

# St. Louis Equal Housing and Community Reinvestment Alliance

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

## **MEMBER ORGANIZATIONS**

March 25, 2011

Center for the  
Acceleration of  
African American  
Business

Lawrence R. Jackson  
Deputy Regional Director  
Federal Deposit Insurance Corporation  
300 South Riverside Plaza  
Chicago, IL 60606-3447

Community Action  
Agency of St. Louis  
County

Citizens Coalition to  
Fight Eminent  
Domain Abuse

RE: CRA performance evaluation of Liberty Bank, Alton, IL.

Human Development  
Corporation

Justine Petersen

Lemay Housing  
Partnership

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

St. Louis Community  
Land Trust

Union Sarah  
Community  
Corporation

Wellston Community  
Support Association

Dear Mr. Jackson,

The St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA) would like to offer public comment regarding Liberty Bank, of Alton, IL, pursuant to the Community Reinvestment Act (CRA) and the bank's performance evaluation scheduled for this present quarter. SLEHCRA is a coalition working to increase investment in low-income and minority communities by ensuring that banks are meeting their obligations under the CRA and fair lending laws. We have some concerns with Liberty Bank's service to low-income and minority communities, and we urge the FDIC to consider these in the bank's CRA examination.

We are concerned that Liberty Bank is not adequately serving low- and moderate-income borrowers as seen in low levels of mortgage lending. According to publicly-available Home Mortgage Disclosure Act (HMDA) data, Liberty Bank originated 7.59 percent of loans to low-income borrowers and 13.61 percent of loans to moderate-income borrowers from 2007 to 2009. In comparison, the aggregate lending in Madison County from 2007 to 2009 originated 10.16 percent to low-income borrowers and 21.21 percent to moderate-income borrowers. Liberty Bank's assessment area is made up of a portion of Madison County, and the bank originated over 80 percent of their loans within all of Madison County. The FDIC reports the population of the bank's assessment area consists of 25 percent low-income families and 21 percent moderate-income families. We are concerned that Liberty Bank's lending performance is below the aggregate lending and the population demographics.

The bank's last CRA performance evaluation in October 2008 noted the bank's lending to low- and moderate-income borrowers was below the aggregate levels and the demographics of the assessment area, but still considered it reasonable based on performance context factors. We believe Liberty Bank's continued underperformance in lending to low- and moderate-income borrowers is concerning and should not be considered reasonable. We urge the FDIC to reflect these concerns in the bank's current CRA evaluation.

We also have fair lending concerns with Liberty Bank as seen in low market penetration to minority borrowers and high denial rate disparities between minority applicants and white applicants.

According to HMDA data from 2007 to 2009, only 8 loans were originated to African-

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American borrowers, representing 2.53 percent of all originated loans. Only one loan was originated to a Hispanic borrower, or 0.32 percent, and zero loans were originated to Asian borrowers. In comparison, the population of the bank's assessment area is made up of 10.55 percent African-Americans, 1.73 percent Hispanics, and 0.52 percent Asians, according to the 2010 Census. The bank's Alton branch is located in a census tract with 28.33 percent minority population, according to the FFIEC census designation. The bank's level of lending to minority borrowers is inadequate considering the significant minority population within their assessment area and the areas in which their branches are located. We are concerned with the bank's low market penetration to minority borrowers, and urge the FDIC to thoroughly investigate the bank's marketing, outreach, and treatment of minority customers.

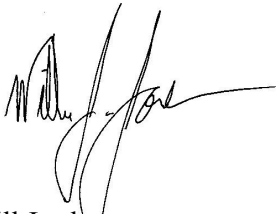
Additionally, we are concerned with high denial rate disparities for African-American borrowers. According to the HMDA data from 2007 to 2009, Liberty Bank denied 67.65 percent of African-American applicants and 30.9 percent of white applicants, meaning African Americans were denied 2.19 times more than white borrowers. In all three years of analysis, the denial rate for African-American applicants was substantially higher than white borrowers. We understand that HMDA is limited in providing creditworthiness information, but we are concerned with Liberty Bank's consistently high denial rate disparities for African American borrowers. We urge the FDIC to further investigate this disparity in a thorough fair lending review.

We are concerned the Liberty Bank is not adequately meeting the needs of low- and moderate-income borrowers and minority borrowers, as required by the Community Reinvestment Act and other fair lending laws. The bank has low market penetration among low- and moderate-income borrowers, as well as low market penetration to minority borrowers and high denial rate disparities in African-Americans. We urge the FDIC to consider our concerns in the bank's CRA performance evaluation.

Our coalition seeks to work with banks to better improve their services and investments to low-income and minority communities. We urge Liberty Bank to be proactive in their outreach and services, and to create innovative strategies for engaging those communities. Our coalition stands ready to partner with the bank to create those strategies and to better serve our shared community.

Thank you for your consideration.

Sincerely,



Will Jordan  
Metropolitan St. Louis Equal Housing  
Opportunity Council



Jackie Hutchinson  
Human Development Corporation



Lucille Walton  
Wellston Community Support Association



Rose Eichelberger  
Ready, Aim, Advocate – R.A.A. Committee

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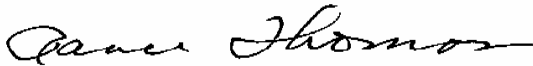


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Mark Bohnert  
Lemay Housing Partnership



Adolphus Pruitt  
NAACP St. Louis



Rance Thomas  
North County Churches Uniting for Racial  
Harmony and Justice