

PUBLIC DISCLOSURE

December 5, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Pilgrim Bank
Certificate Number: 26590

48 South Main Street
Cohasset, Massachusetts 02025

Division of Banks
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Federal Deposit Insurance Corporation
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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 (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following factors summarize the bank's Community Reinvestment Act (CRA) performance:

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

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated February 16, 2010, to the current evaluation dated December 5, 2016. Examiners used the Interagency Small Institution Examination Procedures to evaluate Pilgrim Bank's CRA performance.

The evaluation considered the institution's performance according to the following criteria.

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

This evaluation does not include any lending activity performed by affiliates.

Loan Products Reviewed

Examiners determined that the bank's major product line is residential mortgage loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

No other loan types such as small business loans, small farm loans, or consumer loans were considered due to the low volume of originations and the overall small portion of the loan portfolio represented by these loan types. Therefore, they provided no material support for conclusions or ratings and they are not presented.

Examiners considered all home mortgage loans reported on the bank's 2014, 2015, and year-to-date (YTD) 2016 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank reported 67 loans totaling \$27.3 million in 2014, 90 loans totaling \$46.6 million in 2015, and 105 loans totaling \$55.3 million in YTD 2016. Examiners did not identify any trends between 2014 and 2016 that materially affect conclusions. Therefore, this evaluation presents information for 2014, 2015, and YTD 2016. The bank's 2014 and 2015 mortgage lending performance was compared to aggregate data. Lending for the entire evaluation period was compared to demographic data.

Although examiners reviewed the number and dollar volume of home mortgage loans, the number of loans was weighted more heavily than dollar volume. Conclusions based on the dollar volume of loans could be skewed by factors such as applicant income or housing value.

DESCRIPTION OF INSTITUTION

Background

Pilgrim Bank is a state chartered co-operative bank headquartered in Cohasset, Massachusetts. Pilgrim Bank is owned by Pilgrim Bancshares, Inc., a holding company also located in Cohasset. The bank operates in the southeastern part of Massachusetts. The bank received a Satisfactory rating at its previous FDIC and Commonwealth of Massachusetts Division of Banks (Division) CRA Performance Evaluation dated February 16, 2010, based on Interagency Small Institution Examination Procedures.

Operations

Pilgrim Bank operates three full-service branches in Massachusetts: two located in Cohasset (the main office and a branch) and one in Marion. All branches are located in upper-income census tracts (CTs). The bank did not open or close any branches, and no merger or acquisition activities occurred since the previous evaluation.

Pilgrim Bank offers standard deposit and loan products and services for businesses and individuals. Loan products include home mortgage, home equity, commercial, and consumer loans, with a focus on residential lending. Deposit products include checking accounts, savings accounts, money market accounts, certificates of deposit, and individual retirement accounts. The bank also offers online banking, mobile banking, and telephone banking.

Ability and Capacity

Assets totaled approximately \$251 million as of September 30, 2016, with total loans at \$208 million and total deposits at \$189 million as of the same date. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 09/30/2016		
Loan Category	\$(000s)	%
Construction and Land Development	23,952	11.5
Secured by Farmland	0	0.0
1-4 Family Residential	135,047	64.8
Multi-family (5 or more) Residential	18,850	9.0
Non-farm, Non-residential Properties	25,521	12.2
Total Real Estate Loans	203,370	97.5
Commercial and Industrial	1,474	0.7
Agricultural	876	0.5
Consumer	2,183	1.0
Other	631	0.3
Less: Unearned Income	(0)	(0.0)
Total Loans	208,534	100.0
<i>Source: Reports of Income and Condition as of 09/30/2016.</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet AA credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to designate one or more AA(s) in which its CRA performance will be evaluated. Pilgrim Bank has designated a single AA located in the Boston, MA Metropolitan Division (MD), which is part of the larger Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA). The following sections discuss demographic and economic information for the AA.

Economic and Demographic Data

Pilgrim Bank’s AA consists of 74 CTs across Norfolk and Plymouth Counties. The AA’s Norfolk County communities include Cohasset, Quincy, and Weymouth; Plymouth County communities consist of Duxbury, Hingham, Hull, Kingston, Marion, Marshfield, Mattapoisett, Norwell, Pembroke, Plymouth, Rochester, Scituate, and Wareham. These tracts reflect the following income designations according to the 2010 U.S. Census:

- 2 low-income tracts,
- 5 moderate-income tracts,
- 43 middle-income tracts, and
- 24 upper-income tracts.

The following table illustrates demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	74	2.7	6.8	58.1	32.4	0.0
Population by Geography	379,776	2.0	6.2	60.1	31.7	0.0
Housing Units by Geography	167,741	2.0	7.4	61.3	29.3	0.0
Owner-Occupied Units by Geography	108,339	0.9	4.9	59.6	34.6	0.0
Occupied Rental Units by Geography	42,464	5.1	12.7	65.1	17.2	0.0
Vacant Units by Geography	16,938	1.6	10.0	63.0	25.5	0.0
Businesses by Geography	28,553	1.5	4.4	56.3	37.8	0.0
Farms by Geography	667	0.7	2.2	60.6	36.4	0.0
Family Distribution by Income Level	96,399	17.1	16.1	22.2	44.6	0.0
Household Distribution by Income Level	150,803	21.5	14.5	18.3	45.7	0.0
Median Family Income MSA - 14454 Boston, MA MD	83,664	Median Housing Value				402,318
		Median Gross Rent				1,142
		Families Below Poverty Level				4.5%

Source: 2010 U.S. Census and 2015 D&B Data
 (*) The NA category consists of geographies that have not been assigned an income classification.

According to 2015 D&B data, there were 28,553 businesses in the AA. Gross annual revenues (GARs) for these businesses are below.

- 78.7 percent have \$1 million or less.
- 5.0 percent have more than \$1 million.
- 16.3 percent have unknown revenues.

Service industries represent the largest portion of businesses at 50.0 percent; followed by retail trade (12.7 percent); construction (10.2); and finance and insurance (8.7 percent). In addition, 71.7 percent of area businesses have four or fewer employees, and 90.8 percent operate from a single location.

The FFIEC-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle- and upper-income categories are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA MD Median Family Income (14454)				
2014 (\$87,200)	<\$43,600	\$43,600 to <\$69,760	\$69,760 to <\$104,640	≥\$104,640
2015 (\$90,000)	<\$45,000	\$45,000 to <\$72,000	\$72,000 to <\$108,000	≥\$108,000
2016 (\$90,800)	<\$45,400	\$45,400 to <\$72,640	\$72,640 to <\$108,960	≥\$108,960
<i>Source: FFIEC</i>				

There are 167,741 housing units. Of these, 64.6 percent are owner-occupied, 25.3 percent are occupied rental units, and 10.1 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. With low-income CTs containing only 0.9 percent of the AA’s owner-occupied housing units, lenders have limited opportunities to make home mortgage loans in these geographies. While slightly higher at 4.9 percent, the percentage of owner-occupied units in moderate-income CTs also limits home mortgage lending opportunities.

According to the 2010 U.S. Census, the unemployment rate for the AA was 7.0 percent. Recent data obtained from the U.S. Bureau of Labor Statistics indicates that the Massachusetts unemployment rate was 3.3 percent and the national rate was 4.9 percent as of October 2016. Unemployment rates in Norfolk and Plymouth Counties were comparable to the statewide rate.

Competition

The bank operates in a competitive market for credit and financial services. The FDIC Deposit Market Share data as of June 30, 2016, reveals that 24 financial institutions operate 120 branch offices throughout the AA, with the top three institutions accounting for 49.2 percent of total deposit market share. Pilgrim Bank was ranked 11th with a deposit market share of 2.0 percent.

Aggregate home mortgage lending data for 2015 shows that a total of 401 lenders originated 15,661 home mortgage loans within the bank's AA. The top five lenders include large national and regional banks and mortgage companies such as LoanDepot, JP Morgan Chase Bank, Wells Fargo Bank, Quicken Loans, and Rockland Trust Company. Pilgrim Bank ranked 76th with 0.3 percent of the AA market share. The significant number of lenders in the AA reflects significant competition for home mortgage loans.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available.

Examiners contacted a representative of an organization that is dedicated to helping low- and moderate-income people in the AA improve their quality life and achieve self-sufficiency. The contact noted the need for increased availability of basic banking programs and financial literacy courses for underbanked and non-banked individuals in the community. According to the contact, these groups have difficulty obtaining a basic checking account. The contact also stated that community banks are generally more responsive to AA credit needs among low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and AA credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 82.9 percent since the previous evaluation. The ratio ranged from a low of 69.7 percent as of June 30, 2011, to a high of 109.8 percent as of September 30, 2016. The increase in the LTD ratio is due to the bank's strong asset growth in recent years. Pilgrim Bank has maintained an average ratio similar to comparable institutions, as shown in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Institution	Total Assets \$(000s)	Average LTD Ratio (%)
Pilgrim Bank	250,906	82.9
Dean Co-operative Bank	282,619	86.5
Colonial Federal Savings	287,083	58.4
Commonwealth Co-operative Bank	183,359	102.9

Source: Call Report data

Assessment Area Concentration

A majority of home mortgage loans originated or purchased during the review period were outside the institution's AA. As illustrated by the table below, the bank extended 44.7 percent of reportable loans by number and 36.3 percent by dollar amount inside its AA from January 1, 2014 through September 30, 2016. However, the bank had reasonable performance in both 2014 and 2015, since a majority of HMDA loans, by number, was within the AA. Despite the bank's YTD 2016 pace indicating an increase in AA loans for a third consecutive year, loans outside the AA increased at a higher level in YTD 2016.

Lending Inside and Outside of the Assessment Area										
Home Mortgage	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
2014	34	50.7	33	49.3	67	12,483	45.7	14,838	54.3	27,321
2015	46	51.1	44	48.9	90	17,952	38.5	28,666	61.5	46,618
2016	37	35.2	68	64.8	105	16,497	29.8	38,782	70.2	55,279
Total	117	44.7	145	55.3	262	46,932	36.3	82,286	63.7	129,218

Source: HMDA Reportable Loans, Evaluation Period: 1/1/2014 - 9/30/2016

Management noted two factors that contributed to the significant increase in loans outside the AA. First, the bank had an increase in applications through customer referrals, many of which involved properties outside of the bank's AA. Second, the bank purchased a small number of loans from outside of the AA.

Furthermore, 2014 and 2015 market share data supports that the high percentage of loans outside the AA did not detract from the bank's level of lending within the AA. The bank ranked 75th out of 398 lenders in 2014 with a 0.3 percent market share. In 2015, Pilgrim Bank ranked 76th out of 401 lenders with a 0.3 percent market share. This performance reasonably corresponds with the bank's size, resources, and the level of competition for home mortgage loans within the AA. National, online and large regional lenders capture a large portion of the AA market. Considering these factors, the bank's AA Concentration performance did not negatively affect the overall rating.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. Examiners focused on the percentage by number of loans in low- and moderate- income CTs.

The bank did not originate any loans in low-income tracts. However, considering that making just one loan in a low-income tract would result in a percentage exceeding the aggregate performance, the bank's performance is reasonable. Moreover, less than one percent of owner-occupied units are in low-income CTs, which significantly limits home mortgage lending opportunities in these CTs. According to 2014 aggregate data, 48 lenders combined to make just 103 loans in the AA's low-income CTs. In 2015, 61 lenders made just 139 loans in these CTs. This data reflects significant competition for a small number of loans.

Although the bank performed slightly above the aggregate data in 2014, Pilgrim Bank did not make any loans in moderate-income CTs in 2015. Similar to the analysis of low-income CT lending, the addition of just one loan in 2015 would have made the bank's performance comparable to aggregate data. The fact that less than five percent of owner-occupied units are in moderate-income CTs also supports that the bank's performance is reasonable. In addition, the bank's percentage of YTD 2016 loans in moderate-income CTs was slightly above demographic data, which reflects reasonable performance.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	0.9	0.9	0	0.0	0	0.0
2015	0.9	0.9	0	0.0	0	0.0
2016	0.9	--	0	0.0	0	0.0
Moderate						
2014	4.9	4.8	2	5.9	627	5.0
2015	4.9	4.3	0	0.0	0	0.0
2016	4.9	--	2	5.4	549	3.3
Middle						
2014	59.6	58.2	8	23.5	1,949	15.6
2015	59.6	57.9	17	37.0	5,988	33.4
2016	59.6	--	7	18.9	1,741	10.6
Upper						
2014	34.6	36.2	24	70.6	9,907	79.4
2015	34.6	37.0	29	63.0	11,964	66.6
2016	34.6	--	28	75.7	14,207	86.1
Totals						
2014	100.0	100.0	34	100.0	12,483	100.0
2015	100.0	100.0	46	100.0	17,952	100.0
2016	100.0	--	37	100.0	16,497	100.0

Source: 2010 U.S. Census; 1/1/2014 - 11/28/2016 Bank Data, 2014 and 2015 HMDA Aggregate Data, "--" data not available.

Borrower Profile

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers is reasonable. Examiners focused on the percentage of home mortgage loans to low- and moderate-income borrowers in comparison to aggregate data.

Home mortgage lending to low-income borrowers was slightly below aggregate data in 2014 and slightly above aggregate data in 2015, which reflects reasonable performance. In YTD 2016, home mortgage lending was below the percentage of families at this income level. Nonetheless, with an income of \$45,400 or less, many low-income families would not likely qualify for a mortgage under conventional underwriting standards considering the median housing value of \$402,318. This helps explain the difference between bank and aggregate performance in lending to low-income borrowers and the 17.2 percent of families at this income level. Therefore, bank lending to low-income borrowers reflects reasonable performance.

The bank's lending to moderate-income borrowers was similar to aggregate data in 2014, but below aggregate data in 2015. In YTD 2016, the bank performed below demographic levels.

Despite the decrease in loans to moderate-income borrowers in 2015 and YTD 2016, overall performance is reasonable considering the bank's lending to low-income borrowers throughout the review period and adequate lending to moderate-income borrowers in 2014.

Market share data for 2014 and 2015 highlight the high level of competition for loans to low- and moderate-income borrowers in the AA. According to 2014 aggregate data, 125 lenders made 527 loans to low-income borrowers and 217 lenders made 1,768 loans to moderate-income borrowers. 149 lenders made 618 loans to low-income borrowers and 222 lenders made 2,220 loans to moderate-income borrowers. Competition for these loans further supports the bank's reasonable performance.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	17.2	4.4	1	2.9	35	0.3
2015	17.2	3.9	3	6.5	332	1.8
2016	17.2	--	1	2.7	134	0.8
Moderate						
2014	16.1	14.6	5	14.7	918	7.4
2015	16.1	14.2	5	10.9	890	5.0
2016	16.1	--	3	8.1	598	3.6
Middle						
2014	22.2	21.4	4	11.8	1,700	13.6
2015	22.2	21.6	6	13.0	1,464	8.2
2016	22.2	--	4	10.8	997	6.0
Upper						
2014	44.6	41.6	18	52.9	8,180	65.5
2015	44.6	41.7	27	58.7	12,103	67.4
2016	44.6	--	23	62.2	13,050	79.1
Not Available						
2014	0.0	17.9	6	17.6	1,650	13.2
2015	0.0	18.6	5	10.9	3,163	17.6
2016	0.0	--	6	16.2	1,718	10.4
Totals						
2014	100.0	100.0	34	100.0	12,483	100.0
2015	100.0	100.0	46	100.0	17,952	100.0
2016	100.0	--	37	100.0	16,497	100.0

Source: 2010 U.S. Census; 1/1/2014 - 9/30/2016 Bank Data, 2014 & 2015 HMDA Aggregate Data

Response to Complaints

The Bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

**APPENDIX A
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.

Based on a review of the bank’s public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

MINORITY APPLICATION FLOW

The bank’s HMDA LARs for 2015 and first three quarters of 2016 were reviewed to determine if the application flow from different minority groups within the bank’s AA was reflective of the AA demographics.

The bank’s residential lending in 2015 was compared to the aggregate lending performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority residential loan applicants. Refer to the table below for information on the bank’s minority application flow as well as a comparison to aggregate lending data within the bank’s AA.

Minority Application Flow					
RACE	Bank 2015		2015 Aggregate Data	Bank 2016	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.1	0	0.0
Asian	1	1.9	4.9	0	0.0
Black/ African American	1	1.9	1.0	0	0.0
Hawaiian/Pacific Islander	0	0.0	0.1	1	2.2
2 or more Minority Races	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	1	1.9	0.9	0	0.0
Total Minority	3	5.7	7.0	1	2.2
White	34	64.1	71.9	31	67.4
Race Not Available	16	30.2	21.1	14	30.4
Total	53	100.0	100.0	46	100.0
ETHNICITY					
Hispanic or Latino	0	0.0	1.1	0	0.0
Not Hispanic or Latino	37	69.8	77.1	34	73.9
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	0.6	0	0.0
Ethnicity Not Available	16	30.2	21.2	12	26.1
Total	53	100.0	100.0	46	100.0
<i>Source: Bank HMDA LAR Data 2015, Q1-Q3 2016, HMDA Aggregate Data 2015</i>					

According to 2010 U.S. Census data, the bank's AA has a population of 379,776, of which 13.9 percent are minorities. The AA's minority population is 0.2 percent American Indian, 6.9 percent Asian/Pacific Islander, 2.2 percent Black, 2.1 percent Hispanic, and 2.6 percent Other Race.

In 2015, the bank received 53 HMDA reportable loan applications within its AA. Of these applications, three were received from racial minority applicants. The bank's application flow was below aggregate performance of 7.0 percent for applications received from minorities. In 2015, the bank did not receive any applications representing the Hispanic or Latino ethnic group. The 2015 aggregate performance was 1.1 percent.

In 2016, the bank received 46 HMDA reportable loan applications. Of these applications, one was received from racial or ethnic minority applicants. It should be noted that loans with race and ethnicity not available could be originated to non-natural entities such as limited liability companies (LLCs).

Considering the level of competition in the AA, the limited opportunity to lend in high minority areas, and the bank's performance as compared to aggregate data, the bank's minority application flow is considered adequate. The higher minority CTs in the bank's AA are highly populated rental areas which limits the opportunity for home mortgage lending.

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.

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.

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.

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).

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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 (for example, 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.

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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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: 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.

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 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.