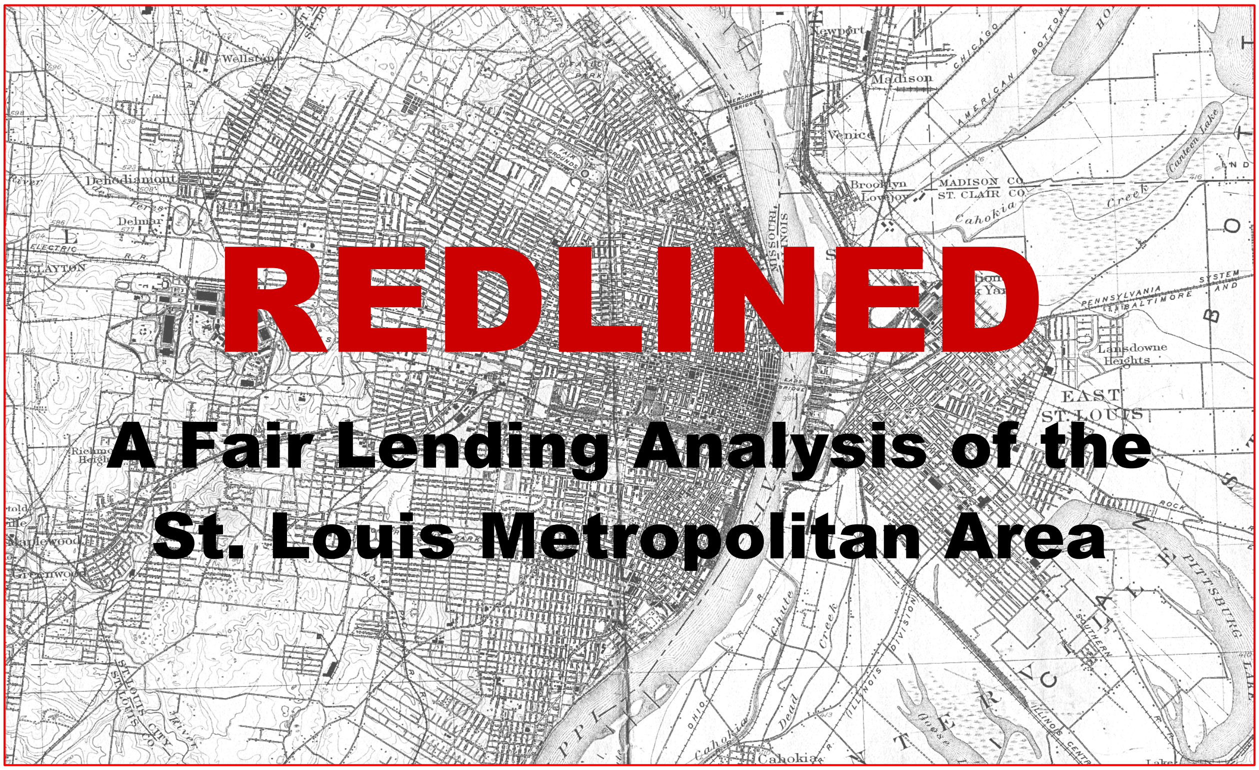

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A Fair Lending Analysis of the St. Louis Metropolitan Area

Metropolitan St. Louis Equal Housing Opportunity Council

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The Metropolitan St. Louis Equal Housing Opportunity Council (EHOC) is a private nonprofit fair housing organization that works to ensure equal access to housing for all through education, counseling, investigation and enforcement of fair housing laws. EHOC is a member of the National Community Reinvestment Coalition (www.ncrc.org) and the National Fair Housing Alliance (www.nationalfairhousing.org).

The St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA) is a coalition of fifteen non-profit and community organizations working in the St. Louis area to increase investment in low-income and minority communities by ensuring that banks are meeting their obligations under the Community Reinvestment Act (CRA) and other fair lending laws.

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I. Executive Summary

The most recent lending data for the St. Louis metropolitan area shows a constriction in access to mainstream credit for low-income and minority borrowers and communities. Overall lending has increased, but low-income and minority communities have experienced a substantial decrease in loan originations from 2007 to 2009. African-American borrowers and neighborhoods are still more likely to be denied a loan, and are still more likely to receive a high cost loan than white borrowers or communities.

The top ten mortgage lenders in the metropolitan area also are not contributing to the fair and equal access for low-income and minority borrowers, with low market penetration of these communities, disparities in denial rates, and high cost loan disparities. Many of the top lending institutions received federal bailouts and incentives for mortgage loan modifications following the financial crisis, yet their performance in providing access to credit and assisting struggling homeowners with loan modifications is not adequate. A detailed analysis of each lending institution shows widespread community reinvestment and fair lending concerns. Only a limited number of loan modifications have been made, foreclosures are on the rise, and many of the largest institutions are under federal investigations for their lending and foreclosure procedures.

Key Findings:

1. **Lack of Access for Minority Borrowers and Communities:** Market penetration to minority communities, especially among African-Americans, is very poor and has declined substantially over the last three years while lending to white borrowers and communities has increased.

   - Predominately minority neighborhoods have very low access to loans, and have experienced substantial decreases in loan originations since 2007. Lending to areas with over 80 percent minority population decreased by 68 percent since 2007, compared with lending to areas with less than 10 minority population, which increased by 24 percent.
   - Predominately African American neighborhoods are less likely to have banking services. There are seven zip codes in St. Louis City and St. Louis County without a full-service bank branch. All these are predominately African American, and have a total combined population of 103,219. By contrast, there are six zip codes that have a ratio of at least one bank for every 1500 persons. All of these zip codes have a predominately white population.
   - Since 2007, lending to African-Americans decreased by nearly 50 percent, while lending to white borrowers increased by 22 percent. In 2009, only 4.73 percent of loans originated to African-American borrowers, though 17 percent of households are African-American.
   - Lending to Hispanic borrowers, at 1.03 percent of loan originations in 2009, is slightly below the population demographics, but lending has decreased by 13 percent to Hispanic borrowers.

2. **Lack of Access for Low-Income Borrowers and Communities:** With already low levels of lending to low-income borrowers and communities, there has been a decline in lending over the last three years, while upper-income borrowers and communities have seen an increase in lending.

   - Lending to low-income neighborhoods decreased by over 60 percent since 2007, and lending to moderate-income neighborhoods decreased by 34 percent, while lending to upper-income neighborhoods increased by 46 percent. In 2009, less than one percent of loans were originated to low-income communities and 8.56 percent were originated to moderate-income communities, both percentages below the comparable demographics for owner occupied housing units within those geographies.

- In 2009, low-income borrowers received only 8.2 percent of loan originations, a market share below the 22.6 percent of low-income families within the St. Louis area. Since 2007, lending has decreased to low-income borrowers by 6 percent, while upper-income borrowers experienced an increase in originations by 17.27 percent.

- Banks are doing a poor job of providing credit to low- and moderate-income communities as required by their CRA obligations. USA Mortgage has the highest market share of loans to low-income borrowers and communities, an institution not regulated and not covered by the Community Reinvestment Act. Many of the large lenders, including Wells Fargo and JP Morgan Chase Bank, are not evaluated for their CRA performance in St. Louis because they do not have depository branches in the area. These institutions have some of the lowest market shares to low- and moderate- income communities.

3. **Denial Rate Disparities for Minority Borrowers and Communities:** Minority borrowers and neighborhoods are more likely to be denied loans than white borrowers and communities.

   - African-Americans are 2.35 times more likely to be denied loans than white borrowers, a disparity that has increased since 2007.

   - Of the top ten lenders, Regions Bank and USA Mortgage had the highest denial disparity rates, with African-Americans more than 4 times more likely to be denied than white borrowers.

   - Hispanic borrowers are also 1.59 times more likely to be denied loans than white borrowers.

   - Communities with over 80 percent minority populations are 3.17 times more likely to be denied loans than communities with less than 10 percent minority populations, a disparity that has also increased over the last three years.

4. **High Cost Loan Disparities for Minority Borrowers and Communities:** Minority borrowers, especially African-Americans, and minority communities are more likely to receive high cost loans than white borrowers and communities.

   - In 2009, African-American borrowers were 2.16 times more likely to receive high cost loans than white borrowers. The prevalence of high cost loans among African Americans has decreased substantially since 2007, when 44.5 percent of African-American borrowers received a high cost loan.

   - Borrowers in neighborhoods that were over 80 percent minority were 3.82 times more likely to receive a high cost loan than those in neighborhoods that was less than 10 percent minority. Though the prevalence of high cost loans within the last three years among predominately minority communities has decreased, the disparity has actually increased.

   - Many of the largest lenders, including Wells Fargo, Bank of America, and JP Morgan Chase Bank, have high disparities with African-Americans more than three times more likely to receive high cost loans than white borrowers.

II. INTRODUCTION

Beginning in the early 20th century, redlining policies—combined with exclusionary zoning practices and racially restrictive real estate covenants—targeted African-American individuals and communities.[1] Minority borrowers were blatantly excluded and denied from accessing the credit that provided opportunities for homeownership.

Following the explicit redlining policies, these individuals and communities were then targeted for higher-cost and predatory loans. Known as reverse redlining, predatory lenders and mortgage brokers issued loans to borrowers without regard to their ability to repay. Many national studies have documented that minorities were particularly vulnerable to predatory lenders, as they were steered toward subprime products even when they could qualify for prime products. A study conducted in 2002 by the Center for Community Change found that the St. Louis metropolitan area had the highest racial disparity in subprime lending among upper income borrowers. An upper income African American borrower was 5.93 times more likely to get a subprime loan than an upper income white borrower.[2] As the initial teaser rates gave way to rising interest rates and the economy took a rapid downturn, these homeowners and communities faced losing their homes in the massive foreclosure epidemic. The concentration of predatory loans and the consequential foreclosures have stripped these lower-income and minority communities of their already depressed levels of wealth and economic opportunities.

Recently, much attention has been focused on explaining and understanding the complexities of the financial crisis. The efforts at reform and recovery have also been a focus of national attention, particularly programs like the U.S. Treasury's Troubled Asset Relief Program (TARP) and the Obama Administration's Home Modification Affordable Program (HAMP). Regulators and other entities charged with oversight, like the Federal Reserve, have been publicly challenged in their contribution to the crisis. In 2010, landmark legislation called the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 was passed, which created the Bureau of Consumer Financial Protection, a consumer watchdog agency that will have regulatory authority over some financial institutions. While many of these structures, reforms, and programs have been designed to help aid the economy into recovery by helping consumers and borrowers, millions of families are still struggling to access fair and equal credit.

However, families have struggled to access credit for years despite the presence of many federal laws and regulations that protect against discrimination and promote equal access to credit for low-income communities. The Fair Housing Act was passed in 1968 to prohibit discrimination in housing and housing-related transactions because of race, color, religion and national origin. Subsequent amendments made it unlawful to discriminate based also on gender, familial status and disability. The FHA makes it unlawful for lenders to engage in "redlining" practices in which a lender refuses to make loans in minority communities or to locate branches or services because of the racial makeup of an area. The Fair Housing Act also prohibits mortgage lenders, mortgage brokers and others involved in mortgage financing to treat applicants differently based on their membership in a protected class. The Equal Credit Opportunity Act (ECOA) expanded on lending protections in the Fair Housing Act to protect all credit applicants from discrimination on the basis of race, color, religion, national origin, gender, marital status, age or public assistance status.

In 1974, the Housing and Community Development Act created the Community Development Block Grant program which contains a requirement that jurisdictions funded through the CDBG program must

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[1] Gordon, Colin, "Mapping Decline: St. Louis and the American City." *University of Iowa.* 2008. http://mappingdecline.lib.uiowa.edu/

[2] Center for Community Change, "Risk or Race? Racial Disparities and the Subprime Refinance Market, May 2002, p. vii (http://www.knowledgeplex.org/kp/report/report/relfiles/ccc_0729_risk.pdf)

demonstrate that they are "affirmatively furthering fair housing." This principle that federal funds must be used to roll back the historical effects of discrimination is encoded into the Fair Housing Act at Section 808(d), which holds that "[a]ll executive departments and agencies shall administer their programs and activities relating to housing and urban development…in a manner affirmatively to further the purposes of this subchapter." Executive Order 12892, signed by President Clinton, reaffirms this commitment by providing that federal housing-related grants, loans, contracts, guarantees and federal supervision or regulation of financial institutions must be administered "in a manner affirmatively to further the purposes of the [Fair Housing] Act."[3] As such, lenders who accept federal funds used for housing-related financing must not only abide by the express terms of the Fair Housing Act (which prohibit discrimination in mortgage lending) but must actually go beyond the requirements of the Fair Housing Act and demonstrate how the funds they are receiving will go to *affirmatively* further the purposes of the Fair Housing Act.

The Community Reinvestment Act, passed in 1977, is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low and moderate income neighborhoods, consistent with safe and sound banking operations. The CRA currently evaluates lending to low and moderate income borrowers and neighborhoods. Federal regulators must take into account input from community organizations and the general public on a bank's CRA and fair lending record when evaluating the bank; the CRA has been most effective in increasing responsible lending in low-income and minority communities in cities in which community organizations have formed community partnership agreements with lenders to assist them in complying with the Act. Federal regulators may hold up mergers and acquisitions of lenders that don't meet the credit needs of the communities in which they operate.

Recent public attention on the Community Reinvestment Act (CRA) has mistakenly led some to believe that the CRA caused the current foreclosure crisis, by forcing lenders to relax their underwriting standards and issue credit to borrowers who would have been ineligible. In fact, the great majority of subprime loans were not covered at all by the Community Reinvestment Act,[4] and research has demonstrated that the CRA in fact deterred irresponsible lending.[5] On the contrary, many argue that the Community Reinvestment Act and other civil rights and consumer protection laws didn't go far enough and weren't enforced strongly enough to prevent the current crisis. A report released by the U. S. Department of Housing & Urban Development in 2000 called for expanded access to prime banks in low-income and minority communities to prevent further saturation of this market by subprime and predatory lenders.[6] Had low-income and minority communities had access to traditional brick and mortar banks and to prime mortgage products, perhaps many of these neighborhoods would not have been caught up in the subprime boom and ensuing bust.

Despite these regulations and obligations designed to protect lower-income communities and communities of color, financial institutions continue to do a poor job of providing services to these communities. This report demonstrates the continuing lack of access to equitable credit for low-income and minority borrowers and communities within the St. Louis metropolitan area. In the last three years, these communities have seen a dramatic decrease in the availability of credit, while borrowers and areas of higher incomes and predominately white populations have seen an increase in credit. Not only are they

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[3]Executive Order 12892, http://www.hud.gov/offices/fheo/FHLaws/EXO12892.cfm; also the Housing & Community Development Act of 1974 requires that recipients of federal funds "affirmatively further fair housing."
[4] National Community Reinvestment Coalition, Myths & Facts on the CRA, http://www.ncrc.org/index.php?option=com_content&task=view&id=353&Itemid=80
[5] Traiger & Hinckley, "The Community Reinvestment Act: A Welcome Anomaly in the Foreclosure Crisis," January 2008. http://www.traigerlaw.com/publications/traiger_hinckley_llp_cra_foreclosure_study_1-7-08.pdf
[6] Unequal Burden: Income and Racial Disparities in Subprime Lending in America, April 2000, http://www.huduser.org/publications/fairhsg/unequal.html

at a disadvantage in accessing mainstream financial credit services, minority borrowers continue to experience higher rates of denial and higher prevalence of high cost loan products.

The largest lenders operating in the St. Louis area contribute to the lack of resources and services for lower-income and minority communities, with low market penetration to those borrowers and communities and denial rate and high cost loan disparities. Many of these lenders received billions of dollars in taxpayer-funded aid through TARP and are participating in foreclosure prevention programs like HAMP. But these lenders continue to restrict access for lower-income and minority borrowers. A detailed analysis of each lending institution shows widespread community reinvestment and fair lending concerns. Only a limited number of loan modifications have been made, foreclosures are on the rise, and many of the largest institutions are under federal investigations for their lending and foreclosure procedures.

III. METHODOLOGY

The analysis in this report is conducted using publicly-available data from the Home Mortgage Disclosure Act (HMDA). Enacted by Congress in 1975, HMDA is a statute that requires most mortgage lenders to report detailed loan information to the federal government and to the public.[7] Lenders submit loan records to the Federal Financial Institutions Examination Council (FFIEC), which then aggregates the data for the nation, for metropolitan areas, and for institution disclosure reports.

The purpose of HMDA is to help identify if institutions are meeting the housing needs of all parts of their communities and to help identify any discriminatory lending practices.[8] Federal regulators use HMDA in fair lending investigations and CRA performance evaluations to determine if institutions are providing fair and equal access to housing credit among all borrowers and communities. The HMDA data is publicly available to increase transparency and accountability in lending transactions. It has provided the public with tools to identify gaps in lending to certain populations or areas that signal fair lending concerns. Many community groups across the country have used HMDA data to engage with institutions to increase fair and equal access to credit, especially for low-income and minority communities. The National Community Reinvestment Coalition, for example, is an organization with over 600 member organizations that regularly uses data provided through HMDA to engage with banks and lending institutions for increased access to safe and sound financial services.[9]

Reporting institutions must report records on home purchase, home improvement, and home refinance loans, and include the amount of the loan, the type of loan, and the action taken on the application. The demographics of both the borrower and the property location are also reported, including the race, ethnicity, sex, and income of the applicant, and the characteristics of the census tract in which the property is located.

For this analysis, we obtained HMDA raw files through the FFIEC's Loan Application Register (LAR) transmittal application for the aggregate St. Louis metropolitan area.[10] We also analyzed HMDA data for the top ten institutions with the largest HMDA application volumes, and looked at other performance factors specific to the St. Louis metropolitan area and the institutions' activities regarding low- income and minority communities.

To understand how the mortgage market impacts individual homeowners rather than investors, we limited the data to owner-occupied properties and one-to-four family properties. For analysis by race of borrowers, we used the first race identified by the primary applicant. Those applications that reported race as American Indian or Alaska Native and Native Hawaiian or Other Pacific Islander are included in the 'Other' category, as well as those applications that did not provide race information under codes for not provided or not applicable. For ethnicity characteristics, we included any primary applicant that reported their ethnicity as Hispanic or Latino regardless of their race identification.

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[7] Some lending institutions are exempt from reporting data. For example, institutions with no offices in a metropolitan area are exempt, as well as institutions that have assets below a certain threshold level. See FFIEC, "Who Reports Data?" at http://www.ffiec.gov/hmda/reporter.htm for the details of what institutions are required to report HMDA data.

[8] FFIEC, Background and Purpose, http://www.ffiec.gov/hmda/history.htm

[9] National Community Reinvestment Coalition, HMDA data, http://ncrc.org/component/k2/item/235-hmda-data

[10] Defined by the Office and Management and Budget as including Bond, Calhoun, Clinton, Jersey, Macoupin, Madison, Monroe, and St. Clair Counties in Illinois, and Franklin, Jefferson, Lincoln, St. Charles, St. Louis, Warren, Washington Counties, and St. Louis City in Missouri.

Income characteristics were based on the 2009 HUD estimated Median Family Income (MFI) for the St. Louis metropolitan area, which was $67,900.[11] Consistent with FFIEC procedures, reported incomes less than 50 percent of the MFI were categorized as low-income, 50 to 79.9 percent of the MFI were moderate-income, 80 to 119.9 percent were middle-income, and above 120 percent were upper-income.[12] Some applications did not include reported income and are categorized as 'not available.'

Beginning in 2004, the Federal Reserve changed the HMDA regulations to include additional disclosures on loan pricing data as a result of the increasing risk-based mortgage market. Lenders were required report originations with an annual percentage rate (APR) if it was 3 percentage points above Treasury securities on a first lien, or 5 percentage points above Treasure on junior liens.[13] However, in 2008 the regulations changed again in terms of reporting loan pricing information, which took effect starting October 1, 2009.

The previous regulations were supposedly creating 'unintended distortions' in what classified as a high-cost loan.[14] Under the new regulations, a lender must report the rate spread between the loan's APR and a estimated average prime offered rate (APOR) that is currently being offered to a high-quality prime borrower if the rate spread is 1.5 percentage points above for first-lien loans and 3.5 percentage points for junior liens.[15] The APOR is estimated using Freddie Mac's Prime Mortgage Market Survey.[16]

These mid-year changes to the HMDA data affect our ability to analyze and understand high cost loan data in 2009. Because of the change mid-year, the 2009 HMDA disclosures include an additional reporting field that distinguishes loans originated pre-October 1, 2009 and post-October 1, 2009. Our analysis of high cost loans only includes those loans reported pre-October 1, 2009 that are categorized under the old reporting guidelines for high cost loans.

To compare lending performance data to demographics of the St. Louis metropolitan area, this report uses Census 2000 data provided by the Census Bureau, the FFIEC, and CRAWiz software.[17] The FFIEC compiles census reports for metropolitan areas with information on population, income designations, and housing units.[18]

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[11] FFIEC, Census Data Products, http://www.ffiec.gov/hmda/pdf/msa09inc.pdf
[12] FFIEC, Census Info Sheet, http://www.ffiec.gov/census/censusInfo.aspx
[13] FFIEC, History of HMDA, http://www.ffiec.gov/hmda/history2.htm
[14] Avery, Robert B., and others, "The 2009 HMDA Data: The Mortgage Market in a Time of Low Interest Rates and Economic Distress." *Federal Reserve Bulletin* December 22, 2010. http://www.federalreserve.gov/pubs/bulletin/2010/pdf/2009_HMDA_final.pdf
[15] Ibid.
[16] Ibid.
[17] CRA Wiz demographic analysis provided by the National Community Reinvestment Coalition.
[18] FFIEC, Census Reports, http://www.ffiec.gov/census/default.aspx

IV. DISCUSSION OF FINDINGS

The mortgage market in the St. Louis metropolitan area saw an overall increase in lending in the past three years, consistent with national trends. Mostly due to lowered interest rates, the refinance market boomed and led this overall increase. In the St. Louis metropolitan area, nearly 75 percent of originations were for refinance loans. Home purchase loans represented 22 percent of originations, while home improvement loans made up for 2.79 percent of originations.

Following the financial crisis, the flow of private credit tightened and access to conventional loans has been more difficult. To fill the gap, government-backed loans have dramatically increased. Loans guaranteed through the Federal Housing Administration (FHA), Department of Veterans Affairs (VA), or Rural Housing Service (RHS) and Farm Service Agency (FSA) now make up a significant portion of total lending. In the St. Louis region, nearly 30 percent of loan originations in 2009 were government-backed. Compared to only 8.5 percent in 2007, the market share of government-backed loans has increased by 244 percent.

Changes in the overall mortgage market also seem to affect the institutions that provide mortgages. Since 2007, independent mortgage companies have seen a nearly 20 percent increase in their share of the mortgage market. Credit unions have also increased their market share, by 12.47 percent. Depository institutions, like banks, thrifts, or savings associations that are regulated by one of the four federal regulators,[19] have seen a slight decrease (-5.64 percent) in their market share of mortgage lending.

Table 1

Originations by Type of Institution	**2007**		**2009**		**Market Share Change**
	#	%	#	%	
Depository Institution	81587	76.67%	85860	72.34%	-5.64%
Credit Union	4159	3.91%	5217	4.40%	12.47%
Independent Mortgage Company	20672	19.43%	27611	23.26%	19.76%

Though depository institutions still hold the majority of the mortgage market in 2009, with about 72 percent, they are the only institutions regulated by the Community Reinvestment Act.

Without CRA regulation, non-depository institutions do not have the responsibility to provide credit to low- and moderate-income borrowers and communities, with safety and soundness. Other studies have demonstrated that institutions without CRA obligations were more likely to make high-cost and riskier loans, concentrated predominately in low- and moderate-income communities and communities of color.[20]

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[19] As reported on HMDA disclosures as being regulated by the Federal Reserve, Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), or Office of Thrift Supervision (OTS)

[20] "Paying More for the American Dream III: Promoting Responsible Lending to Lower-Income Communities and Communities of Color" April 2009. http://www.woodstockinst.org/publications/download/paying-more-for-the-american-dream-iii%3a-promoting-responsible-lending-to-lower%11income-communities-and-communities-of-color/.; Laderman, Elizabeth and Carolina Reid. November 2008. "Lending in Low- and Moderate-Income Neighborhoods in California: The Performance of CRA Lending During the Subprime Meltdown." *Working Paper 2008-05*. Federal Reserve Bank of San Francisco. http://www.frbsf.org/publications/community/wpapers/2008/wp08-05.pdf.

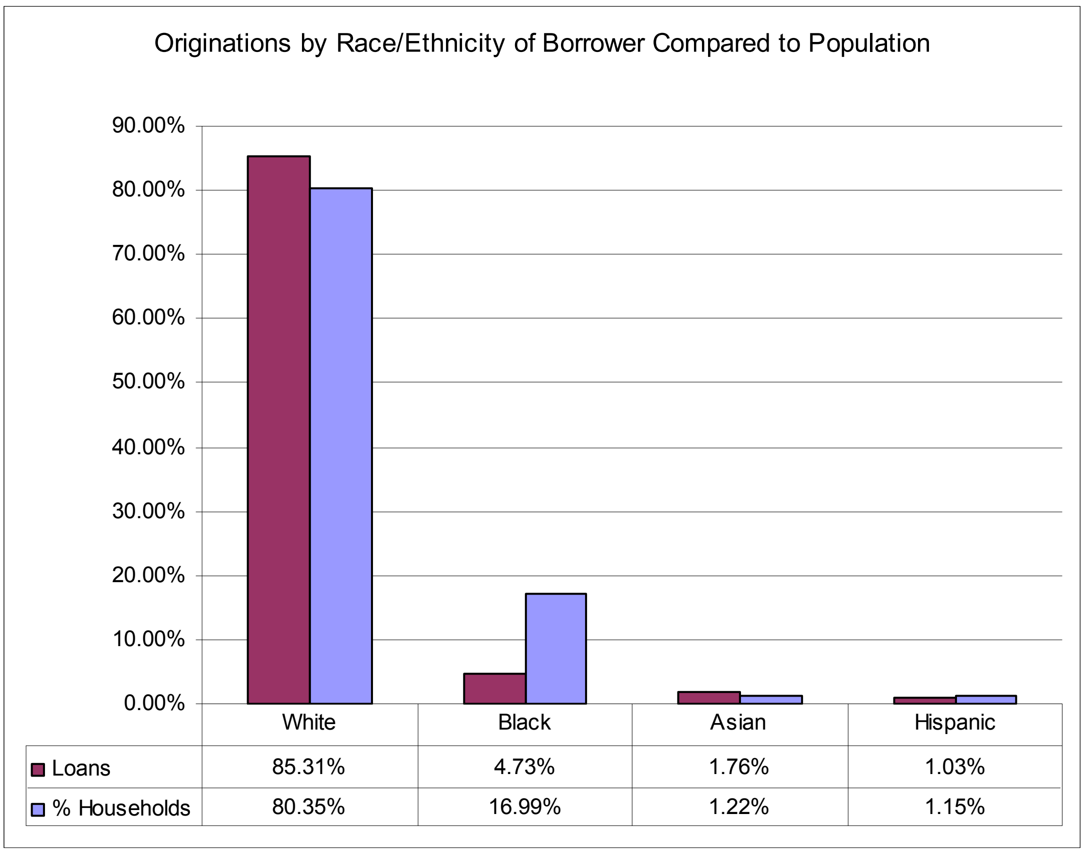
Despite all the changes in the mortgage market since the economic fallout in 2008, low-income and minority communities continue to be disadvantaged in their access to credit. The Community Reinvestment Act and other fair lending laws like the Fair Housing Act and the Equal Credit Opportunity Act are designed to protect and advocate for lower-wealth communities and minorities, yet these individuals and neighborhoods continue to be under-served through exclusions, denials, and higher cost loans. The following sections will discuss the findings related to the 2009 mortgage market and the changes over the last three years in regards to both the aggregate lending and the performance of individual lending institutions.

1. Lack of Access for Minority Borrowers and Communities

Minority borrowers and communities continue to lack equal access to mainstream credit as demonstrated by low levels of lending today and a recent decline in lending throughout the metropolitan area. Low market penetration to minority borrowers or communities may be an indicator of poor level of service from financial institutions to minority customers and borrowers.

Minority borrowers, especially African-Americans, received low market share of loan originations in 2009. Of all owner occupied and 1-4 family home mortgages in 2009, only 4.73 percent were originated to African-American borrowers, 1.76 percent to Asian borrowers, and 1.03 percent to Hispanic borrowers. Comparatively, the population of the St. Louis metropolitan area consists of 80.35 percent white households, 16.99 percent African-American households, 1.22 percent Asian households, and 1.15 percent Hispanic households, according to the Census 2000.

Graph 1.1



While it is hard to expect market share and demographic percentages to match exactly, there are significant disparities for African-Americans in particular. Lending to Asian borrowers is slightly above the demographics of households, while lending to Hispanic borrowers is slightly below the population percentages. However, the difference in population demographics and levels of lending among African Americans is significant in representing their lack of access to mainstream credit.

It is important to consider the economic situation of African Americans that affects their lack of access to mortgage credit. Years of unequal economic access have resulted in African-Americans being considered less creditworthy than white borrowers, and thus less likely to have comparable volume of loans. For example, the FDIC released a study in 2009 on “unbanked” and “underbanked” households.[21] The study found that the St. Louis metropolitan area had the highest percentages of African-American “unbanked” and “underbanked” households in the country. Of African American households, 31 percent are “unbanked,” meaning they do not have a checking account, and 34 percent are “underbanked,” meaning they have a checking account but use alternative financial services like payday lenders, check cashers, etc. These findings demonstrate the extensive disparities among African Americans in economic situations and mainstream financial services, which add to the larger narrative that contributes to their lack of access to credit.

The dramatic decrease in lending to African-Americans is also a matter of concern. Over the past three years, the volume of loans originated to African-Americans has decreased by nearly 50 percent while the volume of loans originated to white borrowers has increased by about 22 percent. Hispanic borrowers also saw a decrease in volume of lending, while Asian borrowers saw an increase.

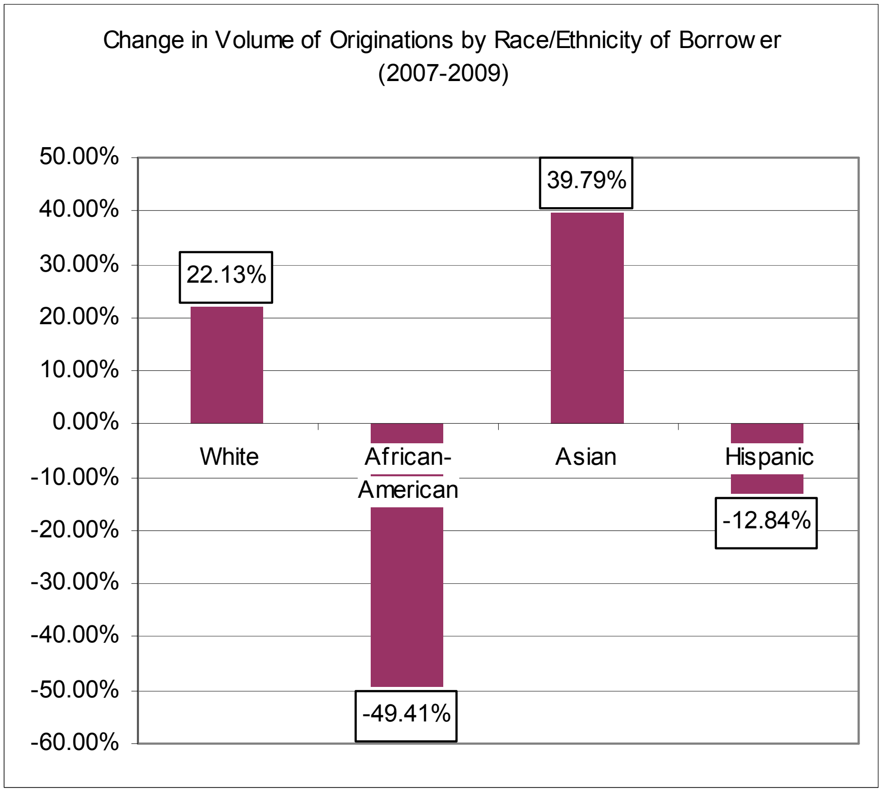
Also significant is the change in market share of originations to minority borrowers. The market share of originations to African-Americans was cut by over half, with 10.42 percent in 2007 and only 4.73 percent in 2009. Hispanic borrowers also experienced a decline in market share, while Asian borrowers and white borrowers saw an increase in their market share.

Table 1.2

	2007		**2009**		**Volume Change**	**Market Share Change**
	#	**%**	#	**%**		
Total	106418		118688		11.53%	
White	82908	77.91%	101256	85.31%	22.13%	9.50%
Black	11093	10.42%	5612	4.73%	-49.41%	-54.64%
Asian	1498	1.41%	2094	1.76%	39.79%	25.34%
Other	10919	11.21%	9726	11.58%	-10.93%	3.28%
Hispanic	1402	1.32%	1222	1.03%	-12.84%	-21.85%

[21] FDIC Household Survey on Unbanked and Underbanked. December 2009. www.economicinclusion.gov

Graph 1.2



The changes in the credit market have most affected African-American borrowers by tightening access to credit in an already tight market. A recent report on nationwide lending trends from 2004 to 2009 documents the disparities among lending to African-Americans and Hispanic borrowers across the country.[22] Similar to the findings of this report in the St. Louis area, this national study shows that African-American and Hispanic borrowers experienced the highest rates of decline in lending in terms of both volume and market share of loans since 2004. The decreasing access to credit for African-American borrowers is an issue in St. Louis, but also across the nation.

The tightening of credit, especially private credit, has resulted in a dramatic increase in the share of government-backed lending. African-Americans especially are turning to these loan programs more frequently to help bridge the gap in credit availability. For example, African Americans used FHA loans at a much higher rate than other groups. In 2009 within the St. Louis area, 58.13% of African American mortgage originations used an FHA product, compared to 23.45% of whites and 29.79% of Hispanics.

Although the Federal Housing Administration (FHA) allows lenders to originate loans to borrowers with credit scores as low as low as 580, many banks have arbitrarily set higher credit score requirements for FHA loans. In December 2010, the National Community Reinvestment Coalition (NCRC) released a report on their investigation of credit score requirements for the top FHA lenders and the disparate impact these standards have on low- and moderate-income communities and communities of color.[23] FHA and

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[22] Jourdain-Earl, Maurice. "The Foreclosure Crisis and Racial Disparities in Access to Mortgage Credit 2004-2009." *Compliance Tech.* Feb. 9, 2011. Available at www.compliancetech.com
[23] "Working Class Families Arbitrarily Blocked From Accessing Credit" *National Community Reinvestment Coalition.* December 8, 2010. http://www.ncrc.org/images/stories/mediaCenter_reports/fha%20white%20paper-120810-final.pdf

other government-backed loan programs play a crucial role in providing credit to minority borrowers and lower-income borrowers in this mortgage market.

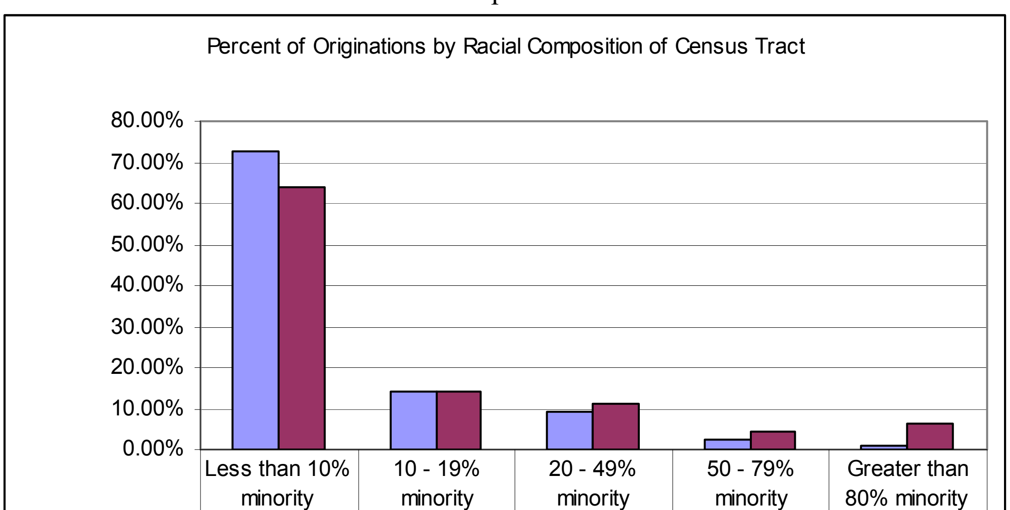
Another crucial contributor to access to credit for minority and lower-income communities are the government-sponsored enterprises like Fannie Mae and Freddie Mac. There has been much controversy over their accompanying affordable housing goals and policies and the role they played in lending to minorities, but it is important to note their vital role in continuing the flow of credit and opening the door to home ownership even today. Recently, the Obama Administration released a plan to eventually privatize Fannie and Freddie.[24] A major concern with this plan is the potential loss of affordable housing options for lower-income and minority borrowers as the private sector steps in. Any reform to housing finance markets from the government need to consider their impact and role in providing access to responsible credit for low-income and minority borrowers.

Predominately minority geographies are also lacking access to credit as demonstrated in low levels of lending for properties located in these census tracts that have been decreasing over the last three years.

St. Louis is not a well-integrated region, with minority populations clustered in certain geographies and areas. Of all census tracts in the metropolitan area, over half have populations with less than 10 percent minorities. Census tracts with minority populations of over 80 percent represent nearly 14 percent of all geographies.

Of loans originated in 2009, only 3.84 percent originated to properties located in predominately minority census tracts—namely, those with greater than 50 percent minority population. Comparatively, 10.81 percent of one-to-four family, owner-occupied housing units within the St. Louis area are located in predominately minority census tracts.

Graph 1.3



	Less than 10% minority	10 - 19% minority	20 - 49% minority	50 - 79% minority	Greater than 80% minority
Loans	72.86%	14.18%	9.05%	2.67%	1.17%
Housing Units	63.96%	13.96%	11.28%	4.32%	6.48%

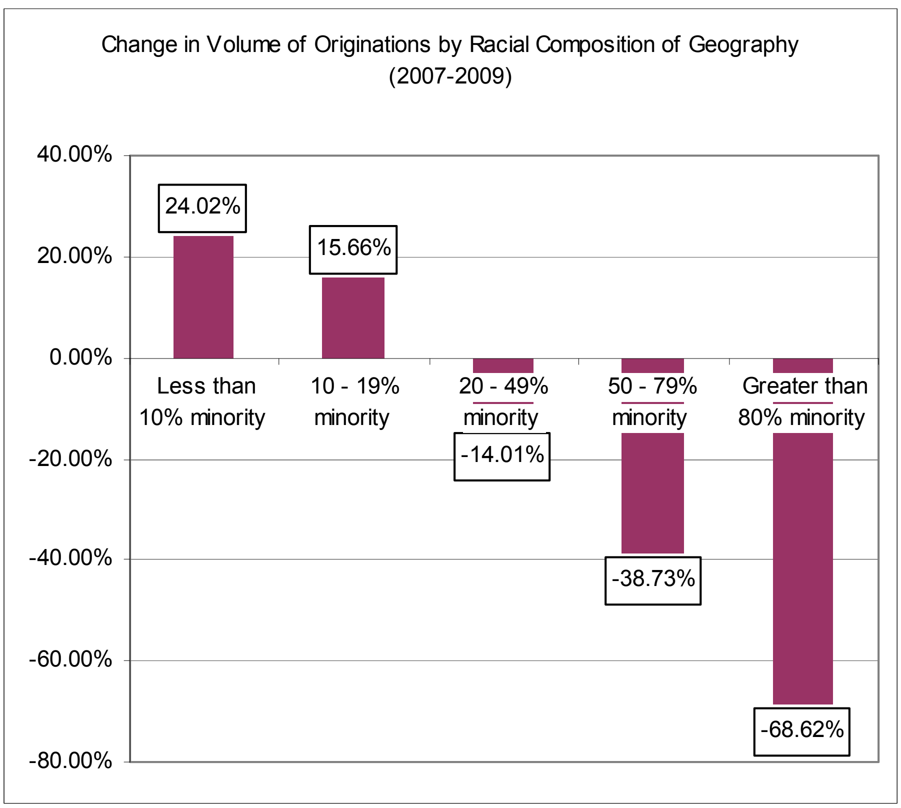
[24] "Administration Plan Provides Path Forward for Reforming America's Housing Finance Market" U.S. Department of the Treasury. http://www.treasury.gov/press-center/news/Pages/housing-finance-reform.aspx

Lending has declined significantly within predominately minority census tracts over the last three years, while originations to white areas have increased. In areas of 80 percent or higher minority population lending volume has decreased by 68.62 percent, while areas of less than 10 percent minority population has increased by 24 percent. The market share of originations to predominately minority census tracts have also decreased significantly. In 2007, originations to census tracts of over 80 percent minorities represented 4.16 percent, while in 2009 those geographies only received 1.17 percent of originations.

Table 1.4

	2007		2009		Volume Change
Racial Composition of Census Tract	#	%	#	%	
Less than 10% minority	69722	65.52%	86472	72.86%	24.02%
10 - 19% minority	14556	13.68%	16835	14.18%	15.66%
20 - 49% minority	12493	11.74%	10743	9.05%	-14.01%
50 - 79% minority	5167	4.86%	3166	2.67%	-38.73%
Greater than 80% minority	4429	4.16%	1390	1.17%	-68.62%

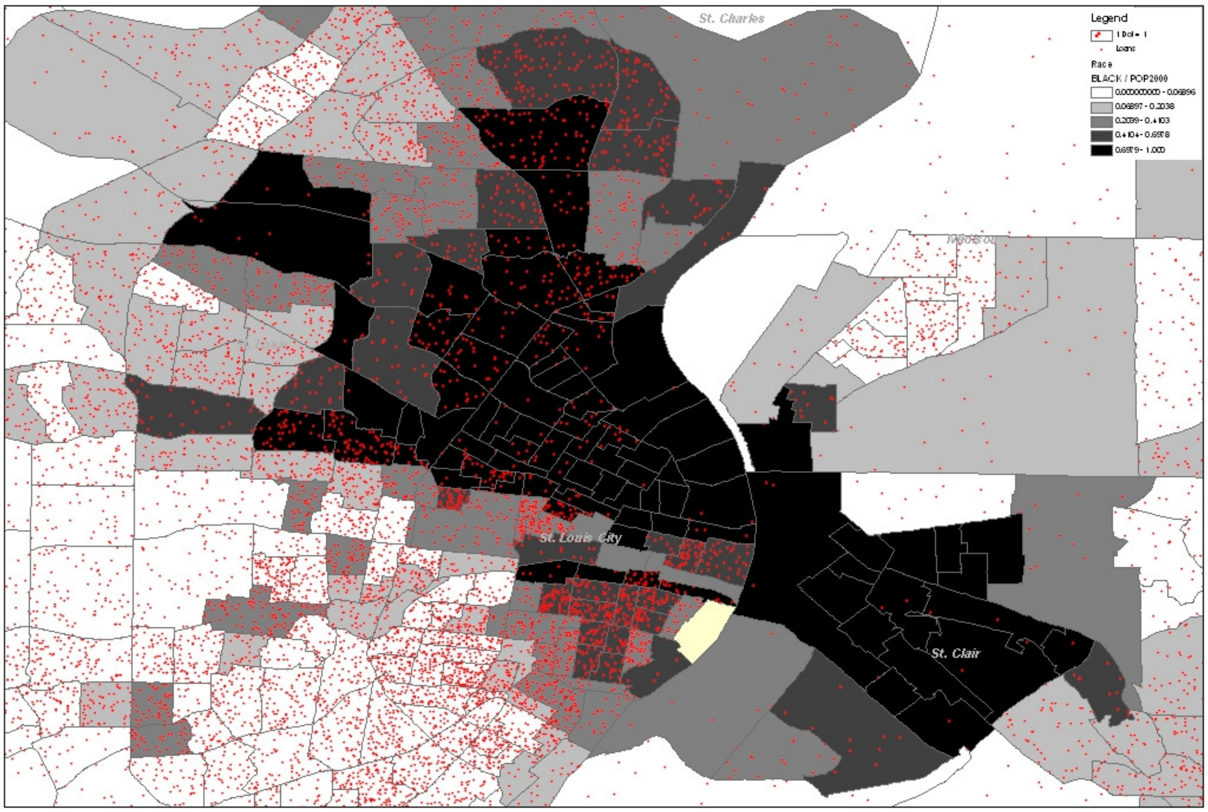
Graph 1.4



This dramatic decrease in lending has occurred in areas with already low levels of lending. Minority neighborhoods do not have equal access to credit. They have consistently been excluded from mainstream financial services, leaving them more likely to be preyed upon by predatory lenders and other wealth-stripping institutions.

The distribution of loans is striking when looking at areas of high minority concentration as the map below illustrates.

2009 HMDA Loans in Urban Metropolitan St. Louis



Metropolitan St. Louis Equal Housing Opportunity Council

One contributing factor to the lack of market penetration in African-American communities is the lack of services within these communities. Predominately African American communities have fewer bank branches and services than predominately white areas. For instance, a zip code analysis of bank branches in St. Louis City and St. Louis County showed that there were six codes without any banking services: 63104, 63107, 63112, 63113, 63120, and 63140. There was one limited service facility in 63134 zip code, not considered either a full service or a retail branch. All of these zip codes are predominately African American, with a total population of 103,219.[25]

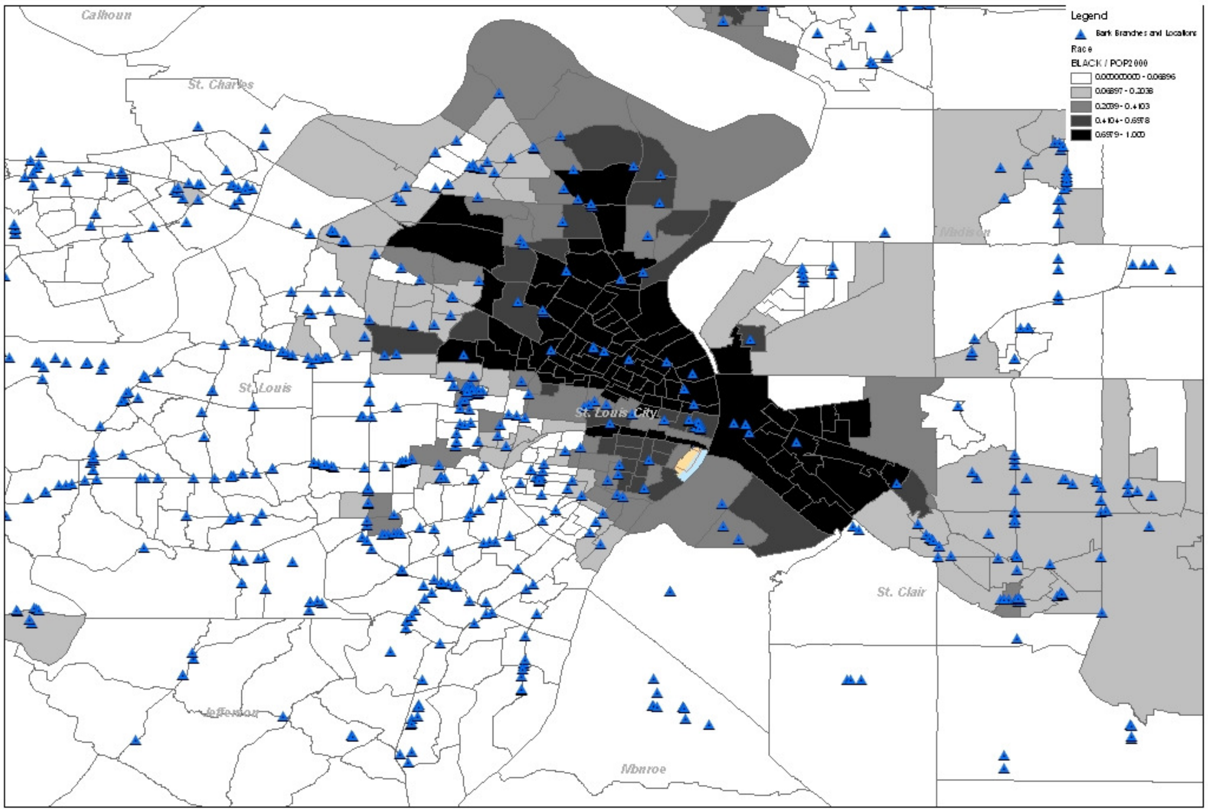
In contrast, there are six zip codes that have at least one bank for every 1500 persons: 63126 (1/1399), 63131 (1/1093), 63141 (1/834), 63144 (1/1296), 63025 (1/1380) and 63005 (1/1390). All of these zip codes have a predominately white population.[26]

The map below illustrates bank branches by racial makeup of the census tract in which they are located. Data may be incomplete, and some banking services may be administrative offices that are not open to the

[25] FDIC Institution Directory, http://www2.fdic.gov/idasp/index.asp.
[26] Ibid.

general public. However, it is clear that there are large areas in North St. Louis City, North St. Louis County and Northwest St. Clair County that are relatively underserved by bank branches.

Bank Branches in St. Louis Area



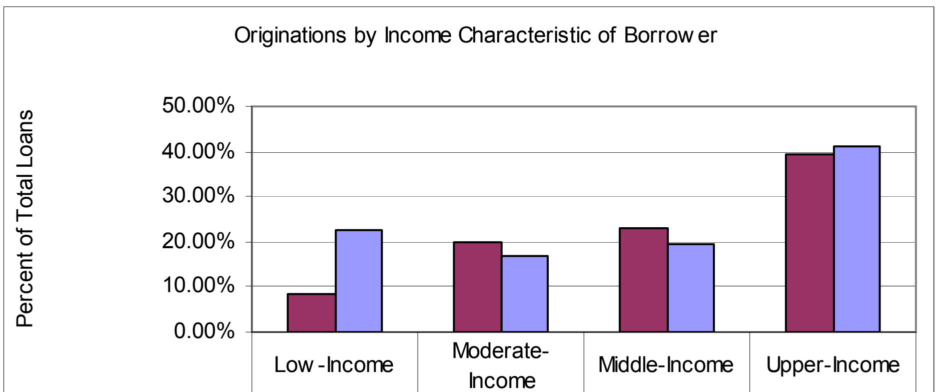
Metropolitan St. Louis Equal Housing Opportunity Council

2. Lack of Access for Low-Income Borrowers and Communities

Lower-income borrowers and communities lack equal access to mortgage credit, with lending at low levels across the metropolitan area and an overall decrease in credit over the last three years. The largest mortgage lending institutions are also underperforming in serving low- and moderate-income borrowers and communities, despite CRA obligations and publicly funded bailouts. Interestingly, the institution with the highest market share of loans originated to low- and moderate-income borrowers is an independent mortgage company with no CRA obligations.

Within the entire metropolitan area, 8.2 percent of loans originated to low-income borrowers and 19.82 percent originated to moderate-income borrowers. Compared to the population, lending to low-income borrowers is far below the demographics. Of the households in St. Louis, 22.6 percent of households are characterized as low-income and 16.85 percent are characterized as moderate-income.[27]

Graph 2.1



	Low -Income	Moderate-Income	Middle-Income	Upper-Income
Loans	8.20%	19.82%	22.97%	39.26%
% of Households	22.60%	16.85%	19.41%	41.13%

Compared to the demographics of the area, lending in 2009 to low- income borrowers is less than adequate, and has been decreasing over the last three years.

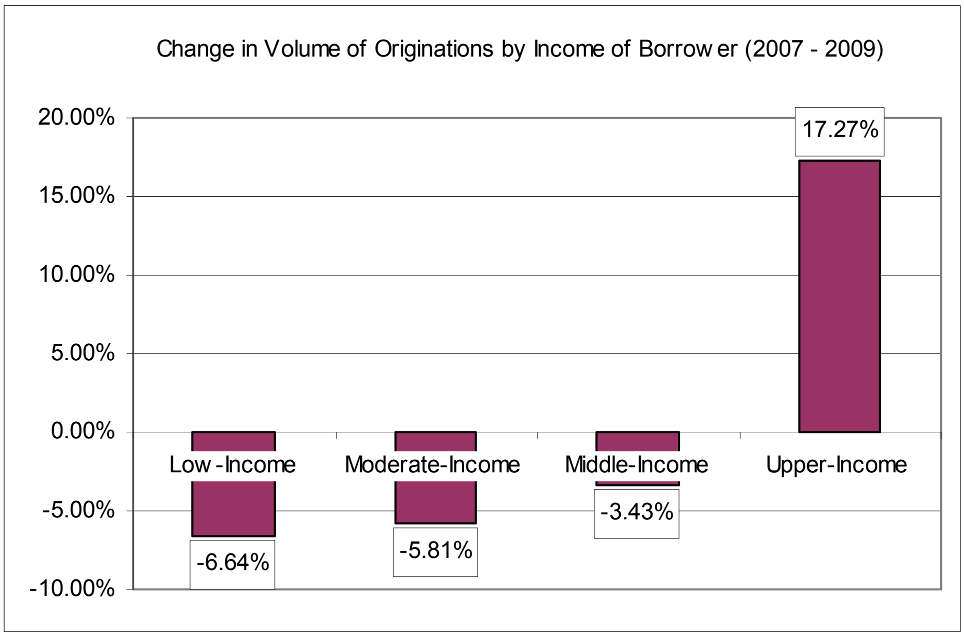
Both the volume of lending and market share of loans to low- and moderate-income borrowers have decreased since 2007, while lending to upper-income borrowers has increased. Middle-income borrowers also saw a slight decrease in lending volume and market share. The decrease in lending to low- and moderate-income borrowers is a disturbing, considering the already low market penetration.

[27] According to Census 2000 reports from CRAWiz software.

Table 2.1

	2007		2009		Volume Change
Income Characteristic of Borrower	#	%	#	%	
Low Income	10422	9.79%	9730	8.20%	-6.64%
Moderate Income	24972	23.47%	23521	19.82%	-5.81%
Middle Income	28233	26.53%	27265	22.97%	-3.43%
Upper Income	39731	37.33%	46593	39.26%	17.27%

Graph 2.2

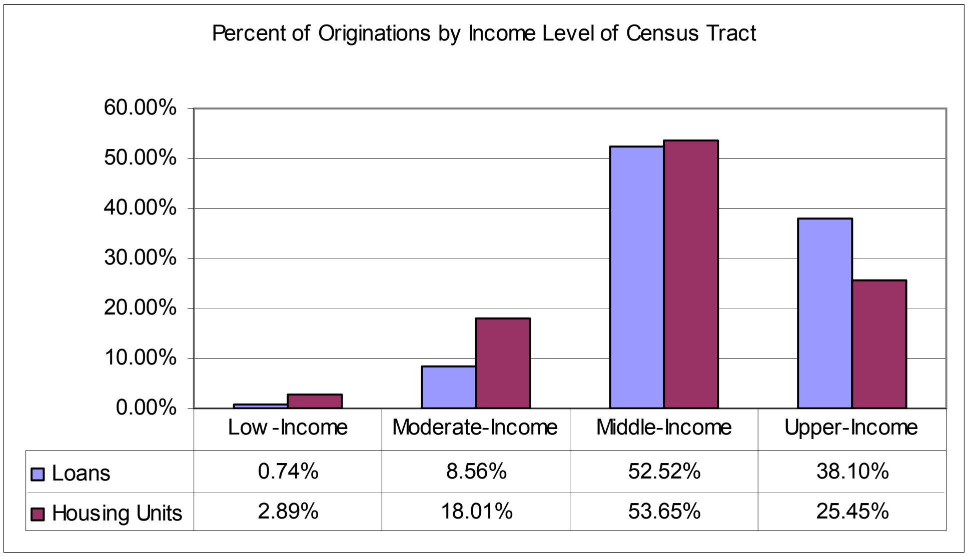


Not only has lending decreased to individual borrowers of lower income characteristics, lending to low- and moderate-income geographies is below comparable demographics and has decreased dramatically over the past three years.

Less than 1 percent (0.74) of loans originated to properties located in low-income census tracts, and 8.56 percent originated to moderate-income census tracts in 2009. Comparatively, of all one-to-four family, owner occupied housing units within the St. Louis metropolitan area, 2.89 percent are located in low-income census tracts and 18.01 percent are located in moderate-income census tracts.[28] The market share of loans originated to these census tracts is far below the housing units located within these census tracts, signaling a lack of lending to these areas and neighborhoods.

[28] Percent of housing units is percent of 1-4 family, owner occupied units located within census tracts according to Census 2000.

Graph 2.3

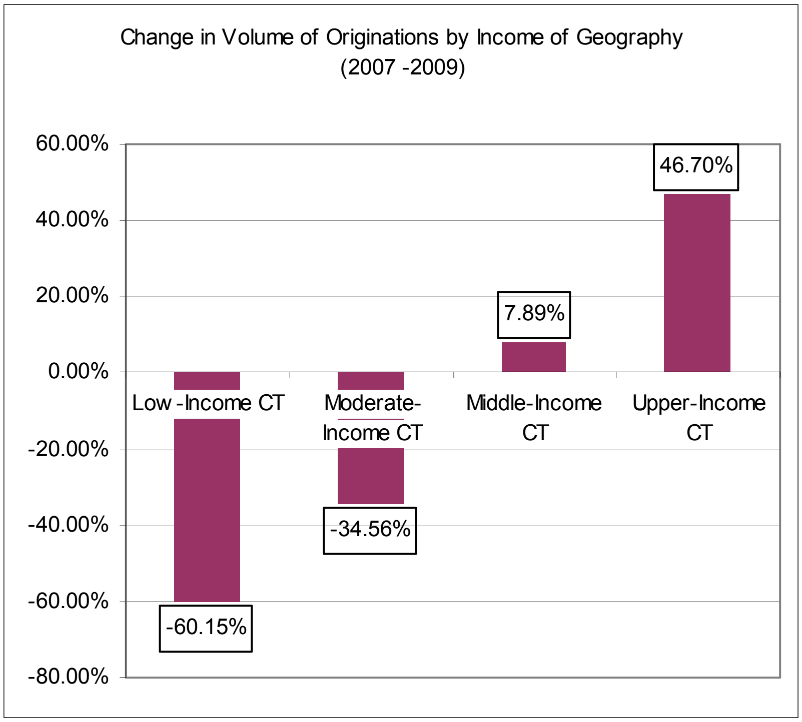


Lending to these LMI geographies has significantly decreased within the last three years, while lending to middle- and upper- income geographies has increased. Both the volume of lending and the market share has decreased significantly among loans originated to low- and moderate-income geographies.

Table 2.4

	2007		**2009**		**Volume Change**
	#	%	#	%	
Low Income CT	2196	2.06%	875	0.74%	-60.15%
Moderate Income CT	15517	14.58%	10155	8.56%	-34.56%
Middle Income CT	57774	54.29%	62330	52.52%	7.89%
Upper Income CT	30826	28.97%	45222	38.10%	46.70%

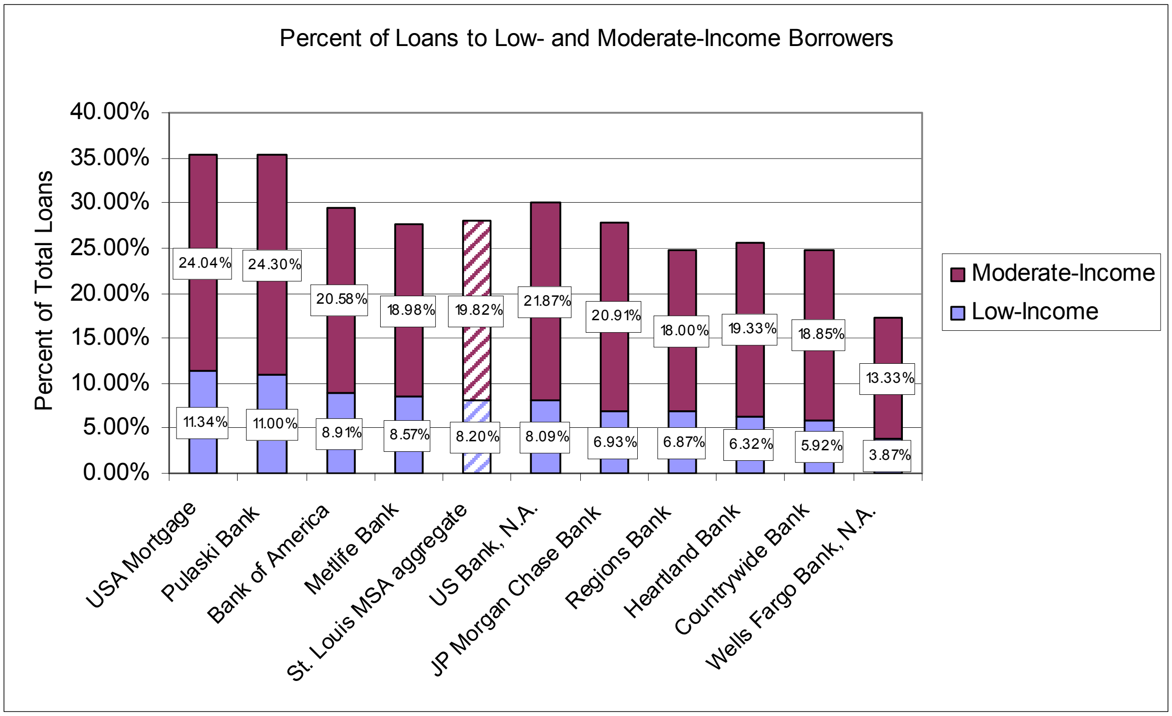
Graph 2.4



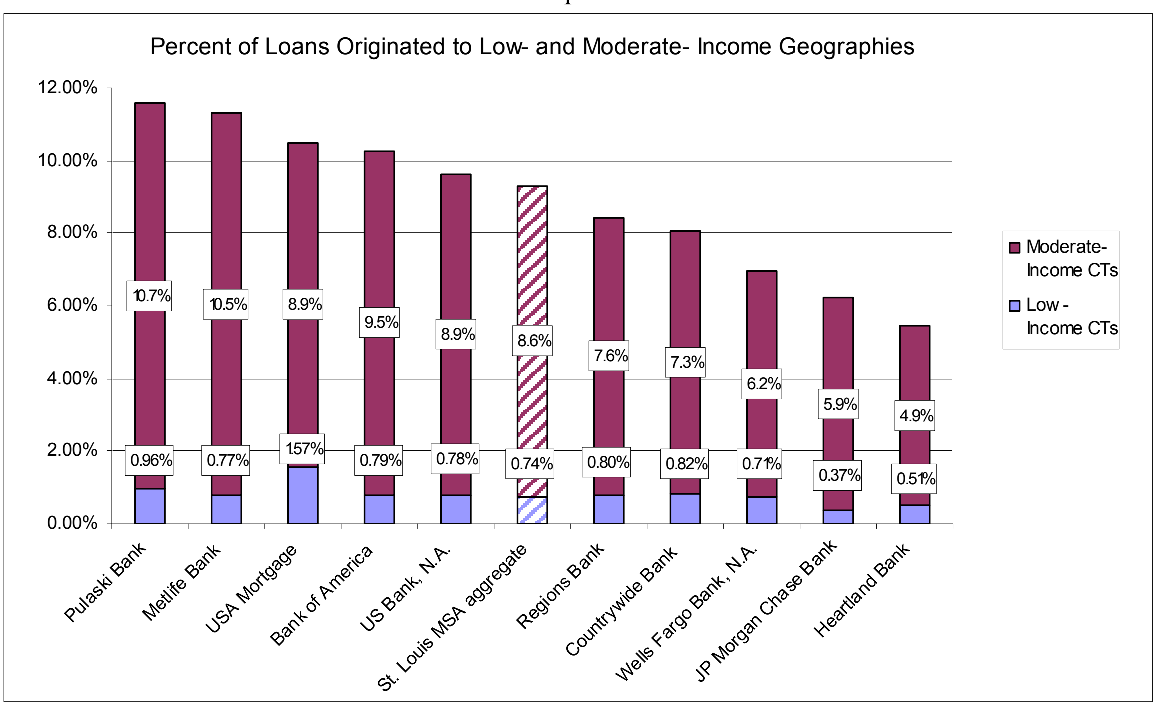
Most notable is the substantial *decrease* in loans to lower-income borrowers and communities, while lending to upper-income borrowers and communities has *increased* over the last three years. With already low levels of lending to lower income communities, the tightening credit market has disproportionately affected these communities.

The Community Reinvestment Act is designed to promote access to credit for low- and moderate-income communities, yet this data demonstrates the overall poor performance of lending institutions within the St. Louis metropolitan area in providing this access. Banks have not been meeting their obligations to serve the entire community, and in fact have been further restricting their services for communities and borrowers that most need access to safe and sound financial products. The institution with the largest market share of loans in 2009 to low- and moderate-income borrowers is an independent mortgage company not covered by the CRA. USA mortgage outperformed the other largest lending institutions with a 35.38 percent market share of loans originated to low- and moderate-income borrowers. Similarly, USA Mortgage had the highest percentage of their market share originated to low-income geographies, with 1.57 percent. Out of the top ten lenders, they ranked third in percent to combined low- and moderate-income census tracts. A more detailed analysis for each institution's performance to low- and moderate-income borrowers is included in later sections.

Graph 2.5



Graph 2.6



This is concerning as independent mortgage companies are not as tightly regulated, and have been seen by many as fueling the subprime lending crisis. In the midst of the subprime lending boom in 2006, lenders and mortgage brokers that were not regulated by the CRA concentrated higher-cost and riskier loans in lower income communities. With less oversight into the safety and soundness of loan products, there is more risk in these sorts of lending institutions providing mortgages for lower income individuals.

The lack of market penetration by banks in low-income communities may also indicate a need for stronger CRA enforcement and advocacy in the St. Louis market. Banks, under the Community Reinvestment Act, have a responsibility to provide services to low- and moderate-income borrowers and communities. Wells Fargo, the second largest lender operating in the St. Louis region, had the lowest market share of loans to low-and moderate-income borrowers with only 17.2 percent. Their lending to low- and moderate- income geographies is also below the aggregate level of lending. However, Wells Fargo is not rated on their CRA performance within the St. Louis metropolitan area because without a physical presence it is not included in an Assessment Area. This is one area where the CRA regulation needs to be strengthened. Wells Fargo is one of the largest lenders operating within the St. Louis area, yet there is no accountability for their lending performance here.

3. Denial Rate Disparities for Minority Borrowers and Communities

Minority borrowers and communities are more likely to be denied mortgage loans, furthering limiting access to credit.

Denial rates are highest for African-American borrowers, producing the largest disparity between African-American denial rates and white denial rates. Of all applications from African-American borrowers, over 30 percent were denied, compared with only 13 percent of white applications being denied. In other words, African Americans were 2.35 times more likely to be denied than a white applicant. There is also a disparity in denial rates for Hispanic borrowers, with 20.75 percent of Hispanic applications being denied. In the last three years, denial rates overall have decreased. However, the disparity in African-American and Hispanic denial rates has increased, furthering the inequality of minority borrowers and access to credit.

Table 3.1

	Denial Rates			
	2007	Disparity Ratio	**2009**	Disparity Ratio
Total	25.55%		15.26%	
White	20.95%		13.02%	
Black	41.38%	1.98	30.67%	2.35
Asian	20.90%	1.00	13.84%	1.06
Other	30.59%	1.37	22.54%	1.73
Hispanic	28.71%	1.37	20.75%	1.59

Similar to minority borrowers, census tracts with high minority populations are more likely to see higher denial rates. Of applications for properties located in census tracts with 80 percent or more minority population, 42.38 percent were denied. Only 13.38 percent of applications for properties in census tracts with less than 10 percent minority population were denied, which makes the disparity ratio 3.17. Since 2007, this denial rate disparity between predominately minority geographies and predominately white geographies has increased.

Table 3.2

	Denial Rates			
Racial Composition of Census Tract	**2007**	Disparity Ratio	**2009**	Disparity Ratio
Less than 10% minority	21.59%		13.38%	
10 – 19% minority	22.55%		13.89%	
20 – 49% minority	30.42%		19.48%	
50 – 79% minority	37.15%	1.72	27.43%	2.05
Greater than 80% minority	43.45%	2.01	42.38%	3.17

The disparity in denial rates between white borrowers and minority borrowers is disturbing as it could be indicative of broader fair lending issues. However, it is important to note the limitations of the Home Mortgage Disclosure Act data that should be considered in this analysis. The HMDA data does not provide additional information that is factored in the credit decision, like credit scores or debt-to-income ratios. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 includes some revisions to the HMDA regulations that require additional disclosures about loan terms and borrower characteristics.[29]

[29] Marsico, Richard D., "HMDA at 35." *Shelterforce: The Journal of Affordable Housing and Community Building.* Fall 2010. page 37-39

The publicly available data provide a narrow perspective, but also serve as an indication for larger issues of inequity. African-Americans are more than twice as likely to be denied as white borrowers, but the inequality among the other factors related to credit decisions shows the deeper race divide. African-Americans are more likely to have lower credit scores and overall be more disadvantaged on the factors on which credit decisions are based.[30] While the denial rate disparity may not be a face value sign of racial discrimination, the underlying causes and contributions to the disparity indicates the continuing inequality for minority borrowers and communities.

[30] Smith, Geoff and Sarah Duda "Bridging the Gap: Credit Scores and Economic Opportunity in Illinois Communities of Color." Woodstock Institute. September 2010. http://www.woodstockinst.org/publications/download/bridging-the-gap%3a-credit-scores-and-economic-opportunity-in-illinois-communities-of-color/

4. High Cost Loan Disparities for Minority Borrowers and Communities

One encouraging trend in the mortgage lending market is that high cost lending overall has declined substantially over the past three years for all racial and income groups. However, minority borrowers and communities are still more likely to receive high cost loans than non-minority borrowers.

In 2009, 8.18 percent of loans originated to African-American borrowers were reported as high cost loans.[31] Comparatively, only 3.78 percent of loans were reported as high cost loans originated to white borrowers. In other words, African Americans were 2.16 times more likely to receive a high cost loan than a white borrower. Hispanic borrowers were slightly more likely to receive high cost loans, with 4.01 percent of loans originated to Hispanic borrowers reported as high cost. Interestingly, Asian borrowers were the least likely to receive a high cost loan with only 2.15 percent of originated loans reported as high cost. Overall, 3.91 percent of borrowers received a high cost loan.

The change since 2007 is a dramatic decrease in the overall prevalence of high cost loans, for all borrowers regardless of race or ethnicity. The disparity ratio between African-American borrowers and white borrowers decreased slightly from 2007 to 2009, though African Americans are still more than twice as likely to receive a high cost loan as white borrowers. The high percentage of high cost loans originated to African-American borrowers in 2007 is striking: 44.51 percent of African-American borrowers received a high cost loan. Hispanic borrowers were slightly more likely to receive a high cost loan origination, and Asian borrowers still had the lowest percentage of high cost loans.

Table 4.1

	2007		2009	
	Percent High Cost	Disparity Ratio	Percent High Cost	Disparity Ratio
Total	19.96%		3.91%	
White	16.60%		3.78%	
Black	44.51%	2.68	8.18%	2.16
Asian	10.08%	0.61	2.15%	0.57
Other	21.94%	1.32	3.16%	0.84
Hispanic	19.54%	1.18	4.01%	1.06

Not surprisingly, high cost loans are also more likely to be originated in areas with high minority populations. The percentage of high cost loans to these areas has decreased, but the disparity ratio has actually increased over the last three years between these areas and areas of predominately white populations.

In census tracts with over 80 percent minority populations, 13.82 percent of loan originations were reported as high cost loans in 2009. Only 3.62 percent of loans originated to census tracts with less than 10 percent minority population were high cost loans, making a 3.82 disparity ratio. In 2007, the disparity ratio was 3.35 with 16.18 percent high cost loans originated to areas with less than 10 percent minority populations, while 54.21 percent of loans originated to areas with over 80 percent minority population were high cost loans. The prevalence of high cost loans in these census tracts is striking, with over half of all loans originated to predominately minority areas reported as high cost loans.

[31] Analysis on high cost loans only include loans reported before October 1, 2009. See methodology section for details on loan pricing changes.

Table 4.2

	2007		2009	
Racial Composition of CT	Percent High Cost	Disparity Ratio	Percent High Cost	Disparity Ratio
Less than 10% minority	16.18%		3.62%	
10 - 19% minority	17.10%		3.62%	
20 - 49% minority	26.44%		4.65%	
50 - 79% minority	34.20%		6.10%	
Greater than 80% minority	54.21%	3.35	13.81%	3.82

There have been many studies and reports on the effects of high cost loans, especially in the last few years as the market collapsed and the effects of the subprime boom began to appear. It is widely shown that risky and predatory mortgage products were concentrated in minority communities, which now are feeling the effects of foreclosures.[32]

As previously explained, the data provided on high cost loans from HMDA is limited. There is no specific information that details the reasons a particular borrower was issued a higher cost loan. However, like the disparities in denial rates, the disproportionate originations of high cost loans to minority borrowers and communities can be indicative of deeper inequality issues. Again, African-Americans are more likely to have lower credit scores, which could trigger higher interest rates.

The disparity in high cost loans between minority communities and white communities is a fair lending concern, especially as the disparity is reflected across the entire metropolitan area and across the spectrum of lenders.

[32] See "Paying More for the American Dream II: The Subprime Shakeout and its Impact on Lower-Income and Minority Communities." March 2008; Marsico, Richard D., "HMDA at 35." *Shelterforce: The Journal of Affordable Housing and Community Building.* Fall 2010. page 37-39; Reid, Carolina and Elizabeth Laderman. "Untold Costs of Subprime Lending; Examining the Links Among Higher-Priced Lending, Foreclosures, and Race in California" *Working Paper 2009-09.* Federal Reserve Bank of San Francisco.

V. Analysis of Top Ten Mortgage Lenders

The aggregated lending performance in the entire St. Louis metropolitan area indicates the widespread lack of access to credit for low-income and minority borrowers and communities. The problems of lack of market penetration, denial rate disparities, and high cost loan disparities are occurring on a metropolitan level.

It is important to recognize, however, that individual institutions perform independently. There are some institutions that have better levels of lending to low-income and minority communities, and are outperforming their peer institutions. On the other hand, some institutions have performance levels far below the aggregate, signaling more CRA and fair lending concerns.

This report includes an analysis of each institution's lending performance, from the 2009 HMDA data and the 2009 CRA disclosure data on small business lending if applicable. Lending levels are compared to the aggregate lending data and that of their peers. We also include an analysis of branch locations, assessment areas, and information from their most recent CRA performance evaluation or annual report on their community reinvestment activities.

Many of the top lenders accepted money through the U.S. Treasury's Troubled Asset Relief Program (TARP), including capital investments and incentive payments for mortgage servicers engaged with loan modifications through HAMP. Information about any TARP funding disbursed is included in this analysis, as we believe providing services to minority borrowers should be an affirmative obligation of institutions receiving federal assistance, especially tax-payer funded assistance.

Information about loan modifications are also included in this analysis for the institutions, with data provided through a survey of housing counseling agencies operating within the St. Louis metropolitan area. On a national scale, the U.S. Treasury reports information on loan modifications through the Making Home Affordable program. That information regarding the lenders detailed in this report is also included.

The top ten mortgage lenders, by volume of loan originations, are as follows:

	ORIGINATIONS	
Bank Name	**Total**	**Market share**
US Bank, N.A.	9723	8.19%
Wells Fargo Bank, N.A.	8685	7.32%
Pulaski Bank	7955	6.70%
Bank of America, N.A.	6294	5.30%
DAS Acquisition (USA Mortgage)	4002	3.37%
Heartland Bank	2359	1.99%
MetLife Bank, N.A.	2334	1.97%
Regions Bank	1994	1.68%
Countrywide Bank FSB	1942	1.64%
JP Morgan Chase Bank, N.A.	1602	1.35%
St. Louis MSA aggregate	118688	

1.) U.S. Bank

Overview: US Bank is the lead bank subsidiary of US Bancorp, one of the largest financial institutions in the country. The bank has assets of $286 billion, as of Sept. 30, 2010, and operates 2,400 branches in 24 states.[33] In the St. Louis market, US Bank was the number one mortgage lender by volume of loan originations in 2009 and holds the largest share of deposits, as of June 30, 2010.[34]

Community Reinvestment: US Bank is regulated by the OCC, as a Large Bank. In December 2008, the bank received an 'Outstanding' rating on their CRA performance evaluation. The bank's performance in St. Louis received 'Outstanding' ratings in all lending, service, and investment tests.[35] US Bancorp funds community reinvestment activities through various arms of the company, including the US Bancorp Foundation, the US Bank Community Affairs Division, and the US Bancorp Community Development Corporation (CDC). These separate entities focus on charitable giving, community development activities, and tax credit investments. According to the company's 2009 Corporate Citizenship Report, US Bancorp gave over $35 million in corporate giving and over $18 million in community development loans in 2009 throughout the nation.[36]

Branch Locations: US Bank operates 114 branches in the St. Louis metropolitan area.

Assessment Area: US Bank includes 13 counties in the St. Louis MSA: Clinton, Macoupin, Madison, Monroe, St. Clair Counties in IL; and Franklin, Jefferson, Lincoln, St. Charles, St. Louis City, St. Louis, Warren, Washington Counties in MO. This excludes Bond, Calhoun, and Jersey Counties in IL[37].

TARP funding: US Bancorp, the holding company, received $6.6 billion in TARP funding on November 14, 2008. The company repaid their full amount on June 9, 2009.[38]

Foreclosures and Loan Modifications: US Bank received additional TARP assistance of $9 million in incentive payments for home loan modifications through the Making Home Affordable Program.[39] As of November 30, 2010, US Bank had started over 14,019 modifications, which is the lowest volume of started modifications compared to other reporting institutions. Of those loans, 14.8 percent are in trial modifications, 4.8 are in aged modifications, and 58 percent are in permanent modifications. Only 22.4 percent of modifications have failed.[40] Within the St. Louis market sample of loan modification data, the housing counseling agencies reported 32 loans being serviced by US Bank and none of those received a trial or permanent modification. Two of the loans were brought current, but the remaining 30 loans still had unknown outcomes at the time of this data reporting. Over half of these borrowers were African-American.

Lending Performance: This analysis only included home mortgage loans reported by US Bank, N.A., rather than aggregating the data of other subsidiaries of US Bancorp.

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33 FDIC institution directory, http://www2.fdic.gov/idasp/main.asp
34 FDIC, Deposit Market Share Report by MSA.
35 OCC CRA exam, http://www.occ.gov/static/cra/craeval/AUG10/24.pdf
36 US Bancorp 2009 Annual Report, "A strong bank, a better community"
37 OCC, CRA exam, http://www.occ.gov/static/cra/craeval/AUG10/24.pdf
38 ProPublica, Eye on the Bailout, http://bailout.propublica.org/entities/494-u-s-bancorp
39 ProPublica, Eye on the Bailout, http://bailout.propublica.org/entities/746-u-s-bank-national-association
40 ProPublica, Loan Modification Progress Chart, http://bailout.propublica.org/loan_mods/list

Market Penetration to Low-Income Borrowers and Communities: Overall, US Bank originated nearly 30 percent of loans to low- and moderate-income borrowers, slightly above the market penetration of the aggregate. Lending to lower income communities is nearly the same as aggregate lending. As the leading financial institution in the St. Louis market, both in mortgages and deposits, we expect US Bank to take leadership role in lending to LMI borrowers and geographies.

Market Penetration to Minority Borrowers and Communities: Lending to African-American borrowers is above the aggregate performance. Market share to Asian and Hispanic borrowers is below the aggregate. Nearly 4.5 percent of loans originated to predominately minority areas, with more than 50 percent minority population. This is slightly above the aggregate market share to predominately minority areas. Again, as a leading financial institution in St. Louis, we expect US Bank to take a leadership role in lending to minority communities.

Denial Rate Disparities: African-American loan applicants were denied in 12.83 percent of cases, compared to 7.20 percent of white applicants who were denied. Hispanic borrowers were denied 13.73 percent of the time. US Bank's denial rates and the disparity between minority borrowers and white borrowers are both below the aggregate denial rates and disparity ratio. However, disparity still exists within the bank's lending for African-American borrowers, Asian borrowers, and Hispanic borrowers.

High Cost Loan Disparities: US Bank overall originated fewer high cost loans than the aggregate. African-American borrowers received high cost loans 1.77 times more than white borrowers, which is a disparity that is less than the aggregate disparity. All other minority borrowers received fewer high cost loans than white borrowers. Predominately minority geographies received high cost loans 4.8 times more than geographies with less than 10 percent minority population. This disparity is more than the aggregate disparity.

Small Business Lending: U.S. Bank's small business lending to low- and moderate-income geographies is similar to the aggregate levels of lending. While U.S. Bank did originate a substantial volume of commercial loans, the bank has an affiliate, U.S. Bank, North Dakota, that reports small business lending separately and is the main commercial lending bank for the parent company.

Tables detailing U.S. Bank's lending performance appear on the next two pages.

U.S. Bank Originations compared to St. Louis Aggregate MSA

		Originations		
		#	%	Aggregate
TOTAL		9723		
Borrower Characteristic				
Income				
	Low - Income	787	8.09%	8.20%
	Moderate - Income	2126	21.87%	19.82%
	Middle - Income	2333	23.99%	22.97%
	Upper - Income	3620	37.23%	39.26%
	Not Available	857	8.81%	9.76%
Property Location		**Originations**		
Income Characteristic		**#**	**%**	**Aggregate**
	Low - Income CT	76	0.78%	0.74%
	Moderate - Income CT	861	8.86%	8.56%
	Middle - Income CT	5029	51.72%	52.52%
	Upper - Income CT	3754	38.61%	38.10%
Borrower Characteristic		**Originations**		
Race/Ethnicity		**#**	**%**	**Aggregate**
	White	7184	73.89%	85.31%
	Black	552	5.68%	4.73%
	Asian	126	1.30%	1.76%
	Other	1861	19.14%	8.19%
	Hispanic	68	0.70%	1.03%
Property Location		**Originations**		
Racial Composition		**#**	**%**	**Aggregate**
	< 10% Minority	7056	72.57%	72.86%
	10-19% Minority	1313	13.50%	14.18%
	20-49% Minority	919	9.45%	9.05%
	50-79% Minority	301	3.10%	2.67%
	80-100% Minority	134	1.38%	1.17%

U.S. Bank Denial Rates compared to Aggregate Denial Rates

		Denial Rates			
Borrower Characteristic			**Disparity**	**Aggregate**	
	Total	7.79%		15.26%	
Race/Ethnicity					
	White	7.20%		13.02%	
	Black	12.83%	1.78	30.67%	2.35
	Asian	9.60%	1.33	13.84%	1.06
	Other	8.17%	1.14	22.54%	1.73
	Hispanic	13.73%	1.91	20.75%	1.59

High Cost Loans

	US Bank		Aggregate	
	Percent High Cost	Disparity Ratio	Percent High Cost	Disparity Ratio
Total	3.25%		3.91%	
Race/Ethnicity of Borrower				
White	3.60%		3.78%	
Black	6.37%	1.77	8.18%	2.16
Asian	0.88%	0.25	2.15%	
Other	1.29%	0.36	3.16%	
Hispanic	3.17%	0.88	4.01%	1.06
Racial Composition of Census Tract				
Less than 10% minority	2.89%		3.62%	
10 - 19% minority	2.66%		3.62%	
20 - 49% minority	4.57%		4.65%	
50 - 79% minority	5.56%	1.92	6.10%	1.69
Greater than 80% minority	13.91%	4.81	13.81%	3.82

Small Business Lending

	U.S. Bank, N.A.		**Aggregate**
Census Tract	**#**	**%**	**%**
Low-Income	73	3.64%	3.34%
Moderate-Income	293	14.60%	13.46%
Middle-Income	935	46.59%	44.99%
Upper Income	702	34.98%	36.57%
NA	4	0.20%	1.97%
Total	2007		

2.) Wells Fargo Bank

Overview: Wells Fargo Bank, of Sioux Falls, South Dakota, is fully owned by Wells Fargo and Company, a bank holding company based out of San Francisco, California. The bank has over $1 trillion in assets, as of September 30, 2010.[41] The company is one of the largest financial institutions operating in the country, doing business with one in three American households, according to the bank.[42] In the St. Louis market, the bank was the second largest mortgage lender and the eighth largest small business lender in 2009; however the bank does not hold any deposits as there are no depositing locations within the metropolitan area.

Community Reinvestment: The bank received an 'Outstanding' rating on their most recent CRA performance evaluation on September 30, 2008. [43] Performance in the St. Louis region was not rated, as it is not designated as one of their assessment areas. According to the bank's 2009 report, they invested $202 million nationwide over the year.[44] However, Missouri does not appear on the map of where Wells Fargo is giving or investing their charitable contributions and community development funds.[45]

Branch Locations: Though the bank does not operate banking facilities within the St. Louis area, the bank's home mortgage division has seven locations in the metropolitan area. These locations are in Clayton, Webster Groves, Chesterfield, Imperial, and St. Peters in Missouri and Shiloh and Glen Carbon, Illinois. Additionally, the bank has other locations within the area, namely Wells Fargo Advisors and Wells Fargo Financial Offices.

Assessment Area: Without a physical presence of depository banking facilities located with the metropolitan area, St. Louis is not included in an Assessment Area and thus is not evaluated on the bank's CRA examination.

TARP Funding: Wells Fargo and Company received $25 billion in TARP funding on October 28, 2008, one of the eight banks to receive the first round of investments.[46] On December 23, 2009, the company repaid all of the TARP funds.

Foreclosures and Loan Modifications: In addition to TARP funds, the company received $65 million in incentives for home loan modifications for Wells Fargo Bank, N.A., as well as subsidies designated for Wachovia, due to the merger of the two companies in 2009.[47] As of November 30, 2010, Wells Fargo had started over 207,000 modifications, with 6.9 percent in trial modifications, 1 percent in aged modifications, and 32.9 percent in permanent modifications. 59.1 percent of modifications were reported

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[41] FDIC institution directory, http://www2.fdic.gov/idasp/main.asp
[42] Wells Fargo Today, 3rd Quarter 2010, https://www.wellsfargo.com/downloads/pdf/about/wellsfargotoday.pdf
[43] OCC, CRA performance evaluation, http://www.occ.gov/static/cra/craeval/JAN10/1741.pdf
[44] Wells Fargo Today, 3rd Quarter 2010, https://www.wellsfargo.com/downloads/pdf/about/wellsfargotoday.pdf
[45] Wells Fargo Corporate Social Responsibility, https://www.wellsfargo.com/about/community/wfcra/performance
[46] ProPublica, Eye on the Bailout, http://bailout.propublica.org/entities/518-wells-fargo
[47] ProPublica, Eye on the Bailout, http://bailout.propublica.org/entities/567-wells-fargo-bank-na

as failed.[48] In the St. Louis sample of loan modifications, the housing counseling agencies reported 36 loans serviced by Wells Fargo. Ten of them, representing 27.8 percent, were in either trial or permanent modifications, one (2.78 percent) had been foreclosed upon, and 22 (61.11 percent) were still unknown at the time of this data report. Wells Fargo has also been targeted in a nationwide investigation by all 50 attorney generals looking into foreclosure and loan modification practices.[49]

Lending Performance:

Market Penetration to Low-Income Borrowers and Communities: Wells Fargo had the lowest market share of originations to low- and moderate-income borrowers of all top ten lenders, with only 17.2 percent of originations. The bank's lending to low- and moderate-income communities is also one of the lowest, with only about 7 percent originated to low- and moderate-income geographies. Wells Fargo needs to improve its lending to LMI borrowers and communities, considering its prominence and power within the St. Louis mortgage market, and also across the nation. According to the bank's 2009 report, they were the number one mortgage lender to low- and moderate-income home buyers in the country. Their performance in St. Louis is severely lacking.

Market Penetration to Minority Borrowers and Communities: Originations to African-American borrowers is nearly equal to the aggregate lending percentages, but the bank is underperforming compared to most of its peer institutions in market share to African Americans. The bank has higher market shares to Asian borrowers and Hispanic borrowers, with percentages above the aggregate and higher in the ranks compared to their peer institutions. Lending to predominately minority geographies is also below their peers' performance, and slightly below the aggregate percentages.

Denial Rate Disparities: Denial rate disparities are below the disparities in the aggregate lending. The bank's disparity between African-American and white borrower denial rates is the highest disparity ratio, with 1.76. A disparity in Hispanic denial rates also exists, with a ratio of 1.28.

High Cost Loan Disparities: Only about 3 percent of all loans were reported as high cost loans; however, African-Americans received a high cost loan more than three times the amount than white borrowers, with the disparity rate above the aggregate ratio. Hispanic borrowers were just slightly more likely to receive a high cost loan. Wells Fargo also disproportionately originated high cost loans in areas with predominately minority populations. Census tracts with over 80 percent minority population received high cost loans 7.81 times more than census tracts with less than 10 percent minority population. To both African-American borrowers and predominately minority areas, Wells Fargo's disparity in high cost lending is above the aggregate disparity.

Small Business Lending: Wells Fargo, N.A. is also one of the top small business lenders according to the CRA disclosure for 2009, ranking eighth in terms of small business loan originations within the St. Louis metropolitan area. The bank's lending to businesses located in low- and moderate-income census tracts is about the same as the aggregate lending to LMI tracts.

Tables detailing Wells Fargo's lending appear on the next two pages.

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[48] ProPublica, Loan Modification Progress Chart, http://bailout.propublica.org/loan_mods/list

[49] Fisk, Margaret Cronin and Michael Riley. "Wells Fargo is Target, Role Model in Foreclosure Probe." *Bloomberg Business Week*. October 28, 2010. http://www.businessweek.com/news/2010-10-28/wells-fargo-is-target-role-model-in-foreclosure-probe.html

Wells Fargo Originations compared to St. Louis Aggregate MSA

		Originations		
		#	%	Aggregate
TOTAL		8685		
Borrower Characteristic				
Income				
	Low - Income	336	3.87%	8.20%
	Moderate - Income	1158	13.33%	19.82%
	Middle - Income	1710	19.69%	22.97%
	Upper - Income	3873	44.59%	39.26%
	Not Available	1608	18.51%	9.76%
Property Location		**Originations**		
Income Characteristic		**#**	**%**	**Aggregate**
	Low - Income CT	62	0.71%	0.74%
	Moderate - Income CT	542	6.24%	8.56%
	Middle - Income CT	4047	46.60%	52.52%
	Upper - Income CT	4033	46.44%	38.10%
Borrower Characteristic		**Originations**		
Race/Ethnicity		**#**	**%**	**Aggregate**
	White	6972	80.28%	85.31%
	Black	377	4.34%	4.73%
	Asian	183	2.11%	1.76%
	Other	1153	13.28%	8.19%
	Hispanic	110	1.27%	1.03%
Property Location		**Originations**		
Racial Composition		**#**	**%**	**Aggregate**
	< 10% Minority	6154	70.86%	72.86%
	10-19% Minority	1363	15.69%	14.18%
	20-49% Minority	886	10.20%	9.05%
	50-79% Minority	197	2.27%	2.67%
	80-100% Minority	85	0.98%	1.17%

Wells Fargo Denial Rates compared to Aggregate Denial Rates

		Denial Rates			
Borrower Characteristic			**Disparity**	**Aggregate**	
	Total	15.42%		15.26%	
Race/Ethnicity					
	White	15.33%		13.02%	
	Black	27.01%	1.76	30.67%	2.35
	Asian	12.43%	0.81	13.84%	1.06
	Other	9.94%	0.65	22.54%	1.73
	Hispanic	19.62%	1.28	20.75%	1.59

High Cost Lending

	Wells Fargo		Aggregate	
	Percent High Cost	Disparity Ratio	Percent High Cost	Disparity Ratio
Total	2.99%		3.91%	
Race/Ethnicity of Borrower				
White	2.90%		3.78%	
Black	8.96%	3.08	8.18%	2.16
Asian	1.23%	0.43	2.15%	0.57
Other	1.84%	0.63	3.16%	0.84
Hispanic	3.00%	1.03	4.01%	1.06
Racial Composition of Census Tract				
Less than 10% minority	2.27%		3.62%	
10 - 19% minority	4.02%		3.62%	
20 - 49% minority	4.34%		4.65%	
50 - 79% minority	5.62%	2.48	6.10%	1.69
Greater than 80% minority	17.72%	7.81	13.81%	3.82

Small Business Lending

	Wells Fargo		**Aggregate**
Census Tract	#	%	%
Low-Income	40	2.80%	3.34%
Moderate-Income	198	13.87%	13.46%
Middle-Income	672	47.06%	44.99%
Upper Income	429	30.04%	36.57%
NA	89	6.23%	1.97%
Total	1428		

3.) **Pulaski Bank**

Overview: Pulaski Bank is a local bank based in Creve Coeur, Missouri, and is owned by Pulaski Financial Corp. Compared to the other top lending institutions, the bank is fairly small with assets of $1.45 billion, as of September 30, 2010.[50] The bank holds 1.62 percent of the metropolitan area's deposits, ranking it 12th in terms of market share as of June 30th, 2010.[51]

Community Reinvestment: Pulaski Bank is a savings association, and is regulated by the Office of Thrift Supervision. Their last CRA performance evaluation was released in December 2007, with an overall 'Satisfactory' rating.[52] The bank received an 'Outstanding' rating on the Investment test, and 'High Satisfactory' on both the Lending and Service tests. According to the performance evaluation, the bank is a leader in community development loans and had made over $3 million in qualified CRA investments during the examination period.[53] However, the bank did not report any community development loans on their 2009 CRA disclosure.[54] Pulaski Bank's website includes a link for Community Outreach and lists various community events or organizations they have been in partnership with, but the information is not particularly current as the events are listed in 2006.[55]

Branch Locations: The bank only operates within the St. Louis area market, with twelve branches in the metropolitan area. They also operate three loan production offices in the Kansas City metropolitan area and Godfrey, Illinois.

Assessment Area: Pulaski Bank has designated St. Louis County, St. Louis City, St. Charles County, and Jefferson County as its Assessment Area.

TARP Funding: Pulaski Financial Corp, the holding company, received $32.5 million in TARP funding on January 16, 2009.[56] These funds were part of the Capital Purchase Program. None of their funds have been repaid, though the bank has been making dividend payments.

Foreclosures and Loan Modifications: There was no data available on Pulaski Bank's performance regarding foreclosures or loan modifications.

Lending Performance:

Market Penetration to Low-Income Borrowers and Communities: Pulaski Bank's lending to low- and moderate-income borrowers is above both the aggregate performance and most of the other lending institutions. With 11 percent of loans to low-income borrowers and 24.3 percent to moderate-income borrowers, Pulaski Bank ranks second in market penetration to LMI borrowers. The bank ranks first in lending to low- and moderate- income geographies, with 11.66 percent of originations to LMI census tracts.

Market Penetration to Minority Borrowers and Communities: Pulaski Bank's market penetration to minority borrowers is similar to the aggregate lending percentages. Originations to African-Americans and Hispanic borrowers are both above the aggregate percentages, but originations to Asian

[50] FDIC industry analysis, http://www2.fdic.gov/idasp/main.asp
[51] FDIC Summary of Deposits, Market Share Report, http://www2.fdic.gov/sod/sodMarketRpt.asp?barItem=2&sZipCode=&InfoAsOf=2010&SortBy=Market%20Share&reRun=Y
[52] OTS, CRA performance evaluation, http://www.ots.treas.gov/_files/cra/CRAE_05106_20071228_64.rtf
[53] Ibid.
[54] FFIEC, CRA disclosure,
[55] Pulaski Bank, About Us, Community Outreach, http://pulaskibankstl.com/aboutus/community.htm
[56] ProPublica, Eye on the Bailout, http://bailout.propublica.org/entities/399-pulaski-financial-corp

borrowers are slightly behind the aggregate. Pulaski's market penetration to minority borrowers is not outstanding, while other institutions are outperforming with higher market penetration. However, Pulaski's originations to predominately minority areas are better, with higher percentages than the aggregate percentages.

Denial Rate Disparities: Overall, Pulaski Bank has low rates of denial among all applicants. Interestingly, denial rates are highest among Asian borrowers and Hispanic borrowers. Asian borrowers and Hispanic borrowers were twice as likely to be denied as white borrowers. African-American borrowers had a 1.49 disparity ratio between white borrowers.

High Cost Loan Disparities: Pulaski Bank only reported 3 high cost loans, representing only 0.04 percent of all lending. All three high cost loans were originated to white borrowers and to areas with less than 50 percent minority population.

Small Business Lending: Pulaski Bank's lending to businesses located in low- and moderate-income borrowers is well above the aggregate percentages of loan originations. Though, the bank's small business lending volume is relatively small, the bank seems to be providing access to capital for low- and moderate-income areas.

Pulaski Bank Originations compared to St. Louis Aggregate MSA

		Originations		
		#	**%**	**Aggregate**
TOTAL		7955		
Borrower Characteristic				
Income				
	Low - Income	875	11.00%	8.20%
	Moderate - Income	1933	24.30%	19.82%
	Middle - Income	1852	23.28%	22.97%
	Upper - Income	2681	33.70%	39.26%
	Not Available	614	7.72%	9.76%
Property Location		**Originations**		
Income Characteristic		**#**	**%**	**Aggregate**
	Low - Income CT	76	0.96%	0.74%
	Moderate - Income CT	847	10.65%	8.56%
	Middle - Income CT	4017	50.50%	52.52%
	Upper - Income CT	3014	37.89%	38.10%
Borrower Characteristic		**Originations**		
Race/Ethnicity		**#**	**%**	**Aggregate**
	White	6593	82.88%	85.31%
	Black	451	5.67%	4.73%
	Asian	136	1.71%	1.76%
	Other	775	9.74%	8.19%
	Hispanic	91	1.14%	1.03%
Property Location		**Originations**		
Racial Composition		**#**	**%**	**Aggregate**
	< 10% Minority	5458	68.61%	72.86%
	10-19% Minority	1188	14.93%	14.18%
	20-49% Minority	924	11.62%	9.05%
	50-79% Minority	290	3.65%	2.67%
	80-100% Minority	95	1.19%	1.17%

Denial Rates compared to Aggregate Denial Rates

		Denial Rates			
Borrower Characteristic			**Disparity**	**Aggregate**	
	Total	3.81%		15.26%	
Race/Ethnicity					
	White	3.37%		13.02%	
	Black	5.02%	1.49	30.67%	2.35
	Asian	7.06%	2.09	13.84%	1.06
	Other	5.93%	1.76	22.54%	1.73
	Hispanic	6.67%	1.98	20.75%	1.59

High Cost Lending

	Pulaski Bank		Aggregate	
	Percent High Cost	Disparity Ratio	Percent High Cost	Disparity Ratio
Total	0.04%		3.91%	
Race/Ethnicity of Borrower				
White	0.05%		3.78%	
Black	0.00%	0	8.18%	2.16
Asian	0.00%	0	2.15%	0.57
Other	0.00%	0	3.16%	0.84
Hispanic	0.00%	0	4.01%	1.06
Racial Composition of Census Tract				
Less than 10% minority	0.04%		3.62%	
10 - 19% minority	0.00%		3.62%	
20 - 49% minority	0.13%		4.65%	
50 - 79% minority	0.00%	0.00	6.10%	1.69
Greater than 80% minority	0.00%	0.00	13.81%	3.82

Small Business Lending

	Pulaski Bank		Aggregate
Census Tract	**#**	**%**	**%**
Low-Income	15	8.77%	3.34%
Moderate-Income	44	25.73%	13.46%
Middle-Income	36	21.05%	44.99%
Upper Income	73	42.69%	36.57%
NA	3	1.75%	1.97%
Total	171		

4). Bank of America

Overview: Bank of America, headquartered in Charlotte, North Carolina, is one of the largest financial institutions operating in the country. Owned by Bank of America Corporation, the bank has about 1.5 trillion in assets as of September 30th, 2010.[57] According to the holding company's 2009 annual report, Bank of America serves one in two American households.[58] With many financial services offered nationally and internationally, this analysis focuses on Bank of America, N.A., the leading banking subsidiary of the company. In the St. Louis market, Bank of America is the fourth largest home mortgage lender in volume of originations and has the second highest market share of deposits, as of June 30th, 2010.[59]

Community Reinvestment: Regulated by the OCC, Bank of America received a rating of 'Outstanding' on their latest CRA performance evaluation, completed in March 2009.[60] Within the St. Louis market, the bank received 'Outstanding' ratings on the Investment and Lending tests, and a 'High Satisfactory' rating on the service test.[61] Through Bank of America Corporation and the Bank of America Charitable Foundation, over $200 million was invested in 2009 as corporate philanthropy across the nation.[62] In 2009, Bank of America Corporation began a community development lending and investment goal of 1.5 trillion over the next ten years with emphases of affordable housing, small business, consumer loans, and economic development.[63]According to their progress report at the end of the first year, 2009, the St. Louis market received over $1 billion of this community development lending and investment goal.[64]

Branch Locations: Bank of America has 59 branch locations within the St. Louis metropolitan area.

Assessment Area: The bank has designated their assessment area to include Macoupin, Madison, and St. Clair counties in Illinois, and Franklin, Jefferson, Lincoln, St. Charles, St. Louis, Washington counties, and St. Louis City, in Missouri.

TARP Funding: Bank of America Corporation received a total $45 billion in funds through TARP, with capital investments in both October 2008 and January 2009. The first investment was part of funds for 'healthy' banks and the second round of investments came to aid the bank's acquisition of Merrill Lynch.[65]

Foreclosure and Loan Modifications: Bank of America and their subsidiaries, including Countrywide, also received $86 million in April 2009 in incentives for home mortgage modifications under the Making

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[57] FDIC Industry Analysis,
[58] Bank of America Corporation, 2009 Annual Report, pg. 4, http://media.corporate-ir.net/media_files/irol/71/71595/reports/2009_AR.pdf
[59] FDIC summary of Deposits, Market Share Report, http://www2.fdic.gov/sod/sodMarketRpt.asp?barItem=2&sZipCode=&InfoAsOf=2010&SortBy=Market%20Share&reRun=Y
[60] OCC, CRA examinations, http://www.occ.gov/static/cra/craeval/oct10/13044.pdf
[61] Ibid. page 93-94
[62] Bank of America, Corporate Philanthropy,
[63] Bank of America Community Development Goal, http://www.bankofamerica.com/community/index.cfm?template=cdb_threefiftybillion
[64] Bank of America, Community Development, Local Efforts, http://www.bankofamerica.com/community/pdf/ADA_1.5T_10-yr_summary_by_topmkt.pdf
[65] ProPublica, Eye on the Bailout, http://bailout.propublica.org/entities/27-bank-of-america

Home Affordable Program.[66] As of November 30, 2010, the bank reported 342,602 loan modifications, the largest volume in reported modifications out of the institutions reporting data. Of the modifications, 7.9 percent are in trial modifications, 5.8 are in aged modifications, 24.4 percent are in permanent modifications, and 61.9 percent were failed modifications.[67] In the St. Louis sample data of modifications, the housing counseling agencies reported 100 loans serviced by Bank of America. Only 12 received trial or permanent modifications, four had gone into foreclosure, and 82 still had unknown outcomes at the time of this data reporting. Of the borrowers, 55 were white, 24 were African-American, and 3 were Hispanic. Bank of America has also been the target for many investigations regarding foreclosures and loan modifications.[68] For example, the attorney generals in Arizona and Nevada both filed lawsuits in December against Bank of America Corporation for misleading customers in the loan modification process.[69]

Lending Performance:

Market Penetration to Low-Income Borrowers and Communities: Bank of America's market penetration to low- and moderate-income borrowers is slightly above the aggregate percentages, with 29.49 percent originated to LMI borrowers. Originations to low- and moderate-income geographies are also above the aggregate percentages, with 10.29 percent total. In market penetration to both borrowers and geographies, Bank of America ranks fourth in lending to low- and moderate-income communities.

Market Penetration to Minority Borrowers and Communities: Bank of America has relatively high market penetration rates of originations to minority borrowers. The bank ranks second in originations to African-American borrowers and Hispanic borrowers, and is first in originations to Asian borrowers. Market penetration to minority areas is also higher than aggregate percentages, but the bank ranks third compared to peer performance levels.

Denial Rate Disparities: The bank's denial rates are higher than the aggregate denial rates overall, but disparities between minority borrowers and white borrowers are lower than the aggregate albeit still present. African Americans have the highest denial rate disparity, being 1.8 times more likely to be denied than white borrowers. Hispanics are 1.49 times more likely to be denied. Asian borrowers have lower denial rates than white borrowers.

High Cost Loan Disparities: Bank of America has very few reported high cost loans, only 1.35 percent of all originations. African-American and Asian borrowers are more likely to receive a high cost loan than a white borrower, and those disparities are above the aggregate disparity ratios. African-Americans received high cost loans 3.55 times more than white borrowers. Similarly, areas with predominately minority populations were a lot more likely to receive a high cost loan. Census tracts with over 80 percent minority population received a high cost loan 8.84 times more than areas with less than 10 percent minority population.

Small Business Lending: Bank of America has a relatively low volume of small business loans reported under Bank of America, N.A. The bank's percentage of loans originated to business located in low- and moderate-income geographies is about the same as the aggregate lending percentages.

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[66] ProPublica, Eye on the Bailout, http://bailout.propublica.org/entities/572-bank-of-america-subsidiaries-incl-countrywide

[67] ProPublica, Loan Modification Progress Chart, http://bailout.propublica.org/loan_mods/list

[68] Morgenson, Gretchen. "Flawed Paperwork Aggravates a Foreclosure Crisis." *The New York Times.* October 3, 2010. http://www.nytimes.com/2010/10/04/business/04mortgage.html?ref=morganjpchaseandcompany

[69] Martin, Andrew and Michael Powell. "Two States Sue Bank of America over Mortgages." *The New York Times*. December 17, 2010.
http://www.nytimes.com/2010/12/18/business/18mortgage.html?_r=1&ref=bankofamericacorporation

Bank of America Originations compared to St. Louis Aggregate MSA

		Originations		
		#	%	Aggregate
TOTAL		6294		
Borrower Characteristic				
Income				
	Low - Income	561	8.91%	8.20%
	Moderate - Income	1295	20.58%	19.82%
	Middle - Income	1440	22.88%	22.97%
	Upper - Income	2364	37.56%	39.26%
	Not Available	634	10.07%	9.76%
Property Location		**Originations**		
Income Characteristic		**#**	**%**	**Aggregate**
	Low - Income CT	50	0.79%	0.74%
	Moderate - Income CT	596	9.47%	8.56%
	Middle - Income CT	3117	49.52%	52.52%
	Upper - Income CT	2530	40.20%	38.10%
Borrower Characteristic		**Originations**		
Race/Ethnicity		**#**	**%**	**Aggregate**
	White	4710	74.83%	85.31%
	Black	407	6.47%	4.73%
	Asian	152	2.41%	1.76%
	Other	1025	16.29%	8.19%
	Hispanic	86	1.37%	1.03%
Property Location		**Originations**		
Racial Composition		**#**	**%**	**Aggregate**
	< 10% Minority	4406	70.00%	72.86%
	10-19% Minority	869	13.81%	14.18%
	20-49% Minority	657	10.44%	9.05%
	50-79% Minority	255	4.05%	2.67%
	80-100% Minority	107	1.70%	1.17%

Denial Rates compared to Aggregate Denial Rates

		Denial Rates			
Borrower Characteristic			**Disparity**	**Aggregate**	
	Total	22.99%		15.26%	
Race/Ethnicity					
	White	21.82%		13.02%	
	Black	39.19%	1.80	30.67%	2.35
	Asian	20.15%	0.92	13.84%	1.06
	Other	19.73%	0.90	22.54%	1.73
	Hispanic	32.54%	1.49	20.75%	1.59

High Cost Lending

	Bank of America		Aggregate	
	Percent High Cost	Disparity Ratio	Percent High Cost	Disparity Ratio
Total	1.35%		3.91%	
Race/Ethnicity of Borrower				
White	1.18%		3.78%	
Black	4.18%	3.55	8.18%	2.16
Asian	1.55%	1.32	2.15%	0.57
Other	0.98%	0.83	3.16%	0.84
Hispanic	0.00%	0.00	4.01%	1.06
Racial Composition of Census Tract				
Less than 10% minority	1.11%		3.62%	
10 - 19% minority	1.68%		3.62%	
20 - 49% minority	1.02%		4.65%	
50 - 79% minority	1.75%	1.58	6.10%	1.69
Greater than 80% minority	9.78%	8.84	13.81%	3.82

Small Business Lending

			Aggregate
Census Tract	#	%	%
Low-Income	10	3.60%	3.34%
Moderate-Income	37	13.31%	13.46%
Middle-Income	107	38.49%	44.99%
Upper Income	120	43.17%	36.57%
NA	4	1.44%	1.97%
Total	278		

5.) USA Mortgage

Overview: DAS Acquisition Company, LLC, is the fifth largest mortgage lender in the St. Louis metropolitan area. The company is based in St. Louis, Missouri, and is the parent company for USA Mortgage.[70] Other subsidiaries of DAS Acquisition include American Land Title and Red Eagle Appraisals.[71] As an independent mortgage company, the company is approved and regulated by the U.S. Department of Housing and Urban Development.

Community Reinvestment: Since DAS Acquisition and USA Mortgage are not banking institutions, they are not regulated by any of the federal banking regulators and are thus not subjected to the Community Reinvestment Act.

Branch Locations: Headquarters for DAS Acquisition and USA Mortgage are in Creve Coeur, Missouri. USA Mortgage also has eight other branch locations in the St. Louis metropolitan area.

Assessment Area: Without obligations to the Community Reinvestment Act, DAS and USA Mortgage do not have to specify an Assessment Area.

TARP Funding: DAS Acquisitions did not qualify for capital investments through the TARP funding since they are an independent mortgage company.

Foreclosures and Loan Modification: There was no information available for USA Mortgage's performance in foreclosures or loan modifications.

Lending Performance:

Market Penetration to Low-Income Borrowers and Communities: USA Mortgage is the top lender in originations to low- and moderate-income borrowers out of the top ten lenders, with 35.38 percent originated to LMI borrowers. They also are the top lender to low-income geographies, with 1.57 percent of originations. Lending to moderate-income geographies is nearly 9 percent, just slightly above the aggregate percentage. To both low- and moderate-income geographies, USA mortgage ranks third out of the top ten lenders. While the company is the fifth largest lender, their high market penetration makes them a leader in lending to low- and moderate-income communities.

Market Penetration to Minority Borrowers and Communities: USA Mortgage's originations to African-American and Hispanic borrowers are above the aggregate percentages and they rank fourth in market penetration to both borrower groups. Originations to Asian borrowers are below the aggregate and many of their peer institutions. USA Mortgage has high market penetration to minority areas with over 6 percent of loans originated to areas with over 50 percent minority population, ranking them second out of top ten lenders.

Denial Rate Disparities: Though USA Mortgage has very low denial rates, they have a very high disparity between African-American applicants and white applicants. African Americans were more than

[70] USA Mortgage, http://www.usa-mortgage.com/
[71] Ibid.

four times more likely to be denied than white applicants, with 3.82 percent of applications from blacks and less than 1 percent of applications from whites denied. This disparity is above the aggregate performance, and is the second highest disparity out of all top ten lenders. There were no Asian or Hispanic applications that were denied.

High Cost Loan Disparities: USA Mortgage's percentage of high cost loans is below the aggregate level. The only minority borrowers more likely to receive a high cost loan were African-American borrowers, receiving 2.23 more high cost loans than white borrowers. This disparity ratio is slightly above the aggregate. Areas with predominately minority populations were also more likely to receive a high cost loan, but the disparity ratio is less than the aggregate disparity. USA Mortgage originated less high cost loans and had lower disparity ratios than some CRA regulated institutions.

Small Business Lending: USA Mortgage is not a commercial lender, and does not report any additional loans.

DAS Acquisition Originations compared to St. Louis Aggregate MSA

		Originations		
		#	%	Aggregate
TOTAL		4002		
Borrower Characteristic				
Income				
	Low - Income	454	11.34%	8.20%
	Moderate - Income	962	24.04%	19.82%
	Middle - Income	907	22.66%	22.97%
	Upper - Income	1676	41.88%	39.26%
	Not Available	3	0.07%	9.76%
Property Location		**Originations**		
Income Characteristic		**#**	**%**	**Aggregate**
	Low - Income CT	63	1.57%	0.74%
	Moderate - Income CT	357	8.92%	8.56%
	Middle - Income CT	1778	44.43%	52.52%
	Upper - Income CT	1802	45.03%	38.10%
Borrower Characteristic		**Originations**		
Race/Ethnicity		**#**	**%**	**Aggregate**
	White	3577	89.38%	85.31%
	Black	233	5.82%	4.73%
	Asian	44	1.10%	1.76%
	Other	148	3.70%	8.19%
	Hispanic	48	1.20%	1.03%
Property Location		**Originations**		
Racial Composition		**#**	**%**	**Aggregate**
	< 10% Minority	2719	67.94%	72.86%
	10-19% Minority	601	15.02%	14.18%
	20-49% Minority	439	10.97%	9.05%
	50-79% Minority	175	4.37%	2.67%
	80-100% Minority	68	1.70%	1.17%

Denial Rates compared to Aggregate Denial Rates

		Denial Rates			
Borrower Characteristic			**Disparity**	**Aggregate**	
	Total	1.15%		15.26%	
Race/Ethnicity					
	White	0.91%		13.02%	
	Black	3.82%	4.21	30.67%	2.35
	Asian	0.00%	0.00	13.84%	1.06
	Other	2.50%	2.76	22.54%	1.73
	Hispanic	0.00%	0.00	20.75%	1.59

High Cost Lending

	USA Mortgage		Aggregate	
	Percent High Cost	Disparity Ratio	Percent High Cost	Disparity Ratio
Total	3.04%		3.91%	
Race/Ethnicity of Borrower				
White	2.89%		3.78%	
Black	6.44%	2.23	8.18%	2.16
Asian	2.63%	0.91	2.15%	0.57
Other	1.49%	0.52	3.16%	0.84
Hispanic	0.00%	0.00	4.01%	1.06
Racial Composition of Census Tract				
Less than 10% minority	2.74%		3.62%	
10 - 19% minority	2.49%		3.62%	
20 - 49% minority	4.24%		4.65%	
50 - 79% minority	5.10%	1.86	6.10%	1.69
Greater than 80% minority	6.56%	2.39	13.81%	3.82

Heartland Bank

6.) Heartland Bank

Overview: Heartland Bank is another relatively small bank based in St. Louis, Missouri, with assets of $900 million as of September 30, 2010.[72] Heartland Bank is a savings association, and is a subsidiary of the Love Companies. Other affiliates of the Love Companies include other financial institutions, real estate development, and property management companies.[73] Heartland Bank holds 1.12 percent of the deposits in the St. Louis market area, ranking it 16th largest in deposit shares. The bank operates one branch in Denver, Colorado outside of their St. Louis market locations.

Community Reinvestment: Heartland Bank is a savings association regulated by the Office of Thrift Supervision as an Intermediate Small Bank. The bank received a 'Satisfactory' rating on its most recent CRA performance evaluation in 2008.[74] The performance evaluation notes room for improvement in lending to borrowers of different income levels and to geographies of different income levels.[75] Heartland Bank's assets are under the threshold for requiring CRA disclosures, so they are not required to report Community Development Lending. According to the bank's website, they are involved in the community by investing and partnering with organizations such as the St. Louis Equity Fund, Rebuilding Together, Beyond Housing and Neighborhood Housing Services, Arts and Education Council of St. Louis, The United Way, Little Patriots Embraced, and St. Louis Area Food Bank, among others.[76]

Branch Locations: The bank operates twelve branch locations in the St. Louis region. They also have four loan production offices with two in St. Louis, one in Kansas City and one in Fairview Heights, IL.

Assessment Area: Heartland Bank has designated counties of St. Louis City, St. Louis, St. Charles, Jefferson, and Franklin in Missouri and St. Clair County in Illinois as their Assessment Area. They also have assessment areas in Denver, Colorado and in the Kansas City metropolitan area.

TARP Funding: Neither Heartland Bank or its holding company received TARP funds.

Foreclosures and Loan Modification: The housing counseling agencies reported one loan being serviced by Heartland Bank, and the outcome was still unknown at the date reported.

Lending Performance:

Market Penetration to Low-Income Borrowers and Communities: Heartland Bank's lending to low-and moderate- income borrowers is below the aggregate percentages. Lending to low-income borrowers is significantly below the aggregate. The bank also has the lowest market penetration to low- and moderate-income geographies, with only 5.43 percent to low- and moderate-income census tracts. The bank needs to increase their penetration to low- and moderate-income communities, especially with their high volume of lending within the St. Louis market and the noted room for improvement in the bank's last performance evaluation.

Market Penetration to Minority Borrowers and Communities: Heartland Bank is below the aggregate percentages of originations to African-Americans, Asians, and Hispanic borrowers. In lending to African-Americans, the bank had the second lowest market penetration. The bank also has the lowest percentages of loans to predominately minority areas, with only 2.88 percent. Considering the

[72] FDIC Institution Directory, http://www2.fdic.gov/idasp/main.asp
[73] Heartland Bank -About Heartland – The Love Companies, http://www.heartland-bank.com/home/about/love
[74] OTS CRA performance evaluation, http://www.ots.treas.gov/_files/cra/CRAE_02165_20080617_59.rtf
[75] Ibid. page 7 – 8
[76] Heartland Bank – About Heartland – Community Involvement, http://www.heartland-bank.com/home/about/community

demographics of the St. Louis area, Heartland Bank needs to improve their market penetration to minority borrowers and communities.

Denial Rate Disparities: Overall, Heartland Bank has the lowest denial rates with only 0.41 percent of loan applications denied. They did not deny any loan applications from African-Americans or Hispanic applicants. The denial rate disparity for Asian borrowers is high because of the very low denial rates. Only one application from an Asian borrower was denied.

High Cost Loan Disparities: Heartland Bank did not originate many high cost loans; only 0.44 percent of all loan originations were reported as high cost thus it is difficult to analyze disparities. African-Americans and Hispanic borrowers received high cost loans more than white borrowers, but the percentages and disparity ratios are misleading because of the small number of originations. The disparity in high cost lending to areas with predominately minority populations is also difficult to analyze because of the small number of originations.

Small Business Lending: Heartland Bank is not required to report small business lending data under the CRA disclosure because they are under the asset-threshold.

Originations compared to St. Louis Aggregate MSA

		Originations		
		#	%	Aggregate
TOTAL		2359		
Borrower Characteristic				
Income				
	Low - Income	149	6.32%	8.20%
	Moderate - Income	456	19.33%	19.82%
	Middle - Income	514	21.79%	22.97%
	Upper - Income	1099	46.59%	39.26%
	Not Available	141	5.98%	9.76%
Property Location		**Originations**		
Income Characteristic		**#**	**%**	**Aggregate**
	Low - Income CT	12	0.51%	0.74%
	Moderate - Income CT	116	4.92%	8.56%
	Middle - Income CT	1081	45.82%	52.52%
	Upper - Income CT	1149	48.71%	38.10%
Borrower Characteristic		**Originations**		
Race/Ethnicity		**#**	**%**	**Aggregate**
	White	2226	94.36%	85.31%
	Black	76	3.22%	4.73%
	Asian	36	1.53%	1.76%
	Other	21	0.89%	8.19%
	Hispanic	18	0.76%	1.03%
Property Location		**Originations**		
Racial Composition		**#**	**%**	**Aggregate**
	< 10% Minority	1858	78.76%	72.86%
	10-19% Minority	264	11.19%	14.18%
	20-49% Minority	169	7.16%	9.05%
	50-79% Minority	55	2.33%	2.67%
	80-100% Minority	13	0.55%	1.17%

Denial Rates compared to Aggregate Denial Rates

		Denial Rates			
Borrower Characteristic			**Disparity**	**Aggregate**	
	Total	0.41%		15.26%	
Race/Ethnicity					
	White	0.28%		13.02%	
	Black	0.00%	0	30.67%	2.35
	Asian	2.00%	7.2	13.84%	1.06
	Other	7.32%	26.4	22.54%	1.73
	Hispanic	0.00%	0	20.75%	1.59

High Cost Lending

	Heartland Bank		Aggregate	
	Percent High Cost	Disparity Ratio	Percent High Cost	Disparity Ratio
Total	0.44%		3.91%	
Race/Ethnicity of Borrower				
White	0.36%		3.78%	
Black	1.61%	4.47	8.18%	2.16
Asian	0.00%	0.00	2.15%	0.57
Other	5.26%	14.59	3.16%	0.84
Hispanic	6.67%	18.48	4.01%	1.06
Racial Composition of Census Tract				
Less than 10% minority	0.37%		3.62%	
10 - 19% minority	0.44%		3.62%	
20 - 49% minority	0.00%		4.65%	
50 - 79% minority	4.26%	11.43	6.10%	1.69
Greater than 80% minority	0.00%	0.00	13.81%	3.82

MetLife

MetLife Bank, N.A.

7.) MetLife Bank

Overview: MetLife Bank is the banking subsidiary of MetLife, Inc. which is most known for providing insurance. With assets of over $16.5 billion as of 9/30/10, MetLife Bank has only one deposit-taking branch location in Bridgewater, New Jersey.[77] MetLife Home Loans is a division of MetLife Bank that provides mortgage products.[78] There are three MetLife Home Loan offices in the St. Louis area.

Community Reinvestment: MetLife Bank is regulated by the OCC and has opted to be evaluated under a CRA strategic plan, which was approved July 2009.[79] The bank received a 'Satisfactory' rating on their 2009 performance evaluation.[80] In 2009, MetLife Inc., the bank's holding company, and MetLife Foundation provided community grants and investments that totaled $43.8 million in contributions and $234 million in loans and equity that supported community improvement.[81] Currently, MetLife Bank is under investigation by the U.S. Department of Housing and Urban Development for discrimination against African-American and Hispanic borrowers in FHA loans and credit score requirements. The investigation is a result of a fair housing complaint filed in December by the National Community Reinvestment Coalition (NCRC).[82]

Branch Locations: Though there are no deposit-taking locations in the St. Louis area, MetLife Home Loans operates three locations in Chesterfield, St. Peters, and Maryville, Illinois.

Assessment Area: MetLife Bank's only designated Assessment Area is in New Jersey.

TARP Funding: Neither MetLife Bank nor their holding company received TARP funding.

Foreclosures and Loan Modification: Within the St. Louis sample of loan modifications, the housing counseling agencies reported six loans from MetLife Bank, all of which did not yet have outcomes.

Lending Performance:

Market Penetration to Low-Income Borrowers and Communities: MetLife Bank's lending to low- and moderate-income borrowers is nearly the same as the aggregate percentages, with lending to low-income borrowers slightly higher and to moderate-income borrowers slightly lower. Interestingly, MetLife has a very high percentage of borrowers that did not report income characteristics. Over 30 percent of originations are reported as 'Income Not Available.' MetLife does better in originating loans to low- and moderate-income geographies, ranking second in highest total percentage. While the percentage to low-income census tracts is about the same as the aggregate, lending to moderate-income geographies is significantly higher than aggregate percentages and peer performance.

Market Penetration to Minority Borrowers and Communities: MetLife Bank originated a substantial amount of loans to African Americans. With over 16 percent of all loans originated to African

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[77] FDIC Institution Directory, http://www2.fdic.gov/idasp/main.asp, and MetLife Bank, About Us, http://www.metlifebank.com/AboutUs.do

[78] MetLife Home Loans, http://www.metlifehomeloans.com/index.aspx

[79] OCC, CRA, Banks Operating Under Strategic Plan, http://www.occ.treas.gov/topics/compliance-bsa/cra/strategic-plan-under-cra.html

[80] OCC, CRA ratings, http://www.occ.gov/static/cra/craeval/JAN10/23743.pdf

[81] Corporate Citizenship Report 2009, MetLife, page 4 http://www.metlife.com/assets/cao/contributions/foundation/MetLife-Foundation-contributions-report.pdf

[82] See "NCRC files Landmark Fair Housing Complaints" December 8, 2010. http://www.ncrc.org/component/k2/item/529-ncrc-challenges-lenders-on-fha-minimum-ficos

American borrowers, MetLife Bank outperforms the aggregate and the other top lending institutions by far. The bank ranks last in lending to Asian borrowers, and the percentage of loans to Hispanic borrowers is equal to the aggregate percentages. In lending to properties located in predominately minority areas, the bank is the leader with the highest percentage.

Denial Rate Disparities: MetLife Bank has lower denial rate disparities between minority borrowers and white borrowers compared to the aggregate. Still, African-American applicants and Asian applicants are more likely to be denied than white borrowers. Hispanic applicants had lower denial rates than white borrowers.

High Cost Loan Disparities: MetLife Bank originated a higher percentage of high cost loans than the aggregate, with over 6 percent of all loans reported as high cost. African-American and Hispanic borrowers both received more high cost loans compared to white borrowers. Though the disparity ratio is below the aggregate for African-American borrowers, MetLife Bank's disparity in high cost loans to Hispanic borrowers is above the aggregate. Areas of high minority population also received a higher percentage of high cost loans.

Small Business Lending: MetLife Bank did not report any small business loan originations in 2009, as they are not a commercial lender.

Originations compared to St. Louis Aggregate MSA

		Originations		
		#	**%**	**Aggregate**
TOTAL		2334		
Borrower Characteristic				
Income				
	Low - Income	200	8.57%	8.20%
	Moderate - Income	443	18.98%	19.82%
	Middle - Income	437	18.72%	22.97%
	Upper - Income	543	23.26%	39.26%
	Not Available	711	30.46%	9.76%
Property Location		**Originations**		
Income Characteristic		**#**	**%**	**Aggregate**
	Low - Income CT	18	0.77%	0.74%
	Moderate - Income CT	246	10.54%	8.56%
	Middle - Income CT	1362	58.35%	52.52%
	Upper - Income CT	708	30.33%	38.10%
Borrower Characteristic		**Originations**		
Race/Ethnicity		**#**	**%**	**Aggregate**
	White	1803	77.25%	85.31%
	Black	380	16.28%	4.73%
	Asian	20	0.86%	1.76%
	Other	131	5.61%	8.19%
	Hispanic	24	1.03%	1.03%
Property Location		**Originations**		
Racial Composition		**#**	**%**	**Aggregate**
	< 10% Minority	1511	64.74%	72.86%
	10-19% Minority	327	14.01%	14.18%
	20-49% Minority	304	13.02%	9.05%
	50-79% Minority	132	5.66%	2.67%
	80-100% Minority	60	2.57%	1.17%

Denial Rates compared to Aggregate Denial Rates

		Denial Rates			
Borrower Characteristic			**Disparity**	**Aggregate**	
	Total	23.65%		15.26%	
Race/Ethnicity					
	White	21.08%		13.02%	
	Black	31.19%	1.48	30.67%	2.35
	Asian	33.33%	1.58	13.84%	1.06
	Other	25.64%	1.22	22.54%	1.73
	Hispanic	13.33%	0.63	20.75%	1.59

High Cost Lending

	MetLife Bank		Aggregate	
	Percent High Cost	Disparity Ratio	Percent High Cost	Disparity Ratio
Total	6.08%		3.91%	
Race/Ethnicity of Borrower				
White	5.33%		3.78%	
Black	9.73%	1.83	8.18%	2.16
Asian	0.00%	0.00	2.15%	0.57
Other	6.56%	1.23	3.16%	0.84
Hispanic	9.52%	1.79	4.01%	1.06
Racial Composition of Census Tract				
Less than 10% minority	4.63%		3.62%	
10 - 19% minority	6.87%		3.62%	
20 - 49% minority	9.43%		4.65%	
50 - 79% minority	9.84%	2.13	6.10%	1.69
Greater than 80% minority	13.21%	2.85	13.81%	3.82

8.) Regions Bank

Overview: Regions Bank, based in Birmingham, Alabama, is a large bank that serves the South, the Midwest, and Texas.[83] Owned by Regions Financial Corp., the bank has $129 billion in assets as of September 30, 2010.[84] In the St. Louis market, Regions Bank is the eighth largest mortgage lender and the sixth largest depository bank, with 4.45 percent of the deposits.[85]

Community Reinvestment: Regions Bank is regulated by the Federal Reserve. They received a 'Satisfactory' rating on their 2007 CRA performance evaluation, with 'High Satisfactory' ratings on the lending and service tests and an 'Outstanding' on the investment test.[86] In the St. Louis area, the bank was rated 'Low Satisfactory' on the Lending and Service tests, and 'High Satisfactory' on the Investment test.[87] According to their website, Regions Bank and their Community Affairs division began a community investment commitment in 2007 of providing at least $100 billion over seven years in community development loans, small business lending, and mortgage lending that benefits low- and moderate- income borrowers and communities.[88] They also provide grants and charitable contributions through the holding company.[89] According the bank's 2009 CRA Disclosure of community development loans, Regions Bank originated 1,838 loans totaling over $4 million. [90]

Branch Locations: Regions Bank has 78 branch locations within the St. Louis metropolitan area.

Assessment Area: Regions Bank has designated their Assessment Area as Clinton, Madison, and St. Clair counties in Illinois, and St. Charles, St. Louis county, and St. Louis City in Missouri.

TARP Funding: Regions Financial Corp., the bank's holding company, received $3.5 billion in TARP funding on November 14, 2008 as part of the Capital Purchase Program.[91] They continue to pay dividends, but the funding has yet to be repaid.

Foreclosures and Loan Modification: Regions Bank did not have any information available for their performance in foreclosures and loan modifications.

Lending Performance:

Market Penetration to Low-Income Borrowers and Communities: Regions Bank's market penetration to low- and moderate-income borrowers is lower than the aggregate percentages, with 24.87 percent originated to LMI borrowers. The bank also has a lower percentage of originations to low- and moderate-income geographies, especially to moderate-income geographies.

Market Penetration to Minority Borrowers and Communities: The bank's market penetration to African-American and Hispanic borrowers is below the aggregate performance levels. Regions Bank has the lowest percentage of loans originated to Hispanic borrowers. Lending to Asian borrowers is

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[83] Regions Bank, Company Information, http://www.regions.com/about_regions/company_info.rf
[84] FDIC Institution Directory, http://www2.fdic.gov/idasp/main.asp
[85] FDIC Summary of Deposits, Market Share Report, as of June 30th, 2010. http://www2.fdic.gov/sod/sodMarketRpt.asp?barItem=2&sCounty=all
[86] Federal Reserve, CRA Ratings, http://www.frbatlanta.org/bank_info/cra_pes/2010/233031.pdf
[87] Ibid. pg. 83
[88] Regions Bank, Community Investment Commitment, http://www.regions.com/about_regions/community_investment.rf
[89] Regions Bank, Social Responsibility, http://www.regions.com/about_regions/social_responsibility.rf
[90] FFIEC, CRA, Disclosure Report. http://www.ffiec.gov/craadweb/DiscInstList.aspx
[91] ProPublica, Eye on the Bailout, http://bailout.propublica.org/entities/406-regions-financial-corp

better, with a percentage slightly above the aggregate percentage. Lending to areas of predominately minority populations is below the aggregate percentages, especially to census tracts with over 80 percent minority populations.

Denial Rate Disparities: Of the top ten lenders, Regions Bank had the highest denial rate disparity between African-American and white applicants. African-American borrowers were denied 4.6 times more than white borrowers. Asian and Hispanic borrowers were also more likely to be denied than white borrowers, but the disparity ratios are not as striking.

High Cost Loan Disparities: Regions Bank has a lower overall percentage of high cost loans compared to the aggregate. African-American borrowers were slightly more likely to receive a high cost loan, but Asian borrowers had the highest disparity ratio out of minority borrowers. Regions Bank's low volume of high cost loans could contribute to this skewed percentage. High cost lending to areas with predominately minority geographies is the most striking, with over 33 percent of originated loans reported as high cost to areas with over 80 percent minority population.

Small Business Lending: Regions Bank provided more small business loans to low- and moderate-income geographies than the aggregate performance. Over 27 percent of small business loans were originated to a low- or moderate-income census tract.

Regions Bank Originations compared to St. Louis Aggregate MSA

		Originations		
		#	%	**Aggregate**
TOTAL		1994		
Borrower Characteristic				
Income				
	Low - Income	137	6.87%	8.20%
	Moderate - Income	359	18.00%	19.82%
	Middle - Income	420	21.06%	22.97%
	Upper - Income	772	38.72%	39.26%
	Not Available	306	15.35%	9.76%
Property Location		**Originations**		
Income Characteristic		#	%	**Aggregate**
	Low - Income CT	16	0.80%	0.74%
	Moderate - Income CT	152	7.62%	8.56%
	Middle - Income CT	1143	57.32%	52.52%
	Upper - Income CT	683	34.25%	38.10%
Borrower Characteristic		**Originations**		
Race/Ethnicity		#	%	**Aggregate**
	White	1788	89.67%	85.31%
	Black	71	3.56%	4.73%
	Asian	38	1.91%	1.76%
	Other	97	4.86%	8.19%
	Hispanic	13	0.65%	1.03%
Property Location		**Originations**		
Racial Composition		#	%	**Aggregate**
	< 10% Minority	1320	66.20%	72.86%
	10-19% Minority	392	19.66%	14.18%
	20-49% Minority	221	11.08%	9.05%
	50-79% Minority	47	2.36%	2.67%
	80-100% Minority	14	0.70%	1.17%

Denial Rates compared to Aggregate Denial Rates

		Denial Rates			
Borrower Characteristic			**Disparity**	**Aggregate**	
	Total	8.17%		15.26%	
Race/Ethnicity					
	White	6.17%		13.02%	
	Black	28.57%	4.63	30.67%	2.35
	Asian	9.23%	1.50	13.84%	1.06
	Other	18.00%	2.92	22.54%	1.73
	Hispanic	11.11%	1.80	20.75%	1.59

High Cost Lending

	Regions Bank		Aggregate	
	Percent High Cost	Disparity Ratio	Percent High Cost	Disparity Ratio
Total	1.64%		3.91%	
Race/Ethnicity of Borrower				
White	1.33%		3.78%	
Black	1.64%	1.23	8.18%	2.16
Asian	3.23%	2.43	2.15%	0.57
Other	6.59%	4.96	3.16%	0.84
Hispanic	0.00%	0.00	4.01%	1.06
Racial Composition of Census Tract				
Less than 10% minority	1.20%		3.62%	
10 - 19% minority	1.43%		3.62%	
20 - 49% minority	3.09%		4.65%	
50 - 79% minority	0.00%	0.00	6.10%	1.69
Greater than 80% minority	33.33%	27.88	13.81%	3.82

Small Business Lending

	Regions Bank		**Aggregate**
Census Tract	#	%	%
Low-Income	34	4.26%	3.34%
Moderate-Income	183	22.93%	13.46%
Middle-Income	362	45.36%	44.99%
Upper Income	213	26.69%	36.57%
NA	6	0.75%	1.97%
Total	798		

9.) Countrywide Bank

Overview: Countrywide Bank is now a subsidiary of Bank of America Corporation, after being acquired by the company in July 2008. It operates as a division of Bank of America Home Loans, reporting as a 2009 HMDA lender and the ninth largest lender in the St. Louis metropolitan area.

Community Reinvestment: Countrywide Bank is no longer an independent financial institution, as it is now part of Bank of America. Before the bank's acquisition, Countrywide was regulated by the Office of Thrift Supervision. The bank's last CRA performance evaluation that covered the years 2005 to 2007 gave the bank a 'Needs to Improve' rating because of discriminatory practices and violations of the Equal Credit Opportunity Act.[92]

Branch Locations: As a division of Bank of America Home Loans, Countrywide does not have any branch locations.

Assessment Area: Before being acquired by Bank of America, Countrywide had designated two assessment areas in the Washington D.C. area and the Dallas, Texas metropolitan areas. These were the only two areas with deposit-taking branch locations, despite Countrywide's widespread loan presence across the nation.

TARP Funding: Bank of America received TARP funding, as stated in their institution analysis earlier in this report. The part of TARP funding for Bank of America Home Loans included assistance for loans made under Countrywide Bank.

Foreclosures and Loan Modification: The performance of Countrywide Bank loans falls under the responsibility of Bank of America Corporation. See analysis of foreclosure and loan modification information discussed previously under Bank of America.

Lending Performance:

Market Penetration to Low-Income Borrowers and Communities: Countrywide Bank's percentage of lending to low- and moderate-income borrowers is below the aggregate percentages, and ranked ninth compared to their peer institutions. Originations to low-income borrowers are far below the aggregate percentages. Lending to low- and moderate-income geographies is slightly better, but still slightly below the aggregate percentages.

Market Penetration to Minority Borrowers and Communities: Countrywide originated a higher percentage of loans to African-American borrowers compared to the aggregate percentages. Loans to Asian borrowers are slightly below the aggregate percentages, but the bank has the lowest market penetration to Hispanic borrowers. Originations to predominately minority areas are slightly above the aggregate percentages.

Denial Rate Disparities: The bank was more likely to deny African-American and Hispanic loan applications compared to white applications, but the disparity ratios are less than the aggregate performance. Asian borrowers are denied less than white borrowers.

High Cost Loan Disparities: Countrywide reported nearly 7 percent of all loan originations as high cost loans, which is higher than the aggregate percentage. African-American borrowers received twice as many high cost loans as white borrowers. Asian and Hispanic borrowers received less high cost

[92] OTS, CRA database, http://www.ots.treas.gov/_files/cra/CRAE_18039_20080212_64.rtf

loans than white borrowers. Areas of predominately minority populations were also more likely to receive high cost loans, with significantly higher percentages of high cost loans originated to areas with over 50 percent minority population.

Small Business Lending: Countrywide Bank did not report small business lending data for 2009 as they are a mortgage loan subsidiary of Bank of America.

Originations compared to St. Louis Aggregate MSA

		Originations		
		#	**%**	**Aggregate**
TOTAL		1942		
Borrower Characteristic				
Income				
	Low - Income	115	5.92%	8.20%
	Moderate - Income	366	18.85%	19.82%
	Middle - Income	458	23.58%	22.97%
	Upper - Income	692	35.63%	39.26%
	Not Available	311	16.01%	9.76%
Property Location		**Originations**		
Income Characteristic		**#**	**%**	**Aggregate**
	Low - Income CT	16	0.82%	0.74%
	Moderate - Income CT	141	7.26%	8.56%
	Middle - Income CT	1030	53.04%	52.52%
	Upper - Income CT	755	38.88%	38.10%
Borrower Characteristic		**Originations**		
Race/Ethnicity		**#**	**%**	**Aggregate**
	White	1589	81.82%	85.31%
	Black	115	5.92%	4.73%
	Asian	31	1.60%	1.76%
	Other	207	10.66%	8.19%
	Hispanic	10	0.51%	1.03%
Property Location		**Originations**		
Racial Composition		**#**	**%**	**Aggregate**
	< 10% Minority	1443	74.30%	72.86%
	10-19% Minority	248	12.77%	14.18%
	20-49% Minority	166	8.55%	9.05%
	50-79% Minority	62	3.19%	2.67%
	80-100% Minority	23	1.18%	1.17%

Denial Rates compared to Aggregate Denial Rates

		Denial Rates			
Borrower Characteristic			**Disparity**	**Aggregate**	
	Total	21.69%		15.26%	
Race/Ethnicity					
	White	20.61%		13.02%	
	Black	28.91%	1.40	30.67%	2.35
	Asian	17.02%	0.83	13.84%	1.06
	Other	25.73%	1.25	22.54%	1.73
	Hispanic	30.30%	1.47	20.75%	1.59

High Cost Lending

	Countrywide Bank		Aggregate	
	Percent High Cost	Disparity Ratio	Percent High Cost	Disparity Ratio
Total	6.90%		3.91%	
Race/Ethnicity of Borrower				
White	6.23%		3.78%	
Black	12.17%	1.95	8.18%	2.16
Asian	3.23%	0.52	2.15%	0.57
Other	9.66%	1.55	3.16%	0.84
Hispanic	5.88%	0.94	4.01%	1.06
Racial Composition of Census Tract				
Less than 10% minority	6.51%		3.62%	
10 - 19% minority	4.84%		3.62%	
20 - 49% minority	7.23%		4.65%	
50 - 79% minority	17.74%	2.72	6.10%	1.69
Greater than 80% minority	21.74%	3.34	13.81%	3.82

JPMorganChase

10.) JP Morgan Chase

Overview: JP Morgan Chase Bank is the banking subsidiary of JP Morgan Chase & Company, a large financial institution with many different financial services and products.[93] As of September 30, 2010, JP Morgan Chase Bank had assets of over $1.6 trillion.[94] Though mortgage loans are reported under JP Morgan Chase Bank, the bank operates two brands: Chase Bank and JP Morgan.[95] In the St. Louis area, there are no depository Chase Banks, but there are locations of Chase Mortgage and JP Morgan.

Community Reinvestment: JP Morgan Chase Bank is regulated by the OCC as a Large Bank. The bank received an 'Outstanding' rating on their 2007 CRA performance evaluation. Since the bank does not operate any banking locations within the St. Louis market, the bank does not include any part of the metropolitan area in their assessment area and their performance in this market was not evaluated. In 2004 JP Morgan Chase & Company made a ten-year commitment of $800 billion for community reinvestment activities, and as of 2009 they have completed $438.3 billion in mortgages, $94.2 billion for small businesses, and $41.6 billion in community development lending and investments.[96] Additionally, the company gave over $100 billion around the world in charitable contributions in 2009 through JP Morgan Chase & Company and the JP Morgan Chase Foundation.[97]

Branch Locations: JP Morgan Chase Bank does not operate any deposit-taking bank branches within the St. Louis area. There is one Chase Home Finance Office in Chesterfield, Missouri. Recently, JP Morgan Chase & Company announced they will open between 1,500 and 2,000 new branches across the country over the next five years. Yet, none of those branches will be located in the St. Louis area. The company is, however, opening a homeownership center here that will provide borrowers resources to help them stay in their homes. These centers have been opened nationally in areas with high foreclosure rates.[98]

Assessment Area: JP Morgan Chase Bank has not designated any portion of the St. Louis metropolitan area as their assessment area.

TARP Funding: JP Morgan Chase Bank was one of the eight financial institutions to receive capital investments through TARP to boost healthy institutions. They received $25 billion on October 28, 2008, which they repaid on June 9, 2009[99].

Foreclosures and Loan Modification: In additional TARP funds, the bank and their subsidiaries received $121 million in incentives for home mortgage modifications under the Making Home Affordable

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[93] JP Morgan Chase & Company, About Us, Our Businesses, http://www.jpmorganchase.com/corporate/About-JPMC/client-solutions.htm
[94] FDIC Institution Directory, http://www2.fdic.gov/idasp/main.asp
[95] JP Morgan Chase & Company, About Us, Our Businesses, http://www.jpmorganchase.com/corporate/About-JPMC/client-solutions.htm
[96] JP Morgan Chase & Company, 2009 Corporate Responsibility Report, page 17 http://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/cr_full_report_10-0604.pdf
[97] Ibid. page 18.
[98] Brown, Lisa. "No New Branches Here, but Chase will open Local Homeownership Center." *St. Louis Post-Dispatch*. Feb. 16, 2011. http://www.stltoday.com/business/local/article_a48aacda-3a0a-11e0-88a9-00127992bc8b.html?sms_ss=email&at_xt=4d5c52b464b6cfdb%2C0
[99] ProPublica, Eye on the Bailout, http://bailout.propublica.org/entities/282-jpmorgan-chase

Program.[100] As of November 30, 2010, JP Morgan Chase started nearly 223,000 trial modifications, with 5.8 percent in trial modifications, 2.1 percent in aged modifications, 30.4 percent in permanent modifications, and 61.8 percent in failed modifications.[101] Within the St. Louis sample of loan modifications, the housing counseling agencies reported 50 loans being serviced by JP Morgan Chase.[102] Of those, one was in a trial modification, one was in a permanent modification, and 48 did not yet have an outcome at the date of reporting. JP Morgan Chase is also under investigation, along with other top lenders, for their foreclosure and loan modification process.[103]

Lending Performance:

Market Penetration to Low-Income Borrowers and Communities: JP Morgan Chase Bank's lending to low- and moderate-income borrowers is nearly the same as the aggregate percentages, with 27.84 loans originated to LMI borrowers. Lending to low-income borrowers is below the aggregate and lending to moderate-income borrowers is slightly above the aggregate. The bank had the lowest percentage of loans originated to low-income census tracts, with only 0.37 percent, and lending to moderate-income borrowers is also below the aggregate with under 6 percent originated loans.

Market Penetration to Minority Borrowers and Communities: Compared to the other top lenders, JP Morgan Chase Bank had the lowest percent of originations to African-American borrowers with 2.8 percent. Lending to Asian borrowers is also below the aggregate and most of the other institutions. The bank, however, originated the highest percentage of loans to Hispanic borrowers, with 1.5 percent. Lending to areas with predominately minority populations is also low, with about 3 percent of loans originated to areas with over 50 percent minority population.

Denial Rate Disparities: JP Morgan Chase Bank had the highest denial rates overall, with a total of nearly 40 percent of loan applications denied. Despite high rates of denial, the disparity between minority borrowers and white borrowers is less than the aggregate disparity ratios. Over 62 percent of African-American applications were denied, compared to about 38 percent of white applications. Asian and Hispanic borrowers were less likely to be denied than white borrowers, with denial rates of 35 percent and 19 percent, respectively.

High Cost Loan Disparities: JP Morgan Chase Bank has the largest high cost loan disparity between African-American borrowers and white borrowers, with African-Americans receiving over 5 times more high cost loans than white borrowers. This is significantly above the aggregate disparity ratio. Hispanic borrowers were also more likely to receive a high cost loan than a white borrower. Predominately minority areas also received a greater proportion of high cost loans, with higher rates of disparities among JP Morgan Chase Bank's lending compared to the aggregate disparities.

Small Business Lending: JP Morgan Chase Bank originated 272 small business loans to the St. Louis MSA in 2009. The percentage originated to low-income census tracts was slightly above the aggregate, but loans to moderate-income census tracts fell below the aggregate performance. Chase Bank, USA, also a subsidiary of JP Morgan Chase & Company, originated a substantial volume of small business loans to the area.

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[100] Ibid. http://bailout.propublica.org/entities/570-jpmorgan-chase-subsidiaries
[101] ProPublica, Loan Modification Progress Chart, http://bailout.propublica.org/loan_mods/list
[102] Included loans serviced by Chase Bank Mortgage.
[103] Morgenson, Gretchen. "Flawed Paperwork Aggravates a Foreclosure Crisis." *The New York Times.* October 3, 2010. http://www.nytimes.com/2010/10/04/business/04mortgage.html?ref=morganjpchaseandcompany

Originations compared to St. Louis Aggregate MSA

		Originations		
		#	%	Aggregate
TOTAL		1602		
Borrower Characteristic				
Income				
	Low - Income	111	6.93%	8.20%
	Moderate - Income	335	20.91%	19.82%
	Middle - Income	418	26.09%	22.97%
	Upper - Income	676	42.20%	39.26%
	Not Available	62	3.87%	9.76%
Property Location		**Originations**		
Income Characteristic		**#**	**%**	**Aggregate**
	Low - Income CT	6	0.37%	0.74%
	Moderate - Income CT	94	5.87%	8.56%
	Middle - Income CT	784	48.94%	52.52%
	Upper - Income CT	718	44.82%	38.10%
Borrower Characteristic		**Originations**		
Race/Ethnicity		**#**	**%**	**Aggregate**
	White	1359	84.83%	85.31%
	Black	45	2.81%	4.73%
	Asian	17	1.06%	1.76%
	Other	181	11.30%	8.19%
	Hispanic	24	1.50%	1.03%
Property Location		**Originations**		
Racial Composition		**#**	**%**	**Aggregate**
	< 10% Minority	1236	77.15%	72.86%
	10-19% Minority	201	12.55%	14.18%
	20-49% Minority	116	7.24%	9.05%
	50-79% Minority	36	2.25%	2.67%
	80-100% Minority	13	0.81%	1.17%

Denial Rates compared to Aggregate Denial Rates

		Denial Rates			
Borrower Characteristic			**Disparity**	**Aggregate**	
	Total	39.76%		15.26%	
Race/Ethnicity					
	White	38.01%		13.02%	
	Black	62.84%	1.65	30.67%	2.35
	Asian	35.48%	0.93	13.84%	1.06
	Other	39.82%	1.05	22.54%	1.73
	Hispanic	19.35%	0.51	20.75%	1.59

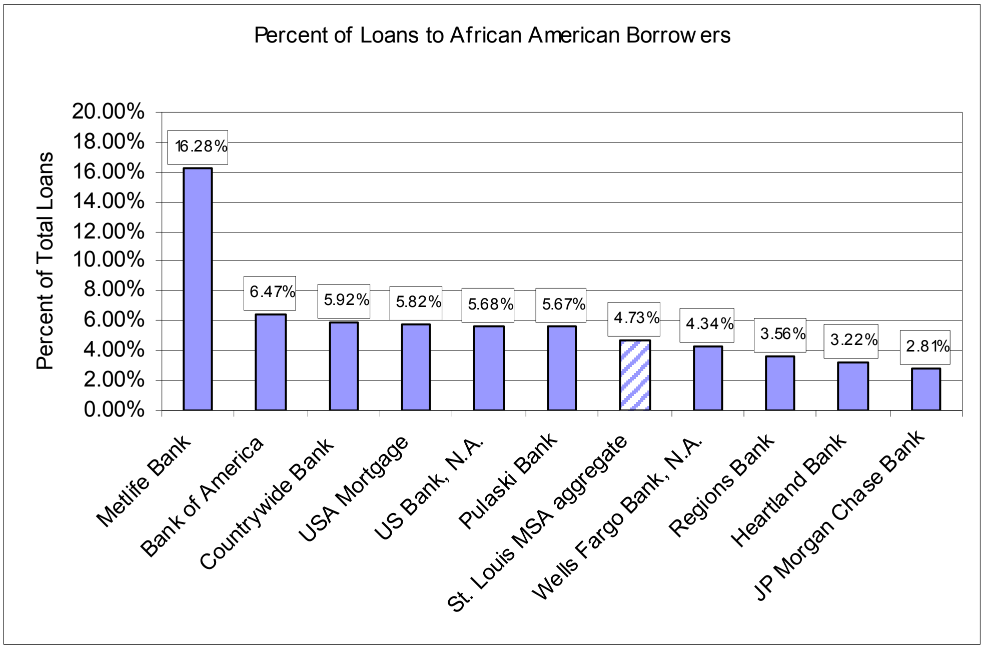
High Cost Lending

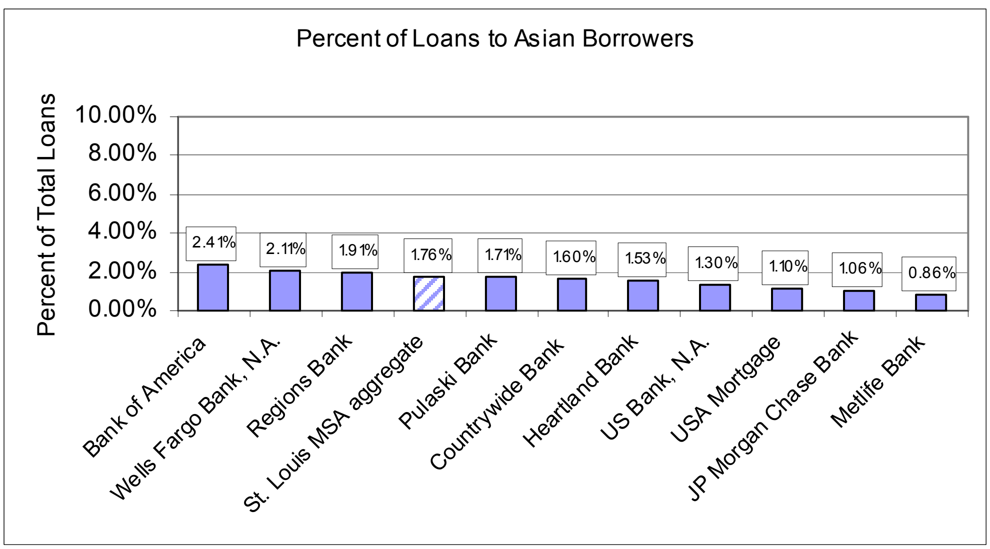
	JP Morgan Chase Bank		Aggregate	
	Percent High Cost	Disparity Ratio	Percent High Cost	Disparity Ratio
Total	3.22%		3.91%	
Race/Ethnicity of Borrower				
White	2.94%		3.78%	
Black	15.56%	5.30	8.18%	2.16
Asian	0.00%	0.00	2.15%	0.57
Other	2.37%	0.81	3.16%	0.84
Hispanic	4.17%	1.42	4.01%	1.06
Racial Composition of Census Tract				
Less than 10% minority	3.03%		3.62%	
10 - 19% minority	2.16%		3.62%	
20 - 49% minority	3.96%		4.65%	
50 - 79% minority	8.33%	2.75	6.10%	1.69
Greater than 80% minority	15.38%	5.08	13.81%	3.82

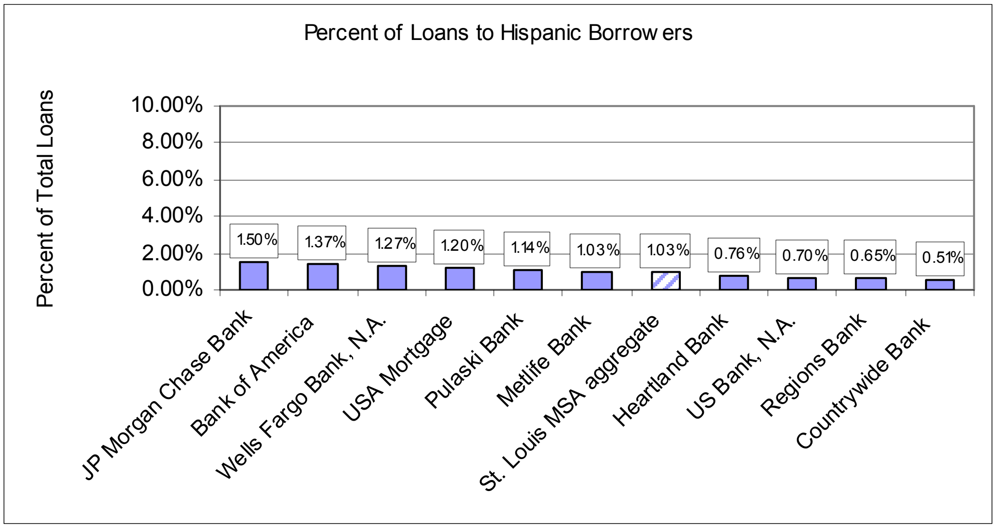
Small Business Lending

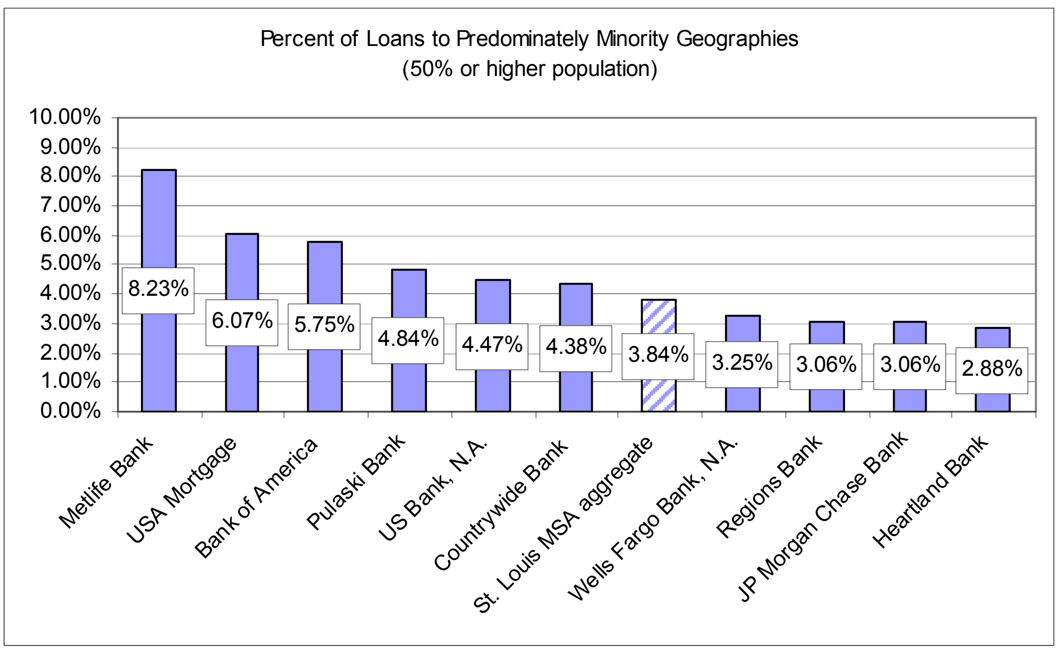
	JP Morgan Chase		**Aggregate**
Census Tract	#	%	%
Low-Income	12	4.41%	3.34%
Moderate-Income	24	8.82%	13.46%
Middle-Income	141	51.84%	44.99%
Upper Income	82	30.15%	36.57%
NA	13	4.78%	1.97%
Total	272		

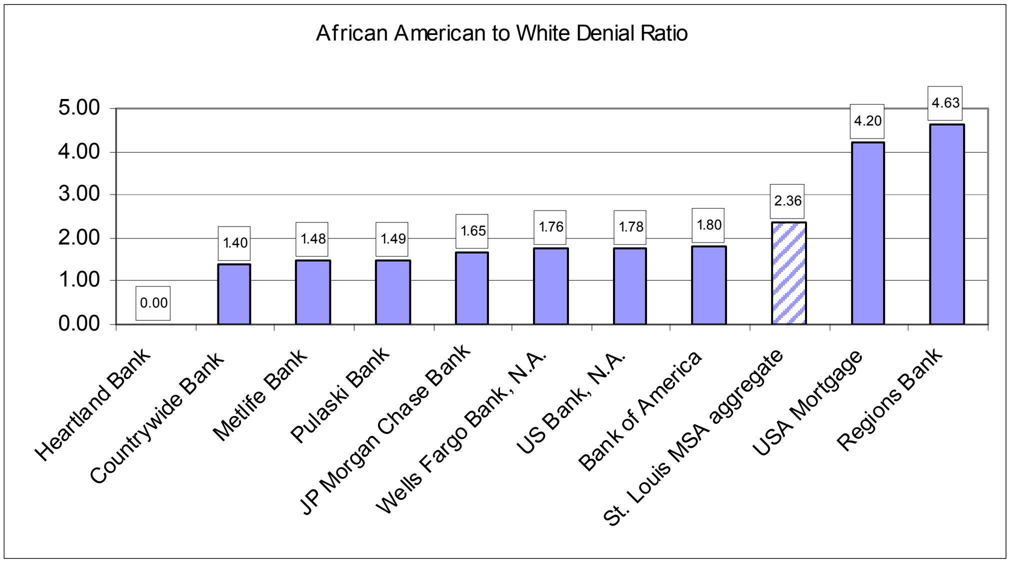
VI. TABLES EXAMINING TOP TEN MORTGAGE LENDERS

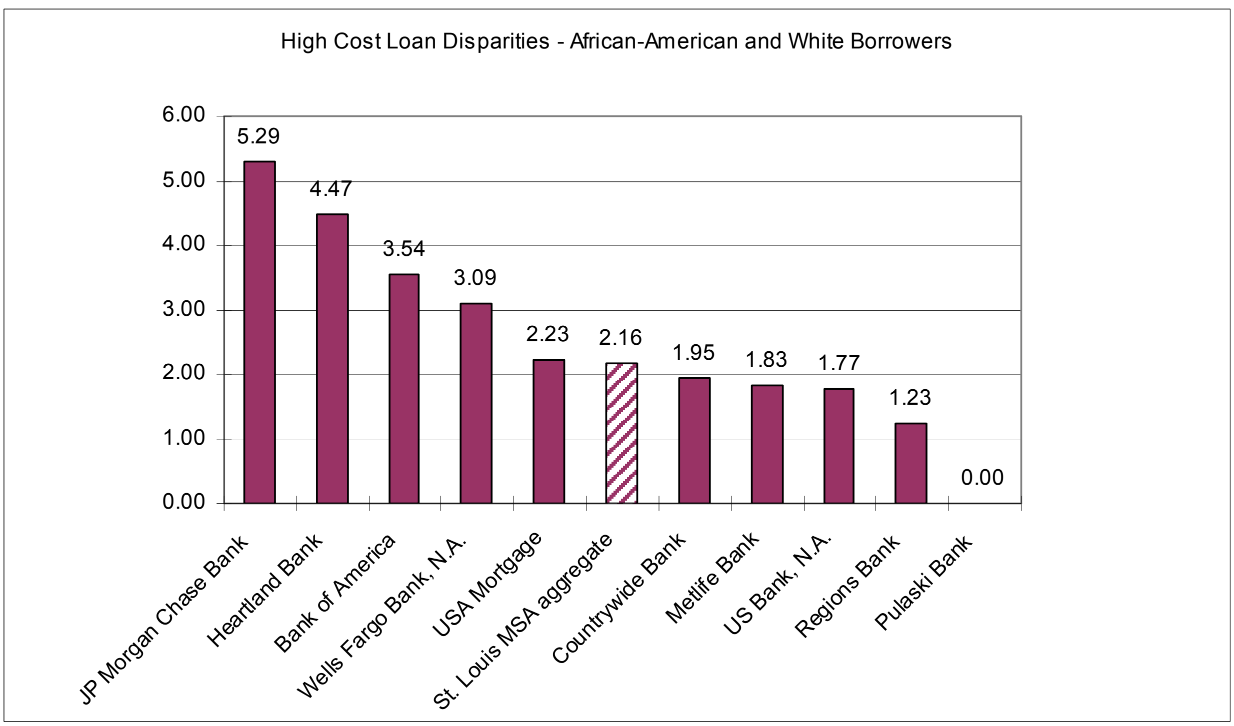


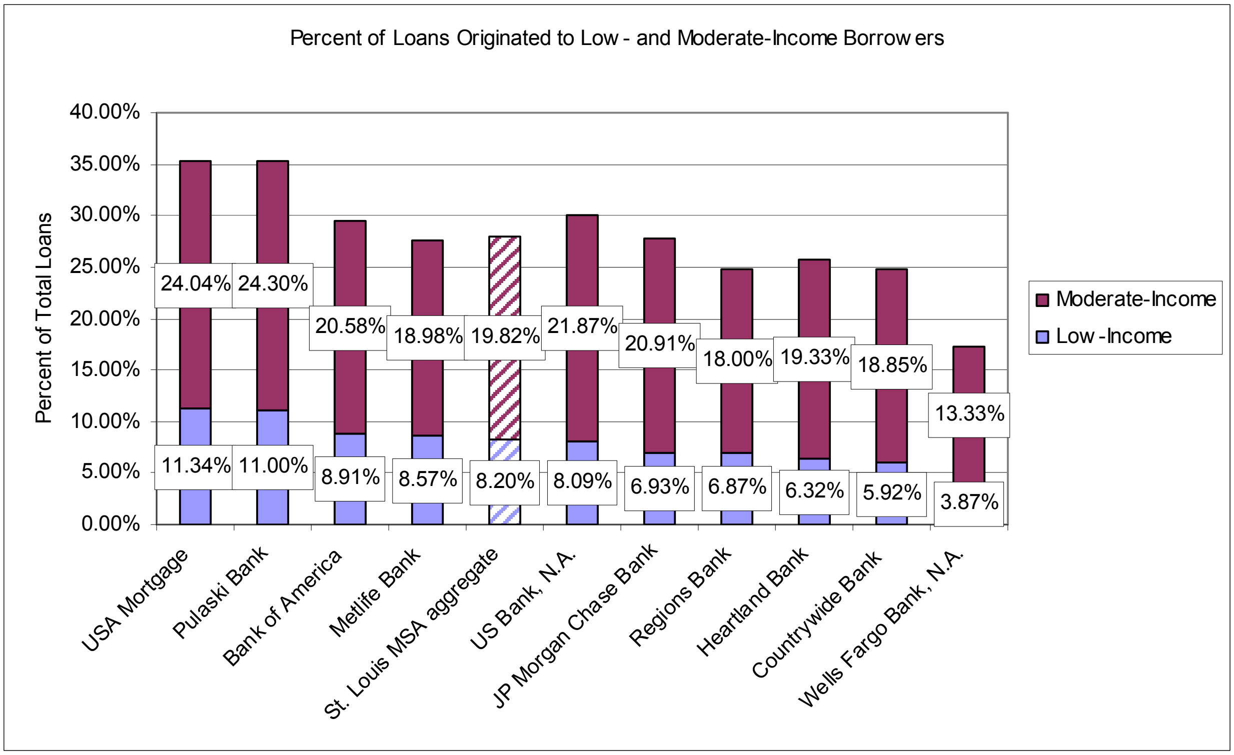


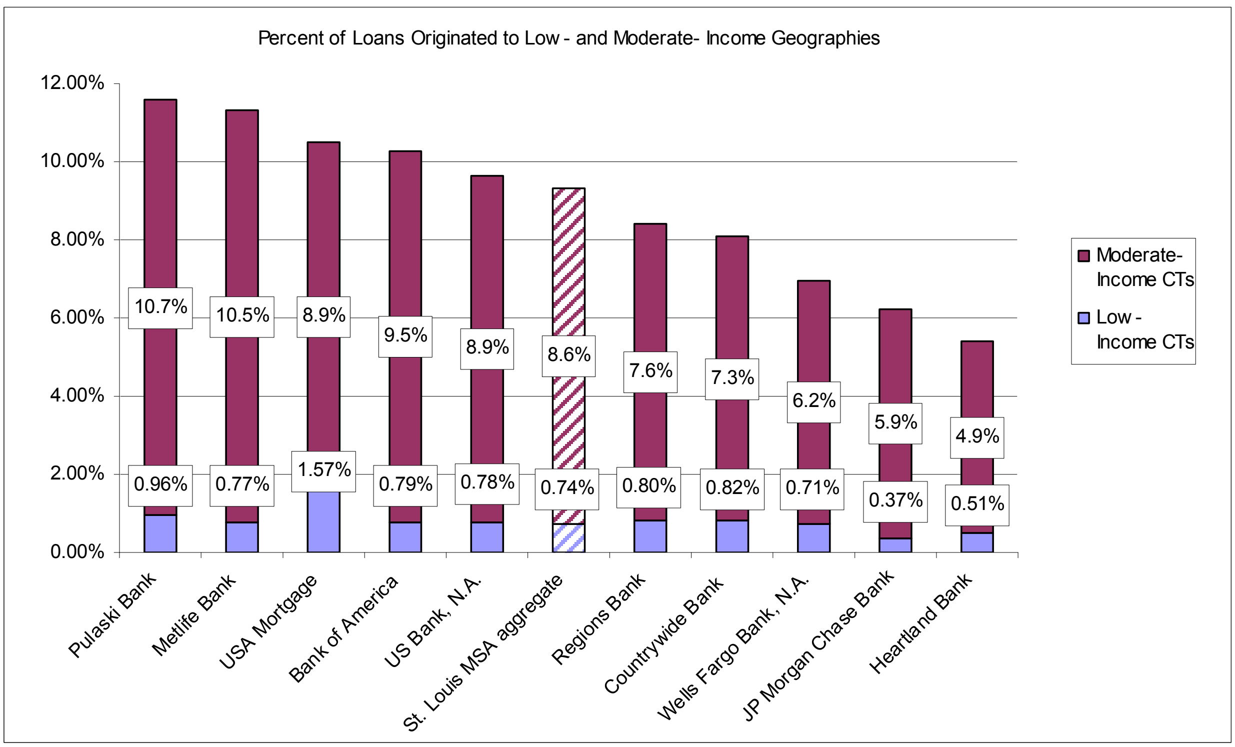

Percent of Loans to Hispanic Borrow ers
Percent of Total Loans
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
1.50%
1.37%
1.27%
1.20%
1.14%
1.03%
1.03%
0.76%
0.70%
0.65%
0.51%
JP Morgan Chase Bank
Bank of America
Wells Fargo Bank, N.A.
USA Mortgage
Pulaski Bank
Metlife Bank
St. Louis MSA aggregate
Heartland Bank
US Bank, N.A.
Regions Bank
Countrywide Bank


Percent of Loans to Predominately Minority Geographies
(50% or higher population)
10.00%
9.00%
8.00%
7.00%
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
8.23%
6.07%
5.75%
4.84%
4.47%
4.38%
3.84%
3.25%
3.06%
3.06%
2.88%
Metlife Bank
USA Mortgage
Bank of America
Pulaski Bank
US Bank, N.A.
Countrywide Bank
St. Louis MSA aggregate
Wells Fargo Bank, N.A.
Regions Bank
JP Morgan Chase Bank
Heartland Bank


African American to White Denial Ratio
5.00
4.00
3.00
2.00
1.00
0.00
0.00
1.40
1.48
1.49
1.65
1.76
1.78
1.80
2.36
4.20
4.63
Heartland Bank
Countrywide Bank
Metlife Bank
Pulaski Bank
JP Morgan Chase Bank
Wells Fargo Bank, N.A.
US Bank, N.A.
Bank of America
St. Louis MSA aggregate
USA Mortgage
Regions Bank


High Cost Loan Disparities - African-American and White Borrowers
6.00
5.00
4.00
3.00
2.00
1.00
0.00
5.29
4.47
3.54
3.09
2.23
2.16
1.95
1.83
1.77
1.23
0.00
JP Morgan Chase Bank
Heartland Bank
Bank of America
Wells Fargo Bank, N.A.
USA Mortgage
St. Louis MSA aggregate
Countrywide Bank
Metlife Bank
US Bank, N.A.
Regions Bank
Pulaski Bank


Percent of Loans Originated to Low - and Moderate-Income Borrow ers
Percent of Total Loans
40.00%
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
24.04%
24.30%
20.58%
18.98%
19.82%
21.87%
20.91%
18.00%
19.33%
18.85%
13.33%
11.34%
11.00%
8.91%
8.57%
8.20%
8.09%
6.93%
6.87%
6.32%
5.92%
3.87%
USA Mortgage
Pulaski Bank
Bank of America
Metlife Bank
St. Louis MSA aggregate
US Bank, N.A.
JP Morgan Chase Bank
Regions Bank
Heartland Bank
Countrywide Bank
Wells Fargo Bank, N.A.
Moderate-Income
Low -Income


Percent of Loans Originated to Low - and Moderate- Income Geographies
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
10.7%
10.5%
8.9%
9.5%
8.9%
8.6%
7.6%
7.3%
6.2%
5.9%
4.9%
0.96%
0.77%
1.57%
0.79%
0.78%
0.74%
0.80%
0.82%
0.71%
0.37%
0.51%
Pulaski Bank
Metlife Bank
USA Mortgage
Bank of America
US Bank, N.A.
St. Louis MSA aggregate
Regions Bank
Countrywide Bank
Wells Fargo Bank, N.A.
JP Morgan Chase Bank
Heartland Bank
Moderate-Income CTs
Low -Income CTs

VII. RECOMMENDATIONS

1. Public Policy Recommendations

Expand and Enhance the Community Reinvestment Act (CRA): The financial markets have changed dramatically since the Community Reinvestment Act was passed in 1977. EHOC joins with the National Community Reinvestment Coalition in calling for a modernization of CRA to:

- Expand CRA to include investment banks, independent mortgage companies, credit unions and insurance companies;
- Consider service and lending to minority individuals and communities on CRA exams;
- Include affiliates and subsidiaries of banks under CRA;
- Elevate the role of community development lending and investments on CRA exams;
- Improve the rigor of CRA exams;
- Create incentives for financial institutions to pursue higher ratings, and penalties for institutions that receive failing ratings;
- Strengthen the ability of communities to provide input on mergers and acquisitions, even when banks have “satisfactory” or “outstanding” ratings; and
- Fix assessment areas by changing CRA to measure where banks do the majority of their lending.

Mandate Loan Modifications and Foreclosure Assistance: As of November 30, 2010, 1.46 million loans were eligible for the government’s loan modification program. Of those, 6.8 percent are in trial modifications, 3.4 percent are in trial modifications that have extended beyond six months, 34.5 percent are in permanent modifications, and 52.9 percent had their modification fail.[104] If over half of eligible loans have not succeeded in getting a trial or permanent modification, the program as it is now is ineffective and must be strengthened and expanded so homeowners receive the assistance they need to save their homes. The government should require participation in the program, mandating loan modifications. It also should include reductions in principle loan amounts for eligible homeowners.

Leverage Local Government Resources towards Community Reinvestment: EHOC calls on local governments, particularly those with low-income and minority communities, to pass local CRA ordinances modeled after the city of Cleveland. Such an ordinance would require local jurisdictions to screen financial institutions that hold their deposits for effectiveness in community reinvestment activities.

2. Financial Institution Recommendations

Expand Services in Low-Income and Minority Communities: Financial institutions should consider whether they are able to open service locations in predominately minority and/or low-income communities, particularly in north St. Louis City, north St. Louis County and northwest St. Clair County.

Develop Mortgage Products to Serve Low-Income Communities: Banks should develop mortgage products that serve low and moderate income communities. Some of the larger mortgage lenders have developed mortgage loan products that are aimed at increasing homeownership rates in low-income communities, consistent with safe and sound practices. For example, U.S. Bank’s American Dream Home Loan is targeted at those who are at or below 80% of the area median income or those purchasing homes in low- to moderate- income census tracts. The loan does not require a minimum credit score, but does require homebuyer counseling. Midwest BankCentre recently announced the “Affordable Home Improvement Loan” with interest rates as low as 4% APR, and a loan-to-value of up to 100% of tax

[104] ProPublica, Eye on Loan Modifications, http://www.propublica.org/ion/loan-modifications

assessed value for owner-occupied homes. Many banks do not originate FHA loans in house, and therefore are unable to report these loans on their HMDA reports. By becoming a certified FHA-lender, banks are able to report these loans on their institutions HMDA report. Since African Americans disproportionately use FHA loans (now over 56% of the market among African Americans), being able to originate FHA loans is critical to serving this market. Banks should consider applicants with a minimum 580 credit score.

Develop Additional Products and Services to Reach Minority and Low-Income Communities: Often, low-income and minority borrowers have been impacted by poor credit. Offering "Second Chance" checking accounts for those who have been unsuccessful in maintaining a checking account can provide an alternative to costly check cashing fees. Providing small dollar loans can be an alternative to high cost payday or title loans. Credit unions such as St. Louis Community Credit Union offers a "Freedom Loan," a loan marketed as an alternative to a "Payday loan" with maximum loan amount of $500. Choices Federal Credit Union offers a small dollar loan to refinance high cost payday loans. St. Louis Community Credit Union also offers a "Credit Builder Loan" which is a "share-pledged" loan that members are guaranteed to qualify for. The goal of the loan is to assist borrowers in improving their credit scores by demonstrating their ability to make timely payments. Banks have begun to provide alternatives to refund anticipation loans, and to work with free tax preparation sites to assist low-income, elderly and disabled individuals with their taxes.

Diversify Staff and Board: To effectively reach minority communities, leadership and staff of a bank need to be culturally competent. Bilingual loan officers, customer service representatives and tellers are more likely to be able to communicate with Hispanic borrowers. Some minority populations mistrust financial institutions; seeing bank employees that look like themselves can help build trust. Financial institutions can affirmatively market employment opportunities to groups that would be least likely to otherwise apply, and can network through organizations such as PLAN (Professional Latino Action Network) or the Urban League Young Professionals of Metropolitan St. Louis.

Affirmative Marketing: Non-depository institutions in the past decade have spent resources affirmatively marketing mortgage products in communities of color (many of these were subprime lenders that are at least partly responsible for equity stripping in these communities). Many of these institutions are no longer in existence due to the subprime bust. However, financial institutions that offer equitable credit can learn from their successful marketing strategies in reaching communities of color.

Community Collaboration: Financial institutions should work with existing efforts to bank the unbanked through the St. Louis Regional Unbanked Task Force supported by the FDIC; to expand access to financial literacy, through the Greater St. Louis Financial Education Collaborative supported by the United Way; Metro Foreclosure Intervention Task Force being facilitated by the Urban League of Metropolitan St. Louis. Financial institutions can also partner with nonprofit organizations that serve low-income and minority communities to expand access to credit in these communities.

3. Recommendations for Community Organizations

Participate in the CRA Public Comment Process: Community organizations are invited to join the St. Louis Equal Housing and Community Reinvestment Alliance (www.slehcra.org) which routinely assesses banks for their compliance with the Community Reinvestment Act and fair lending laws. By bringing deficiencies to the attention of banks, and suggesting remedies, we can work with banks to create equal access to credit.