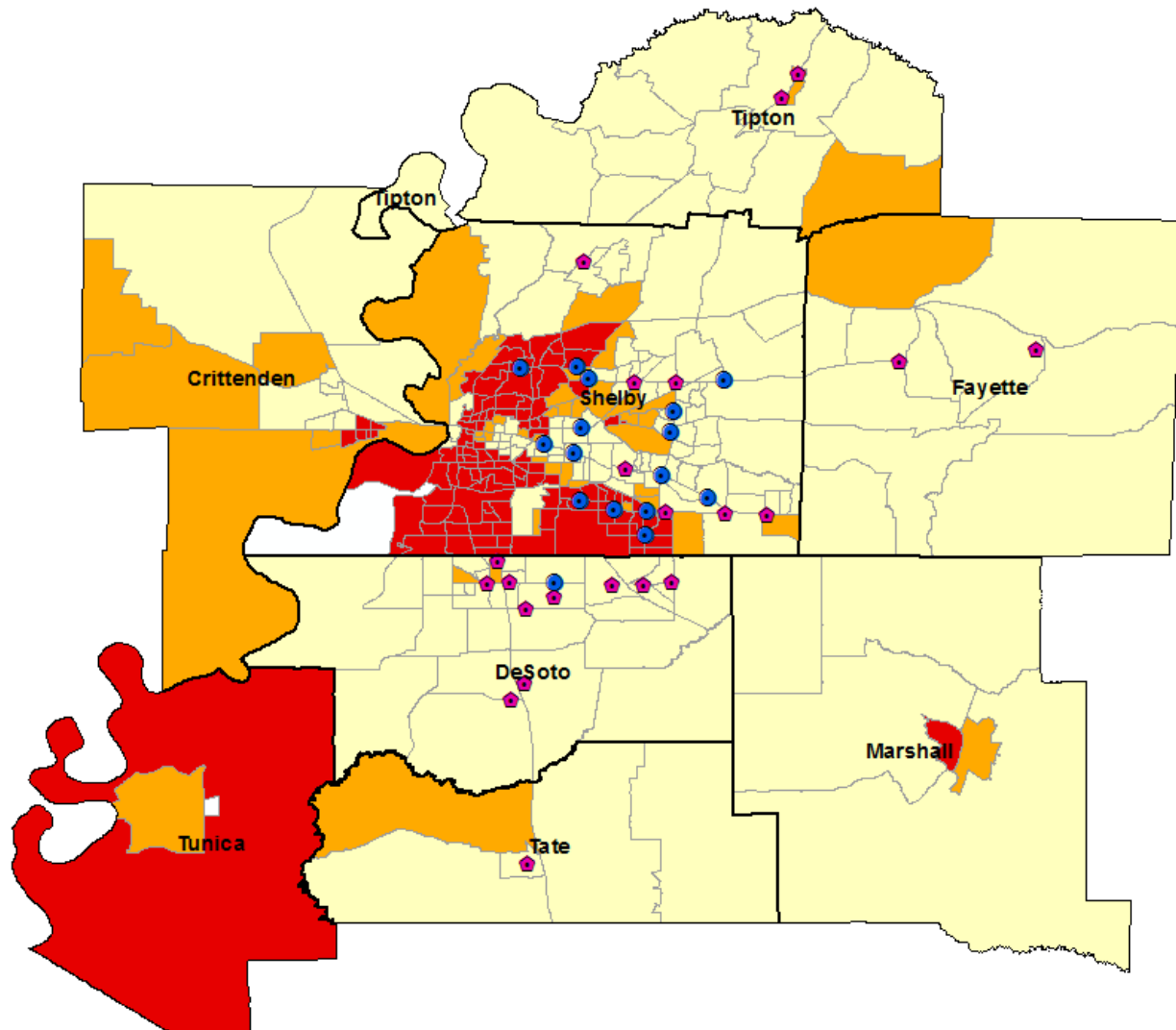
■ 0% $\leq$ Minority % $<$ 50%

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Exhibit D:

BancorpSouth Branch Locations during the Relevant Time Period and Viable Branches, Memphis MSA



- County Boundaries
- Branch Location
- Viable Branch Location

**2010 Census Tract
Minority Population**

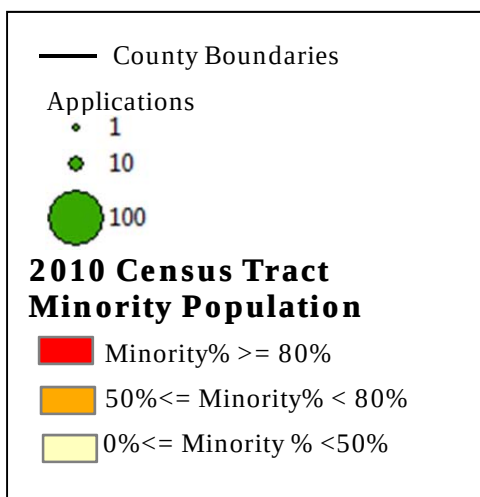
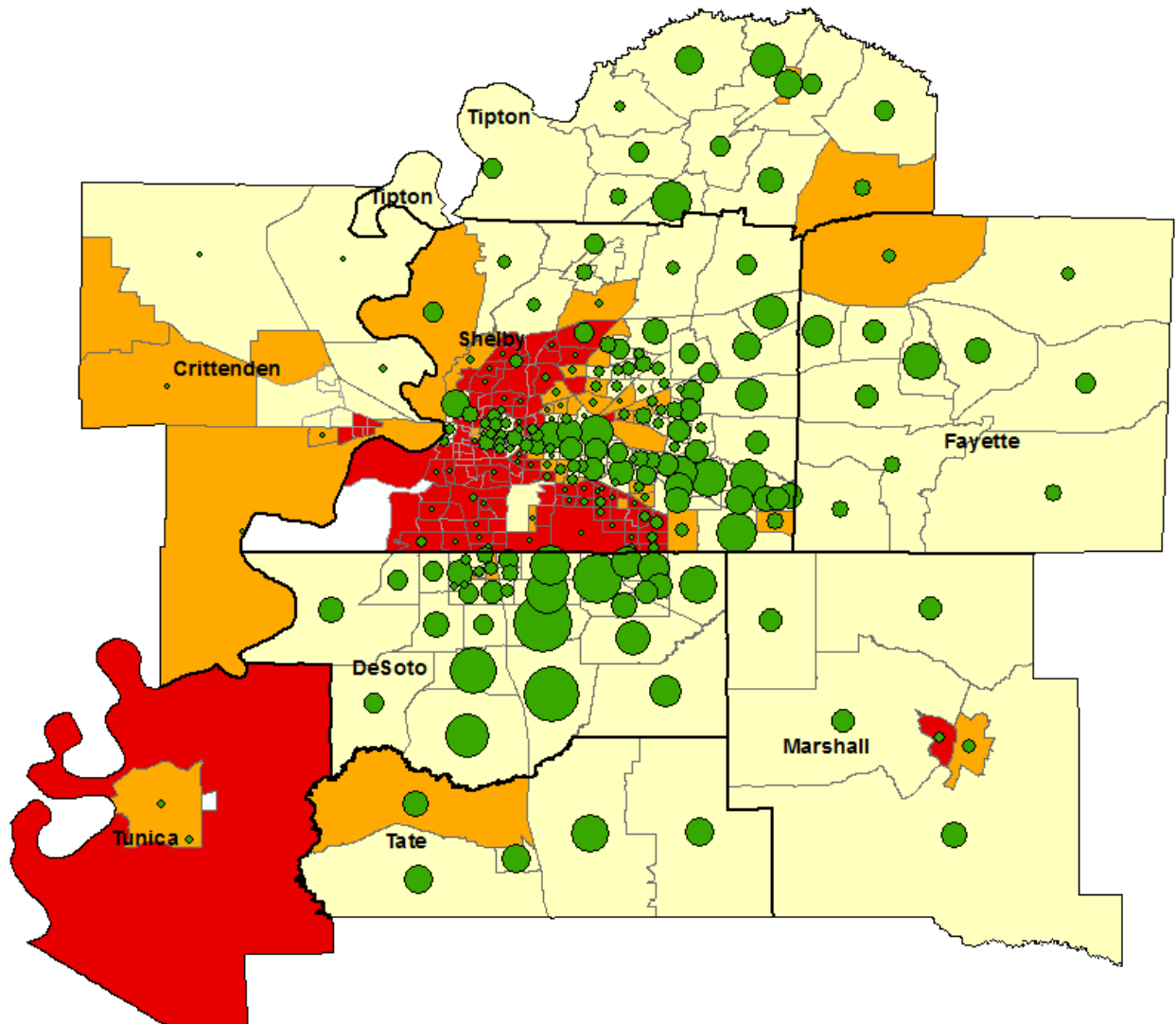
- Minority% $\geq 80\%$
- $50\% \leq \text{Minority}\% < 80\%$
- $0\% \leq \text{Minority}\% < 50\%$

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Exhibit E:

BancorpSouth Application Volume, 2011 – 2013, Memphis MSA



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