



**Via E-Apps and Mail**

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Board of Governors of the Federal Reserve System  
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***Re: Application to Establish a Branch of Vantage Bank, San Antonio, Texas at 5151 San Felipe, Suite 730, Houston, Texas 77056.***

Dear Ms. Smith:

This letter constitutes the response by Vantage Bank (“Vantage Bank” or the “Bank”) to the correspondence submitted by Mr. Barry Simmons/Renaissance Indexes Group (“RIG”), dated January 27, 2023, and the correspondence submitted by Mr. James McGee/Southern Dallas Progress Community Development Corporation (“SDP”), dated January 28, 2023, in connection with the above-referenced Application (each, a “Protest Letter” and collectively, the “Protest Letters”). Vantage Bank received the Protest Letters from the Federal Reserve Bank of Dallas on February 13, 2023. The Protest Letters generally and inaccurately allege, among other things, that Vantage Bank discriminates against black Americans<sup>1</sup> and engages in illegal redlining<sup>2</sup> with respect to black American neighborhoods in the cities of Houston, Texas and in the Dallas-Fort Worth Metropolitan Statistical Area (“MSA”). The unsubstantiated claims alleged in the Protest Letters broadly criticize Vantage Bank’s branching, lending, marketing and investment activities. Significantly, however, the Protest Letters’ allegations are generalized, do not include or reference any supporting data, and as demonstrated by evidence described in this response letter, are simply false. **Accordingly, we do not believe that the Protest Letters satisfy the regulatory requirements for a “substantive adverse comment” under 12 CFR § 208.6(c)(2).**

Senior management of Vantage Bank has reviewed the Protest Letters and the comments contained therein. Bank management has also consulted with counsel, and counsel has assisted in preparing this response. Vantage Bank takes any substantive criticism of its consumer compliance systems seriously and the Bank is committed to compliance with all laws and regulations,

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<sup>1</sup> For purposes of this letter, we refer to “black Americans,” consistently with the manner in which Mr. Simmons refers to this protected minority class of individuals in his Protest Letter. References to “black Americans” in this letter refer to the protected class of “African Americans,” as that term is used in applicable Federal regulations and related court decisions.

<sup>2</sup> 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. See Interagency Fair Lending Examination Procedures (August 2009).

including the Community Reinvestment Act (“CRA”), the Equal Credit Opportunity Act (“ECOA”) and the Fair Housing Act (the “FHA”). Vantage Bank is, and has been at all times, in full compliance with the CRA, the ECOA and the FHA. Further, Vantage Bank believes it has satisfied the requirements necessary for approval of the Application under the Federal Reserve Act and Regulation H. In light of the information included in this letter and Vantage Bank’s current and prior compliance with the CRA, the ECOA, the FHA and other applicable laws, we respectfully submit that these allegations should not prevent approval of the Application or materially delay the processing of the Application by the Board of Governors of the Federal Reserve System (“Federal Reserve”).

The remainder of this letter is divided into four parts. Part I explains why the Protest Letters does not constitute “substantive adverse comments” under applicable Federal Reserve regulations, and accordingly, why the Federal Reserve should not consider the Protest Letters in connection with its evaluation of the Application. However, because the Bank is proud of its long record of compliance and is confident in the effectiveness of its compliance management systems, Part II of this letter provides background on Vantage Bank and its history of compliance with the CRA, the ECOA and the FHA. Part III addresses more specifically the false allegations contained in the Protest Letters, which Vantage Bank believes are legally insufficient to support any claim for discrimination, wholly unsubstantiated and without merit. Part IV is our conclusion.

**I. The Protest Letters are not “Substantive Adverse Comments” under 12 CFR § 208.6(c)(2).**

The Protest Letters do not constitute “substantive adverse comment” as that term is defined in 12 CFR § 208.6(c)(2). That Federal Reserve regulation provides that “a comment will be considered to be substantive unless it involves individual complaints, or raises frivolous, previously considered, or wholly unsubstantiated claims or irrelevant issues.”

We are aware that each of RIG and SDP have previously submitted similar (if not, in fact, identical) protest letters to the Federal Reserve and other regulatory agencies. Both of RIG’s and SDP’s comments appear to be repetitive of its comments submitted in connection with multiple prior applications filed by other financial institutions in the past few years.

Importantly, the Protest Letters relating to Vantage Bank’s Application raise no facts or issues that are directly relevant to the Bank or the proposed Houston Branch. The RIG Protest Letter includes sweeping allegations of discriminatory activity by the Bank in specified zip codes in Houston—specifically alleging that the bank’s marketing, lending and other outreach activities have been targeted to benefit “Anglo Zip Codes” in Houston, as opposed to the black Americans residing in specified non-Anglo Zip Codes in this area. Importantly, the Application constitutes Vantage Bank’s first significant entry into the Houston, Texas banking market. The Bank has not previously maintained any full-service branch offices in Houston, and its assessment area has not previously included Harris County. As such, the Bank has not engaged in any significant marketing, outreach or banking offerings in this market, and therefore could not have been discriminating against the specified zip codes through those types of activities. In contrast, approval of the Application and establishment of the proposed branch will permit the Bank to expand its assessment area to include Harris County and to increase access to its banking services by all residents of that market, including residents residing in non-Anglo Zip Codes.”

Other than vague allegations of redlining which appear to be based solely upon the physical addresses of the Bank's branches, the Protest Letters do not include any verifiable loan, demographic or other data to support their allegations of discrimination by Vantage Bank against minority borrowers. Part of the policy behind the Federal Reserve's requirement that a comment be substantiated by this type of evidence is to provide the applicant a reasonable opportunity to respond to the allegations. It is difficult and ineffective to respond to claims that are not supported by any verifiable evidence or data. The Bank can only respond with general information about its compliance efforts and its compliance management systems, which information is already available to the Federal Reserve in the course of its normal examination process. Given the cost and strategic risk to the Bank as a result of responding to these types of protests, the "substantive adverse comment" threshold should serve as a baseline test to ensure that only comments containing new, relevant and supported claims are taken into account by the Federal Reserve.

As discussed later in this letter, these Protest Letters appear to be two more attempts in RIG's and SDP's "serial" process to comment on regulatory applications under the guise of genuine CRA, ECOA or FHA concerns related to the applicant institution. This process is not appropriate and creates unnecessary strategic risks for the Bank. We are aware that Federal Reserve and other regulatory agencies have each investigated several of RIG's claims and have reached their own similar conclusions with respect to such claims. The same is true with respect to other federal banking agencies' investigations with respect to SDP's allegations.

**Based upon the foregoing, the Protest Letters should not be deemed "substantive adverse comments" because the included claims are frivolous and wholly unsubstantiated, if not blatantly false. Therefore, they do not meet the requirements for consideration by the Federal Reserve in connection with Vantage Bank's pending Application.**

## **II. Background of Vantage Bank and its Compliance Record.**

In contrast to the unsubstantiated claims in the Protest Letters, the Bank is proud of its long record of compliance and desires to confidently and substantively demonstrate the effectiveness of its compliance management systems.

Vantage Bank is a 100-year-old community bank that serves its depositors through 22 full-service banking offices and 26 deposit-taking automated teller machines ("ATMs") throughout its assessment area. The Bank's current delineated community includes all of Bexar, Refugio, Hidalgo, Cameron, Webb, Tarrant, El Paso and Medina Counties, and the proposed branch is to be located in Harris County. If the Houston branch is approved, the Bank's assessment area would be expanded to include all of Harris County.

Vantage Bank is a true community institution. The foundation of its competitive advantage is a relentless commitment to building long-term relationships in the communities, and with the businesses and consumers the Bank serves. Ethical practices and regulatory compliance are critical to each of the Bank's strategic decisions. Vantage Bank is transparent, responsive and fully cooperative in its efforts to comply with all applicable laws and regulations, and to proactively employ best practices in the industry.

Vantage Bank offers all of its products and services to all customers and does not discriminate based upon income level, race or any other prohibited basis. The Bank places great value on diversity and inclusion in all aspects of its business. **Notably, 21 of the Bank's 22 branches are located in majority-minority census tracts, including one of the Bank's two offices located in Fort Worth.** In addition, more than 85% of the Bank's total workforce are minorities, and the Bank has multiple minority individuals serving in senior levels of executive management, including the Bank's Board of Directors.

Vantage Bank is predominately a commercial lender, with commercial loans representing a majority of the Bank's loan portfolio. Commercial loans are made for a variety of business purposes, including financing for interim construction of industrial and commercial properties; financing for equipment, inventories and accounts receivable; and acquisition financing. The Bank's residential real estate loans comprise a smaller, but material portion of its total loan portfolio.

As a full-service branch, the newly proposed Houston location would accept deposits, and the Bank would offer consumer, business, commercial real estate and residential and commercial construction loans from this branch. Importantly, the proposed branch, if approved, would significantly expand and enhance Vantage Bank's ability to serve the Houston, Texas banking market, including residents of and businesses located in majority-minority and low-moderate Houston neighborhoods.

*A. Vantage Bank has a Satisfactory Fair Lending and CRA Compliance Record.*

Vantage bank received a "Satisfactory" rating during its CRA performance evaluation dated May 6, 2019, and also during a more recent CRA performance evaluation, dated August 1, 2022. Importantly, in this most recent CRA performance evaluation, the Federal Reserve noted:

*No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations. Established policies and procedures are designed to ensure ongoing compliance with applicable laws and regulations.<sup>3</sup>*

In support of the Satisfactory CRA rating, the Federal Reserve recently noted:

- Vantage Bank's lending activity reflects good responsiveness to the credit needs of the Bank's assessment areas.
- A substantial majority of Vantage Bank's loans are made in its assessment areas.
- The geographic distribution of Vantage Bank's loans reflects adequate penetration throughout its assessment areas.

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<sup>3</sup> See Community Reinvestment Act Performance Evaluation, Public Disclosure Dated August 1, 2022, at Page 7, prepared by the Federal Reserve Bank of Dallas, publicly available from the Federal Reserve's public evaluation database.

- The distribution of Vantage Bank’s residential real estate lending, also referred as Home Mortgage Disclosure Act (“HMDA”), lending reflects adequate penetration among customers of different income levels.
- The distribution of Vantage Bank’s small business lending reflects good penetration among businesses of different revenue sizes.
- Vantage Bank makes a relatively high level of community development loans.
- Vantage Bank makes use of innovative and/or flexible lending practices in serving the needs of its assessment areas.
- Vantage Bank has an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors.
- Vantage Bank’s delivery systems are accessible to individuals of different income levels throughout the Bank’s assessment areas, which have not been adversely affected by the Bank’s opening and closing of branches
- Vantage Bank’s record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income (“LMI”) geographies and/or LMI individuals.
- Vantage Bank’s services do not vary in a way that inconveniences the assessment areas, particularly LMI geographies and/or LMI individuals.
- Vantage Bank provides a limited level of community development services.<sup>4</sup>

In summary, Vantage Bank has a strong and positive record of compliance with the CRA and applicable fair lending laws. This has been verified by Federal Reserve examiners, including during very recent examinations of the Bank. There is nothing in the Bank’s compliance record that would support or substantiate the discriminatory allegations included in the Protest Letters. In fact, the results of the Bank’s CRA and compliance exam directly contradict the allegations in the Protest Letters, and only emphasize the unsubstantiated nature of the Protest Letters’ claims.

*B. Vantage Bank has Robust CRA and related Compliance Policies, Controls and Initiatives.*

CRA and fair lending compliance are significant aspects of Vantage Bank’s overall compliance management system. The Bank has an active CRA program. As part of this program, the Bank’s compliance personnel regularly review information relating to loan volume and geographic penetration with Bank management. Community development loans, services, donations and investments are tracked and are routinely communicated to Bank management and its Board of Directors. The Bank continually seeks meaningful partnerships with reputable non-profit organizations, schools, community organizations, and small businesses to foster the expansion of community development in the communities it serves. It maintains policies, procedures, and practices to ensure compliance with applicable requirements of the FHA, ECOA, CRA, and the Home Mortgage Disclosure Act.

Vantage Bank has a comprehensive, written Fair Lending Policy that describes and directs its commitment to treating all individuals fairly without regard to race, sex, sexual orientation, color, national origin, religion, age, marital status, disability or other prohibited basis, and that

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<sup>4</sup> *Id.* at Page 1.

denying any person equal access to basic economic opportunities, such as home ownership or credit, will not be tolerated. Among other things, the Bank's policies and procedures require that credit applications be encouraged and solicited from all areas within the Bank's markets, and that no employee may refuse or discourage in any manner any person from submitting an application. These policies and commitment reflect Vantage Bank's core purpose to satisfy the banking needs of all individuals and businesses in the communities it serves.

Vantage Bank ensures fair lending compliance through its policies and procedures, training, monitoring and, when required, corrective action. The Bank's program includes, among other controls, the following:

- Vantage Bank periodically reviews the geographical distribution of its loans to identify potential fair lending risk factors. For example, this review would identify any low levels of loan penetration in majority-minority or low- and moderate-income areas, address any unexplained lending gaps, verify that lending volume is comparable to the Bank's peers and evaluate whether the assessment areas have been properly delineated. Prior to entering new markets, demographic data is reviewed to ascertain any associated fair lending risks.
- The Bank reviews its advertising and marketing practices on an ongoing basis to ensure that it is not targeting only specific segments of the Bank's market areas or excluding majority-minority or low- and moderate-income areas.
- All complaints whether oral, written, or via social media are reported to Vantage Bank's compliance department with the name, account number, nature of the complaint, and employee's response or resolution for the customer. Each complaint is evaluated and placed on a complaint log. Copies of all documentation concerning each complaint are maintained by the Bank's compliance department.
- All Bank employees receive fair lending and UDAAP training annually, regardless of their job responsibilities. In addition, all employees receive diversity training. Specific training on proper procedures for denying loans is also provided to key employees.

Vantage Bank's Board and management believe the above-described controls within the context of the Bank's larger compliance management system are effective at preventing unlawful discrimination. This belief is supported by findings of the Federal Reserve following its most recent compliance examination.

*C. Overview of the Bank's Planned Community Outreach and Credit Initiatives in the Houston, Texas Market.*

As previously noted, Vantage Bank plans to offer a broad range of banking products and services from its proposed Houston branch, providing equal access to those products and services to all residents and businesses in the Bank's market area. The Bank's marketing and business development efforts relating to the new branch are not expected to target any particular area of

Houston or its submarkets. The Bank will also not discriminate with respect to revenue or income profiles among qualified borrowers. The Houston branch staff is expected to work closely with Vantage Bank's SBA lending team to consider credit applications from small and start-up businesses, which otherwise might not qualify for conventional loan consideration.

Vantage Bank also plans to explore and consummate strategic partner relationships to promote financial literacy in its Houston assessment area. This might include partnering with various community development and education organizations such as Yellowstone Academy, Agape Development Ministries, SOS Ministries and specific schools within the Houston Independent School District.

Vantage Bank expects that members of its staff and leadership will continue their long-standing tradition of volunteer service following the Bank's entry into the Houston market. For example, a member of Bank leadership is currently an active member of Cy Fair Young Life, which serves various schools in the Cy Fair School District (3rd largest in Texas). Participating schools are located in both LMI and non-LMI areas. Members of Bank leadership have also served for many years on the Greater Houston and Northwest Houston Boards for the Fellowship of Christian Athletes ("FCA"). The Greater Houston FCA served the Gulf Coast area comprised of Houston MSA and surrounding submarkets including the Houston Independent School District (largest school district in Texas). Northwest Houston FCA served high schools and middle schools in the Cy Fair School District referenced above. Finally, the Bank expects to consider other volunteer service opportunities with organizations with which it has prior experience and relationships, including organizations such as the Houston Food Bank, Goodwill Industries, Star of Hope Mission, Stoney Creek Ranch and Reach Unlimited.

Vantage Bank intends to deploy resources in support fundraising efforts for charitable causes. These efforts would directly benefit organizations providing food, shelter, clothing, education and programming to individuals and businesses in LMI areas, including in the Houston banking market. Vantage Bank expects that its efforts will be facilitated through specific event sponsorships, the volunteering of time through Houston employees and purpose-driven initiatives around specific needs or disaster response occurring from time to time.

### **III. Addressing Specific Protest Letter Allegations.**

#### *A. The RIG Protest Letter.*

The RIG Protest Letter appears to allege that Vantage Bank has engaged in every possible form of discrimination under the ECOA, the FHA and related regulations, but without any substantiating evidence. For example, the RIG Protest Letter generally states that Vantage Bank has engaged in conduct that allegedly constitutes disparate impact and redlining. In support of these broad claims, the RIG Protest Letter describes non-specific conduct that, if true, would form a basis for such claims against any financial institution. The Protest Letter does not, however, provide or point to any specific evidence, action or omission on behalf of Vantage Bank that would form the basis for its more general allegations of discrimination. Because the RIG Protest Letter does not identify the basis for a majority of its allegations, it is not possible for Vantage Bank to refute every claim recited in the letter. Instead, we believe that: (i) the non-specific allegations described in the RIG Protest Letter are not sufficient to establish even a prima facie showing of

discrimination under the ECOA or the FHA; (ii) the few allegations in the Protest Letter which might be relevant to a claim of discrimination are simply false; and (iii) the Protest Letter's allegations otherwise appear to be repetitive and unsubstantiated.

*1. The RIG Protest Letter Fails to Establish Even a Prima Facie Basis for any Claim of Discrimination.*

In *Texas Department of Housing and Community Affairs v. Inclusive Communities Project, Inc.*<sup>5</sup>, the U.S. Supreme Court confirmed the evidentiary standard for a *prima facie* showing in support of certain claims of discrimination.<sup>6</sup> Specifically, the Supreme Court affirmed in *Inclusive Communities* that the party alleging illegal discrimination need only establish a *prima facie* case before the burden will shift to the accused (in this case, Vantage Bank) to defend the challenged practice.<sup>7</sup> Notably, all of the claims by RIG are insufficient to establish even a *prima facie* case for discrimination. As explained more fully below, the RIG Protest Letter falls well short of the evidentiary standard required under applicable law.

Pursuant to *Inclusive Communities* and otherwise consistent with applicable standards for proving discrimination under the ECOA, a person claiming discrimination must provide evidence as to a specific policy, procedure, action or omission by the accused that forms the basis of, or results in, the illegal disparity.<sup>8</sup> According to the U.S. Supreme Court, a person who fails to allege facts or produce statistical or other specific evidence demonstrating a causal connection cannot make out a *prima facie* case of discrimination.

The Protest Letter only generally implies that the Bank may discriminate against the protected classes of black Americans and Hispanics by failing in its marketing efforts and that by such failure, they deny equal access to lending and credit products. However, the Protest Letter did not include true, complete or correct statistical data or other evidence showing that Vantage Bank at any time actually engaged in the above-described discriminatory conduct. The RIG Protest Letter did not provide any supporting loan or demographic data of the type that is continuously monitored and reviewed by the Bank and by the Federal Reserve in connection with CRA evaluations. The Protest Letter did not point to any instance where the Bank treated minority loan applicants in a manner that was inconsistent with non-minority loan applicants. The Bank can respond only to RIG's broad allegations of redlining with the certainty that Bank has never denied access to credit based on race, ethnicity or any other prohibited basis. The Bank's affirmative community efforts and lending track record in its banking markets (as described herein), including in minority and low-income areas, together with its branch office locations

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<sup>5</sup> 135 S. Ct. 2507 (2015).

<sup>6</sup> Notably, the Supreme Court in its *Inclusive Communities* decision, was addressing a claim for disparate impact under the Fair Housing Act. While this decision is not binding with respect to all of the claims recited in the CRA Complaint, we believe the decision is instructive because the regulatory agencies have adopted a similar standard for claims under the ECOA. Accordingly, we believe a closer review at the actual requirements of the *Inclusive Communities* decision is appropriate in connection with this response.

<sup>7</sup> *Supra* note 1, at 2414-2415.

<sup>8</sup> *See, e.g., Inclusive Communities*, *supra* note 1, at 2523-2524 (noting, in relation to a disparate impact claim, that "[c]ourts must . . . examine with care whether a plaintiff has made out a *prima facie* case of disparate impact and prompt resolution of these cases is important. *A plaintiff who fails to allege facts at the pleading stage or produce statistical evidence demonstrating a causal connection cannot make out a prima facie case of disparate impact.*") (emphasis added).



overcome any conclusory presumption that the Bank may be avoiding, or denying access to banking services in those areas.

Each of the various claims alleged in the RIG Protest Letter is legally deficient for the reasons noted above. The RIG Protest Letter does not provide or identify true, complete or factual evidence indicating that any specific policy, procedure, action or omission of the Bank is discriminatory. RIG's unsubstantiated allegations of potential discrimination by the Bank are not enough. Moreover, Federal Reserve examiners who have recently reviewed the lending activity, loan policies and advertising practices of the Bank have found, as concluded in the Bank's historical evaluations, that there is "[n]o evidence of discriminatory or other illegal credit practices."

*2. Potentially Relevant Allegations in the RIG Protest Letter are Unsupported and are False.*

In support of its allegations that Vantage Bank engaged in illegal redlining, the RIG Protest Letter notes that Vantage Bank has placed certain branches "outside" of "black American Neighborhoods," in the Houston market in favor of serving certain specified "Anglo Zip Codes" in Houston. This is simply not true, **and it could not be true** given that the Bank has not previously maintained any branch in Houston, has not recently had any significant operations in the Houston banking market, and Harris County has not previously been included in the Bank's assessment area. Put another way, the Bank has not previously had any significant operations in Houston at all – in either the Anglo Zip Codes or the non-Anglo Zip Codes. As such, it could not have discriminated in favor of one of those geographic areas over the other.

With respect to branch locations generally, we are not aware of any legal requirement relating solely to physical branch locations, so long as Vantage Bank offers equal access to credit to all qualified borrowers within its reasonably expected market area. In addition, the general allegation that Vantage Bank discriminates against minorities in the placement of its branches is simply false. **As noted previously, 21 of the Bank's 22 branches are located in majority-minority census tracts.**

*3. RIG's allegations are otherwise repetitive, unsubstantiated and meritless.*

As discussed in Part I, above, we are aware that RIG has previously submitted similar (if not, in fact, identical) protest letters to the Federal Reserve and other regulatory agencies. In this regard, RIG's comments in its instant Protest Letter appear to be repetitive of the comments submitted by RIG in connection with many prior applications filed by other financial institutions in the past few years.

As with its prior protest letters, RIG's most recent letter concerning Vantage Bank's Application raises no facts or issues that are directly relevant to Vantage Bank. Instead, RIG's letter appears to be one of many in a serial process to comment on regulatory applications under the guise of genuine CRA, ECOA or FHA concerns related to the applicant institution. ***This process is not appropriate and creates unnecessary strategic risks for the applicant banks.***

*B. The SDP Protest Letter.*

For many of the same reasons discussed above, the SDP Protest Letter also fails to establish a *prima facie* basis for any claim of discrimination. As with the RIG Protest Letter, the SDP Protest is “serial” in nature, and includes a variety of allegations which are unsupported or simply false. Moreover, the SDP Protest Letter focuses solely on concerns about the Bank’s activities in the Dallas-Fort Worth MSA (“DFW MSA”). Importantly, Vantage Bank does not maintain any branch locations in Dallas, Texas, and Dallas County is not included in the Bank’s assessment area. While the Bank does maintain branches in Fort Worth to service its Tarrant County assessment area, the proposed Houston, Texas branch is not expected to have any impact on products or services offered by Vantage Bank in Tarrant County. In fact, the SDP Protest Letter does not allege that the proposed Houston branch would have any impact on the products and services that Vantage Bank provides in its Tarrant County assessment area. Accordingly, we would expect that the Federal Reserve’s review of the SDP allegations to be focused on Vantage Bank’s recent and historical CRA performance and compliance record, including its satisfactory performance in Tarrant County.

In evaluating the SDP Protest letter, the Federal Reserve should be aware that many of its allegations are blatantly false. For example, the SDP Protest Letter alleges, among other things, that “Vantage Bank does not originate any commercial loans in low-income census tracts in the DFW MSA.” This is not true. The Bank’s most recent CRA Public Evaluation clearly demonstrates that Vantage Bank made loans to small businesses in low-income census tracts located within the Fort Worth Metropolitan Area in each of 2019, 2020 and 2021.<sup>9</sup> In 2022, following the period covered by its most recent CRA examination, the Bank made approximately \$6.4 million in CRA Small Business Loans in Tarrant County. Also contrary to the claims in the SDP Protest Letter, the Bank’s most recent CRA Public Evaluation shows that the Bank made loans to businesses with less than \$1 million in revenue within the Fort Worth Metropolitan Area in each of 2019, 2020 and 2021.<sup>10</sup>

Although not directly criticized in the SDP Protest Letter, the Bank has also made a number other loans and CRA investments in Tarrant County. It has made a number of HMDA-reportable mortgage loans in Tarrant County, including in low- and moderate-income census tracts. Vantage Bank participated in the U.S. Small Business Administration’s Paycheck Protection Program (“PPP”), and originated 48 PPP loans to small businesses, totaling approximately \$16.2 million in its Fort Worth market. In 2021, Vantage bank made a \$1.2 million community development loan to renovate a retail strip center as part of a community effort to revitalize and stabilize neighborhoods in a moderate-income census tract in Tarrant County. In addition, the Bank invested \$1.2 million in a CRA Bond issued by the Arlington ISD and made \$64,000 in CRA qualifying donations benefitting its Tarrant County assessment area between 2019 and 2022.

The SDP Protest Letter also falsely claims that Vantage has no branches in majority-minority neighborhoods. The Bank’s Club Branch in Fort Worth is located within a majority-

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<sup>9</sup> See Community Reinvestment Act Performance Evaluation, Public Disclosure Dated August 1, 2022, at Appendix D, Tables D-28 and D-29, prepared by the Federal Reserve Bank of Dallas, publicly available from the Federal Reserve’s public evaluation database.

<sup>10</sup> *Id.* at Appendix D, Tables D-32 and D-33.

minority census tract. Finally, the SDP Protest Letter falsely claims that Vantage Bank does not have any minorities on its Board of Directors and that Vantage Bank does not have any minorities on its DFW Leadership Team. In fact, the Bank has minority representation on its Board of Directors and has a number of minorities staffing and leading its Fort Worth branches. Many of the Bank's staff are active volunteers for community organizations in Fort Worth, including the YMCA of Metropolitan Fort Worth Endowment, Mother's Milk Bank of North Texas and Meals on Wheels of Tarrant County.

#### **IV. Conclusion.**

As described more fully in Part I, the Protest Letters are wholly unsubstantiated, and do not provide any verifiable data to support the allegations of discrimination by Vantage Bank. As such, the Protest Letters are not "substantive adverse comments" that should be considered by the Federal Reserve in connection with the Bank's Application. Moreover, the Bank has a robust compliance management system and a long and positive track record of compliance with the CRA, ECOA, the FHA and other applicable laws and regulations. Unlike RIG and SDP, the Bank has provided ample, substantive evidence in support of its robust compliance efforts. Given the commitment of its management and Board of Directors, Vantage Bank is confident that it will continue to effectively manage CRA, ECOA and FHA risks following its establishment of the proposed Houston branch. Vantage Bank will continue its proven record of commitment to the ECOA, FHA and the CRA by offering banking products and services to serve the credit needs of majority-minority, low- and moderate-income neighborhoods in the Houston market, consistent with safe and sound banking practices.

For all of the reasons discussed in this response, Vantage Bank does not believe the Protest Letters constitutes "substantive adverse comments" or that they present evidence sufficient to demonstrate that approval of the Application would be inconsistent with the CRA or any other factors that must be considered by the Federal Reserve in granting its approval for the Application. We respectfully request that the Application be approved without further unnecessary delay.

If you have any questions regarding this matter, please do not hesitate to contact Vantage Bank's Director of Legal Services, Jonathan R. Tate, at (956) 664-8423.

Very truly yours,



Jonathan R. Tate

cc: Mr. Chet Fenimore; Fenimore Kay Harrison LLP ([cfenimore@fkpartners.com](mailto:cfenimore@fkpartners.com))  
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