

St. Louis Equal Housing and Community Reinvestment Alliance

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

MISSION

SLEHCRA works to promote investment in low-income and minority communities.

MEMBER ORGANIZATIONS

Center for the Acceleration of African American Business
Community Action Agency of St. Louis County
Citizens Coalition to Fight Eminent Domain Abuse
Justine Petersen
Metro St. Louis Coalition for Inclusion & Equity
Metropolitan St. Louis Equal Housing Opportunity Council
Missourians Organizing for Reform and Empowerment
MoKan
NAACP St. Louis
North County Churches Uniting for Racial Harmony and Justice
Ready, Aim, Advocate! Committee
Red Brick Community Land Trust
Union Sarah Community Corporation
Wellston Community Support Association

May 25, 2010

Robert J. Carmona
Deputy Regional Director
Federal Deposit Insurance Corporation
2345 Grand Boulevard, Suite 1200
Kansas City, Missouri 64108-2638

Dear Robert Carmona:

The St. Louis Equal Housing and Community Reinvestment Alliance (“SLEHCRA”) would like to offer public comment on Premier Bank, of Jefferson City, MO, pursuant to the Community Reinvestment Act (CRA) and their performance evaluation scheduled for the present quarter. SLEHCRA is a coalition working to increase investment in low-income and minority communities. We have some CRA and fair lending concerns with Premier Bank’s performance and we urge the FDIC to further investigate our concerns during the bank’s evaluation.

We are concerned that Premier Bank is inadequately serving low- and moderate-income borrowers and geographies, based on data from publicly available Home Mortgage Disclosure Act (HMDA) and CRA lending data within the St. Louis metropolitan area.

According to HMDA data from 2006 to 2008 in the St. Louis metropolitan area, Premier Bank originated only 4.64% of loans to low-income borrowers. This percentage is significantly less than the St. Louis aggregate percentages of nearly 10% of loans originated to low-income. An analysis of the bank’s 2009 HMDA lending also shows low percentages of loan originations to low- and moderate-income borrowers in the St. Louis metropolitan area, receiving 4.55% and 13.81% of loans respectively.

Similarly, Premier Bank has low percentages of loans to low-income geographies. From 2006 to 2008, only 1.63% of HMDA loans originated to low-income census tracts, which also is considerably less than the aggregate percentage of 2.51% originated to low-income census tracts. According to the 2008 CRA data, the bank did not originate a single small business or farm loan to a low-income census tract.

The bank’s 2007 performance evaluation notes the low percentage of lending to low-income borrowers for multiple years compared to demographic information in multiple assessment areas including the St. Louis area. However, lending is still considered reasonable and the bank received an overall satisfactory rating. We feel this rating is inflated, especially with the bank’s continuing trend of inadequate service to low- and moderate- income borrowers and geographies.

We are also concerned that Premier Bank is inadequately serving minority communities based on unsatisfactory market penetration to minority borrowers and geographies. In the last three years, only 2.13% of HMDA loans were originated to African-Americans, Asians, and Hispanic borrowers within the St. Louis metropolitan area. Only 1% of loans were originated to African-American borrowers, which is substantially less than the aggregate percentage of 10.26%. Similarly, only 2.88% of

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HMDA loans from the last three years were originated to census tracts with predominately minority population (50% or higher) compared with the aggregate percentage of 10.69% of loans to predominately minority areas.

The 2009 HMDA data shows little improvement in lending to minority borrowers, with only 2.79% of loans originated to African-Americans, Asians, and Hispanic borrowers. This data also shows a high denial rate for African-American loan applicants, with African-Americans being 5.3 times more likely to be denied than white applicants in 2009. In the last four years total, African-Americans have a denial rate of 31.25%, compared with a 5.57% denial rate for whites and a total denial rate of 5.80%.

We also have analyzed Premier Bank's assessment area and are concerned about the possibility that certain census tracts may have been excluded because of their racial makeup. The Missouri portion of the bank's St. Louis assessment area includes census tracts in St. Louis County that are west of Lindbergh (Hwy 67), north of I-44 and south of I-70, along with all census tracts in St. Charles County, including those that are north of I-70. None of these census tracts have significant African American populations. Census tracts that have significant minority populations in St. Louis County that are west of Lindbergh (Hwy. 67) and are north of I-70 are excluded from the bank's assessment area, even though areas that are further north (in St. Charles county) are included. We believe, at minimum, that all census tracts west/north of Lindbergh (Hwy. 67) should be included, instead of arbitrarily excluding those with significant African American populations.

Premier Bank's inadequate lending performance to minority borrowers and communities, disparate denial rates for minority applicants, and the appearance of a racially exclusive Assessment Area is concerning. We urge the FDIC to investigate the bank's marketing, service, and treatment of minorities in a thorough fair lending review.

Please feel free to contact us should you have any questions.

Sincerely,

Will Jordan, Executive Director, Metropolitan St. Louis Equal Housing Opportunity Council
On behalf of the St. Louis Equal Housing and Community Reinvestment Alliance.