

St. Louis Equal Housing and Community Reinvestment Alliance

c/o EHOC · 1027 S. Vandeventer Avenue, 6th floor · St. Louis, MO · 63110 · www.slehcra.org

Member Organizations

June 24, 2013

Coalition of
Concerned Citizens,
Alton Area

Yvonne Sparks
Community Development Officer
Federal Reserve Bank of St. Louis
P.O. Box 442

Center for the
Acceleration of
African American
Business

St. Louis, MO 63166
Via Email: yvonne.s.sparks@stls.frb.org

RE: Southern Commercial Bank CRA Performance Evaluation

Community Action
Agency of St. Louis
County

Dear Ms. Sparks:

Community Resource
and Development
Organization

The St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA) would like to offer public comments regarding Southern Commercial Bank, St. Louis, Missouri, pursuant to the bank's Community Reinvestment Act (CRA) examination scheduled for the present quarter. SLEHCRA is a coalition working to increase investment in low-income communities, regardless of race, and in minority communities, regardless of income, by ensuring that banks are meeting their obligations under the CRA and fair lending laws.

Consumers Council of
Missouri

Justine Petersen

Based on our analysis of publicly available data, we believe Southern Commercial is adequately meeting the needs of the community. We recognize the bank's levels of lending to low- and moderate-income borrowers and communities, but encourage the bank to continue improving their market penetration. We do have some fair lending concerns with the bank's market penetration to African-American borrowers. We ask the Federal Reserve to consider these concerns in the bank's CRA examination and fair lending review.

Lemay Housing
Partnership

Metropolitan St.
Louis Equal Housing
& Opportunity
Council

Missourians
Organizing for
Reform and
Empowerment

Southern Commercial Bank has a good record of mortgage lending to low- and moderate-income borrowers. According to the bank's Home Mortgage Disclosure Act (HMDA) from 2009 to 2012, 15.66 percent of home loans originated to low-income borrowers and 20.23 percent originated to moderate-income borrowers. The most recent available data from 2012 shows a slight decrease in the percentage of loans to low-income borrowers, with 13.92 percent of loans originated to low-income borrowers in 2012 compared to 17.65 percent in 2011. Lending to moderate-income borrowers remained at a stable percentage of around 20 percent of loans from 2011 to 2012.

MoKan

NAACP St. Louis

North County
Churches Uniting for
Racial Harmony and
Justice

Compared to the demographics of the bank's assessment area, Southern Commercial Bank's lending is slightly under the percentage of low-income families and representative of the percentage of moderate-income families. Of families in the bank's assessment area, 19.7 percent are considered low-income and 20.4 percent of families are considered moderate-income, based on Census 2000 demographics cited in the bank's last CRA performance evaluation. While we understand that lending to low- and moderate-income borrowers is not expected to be a one-to-one ratio, we urge the bank to engage in proactive efforts to continue reaching low-income borrowers.

Ready, Aim,
Advocate! Committee

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Similarly, Southern Commercial Bank's record of lending to low- and moderate-income census tracts is also reflective of the demographics of the area. Based on HMDA data from 2011, 4.19 percent of loans originated to low-income census tracts and 23.26 percent originated to moderate-income census tracts. Of the census tracts included in the bank's Assessment Area, 7.5 percent are low-income and 24.7 percent are moderate-income, according to 2000 Census data cited in the last CRA evaluation. We urge the bank to continue reaching borrowers in low-income census tracts.

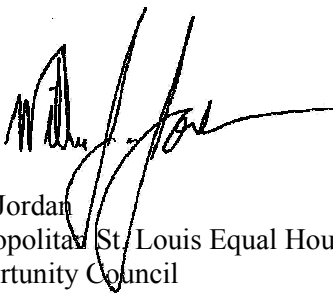
We do have some concerns with the bank's low level of lending to minority borrowers. According to HMDA data from 2009 to 2012, only 1.26 percent of loans were originated to African-American borrowers, 2.97 percent to Asian borrowers, and less than 1 percent to Hispanic borrowers. The bank's lending in years 2009 to 2011 all had less than one percent of loans to African-American borrowers. Loans to African-Americans increased to 2.95 percent in 2012, according to HMDA data disclosed directly from Southern Commercial Bank. We recognize this improvement in the most recent year; however, we are still concerned with the bank's record of lending to African-American borrowers. Lending to Asian borrowers has remained relatively consistent from 2009 to 2012, with an increase in 2012 to 3.8 percent of loans. Lending to Hispanic borrowers was above 1 percent in 2009, but lending in 2010 through 2012 has been below 1 percent of loan originations.

Compared to the demographics of the community, the bank's record of lending to African-American and Hispanic borrowers is underrepresented. The bank's locations in the City of St. Louis are in census tracts with significant black and Hispanic populations. The locations on South Grand and Gravois are both in a census tract with 16 percent black and 9.8 percent Hispanic populations; the location on South Broadway has 27 percent black and 7.8 Hispanic populations; and the location on Meramec has 53 percent black and 8.4 percent Hispanic populations. We are concerned with the bank's low volume of lending to African-American and Hispanic borrowers and urge the Federal Reserve to conduct a thorough fair lending review of the bank's advertising, outreach, and treatment of minority customers.

We recognize the work of Southern Commercial Bank in meeting the needs of low- and moderate-income communities. Based on our review of publicly-available data, the bank is effectively reaching low- and moderate-income borrowers. We urge the bank to continue proactive outreach that increases the bank's services for low- and moderate-income communities. We also want to recognize the work of the bank in reaching out to the Bosnian community, including providing information on the bank's website in Bosnian. We encourage the bank to continue serving the community in proactive and innovative ways.

Thank you for your consideration.

Sincerely,



Will Jordan
Metropolitan St. Louis Equal Housing and
Opportunity Council



Jackie Hutchinson
Consumers Council of Missouri

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Rose Eichelberger
Ready! Aim! Advocate! Committee



Rance Thomas
North County Churches Uniting for Racial
Harmony and Justice



Merline Anderson
Community Action Agency of St. Louis County,
Inc.



Lynn Oldham
Missourians Organizing for Reform and
Empowerment



Adolphus Pruitt
NAACP St. Louis City