

2023 – NO PUBLIC COMMENTS

2022 – NO PUBLIC COMMENTS

2021 – PUBLIC COMMENTS



January 12, 2021

First Financial Bank, National Association (FDIC Cert # 3066)
400 Pine Street
Abilene, TX 79601

Office of the Comptroller of the Currency
Fort Worth Field Office
225 East John Carpenter Freeway, Suite 900
Irving, TX 75062-2270

RE: Comment on First Financial Bank 's Community Reinvestment Act (CRA) Performance

I am submitting this letter to First Financial Bank 's Community Reinvestment Act (CRA) public file for consideration on First Financial Bank 's CRA Performance Evaluation.

We were not able learn more about the bank's goals and priorities and discuss our community development needs and opportunities. The Southern Dallas Community would like **First Financial Bank** to focus on Southern Dallas as I believe the heightened poverty in my neighborhood has held back my community, and the city of Dallas as a whole, for too long.

Fair Lending Concerns

I worked with the National Community Reinvestment Coalition (NCRC) to analyze the lending of First Financial Bank in Dallas. This is what NCRC found.¹

- According to the Home Mortgage Disclosure Act (HMDA) data from 2018 to 2019, First Financial Bank made a total of 288 in Dallas County. This data demonstrated that in 2019, 14.93% (43) of all home loans in Dallas went to minorities however only 2.43% (7) of First Financial Bank's home loans were extended to Blacks (African Americans).
 - 0% of the bank's total loans were made in Southern Dallas*.

¹ See lending mentioned CRA Report. <https://www.occ.gov/static/cra/craeval/dec17/4166.pdf>

- Dallas County, Texas's estimated population is 2,641,680. Of that approximately 606,168 are African Americans.
- City of Dallas's estimated population is 1,343,573. Of that approximately 322,457 are African Americans.

Gaps in lending to people of color, borrowers with LMI, and small businesses are usually the result of a lack of products that meet particular credit needs, gaps in marketing, or a lack of partnerships. I believe that working with my organization can improve First Financial Bank performance.

Focus on Southern Dallas

The need in Southern Dallas is well documented. HUD has designated Southern Dallas as a racially or ethnically concentrated area of poverty (R/ECAP) since at least 1990, meaning that since 1990 the population of Southern Dallas has had a poverty rate of at least 40%. That poverty rate is more than double the 16.6% poverty rate for Dallas County as a whole.² The Urban Institute looked at economic trends, data on income segregation, housing affordability, job availability, and racial disparities in 274 large US cities from 1980 to 2013 and found that Dallas was the least economically and racially inclusive.³ Increased obstacles to economic opportunity in Southern Dallas has a negative impact on Dallas as a whole. Numerous studies show that high levels of inequality stunt economic growth as it prevents economies from performing to their full potential.⁴ Economies with less inequality not only maximize their productive potential, but also minimize the significant fiscal and social costs of inequality. Childhood poverty—one outcome of insufficiently inclusive growth—costs the U.S. economy an estimated \$500 billion a year, or four percent of GDP, due to lost productivity, higher crime and incarceration, and larger health expenditures. Cities end up bearing these costs, at the expense of other important investments in growth and opportunity.⁵ Heightened inequality also creates resentments and hostilities that damage social and political cohesion, which also negatively affects economic growth.

Researchers are also predicting that Southern Dallas will be particularly hard hit by COVID-19, both medically and economically, given the unfortunate correlation between poverty and unfavorable health outcomes.⁶ I am very concerned about the impact COVID-19 will have on my community that was already facing increasing economic hardship, and I believe that without an intentional focus on Southern Dallas these unfortunate economic trends will continue. To make matters worse, many lenders do not market and/or lend in Southern Dallas. We would look forward to discussing opportunities for First

² "Percent of Population Below the Poverty Level in Dallas County, TX." 2018 Poverty Rate for Dallas County TX. Federal Reserve Bank of St. Louis Economic Research. Available online at <https://fred.stlouisfed.org/series/S1701ACS048113>.

³ "Inclusive Recovery in US Cities." Urban Institute. April 2018. Available online at https://www.urban.org/sites/default/files/publication/97981/inclusive_recovery_in_us_cities.pdf.

⁴ "Introduction: Inequality of Economic Opportunity." Katharine Bradbury and Robert K. Triest. RSF: The Russell Sage Foundation Journal of the Social Sciences, Vol. 2, No. 2, Opportunity, Mobility, and Increased Inequality (May 2016), pp. 1-43. Available online at https://www.jstor.org/stable/10.7758/rsf.2016.2.2.01#metadata_info_tab_contents

⁵ "Opportunity for growth: How reducing barriers to economic inclusion can benefit workers, firms, and local economies." Brookings Institution. Joseph Parilla. September 28, 2017. Available online at <https://www.brookings.edu/research/opportunity-for-growth-how-reducing-barriers-to-economic-inclusion-can-benefit-workers-firms-and-local-economies/>.

⁶ "Mapping the Areas at Highest Risk of Severe COVID19 in Dallas, Austin and San Antonio." UTHealth School of Public Health Institute for Health Policy. April 2, 2020. Available online at https://sph.uth.edu/research/centers/ihp/COVID-19_Dallas_Austin_SA%20Final_4-3-20.docx.pdf.

Financial Bank to be responsive to our community needs and position itself as a leader in addressing inequality in Dallas.

Review your Reasonably Expected Market Area (REMA) to identify redlining that may be happening to the Southern Dallas community.⁷

- Most regulatory agencies will use the term REMA; however, the Federal Reserve Board performs a similar analysis, but uses the term Credit Market Area (CMA).
- FDIC defines an institution's REMA based on the following factors:
 - Where the institution has received applications
 - Where the institution has originated loans
 - The history of mergers and acquisitions
 - The market area as defined by the bank in its written policies and procedures
 - Branch structure and history including closures, acquisitions, and relocations
 - Physical presence including the location of branches/offices, LPOs, brokers, and other third-party originators.
 - Advertising and marketing efforts including print, telemarketing, and direct mail campaigns.
 - The inappropriate exclusion of majority minority census tracts from the institution's assessment area.
- Redlining risk factors include, but are not limited to the following practices:
 1. Offering different loan programs in different areas
 2. Marketing efforts that exclude and/or target certain geographies
 3. Loan programs that exclude certain types of residential property
 4. Loan minimums without consideration of the average home value

The following sections discuss demographic in the Southern Dallas area.

- Southern Dallas is home to 43% of all Dallas residents in just 57% of the city's land area.
- Of the 560,000 residents of neighborhoods in southern Dallas, approximately 38% live below poverty - roughly 9% higher than the City's overall poverty rate of 29%.
- Overall, 56% of Dallas residents living below poverty live in the southern neighborhoods of Dallas.
- *The City of Dallas is a unique place. There is a difference between "South Dallas" and "Southern Dallas".*
- *The Southern Sector of Dallas (Southern Dallas) is commonly defined as those areas south of Interstate 30.*

⁷ REMAs are not defined by fair lending laws, but the concept is not new. The Interagency Fair Lending Examination Procedures reference, "credit markets in which the institution is doing business".

<https://www.ffiec.gov/pdf/fairlend.pdf>

- *The Southern Dallas is 196.7 total square miles. 45% of the City's residents live in Southern Dallas (91% of the residents are minorities in Southern Dallas). **

Questions from the Southern Dallas Community to First Financial Bank

- How many mortgage loans were made to minority borrowers were in Southern Dallas (City of Dallas)?
- How many mortgage loans were made to minority borrowers in Southern Dallas County?
- How many mortgage loans were made to African American borrowers in Southern Dallas (City of Dallas) and how many were in low-income census tracts?
- How many mortgage loans were made to African American borrowers in Southern Dallas County and how many were in low-income census tracts?

Community Ask:

- Increase mortgage lending to minorities by 50%
- Increase mortgage lending to African Americans in Southern Dallas by 50%
- Increase mortgage lending to Hispanics/Latinos in Southern Dallas by 50%
- Increase mortgage lending in Low-Income census tracts by 40%
- Increase mortgage lending in Majority Minority Census Tract by 40%
- Advanced implementation of Section 1071 of the Dodd-Frank Act
- Immediate Implementation of Section 342 of the Dodd-Frank Act
- Create positions for CRA Mortgage Loan Officers
- Perform a credit needs assessment for Southern Dallas
- Conduct a Redlining Risk Assessment for Dallas County
- Establish special purpose credit programs (SPCPs) to address lending disparities in Southern Dallas
 - <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-advisory-opinion-to-help-expand-fair-equitable-and-nondiscriminatory-access-to-credit/>

Conclusion

We appreciate this opportunity to comment on First Financial Bank's CRA performance and would look forward to discussing a plan for Southern Dallas and be a leader in addressing inequality in Dallas.

Sincerely,

James McGee

James McGee
President/Chair

JMcGee@SouthernDallasProgress.com

Southern Dallas Progress Community Development Corporation

March 4, 2021

James McGee
President/Chair
Southern Dallas Progress Community Development Corporation
1402 Corinth Street #147
Dallas, Texas 75215

RE: Comment on First Financial Bank's Community Reinvestment Act (CRA) Performance

Dear Mr. McGee:

Thank you for your letter of January 12, 2021. First Financial Bank strives to meet the credit needs of the communities in which it serves. Community service and support is deeply engrained into our culture¹.

As I explained in our phone conversation on January 4, 2021, First Financial Bank has no branches in Dallas County and does not identify any part of Dallas County as either an assessment area or market area. I have included a copy of the bank's assessment area for your reference.

The bank has originated residential real estate loans in Dallas County as shown through our Home Mortgage Disclosure Act (HMDA) filings. It is our business philosophy to serve any creditworthy applicant who requests credit regardless of where in Texas the applicant may live.

You do not provide a fully formed picture of the bank's performance in Dallas County. Despite having no branches in Dallas County, the bank originated 7% (44) applications to borrowers who identified as minority and 27% (12) of those identified as African American from 2018 to 2020.

You mention the concept of Reasonably Expected Market Area or REMA. The Office of the Comptroller of the Currency (OCC) has not identified any area within First Financial Bank's assessment area or market area as a REMA. Over a two-year period (2018 and 2019), First Financial Bank only originated 3% of its total loans in Dallas County. Of those originations, 21% (61) were made in the area identified as Southern Dallas County, or per your comment letter, "those areas south of Interstate 30." In 2020, the bank originated 14% (43) residential real estate loans in the area identified as Southern Dallas County.

You failed to mention First Financial Bank's performance of lending in low- and moderate-income (LMI) tracts in Dallas County. From 2018 to 2019, the Bank originated 20% (57) of its loans in LMI tracts and of those LMI tracts, 37% (21) were in the area identified as Southern Dallas. Once again, this performance is in an area not identified by First Financial Bank as either an assessment area, market area, or REMA. Figures for 2020 indicate 12% (38) of total originations were in LMI tracts with 50% (19) in LMI tracts identified as Southern Dallas.

¹ <https://www.ffin.com/en-us/about/service-non-negotiables/>

Your letter also included four questions:

1. How many mortgage loans were made to minority borrowers were in Southern Dallas (City of Dallas)?

From 2018 to 2020, First Financial Bank originated 9 mortgage loans to borrowers in Southern Dallas (City of Dallas) who identify as minority.

2. How many mortgage loans were made to minority borrowers in Southern Dallas County?

From 2018 to 2020, First Financial Bank originated 7 mortgage loans to borrowers in Southern Dallas County who identify as minority.

3. How many mortgage loans were made to African American borrowers in Southern Dallas (City of Dallas) and how many were in low-income census tracts?

From 2018 to 2020, First Financial Bank did not originate mortgage loans in low-income tracts in Southern Dallas (City of Dallas) to borrowers who identify as African American. However, the bank originated 3 mortgage loans in Moderate-Income tracts of which 2 borrowers identified themselves as African American and 1 as a different minority.

4. How many mortgage loans were made to African American borrowers in Southern Dallas County and how many were in low-income census tracts?

From 2018 to 2020, First Financial Bank did not originate mortgage loans in low-income tracts in Southern Dallas County to borrowers who identified as African American. However, the bank originated 1 mortgage loan in a Low-Income tract and 4 loans in Moderate-Income tracts in Southern Dallas County to other minorities.

The bank will not perform a credit needs assessment, redlining risk assessment, or establish special credit programs for the Southern Dallas area since Dallas County is not an assessment area, market area, or defined REMA for First Financial Bank.

Our entire public file, along with the referenced comment letter and this response may be found at <https://www.ffin.com/en-us/about/cra-public-file/>.

Sincerely,



Angie Hadley
Senior Vice President
CRA Compliance Officer
ahadley@ffin.com

Enclosure

ASSESSMENT AREAS

The Bank's Assessment Areas are as follows:

METROPOLITAN STATISTICAL AREAS/METROPOLITAN DIVISIONS:

ABILENE MSA

(Consisting of Callahan, Jones and Taylor Counties)

BEAUMONT-PORT ARTHUR MSA

(Consisting of Jefferson and Orange Counties)

COLLEGE STATION-BRYAN MSA

(Consisting of Brazos County)

DALLAS-FORT WORTH-ARLINGTON MSA

(Consisting only of Denton, Ellis, Johnson, Parker, Tarrant & Wise Counties)

HOUSTON-THE WOODLANDS-SUGAR LAND MSA

(Consisting of Fort Bend and Montgomery Counties and the following tracts in Harris County: 2409.01, 2409.02, 2410.00, 2411.01, 2411.02, 2411.03, 2412.00, 2413.00, 2414.00, 2509.00, 2510.00, 2511.00, 2512.00, 2513.00, 2514.01, 2514.02, 2515.01, 2515.02, 2515.03, 5551.00, 5552.00, 5553.01, 5553.02 and 5553.03)

ODESSA MSA

(Consisting of Ector County)

SAN ANGELO MSA

(Consisting of Tom Green County)

NON-MSA COUNTIES:

Deaf Smith

Eastland

Erath

Fisher

Hood

Matagorda

Newton

Nolan

Palo Pinto

Shackelford

Somervell

Walker

Wharton