



# OAK HILL BANKS

*Banking In Your Best Interest*

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717 Reading Rd. \* Mason, OH. 45040 \* Phone 513-398-5196 \* Fax 513-398-4086

April 20, 2004

Dear Sir or Madam,

As a community banker and a consumer, I can see both the need and burden that consumer regulations have on both the banking industry and consumers in general and I welcome any review of these regulations to streamline the system. In my professional career as a banker for over 20 years, I have tried my best to be fair, honest, and consistent with any existing or potential customers. In general, I have tried to look out for the best interests of my customers in all my dealings and believe that if you treat people well you will be rewarded with loyal, long term customers. I do however recognize that not all people in financial institutions treat their customers the same way or there is at least the potential for abuse. Therefore, consumer regulations are a necessary evil to insure that all people are treated fairly. Although there are a number of minor issues I would like changed, I will concentrate my comments to one area in particular that I believe needs to be changed.

I believe the monitoring information collected on all consumer real estate applications to determine sex and race is being unfairly used to report potential abuses in lending to minorities. Every time this information is released, the media and consumer groups point to the information as evidence that financial institutions perform unfair lending practices to minorities. **However, this is impossible to determine unless a person knows the reason for a decline.** Since the information provided is only the race and sex, it is impossible to honestly state that a person is being discriminated against. Many factors go into whether somebody is turned down for a loan including income, credit history, debt/income ratios, etc. Instead of determining the accurate reason for denials and comparing "apples to apples", regulators, politicians, and consumer groups base their opinion on incomplete data. This not only is bad for financial institutions' images but encourages those that believe financial institutions in general are discriminating against minorities. Regulators already review our denials when they examine the bank to determine if we are following consumer regulations.

I am not in favor of additional regulation but perhaps a solution to this would be to provide the denial letter with the information collected for race and sex. If a pattern is established, the bank examiners could exam those loans to see how they compare to similar loans that have been approved. Even if more loans to a particular minority are turned down for the same reason than another group, it doesn't necessarily mean they are being discriminated. The files need to be reviewed to see if the reason(s) for the denial were legitimate. If they are then that needs to be stated to the general public. Namely, the governmental agency reviewed the files and found the financial institution was not discriminating. If they are discriminating then that needs to be stated to the public as well. Unfortunately, in this day and age, there is not as much effort to announce compliance with laws then it is to blame a financial institution for non compliance.

Thank you for considering my comments.

Sincerely,

Roger P. Mersch  
AVP/ Credit Administration Officer  
Oak Hill Banks