

# **PUBLIC DISCLOSURE**

August 29, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Community Savings Bank  
Certificate Number: 28841

4801 West Belmont Avenue  
Chicago, Illinois 60641

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Chicago Regional Office

300 South Riverside Plaza, Suite 1700  
Chicago, Illinois 60606

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 federal financial supervisory agency concerning the safety and soundness of this financial institution.

## TABLE OF CONTENTS

|   |    |
|---|----|
| INSTITUTION RATING .....                                      | 1  |
| DESCRIPTION OF INSTITUTION .....                              | 2  |
| DESCRIPTION OF ASSESSMENT AREA.....                           | 3  |
| SCOPE OF EVALUATION.....                                      | 5  |
| CONCLUSIONS ON PERFORMANCE CRITERIA.....                      | 6  |
| DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW ..... | 16 |
| APPENDICES .....  | 17 |
| INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....             | 17 |
| GLOSSARY .....  | 18 |

## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Outstanding**.

An institution in this group has an outstanding 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.

Community Savings Bank's (CSB) outstanding Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the overall rating. The following points summarize the bank's Lending Test and Community Development Test performance.

**The Lending Test is rated Outstanding.**

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a substantial majority of its home mortgage loans in the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of loans to borrowers reflects excellent penetration 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.

**The Community Development Test is rated Outstanding.**

The institution's community development performance demonstrates excellent responsiveness to community development needs in its assessment through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

## DESCRIPTION OF INSTITUTION

CSB operates from its main full-service office and limited-service drive-thru facility in Chicago, Illinois. Both of the bank's locations are in the same moderate-income census tract on the northwest side of Chicago in the Cicero-Belmont neighborhood in Cook County. The institution received an Outstanding rating at its previous FDIC Performance Evaluation, dated September 9, 2019, based on the Interagency Intermediate Small Bank (ISB) Examination Procedures.

CSB continues to primarily offer home mortgage lending products, including fixed-rate mortgage loans, home equity loans, home equity lines of credit, and multi-family residential loans. The bank does not participate in secondary market lending. CSB also offers a nominal level of consumer and commercial real estate loans.

The bank provides a variety of deposit services including checking, savings, money market deposit accounts, certificates of deposit, and individual retirement accounts. Alternative banking services include internet and mobile banking, electronic bill pay, and automated teller machines. The limited-service drive-thru facility maintains extended hours to further enhance accessibility to customers. The bank did not open or close any branches, and no merger or acquisition activities occurred since the previous evaluation. In response to the Coronavirus Disease (COVID-19) pandemic, management implemented a COVID Hardship Modification Program to accommodate individuals experiencing economic hardships. The bank provided 130 modifications since the program's inception in March 2020.

According to the March 31, 2022 Consolidated Report of Condition and Income (Call Report), CSB reported \$450.2 million in total assets, \$226.2 million in total loans, \$387.6 million in total deposits, and total securities of \$179.5 million. Loans have decreased \$3.7 million or 1.6 percent, and assets have increased \$54.7 million or 13.8 percent since the last exam. 1-4 family and multi-family residential loans combined make-up the largest segment of the loan portfolio followed by commercial real estate loans. Specifically, 1-4 family and multifamily residential loans by dollar volume represent 87.4 of the loan portfolio. The following table illustrates the loan portfolio composition.

| Loan Portfolio Distribution as of 03/31/2022                         |                |              |
|--|----------------|--------------|
| Loan Category  | \$(000s)       | %            |
| Construction and Land Development                                    | 0              | 0.0          |
| Secured by Farmland  | 0              | 0.0          |
| Secured by 1-4 Family Residential Properties                         | 144,471        | 63.9         |
| Secured by Multifamily (5 or more) Residential Properties            | 53,138         | 23.5         |
| Secured by Nonfarm Nonresidential Properties                         | 29,239         | 12.9         |
| <b>Total Real Estate Loans</b>                                       | <b>226,848</b> | <b>100.3</b> |
| Commercial and Industrial Loans                                      | 0              | 0.0          |
| Agricultural Production and Other Loans to Farmers                   | 0              | 0.0          |
| Consumer Loans   | 38             | 0.0          |
| Obligations of States and Political Subdivision in the United States | 0              | 0.0          |
| Other Loans  | 32             | 0.0          |
| Unearned Income  | -734           | -0.3         |
| <b>Net Loans</b>   | <b>226,184</b> | <b>100.0</b> |
| <i>Source: Reports of Condition and Income</i>                       |                |              |

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

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas to evaluate its CRA performance. CSB designated Cook County, Illinois as its assessment area, which is located within the Chicago-Naperville-Evanston, Illinois Metropolitan Division (Chicago MD). The assessment area includes contiguous census tracts and it has not changed since the previous evaluation. The bank's assessment area conforms to the CRA regulation, as it does not arbitrarily exclude any low- or moderate-income census tracts, does not reflect illegal discrimination, and otherwise meets the requirements of the CRA regulation. The following sections discuss demographic and economic information for the assessment area.

### **Economic and Demographic Data**

The assessment area includes all 1,319 census tracts in Cook County. Examiners used demographic data from 2015 American Community Survey (ACS), compiled by the U.S. Census Bureau to analyze the bank's CRA Performance. According to the 2015 ACS data, the assessment area's census tracts reflect the following income designations: 253 (19.2 percent) low-income census tracts; 381 (28.9 percent) moderate-income tracts; 317 (24.0 percent) middle-income tracts; 355 (26.9 percent) upper-income tracts; and 13 (1.0 percent) census tracts with no income designation. The following table illustrates select demographics of the assessment area.

| Demographic Information of the Assessment Area  |           |            |                      |               |              |            |
|---|-----------|------------|----------------------|---------------|--------------|------------|
| Demographic Characteristics   | #         | Low % of # | Moderate % of #      | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts)   | 1,319     | 19.2       | 28.9                 | 24.0          | 26.9         | 1.0        |
| Population by Geography   | 5,236,393 | 14.5       | 29.9                 | 27.0          | 28.3         | 0.4        |
| Housing Units by Geography  | 2,176,549 | 14.4       | 27.9                 | 26.3          | 30.8         | 0.5        |
| Owner-Occupied Units by Geography   | 1,107,485 | 6.9        | 24.2                 | 32.0          | 36.7         | 0.2        |
| Occupied Rental Units by Geography  | 835,474   | 20.8       | 32.1                 | 20.9          | 25.3         | 0.9        |
| Vacant Units by Geography   | 233,590   | 27.5       | 30.5                 | 19.1          | 22.3         | 0.6        |
| Businesses by Geography   | 474,429   | 8.6        | 21.7                 | 24.6          | 44.3         | 0.7        |
| Farms by Geography  | 4,567     | 7.2        | 23.4                 | 29.2          | 40.0         | 0.2        |
| Family Distribution by Income Level   | 1,184,857 | 28.0       | 17.0                 | 17.7          | 37.2         | 0.0        |
| Household Distribution by Income Level  | 1,942,959 | 29.2       | 15.8                 | 16.7          | 38.2         | 0.0        |
| Median Family Income MSA - 16984 Chicago-Naperville-Evanston, IL  |           | \$75,024   | Median Housing Value |               |              | \$245,250  |
| Families Below Poverty Level  |           | 13.2%      | Median Gross Rent    |               |              | \$1,038    |
| Source: 2015 ACS and 2021 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. |           |            |                      |               |              |            |

Housing units in the assessment area consist of 50.9 percent owner-occupied, 38.4 percent occupied rental units, and 10.7 percent vacant units. The bank's performance under the Geographic Distribution criterion compares home mortgage loans to the percentage of owner-occupied housing units, occupied rental housing units, and multi-family housing units within geographies by income level. These characteristics provide some insight into the overall housing credit needs and demand in low- and moderate-income geographies, which were considered when evaluating CSB's geographic lending patterns.

The median housing value of \$242,250 presents potential challenges to low- and moderate-income individuals in qualifying for mortgages, as the median family income level is \$75,024. The low- and moderate-income families account for 28.0 percent and 17.0 percent of the families in the assessment area, respectively, or 45.0 percent combined, with 13.2 percent of families below the poverty level. The bank's performance under the Borrower Profile criterion compares home mortgage loans to the percentage of families by income level. The owner-occupancy demographic coupled with the contrast between median family income levels and median housing values highlight some challenges that home mortgage lenders may face in providing financing to families on the lower end of the income spectrum.

Examiners used the 2021 FFIEC-updated median family income levels to analyze home mortgage loans in the borrow profile section. The following table illustrates ow-, moderate-, middle-, and upper-income categories for the assessment area.

| <b>Median Family Income Ranges</b>                                  |                        |                                    |                                   |                        |
|---|------------------------|------------------------------------|-----------------------------------|------------------------|
| <b>Median Family Incomes</b>  | <b>Low<br/>&lt;50%</b> | <b>Moderate<br/>50% to &lt;80%</b> | <b>Middle<br/>80% to &lt;120%</b> | <b>Upper<br/>≥120%</b> |
| <b>Chicago-Naperville-Evanston, IL Median Family Income (16984)</b> |                        |                                    |                                   |                        |
| 2020 (\$84,800)   | <\$42,400              | \$42,400 to <\$67,840              | \$67,840 to <\$101,760            | ≥\$101,760             |
| 2021 (\$87,100)   | <\$43,550              | \$43,550 to <\$69,680              | \$69,680 to <\$104,520            | ≥\$104,520             |
| <i>Source: FFIEC</i>  |                        |                                    |                                   |                        |

The COVID-19 pandemic considerably affected local and global environments. The stay-at-home orders and temporary closures of non-essential businesses that became effective in March 2020 caused significant hardships for both individuals and businesses. Throughout the majority of the review period, unemployment rates were steadily improving. However, the COVID-19 pandemic triggered dramatic increases in statewide and national unemployment rates. The average unemployment level in Cook County was higher than both the National and the State unemployment average. The following table outlines the unemployment rates during the review period.

| <b>Unemployment Rates</b>                 |             |             |             |
|---|-------------|-------------|-------------|
|   | <b>2019</b> | <b>2020</b> | <b>2021</b> |
| <b>Area</b>                               | <b>%</b>    | <b>%</b>    | <b>%</b>    |
| Cook County, Illinois                     | 3.8         | 9.4         | 5.0         |
| State of Illinois                         | 4.0         | 7.9         | 4.3         |
| National Average                          | 3.7         | 6.5         | 3.7         |
| <i>Source: Bureau of Labor Statistics</i> |             |             |             |

## **Competition**

CSB faces high competition in the assessment area. According to the FDIC Deposit Market Share data as of June 30, 2021, 100 financial institutions operated 1,231 full-service offices throughout Cook County. CSB ranked 53<sup>rd</sup> with 0.09 percent of the deposit market share. The three highest-ranked institutions are large national banks that have a combined deposit market share of 51.1 percent.

A high level of competition for home mortgage loans exist among several banks, credit unions, and non-depository mortgage lenders in the assessment area. According to the 2020 Peer Mortgage Data Institution Market Share Report, the most recent data available, a total of 795 lenders reported 228,978 residential mortgage loans originated. The top ten home mortgage lenders accounted for 43.9 percent of the total market share. CSB ranked 176<sup>th</sup> with a market share of 0.05 percent. Aggregate mortgage data for 2021 is not yet available.

## **Community Contacts**

Community contact interviews were conducted to assist examiners in identifying and understanding the credit and community development needs of the assessment area. The information helps examiners determine whether local financial institutions are responsive to these needs. For this performance evaluation, examiners reviewed recent community contact interview with representatives from one housing and one economic development organization. The contacts identified needs in the assessment area for products conducive to serve underserved population and low- and moderate-income individuals, as well as affordable housing.

## **Credit and Community Development Needs and Opportunities**

Considering the information from community contacts and demographic data, examiners determined that affordable housing and products tailored to serve low- and moderate-income individuals represent a significant credit need in the assessment area.

# **SCOPE OF EVALUATION**

## **General Information**

The evaluation covers the period from the previous evaluation dated September 9, 2019, to the current evaluation dated August 29, 2022. Examiners used the ISB Examination Procedures to evaluate CSB's CRA performance. These procedures include the Lending Test and the Community Development Test as outlined in the ISB Performance Criteria Appendix. Financial institutions must achieve a satisfactory rating under each of these tests to obtain an overall Satisfactory rating.

## **Activities Reviewed**

Examiners determined that the bank's major product line is residential home mortgage loans.

This conclusion considered the bank's business strategy, Call Report data, and bank records to identify the number and dollar volume of loans originated during the review period. Home mortgage loans represent a substantial majority of the loan portfolio at 87.4 percent, as referenced in the loan portfolio distribution section. Specifically, the loan portfolio is comprised of 63.9 percent 1-4 family residential lending, which includes both owner-occupied and non-owner occupied loans, and 23.5 percent multi-family residential lending. As a result, home mortgage loans are the primary focus of the evaluation. While commercial real estate lending represents 12.9 percent of the bank's loan portfolio, it does not represent a major product and it was excluded from the analyses because it would not lead to any meaningful conclusions. Additionally, the bank does not originate or purchase farmland or agricultural loan and consumer loans are not a major product line to provide material support for the conclusions or rating.

This evaluation considers the universe of the home mortgage loans reported on the 2020 and 2021 Home Mortgage Disclosure Act (HMDA) loan application register (LAR). The bank reported 120 originated loans totaling \$27.7 million on the 2020 HMDA LAR and 150 originated loans totaling approximately \$36.7 million on the 2021 HMDA LAR. Aggregate HMDA data for 2020 and 2015 ACS data provided a standard of comparison for HMDA reportable loans. Examiners focused more on the comparison to aggregate HMDA data as it provides a better assessment of demand and represents all loans extended by all lenders in the assessment area subject to HMDA data reporting requirements.

Further, while examiners considered both number and dollar volume of home mortgage loans, discussion of performance is limited to loans by number, as performance by number of loans is a better indicator of the number of borrowers served, and performance by dollar volume led to similar conclusions.

For the Community Development Test, examiners reviewed community development loans, qualified investments, and community development services provided by the bank since the prior CRA evaluation dated September 9, 2019.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

CSB demonstrated outstanding performance under the Lending Test. Performance under the assessment area concentration, geographic distribution, and borrower profile support this conclusion.

#### **Loan-to-Deposit Ratio**

The LTD ratio is reasonable given the institution's size, financial condition, and assessment credit needs. The LTD ratio, calculated from Call Report data, averaged 63.9 percent over the past 12 calendar quarters from September 30, 2019, to June 30, 2022. The ratio ranged from a low of 57.4 percent as of June 30, 2022, to a high of 70.3 percent as of September 30, 2019. The ratio remained generally stable throughout the evaluation period. Examiners evaluated CSB's LTD ratio by comparing it to four similarly situated banks (SSBs). Examiners selected these banks based on asset



size, geographic location, and lending focus. As shown in the table below, CSB's ratio ranks third amongst similarly situated institutions.

| <b>Loan-to-Deposit Ratio Comparison</b>                               |                              |  |
|---|------------------------------|--|
| <b>Institution</b>  | <b>Total Assets \$(000s)</b> | <b>Average Net Loan-to-Deposit Ratio (%)</b> |
| <b>Community Savings Bank</b>   | <b>445,137</b>               | <b>63.9</b>                                  |
| Similarly-Situated Institution #1                                     | 440,917                      | 88.5   |
| Similarly-Situated Institution #2                                     | 500,338                      | 51.9   |
| Similarly-Situated Institution #3                                     | 802,137                      | 57.9   |
| Similarly-Situated Institution #4                                     | 895,416                      | 71.3   |
| <i>Source: Reports of Condition and Income 3/31/2019 – 12/31/2021</i> |                              |  |

### **Assessment Area Concentration**

CSB originated a substantial majority of its home mortgage loans within its assessment area. The following table provides details on the number and dollar amount of loans inside and outside the assessment area.

| Lending Inside and Outside of the Assessment Area                             |                 |      |         |     |                |                                 |      |         |     |                       |
|---|-----------------|------|---------|-----|----------------|---------------------------------|------|---------|-----|-----------------------|
| Loan Category   | Number of Loans |      |         |     | Total<br><br># | Dollar Amount of Loans \$(000s) |      |         |     | Total<br><br>\$(000s) |
|   | Inside          |      | Outside |     |                | Inside                          |      | Outside |     |                       |
|   | #               | %    | #       | %   |                | \$                              | %    | \$      | %   |                       |
| Home Mortgage   |                 |      |         |     |                |                                 |      |         |     |                       |
| 2020  | 110             | 91.7 | 10      | 8.3 | 120            | 25,800                          | 93.1 | 1,917   | 6.9 | 27,717                |
| 2021  | 139             | 92.7 | 11      | 7.3 | 150            | 33,871                          | 92.4 | 2,779   | 7.6 | 36,650                |
| Total   | 249             | 92.2 | 21      | 7.8 | 270            | 59,671                          | 92.7 | 4,696   | 7.3 | 64,367                |
| Source: 2020 and 2021 HMDA Data. Due to rounding, totals may not equal 100.0% |                 |      |         |     |                |                                 |      |         |     |                       |

### **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the bank's assessment area. For this criterion, examiners focused on loans originated in low- and moderate-income census tracts in the assessment area.

A large percent of CSB's home mortgage loans are made to real estate investors for financing non-owner occupied 1-4 family and multi-family housing units. More specifically, of the total loans originated in 2020 and 2021 within the assessment area, approximately 69.9 percent were owner-occupied 1-4 family housing loans, 17.7 percent were non-owner occupied 1-4 family loans, and 12.1 percent were multi-family loans. Considering the percentage of originated non-owner occupied 1-4 family and multi-family housing units, examiners analyzed these products separately. As referenced previously, examiners focused on the comparison of the bank's performance to aggregate HMDA data, when available, which provides a better assessment of demand within the assessment area.

### ***Owner-Occupied 1-4 Home Mortgage Loans***

The distribution of owner-occupied home mortgage loans reflects excellent dispersion throughout the assessment area. Examiner measured performance against aggregate HMDA data and the percentage of owner-occupied housing units (demographic), and focused on lending penetrations in low- and moderate -income census tracts. The following table reflects the distribution of home mortgage loans by census tract income level.

| <b>Geographic Distribution of Owner-Occupied Home Mortgage Loans</b>  |  |                                     |           |              |                 |              |
|---|--|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Owner-Occupied Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Low   |  |                                     |           |              |                 |              |
| 2020  | 6.9                                      | 4.1                                 | 7         | 8.6          | 1,337           | 8.7          |
| 2021  | 6.9                                      | --                                  | 9         | 9.7          | 1,495           | 8.1          |
| Moderate  |  |                                     |           |              |                 |              |
| 2020  | 24.2                                     | 17.4                                | 23        | 28.4         | 3,789           | 24.7         |
| 2021  | 24.2                                     | --                                  | 40        | 43.0         | 6,588           | 35.5         |
| Middle  |  |                                     |           |              |                 |              |
| 2020  | 32.0                                     | 29.6                                | 25        | 30.9         | 4,616           | 30.1         |
| 2021  | 32.0                                     | --                                  | 26        | 28.0         | 5,793           | 31.2         |
| Upper   |  |                                     |           |              |                 |              |
| 2020  | 36.7                                     | 48.7                                | 26        | 32.1         | 5,611           | 36.5         |
| 2021  | 36.7                                     | --                                  | 18        | 19.3         | 4,690           | 25.2         |
| Not Available   |  |                                     |           |              |                 |              |
| 2020  | 0.2                                      | 0.2                                 | 0         | 0.0          | 0               | 0.0          |
| 2021  | 0.2                                      | --                                  | 0         | 0.0          | 0               | 0.0          |
| <b>Totals</b>   |  |                                     |           |              |                 |              |
| <b>2020</b>   | <b>100.0</b>                             | <b>100.0</b>                        | <b>81</b> | <b>100.0</b> | <b>15,353</b>   | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>                             | <b>--</b>                           | <b>93</b> | <b>100.0</b> | <b>18,566</b>   | <b>100.0</b> |
| <i>Source: 2020 and 2021 HMDA Data; 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i> |  |                                     |           |              |                 |              |

CSB's owner-occupied lending in 2020 in low-income census tracts exceeded aggregate lending and the demographic. The bank's lending increased in 2021, exceeding the demographic as well. The nearest concentration of low-income census tracts is approximately 1.5 miles south of CSB, where at least 11 branches of large national financial institutions with large mortgage loan operations are located. The bank's performance in low-income census tracts exceeded aggregate lending and the demographic despite competition from large financial institutions.

CSB's performance in moderate-income census tracts in 2020 significantly exceeded aggregate lending and exceeded the demographic. Lending in moderate-income census tracts in 2021 increased, significantly exceeding the demographic. CSB continues to remain committed to serving the Cicero-Belmont neighborhood and makes targeted efforts to market bank products in the area, along with the neighboring communities immediately surrounding the bank. Considering the strong performance in low- and moderate-income census tracts and demographic

information, the geographic distribution of owner-occupied 1-4 family home mortgage loans is excellent overall.

### ***Non-Owner-Occupied 1-4 Family Home Mortgage Loans***

The geographic distribution of non-owner occupied home mortgage loans reflects excellent dispersion throughout the assessment area. Examiner measured performance against aggregate HMDA data and the percentage of occupied rental housing units (demographic), and focused on lending in low- and moderate -income census tracts. The following table reflects the distribution of home mortgage loans by census tract income level.

| <b>Geographic Distribution of Non-Owner Occupied Home Mortgage Loans</b>  |   |                                     |           |              |                 |              |
|---|---|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Occupied Rental Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Low   |   |                                     |           |              |                 |              |
| 2020  | 20.8                                      | 11.9                                | 4         | 28.6         | 1,320           | 29.2         |
| 2021  | 20.8                                      | --                                  | 10        | 33.3         | 1,978           | 27.9         |
| Moderate  |   |                                     |           |              |                 |              |
| 2020  | 32.1                                      | 25.7                                | 2         | 14.3         | 606             | 13.4         |
| 2021  | 32.1                                      | --                                  | 15        | 50.0         | 3,402           | 48.0         |
| Middle  |   |                                     |           |              |                 |              |
| 2020  | 20.9                                      | 25.1                                | 5         | 35.7         | 1,140           | 25.2         |
| 2021  | 20.9                                      | --                                  | 2         | 6.7          | 745             | 10.5         |
| Upper   |   |                                     |           |              |                 |              |
| 2020  | 25.3                                      | 36.9                                | 3         | 21.4         | 1,459           | 32.2         |
| 2021  | 25.3                                      | --                                  | 3         | 10.0         | 957             | 13.5         |
| Not Available   |   |                                     |           |              |                 |              |
| 2020  | 0.9                                       | 0.4                                 | 0         | 0.0          | 0               | 0.0          |
| 2021  | 0.9                                       | --                                  | 0         | 0.0          | 0               | 0.0          |
| <b>Totals</b>   |   |                                     |           |              |                 |              |
| <b>2020</b>   | <b>100.0</b>                              | <b>100.0</b>                        | <b>14</b> | <b>100.0</b> | <b>4,525</b>    | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>                              | <b>--</b>                           | <b>30</b> | <b>100.0</b> | <b>7,082</b>    | <b>100.0</b> |
| <i>Source: 2020 and 2021 HMDA Data, 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i> |   |                                     |           |              |                 |              |

CSB's non-owner occupied lending in 2020 in low-income census tracts significantly exceeded aggregate lending and exceeded the demographic. Lending increased in 2021, significantly exceeding the demographic.

The bank's performance in 2020 trailed both aggregate lending and the demographic in moderate-income census tracts. Lending in 2021 substantially increased in moderate-income census tracts, significantly exceeding the demographic. Overall, this level of lending is excellent, particularly when considering the strong performance in low-income census tracts.

### ***Multi-Family Home Mortgage Loans***

The geographic distribution of multi-family home mortgage loans reflects excellent dispersion throughout the assessment area. Examiner measured performance against aggregate HMDA data and the percentage of multi-family housing units (demographic), and focused on lending penetrations in low- and moderate -income census tracts. The following table reflects the distribution of home mortgage loans by census tract income level.

| <b>Geographic Distribution of Multi-family Home Mortgage Loans</b>  |                                      |                                     |           |              |                 |              |
|---|--------------------------------------|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Multifamily Housing Unit</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Low   |                                      |                                     |           |              |                 |              |
| 2020  | 13.2                                 | 22.4                                | 4         | 26.7         | 1,402           | 23.7         |
| 2021  | 13.2                                 | --                                  | 4         | 25.0         | 1,181           | 14.4         |
| Moderate  |                                      |                                     |           |              |                 |              |
| 2020  | 25.1                                 | 33.2                                | 8         | 53.3         | 2,730           | 46.1         |
| 2021  | 25.1                                 | --                                  | 8         | 50.0         | 4,467           | 54.3         |
| Middle  |                                      |                                     |           |              |                 |              |
| 2020  | 22.9                                 | 19.2                                | 2         | 13.3         | 940             | 15.9         |
| 2021  | 22.9                                 | --                                  | 2         | 12.5         | 1,260           | 15.3         |
| Upper   |                                      |                                     |           |              |                 |              |
| 2020  | 37.6                                 | 24.7                                | 1         | 6.7          | 850             | 14.4         |
| 2021  | 37.6                                 | --                                  | 2         | 12.5         | 1,315           | 16.0         |
| Not Available   |                                      |                                     |           |              |                 |              |
| 2020  | 1.2                                  | 0.5                                 | 0         | 0.0          | 0               | 0.0          |
| 2021  | 1.2                                  | --                                  | 0         | 0.0          | 0               | 0.0          |
| <b>Totals</b>   |                                      |                                     |           |              |                 |              |
| <b>2020</b>   | <b>100.0</b>                         | <b>100.0</b>                        | <b>15</b> | <b>100.0</b> | <b>5,922</b>    | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>                         | <b>--</b>                           | <b>16</b> | <b>100.0</b> | <b>8,223</b>    | <b>100.0</b> |
| <i>Source: 2020 and 2021 HMDA Data; 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i> |                                      |                                     |           |              |                 |              |

The bank's performance exceeded aggregate lending and significantly exceeded the demographic in low-income census in 2020, and significantly exceeded the demographic in 2021. Lending for multi-family home mortgage loans in moderate-income census tracts significantly exceeded both aggregate lending and the demographic in 2020, and significantly exceeded the demographic as well in 2021. The bank's overall performance in low- and moderate-income census tracts supports an overall excellent geographic distribution of multi-family loans.

### **Borrower Profile**

The distribution of borrowers reflects excellent penetration among individuals of different income levels, including low- and moderate-income borrowers. Home mortgage loans for non-owner occupied residential properties are typically sought by applicants or business entities where income is not available and, therefore, is not considered in this evaluation. Consequently, examiners assessed the performance under this criterion solely on the distribution of owner-

occupied home mortgage loans by borrower income level and measured it against aggregate lending and the percentage of families (demographic data) within the assessment area. The following table reflects the distribution of owner-occupied home mortgage loans by borrower income level.

| Distribution of Home Mortgage Loans by Borrower Income Level  |               |                              |           |              |               |              |
|---|---------------|------------------------------|-----------|--------------|---------------|--------------|
| Borrower Income Level   | % of Families | Aggregate Performance % of # | #         | %            | \$(000s)      | %            |
| Low   |               |                              |           |              |               |              |
| 2020  | 28.0          | 4.5                          | 10        | 12.3         | 746           | 4.9          |
| 2021  | 28.0          | --                           | 13        | 14.0         | 1,751         | 9.4          |
| Moderate  |               |                              |           |              |               |              |
| 2020  | 17.0          | 14.5                         | 19        | 23.5         | 3,069         | 20.0         |
| 2021  | 17.0          | --                           | 26        | 28.0         | 3,983         | 21.5         |
| Middle  |               |                              |           |              |               |              |
| 2020  | 17.7          | 20.7                         | 21        | 25.9         | 4,552         | 29.6         |
| 2021  | 17.7          | --                           | 32        | 34.4         | 7,330         | 39.5         |
| Upper   |               |                              |           |              |               |              |
| 2020  | 37.2          | 45.5                         | 24        | 29.6         | 5,672         | 36.9         |
| 2021  | 37.2          | --                           | 20        | 21.5         | 4,677         | 25.2         |
| Not Available   |               |                              |           |              |               |              |
| 2020  | 0.0           | 14.9                         | 7         | 8.6          | 1,314         | 8.6          |
| 2021  | 0.0           | --                           | 2         | 2.2          | 825           | 4.4          |
| <b>Totals</b>   |               |                              |           |              |               |              |
| <b>2020</b>   | <b>100.0</b>  | <b>100.0</b>                 | <b>81</b> | <b>100.0</b> | <b>15,353</b> | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>  | <b>--</b>                    | <b>93</b> | <b>100.0</b> | <b>18,566</b> | <b>100.0</b> |
| <i>Source: 2020 and 2021 HMDA Data; 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i> |               |                              |           |              |               |              |

CSB's lending to low-income borrowers exceeded aggregate lending, but trailed demographic data in 2020. When available, aggregate data is a better indicator of loan demand. Although below the demographic, lending to low-income borrowers increased in 2021. Additionally, 13.2 percent of families in the assessment generate income below the poverty level. These families likely face difficulties in qualifying for home mortgage loans due to financial constraints.

The bank's performance to moderate-income borrowers exceeded aggregate lending and the demographic in 2020. Lending in 2021 to moderate-income borrowers in 2021 increased and remained above the demographic. CSB's strong performance to both low- and moderate-income borrowers throughout the review period demonstrates an overall excellent borrower distribution.

In addition to the bank's traditional home mortgage loan products, the bank continues to offer specialized lending programs that facilitate both home mortgage and consumer loans for low- and moderate-income borrowers. The following targeted home mortgage programs further supports excellent performance under this criterion.

### *Loan Modification Programs*

CSB offers three loan modification programs: the standard loan modification, an initial hardship loan modification, and a permanent hardship loan modification. These programs benefit low- and moderate-income borrowers by assisting borrowers who are experiencing financial hardship and preventing foreclosures.

The standard loan modification is available to borrowers who are current on their mortgage payment and want to reduce their rate or refinance their original loan. CSB provides the modification regardless of the property value and keeps the same term of the loan. The cost of the greater of \$500 or one point of the loan amount benefits borrowers who may not be able to afford the costs associated with a traditional refinance, yet want to take advantage of lower interest rates. During the review period, CSB made 68 standard loan modifications totaling \$14.9 million to low- and moderate-income individuals.

The initial hardship loan modification is available to borrowers who are experiencing economic hardships due to loss of income, unemployment, illness, or other types of financial setbacks. Qualifying individuals are able to receive the hardship modification at no cost. The bank made 16 initial hardship loan modifications totaling \$3.1 million during the review period.

The permanent hardship loan modification is available at the end of the initial hardship modification period. This modification provides the borrower with a permanent modification at the lower of the current rate or the rate provided at the time of the initial hardship modification. The term of the modification is equal to the existing term of the loan, unless the borrower requests and qualifies for a shorter term. CSB did not make any permanent hardship loan modifications during the review period.

CSB's loan modification programs demonstrate the bank's attentiveness and responsiveness to the credit needs of its assessment area.

The bank continues to offer the following six specialized lending programs that facilitate both home mortgage and consumer loans for low- and moderate-income borrowers.

### *Community Home Ownership Program*

The bank offers the Community Home Ownership Program (CHOP). The CHOP offers individuals that earn no more than 100 percent of the Chicago MD median family income the ability to obtain a purchase mortgage loan with a down payment of as little as five percent or refinance an existing mortgage loan. The CHOP program finances single family and two-unit buildings located in Cook County and offers the opportunity for homeownership to individuals with low- and moderate-incomes seeking to buy a home. CSB originated two CHOP mortgage loans totaling \$284,050 during the review period.

### *Community Home Improvement Program*

The Community Home Improvement Program (CHIP) is a maximum 5-year, fixed rate home improvement loan with the borrowing capability of the lesser of \$10,000 or 95% of the appraisal value. The program is for owner-occupied single family and two-unit buildings located within Is this Cook County. Maximum household income must not exceed 100.0 percent of the Chicago

MD median family income.

#### *Down Payment Plus*

The bank continues to participate in the Federal Home Loan Bank's Down Payment Plus program, which provides down payment and closing cost assistance for low- and moderate-income homebuyers. The assistance provided is in the form of a forgivable grant paid on behalf of the borrower at the time of mortgage financing with a participating member financial institution. CSB assists the borrower in obtaining the grant by facilitating the application process. During the review period, two borrowers participated in the program.

#### *Community Rehab Mortgage Program*

This loan program encourages the purchase and rehabilitation of distressed, foreclosed, and bank-owned properties in low- and moderate-income geographies with established bank customers. Under the program, a borrower can obtain a loan for the purchase of a 1-4 unit property and use funds to repair or rehabilitate the building. The borrower must have extensive experience performing similar rehabilitation work; the property will be either sold or held in portfolio until the work is completed.

#### *First Time-Home Buyers Certificate of Deposit (Asset Building & Home Buying Program)*

Management developed this program to allow first time home-buyers to make deposits at any time, up to \$12,000 per calendar year, into a five-year, high-yield certificate of deposit with the anticipation of purchasing a home for the first time. The bank waives any early withdrawal penalties when customers utilize the funds for the purchase of the first home. Additionally, the bank will provide the borrower a grant equal to 1.0 percent of the cumulative amounts deposited into the account. The bank has not had any customers participating in the program during the review period.

#### *Small-Dollar Loan Program*

CSB offers a small-dollar loan program through its passbook loan product that allows customers to deposit funds into a deposit account at the bank and borrow up to 90 percent against the available funds for a maximum of term of three years. Management designed this loan program for individuals to repair their credit through positive repayment reporting to a national credit bureau. The interest rate on the loan is fixed at four percent above the interest rate on the deposit account. The bank originated 29 loans under this program totaling \$129,200 during the review period.

As previously mentioned, affordable housing and products targeted to low- and moderate-income individuals represent a need as identified by community contacts. The availability of these loan products demonstrates willingness and responsiveness to meet credit needs of the community.

### **Response to Complaints**

CSB has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

## COMMUNITY DEVELOPMENT TEST

CSB's community development performance demonstrates excellent responsiveness to the community development needs in its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity to participate in such activities, need of community development activities, and historical performance in the assessment area.

### Community Development Loans

During the evaluation period, the bank originated 65 community development loans totaling \$26.9 million. This level of lending represents 11.7 percent of average net loans and 6.3 percent of average assets since the previous the previous evaluation. CSB's lending exceeded the performance of four SSBs that operate in the bank's assessment area and have comparable loan portfolio concentrations and asset sizes. The community development lending activity of the five SSBs ranged from a low of 3.4 percent to a high of 9.5 percent of average net loans and 2.0 percent to 5.9 of average assets. The following table illustrates the bank's community development lending within the assessment by year and purpose.

| Community Development Lending |                    |               |                    |          |                      |          |                         |          |           |               |
|-------------------------------|--------------------|---------------|--------------------|----------|----------------------|----------|-------------------------|----------|-----------|---------------|
| Activity Year                 | Affordable Housing |               | Community Services |          | Economic Development |          | Revitalize or Stabilize |          | Total     |               |
|                               | #                  | \$(000s)      | #                  | \$(000s) | #                    | \$(000s) | #                       | \$(000s) | #         | \$(000s)      |
| 2019                          | 12                 | 5,511         | 0                  | 0        | 0                    | 0        | 0                       | 0        | 12        | 5,511         |
| 2020                          | 18                 | 5,719         | 0                  | 0        | 0                    | 0        | 0                       | 0        | 18        | 5,719         |
| 2021                          | 20                 | 9,816         | 0                  | 0        | 0                    | 0        | 0                       | 0        | 20        | 9,816         |
| 2022                          | 13                 | 5,245         | 0                  | 0        | 0                    | 0        | 0                       | 0        | 13        | 5,245         |
| <b>Subtotal</b>               | <b>63</b>          | <b>26,291</b> | <b>0</b>           | <b>0</b> | <b>0</b>             | <b>0</b> | <b>0</b>                | <b>0</b> | <b>63</b> | <b>26,291</b> |
| Outside Assessment Area       | 2                  | 630           | 0                  | 0        | 0                    | 0        | 0                       | 0        | 2         | 630           |
| <b>Total</b>                  | <b>65</b>          | <b>26,921</b> | <b>0</b>           | <b>0</b> | <b>0</b>             | <b>0</b> | <b>0</b>                | <b>0</b> | <b>65</b> | <b>26,921</b> |

*Source: Bank Records*

Community development loans outside the assessment areas were considered in the evaluation, as CSB sufficiently addressed needs in their assessment area. These loans benefited a broader regional area that includes the bank's assessment area.

The community development loans created or maintained 515 affordable housing units in the assessment area. Among these loans, 41 were originated in low- and moderate-income census tracts that provided 319 affordable housing units. These loans demonstrate the bank's responsiveness to the credit and community development needs of the assessment area.

### Qualified Investments

CSB made \$4.6 million qualified investments and approximately \$114,000 in grants, and donations totaling \$4.7 million. This level of qualified investments represents 3.2 percent of average securities. The bank's qualified investments for the current evaluation period compared favorably to four SSBs, as these SSBs' community development investments as percent of average securities ranged between 2.1 and 4.8 percent. The bank's performance exceeded the



performance of two SSBs. The following table provides additional details regarding the bank's investments activities.

| <b>Community Development Investments</b> |                           |                 |                           |                 |                             |                 |                                |                 |              |                 |
|--|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|--------------|-----------------|
| <b>Activity Year</b>                     | <b>Affordable Housing</b> |                 | <b>Community Services</b> |                 | <b>Economic Development</b> |                 | <b>Revitalize or Stabilize</b> |                 | <b>Total</b> |                 |
|  | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>     | <b>\$(000s)</b> |
| Prior Period                             | 1                         | 1,709           | 0                         | 0               | 0                           | 0               | 0                              | 0               | 1            | 1,709           |
| 2019                                     | 0                         | 0               | 0                         | 0               | 1                           | 250             | 0                              | 0               | 1            | 250             |
| 2020                                     | 0                         | 0               | 0                         | 0               | 5                           | 825             | 0                              | 0               | 5            | 825             |
| 2021                                     | 0                         | 0               | 0                         | 0               | 4                           | 575             | 0                              | 0               | 4            | 575             |
| 2022                                     | 0                         | 0               | 0                         | 0               | 7                           | 1,325           | 0                              | 0               | 7            | 1,325           |
| <b>Subtotal</b>                          | <b>1</b>                  | <b>1,709</b>    | <b>0</b>                  | <b>0</b>        | <b>17</b>                   | <b>2,975</b>    | <b>0</b>                       | <b>0</b>        | <b>18</b>    | <b>4,684</b>    |
| Qualified Grants & Donations             | 0                         | 0               | 71                        | 114             | 0                           | 0               | 0                              | 0               | 71           | 114             |
| <b>Total</b>                             | <b>1</b>                  | <b>1,709</b>    | <b>71</b>                 | <b>114</b>      | <b>17</b>                   | <b>2,975</b>    | <b>0</b>                       | <b>0</b>        | <b>89</b>    | <b>4,798</b>    |

*Source: Bank Records*

CSB's investments include a prior investment to a local housing organization that offers a variety of financing programs that help provide affordable housing targeting low- and moderate-income borrowers and strengthening neighborhoods. Also, included in the bank's investments are 14 certificates of deposit in five Community Development Financial Institutions (CDFIs) located in its assessment area. CDFIs specialize in lending to individuals, organizations, and businesses in under-resourced communities.

### **Community Development Services**

During the evaluation period, bank employees provided 29 instances of financial and technical expertise to organizations providing community development services in the assessment area. The services involve reoccurring activities with bank employees serving on six different qualifying organizations. These include various financial literacy services targeting low- and moderate-income individuals, and a bank officer providing technical assistance as a member of the finance committee of a local community development housing organization. CSB level of community development services compares favorably with four SSBs with a range between 3 and 56 services. The bank's performance exceeded the performance of two SSBs. The following table illustrates these activities by year and type of service.

| <b>Community Development Services</b> |                           |                           |                             |                                |              |
|---------------------------------------|---------------------------|---------------------------|-----------------------------|--------------------------------|--------------|
| <b>Year</b>                           | <b>Affordable Housing</b> | <b>Community Services</b> | <b>Economic Development</b> | <b>Revitalize or Stabilize</b> | <b>Total</b> |
|                                       | <b>#</b>                  | <b>#</b>                  | <b>#</b>                    | <b>#</b>                       | <b>#</b>     |
| 2019                                  | 2                         | 7                         | 0                           | 0                              | 9            |
| 2020                                  | 2                         | 4                         | 0                           | 0                              | 6            |
| 2021                                  | 4                         | 10                        | 0                           | 0                              | 14           |
| 2022                                  | 0                         | 0                         | 0                           | 0                              | 0            |
| <b>Total</b>                          | <b>8</b>                  | <b>21</b>                 | <b>0</b>                    | <b>0</b>                       | <b>29</b>    |

*Source: Bank Records*

CSB is active in improving financial literacy and providing affordable housing services. The following illustrates some prominent community development services provided during the evaluation period:

- Bank employees participate in the Community Savings Bank English and Spanish Homebuyer's Seminar focusing on financial education for home financing.
- Bank employee serves on the planning committee of a local housing organization that provide affordable housing.
- The bank works with the Federal Home Loan Bank to originate loans under the Down Payment Plus Affordable Housing Program.

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

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

## **APPENDICES**

### **INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA**

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

#### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## GLOSSARY

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

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

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

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

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

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

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

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

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

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

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

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

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

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

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

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

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

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

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

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

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

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

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

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

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

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

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

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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