



2010 National Interagency Community Reinvestment Conference

**New Orleans, LA
March 15, 2010**



Agenda

- History of Liberty Bank
- General Katrina Impact information
- Liberty's Post-Katrina Rehabilitation and Mortgage Lending Initiatives

Liberty's Mission

The mission of Liberty Bank and Trust is to provide cost effective delivery of high-quality, innovative, customer-driven products and services to diverse markets with a focus on disadvantaged minority communities who traditionally have been underserved.

Concurrent with the Bank's mission we will strive to maintain the Company's status as a catalyst for economic and community development while generating a fair return to shareholders and being an excellent corporate citizen.

History of Liberty Bank

- First African-American owned bank in New Orleans, founded in 1972
- Profitable 32 out of 37 years
- Branches in Baton Rouge, Detroit , Jackson (MS), metro Kansas City and New Orleans, + LPO in Houston
- Current assets of \$414MM and CDFI since 2002

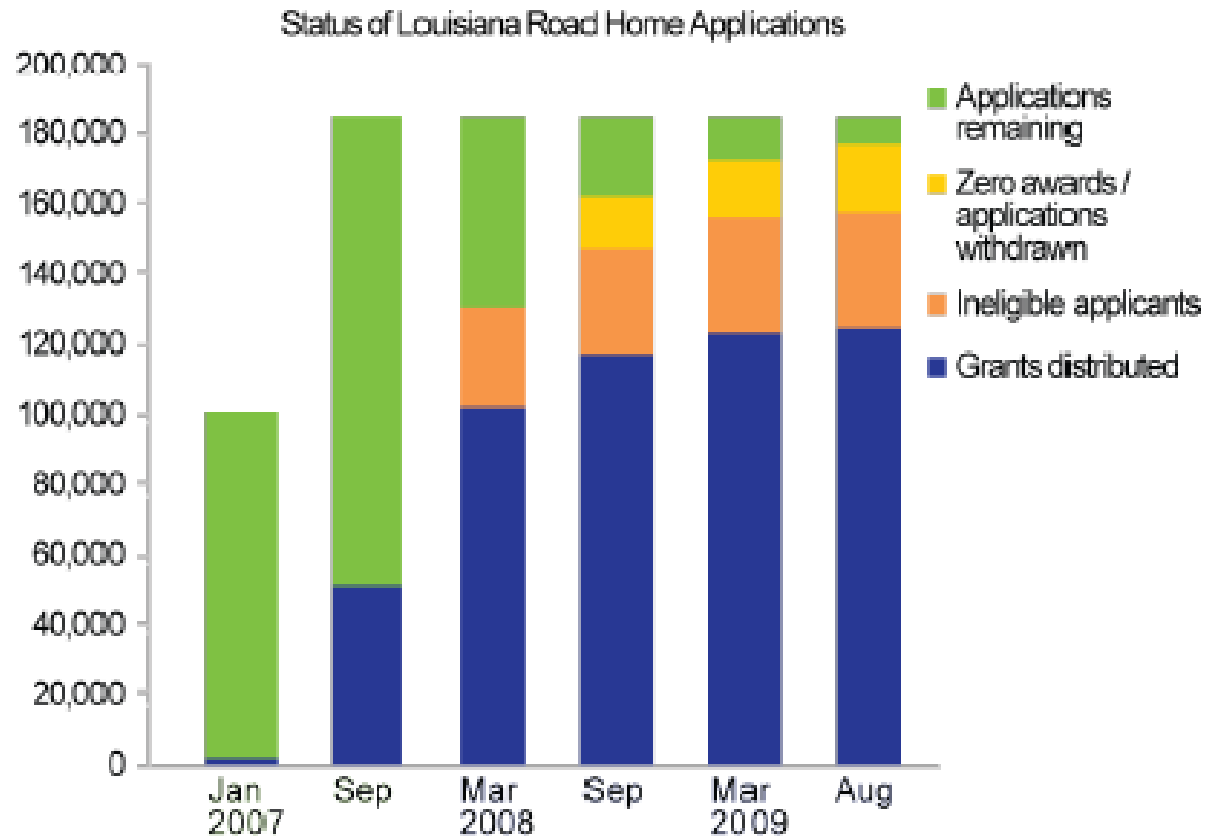
Owner-Occupied Housing in City of New Orleans Post-Hurricanes

- 87,589 owner-occupied housing units in City of New Orleans according to 2000 Census
- 66,609 or 76% damaged by 2005 hurricanes, (minor, major or severe per FEMA)
- SBA median severe damage estimate = \$107K
SBA median major damage estimate = \$81K

Owner-Occupied Housing in City of New Orleans Post-Hurricanes

- 84% of damaged home had either hazard or flood insurance
- Average Katrina insurance payout = \$15,399
- 45,000 federally sponsored Road Home rebuilding grants in City @ \$64K average payout

Federally Sponsored Post-Hurricane Rebuilding Grant Program (timing and \$ issue)



Source: The Road Home Program (The New Orleans Index, July 31, 2009).

Post-Hurricane Challenges Facing Homeowners in New Orleans

- Average gap of \$55,000 between Road Home payout + insurance versus home repair costs*
- Depleted personal savings (i.e. cost of maintaining two residences, post-storm unemployment, gap in repairs*, contractor fraud and/or mismanagement, etc.)
- An estimated 13.5% of metro New Orleans homeowners suffered contractor fraud. In addition, there was rampant rehab budget and contractor mismanagement.

Road Home Fast Track Program

- Launched in NOV 2006, \$50,000 max loan program developed by Liberty Bank with City of New Orleans to expedite home repairs by bridging delayed Road Home grants
- City of NO deposited \$5MM at Liberty as loan loss reserve, with Liberty committed to 1:4 lending match
- Interest and closing costs paid by the City of NO

Road Home Fast Track Program

- Results: 372 applications, 134 approved, 56 approved and withdrew, 78 loans made, 16 to LMI households
- All \$5MM loan loss reserve + interest returned to City of New Orleans by end of 2008
- Lessons learned by Liberty: assuming applicants are creditworthy, rehab budgeting problems and contractor mismanagement prevalent

Gentilly Homeownership Initiative (GHI)

- Launched in JUN 2009, rehab loan program developed by Liberty Bank to assist existing and 1st time homeowners in putting hurricane blighted homes back into full commerce with heavy contractor management services and some subsidy dollars
- Subsidy dollars provided through CDFI FA funds
- Partnership with fellow CDFI = NewCorp, Inc.

Gentilly Homeownership Initiative (GHI)

- NewCorp provided and vetted pool of GHI “qualified” contractors
- Many layers of contractor oversight priced into loans and funded through subsidy
- Direct subsidy provided wherein strong LTVs and stable DTIs present
- 111 applicants, 15 approved, average credit scores 648 – 468 (subsidy only), 62.5% LMI communities

Post-Hurricane Lending Takeaways

- Housing blight caused by economic dislocation or natural disaster has the same face, same impact and some similar resolutions five years later
- Systemic solutions are required to fight large scale blight
- Economic environments aside, housing subsidies (i.e. loan-loss reserves, soft seconds and interest rate buy-downs) and home rehabilitation assistance are effective tools to fight housing blight

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