

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

February 24, 2012

Center for the
Acceleration of
African American
Business

Robert J. Carmona
Deputy Regional Director
Federal Deposit Insurance Corporation
1100 Walnut St, Box #11
Kansas City, MO 64106

Community Action
Agency of St. Louis
County

Community Resource
and Development
Organization

Re: CRA performance evaluation of Royal Banks of Missouri, University City, MO

Dear Mr. Carmona:

Consumers Council of
Missouri

The St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA) would like to offer public comments regarding Royal Banks of Missouri, of University City, MO and their performance under the Community Reinvestment Act (CRA). 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. Royal Banks of Missouri is scheduled for a CRA performance evaluation during this present quarter. We have some concerns with Royal Bank's CRA and fair lending performance that we urge the FDIC to consider during their examination.

Citizens Coalition to
Fight Eminent
Domain Abuse

Justine Petersen

Lemay Housing
Partnership

Metropolitan St.
Louis Equal Housing
and Opportunity
Council

Based on publicly-available data through the Home Mortgage Disclosure Act (HMDA), we are concerned that Royal Banks of Missouri is inadequately serving low- and moderate- income borrowers and communities. Additionally, we have serious fair lending concerns based on lending to African-American borrowers.

Missourians
Organizing for
Reform and
Empowerment

According to the HMDA data from 2008 to 2010, Royal Banks of Missouri originated 5.13 percent of loans to low-income borrowers and 15.38 percent to moderate-income borrowers. Comparatively, the population of families within the bank's assessment area consists of 20 percent low-income families and 18 percent moderate-income families, according to numbers in the bank's 2009 CRA performance evaluation.

MoKan

NAACP St. Louis

Low-income borrowers also have very low origination rates. In the last three years, only 10 percent of loan applications from low-income borrowers were originated. The bank had very low origination rates overall, with only 21.79 percent of all applications being originated. But the origination rate for low-income borrowers is well below the overall rate, suggesting that Royal Banks is not sufficiently meeting the credit needs of low-income borrowers.

North County
Churches Uniting for
Racial Harmony and
Justice

Ready, Aim,
Advocate! Committee

Additionally, Royal Banks originated only one loan to a low-income census tract in the last three years, representing 1.28 percent of loans. Loans to moderate-income census tracts represent 17.95 percent of loans in the last three years. The bank is headquartered in a moderate-income census tract, and their assessment area consists of a significant number of low- and moderate-income census tracts. Of the 286 census tracts in the bank's assessment area, 42 are designated as low-income and 72 are designated as moderate-income, which represents 14 percent and 27 percent of all tracts, respectively.

St. Louis Community
Land Trust

Union Sarah
Community
Corporation

St. Louis Equal Housing and Community Reinvestment Alliance

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We understand the performance context of Royal Banks and their limits in serving low- and moderate-income borrowers and communities considering the bank's size and location. However, the bank needs to take proactive steps to address the needs of those communities. The bank's last CRA performance evaluation in 2009 notes that lending to low- and moderate-income borrowers could be improved. Considering Royal Banks lending to low- and moderate- income borrowers has not improved, we ask the FDIC to consider the consistently unsatisfactory lending in the bank's current CRA exam.

We also have serious fair lending concerns in regards to Royal Banks of Missouri lending to minority borrowers. According to the HMDA data, the bank has not originated a single loan to an African-American borrower in the last three years. The bank received 20 applications from African-Americans over the last three years, which represents 5.59 percent of all applications received, but zero loans to African-Americans were originated. In comparison, the population of the bank's assessment area consists of 29.6 percent African-American according to the 2010 census data. The bank is headquartered in a census tract that is 80.61 percent African-American, and has an additional location in a census tract with nearly 20 percent African-American population. Royal Banks lack of lending to African-American borrowers is a serious concern considering the demographics of their service area and locations of bank branches.

Of the applications received by Royal Banks from African-American borrowers, 11 were denied which represents a 55 percent denial rate for African-American borrowers. In contrast, the denial rate for white borrowers is 23.36 percent. We are seriously concerned with the bank's disproportionate rate of denials for African-American borrowers. While we understand the limits of HMDA data in providing comprehensive information about each loan and loan decision, we always become concerned when minority borrowers are significantly more likely to be denied than white borrowers. Furthermore, the data from Royal Banks of Missouri is particularly concerning because of both disparate denial rates and the lack of loan originations to African-American borrowers. We ask the FDIC to conduct a thorough fair lending investigation of Royal Banks service and treatment of African-American borrowers.

We believe that Royal Banks of Missouri has ample opportunities to engage with the low-income and minority community within the bank's service area. Based on our analysis, the bank's current performance is inadequate in meeting the credit needs of the community regarding lending to low- and moderate- income borrowers and communities and African-American borrowers. We ask the FDIC to consider these concerns in the Royal Banks CRA and fair lending evaluation. Our coalition hopes to encourage Royal Banks to be innovative and responsive to serving the community, and we offer our partnership to create strategies that will address our concerns and provide outstanding service to the community.

Thank you for the opportunity to provide comments.

Sincerely,



Jackie Hutchinson
Consumers Council of Missouri



Lucille Walton
Community Resource and Development
Organization (CRADO)

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Rance Thomas
North County Churches Uniting for Racial
Harmony and Justice



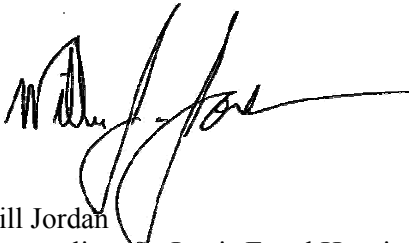
Adolphus Pruitt
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Janice McKinney

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Community Action Agency of St. Louis County
Inc. (CAASTLC)



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Metropolitan St. Louis Equal Housing and
Opportunity Council (EHOc)