

# **PUBLIC DISCLOSURE**

November 29, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

LCA Bank Corporation  
Certificate Number: 58148

1441 West Ute Boulevard, Suite 260  
Park City, Utah 84098

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

25 Jessie Street at Ecker Square, Suite 2300  
San Francisco, California 94105

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.

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Needs to Improve**.

An institution in this group needs to improve its overall 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.

LCA Bank Corporation's (LCA Bank) CRA performance is evaluated under the Community Development Test and the assigned rating is based on the following:

- The institution has an adequate level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors.
- The institution rarely uses innovative or complex qualified investments, community development loans, or community development services.
- The institution exhibits adequate responsiveness to credit and community economic development needs in its assessment area.

### **Discriminatory or Other Illegal Credit Practices**

Violations of Regulation B, which implements the Equal Credit Opportunity Act, resulted in the bank's overall rating being downgraded from Satisfactory to Needs to Improve.

## DESCRIPTION OF INSTITUTION

### **Background**

Milestone Bank is a state-chartered industrial bank headquartered in Park City, Utah. The institution is a wholly owned subsidiary of Lease Corporation of America, a one-bank holding company and privately held corporation based in Troy, Michigan. LCA Bank received a "Satisfactory" rating at the prior FDIC Performance Evaluation, dated October 17, 2016, based on Interagency Wholesale Institution Examination Procedures. LCA Bank's designation continues to be a wholesale bank, which was effective August 4, 2006.

### **Operations**

LCA Bank operates from one main office in Park City, Utah, with no other branch activity. In October 2018, LCA Bank relocated the main office from 1375 Deer Valley Drive, Suite 218 in Park City, Utah, to 1441 West Ute Boulevard, Suite 260 in Park City, Utah. The principal purpose of the change was administrative and there was no change in services. In addition, the previous and current locations are in upper-income census tracts in Summit County. LCA Bank is not open to the public and does not have any walk in customers. The institution has not been party to any merger or acquisition activity since the previous evaluation.

LCA Bank is an industrial bank specializing in lease financing of equipment used in various industries; including the medical, security, automotive repair, and telecommunications industries. LCA Bank primarily serves small and medium sized businesses throughout the United States. As a wholesale institution, LCA Bank does not offer any consumer loan products or any retail deposit products. Brokered deposits remain the primary funding source, at 99.7 percent of total deposits. LCA Bank does not operate any automated teller machines and has no cash on premises.

**Ability and Capacity**

The September 30, 2022 Consolidated Reports of Condition and Income reflects \$187.2 million in total assets, with total loans and leases of \$168.6 million, total deposits of \$138.1 million, and total equity capital of \$42.2 million. Since the previous evaluation, total assets have increased by \$29.3 million. At 98.8 percent, lease financing continues to represent a substantial majority of LCA Bank’s loan portfolio. In addition to commercial lease financing, the institution extends a small amount of Small Business Administration (SBA) loans. In response to small business credit needs during the pandemic, LCA Bank made two loans through the SBA Paycheck Protection Program (PPP). However, since the previous evaluation, there has been less overall SBA lending activity, and the percentage of commercial and industrial loans has decreased slightly from 2.0 percent to 0.9 percent. The remaining 0.3 percent represents multi-family loans disbursed as part of the bank’s participation in an affordable housing consortium. These loans are part of a pool of loans purchased for Community Development purposes only. The loan portfolio distribution remains relatively consistent when compared to the prior evaluation. The following table provides details regarding the loan portfolio.

<b>Loan Portfolio Distribution as of 9/30/2022</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	0	0.0
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	0	0.0
Secured by Multifamily (5 or more) Residential Properties	468	0.3
Secured by Nonfarm Nonresidential Properties	0	0.0
<b>Total Real Estate Loans</b>	<b>468</b>	<b>0.3</b>
Commercial and Industrial Loans	1,514	0.9
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	0	0.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	166,672	98.8
Less: Unearned Income	23	0.0
<b>Total Loans</b>	<b>168,631</b>	<b>100.0</b>
<i>Source: September 30, 2022, Report of Condition and Income</i>		

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

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas in which its CRA performance will be evaluated. LCA Bank designated one assessment area in Utah, which includes the entirety of Summit County. The assessment area has not changed since the previous evaluation.

### Economic and Demographic Data

The assessment area includes all 13 census tracts in Summit County. According to the U.S. Census 2015 American Community Survey (ACS), the assessment area includes four middle-income and eight upper-income census tracts, with one tract having no income designation. The census tract with no income designation is primarily occupied by the Uinta-Wasatch-Cache National Forest. The following table shows select demographic information for the assessment area.

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	13	0.0	0.0	30.8	61.5	7.7
Population by Geography	38,521	0.0	0.0	32.1	67.3	0.5
Housing Units by Geography	27,083	0.0	0.0	20.0	72.7	7.3
Owner-Occupied Units by Geography	10,388	0.0	0.0	30.7	68.9	0.5
Occupied Rental Units by Geography	3,539	0.0	0.0	25.3	73.8	0.9
Vacant Units by Geography	13,156	0.0	0.0	10.2	75.4	14.4
Businesses by Geography	9,485	0.0	0.0	18.3	81.7	0.1
Farms by Geography	265	0.0	0.0	45.3	54.0	0.8
Family Distribution by Income Level	10,387	10.9	9.2	15.8	64.0	0.0
Household Distribution by Income Level	13,927	11.2	8.7	15.1	65.0	0.0
Median Family Income Non-MSAs - UT		\$64,772	Median Housing Value			\$535,832
			Median Gross Rent			\$1,373
			Families Below Poverty Level			6.6%
<i>Source: 2015 ACS and 2021 D&amp;B Data                      Due to rounding, totals may not equal 100.0%                      (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to the Utah Department of Workforce Services as of November 2022, Summit County's 2020 median family income of \$115,756 and 2020 per capita income of \$156,537 was the highest income values of all Utah's counties in 2020. Summit County's unemployment rate of 2.9 percent as of year-end 2021 was consistent with the statewide unemployment rate of 2.7 percent and well below the national rate of 5.3 percent. The majority of the assessment area's population resides in the county's largest city, Park City, and surrounding areas including Snyderville and Summit Park. The Park City area has a large transitory population due to recreation and tourism activity. According to the Summit County Economic Services Department, the Park City area has a

significant concentration of secondary homeowners who vacation or reside in Summit County during parts of the year, but have their primary residence elsewhere. Furthermore, according to a housing profile report completed by the Summit County Economic Services Department in 2022, the average owner occupied housing unit value was \$663,417. According to 2015 ACS data, 24.0 percent of homeowners have monthly owner costs exceeding 30.0 percent of income and 39.1 percent of renters had monthly renter costs exceeding 30.0 percent of income in the assessment area. This indicates a need for community development lending and investment into affordable housing.

As the Park City area is a major tourist and recreation destination, tourism, recreation, and hospitality represent the largest employment sector. The Utah Department of Workforce Services reports the top two employers in Summit County are Deer Valley Resort and Park City Mountain Resort, followed by the Park City School District, Park City, and the Park City Hospital.

### **Competition**

LCA Bank operates in a moderately competitive market that includes a number of large national and regional financial institutions within Summit County. According to the June 30, 2022 Deposit Market Share Report, the assessment area has eight financial institutions operating 14 branches with \$2.7 billion in deposits. Of these institutions, LCA Bank ranked fifth with a 5.3 percent market share and \$142.2 million in deposits. The top three institutions control approximately 78.2 percent of the assessment area's deposit market share, with a combined \$2.1 billion in deposits.

In addition, in close proximity to Summit County is Salt Lake County, which is Utah's most populated county and includes the state capital. Salt Lake County and the surrounding areas contain numerous industrial banks and financial institutions. Although opportunities are present for community development loans, qualified investments, and community development services, the number of large financial institutions in this area that compete for community development opportunities somewhat limits LCA Bank's ability to secure these opportunities.

### **Community Contact**

As part of the examination process, examiners conducted a community contact interview with a representative from Summit County that promotes economic development and affordable housing. The contact stated one of the major focuses of the county is on projects that facilitate efforts to decrease the deficit in workforce and affordable housing, in order to have more community members who work and live in Summit County. The contact stated Summit County's economy is strong and fully recovered after the pandemic; also noting that area's real estate costs are causing significant challenges for working families to find affordable housing within Summit County. The contact reported the median housing value in Summit County is at approximately \$1.2 million for 2022, significantly above the rest of the State. In addition, much of the newer housing stock is purchased as either an additional home or an investment property. Overall, the contact noted there is a housing shortage in general and in particular a lack of affordable housing units. The contact noted that local financial institutions were generally responsive to community credit needs and indicated that there are opportunities related to financing affordable housing projects.

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

Considering the information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing represents the assessment area's greatest credit and community development need. As the community contact noted 60.6 percent of the workforce must commute from outside of Summit County due to the housing costs. Additionally, the demographic data shows that 20.1 percent of the area's families report either low- or moderate-incomes, suggesting a need for activities that benefit organizations or programs that provide community services targeted to low- or moderate-income families.

## **SCOPE OF EVALUATION**

### **General Information**

Examiners used the Interagency Wholesale Institution Examination Procedures to evaluate LCA Bank's CRA performance. This review covers the period from the previous evaluation date of October 17, 2016, to the current evaluation date of November 29, 2022. As Summit County is the only assessment area, it will be evaluated using a full-scope review. The procedures consist of the Community Development Test that analyzes performance according to the following criteria:

- Community development lending, qualified investments, or community development services;
- Use of innovative or complex qualified investments, community development loans, or community development services and the extent to which investments are not routinely provided by private investors; and
- Responsiveness to community credit and development needs.

### **Activities Reviewed**

This evaluation assesses LCA Bank's performance in meeting the community development needs of its assessment area through community development lending, qualified investments (including grants and donations), and community development services. A wholesale bank is not required to engage in all three types of community development activities to receive a "Satisfactory" rating.

This evaluation considered all of LCA Bank's community development activities conducted within the assessment area and the broader statewide or regional area during the review period. Examiners relied on bank records, publicly available financial information, demographic and economic information, and other information gathered during the review process to assess LCA Bank's performance.

As a wholesale institution, LCA Bank primarily engages in commercial lease financing. The bank does not regularly extend home mortgage, small business, small farm, or consumer loans to retail customers. As a result, the examiners did not review these product types.

## CONCLUSIONS ON PERFORMANCE CRITERIA

LCA Bank continues to have an adequate level of community development loans, qualified investments, and services. LCA Bank demonstrated adequate responsiveness to identified credit and community development needs in its assessment area. These activities were commensurate with the bank’s ability and financial capacity, and were consistent with the needs and availability of such opportunities within the assessment area. The institution rarely uses innovative or complex qualified investments, community development loans, or community development services.

### Community Development Loans

During the evaluation period, LCA Bank funded 54 community development loans totaling \$681,000 within the assessment area or greater regional area that includes the assessment area. The institution’s community development loans represent 0.4 percent of average total assets and 0.4 percent of average total loans since the previous evaluation. This level of community development lending is an increase in performance since the prior evaluation, when the institution funded 13 loans totaling \$79,000. LCA Bank’s community development lending primarily supported affordable housing, which the community contact identified as a need for Summit County. The following table illustrates the bank’s community development lending activity by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2016	0	0	0	0	0	0	0	0	0	0
2017	4	9	0	0	0	0	0	0	4	9
2018	7	64	0	0	0	0	0	0	7	64
2019	10	38	0	0	0	0	0	0	10	38
2020	6	40	0	0	0	0	0	0	6	40
2021	12	117	0	0	0	0	2	256	14	373
Year-to-date 2022	13	157	0	0	0	0	0	0	13	157
<b>Total</b>	<b>52</b>	<b>425</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>256</b>	<b>54</b>	<b>681</b>
<i>Source: Bank Data</i>										

The following are examples of LCA Bank’s community development loans.

- LCA Bank committed up to \$1.0 million in loan participations to provide debt financing to Utah’s housing industry for multi-family projects. The participations support the low- and moderate-income affordable housing needs in the greater regional area that also includes Summit County. During the evaluation period, LCA Bank disbursed \$372,091 to participate in 50 community development loans. The bank’s annual commitment increased during the evaluation period from \$500,000 to \$1.0 million.
- During 2021, the bank made two loans totaling \$256,492 through the SBA PPP. The PPP was an emergency loan program developed to provide financial relief and assistance to small



businesses experiencing financial hardship and duress due to the COVID-19 Pandemic. The federal government launched the PPP on April 3, 2020, and it ran through 2021. These loans helped to revitalize or stabilize by retaining jobs, businesses, and residents during the pandemic.

**Qualified Investments and Donations**

LCA Bank made 14 qualified investments and 68 donations totaling nearly \$2.1 million. This total includes nearly \$1.8 million in new investments, \$43,000 in outstanding prior period investments, and approximately \$235,000 in qualified grants or donations. Community development investments and donations represent 1.1 percent of average total assets and 192.3 percent of average total securities since the previous evaluation. This level of community development investment represents consistent performance since the prior evaluation, when LCA Bank had nearly \$1.5 million in qualified investments and grants, which equaled 1.5 percent of average total assets and 189.6 percent of average securities.

Of the total dollar amount, the majority of the bank’s investments and donations promoted efforts to provide affordable housing to low- and moderate-income people. These investments demonstrate responsiveness to an identified community development need. In addition, donations provided support for critical community development services within the assessment area. The following table illustrates the qualified investments and donations by year and purpose.

<b>Qualified Investments and Donations</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</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	6	43	0	0	0	0	0	0	6	43
2016	1	300	0	0	0	0	0	0	1	300
2017	2	400	0	0	0	0	0	0	2	400
2018	3	520	0	0	0	0	0	0	3	520
2019	1	269	0	0	0	0	0	0	1	269
2020	0	0	0	0	0	0	0	0	0	0
2021	1	300	0	0	0	0	0	0	1	300
Year-to-date 2022	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>14</b>	<b>1,832</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>1,832</b>
Qualified Grants & Donations	6	24	62	211	0	0	0	0	68	235
<b>Total</b>	<b>20</b>	<b>1,856</b>	<b>62</b>	<b>211</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>82</b>	<b>2,067</b>

*Source: Bank Data*

The following are examples of LCA Bank’s community development investments and donations.

- Throughout the review period, the bank made annual donations that totaled \$35,000 to a Title I school. The Title I school program is a federally funded program that provides supplementary funds to schools with high percentages of students from families with low-

incomes to help students meet state academic standards. The funds supported literacy programs for an elementary school in Summit County.

- In 2018 and 2019, LCA Bank invested in a Fannie Mae community impact fund comprised of residential real estate loans made to low- and moderate-income borrowers. LCA Bank made qualifying investments for three properties totaling of \$688,479 in Summit County. These investments demonstrate a responsiveness to the community development need of affordable housing in the assessment area.

**Community Development Services**

During the review period, LCA Bank provided 1,146 hours of financial expertise or technical assistance to community development-related organizations in the assessment area. This level of service activity represents a slight decline in performance since the prior evaluation, when LCA Bank provided 1,396 hours of community development services. However, the decline started in 2020, when the COVID-19 began to have an adverse impact on the availability of such service opportunities. The community development services performed by bank staff primarily supported community service needs. The following table summarizes the bank’s qualified community development services by year and purpose.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2016	2	6	0	0	<b>8</b>
2017	11	279.5	0	0	<b>290.5</b>
2018	12	216	0	0	<b>228</b>
2019	19.5	215	0	0	<b>234.5</b>
2020	23	133	0	0	<b>156</b>
2021	79	42.5	7	0	<b>128.5</b>
Year-to-date 2022	16.5	82	2	0	<b>100.5</b>
<b>Total</b>	<b>163</b>	<b>974</b>	<b>9</b>	<b>0</b>	<b>1,146</b>
<i>Source: Bank Data</i>					

The following are examples of the bank’s community development services.

- A bank employee assisted with fundraising activity for several community service organizations, which provided services to include food banks, housing and shelter, medical and social support, and scholarships to low- and moderate-income individuals and families within Summit County.
- A bank director serves on the board of directors and investment committee for a community service organization that provides scholarships and social services to low- and moderate-income students and families throughout the greater Utah area, which also includes Summit County.

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

The FDIC lowered the CRA rating from “Satisfactory” to “Needs to Improve” due to identified discriminatory lending practices present during the review period for this CRA evaluation. Examiners identified violations of the Equal Credit Opportunity Act pertaining to the bank's lending practices on the basis of redlining and underwriting.

Oversight, policies and procedures, training, and monitoring or audit were insufficient to prevent these violations. Management has taken or committed to taking corrective action to improve its compliance management system to mitigate fair lending risks, which will include additional oversight, the adoption or revision of existing policies and procedures, training, a formal monitoring process, and annual audits.

## 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. 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.

**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.

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

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

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

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

**Nonmetropolitan Area (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.