PUBLIC DISCLOSURE

August 10, 2015

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Wakefield Co-operative Bank
Certificate Number: 26516

342 Main Street
Wakefield, Massachusetts 01880

Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118

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

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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 assigned rating is based on the following performance factors:

- The average loan-to-deposit (LTD) ratio of 73.2 percent is reasonable given the institution's size, financial condition, and assessment area credit needs.

- The bank made a majority of home mortgage loans within the assessment area during the evaluation period.

- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and specifically low- and moderate-income geographies.

- The distribution of home mortgage loans to borrowers of different income levels is excellent.

- The institution did not receive any CRA-related complaints during the evaluation period.

SCOPE OF EVALUATION

General Information

This evaluation, conducted jointly by the Federal Deposit Insurance Corporation (FDIC) and the Massachusetts Division of Banks (Division), covers the period from the prior evaluation, dated June 9, 2009, to the current evaluation dated August 10, 2015. Examiners used Small Institution Examination Procedures established by the Federal Financial Institutions Examination Council (FFIEC) to evaluate Wakefield Co-operative Bank's (Wakefield Co-operative) CRA performance.

The Small Institution Lending Test evaluates the bank's performance according to the following criteria:

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

Loan Products Reviewed

As home mortgages account for a substantial majority of the bank's loan portfolio, examiners analyzed home mortgage loans. Small farm loans were not evaluated as the bank does not originate these loans. Additionally, small business, consumer, and other loan types were not considered due to the low volume of originations and the overall small portion of the loan portfolio represented by these loan types.

The evaluation considered all home mortgage loans reported on the bank's 2013 and 2014 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank's 2013 lending performance was compared with aggregate lending data for all HMDA reporting lenders as well as assessment area demographics. Home mortgage lending in 2014, for which aggregate data is not available for comparison, was compared with assessment area demographics and analyzed for trends. Examiners reviewed data from the first two quarters of 2015, which is presented in narrative to describe any trends, as applicable. The bank originated 231 home mortgage loans totaling $63.9 million in 2013, 71 loans totaling $27.2 million in 2014, and 49 loans totaling $15.0 million in the first two quarters of 2015.

Examiners considered both the number and dollar volume of home mortgage loan originations; however, an emphasis is placed on the number of loans. Examiners emphasized the number of loans because it is not influenced by factors including applicant income, or housing value, and provides a better overall indicator of the number of individuals served.

DESCRIPTION OF INSTITUTION

Background

Wakefield Co-operative Bank is a Massachusetts state-chartered co-operative bank headquartered in Wakefield, Massachusetts. The bank primarily serves the Towns of Wakefield and Lynnfield but also serves portions of both Middlesex and Essex Counties. The prior CRA Performance Evaluation, conducted jointly by the FDIC and Division using FFIEC Small Institution Examination Procedures, resulted in a Satisfactory rating.

Operations

Wakefield Co-operative operates two full-service branches. The main office is located at 342 Main Street in Wakefield. The second branch is located at 596 Main Street in Lynnfield. Both branches are in upper-income census tracts. Both branches offer extended Friday hours and limited hours on Saturdays. Alternative delivery methods include a transactional website (www.wakefieldcoop.com), mobile banking application, and telephone banking services.

Wakefield Co-operative offers a standard variety of deposit and loan products and services for businesses and individuals. Deposit products include a variety of checking accounts including a free checking account, savings, money market, individual retirement accounts, and certificates of deposit. Loan products include consumer, home mortgage and home equity, and business loans including commercial real estate. Additional services offered by the bank include debit cards, online bill-pay, and business remote deposit. Wakefield Coop is also a part of the SUM Network, which allows automated teller machine (ATM) card holders to access ATMs in the network free of charge nationwide. The bank operates deposit-taking ATMs at each office branch.

Ability and Capacity

As of June 30, 2015 the bank had total assets of $188.2 million including total loans of $131.3 million. The loan portfolio, as detailed in the following table, is largely concentrated in 1-4 family residential real estate.

Loan Portfolio Distribution as of June 30, 2015		
Loan Category	**$(000s)**	**%**
Construction and Land Development	2,996	2.3
Secured by Farmland	0	0.0
1-4 Family Residential	115,074	87.6
Multi-family (5 or more) Residential	4,907	3.7
Commercial Real Estate	8,207	6.3
Total Real Estate Loans	**131,184**	**99.9**
Commercial and Industrial	93	0.1
Agricultural	0	0.0
Consumer	59	0.0
Other	5	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	**131,341**	**100.0**

Source: Reports of Condition and Income (Call Report) as of June 30, 2015.

Examiners did not identify any financial or legal impediments that would limit the bank's ability to meet the credit needs of its community.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to designate one or more assessment area(s) within which it will focus its lending efforts, and its CRA performance will be evaluated. For purposes of this evaluation, the designated single, contiguous assessment area includes 128 census tracts (CTs) located in the Cambridge-Newton-Framingham, MA Metropolitan Division (MD) (15764). This assessment area, as described in the following sections was the designated assessment for 2013 and 2014.

Economic and Demographic Data

The bank's assessment area includes 128 CTs representing the municipalities of Acton, Arlington, Bedford, Burlington, Concord, Everett, Lexington, Lynnfield, Malden, Medford, Melrose, North Reading, Peabody, Reading, Saugus, Somerville, Stoneham, Wakefield, Winchester and Woburn. In 2013, the assessment area contained 4 low-income, 33 moderate-income, 61 middle-income and 30 upper-income CTs. There were several changes as a result of revised Office of Management and Budget (OMB) delineations of MSAs and MDs effective beginning in 2014. These changes resulted in a CT distribution as follows: 1 low-income, 33 moderate-income, 57 middle-income and 37 upper-income CTs. The following table illustrates selected key demographic information for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	128	3.1	25.8	47.7	23.4	0.0
Population by Geography	656,758	2.9	23.2	49.7	24.2	0.0
Housing Units by Geography	271,185	2.8	24.3	50.5	22.4	0.0
Owner-Occupied Units by Geography	161,736	1.6	16.5	52.7	29.2	0.0
Occupied Rental Units by Geography	94,895	4.6	36.8	47.8	10.8	0.0
Vacant Units by Geography	14,554	5.1	29.0	43.8	22.1	0.0
Family Distribution by Income Level	162,736	2.7	21.8	49.2	26.3	0.0
Household Distribution by Income Level	256,631	2.7	24.0	50.9	22.4	0.0
Median Family Income (2010 U.S. Census) FFIEC-Estimated Median Family Income for 2014 Cambridge-Newton-Framingham, MA MD (15764) Families Below Poverty Level		**$97,569 $93,300 7.9%**	**Median Housing Value Median Gross Rent Unemployment Rate**			**$443,554 $1,217 4.5%**
Source: 2010 U.S. Census, and FFIEC-Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.						

In February of 2015, bank management realigned the assessment area to include the municipalities of Lynn and Middleton and exclude Acton, Bedford, Concord, and Maynard. The bank's revised assessment area as of February 2015 includes 12 low-income, 40 moderate-income, 60 middle-income, and 27 upper-income census tracts. This change added 18 low- and moderate-income tracts and removed seven middle- and upper-income census tracts from the assessment area. Examiners used this updated assessment area when analyzing the 2015 lending data.

Based on 2010 U.S. Census data, the assessment area has a total population of 656,758. The FFIEC Estimated median family income, as illustrated in the following table, was used to determine low-, moderate-, middle-, and upper-income designations for individuals and geographies within the assessment area. Previously noted revisions to the OMB delineations of MSAs and MDs resulted in a decrease in median family income between 2013 and 2014.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Cambridge-Newton-Framingham, MA MD Median Family Income ($00,000)				
2013 ($101,000)	<$50,500	$50,500 to <$80,800	$80,800 to <$121,200	≥$121,200
2014 ($93,300)	<$46,650	$46,650 to <$74,640	$74,640 to <$111,960	≥$111,960
Source: FFIEC.				

Within the assessment area, there are 271,185 housing units including 161,736 owner-occupied units. The weighted average median housing value, based on 2010 U.S. Census data, is $443,554. Additionally, there are a total of 100,469 rental units; the median gross rent in the assessment area is $1,217.

High housing prices are generally supported by strong employment. Data from the U.S. Bureau of Labor Statistics (2014) indicates that the bank's assessment area has a lower unemployment rate (4.5 percent) than both the Commonwealth of Massachusetts (4.6 percent) and the national rate (5.3 percent).

Competition

The bank operates in a highly competitive market for credit and financial services. FDIC Deposit Market Share data as of June 30, 2015 reveals 139 financial institutions operating 1,516 branch offices within the Boston-Cambridge-Newton, MA-NH MSA, with the top five institutions accounting for 71.7 percent of total market share. Wakefield Co-operative ranked 90th, with a 0.05 percent deposit market share.

Aggregate lending data for 2013 shows that a total of 452 lenders originated 35,058 home mortgage loans within the bank's assessment area. The top ten lenders include large national and regional banks as well as mortgage companies such as Bank of America, JP Morgan Chase, Mortgage Master, Santander, and Wells Fargo. In addition, management considers many of the institutions within close geographical proximity to its branches as its main competitors such as East Boston Savings Bank, Eastern Bank, and The Savings Bank. Wakefield Co-operative ranked 57th, with a 0.36 percent market share.

Community Contact

As part of the performance evaluation, examiners contact third-party organizations engaged in community and economic development to aid in identifying the credit needs and availability within the community. Examiners conducted one such community contact with a non-profit community development organization serving a portion of the bank's assessment area. The organization is a community-based agency responding to the basic needs of people of all ages including offering affordable day-care services, a food pantry and other family-related social services.

The community contact indicated positive trends in local economic conditions and did not perceive any deficiencies in the availability of credit to low- and moderate-income individuals. The contact identified the need for additional affordable housing and rental units in the area. Also, the contact identified the need for seasonal loans, including heat loans for the winter months.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contact, the bank, and available economic data to determine the primary credit needs of the assessment area. Positively, both the bank and the community contact indicated generally strong economic conditions within the assessment area; however, a need for affordable housing was identified. Economic data for the assessment area supports this assessment of credit and community development needs in this region. Median housing values within the assessment area of more than $443,000 make home ownership difficult for low- and moderate-income borrowers.

CONCLUSIONS ON PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Wakefield Co-operative's average Loan-to-Deposit ratio is reasonable given the institution's size, financial condition, and the assessment area's economic conditions and credit needs. The ratio, calculated from Call Report data over the prior 25 calendar quarters from June 30, 2009, to June 30, 2015, averaged 73.2 percent. As detailed in the following table, the bank's LTD was compared with similarly situated institutions.

Loan-to-Deposit Ratio Comparison		
Bank	**Total Assets as of 06/30/15 $(000s)**	**Average Net LTD Ratio (%)**
Melrose Co-operative Bank	$213,484	74.7
Wakefield Co-operative Bank	**$188,170**	**73.2**
Patriot Community Bank	$154,466	80.7
Equitable Co-operative Bank	$103,071	81.3
Source: Reports of Income and Condition June 30, 2009 through June 30, 2015.		

The bank's net LTD ratio during this period has fluctuated from a high of 86.1 percent (December 2014) to a low of 65.4 percent (September 2010). During this timeframe, net loans increased 49.5 percent and deposits increased 40.0 percent. It should be noted that the bank sells loans to the secondary market, which are not reflected in the LTD ratio. In 2013, the bank sold 99 loans totaling $27 million; in 2014, the bank sold 16 loans totaling $4.3 million; and for the first two quarters of 2015, the bank sold 22 loans totaling $1.9 million.

At 73.2 percent, the bank's average net LTD is the lowest of the similarly situated institutions. However, based on the above information and the bank's capacity to lend, the capacity of other similarly situated banks, the types of loans available at the bank, and the lending opportunities available, the bank's LTD ratio is reasonable.

Assessment Area Concentration

The bank made a majority of home mortgage loans, by number and dollar volume within the assessment area. In addition, the bank demonstrated an increasing trend of lending inside its assessment area, by number, consistently throughout the evaluation period.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans $(000s)				Total $(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		$	%	$	%	
Home										
2013	127	55.0	104	45.0	231	36,024	56.3	27,911	43.7	63,935
2014	43	60.6	28	39.4	71	14,204	52.3	12,970	47.7	27,174
2015*	31	63.3	18	36.7	49	7,875	52.5	7,115	47.5	14,990
Total	**201**	**57.3**	**150**	**42.7**	**351**	**58,103**	**54.8**	**47,996**	**45.2**	**106,099**

Source: 2013-2015 HMDA Reported Data.
**2015 data includes January 1, 2015-June 30, 2015.*

Geographic Distribution

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

As detailed in the following table, the bank's lending within low- and moderate-income geographies exceeds both aggregate lending performance and the percentage of owner-occupied housing inventory within these geographies. In 2014, the bank did not originate any loans in low-income geographies and originated seven loans in moderate-income geographies. The review of the first two quarters of 2015 revealed that no loans were made in low-income CTs and four loans were made in moderate-income CTs, showing consistent performance in this area.

The reasonable conclusion considers the overall lower volume of lending in 2014 and YTD 2015. Additionally, this data is consistent with the percent of owner-occupied housing units in these tracts. The small number of low-income tracts in the bank's assessment area yields limited opportunity to lend to customers in these tracts, and the aggregate data shows limited demand.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2013	1.6	1.6	4	3.1	1,375	3.8
2014	0.5	--	0	0.0	0	0.0
Moderate						
2013	16.5	15.5	23	18.1	6,132	17.0
2014	15.7	--	7	16.3	1,928	13.6
Middle						
2013	52.7	51.2	73	57.5	19,319	53.6
2014	47.0	--	23	53.5	7,603	53.5
Upper						
2013	29.2	31.7	27	21.3	9,198	25.6
2014	36.8	--	13	30.2	4,673	32.9
Totals						
2013	**100.0**	**100.0**	**127**	**100.0**	**36,024**	**100.0**
2014	**100.0**	**--**	**43**	**100.0**	**14,204**	**100.0**
Source: 2010 U.S. Census; 2013 and 2014 HMDA Reported Data; 2013 Aggregate Data; "--" data not available						

Borrower Profile

The distribution of loans reflects excellent penetration to borrowers of different income levels. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers.

The bank significantly exceeds the aggregate performance and the percent of families in 2013 for lending to low-income borrowers. In 2014, there was a decline in the percent of loans to low- and moderate-income borrowers in addition to the significant decline in lending overall. The percentage of loans originated to low-income borrowers in 2014 was significantly higher than the percentage of low-income families in the assessment area. Also in 2014, there was a slight increase in the percentage of loans originated to moderate-income borrowers. This percentage is consistent with the percentage of moderate-income families in the assessment area.

In the first two quarters of 2015, the bank originated 29.0 percent of its loans to low-income borrowers, and 19.4 percent of its loans to moderate-income borrowers. This reflects an increasing trend of lending to low- and moderate-income borrowers over 2014 levels, and provides further support to the overall conclusion.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2013	2.7	5.1	25	19.7	4,758	13.2
2014	0.9	--	5	11.6	698	4.9
Moderate						
2013	21.8	16.4	28	22.0	6,699	18.6
2014	21.8	--	7	16.3	1,677	11.8
Middle						
2013	49.2	25.7	35	27.6	9,873	27.4
2014	44.7	--	14	32.5	5,192	36.6
Upper						
2013	26.3	41.8	39	30.7	14,694	40.8
2014	32.6	--	11	25.6	3,568	25.1
Income Not Available						
2013	0.0	11.0	0	0.0	0	0.0
2014	0.0	--	6	14.0	3,069	21.6
Total						
2013	**100.0**	**100.0**	**127**	**100.0**	**36,024**	**100.0**
2014	**100.0**	**--**	**43**	**100.0**	**14,204**	**100.0**
Source: 2010 U.S. Census; 2013 & 2014 HMDA Reported Data; 2013 HMDA Aggregate Data; "--" data not available						

Response to Complaints

This criterion evaluates the bank's record of responding to CRA-related complaints. The bank did not receive any CRA-related complaints during the evaluation period.

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 Practices

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 2013 and 2014 were reviewed to determine if the application flow from different minority groups within the bank's assessment area was reflective of the assessment area demographics.

The bank's residential lending in 2013 was compared to the 2013 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 assessment area.

Minority Application Flow					
RACE	**Bank 2013**		**2013 Aggregate Data**	**Bank 2014**	
	#	%	%	#	%
American Indian/ Alaska Native	1	0.7	0.1	0	0.0
Asian	22	14.4	8.1	19	31.1
Black/ African American	1	0.7	1.6	0	0.0
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0
2 or more Minority Races	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	2	1.3	1.7	0	0.0
Total Minority	**26**	**17.1**	**11.6**	**19**	**31.1**
White	106	69.3	65.0	32	52.5
Race Not Available	21	13.6	23.4	10	16.4
Total	**153**	**100.0**	**100.0**	**61**	**100.0**
ETHNICITY					
Hispanic or Latino	0	0.0	2.1	0	0.0
Not Hispanic or Latino	129	84.3	73.5	50	82.0
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.7	1.0	0	0.0
Ethnicity Not Available	23	15.0	23.4	11	18.0
Total	**153**	**100.0**	**100.0**	**61**	**100.0**
Source: U.S. Census 2010, HMDA LAR Data 2013 and 2014, HMDA Aggregate Data 2013					

According to the 2010 U.S. Census data, the bank's assessment area has a population of 656,758, of which 22.1 percent are minorities. The assessment area's minority population includes 0.1 percent American Indian, 8.3 percent Asian/Pacific Islander, 4.9 percent Black, 5.8 percent Hispanic, and 3.0 percent other race.

In 2013, the bank received 153 HMDA reportable loan applications within its assessment area. Of these applications, 17.1 percent were received from racial minority applicants. The bank's application flow was above aggregate performance of 11.6 percent for applications received from minorities. In 2013 and 2014, the bank did not receive any applications representing the Hispanic or Latino ethnic group. However, the 2013 aggregate performance was only 2.8 percent. Additionally, according to the 2010 U.S. Census, only 5.8 percent of the assessment area population is considered Hispanic, which suggests limited opportunity for lending to Hispanics/Latino borrowers.

While the number of applications to minorities decreased in 2014, examiners noted that overall lending volume decreased as well. The percentage of applications to minorities, as a result, increased.

Considering aggregate lending performance and assessment are demographics, the bank's minority application flow is reasonable.

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 non-metropolitan 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. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

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 non-metropolitan middle-income geographies; or
(5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank 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 bank:
    (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank'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 bank's assessment area(s) or a broader statewide or regional area including the bank'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 <u>financial</u> services; and
    (3) Has not been considered in the evaluation of the bank'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.

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).

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 non-metropolitan 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: Performance under the applicable tests is analyzed considering performance context, quantitative factors (geographic loan distribution, borrower profile loan distribution, and total number and dollar amount of investments), and qualitative factors (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: Performance under the applicable tests is analyzed using only quantitative factors (for example, geographic loan distribution, borrower profile loan distribution, 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.

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.

Non-metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan 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 non-metropolitan 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent 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.