



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

February 5, 1997

Caryn F. Price, Esq.
Wyatt, Tarrant & Combs
Citizens Plaza
Louisville, Kentucky 40202-2898

Dear Ms. Price:

This is in response to the request by Louisville Development Bancorp, Inc., Louisville, Kentucky ("Bancorp"), on behalf of Messrs. Ishmon Burks and Morton Boyd, for an exemption from the prohibitions of the Depository Institution Management Interlocks Act, 12 U.S.C. § 3201 et seq. ("Interlocks Act"), and the Board's Regulation L, 12 C.F.C. 212. Bancorp requests that the Board permit Mr. Burks, a director of Great Financial Bank, FSB, Louisville, Kentucky, and Mr. Boyd, a director of National City Bank of Kentucky, Louisville, Kentucky, to serve also as directors of Bancorp pursuant to the Management Consignment exemption of Regulation L. See 12 C.F.R. 212.6.

Under the Management Consignment exemption, the Board may permit an interlock that otherwise would be prohibited by the Interlocks Act if the Board determines that the interlock would improve the provision of credit to low- and moderate-income areas, or strengthen the management of a depository institution that has been chartered for less than two years at the time an application for an exemption is filed. See 12 C.F.R. 212.6(a)(1) and (3).

Bancorp is a newly formed bank holding company that owns Louisville Community Development Bank ("Bank"), a newly chartered

community development financial institution.^{1/} Bancorp and Bank have been chartered for less than two years.^{2/} You have indicated that Bancorp believes that the banking expertise of Messrs. Burks and Boyd, and their prominence in the community, are necessary to strengthen the management of Bancorp and instill confidence in potential investors and depositors.

You also maintain that the proposed interlocks would improve the provision of credit to low- and moderate-income areas and that Bancorp believes that the interlocks are necessary for the success of Bancorp and Bank. You have stated that the strategic plan of Bancorp is to revitalize inner city Louisville and to serve an investment area composed of several low-income neighborhoods in Louisville.^{3/} In addition, you indicate that Bancorp and Bank have been awarded funding and technical assistance from the Community Development Financial Institutions Fund of the U.S. Department of the Treasury to promote investing and lending in distressed communities.

The Board's General Counsel has reviewed your request for exemptions from the Interlocks Act, and also has determined that the exemptions would not result in a monopoly or substantial lessening of competition.^{4/} Based on the foregoing and all the facts of record, the General

^{1/} Bank qualifies as a community development financial institution as defined in the Community Development Banking And Financial Institutions Act of 1994. See 12 U.S.C. § 4702(5).

^{2/} On December 17, 1996, the Federal Deposit Insurance Corporation ("FDIC") approved Bank's application for federal deposit insurance. On December 11, 1996, the Federal Reserve Bank of St. Louis approved, by delegated authority, Bancorp's application to become a bank holding company.

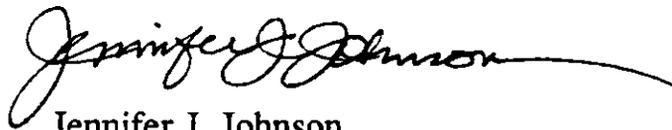
^{3/} Regulation L defines low- and moderate-income areas as census tracts where the median family income is less than 100 percent of the area median income. Bancorp and Bank will serve areas that have a median income of approximately 44 percent of the median income of the Louisville Metropolitan Statistical Area.

^{4/} Section 2210 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996, Pub. L. No. 104-208, 110 Stat. 3009, amended the

(continued...)

Counsel, acting pursuant to authority delegated by the Board and after consultation with the Director for the Division of Banking Supervision and Regulation,^{5/} has granted an exemption to Messrs. Burks and Boyd to serve as directors of Bancorp pursuant to sections 212.6(a)(1) and (3) of Regulation L.^{6/} These management interlocks may continue for a period of two years from the date of this letter, and a request to extend each exemption must be filed with the Board at least 30 days before the current exemption expires. See 12 C.F.R. 212.6(c).

Very truly yours,



Jennifer J. Johnson
Deputy Secretary of the Board

cc: Federal Reserve Bank of St. Louis
Federal Deposit Insurance Corporation

^{4/}(...continued)

Interlocks Act by restoring the federal banking agencies' authority to create regulatory exemptions to the Interlocks Act if such service would not result in a monopoly or substantial lessening of competition.

^{5/} 12 C.F.R. 265.6(d)(2).

^{6/} Messrs. Burks and Boyd will also serve as directors of Bank. On December 17, 1996, the FDIC approved Bank's request for Management Consignment exemptions under the Interlocks Act for Messrs. Burks and Boyd.