



# A Community Voice

## State of Lending: Lake Charles, LA

*Application Rates reflect little opportunities for minorities to receive conventional mortgage or refinance loans in the Lake Charles area.*

### **Who we Are & Why we Care?**

A Community Voice works in conjunction with Southern United Neighborhoods (SUN), a 501c3 nonprofit financial literacy organization, to provide education and outreach on fair lending practices to over 5000 low to moderate income families per year and financial literacy training programs to over 1000 families a year ([www.acommunityvoice.com](http://www.acommunityvoice.com)); ([www.southernunitedneighborhoods.org](http://www.southernunitedneighborhoods.org)).

Homeownership is often touted as the “American Dream.” People aspire to own their own homes as a benchmark of success and as a way to leave something of value to children or families members. Homeownership is also an avenue promoted to stabilize communities by encouraging neighbors to care for their property and work towards neighborhood improvements such as infrastructure repairs and reduced crime in order to uplift property values. Simply stated, those individuals who own their own homes create social stability for neighborhoods as they tend to maintain their property, participate in the social and political life of their neighborhoods and reinvest in their communities (<http://www.jchs.harvard.edu/publications/homeownership/liho01-12.pdf>). Fair access to credit, homeownership programs and mortgage and loan options are necessary for the fulfillment of these dreams.

### ***What is the Community Reinvestment Act (CRA)?***

Under Pres. Carter, the CRA was passed in 1977 to end the leftovers of post-Jim Crow bank discrimination against Blacks and other minorities. Programs were established and designed to increase avenues to homeownership on the local, state and federal levels to help individuals become homeowners. As a result, gains have been made over the last decade to increase the number of minority and low-income homeowners with African American borrowers increasing by 98% and Hispanic borrowers increasing by 125% between 1993 and 1999. However, the rise of predatory lending or subprime loans has generated patterns of inequalities with regards to the services and loan products being offered to low to moderate income families and minorities (<http://www.sharedprosperity.org/bp197.html>). Subprime markets expanded to provide loans to “riskier” borrowers with imperfect credit histories or other concerns. Many borrowers ended up in adjustable rate mortgages and with unaffordable house notes, resulting in foreclosure. While restrictions on predatory lending and subprime mortgages are needed and necessary in order to ensure fairer lending practices and stop the two systems of lending that encourage lending institutions to prey on individuals with bad credit, the current foreclosure crisis, recession, and bank bailouts seem to have restricted the lending industry back to pre-CRA days.

Currently, without any supporting data as evidence, racism is used to blame the victims for why loans aren’t made in redlined neighborhoods. This has been true about defaults on mortgages, as well. Knowledgeable observers largely agree that the bad loans that caused foreclosures were due to predatory lending, and by far the highest rate of foreclosures has been for houses that are worth more than million dollars and not for working and middle class homes: ([http://www.nytimes.com/2010/07/09/business/economy/09rich.html?\\_r=1&pagewanted=all](http://www.nytimes.com/2010/07/09/business/economy/09rich.html?_r=1&pagewanted=all)).

The effect of bank discrimination has been one of the most serious systemic forms of holding Black people in peonage, like sharecropping, where families are forced to be part of the system but never have any control over their lives or wherewithal despite their own contributions. Housing/lending discrimination forces Black/minority families to have little control over their home environment. Single women heads of households have been at the mercy of landlords who could prey on their need to provide shelter for their children and the lack of other housing to go to when they choose to force their demands on unscrupulous landlords. Although women and children are the biggest victims of bank discrimination, the community as a whole suffers as absentee landlords do not maintain their

properties as well as homeowners and in most cases have no ties in any other improvements to the neighborhoods. In fact, the same discrimination against lending to someone to purchase a new home in the particular area also applies to the landlords who might actually want to repair their properties and can't obtain a loan either.

Most rents are higher than house payments, so the tenants end up paying substantially more for their rent than they would if they were homeowners with traditional loan payments. This creates a negative economic impact in the community. The financial discrimination is an upending of the Black/minority community that ensures instability in many families and in the neighborhoods where they reside.

A brief glance at the mortgage data of the top banks as determined by deposit amounts in the Lake Charles MSA (includes, Calcasieu and Cameron Parishes), reveals little opportunities for minorities to obtain mortgage loans from large banks such as the Whitney ~ while smaller banks such as Omni bank actually offer more opportunities for minorities.

## Highlights from Home Mortgage Disclosure Data

(all deposits in terms of \$000s)

Home Mortgage Disclosure Data available at <http://www.ffiec.gov/hmdaadwebreport/DisWelcome.aspx>

### Cameron State Bank (\$588,401,000 in deposits as of June 2011)

<b>2007 - Cameron</b> (#1 Lake Charles Bank)	<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic - 19	White - 181
	<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 8	White - 107
	<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic - 8	White - 150
	<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 5	White - 131
<b>2008 - Cameron</b>	<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic - 10	White - 149
	<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 3	White - 89
	<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic - 15	White - 149
	<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 13	White - 137
<b>2009 - Cameron</b>	<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic - 15	White - 150
	<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 2	White - 80
	<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic - 19	White - 135
	<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 17	White - 117

Cameron State Bank is the largest bank that operates specifically within the Lake Charles Area. The gaps between White and Minority applicants and loans represent a lack of outreach into minority communities with 48 loans over a three year period in a MSA with over 48,000 minority families. Reinvestment into the Lake Charles Area should transcend the barriers of race and focus on delivering adequate service and opportunities to all families to reflect the over 1.2 million dollars that invested into this bank over a one year period. Cameron State Bank is now IberiaBank, which has an even worse record of loaning and outreaching to minorities.

### Capital One Home Loans & Capital One NA Combined (\*national data reflects \$130,349,113,000 in deposits as of June 2011)

<b>2007 - Capital 1</b> (2 <sup>nd</sup> Largest National Bank)	<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic - 18	White - 135
	<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 12	White - 93

<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic	- 71	White	- 343
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 30	White	- 197

**2008 - Capital 1**

<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic	- 11	White	- 33
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 5	White	- 23

<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic	- 35	White	- 207
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 12	White	- 105

**2009 – Capital 1**

<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic	- 7	White	- 14
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 4	White	- 8

<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic	- 41	White	- 139
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 7	White	- 65

In FDIC reports, Capital One and its entities are consolidated into national accounts of the number of deposits. As one of the largest banks in the country, second only to Chase Bank, Capital One should indeed deliver more loans than a state bank. However, the numbers indicate that at 70 loans over a three year period out of over 48,000 minority families, Capital One is severely lagging in servicing minority communities.

**JP Morgan Chase Bank NA (\*national data reflects \$1,093,004,000,000 in deposits as of June 2011)**

**2007 - Chase**

(Largest National Bank)

<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic	- 109	White	- 384
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 84	White	- 320

<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic	- 107	White	- 318
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 37	White	- 170

**2008 - Chase**

<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic	- 63	White	- 254
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 40	White	- 190

<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic	- 90	White	- 308
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 22	White	- 185

**2009 – Chase**

<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic	- 3	White	- 30
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 2	White	- 24

<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic	- 54	White	- 153
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 16	White	- 80

According to FDIC data, Chase is the largest bank on a National level. The numbers have dropped considerably between 2007 and 2009, such drop would have to be monitored to see if this is a continued trend for Chase Bank. While the gaps between minority loans and white loans are still bigger than what would be expected based on population size, Chase Bank's data proves that more minority applicants will translate into more loans if given the opportunity.

**First Federal Bank of Louisiana (\$567,604,000)**

**2007 – First Federal**  
 (# 2 bank in Lake Charles)

<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic	- 58	White	- 347
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 35	White	- 278

**(#18 in the State)**

<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic	- 21	White - 92
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 14	White - 75

**2008 – First Federal**

<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic	- 50	White - 192
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 31	White - 150

<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic	- 23	White - 122
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 10	White - 96

**2009 – First Federal**

<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic	- 25	White - 162
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 15	White - 106

<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic	- 30	White - 207
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 17	White - 160

Despite being a much smaller Louisiana bank than Cameron State, First Federal achieved 122 loans for minorities over a three-year period (3x as many loans as Cameron State). While gaps are still huge between minority and white applicants and loans, First Federal performs better than the top bank in the area in outreaching to minorities.

**First National Bank of Louisiana (\$237,991,000 in deposits as of June 2011)**

**2007 – First National  
(smallest bank on this list)**

<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic	- 5	White - 20
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 4	White - 16

<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic	- 2	White - 32
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 2	White - 32

**2008 – First National**

<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic	- 2	White - 28
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 0	White - 24

<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic	- 7	White - 27
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 7	White - 27

**2009 – First National**

<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic	- 5	White - 40
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 5	White - 37

<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic	- 6	White - 42
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 5	White - 42

First National is the smallest bank in this report that services the Lake Charles Area.

**IberiaBank (\$8,072,564,000 in deposits as of June 2011)**

**2007 – Iberia**

<b>APPLICANTS FOR A HOME LOAN</b>	NA
<b>ORIGINATED SUCCESSFUL LOANS</b>	NA

<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic	- 0	White - 1
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic	- 0	White - 0

<b>2008 – Iberia</b>	<b>APPLICANTS FOR A HOME LOAN</b>	NA
	<b>ORIGINATED SUCCESSFUL LOANS</b>	NA
	<b>APPLICANTS FOR REFINANCE LOAN</b>	NA
	<b>ORIGINATED SUCCESSFUL LOANS</b>	NA

<b>2009 – Iberia</b>	<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic - 0	White - 1
	<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 0	White - 1
	<b>APPLICANTS FOR REFINANCE LOAN</b>	NA	
	<b>ORIGINATED SUCCESSFUL LOANS</b>	NA	

The large size of IberiaBank and their low track record on mortgage and refinance loans needs to be monitored, given their recent acquisition of Cameron State Bank.

**Jeff Davis Bank & Trust (\$460,245,000 in deposits as of June 2011)**

<b>2007 – Jeff Davis</b> (#3 in Lake Charles Area) (#20 in State)	<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic - 7	White - 104
	<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 3	White - 72
	<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic - 8	White - 65
	<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 8	White - 55

<b>2008 – Jeff Davis</b>	<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic - 13	White - 146
	<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 6	White - 121
	<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic - 16	White - 100
	<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 8	White - 91

<b>2009 – Jeff Davis</b>	<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic - 9	White - 113
	<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 4	White - 84
	<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic - 12	White - 116
	<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 11	White - 111

Jeff Davis is only the 3<sup>rd</sup> largest bank that services mainly within the Lake Charles community. With 40 minority loans over a two year, Jeff Davis is doing as well as Cameron State Bank. Gaps between minority and white applicants remain despairingly high and may have to do with the location of area branches and their proximity to minority neighborhoods. Jeff Davis does make an effort to advertise in minority newspapers such as Gumbeaux magazine which has no doubt caused Jeff Davis to be able to operate at the same level as the larger Cameron State.

**MidSouth Bank (\$854,206,000 in deposits as of June 2011)**

<b>2007 – MidSouth</b>	<b>APPLICANTS FOR A HOME LOAN</b>	NA	
	<b>ORIGINATED SUCCESSFUL LOANS</b>	NA	
	<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic - 2	White - 15
	<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 2	White - 11
<b>2008 – MidSouth</b>	<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic - 0	White - 8

<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 0	White - 8
<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic - 4	White - 18
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 4	White - 15

## 2009 – MidSouth

<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic - 1	White - 9
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 1	White - 9
<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic - 4	White - 4
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 3	White - 4

MidSouth makes few mortgage and refinance loans within the Lake Charles MSA.

## Whitney National Bank (\$2,268,082,000 in deposits as of June 2011)

<b>2007 – Whitney (Largest Bank in the State)</b>	<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic - 3	White - 36
	<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 1	White - 25

<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic - 5	White - 41
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 1	White - 30

## 2008 – Whitney

<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic - 4	White - 20
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 2	White - 16

<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic - 7	White - 27
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 4	White - 22

## 2009 – Whitney

<b>APPLICANTS FOR A HOME LOAN</b>	Asian, Black & Hispanic - 3	White - 19
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 2	White - 15

<b>APPLICANTS FOR REFINANCE LOAN</b>	Asian, Black & Hispanic - 3	White - 58
<b>ORIGINATED SUCCESSFUL LOANS</b>	Asian, Black & Hispanic - 3	White - 43

Whitney's low numbers for minorities is especially poignant considering that Whitney is the largest bank that services Louisiana. With only 3 locations ([www.whitneybank.com](http://www.whitneybank.com)) in Lake Charles (the largest city within the Lake Charles MSA region), it is no wonder that this huge bank only originated only 13 loans to minorities over a three-year period. In fact, Whitney gives out few loans to Whites as well with only 93 loans originated over two years. Given its massive size and recent merger with Hancock Bank, Whitney is the worst bank for minorities in the Lake Charles area.

## Conclusions & Recommendations

Few minorities in the Lake Charles area are completing applications with area lending institutions. Even those banks who improved between 2007 and 2009 still fell short of what would be expected for population size. The lack of applicants from minority communities for both conventional mortgage loans and refinance loans reflects lack of opportunity for these populations. Asians and Hispanics especially lack opportunities with the number of applicants staying within the single digits for the majority of lending institutions. A Community Voice recommends that lending institutions become conscious of the disparities in application rates for minorities and make special efforts to outreach to minority populations within the Lake Charles area to ensure that equal access to lending opportunities are achieved in order to comply with the CRA and other fair lending laws. Outreach to minority communities may be achieved through partnerships with churches, neighborhood associations and community groups that represent and service these communities to develop means to distribute information about available programs and the qualifications.

Proposed changes include branches in minority neighborhoods, increased applications will result in increase loans as evidence by banks that do outreach in minority communities such as Jeff Davis Bank and First National Bank that both advertise in Gumbeaux magazine. Banks spend millions in advertising every year, but most of their funding is targeted to and spent in white markets. Is this a form of discrimination? Is it a violation of the federal fair housing act? What is the result of this targeted approach? These advertising revenues need to also include Black and minority markets. Through Black media need Housing programs, such as the monthly meeting of A Community Voice ~ Louisiana, every 3<sup>rd</sup> Thursday, at 6 p.m., at City Hall in Lake Charles, provide outreach and training to potential homeowners of all races, how to prepare for and obtain a loan and a home.

“The Social Benefits and Costs of Homeownership: A Critical Assessment of the Research” by Joint Center for Housing Studies of Harvard University. <http://www.jchs.harvard.edu/publications/homeownership/liho01-12.pdf>

<http://www.sharedprosperity.org/bp197/bp197.pdf>. “Do Subprime Loans Create Subprime Cities? Surging Inequality and the Rise in Predatory Lending.”

<http://www.ffiec.gov/Census/default.aspx>. Federal Financial Institutions Examination Council Census Report.