SLEHCRA

St. Louis Equal Housing & Community Reinvestment Alliance

2017 Report to the Community

SLEHCRA Members

Beloved Streets of America

Center for the Acceleration of African American Business

Civil Rights Enforcement Agency

Coalition of Concerned Citizens, Alton Area

Community Action Agency of St. Louis County

Consumers Council of Missouri

International Institute CDC

Justine PETERSEN

Latinos En Axión STL

Man of Valor, Inc.

Metropolitan St. Louis Equal Housing & Opportunity Council

Missionary Baptist State Convention of Missouri

Missouri Immigrant and Refugee Advocates

Missourians Organizing for Reform and Empowerment

MOKAN

Moorish Science Temple of America #5

NAACP St. Louis

North County Churches Uniting for Racial Harmony and Justice

O'Fallon IL NAACP

Old North St. Louis Restoration Group

Ready, Aim, Advocate! Committee

Urban League of Metropolitan St. Louis

Voices of Women

Walnut Park East Neighborhood Association

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.

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Introduction

The Community Reinvestment Act creates an affirmative obligation for banks to serve all parts of the community, including low- and moderate-income (LMI) communities, consistent with safe and sound practices. The law was passed in 1977 as a response to redlining, a practice of excluding communities of color from accessing credit for home loans and home insurance. Forty years later, the CRA has contributed over six trillion dollars in investments to disadvantaged communities across the country.

Community input and engagement is vital to the CRA and ensuring that banks are meeting their obligations to serve all parts of the community. In 2009, the St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA) formed to increase investments in low-income communities, regardless of race, and in communities of color, regardless of income. We are a coalition of community organizations that evaluate accessibility of banking services and provide guidance for future bank investments in the St. Louis region. Through our engagement with the CRA, banks in the St. Louis region have provided grants, universally accessible loan products, and opened new branches that provide services to low income neighborhoods and communities of color.

We have made it our priority to report the outcomes of SLEHCRA's work and what banks are doing to meet the needs of the community. Our annual report highlights the services and investments made by banks to support non-profit organizations, small businesses, and residents living in low to moderate income neighborhoods. We believe that it is important to track changes that have been made, and provide transparency in community investments to encourage continued growth.

> **Highlights since our first 2012 report:**
> - 16 new branches in low- and moderate income communities or communities of color
> - Over $3 billion in commitments for community development
> - 34 banks created new banking products
> - 56 new employees or positions created to promote community development or CRA
> - 16 banks increased the racial and ethnic diversity of their Board of Directors.

Now, we are highlighting the growth in investments and CRA-related commitments within the St. Louis region from 2017. This report captures the work of SLEHCRA and our coalition, activities of banks to meet the credit needs of the community, and responses from community members about their financial security and credit needs. As we reflect back on 2017 and the 40th anniversary of the CRA, we know the landscape in St. Louis is improving. We can see the innovative and effective ways that banks are serving our communities. CRA and the work of SLEHCRA is helping to make that progress possible.

Methodology

Bank Surveys

This Report to the Community accounts for changes in the financial industry through a survey of banking activities over the last year. In March of 2018, we sent surveys to 47 banks in the St. Louis region to gather information on banking activities and community investments within the 2017 calendar year. A 49% response rate was achieved with 23 banks sending back completed surveys.

Banks who completed the survey reported on the following factors:

- Community Commitments
- Banking products accessible to LMI communities
- Growth in personnel related to CRA and community development
- Growth in the overall diversity of staff, leaders, and Board of Directors

All responses all voluntary and confidential. The findings within this report reflects the aggregate responses from all participating banks. Highlighted examples were approved to share publicly.

Community Surveys

A survey for community members was developed to gather information about experiences with banks and financial services. The surveys were distributed to SLEHCRA member organizations. Responses were anonymous. Paper copies were collected from Justine PETERSEN, CAASTLC, People's Community Action Agency, and Beyond Housing, as well as responses from an online version of the survey. In total, 118 survey responses were collected.

Findings

SLEHCRA's Work

CRA Accountability

A core element of SLEHCRA's mission is to ensure banks are meeting their obligations under the Community Reinvestment Act and fair lending ways. One way we do this is by submitting public comment letters about a bank's performance in meeting the needs of the community when a bank is undergoing their CRA exam or during a merger or acquisition. In 2017, SLEHCRA reviewed data and filed 9 public comment letters.

Community Benefits Agreements

In 2017, we secured a total of $4.8 billion in commitments through Community Benefits Agreements.

Enterprise Bank & Trust and SLEHCRA announced an agreement in March 2017 for a total of $1.8 billion in commitments in St. Louis and Kansas City over three years.[1] Commitments include:

- New home loan product that includes assistance for down payment and closing costs, plus more flexible underwriting criteria.
- $30 million yearly lending goal for home mortgages in LMI communities, and $24 million to borrowers of color.
- Two new service locations in low- and moderate-income areas.
- Funding for matched savings accounts and financial education.
- Community development lending commitments equal to 10% of the bank's assets.
- Grants to community organizations, including a percentage specifically for smaller organizations.

In May 2017, SLEHCRA and our partners at Woodstock Institute announced a $3 billion multi-market Community Development Plan with The PrivateBank as part of their merger with CIBC.[2] St. Louis is CIBC's second largest market area. Highlights of the CBA include:

- Establish two new branches in underserved communities in its Chicago CRA assessment area, including one located in a low-income census tract;
- Originate an aggregate $900 million of small business loans;
- Originate an aggregate $1 billion in residential mortgage loans throughout its CRA assessment areas, including $200 million in loans to underserved borrowers and communities;
- Make at least $100 million in aggregate CRA-qualified investments;
- Originate an aggregate $1 billion in Community Development loans throughout its CRA assessment areas; and

[1] www.slehcra.org/2017/03/slehcra-and-enterprise-bank-trust-announce-groundbreaking-community-benefits-agreement/

[2] www.slehcra.org/2017/05/slehcra-and-woodstock-institute-partner-for-community-development-agreement-with-private-bank/

- Contribute an aggregate $10 million in charitable donations, including at least $5.5 million in CRA-qualified charitable contributions, to its community partners.

Equitable St. Louis

SLEHCRA members continue to organize around broader Community Benefits Agreements that prioritize racially equitable development in the St. Louis region. In 2017, SLEHCRA joined with other partners to form Equitable St. Louis.[3] This coalition serves to empower residents to drive racially equitable development in the St. Louis region through Community Benefits Agreements that are community-based, legally binding, and enforceable by the community. The coalition advocates for policy level implementation by providing education tools, data, and support to community members, neighborhood organizations, institutions, and local government.

Membership and Capacity

SLEHCRA membership continued to expand by adding two new organizations in 2017:

- Moorish Science Temple #5
- Old North St Louis Restoration Group

We also supported the capacity of SLEHCRA members through ongoing training and a competitive grant funding to support member organizations. In 2017, many members attended the National Community Reinvestment Coalition (NCRC) annual conference in Washington, DC thanks to scholarships provided by Associated Bank. Additionally, SLEHCRA hosted members-only training sessions on best practices for partnering with banks.

Highlight: SLEHCRA Member Capacity Building Grants

In June 2017, SLEHCRA supported member capacity through a round of grant funding. The following members and projects received funding.

- Voices of Women
- Coalition of Concerned Citizens of Alton Area
- International Institute of St. Louis CDC

Policy Issues

2017 marked the 40th anniversary of the Community Reinvestment Act. For over 40 years, the CRA has worked to ensure that all communities have access to financial services, loans, and investments.

As part of celebrating the CRA at 40, SLEHCRA's work was featured in a case study on CRA in *Cityscape,* an academic journal published by the U.S. Department of Housing and Urban Development (HUD) focused

[3] Find more about Equitable St. Louis at www.equitablestlouis.org

on the CRA.[4] The article examined the role of community mobilization and advocacy around CRA and used SLEHCRA as a case study. The researchers found that community mobilization around CRA was associated with some positive outcomes, including increases in likelihood of loan approvals and other CRA activity, but notes that community advocacy is not enough to fully realize the goals of community reinvestment. One recommendation from the article is to increase capacity and funding for CRA mobilization. This article provides clear evidence that SLEHCRA's organizing and advocacy around CRA and fair lending does lead to positive outcomes in the community.

CRA Advocacy

Over the last year, SLEHCRA engaged in national and local policy issues around the Community Reinvestment Act (CRA), consumer protection, data transparency, housing and community development. Locally, SLEHCRA and members were involved in hosting a mayoral candidate's forum focused on community development and housing issues in the City of St. Louis. Our membership with the National Community Reinvestment Coalition (NCRC) informs and equips our members to speak on national policy issues. In 2017, our policy priorities included:

- Protect Section 1027 of the Dodd-Frank Act to ensure better access to credit for small businesses
- Improve public data about the mortgage market and loan products
- Protect the CFPB's mission and structure to ensure a fair and transparent financial system
- Protect Fannie Mae and Freddie Mac's affordable housing mission and affordable housing goals.[5]

Now, the CRA faces continued threats of reinterpretation from the current administration and federal banking regulators that would weaken the CRA and devastate communities. In the face of such challenges, we need to share the importance of CRA. We need banks to serve all communities – regardless of income and regardless of race. All of us benefit when there are bank branches in our communities, when small businesses have access to loans to help expand, when families can buy homes, and when neighborhoods are thriving. The CRA helps ensure that. We must protect the CRA and its importance in building communities and helping families access the American Dream.

[4] Casey, C., Farhart, J., and Cartwright, G. "Community Reinvestment Act and Local Governance Contexts: Advancing the Future of Community Reinvestment?" CityScape. U.S. Department of Housing and Urban Development. v. 19. number 2. https://www.huduser.gov/portal/periodicals/cityscpe/vol19num2/article10.html

[5] NCRC. 2017 Policy Agenda. https://ncrc.org/2017-policy-agenda/

Bank Changes

Community Development Commitments

The following commitments 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 individuals or communities.

Nearly all banks reported some form of community development loans or investments.

A total of over $1.3 BILLION was reported in community development loans and investments from sixteen banks. This includes:

- Over $1.1 billion in community development loans and
- Over $216 million in community development investments.

Highlight: TheBANK of Edwardsville

TheBANK of Edwardsville partnered with a local Head Start to provide a 5-week Financial Empowerment Series for parents. It is an intensive course on topics for financial empowerment and includes a pre-funded college savings account and gift card upon completion of the coursework. This course is available for parents to take several times per year.

Eight banks reported CRA commitments or pledges for upcoming years. Common commitments include the St. Louis Equity Fund, InvestSTL, and Rise Community Development.

Partnerships with Community Organizations

Nearly all banks have maintained their ongoing community partnerships, while fifteen reported new partnerships or initiatives with community organizations that serve LMI communities or communities of color. Common partnerships included Urban League of Metropolitan St. Louis, Metro East Community Development Coalition, and Justine PETERSEN.

Financial Education

Nearly all banks engage in financial education outreach. This includes both working in partnership and helping to support organizations doing financial education. Only two banks reported no financial education activities.

Twenty banks reported financial education programs. This includes offering financial education within the bank and ensuring that all bank personnel are knowledgeable about financial education activities. It also included partnering with community groups or participating in relevant programs to provide funding for financial education or provide employees to teach financial education classes.

Ten banks reported spending $161,700 on external financial education programs.

Marketing and Outreach

Sixteen 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, and print media.

Seven banks reported spending over $220,000 in new marketing strategies.

Banking Services

In the last year, two banks expanded services located in LMI neighborhoods. This includes ATMs and Loan Production Offices. More branches are coming soon.

Highlight: Reliance Bank

Reliance Bank opened an ATM in the Urban League's Ferguson Community Empowerment Center to serve the surrounding communities.

Product Development

Nine 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.

Highlight: Enterprise Bank & Trust

In May of 2017, Enterprise Bank & Trust kicked off its Welcome Home St. Louis mortgage loan. This subsidy program provides up to 3% in down payment assistance, up to $1,500 in closing costs, and payment of the initial mortgage insurance premium for homeowners in areas that are more than 50% African American.

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 twelve banks accept ITINs for mortgage loans. This is an important service in meeting the needs of the community, particularly as the foreign-born population increases in the St. Louis metropolitan area.

Language Accommodations

There continues to be a limited number of banks providing information about banking services in languages other than English. Only nine banks reported having printed materials in languages other than English, including Spanish, Bosnian, and Chinese.

Personnel

CRA and Community Development Personnel

Twelve 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.

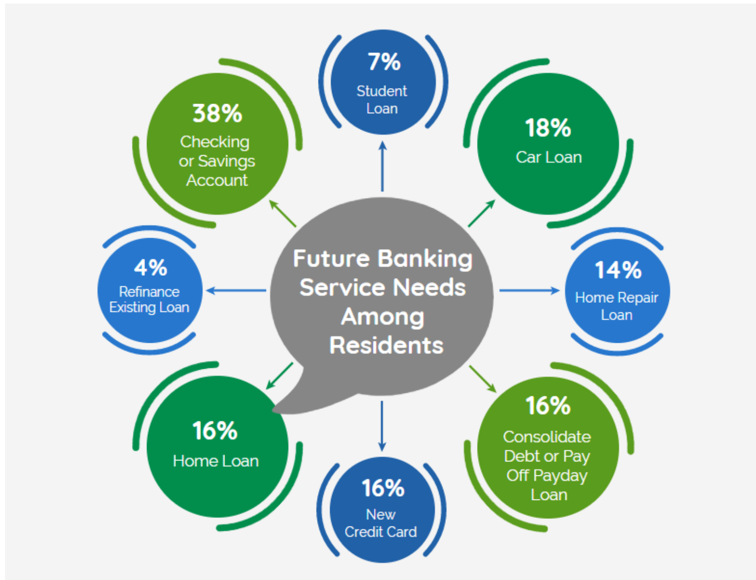
Personnel Diversity

In the last year, fifteen banks reported an increase in the racial or ethnic diversity of their staff by hiring 551 new people of color for various banking positions in the St. Louis metropolitan area.

In addition, nine banks reported hiring 51 new employees who are multilingual. Seven banks hired or promoted 29 people of color to senior leadership positions. Two banks added a person of color to their Board of Directors, resulting in increased racial and ethnic diversity at the highest levels of the bank.

Community Experiences

Additional surveys were sent out to assess how residents gauge community relations with local banks. In total, 118 respondents shared their experiences with banking practices, loan applications, and further recommendations to improve community access to financial services. The following is an aggregate account of their responses:



Many respondents expressed the need to have more banks and credit unions within their community. 35% of respondents reported not using a bank for any of their financial needs, and 25% of respondents reported using a bank for only some of their financial needs. This is a significant gap in how the community is accessing and using financial services.

Though over half of residents feel comfortable using banking services and speaking with representatives, 17% expressed that established locations still need to be more transparent when offering services without hidden fees or terms of agreement. 38% of respondents said their most needed service is opening a new savings or checking account. Providing additional opportunities to lower overdraft fees can help individuals and families maintain financial consistency.

17%

of respondents said banks need to be more transparent about offering services without hidden fees or terms of agreement.

One of the most common suggestions for improving partnerships between financial institutions and community members is through consistent community engagement. 13% of residents felt that banks can build stronger communities through hosting family events, investing in youth centers, and creating community workshops to discuss ways to make investments, savings, and financial planning more accessible to residents. Additionally, much emphasis was placed on partnering with schools and investing in afterschool programs to educate youth on how to build financial stability.

Conclusion

The Community Reinvestment Act remains a vital tool to invest in communities and provide access to financial services for all communities. Most banks participating in the survey expressed the importance of the CRA, and its role in bridging communities, organizations, and financial institutions together. Our SLEHCRA coalition couldn't agree more.

Why Local Banks Say the CRA is Important to Their Work

CRA Creates Quality Products and Services for All
Bank responses expressed the importance of banks located in low- and moderate-income communities. Having services and products that are easily accessible to ALL allows families, homeowners, and small businesses to thrive.

CRA Builds Strong Communities
Banks recognize that the Community Reinvestment Act builds strong communities by utilizing resources to promote homeownership and the growth of small businesses in low- and moderate-income communities.

CRA Helps Our Bank Be the Best We Can Be.
Banks viewed the CRA as an essential and necessary component of their mission in providing financial opportunities to their community. A strong community creates a strong bank.

CRA Builds Partnerships between Banks and Organizations
Banks also shared that working with mission driven organizations is vital in creating communities and banks that thrive.

As this report shows, banks in the St. Louis region are continuing to expand products, services, and investments to meet the needs of the community. We know there is still work to be done. The community survey shows that many people still do not use banks and responses included ways banks can better serve their needs. SLEHCRA members continue to see opportunities for banks to increase homeownership opportunities, expand lending to small businesses, and invest in much-needed community development projects throughout the St. Louis region. We must continue to work to hold banks accountable to their obligations to serve all parts of the community and ensure that low- and moderate-income communities and communities of color have access to mainstream financial services.

The CRA is a vital tool that makes this work possible. SLEHCRA and banks agree on the importance of the CRA. But now, there are threats of weakening the CRA. We stand with the National Community Reinvestment Coalition (NCRC) in calling for a strong CRA.

As CRA faces regulatory reform, we stand firm on these principles for a modern CRA:

1. **Don't strip 'community' out of the CRA.**
   Geography must remain the focus of CRA exams for all banks. We want banks to be graded based on every geography where they lend or receive a significant percentage of their deposits. Lending isn't tied to bank branches the way it used to be. But branches are still essential for low- and moderate- income people. Geography still matters. Neighborhoods still matter.
2. **Protect communities of color with explicit language against racial discrimination.**
   We want new language explicitly stating the law's obligation to fairly serve all races and ethnicities. Banks that engage in large-scale illegal and harmful activities should fail their CRA exams.
3. **Keep all lenders accountable.**
   We want the Community Reinvestment Act applied to all lenders, the same way it's applied to traditional banks. The financial landscape has changed. Mortgage companies, credit unions, fintechs and other "nonbank" lenders now make the majority of the home loans in America.
4. **Set a clearly-defined CRA grading system.**
   We want a clearly-defined grading system that emphasizes lending, branches, fair lending performance, and responsible loan products for working class families.
5. **Don't be afraid to let banks fail.**
   We need regulators unafraid to stand up to financial institutions. If a bank fails its CRA exam, or wishes to acquire a bank with a better CRA grade, agencies should recognize and encourage community benefit agreements. We want to motivate a race to the top across our financial industry.

NCRC, Principles for a Modern CRA, www.ncrc.org/TreasureCRA.

We must remain clear and consistent that the changes to CRA must not sacrifice the spirit and intent of the CRA – to increase access to capital, credit and basic banking services in underserved communities. We need CRA, and we need it strengthened and modernized to combat rising wealth inequality and place-based disparities in economic opportunity.

Reforming CRA must not become a pretext for relaxing CRA. To learn more and join us in protecting the essential values of the CRA, visit www.ncrc.org/treasureCRA.

#TreasureCRA

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