

# **PUBLIC DISCLOSURE**

December 5, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

North Cambridge Co-operative Bank  
Certificate Number: 26567

2360 Massachusetts Avenue  
Cambridge, Massachusetts 02140

Division of Banks  
1000 Washington Street, 10<sup>th</sup> Floor  
Boston, Massachusetts 02118

Federal Deposit Insurance Corporation  
350 Fifth Avenue, Suite 1200  
New York, New York 10118

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage loans in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels.
- The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this factor did not affect the rating.

## DESCRIPTION OF INSTITUTION

### **Background**

North Cambridge Co-operative Bank is headquartered in Cambridge, Massachusetts (MA) and primarily serves the municipalities of Arlington, Cambridge, and Somerville. North Cambridge Co-operative Bank received a Satisfactory rating from the Massachusetts Division of Banks and FDIC during its prior joint evaluation dated February 29, 2016. Examiners evaluated the bank's performance using Interagency Small Institution Examination Procedures.

### **Operations**

The bank operates one full-service branch located at 2360 Massachusetts Avenue in Cambridge. The branch is open 8:30 a.m. - 5:00 p.m. Monday through Wednesday, 9:00 a.m. – 1:00 p.m. on Thursday and Saturday, and 8:30 a.m. – 7:00 p.m. on Friday. Since the prior evaluation, the bank has not opened or closed any branches, and there have been no mergers or acquisitions.

North Cambridge Co-operative Bank offers lending and deposit products for both individuals and businesses. Lending products include home mortgage, home equity, consumer, automobile, and business loans. The bank accepts loan applications only in person. Deposit products include checking, savings, certificates of deposit, money market, and retirement accounts. Alternative banking services include online, mobile, and telephone banking and electronic bill pay. North Cambridge Co-operative Bank's debit cards are part of the SUM Network.

### **Ability and Capacity**

As of September 30, 2022, North Cambridge Co-operative Bank's assets totaled approximately \$88.3 million, including total loans of \$51.4 million (58.2 percent of total assets). Total assets decreased by approximately \$2.3 million, or 2.5 percent, since December 31, 2015 (last quarter used at the prior evaluation), due to effects of the COVID-19 pandemic. The bank has total deposits of \$66.4 million, which decreased by 3.5 percent since the previous evaluation. The following table shows that loans secured by 1-4 family residential properties represent the largest portion of the loan portfolio, followed by loans secured by nonfarm nonresidential properties. Loan composition has not significantly changed since the prior evaluation.

<b>Loan Portfolio Distribution as of 09/30/2022</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	0	0.0
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	48,631	93.5
Secured by Multifamily (5 or more) Residential Properties	1,932	3.7
Secured by Nonfarm Nonresidential Properties	1,409	2.7
<b>Total Real Estate Loans</b>	<b>51,972</b>	<b>99.9</b>
Commercial and Industrial Loans	0	0.0
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	67	0.1
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>52,039</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that would limit the bank's ability to meet assessment area credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. North Cambridge Co-operative Bank designated a single assessment area in the Cambridge-Newton-Framingham, MA Metropolitan Division (MD). The assessment area has not changed since the previous evaluation.

The following sections discuss demographic and economic information relevant to the assessment area.

### **Economic and Demographic Data**

North Cambridge Co-operative Bank's assessment area consists of Arlington, Cambridge, and Somerville. The assessment area contains 58 census tracts with the following income designations according to 2015 American Community Survey (ACS) data:

- 2 low-income tracts,
- 14 moderate-income tracts,
- 21 middle-income tracts, and
- 21 upper-income tracts.

There have been significant demographic changes in the assessment area during the evaluation period. According to the 2015 ACS data, the population declined by nearly 7,000 individuals or 3.1

percent. The median housing value declined from \$539,032 to \$537,872. More importantly, the percent of low-income individuals living within the assessment area declined from 8.9 percent to 3.9 percent, and the percent of moderate-income individuals declined slightly from 26.7 percent to 23.8 percent. The percent of middle-income individuals remained static, whereas, the percent of upper-income individuals increased from 23.9 percent to 33.1 percent. The decline in the percent of low- and moderate-income individuals and the increase in the upper-income population presents fewer opportunities to lend to low- and moderate-income individuals.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	58	3.4	24.1	36.2	36.2	0.0
Population by Geography	230,639	3.9	23.8	39.2	33.1	0.0
Housing Units by Geography	101,355	3.8	23.4	39.2	33.6	0.0
Owner-Occupied Units by Geography	38,556	2.5	16.3	34.8	46.4	0.0
Occupied Rental Units by Geography	56,069	4.7	28.5	42.0	24.8	0.0
Vacant Units by Geography	6,730	4.0	22.4	40.1	33.4	0.0
Businesses by Geography	21,636	5.6	22.0	36.2	36.2	0.0
Farms by Geography	186	3.2	14.5	32.2	50.0	0.0
Family Distribution by Income Level	43,670	24.0	15.1	19.0	41.8	0.0
Household Distribution by Income Level	94,625	26.2	14.5	16.9	42.3	0.0
Median Family Income MSA - 15764 Cambridge Newton Framingham, MA		\$100,380	Median Housing Value			\$537,872
			Median Gross Rent			\$1,577
			Families Below Poverty Level			7.8%
<i>Source 2015 ACS and 2021 D&amp;B Data Due to rounding, totals may not equal 100.0% (* The NA category consists of geographies that have not been assigned an income classification.</i>						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As shown in the previous table, 38.0 percent of the 101,355 housing units are owner occupied. Of the 38,556 owner-occupied units, 18.8 percent are located in low- and moderate-income census tracts. Additionally, 56,069 or 4.9 percent of all housing units are rented. This illustrates the assessment area’s limited homeownership opportunities.

Examiners used the 2020 and 2021 Federal Financial Institutions Examination Council (FFIEC) updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for the assessment area.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Cambridge-Newton-Framingham, MA Median Family Income (15764)</b>				
2020 (\$118,800)	<\$59,400	\$59,400 to <\$95,040	\$95,040 to <\$142,560	≥\$142,560
2021 (\$120,200)	<\$60,100	\$60,100 to <\$96,160	\$96,160 to <\$144,240	≥\$144,240
<i>Source: FFIEC</i>				

The assessment area’s median housing value is \$537,872. Therefore, there may be limited opportunities for low- and moderate-income families to qualify for a mortgage under conventional underwriting standards. Additionally, more than one-third of families in the assessment area (39.1 percent) are low- and moderate-income families, and approximately 7.8 percent of families live below the poverty line, which represents a subset of low-income families. These factors further limit the bank’s home mortgage lending opportunities to low-income families.

**Competition**

The bank operates in a highly competitive market for financial services. According to Deposit Market Share data as of June 30, 2022, 22 financial institutions operated 70 branches in the bank’s assessment area. Of these institutions, North Cambridge Co-operative Bank ranked 17<sup>th</sup> with a deposit market share of 0.4 percent. The top five financial institutions, Bank of America, N.A.; Leader Bank, N.A.; Cambridge Savings Bank; Cambridge Trust Company; and Citizens Bank, N.A. held 78.2 percent of the deposit market share.

There is also a high level of competition for home mortgage loans among large national banks, community banks, credit unions, and mortgage companies in the assessment area. North Cambridge Co-operative Bank is not required to collect or report its home mortgage lending data. Therefore, the home mortgage loan analysis does not include comparisons to aggregate data. However, aggregate data reflects the competition level for home mortgage loans in the assessment area and is included for performance context. In 2020, aggregate home mortgage lending data shows that 332 lenders originated or purchased 9,594 home mortgage loans in the assessment area. In 2021, aggregate home mortgage lending data shows that 345 lenders originated or purchased 10,182 home mortgage loans in the assessment area.

**Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to gather information about the area’s credit needs and determine if local financial institutions are responsive to those needs. The information also shows what credit opportunities are available.

Examiners contacted a housing and community service organization serving the bank’s assessment area. The contact stated that the primary need is affordable housing. The contact referenced rapidly rising housing costs, especially rental costs, as a challenge. Consequently, many residents are being evicted and forced from their communities as housing costs rise. Additional needs include “fresh

start” deposit accounts for those individuals with impaired account histories, financial literacy training, and credit counseling.

### **Credit Needs**

Examiners considered information gathered from the community contact and the bank, as well as available economic and demographic data, to determine the assessment area’s primary credit needs. Based on the assessment area’s high housing costs, examiners determined that loans to assist lower income individuals to purchase a home is a credit need.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated February 29, 2016, to the current evaluation dated December 5, 2022. Examiners used Small Institution Examination Procedures to evaluate North Cambridge Co-operative Bank’s CRA performance.

### **Activities Reviewed**

Examiners determined that the bank’s major product line is home mortgage lending. This conclusion considered the bank’s business strategy and the number and dollar volume of originations during the evaluation period. However, bank internal records indicate that the bank originated two Small Business Administration Paycheck Protection Program loans during the evaluation period. Of these two loans, one for \$7,000 was inside the assessment area. With only one small business loan in the assessment area, the bank did not have sufficient lending volume to draw meaningful conclusions. Further, the bank does not originate agricultural loans; therefore, examiners did not evaluate small farm loans.

Examiners considered all 2020 and 2021 home mortgage originations. In 2020, the bank originated 17 home mortgage loans totaling \$6.9 million. In 2021, the bank originated 20 home mortgage loans totaling \$8.9 million. Examiners compared North Cambridge Co-operative Bank’s home mortgage lending performance to 2015 ACS demographic data. Examiners did not use aggregate data as a comparison as the bank is not a Home Mortgage Disclosure Act reporter.

Examiners reviewed and presented both the number and dollar volume of home mortgage loans. However, examiners emphasized performance by number of loans, as it is a better indicator of the number of individuals served.



## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

North Cambridge Co-operative Bank demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance primarily supports this conclusion. Based on the bank's low origination volume, examiners determined that the addition or deduction of one home mortgage loan greatly altered the bank's performance. Consequently, examiners' conclusions not only included numerical analysis, but also demographics and contextual information. The following sections address overall bank performance for each Lending Test component.

#### Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's quarterly net LTD ratio, calculated from Call Report data, averaged 76.8 percent over the last 27 calendar quarters from March 31, 2016 to September 30, 2022. The ratio ranged from a low of 67.1 percent as of March 31, 2016, to a high of 81.9 percent as of June 30, 2021.

Examiners compared the bank's average LTD ratio to that of two similarly situated institutions. Examiners selected the similarly situated institutions based on asset size, lending focus, and geographic location. The following table shows that North Cambridge Co-Operative Bank's ratio fell between the two similarly situated institutions.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 9/30/2022 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>North Cambridge Co-Operative Bank</b>	<b>88,313</b>	<b>76.8</b>
Stoughton Co-Operative Bank	119,846	81.4
Methuen Co-Operative Bank	117,742	66.7

*Source: Reports of Condition and Income 3/31/2016- 09/30/2022*

#### Assessment Area Concentration

During the two-year period analyzed, North Cambridge Co-operative Bank originated a majority of its home mortgage loans, by number and dollar volume, within the assessment area. However, in 2020, a majority of its home mortgage lending by both number and dollar volume was outside the assessment area. Please refer to the following table for totals by year.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
<b>Home Mortgage</b>										
2020	6	35.3	11	64.7	17	3,294	47.9	3,588	52.1	6,882
2021	14	70.0	6	30.0	20	6,667	75.3	2,187	24.7	8,854
<b>Total</b>	<b>20</b>	<b>54.1</b>	<b>17</b>	<b>45.9</b>	<b>37</b>	<b>9,961</b>	<b>63.3</b>	<b>5,775</b>	<b>36.7</b>	<b>15,736</b>
<i>Source: Bank Data</i>										

### **Geographic Distribution**

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. During 2020, the bank did not originate any loans in the low- or moderate-income census tracts. In 2021, the bank did not originate any loans in the low-income census tracts; however, in the moderate-income census tracts, the bank originated five loans, reflecting a positive trend. The bank’s lending activity greatly exceeded the demographic comparator.

In addition to a limited number of owner-occupied housing units in the low- and moderate-income census tracts, other factors also provide context relative to the bank’s geographic distribution of loans performance. First, the bank operates solely from its main office in an upper-income tract in Cambridge. Second, 14 of the 16 low- and moderate-income census are not in close proximity to the main office. These tracts are located in the southern tip of Cambridge and the northeast tip of Somerville. In both communities, there is significant competition. In Cambridge, there are 15 institutions with 39 branches. In Somerville, there are 10 institutions with 16 branches. Third, despite two moderate-income tracts in Cambridge, which are in greater proximity to the bank’s main office, the bank operates in a heavily banked and highly competitive area, as previously stated. Lastly, unlike its competitors, the bank is a relatively small community bank, does not accept online loan applications, maintains a business strategy of lending to depositors, and offers limited products through limited operations.

<b>Geographic Distribution of Home Mortgage Loans</b>					
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2020	2.5	0	0.0	0	0.0
2021	2.5	0	0.0	0	0.0
<b>Moderate</b>					
2020	16.3	0	0.0	0	0.0
2021	16.3	5	35.7	2,410	36.1
<b>Middle</b>					
2020	34.8	5	83.3	2,604	79.1
2021	34.8	4	28.6	2,105	31.6
<b>Upper</b>					
2020	46.4	1	16.7	690	20.9
2021	46.4	5	35.7	2,152	32.3
<b>Not Available</b>					
2020	0.0	0	0.0	0	0.0
2021	0.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2020</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>3,294</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>6,667</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, "--" data not available.</i>					

## **Borrower Profile**

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. Although the following table reflects that the bank made no loans to low- or moderate-income individuals in 2020, the COVID-19 pandemic affected borrowers of all income levels, especially low- and moderate-income individuals, due to the temporary and/or permanent closure of non-essential businesses.

In 2021, the bank originated one loan or 7.1 percent of total loans to a low-income borrower. Low-income families in the assessment area, earning less than \$59,400, most likely have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$537,872. Additionally, the percentage of low-income families in the assessment area also includes those families living below the poverty line. Therefore, the disparity between the bank's lending performance to low-income families and demographics is reasonable, as the bank has limited loan products to offer these families, and the assessment area maintains an abundance of other institutions offering various lending programs and products.

In 2021, the bank originated two or 14.3 percent of total loans to moderate-income borrowers. This is comparable to the demographic comparator.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	
Low						
2020	24.0	0	0.0	0	0.0	
2021	24.0	1	7.1	170	2.6	
Moderate						
2020	15.1	0	0.0	0	0.0	
2021	15.1	2	14.3	790	11.8	
Middle						
2020	19.1	2	33.3	885	26.9	
2021	19.1	4	28.6	1,577	23.7	
Upper						
2020	41.8	4	66.7	2,409	73.1	
2021	41.8	7	50.0	4,130	61.9	
Not Available						
2020	0.0	0	0.0	0	0.0	
2021	0.0	0	0.0	0	0.0	
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>3,294</b>	<b>100.0</b>	
<b>2021</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>6,667</b>	<b>100.0</b>	
<i>Source: 2015 ACS; Bank Data, "--" data not available.</i>						

### **Response to Complaints**

The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the bank's CRA rating.

### **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any evidence of discriminatory or other illegal credit practices.

## APPENDICES

### DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the prior evaluation. Examiners conducted the fair lending review in accordance with the FFIEC Interagency Fair Lending Examination Procedures.

Based on these procedures, examiners did not note any evidence of disparate treatment.

The bank was not required to collect or report its home mortgage data; therefore, lending data regarding minority application flow is limited. However, the bank's assessment area has a minority population of (30.0 percent) and six majority-minority census tracts. The bank's advertising and marketing is uniform throughout the assessment area.

The bank's fair lending program is appropriate for an institution of its size and complexity.

## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow

visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or

- consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
- (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number, and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.



**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide

long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**Upper-Income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated, or unincorporated, including in urbanized areas.