



Improving Lives, One Community at a Time

October 7, 2022

Colonial Savings, FA
2626 West Freeway
Fort Worth, TX 76102

Office of the Comptroller of the Currency
Fort Worth Field Office
9003 Airport Freeway Suite 275,
North Richland Hills, TX 76180-9127

RE: Discrimination Compliant

Dear OCC,

The undersigned community organization is submitting this letter to file a complaint against Colonial Savings.

The Community Reinvestment Act (CRA) is a law intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income (LMI) neighborhoods.

Colonial Savings is not meeting the needs the needs of our community, which specifically includes low- and moderate-income neighbor located in Southern Dallas and Fort Worth. Colonial Savings *fails* to provide small business and/or consumer lending services in Southern Dallas and Fort Worth's majority African American communities.

Southern Dallas Zip Codes (LMI/High Minority Areas)

75116, 75134, 75203, 75207, 75208, 75210, 75211, 75212, 75215, 75216, 75217, 75223, 75224, 75226, 75227, 75228, 75232, 75233, 75236, 75237, 75241, 75249, 75253

Fort Worth Zip Codes (LMI/High Minority Areas)

76107 (MSA-State-County-Tract: 23104-48-439-1025.00)
76103, 76105, 76112, 76119

Concerns:

- Colonial Savings does not have a branch located in a low-income census tract in the DFW MSA.
- Colonial Savings does not have a branch located in a high minority/high poverty¹ census tract in the DFW MSA.
- Colonial Savings does not originate any commercial loans in low-income census tracts in the DFW MSA.
- Colonial Savings does not originate any commercial loans in high minority/ high poverty² census tracts in the DFW MSA.
- Colonial Savings does not originate any small business loans to businesses with less than a million dollar in revenue that was in low-income census tracts in the DFW MSA.
- Colonial Savings does not originate small business loans to businesses with less than a million dollar in revenue that was in high minority/ high poverty census tracts in the DFW MSA.
- Colonial Savings does not offer any solutions for the 163,000 unbanked/underbanked residents in the DFW MSA

The Dallas–Fort Worth–Arlington metropolitan statistical area's population was 7,573,136 according to the U.S. Census Bureau's 2019 population estimates, making it the most populous metropolitan area in both Texas and the Southern United States, the fourth largest in the U.S., and the tenth largest in the Americas. The Dallas–Fort Worth metroplex has over one million African-American and the second-largest metro population of African-Americans in Texas.

Colonial Savings engages in unlawful discrimination by acting to meet the credit needs of majority-White neighborhoods in the Dallas-Fort Worth Metropolitan Statistical Area ("DFW MSA" or "MSA") while avoiding the credit needs of majority-minority neighborhoods.

In addition, Colonial Savings engages in lending discrimination by “redlining” predominantly African American and Hispanic neighborhoods in Southern Dallas & Fort Worth. “Redlining” is a term describing an illegal practice in which lenders intentionally avoid providing services to individuals living in predominantly minority neighborhoods because of the race of the residents in those neighborhoods.

Dallas is a majority minority city (66.1 percent of population) with 41.8 percent of residents identifying as Hispanic and 24.3 percent identifying as Black.

Dallas is a city with a population of just under 1,344,000, including 24.3 percent African American residents, 41.8 percent Hispanic/Latinx residents, and 3.4 percent Asian residents; and 30.5 White (Non-Hispanic)

Fort Worth is a majority-minority city (60.6 percent of the population) with 36.1 percent of residents identifying as Hispanic and 17.7 percent identifying as Black.

Fort Worth is a city with a population of just under 1,000,000.

¹ High Minority/High Poverty=Racially or Ethnically Concentrated Areas of Poverty (R/ECAPs) https://hudgis-hud.opendata.arcgis.com/datasets/56de4edea8264fe5a344da9811ef5d6e_0

Equal Credit Opportunity Act (ECOA) and Fair Housing Act (FHA)

Colonial Savings violates Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA) by discriminating against African Americans and other minority consumers. The Equal Credit Opportunity Act (ECOA) prohibits lenders from discriminating based on race and other characteristics.

In terms of the discrimination, we assert that Colonial Savings does engage in the following:

- All Colonial Savings branches are located in white-majority neighborhoods, compared to having none in majority-minority neighborhoods³
- Made no efforts to market to African Americans and/or Hispanics in Southern Dallas & Fort Worth
- Does not specifically target any marketing toward Hispanic and/or African Americans in the DFW MSA and specifically Southern Dallas & Fort Worth
- Does not employ an African American and/or Hispanics commercial loan officers in the DFW MSA

Regulation B, the ECOA's implementing regulation, provides that a creditor shall not make any oral or written statement, in advertising or otherwise, to applicants or prospective applicants that would discourage on a prohibited basis a reasonable person from making or pursuing an application. But the ECOA itself does not set forth such a prohibition.

Fair Lending Concerns

I worked with the National Community Reinvestment Coalition (NCRC) to analyze the small business lending of Colonial Savings in the DFW MSA. This is what NCRC found.

- According to the Home Mortgage Disclosure Act (HMDA) data from 2018 to 2019, Colonial Savings Bank made a total of 180 in DFW MSA. This data demonstrated that in 2019, 31.67% (57) of all home loans in Dallas went to minorities however only 6.66% (12) of Colonial Savings Bank's home loans were extended to Blacks (African Americans).
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
- According to the Home Mortgage Disclosure Act (HMDA) data from 2019 to 2020, Colonial Savings Bank made a total of 1,410 in the DFW MSA. This data demonstrated that in 2020, 24.68% (348) of all home loans in Dallas went to minorities however only 6.38% (90) of Colonial Savings Bank's home loans were extended to Blacks (African Americans).
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA

³ DOJ Redlining Cases/ Few or no branches; <https://www.fhcci.org/wp-content/uploads/2013/08/Jonathan-Bont-Redlining.pdf>

- Small Business Lending
 - Received almost no applications from applicants for properties located in African American and Hispanic Low to Moderate Income neighborhoods in the DFW MSA
 - Colonial Savings does not originate any commercial loans in low-income census tracts in the DFW MSA.
 - Colonial Savings does not originate any commercial loans in high minority/ high poverty⁴ census tracts in the DFW MSA.
 - Colonial Savings does not originate any small business loans to businesses with less than a million dollar in revenue that was in low-income census tracts in the DFW MSA.
 - Colonial Savings does not originate small business loans to businesses with less than a million dollar in revenue that was in high minority/ high poverty census tracts in the DFW MSA.

Products available for the Underserved/Minority Communities

Access to affordable credit is a key component of an individual's ability to cultivate a strong financial position and participate fully in the DFW economy. The Equal Credit Opportunity Act of 1974 was passed to protect all consumers, yet the effects of the discrimination endure today.

Colonial Savings does not offer any solutions for the 163,000 unbanked/underbanked residents in the DFW MSA.

- https://household-survey.fdic.gov/place-data?type=msa&area=Dallas_Fort_Worth_Arlington_TX
 - The underbanked/unbanked information is available on the FDIC website.
- <https://www.aba.com/about-us/press-room/press-releases/aba-urges-americas-banks-to-offer-bank-on-certified-accounts>

Colonial Savings does not have any special-purpose credit programs to address their disparities in small business lending in underserved high minority communities in Southern Dallas & Fort Worth.

- <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-advisory-opinion-to-help-expand-fair-equitable-and-nondiscriminatory-access-to-credit/>
- https://www.hud.gov/sites/dfiles/GC/documents/Special_Purpose_Credit_Program_OGC_guidance_12-6-2021.pdf
- [12 CFR § 202.8 - Special purpose credit programs.](#)
 - <https://www.ffiec.gov/PDF/fairlend.pdf>

Community Development Lending

Colonial Savings should provide the number of loans made in Low to Moderate Income census tracts versus Middle to Upper Income census tracts

Small Business/Commercial Lending

Colonial Savings should provide the number of loans made in Low to Moderate Income census tracts versus Middle to Upper Income census tracts.

Project REACH Dallas

Colonial Savings does not participate in Project REACH (Roundtable for Economic Access and Change).
www.occ.gov/news-issuances/news-releases/2022/nr-occ-2022-30.html

Lack of Staff and Board Diversity

Colonial Savings does not have any African Americans and/or Hispanics on the Board of Directors.

Colonial Savings does not have any Commercial Loans Officers in the DFW MSA that are African Americans and/or Hispanics.

Colonial Savings does not have any Mortgage Loans Officers in the DFW MSA that are African Americans and/or Hispanics.

Colonial Savings does not participate in the Dodd-Frank Act Section 342(b)(2)(C) Diversity self-assessment.

The DFW MSA is majority minority.

Colonial Savings is not a member of any of the Minority Trade Organizations below:

<https://regionalhca.org/>

<https://www.namcdfw.org/>

<https://blackcontractors.org/>

<https://aacatx.com/>

Colonial Savings is not a member of any of the Minority Real Estate Trade Organizations below:

<https://www.narebdallas.org/>

<http://nahrepdallas.org/>

<https://www.varep.net/index.php/dallas-chapter>

<https://narebnorthtexas.org/nareb-north-texas>

<https://wcdallas.com/>

<https://realestatealliance.org/>

<https://www.areaa.org/dfw>

Colonial Savings is not a member of any of the Minority Chambers below:

<https://dallasblackchamber.org/>

<https://arlingtonblackchamber.org/>

<https://fwmbcc.org/>

<https://fwhcc.org/>

<https://www.gdhcc.com/>

Discrimination Cases/DOJ Redlining Cases

Justice Department Secures Agreement with Lakeland Bank to Address Discriminatory Redlining

<https://www.justice.gov/opa/pr/justice-department-secures-agreement-lakeland-bank-address-discriminatory-redlining>

Justice Department and Consumer Financial Protection Bureau Secure Agreement with Trident Mortgage Company to Resolve Lending Discrimination Claims

<https://www.justice.gov/opa/pr/justice-department-and-consumer-financial-protection-bureau-secure-agreement-trident-mortgage>

DOJ, CFPB and OCC Announce Resolution of Lending Discrimination Claims Against Trustmark National Bank

<https://www.justice.gov/opa/pr/justice-department-announces-new-initiative-combat-redlining>

Justice Department and Office of the Comptroller of the Currency Announce Actions to Resolve Lending Discrimination Claims Against Cadence Bank

<https://www.justice.gov/opa/pr/justice-department-and-office-comptroller-currency-announce-actions-resolve-lending>

CFPB Files First Ever Redlining Complaint Against a Non-Bank Mortgage Lender

<https://www.consumerfinance.com/2020/07/20/cfpb-files-first-ever-redlining-complaint-against-a-non-bank-mortgage-lender/>

Regulation B prohibits discouragement of “applicants or prospective applicants”. Specifically, it states: “A creditor shall not make any oral or written statement, in advertising or otherwise, to applicants or prospective applicants that would discourage on a prohibited basis a reasonable person from making or pursuing an application.” The Official Interpretations of Regulation B also explain that this prohibition “covers acts or practices directed at prospective applicants that could discourage a reasonable person, on a prohibited basis, from applying for credit.”

https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-24_2021-06.pdf

Conclusion

The CRA regulation is very clear — a finding that a bank failed to comply with laws on fair and responsible lending trumps otherwise satisfactory or even outstanding CRA performance. The CRA regulations specifically state that a rating will be "adversely affected by evidence of discriminatory or other illegal credit practices," including but not limited to violations of the Equal Credit Opportunity Act, the Fair Housing Act, the Home Ownership and Equity Protection Act, the Federal Trade Commission Act, the Real Estate Settlement Procedures Act and the Truth in Lending Act.

On behalf of the Southern Dallas & Fort Worth Community, we ask that you refer this discriminatory case to the U.S. Department of Justice (DOJ) and the Consumer Financial Protection Bureau (CFPB).

Sincerely,

James McGee

James McGee
President/Chair
JMcGee@SouthernDallasProgress.com
Southern Dallas Progress Community Development Corporation