

PUBLIC DISCLOSURE

July 10, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Commonwealth Co-operative Bank
Certificate Number: 29842

1172 River Street
Hyde Park, Massachusetts 02136

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

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 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 assigned rating is based on the following performance factors:

- The average loan-to-deposit (LTD) ratio of 103.1 percent is more than 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 reasonable.
- The institution did not receive any Community Reinvestment Act (CRA)-related complaints during the evaluation period.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation, dated April 22, 2013, to the current evaluation dated July 10, 2017. Examiners used Small Institution Examination Procedures established by the Federal Financial Institutions Examination Council (FFIEC) to evaluate Commonwealth Co-operative Bank's CRA performance.

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

- Loan-to-deposit 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 2015 and 2016 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank's 2015 lending performance was compared with aggregate lending data for all HMDA reporting lenders as well as assessment area demographics. Home mortgage lending in 2016, for which aggregate data is not available for comparison, was compared with assessment area demographics and analyzed for trends. The bank originated or purchased 61 home mortgage loans totaling \$37.0 million in 2015 and 56 loans totaling \$33.6 million in 2016.

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

Commonwealth Co-operative Bank is a state-chartered mutual co-operative bank headquartered in Hyde Park, Massachusetts. The bank primarily serves the city of Boston as well as its surrounding cities and towns in parts of Suffolk, Middlesex, and Norfolk Counties. The prior CRA Performance Evaluation, conducted by the Division of Banks (DOB) and the FDIC using FFIEC Small Institution Examination Procedures, resulted in a Satisfactory rating.

Operations

Commonwealth Co-operative Bank operates three full-service branches located throughout the City of Boston: the main branch in a moderate-income census tract (CT) in Hyde Park, a branch in a moderate-income CT in Jamaica Plain, and a branch in an upper-income CT on 25 Court Street near Government Center in Boston that was relocated from 2 Center Plaza in December of 2015. The bank lobbies are open during standard business hours on weekdays. There are limited Saturday hours at the Hyde Park and Jamaica Plain branches. Each branch is equipped with an ATM. Alternative delivery methods include online banking through the bank’s website (www.commonwealthcoop.com) and telephone banking services.

Commonwealth Co-operative Bank offers a standard variety of deposit and loan products and services for businesses and individuals. Deposit products include a variety of checking accounts, savings accounts, money market accounts, and certificates of deposit. Loan products include consumer, home mortgage and home equity, and business loans. Additional services offered by the bank include debit cards, online bill-pay, and a telephone banking hotline. The bank’s debit card holders are also a part of the SUM Network.

Ability and Capacity

As of March 31, 2016 the bank had total assets of \$180.0 million including total loans of \$132.5 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 March 31, 2016		
Loan Category	\$(000s)	%
Construction and Land Development	7,190	5.4
Secured by Farmland	0	0.0
1-4 Family Residential	104,238	78.7
Multi-family (5 or more) Residential	2,718	2.1
Non-farm, Non-residential Properties	16,595	12.5
Total Real Estate Loans	130,741	98.7
Commercial and Industrial	1,619	1.2
Agricultural	0	0.0
Consumer	305	0.2
Other	0	0.0
Less: Unearned Income	(206)	(0.1)
Total Loans	132,459	100.0
<i>Source: Reports of Condition and Income (Call Report) as of December 31, 2015.</i>		

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 404 census tracts located in the Boston, MA Metropolitan Division (MD) (14454) and the Cambridge-Newton-Framingham, MA MD (15764).

Economic and Demographic Data

The bank's assessment area includes 404 CTs representing municipalities in three counties: Suffolk, Middlesex, and Norfolk. The following cities and towns are in Suffolk County: Boston, Chelsea, Revere, and Winthrop. Middlesex County's cities and towns are: Arlington, Belmont, Cambridge, Lexington, Medford, Newton, Somerville, Waltham, Watertown, Winchester, and Woburn. Norfolk County's cities and towns are: Brookline, Canton, Dedham, Milton, Needham, Norwood, Quincy, Wellesley, and Westwood. The Assessment Area (AA) includes 60 low-income, 88 moderate-income, 124 middle-income, 120 upper-income CTs and 12 CTs without an income designation.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	404	14.9	21.8	30.7	29.7	3.0
Population by Geography	1,619,650	13.7	22.3	33.4	30.5	0.1
Housing Units by Geography	691,631	12.3	22.0	35.3	30.3	0.0
Owner-Occupied Units by Geography	306,756	5.3	16.0	37.3	41.3	0.0
Occupied Rental Units by Geography	334,557	18.4	27.0	33.8	20.8	0.0
Vacant Units by Geography	50,318	15.1	25.8	32.3	26.8	0.0
Businesses by Geography	128,976	8.6	14.6	28.6	47.7	0.5
Farms by Geography	1,271	3.8	13.5	40.0	42.7	0.0
Family Distribution by Income Level	345,920	26.2	15.6	18.2	39.9	0.0
Household Distribution by Income Level	641,313	28.9	14.5	16.4	40.2	0.0
Median Family Income MSA - 14454 Boston, MA MD		\$83,664	Median Housing Value			\$469,144
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD		\$90,625	Median Gross Rent			\$1,250
			Families Below Poverty Level			9.4%
<i>Source: 2010 U.S. Census and 2016 D&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>						

Based on 2010 U.S. Census data, the assessment area has a total population of 1,619,650. 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.

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)				
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
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2015 (\$101,700)	<\$50,850	\$50,850 to <\$81,360	\$81,360 to <\$122,040	≥\$122,040
2016 (\$98,600)	<\$49,300	\$49,300 to <\$78,880	\$78,880 to <\$118,320	≥\$118,320
<i>Source: FFIEC Due to rounding, totals may not equal 100.0</i>				

Within the assessment area, there are 691,631 housing units including 306,756 owner-occupied units. The median housing value, based on 2010 U.S. Census data, is \$469,144. Additionally, there are a total of 334,557 rental units; the median gross rent in the assessment area is \$1,250.

Housing prices are generally supported by the unemployment rate of the assessment area. Data from the U.S. Bureau of Labor Statistics indicates that the bank's assessment area has a higher unemployment rate (7.3 percent) than both the Commonwealth of Massachusetts (4.2 percent) and the national rate (4.4 percent).

Competition

The bank operates in a highly competitive market for credit and financial services. Deposit Market Share data as of June 30, 2016 reveals 73 financial institutions operating 528 branch offices within the AA, with the top five institutions accounting for 79.1 percent of total market share.

Aggregate lending data for 2015 shows that a total of 482 lenders originated 40,253 home mortgage loans within the bank's assessment area. The top five lenders include large national and regional banks as well as mortgage companies such as LoanDepot.com, Leader Bank, Guaranteed Rate, Inc., Bank of America, and Wells Fargo Bank.

Community Contact

As part of the evaluation process, examiners contact organizations active in the assessment area to gain an understanding of the credit and community development needs. This information allows examiners to determine whether local financial institutions are responsive to identified needs and opportunities. The contact may also help identify what credit and community development opportunities are available. Examiners contacted representatives from two non-profit organizations located in the assessment area.

The first organization provides affordable housing and community services to residents in Arlington, Waltham, and its surrounding communities. This organization's primary function is to purchase and rehab houses and buildings into affordable housing units as a means to end the cycle of homelessness. The organization also offers homelessness prevention programs to the most vulnerable individuals and families in the area. The organization stated there is significant need for affordable housing throughout the assessment area, especially as the price of homeownership continues to increase.

The second organization provides a variety of services to low- and moderate-income residents, in Boston. The contact noted a significant need for affordable housing and small business development. In addition to providing the community with affordable housing opportunities and first-time homebuyer services, the organization also provides micro-loans to start up organizations and provides support for entrepreneurs in some of the more economically blighted areas of Boston. The contact stated that there was an opportunity for local banks to become involved with the affordable housing and financial literacy efforts in the Boston region.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Commonwealth Co-Operative Bank demonstrated reasonable performance under the Lending Test. Examiners noted that with low loan volumes by count, percentage data can be artificially inflated. Test conclusions were based not only on the numerical analysis. Demographic and contextual information was taken into account during the assignment of component ratings.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and the assessment area credit needs. The bank's LTD ratio calculated from Call Report data, averaged 103.2 percent over the past 17 calendar quarters from March 31, 2013 to March 31, 2017. The ratio ranged from a low of 92.5 percent as of June 30, 2013, to a high of 108.8 percent as of December 31, 2015. The ratio generally increased over the evaluation period Commonwealth Co-operative Bank maintained a ratio higher than those of 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		
Bank	Total Assets as of 3/31/17 \$ (000s)	Average Net LTD Ratio (%)
Pilgrim Bank	258,206	93.1
Wakefield Co-operative Bank	211,227	82.5
Commonwealth Co-operative Bank	180,031	103.1
Canton Co-operative Bank	112,796	60.6
Stoughton Co-operative Bank	111,645	79.3

Source: Reports of Condition and Income 03/31/13 through 03/31/17

Assessment Area Concentration

Commonwealth Co-operative Bank originated a majority by both number and dollar volume of its home mortgage loans inside the assessment area during the evaluation period. The following table details the bank's lending activity inside and outside of the assessment area in 2015 and 2016.

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		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2015	48	78.7	13	21.3	61	29,671	80.1	7,375	19.9	37,046
2016	40	71.4	16	28.6	56	23,760	70.7	9,862	29.3	33,622
Subtotal	88	75.2	29	24.8	117	53,431	75.6	17,237	24.4	70,668
Total	88	75.2	29	24.8	117	53,431	75.6	17,237	24.4	70,668
<i>Source: Evaluation Period: 1/1/2015 - 12/31/2016 Due to rounding, totals may not equal 100.0</i>										

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 census tracts.

As the following table shows, the bank originated one loan in a low-income census tract during the evaluation period. However, examiners noted the demographics of the area showed that 72.1 percent of total housing units within low-income census tracts are occupied-rental units, which limits a bank’s ability to lend.

Furthermore, in 2015 lending activity was consistent with the aggregate performance and was above the percentage of owner-occupied housing units located within those tracts. In 2016, this performance increased in moderate-income census tracts in; which is a positive trend and demonstrates the bank’s commitment to meeting the credit needs of low- and moderate-income geographies.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	5.3	6.4	1	2.1	600	2.0
2016	5.3	--	0	0.0	0	0.0
Moderate						
2015	16.0	16.7	8	16.7	3,454	11.6
2016	16.0	--	12	30.0	8,521	35.9
Middle						
2015	37.3	37.1	19	39.6	7,402	24.9
2016	37.3	--	13	32.5	6,823	28.7
Upper						
2015	41.3	39.8	20	41.7	18,215	61.4
2016	41.3	--	15	37.5	8,416	35.4
Not Available						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
Totals						
2015	100.0	100.0	48	100.0	29,671	100.0
2016	100.0	--	40	100.0	23,760	100.0
<i>Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Borrower Profile

The distribution of home mortgage loans to borrowers reflects reasonable penetration among customers of different income levels. Examiners focused on the comparison to aggregate and demographic data.

During the evaluation period, the bank originated zero home mortgage loans to low-income borrowers. However, a low-income family in the assessment area, which is a family with an income of \$45,000 or lower in the Boston, MA MD would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$469,144 inside the assessment area. Demographic data shows that 9.4 percent of families in the assessment area are living below the poverty level. This helps explain the difference between bank performance of lending to low-income borrowers and the percent of families at this income level. The bank's lending to moderate-income borrowers was consistent with the aggregate in 2015.

Further it should be noted that, 31.1 and 45.0 percent of loans in 2015 and 2016, respectively were to borrowers with incomes unavailable. The bank's lending to borrowers with incomes designated as N/A can be attributed to the bank's commercial lending business, as these loans were originated to non-natural entities such as LLCs.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	26.2	2.4	0	0.0	0	0.0
2016	26.2	--	0	0.0	0	0.0
Moderate						
2015	15.6	10.6	5	10.4	1,016	3.4
2016	15.6	--	1	2.5	254	1.1
Middle						
2015	18.2	19.9	4	8.3	1,012	3.4
2016	18.2	--	3	7.5	965	4.1
Upper						
2015	39.9	48.1	24	50.0	19,039	64.2
2016	39.9	--	18	45.0	10,067	42.4
Not Available						
2015	0.0	19.0	15	31.3	8,604	29.0
2016	0.0	--	18	45.0	12,474	52.5
Totals						
2015	100.0	100.0	48	100.0	29,671	100.0
2016	100.0	--	40	100.0	23,760	100.0
<i>Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Response to Complaints

Commonwealth Co-operative Bank did not receive any CRA-related complaints during the evaluation period; therefore, this criterion did not affect the overall 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 Fair Housing and Equal Credit Opportunity. Examiners did not identify any evidence of discriminatory or other illegal practices

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 2015 and 2016 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 2015 was compared to the 2015 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 2015		2015 Aggregate Data	Bank 2016	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.1	1	2.1
Asian	0	0.0	8.7	0	0.0
Black/ African American	2	3.7	4.4	3	6.3
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0
2 or more Minority Races	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	0	0.0	2.0	0	0.0
Total Minority	2	3.7	15.5	4	8.4
White	19	35.2	58.6	17	35.4
Race Not Available	33	61.1	25.9	27	56.2
Total	54	100.0	100.0	48	100.0
ETHNICITY					
Hispanic or Latino	1	1.9	4.0	1	2.1
Not Hispanic or Latino	18	33.3	69.4	17	35.4
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.0	0	0.0
Ethnicity Not Available	35	64.8	25.6	30	62.5
Total	54	100.0	100.0	48	100.0
<i>Source: U.S. Census 2010, HMDA LAR Data 2015 and 2016, HMDA Aggregate Data 2015</i>					

According to the 2010 U.S. Census data, the bank's assessment area has a population of 1,619,650, of which 37.0 percent are minorities. The assessment area's minority population includes 0.1 percent American Indian, 10.0 percent Asian/Pacific Islander, 11.7 percent Black, 11.9 percent Hispanic, and 3.3 percent other race.

In 2015, the bank received 54 HMDA reportable loan applications within its assessment area. Of these applications, two were received from racial minority applicants. The bank's application flow was below aggregate performance of 15.5 percent for applications received from minorities. In 2015 the bank received one application representing the Hispanic or Latino ethnic group. The 2015 aggregate performance was 4.0 percent.

In 2016, the bank received 48 HMDA reportable loan applications. Of these applications, four were received from racial minority applicants and one application was received representing the Hispanic or Latino ethnic group.

The low minority application rate can be attributed to multiple factors. First, the bank's low volume of HMDA loan applications can artificially skew percentage data. It should also be noted that in 2015 and 2016, there were 61.1 and 56.2 percent of loan applications, respectively, where the racial composition of the borrower was not identified. Further, in 2015 and 2016, there were 64.8 and 62.5 percent of loan applications where the ethnic composition of the borrower was not identified. This performance is attributed to loan applications taken from non-human entities such as LLCs.

Given the size and scope of the institution, the bank's minority application flow is considered adequate.

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 financial 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.