

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 10, 2011

Center for the
Acceleration of
African American
Business

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

Community Action
Agency of St. Louis
County

RE: Application Number 20111318 – Reliance Bank, Des Peres, MO

Community Resource
Development
Organization

Dear Mr. Carmona:

Citizens Coalition to
Fight Eminent
Domain Abuse

The St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA) would like to offer public comment on application number 20111318, regarding Reliance Bank, of Des Peres, MO, and Reliance Bank, FSB, of Fort Myers, FL. SLEHCRA is a coalition working to increase investment in low-income and minority communities by ensuring that banks are meeting their obligations under the Community Reinvestment Act (CRA) and fair lending laws. We have some serious concerns with Reliance Bank's fair lending and CRA performance as seen in low market penetration to low- and moderate-income borrowers, extremely low market penetration to African-Americans, branch locations in all predominately white communities, and denial rate disparities. A fair housing complaint has been filed against Reliance Bank with the U.S. Department of Housing and Urban Development, and we ask the FDIC to delay a decision on Reliance Bank's application until the complaint has been resolved.

Human Development
Corporation

Justine Petersen

Lemay Housing
Partnership

Metropolitan St.
Louis Equal Housing
Opportunity Council

SLEHCRA previously documented our concerns with Reliance Bank in a public comment letter issued October 19th, 2009 pursuant to the bank's CRA performance evaluation. Specifically, we noted the bank's extremely low market penetration to minority borrowers, high denial rate disparities for African-American borrowers, and the exclusion of the City of St. Louis from the bank's assessment area. We also noted low market penetration to low- and moderate- income borrowers and the lack of bank branches in low-income and minority communities. Our continued analysis of Reliance Bank documents ongoing concerns we have with the bank's policies and practices of providing services to low-income and minority communities as required by the CRA and fair lending laws.

Missourians
Organizing for
Reform and
Empowerment

MoKan

NAACP St. Louis

North County
Churches Uniting for
Racial Harmony and
Justice

The bank has consistently low levels of lending to low- and moderate-income borrowers. According to data from the Home Mortgage Disclosure Act (HMDA), the bank originated 3.59 percent of loans to low-income borrowers and 8.76 percent of loans to moderate-income borrowers over the last five years (2005-2009). In each of these years, the percentage of loans to low- and moderate-income borrowers is below the aggregate percentage of lending for that year and the demographics of the area. According to the census data reported in the bank's CRA performance evaluation, 19 percent of families located in the bank's assessment area are considered low-income and 18 percent of families are considered moderate-income. The recent public release of the bank's CRA performance evaluation also notes the bank's lower levels of lending to low- and moderate- income borrowers, yet the bank received a Satisfactory rating. We believe this rating is inflated, and that the bank needs to improve their CRA performance.

Ready, Aim,
Advocate! Committee

St. Louis Community
Land Trust

Union Sarah
Community
Corporation

St. Louis Equal Housing and Community Reinvestment Alliance

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We also continue to be concerned with the fair lending performance of Reliance Bank in providing services to minority borrowers and communities. Our previous public comment letter documented the bank's exclusion of the City of St. Louis from their assessment area while including all surrounding areas, creating the appearance of a doughnut with the hole being City of St. Louis. The City of St. Louis is predominately minority and contains many low- and moderate-income census tracts. We are pleased to see the bank has now included the City of St. Louis in their assessment area, but we continue to have concerns with the bank's branch locations and lending record.

Reliance Bank branches do not adequately serve the African-American population within the bank's assessment area. Of the bank's twenty branches in the St. Louis metropolitan area, fifteen are located in census tracts where less than 5 percent of households are African-American. Four branches are in census tracts with African-American populations ranging from 6 – 14 percent, and only one branch is located in a census tract with 47 percent African-Americans. The average percentage of African Americans across all census tracts in which the bank has branches is 5.13 percent, whereas the percentage of African Americans in the bank's assessment area is greater than 20 percent. Additionally, the branches of Reliance Bank, FSB, in Ft. Myers, FL are located in census tracts with low African-American populations. The bank's main branch is in a census tract with 2.1 percent African-American and the other branch is located in a census tract with 6.2 percent African-Americans. A previous branch location was in a census tract with zero African-Americans. The population of African-Americans in the Florida assessment area is 8.3 percent.

The bank continues to have an extremely poor record of lending to minority borrowers. According to HMDA data, the bank originated only eight loans to African-American borrowers in the last five years (2005-2009), representing only 1.06 percent of all originations. The bank received 24 applications from African-American applicants in the last five years, representing 2.21 percent of all loan applications. In comparison, African-Americans represent approximately 20 percent of the population of the bank's assessment area. In the two years since our initial public comment letter, the bank's market penetration to African-American borrowers actually decreased with only one loan originated to an African-American borrower in 2008 and none in 2009.

The denial rate disparity between African-American applicants and white applicants also remains high, with African-Americans denied four times more than white applicants. According to HMDA data from 2005 to 2009, the bank denied 45.83 percent of African-American applications but denied only 11.44 percent of white applications. While we understand the limitations of the HMDA data in providing creditworthiness information, we always become concerned when there is such a high denial rate disparity that has continued over multiple years.

In February 2009, Reliance Bancshares received \$40 million in funds through the Troubled Asset Relief Program (TARP). We believe that by accepting these federal funds Reliance Bancshares and their subsidiaries have an obligation to affirmatively further fair housing. However, since accepting TARP funds the bank's lending to minority borrowers has decreased and the bank continues to demonstrate poor service to minority communities.

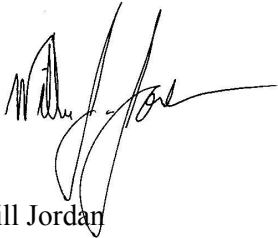
The Metropolitan St. Louis Equal Housing Opportunity Council (EHOc), one of our alliance members, filed a fair housing complaint today against Reliance Bancshares and Reliance Bank with the U.S. Department of Housing and Urban Development. The complaint has been filed with the Kansas City Region VII Office of Fair Housing and Equal Opportunity. We believe the application of Reliance Bank should not be approved until the U.S. Department of Housing and Urban Development has reviewed and resolved this complaint. We urge the FDIC to defer to the U.S. Department of Housing and Urban Development, and to not make a decision until the complaint is resolved.

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Thank you for your consideration. Please feel free to contact us should you have any questions.

Sincerely,



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

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



Jackie Hutchinson
Human Development Corporation (HDC)



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



Rance Thomas
North County Churches Uniting for Racial
Harmony and Justice



Lynn Oldham
Missourians Organizing for Reform and
Empowerment (MORE)



Rob Boyle
Justine Petersen