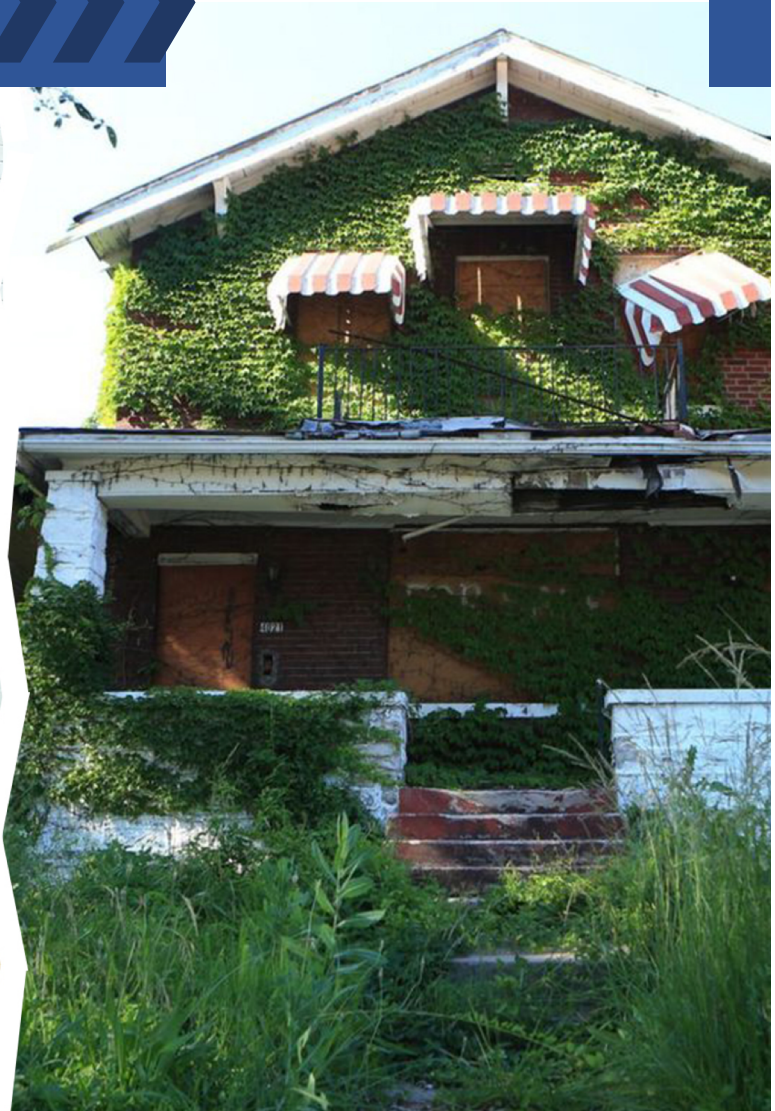
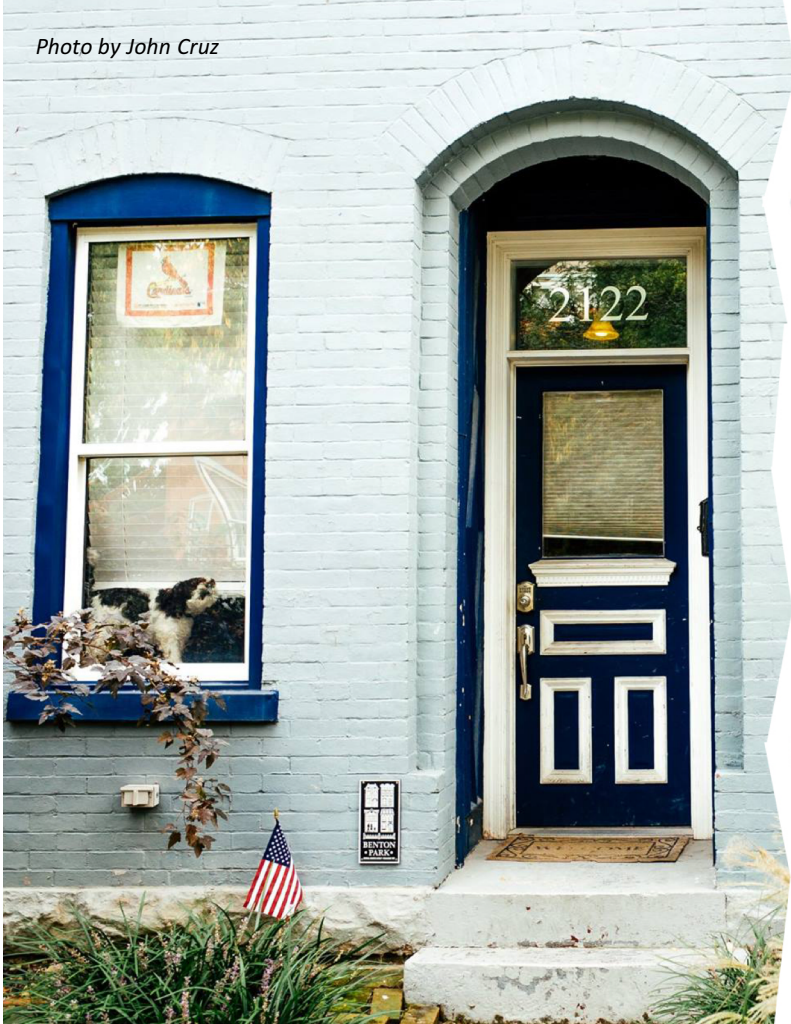




Photo by John Cruz



St. Louis Equal Housing & Community Reinvestment Alliance

2016 REPORT TO THE COMMUNITY

St. Louis Equal Housing & Community Reinvestment Alliance





SLEHCRA Members

Center for the Acceleration of African American Business	Missouri Immigrant and Refugee Advocates
Civil Rights Enforcement Agency	Missourians Organizing for Reform and Empowerment
Coalition of Concerned Citizens, Alton Area	MOKAN
Community Action Agency of St. Louis County	NAACP St. Louis
Consumers Council of Missouri	North County Churches Uniting for Racial Harmony and Justice
International Institute CDC	O’Fallon IL NAACP
Justine PETERSEN	Ready, Aim, Advocate! Committee
Latinos En Acción STL	Urban League of Metropolitan St. Louis
Man of Valor, Inc.	Voices of Women
Metropolitan St. Louis Equal Housing & Opportunity Council	Walnut Park East Neighborhood Association
Missionary Baptist State Convention of Missouri	

About SLEHCRA

The St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA) is a coalition working to increase investment in low- and moderate-income communities, regardless of race, and in minority communities, regardless of income ensuring that banks are meeting their obligations under the Community Reinvestment Act (CRA) and fair lending laws.

www.slehcra.org

Twitter: @SLEHCRA

1027 S. Vandeventer Ave., 6th Floor, St. Louis, MO 63110



Executive Summary

Over the last year, the St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA) collected information from area banks to gather an aggregate look at their lending and Community Reinvestment Act (CRA) activities across the region into a report for the community. In addition to collecting information from lending institutions, community members were also asked about their experiences with and attitudes toward banking within their own communities. The results of these examinations are published here for an overview of the state of banking services being offered throughout the greater St. Louis service area.

Introduction

The St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA) works to increase investment in low- and moderate-income communities, regardless of race, and in minority communities, regardless of income. We do this by ensuring that banks are meeting their obligations under the Community Reinvestment Act (CRA) and fair lending laws. Since 2009, our coalition of organizations has worked with banks to increase the financial services, products, and investments that specifically meet the needs of low- and moderate-income communities and communities of color throughout the St. Louis region.

SLEHCRA's Report to the Community is intended to update the changes that have occurred in financial services that help meet the needs of the community. We believe it is important to track changes over time and to report those changes publicly. We intend for this to highlight positive changes and to build accountability for continued progress.

Beginning with our report in 2012, SLEHCRA reported the opening of three new bank branches, \$14.5 million in commitments for community development, 11 new banking products, 16 new CRA/Community development employee positions, and three banks increasing the racial diversity of their board of directors. In 2015, SLEHCRA reported an additional seven new bank branches, over \$2.4 billion in community development loans and investments, 50 new products, and the hiring of 26 new employees focused on community development and CRA. Six banks added racial or ethnic minorities to their board of directors.

We intend to make this an annual update, providing a yearly account of SLEHCRA's activities and the new activities that banks are doing to meet the needs of the community.

This Report to the Community accounts for changes in the financial industry through a survey of bank activities over the last year. Over the summer of 2016, SLEHCRA sent 45 local banks the survey to provide an update on changes in CRA practices. Banks completed the survey voluntarily and reported on what changes had occurred at their financial institution related to investments, products, and services that serve the needs of the community. These responses are imperative to keeping the local banking industry accountable and transparent in their work. As all responses are voluntary, the process also builds trust between the institutions and the communities they serve through clear and open communication.



This report also documents the work of SLEHCRA and the activities of the coalition over the last year. SLEHCRA is a growing coalition that continues to expand knowledge about community reinvestment and fair lending to organizations, financial institutions, and community residents. Each year, in addition to working with local banks, SLEHCRA helps build the capacity of member organizations through a competitive grants program with funds derived from their activities.

There is still work to be done. We know this to be true because of the needs that SLEHCRA member organizations and their clients continue to experience on a daily basis. As part of this report, we gathered input from community members about their experiences with financial institutions. Nearly 30 percent of respondents from low-to-moderate income communities across the region said that they would not feel comfortable speaking with a banker about their financing needs. Yet in this same survey, more than 33 percent of respondents said they were in need of or planned to open a new checking or savings account within the next year. There is a clear need for service optimization in these communities and SLEHCRA remains dedicated to working with financial institutions in our region to ensure best practices are followed and innovative partnerships are formed.

Methodology

Bank Surveys

In June 2016, 45 banks with a presence in the region were sent surveys to gather information on activities completed since June of 2015. A 53% response rate was achieved with 24 banks sending back completed surveys. Bank responses are kept confidential, and the findings described here reflect the aggregated data collected from all participants. Banks were asked for permission to share any practice as a 'preferred practice.' Any highlighted example shared in the report was granted permission for the alliance to share.

SLEHCRA Research

As part of the oversight duties of SLEHCRA, the group regularly reviews lending patterns for local institutions. Mortgage lending data and small business lending data is collected throughout the year as banks begin their regularly scheduled CRA exams.

Community Input

In the fall of 2016, a survey was distributed to residents in low-to-moderate income communities to gauge their experiences with financial institutions in the greater metropolitan region. Surveys were distributed by SLEHCRA members to the clients they most often work with in their communities with all 74 respondents remaining anonymous. Zip code data was tracked to ensure a wider geographic spread.



Findings

SLEHCRA's Work

CRA and Fair Lending Accountability

- Filed 7 public comment letters in the last year during bank CRA review periods
- Completed or updated 10 analyses of bank performance
- Proactive meetings with 16 banks
- Assisted Kansas City CRA and fair lending work, including supporting efforts around the First Federal Bank of Kansas City case, where the bank committed to \$2.5 million in mortgage funds to majority African American communities in response to redlining complaints.

Membership and Capacity

In the last year, SLEHCRA's membership expanded with seven new members, bringing the total to 23 coalition members. In 2016, we welcomed the following organizations as members:

- NAACP O'Fallon, Illinois
- Voices of Women
- International Institute, CDC
- Civil Rights Enforcement Agency (CREA)
- Man of Valor, Inc.
- Missionary Baptist State Convention of Missouri
- Walnut Park East Neighborhood Association

In addition to increasing membership, we increased the capacity of our coalition and member organizations through training and technical assistance around CRA and fair lending. In June 2016, SLEHCRA hosted the National Community Reinvestment Coalition (NCRC) for a members-only training on the Community Reinvestment Act and Affirmatively Furthering Fair Housing. This training brings our member organizations up to speed on important issues that impact the availability of equitable and affordable fair housing in the region.

GIVING BACK

Another important part of increasing the capacity of member organizations is through grants to member organizations. In the last year, SLEHCRA released two rounds of grant funding to current members. **Through a competitive proposal process, the following organizations received funding:**

- Justine PETERSEN
- MORE
- EHOOC and MIRA
- CAASTLC
- RAA
- Consumers Council of Missouri
- Man of Valor, Inc.



Highlight: CAASTLC & 3023 Ridgeway

CAASTLC's Building Blocks Program completed its first pilot project with the renovation of a vacant home located at 3023 Ridgeway, 63114, in the municipality of St. John. The goal was to turn this vacant property into a state-of-the-art, energy efficient, modern home to be purchased by a low-to-moderate income family. The purchasing process included 16 hours of housing counseling, as well assistance in obtaining down payment assistance and loan financing. A \$5,000 grant from SLEHCRA was used to provide down payment assistance to the homebuyer.

Awards and Recognition

SLEHCRA received two awards in the last year. Justine PETERSEN recognized SLEHCRA in December 2015 with the Community Change Agent Award. Additionally, the Civil Rights Enforcement Agency (CREA) in the City of St. Louis recognized SLEHCRA for Fair Housing Distinguished Service at their 2016 Fair Housing Month reception in April.

SLEHCRA was also honored to speak at three national conferences in the last year. We presented on a panel at the National Community Reinvestment Coalition (NCRC) Annual Conference in March 2016 in Washington, D.C. SLEHCRA leaders also presented a workshop on CRA Advocacy at the National Community Action Partnership conference in Austin, Texas in August 2016, and at the National Legal Aid and Defender Association in November 2016 in Indianapolis, IN.

Community Benefits Agreements

SLEHCRA successfully negotiated two public Community Benefits Agreements within the past year, with Montgomery Bank and Enterprise Bank, committing hundreds of millions of dollars to low-and-moderate income and minority communities throughout the region. Through these agreements, more than \$250 million has been committed in mortgage loans to low-to-moderate income communities and minority borrowers, more than \$160,000 in targeted marketing to low-income and high minority individuals and neighborhoods, more than \$150,000 for financial education, and \$600,000 in charitable giving to area non-profits. In addition, Enterprise Bank committed to maintaining a high-level of community development loans, with current investments nearing \$500 million each year.



Bank Changes

Community Development Commitments

Community Development Lending incorporates loans and investments that have a community development purpose, including affordable housing, economic development, revitalization of a distressed area, or services that benefit low-to-moderate-income (LMI) individuals or communities.

Nearly all banks reported some form of community development loans or investments. Of those that reported this information, the following activity was recorded:

- **\$843,824,653** in community development loans
 - **\$97,029,463** in community development investments
- \$940 million** in loans and investments

Seventeen banks reported CRA commitments or pledges for upcoming years. Common commitments include contributions for the St. Louis Equity Fund, the Office of Financial Empowerment, and the Minority Contractor Loan Fund.

Partnerships with Community Organizations

Nearly all banks reported new partnerships or initiatives with community organizations that serve LMI communities or communities of color.

Highlight: Reliance Bank and Justine PETERSEN

Reliance Bank established a Loan Production Office in Justine PETERSEN’s location, which enables the bank to better serve the underserved community. Through the collaboration to fund and administer the Small & Minority Business Loan Fund, flexible credit is available to meet an unfulfilled need. The organization's CEO is member of the bank's CRA Committee and City Advisory Board, while a bank president serves as a member of the Justine PETERSEN Board of Directors.

Financial Education

Of the 24 responding banks, 21 reported engaging in financial education outreach. This includes both working in partnership with and helping to support organizations already doing financial education. Only three banks reported no external financial education partnerships.

Banks mostly reported partnering with community groups or participating in relevant programs to provide funding for financial education or provide employees to teach financial education classes. Eight banks reported spending \$110,600 on external financial education programs.

Fourteen banks reported conducting internal financial education programs. This includes offering financial education within the bank and ensuring that all bank personnel are knowledgeable about financial education activities.



Marketing and Outreach

Seventeen banks reported engaging in new outreach or marketing strategies to better reach LMI communities and communities of color. Common strategies include using radio, television, and web advertising. Newspaper advertisements continue to be common, especially in the St. Louis American. Seven banks reported spending \$255,945 in new marketing strategies.

Highlight: Stifel Bank & Trust's Money Matters Musical

Our Money Matters is an original musical production focused on teaching basics of managing personal finances. A fun and creative way of presenting financial education to the community, it's 'edu-tainment' at its finest. With song and dance, the production provides lessons on managing finances, importance of savings, investments, budgeting, planning for college and retirement, all set to popular music. Our Money Matters has been presented at various churches and theatres across the St. Louis region.

Banking Services

Six banks expanded services, including new ATMs and new branches located in LMI neighborhoods. This includes new branches acquired through mergers or acquisitions. In total, six branches and 3 ATMs were added. In addition, more branches are coming soon.

Thirteen banks reported developing new products specifically for lower income customers and those that may be unbanked or underbanked. These new products include checking accounts, mortgage loans, and small business loans or other products.

Products for Immigrant Communities

Many banks reported existing products that accommodate the needs of foreign-born customers. These products accept Individual Taxpayer Identification Numbers (ITINs) instead of requiring Social Security Numbers as a form of identification.

Eighteen banks accept ITINs for checking and savings accounts and eleven banks accept ITINs for mortgage loans. This is an important service in meeting the needs of the community, particularly as the foreign-born population is increasing in the St. Louis metropolitan area.

However, we see a limited number of banks that provide information about banking services in languages other than English. Eleven banks reported having printed materials in languages other than English, including Spanish, Bosnian, and Chinese. We see a mismatch between the number of banks that will accept ITINs for products and the ones that have materials to accommodate the language needs of the population using ITINs.



Personnel

CRA and Community Development Personnel

Fourteen banks hired new personnel or created new positions specifically related to CRA and/or community development. This includes community development loan officers, CRA compliance or other data analyst positions, and mortgage loan officers focused on building connections in low- and moderate-income communities and communities of color.

Personnel Diversity

In the last year, nineteen banks reported an increase in the racial or ethnic diversity of their staff. Of those, twelve banks reported specifically they hired 429 new people of color for various banking positions in the St. Louis metropolitan area.



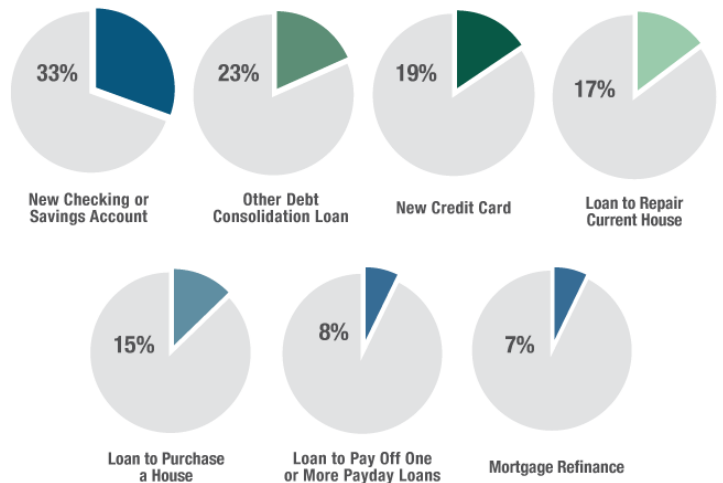
In addition, 15 banks hired new multilingual employees. Of those, nine banks reported hiring 18 new employees that are multilingual. **Six banks hired or promoted people of color to senior leadership positions** and four banks added people of color to their Board of Directors. **These banks added a total of seven new members to their board of directors, resulting in increased racial and ethnic diversity.**

Community Experiences

In an effort to gain further insight into the banking experiences in the metropolitan area, SLEHCRA conducted a short survey of community residents. With a geographic range spanning from North County to South City, 75 respondents answered a series of questions about their current banking needs, experiences with banks in the area, and their views on how financial institutions can be better involved within their neighborhoods.

A third of the respondents reported plans to open a new checking or savings account within the next year while 19 percent were planning to obtain a new credit card. In regards to loan services needed, the highest need reflected was for debt consolidation loans followed by home repair loans and loans to purchase a new home.

New Banking Service Needs Among Respondents





While over a third of respondents from low-to-moderate income communities said they were in need of or planned to open a new deposit account within the next year, nearly 30 percent of respondents said that they would not feel comfortable speaking with a banker about their financing needs. There is a clear need for service optimization in these communities and SLEHCRA remains dedicated to working with financial institutions in our

region to recommend best practices and form new innovative partnerships.

Suggestions for Banking Improvements Among Respondents

The survey also covered suggestions for improving service within the community. The most common response for suggested improvements was lowering fees and interest rates with 17 percent of respondents making that suggestion. At 16 percent of responses, was the desire for banks to be more charitable within the community through involvement and financial contributions. More than 15 percent of responses requested better customer service overall from the bankers which reflects the high level of uncertainty in communicating with bankers reflected earlier in the report.



Accessible Mortgages



More Financial Education



More Home Repair Options



Improved Customer Service



Increased Charitable Giving & Involvement



Lower Fees & Interest Rates



Commitment to Future Growth

In November of 2016, SLEHCRA worked in partnership with Enterprise Bank & Trust to develop a groundbreaking Community Benefits Agreement.

With this agreement, Enterprise Bank committed to \$30 million in annual home loans to low- and moderate-income borrowers for the next three years in both the St. Louis and Kansas City service areas, marking the first time SLEHCRA has brokered a deal that covers the state's two biggest metropolitan areas. Enterprise Bank is also committed to lending \$15 million annually to minority homebuyers in St. Louis and \$9 million in Kansas City during the three-year agreement as well as \$60 million a year to small businesses in low- and moderate-income areas. Already a leader in community development lending, Enterprise will keep at least 10 percent of its assets as community development loans, putting the value of the total agreement at roughly \$1.8 billion over three years.

While lending activity in St. Louis is seeing progress, there is still work to be done. SLEHCRA is committed to continue building partnerships with financial institutions in the region to bring progressive and innovative solutions for investing in low-and-moderate income communities and in communities of color. Through the development of strategic partnerships between the banks and community organizations, the coalition believes that significant progress can be made to fully serve the needs of our communities.



St. Louis Equal Housing &
Community Reinvestment Alliance

www.slehkra.org | Twitter: @SLEHCRA

1027 S. Vandeventer Ave., 6th Floor, St. Louis, MO 63110

Download a copy of this report at: www.slehkra.org/reports