

St. Louis Equal Housing and Community Reinvestment Alliance

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

MEMBER

ORGANIZATIONS

June 15, 2011

Center for the
Acceleration of
African American
Business

Aaron Satterthwaite, Jr.
Community Affairs Liaison
Office of Thrift Supervision
P.O. Box 619027
Dallas/Ft. Worth, TX 75261-9027
Via email: thurlis.satterthwaite@ots.treas.gov

Community Action
Agency of St. Louis
County

Community Resource
Development
Organization

RE: Pulaski Bank CRA performance evaluation

Dear Mr. Satterthwaite:

Citizens Coalition to
Fight Eminent
Domain Abuse

The St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA) would like to offer public comment regarding Pulaski Bank, Creve Coeur, MO, pursuant to the Community Reinvestment Act (CRA) and their performance examination scheduled for the second quarter of 2011. 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 regularly analyze bank performance and issue public comments on bank's performance evaluations and any merger or acquisition applications. All of our comments are posted on our website at www.slehkra.org.

Human Development
Corporation

Justine Petersen

Lemay Housing
Partnership

Metropolitan St.
Louis Equal Housing
Opportunity Council

We would like to share with you some of our observations about Pulaski Bank's performance in terms of providing services to our whole community, especially low-income and minority communities. On May 2, 2011, members of SLEHCRA met with representatives from the bank to discuss their CRA performance. We felt like it was a very productive meeting, and we hope to continue our communication and work with the bank. We believe that Pulaski Bank has many positive features about its services and products, and we want to acknowledge the bank's many branch locations in low-income and minority neighborhoods, their record of mortgage lending to low- and moderate- income borrowers and communities, and their innovative Transition Banking product designed to reach unbanked and underbanked customers. However, we do have some concerns with the bank's market penetration to minority borrowers and communities and we encourage the bank to improve in this area. We urge the bank to strive for an Outstanding CRA rating by increasing their lending, services, and investments specific to low-income and minority communities. We urge the Office of Thrift Supervision to consider these concerns in the bank's CRA performance evaluation and fair lending investigation.

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

In February 2011, the Metropolitan St. Louis Equal Housing Opportunity Council (EHOc) issued a report entitled *Redlined: A Fair Lending Analysis of the St. Louis Metropolitan Area* that examined the aggregate lending performance as well as the top ten largest mortgage lending institutions, including Pulaski Bank. The full report is available for download at www.slehkra.org. According to 2009 data from the Home Mortgage Disclosure Act (HMDA), Pulaski Bank was the third largest lending institution by volume of HMDA loan applications in the St. Louis metropolitan area, with 9,107 applications in 2009.¹

¹ This HMDA analysis includes one-to-four family, owner-occupied loan applications.

St. Louis Equal Housing and Community Reinvestment Alliance

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

Page 2

The analysis of Pulaski Bank shows the bank is serving low- and moderate-income borrowers and communities better than the aggregate and better than most other lending institutions included in the report. In 2009, the bank originated 11 percent of loans to low-income borrowers and 24.3 percent to moderate-income borrowers, ranking it second out of the top ten institutions and above the aggregate lending percentages. Similarly, Pulaski Bank ranked first in originations to low- and moderate-income geographies. Pulaski Bank originated nearly 1 percent of loans to low-income census tracts and 10.65 percent to moderate-income census tracts.

Our multi-year analysis of Pulaski Bank's lending shows a consistent pattern of the bank lending to low- and moderate-income borrowers. Over the last three years, from 2008 to 2010, the bank originated 10.67 percent of loans to low-income borrowers and 24.41 percent to moderate-income borrowers. We recognize Pulaski Bank's above average lending to low- and moderate-income borrowers and communities, but we also urge them to continue to find ways to increase their market share to low- and moderate-income borrowers and communities.

We also want to recognize Pulaski Bank's record of small business lending to low- and moderate-income geographies. According to the 2009 CRA disclosure on commercial lending, Pulaski Bank originated 8.77 percent of loans to business located in low-income census tracts and 25.73 percent to moderate-income census tracts, both above the aggregate record of lending. Though the bank's volume of commercial lending reported in the CRA disclosure is relatively small, Pulaski Bank seems to be providing access to capital for low- and moderate- income areas.

Pulaski Bank's lending to minority borrowers and communities is an area in which we believe the bank can improve. According to HMDA data from 2009, the bank originated 5.67 percent of loans to African-American borrowers, 1.71 percent to Asian borrowers, and 1.14 percent to Hispanic borrowers. Pulaski Bank's performance is comparable to the aggregate lending performance of originating 4.73 percent to African-American borrowers, 1.76 percent to Asian borrowers, and 1.03 percent to Hispanic borrowers, but other top lending institutions have better records of lending to minority borrowers. The population of African-Americans in particular is substantially higher than the bank's current market penetration, as African-American households represent nearly 17 percent of the population according to the 2000 Census. Also considering that many of the bank's branches are located in census tracts with substantial African-American and minority populations, we believe the bank should increase their market penetration to minority borrowers.

We also are concerned with the decrease in lending to African-American borrowers over the last year. According to the 2010 HMDA data, the market share of lending to African-American borrowers decreased to 4.47 percent while lending to white borrowers increased to 85.48 percent. In 2008 and 2009, the bank originated 5.58 percent and 5.67 percent of loans to African-Americans, respectively. We are concerned with this constriction in lending over the last year, and encourage the bank to reverse this trend and increase their market penetration to African-American communities.

Our analysis also shows high denial rate disparities between minority borrowers and white borrowers. In 2010, 10.4 percent of African-American applicants and 6.47 percent of Asian borrowers were denied while only 3.10 percent of white applicants were denied. Since 2008 and 2009, denial rates for African-American borrowers increased substantially from 5.64 percent and 5.02 percent respectively while the denial rate for white borrowers decreased from 3.49 percent and 3.37 percent, creating a higher disparity. The disparity for Asian applicants has remained the same in 2009 and 2010. Though we understand the limitations of the HMDA data in providing complete information on reasons for denial, we are always concerned when there is a disparity between minority and white borrowers. We urge the OTS to conduct a thorough fair lending review of the bank's policies and practices including the marketing, outreach, and treatment of minority customers.

St. Louis Equal Housing and Community Reinvestment Alliance

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

Page 3

We do want to applaud Pulaski Bank's outreach to unbanked and underbanked individuals through their innovative Transition banking products. Lack of access to traditional banking services is a widespread problem within the St. Louis metropolitan area, especially among minority communities. In the FDIC's 2009 survey of unbanked and underbanked households, the St. Louis metropolitan area reported the highest percentage of unbanked and underbanked African-American households and the highest disparity between African-American and white households. According to the report, 31 percent of African-American households are unbanked, defined as not having a checking account, and 34 percent of African-American households are underbanked, defined as having a checking account but primarily relying on alternative financial services like check cashers, payday lenders, and etc.² In comparison, only 1.1 percent of white households are unbanked and 19.2 percent are underbanked in the St. Louis metro area. It is essential that banks address this disparity in banking patterns and develop products and services to serve this population. We are pleased to see that Pulaski Bank is taking initiative and creating innovative products to address the widespread need in our community, like their Transition checking account. This product is a totally free checking account that also addresses past delinquencies and helps the customer clear the Chex System while also incorporating a savings component. According to the bank, they have opened 211 of these Transition accounts. We encourage the bank to continue to outreach this product specifically within the African-American community.

As part of our meeting with the bank in May, we discussed partnering with the bank in order to increase outreach and market penetration to minority communities. We also encouraged the bank to strive for an Outstanding CRA rating, and to identify specific ways that we as a coalition could assist the bank with this. It is our hope to continue these discussions with the bank so that we can develop a mutually-beneficial partnership with the bank. We ask the OTS to also encourage the bank to be proactive in their CRA activities by setting up goals to reach an Outstanding rating and developing partnerships with organizations like our coalition. It is our hope that together we can better serve our entire community, particularly the low-income and minority communities in St. Louis.

Thank you for your consideration. We appreciate the opportunity to participate in this process.

Sincerely,



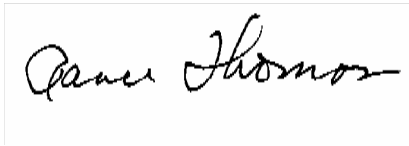
Will Jordan
Metropolitan St. Louis Equal Housing Opportunity Council



Adolphus Pruitt
NAACP St. Louis

² Federal Deposit Insurance Corporation, 2009 National Survey of Unbanked and Underbanked Households. http://economicinclusion.gov/data_msa.html?id=St.%20Louis%2C%20MO-IL

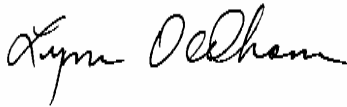
Page 4



Rance Thomas
North County Churches Uniting for Racial Harmony and Justice



Yaphett El-Amin
MoKan



Lynn Oldham
Missourians Organizing for Reform and Empowerment (MORE)



Rose Eichelberger
Ready! Aim! Advocate! Committee



Jackie Hutchinson
Human Development Corporation (HDC)