

# 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.slehcra.org

## **MEMBER**

### **ORGANIZATIONS**

May 25, 2011

Center for the  
Acceleration of  
African American  
Business

Glenda Wilson  
Community Affairs Officer  
Federal Reserve Bank of St. Louis  
P.O. Box 442  
St. Louis, MO 63166

Community Action  
Agency of St. Louis  
County

Re: Lindell Bank and Trust CRA performance evaluation

Community Resource  
Development  
Organization

Dear Ms. Wilson:

Citizens Coalition to  
Fight Eminent  
Domain Abuse

The St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA) would like to offer public comment regarding Lindell Bank and Trust, St. Louis, MO, 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 Lindell Bank and Trust, and we urge the Federal Reserve to consider these in the bank's upcoming performance evaluation.

Human Development  
Corporation

Justine Petersen

Lemay Housing  
Partnership

We are concerned that Lindell Bank and Trust is not adequately serving the low- and moderate-income borrowers and communities, based on extremely low market penetration to low- and moderate- income borrowers. According to publicly-available Home Mortgage Disclosure Act (HMDA) data, the bank originated only three loans to a low-income borrower in the last five years, from 2006 to 2010. This represents only 0.59 percent of the bank's total lending, while lending to moderate-income borrowers represents 4.31 percent. In comparison, the aggregate performance of banks for the St. Louis metro area originated 9.46 percent of loans to low-income borrowers and 21.51 percent to moderate-income borrowers.<sup>1</sup> The bank's last CRA performance evaluation in June 2009 notes the unfavorable lending to low- and moderate- income borrowers, however it considers it acceptable based on consideration of the bank's business strategy of lending mostly to investors and commercial borrowers. In the last five years, over 70 percent of Lindell Bank's borrowers did not report income characteristics, indicating these are investor and commercial borrowers. The bank's high level of lending to low- and moderate- income geographies also supports the strategy of lending mostly to investors.

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

We are concerned that the bank is not lending to low- and moderate-income borrowers, and are concerned with the disparity between loan originations to borrowers and geographies of lower incomes. The bank's record of lending and market penetration to low- and moderate- income borrowers over the past five years is poor, and we suggest the bank find ways of reaching out to those populations and residents in order to increase their services to these individuals and families. We are concerned with the Federal Reserve's past acceptance of this poor service, and urge the examiner to reflect these concerns on their upcoming performance evaluation.

Union Sarah  
Community  
Corporation

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We also have fair lending concerns with Lindell Bank, based on low market penetration to African-American, Asian, and Hispanic borrowers, high denial rate disparities, and the bank's branch locations.

According to HMDA data from 2006 to 2010, the bank originated 3.73 percent of loans to African-American borrowers. Though this percentage has been increasing for each of the last five years, the bank's market penetration to African-Americans is below the aggregate percentage of 8.75 percent originated to African-American borrowers. The bank also has extremely low market penetration to Asian and Hispanic borrowers. In the last five years, only one loan was originated to an Asian borrower and one loan originated to a Hispanic borrower, each representing only 0.20 percent of the bank's lending. In comparison, the aggregate lending originated 1.42 percent to Asian borrowers and nearly 1 percent to Hispanic borrowers.

Considering the demographics of the metropolitan area and the census tracts in which the bank branches are located, Lindell Bank's market penetration to low-income and minority borrowers should be much higher. The bank's North Grand location is in a low-income census tract with 99.09 percent minority population. The bank also has a branch in a moderate-income census tract, and another three of the bank's other branches are in census tracts with over 10 minority populations. We are concerned with the low market penetration in lending to African-American, Asian, and Hispanic populations, and urge the Federal Reserve to investigate the bank's marketing, outreach, and treatment of minority communities within each of the branch locations.

We are also concerned with the high denial rate disparity between African-American and white borrowers. In the last five years, 21.43 percent of African-American applications were denied compared with 12.02 percent of white denials. While we understand the limitations of the HMDA data in providing creditworthiness information, we always are concerned with the presence of a disparity, especially a persistent disparity, and we urge the Federal Reserve to do a thorough fair lending investigation of Lindell Bank's policies and practices.

It is our desire as a coalition to work with banks to improve lending and services to low-income and minority communities. We encourage Lindell Bank to partner with us in order to better improve their services directly to these communities, and SLEHCRA stands ready to help develop strategies that reach low-income and minority customers and borrowers with fair and excellent service.

We ask the Federal Reserve to consider our concerns with the bank's CRA and fair lending performance, and to reflect these concerns in the bank's CRA performance evaluation and in a thorough fair lending investigation.

Thank you for your consideration.

Sincerely,



Will Jordan  
Metropolitan St. Louis Equal Housing  
Opportunity Council (EHOc)



Rance Thomas  
North County Churches Uniting for Racial  
Harmony and Justice

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Jacqueline Hutchinson  
Human Development Corporation (HDC)



Lynn Oldham  
Missourians Organizing for Reform and  
Empowerment (MORE)



Lucille Walton  
Community Resource Development  
Organization (formerly Wellston Community  
Support Association)

**Janice McKinney**

Janice McKinney  
Community Action Agency of St. Louis County  
(CAASTLC)



Rose Eichelberger  
Ready! Aim! Advocate! (R.A.A!) Committee



Adolphus Pruitt  
NAACP St. Louis

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<sup>1</sup> Please note the aggregate HMDA data for 2010 has not yet been publicly released, so the analysis only reflects 2006 through 2009.