

St. Louis Equal Housing and Community Reinvestment Alliance

c/o EHOc, 1027 South Vandeventer Ave., 6th Floor, St. Louis, MO 63110 * ehocmt@birch.net

MISSION

*The St. Louis
Equal Housing
and Community
Reinvestment
Alliance works
to promote
investment in
low-income
and minority
communities*

October 19, 2009

Robert J. Carmona
Deputy Regional Director
Federal Deposit Insurance Corporation
2345 Grand Boulevard, Suite 1200
Kansas City, MO 64108

Dear Mr. Carmona:

MEMBER ORGANIZATIONS

ACORN St. Louis
stlouis.acorn.org

Adequate
Housing for
Missourians

Citizens Coalition
to Fight Eminent
Domain Abuse

Justine Petersen
justinepetersen.org

Metro St. Louis
Coalition for
Inclusion &
Equity

Metropolitan St.
Louis Equal
Housing
Opportunity
Council
ehocstl.org

Wellston
Community
Support
Association

The St. Louis Equal Housing and Community Reinvestment Alliance would like to offer public comment on Reliance Bank in St. Louis pursuant to the Community Reinvestment Act of 1977 (“CRA”). Reliance Bank is under review during the fourth quarter of 2009, and we have noticed several trends in the bank’s lending practices that we feel merit further investigation by the Federal Deposit Insurance Corporation (“FDIC”).

Based on publicly available data from the Home Mortgage Disclosure Act, we have determined that Reliance Bank is failing to adequately penetrate the African-American, Hispanic, and Asian communities in the St. Louis Metropolitan Statistical Area. Only about 2% (2.18%) of Reliance Bank’s residential loan originations go to individuals from these minority groups. This percentage is significantly less than the percentage of minorities in Reliance Bank’s Assessment Area.

We also notice a disparity in denial rates between loan applicants that are African-Americans and loan applicants of other races. The denial rate for African Americans is 33.33%, which is compared to an 8.05% denial rate for white loan applicants. The total denial rate for all loan applicants is 6.12%. We urge the FDIC to further investigate this large racial disparity.

We also found that only 3.29% of total dollars originated went to low and moderate income borrowers. This percentage suggests a lack of penetration in low and moderate income areas. The location of Reliance Bank branches also supports this concern. Reliance Bank currently has 20 branch locations around the St. Louis metropolitan area. According to 2000 Census data, all of these branches are located in middle or upper income census tracts. We are concerned with the lack of branches in low and moderate income census tracts.

We also are concerned with the exclusion of St. Louis City in Reliance Bank’s Assessment Area. The bank’s Assessment Area has expanded significantly in recent years to include much of the St. Louis metropolitan area both in Missouri and in Illinois. However, the area of St. Louis City is clearly omitted from their Assessment Area, creating the appearance of a donut hole. We urge the FDIC to consider this exclusion in their CRA evaluation of Reliance Bank.

In looking at the residential loan data for Reliance Bank through the Home Mortgage Disclosure Act, we also found a significant number of unreported characteristics for race, gender, and income of borrowers. We are concerned that Reliance Bank is not adequately reporting this data.

We look forward to seeing what your evaluation of Reliance Bank reveals. Please feel free to contact us should you have any questions.

Sincerely,

Mira Tanna
Assistant Director, Metropolitan St. Louis Equal Housing Opportunity Council
On behalf of the St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA)

SLEHCRA Member Organizations:

ACORN St. Louis Office
Adequate Housing for Missourians
Citizens Coalition to Fight Eminent Domain Abuse
Justine Petersen
Metro St. Louis Coalition for Inclusion & Equity (M-SLICE)
Metropolitan St. Louis Equal Housing Opportunity Council (EHOC)
Wellston Community Support Association