

PUBLIC DISCLOSURE

November 26, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Coast Commercial Bank
RSSD - 172363
740 Front Street, Suite 240
Santa Cruz, California 95060**

**Federal Reserve Bank of San Francisco
101 Market Street
San Francisco, California 94105**

NOTE: 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

I.	<u>Institution</u>	
	A. Overall Rating	1
	B. Performance Test Ratings Table	1
II.	<u>Performance Context</u>	
	A. Description of Institution	2
	B. Description of Assessment Area	3
III	<u>Conclusions with Respect to Performance Criteria</u>	
	A. Scope of Examination	7
	B. Lending Test	7
	C. Investment Test	10
	D. Service Test	10
IV.	<u>Compliance with Fair Lending Laws and Regulations</u>	11
V.	<u>Appendix A – Glossary of Terms</u>	12

INSTITUTION

INSTITUTION'S CRA RATING: This institution is rated satisfactory.

The overall performance of Coast Commercial Bank is satisfactory. Lending patterns reflect a commendable effort to meet the credit needs of the assessment area, particularly the needs of small businesses located in moderate-income geographies, and of very small businesses. Supplementing the lending record is its record of investments made and services provided. Qualified investments have had impact with respect to affordable housing, relative to the bank's capacity and the needs of the assessment area. Lastly, the branch network is reasonably accessible to the assessment area, and community development services have had an excellent impact with regard to financial literacy for small businesses owners and consumers, and the availability of social services in the area.

The following table shows the performance level of Coast Commercial Bank with respect to the lending, investment, and service tests.

COAST COMMERCIAL BANK			
PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
OUTSTANDING			X
HIGH SATISFACTORY	X		
LOW SATISFACTORY		X	
NEEDS TO IMPROVE			
SUBSTANTIAL NONCOMPLIANCE			

**NOTE: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.*

PERFORMANCE CONTEXT

DESCRIPTION OF INSTITUTION

Coast Commercial Bank (CCB), a \$542 million community bank, is headquartered in Santa Cruz, California, and opened for business in February 1982. On April 5, 2000, it became a wholly-owned subsidiary of the Greater Bay Bancorp. CCB has six branches and one ATM/night depository located in Santa Cruz County.¹ The bank also opened two loan production offices (LPOs) in June 2001. Both are located outside the assessment area, one in the city of Tracy (San Joaquin County) and the other in the city of Hollister (San Benito County).

Initially established to serve the needs of businesses and professionals in the community, CCB has since become a significant presence in the Santa Cruz County and has gradually shifted its focus to that of a full-service community bank. In keeping with that shift, the bank offers home mortgage loans and a full array of consumer products. As illustrated in the following table, however, the loan portfolio shows a preponderance of business loans, reflecting the bank's primary focus on providing services to professionals, and small- and mid-sized firms.

Loan Type	Dollar Amount ('000s)	Percent of Total Loans
Commercial/Industrial and Non-Farm Non-Residential Real Estate	\$152,908	68%
Construction	\$37,960	17%
Secured by 1-4 Family Real Estate	\$23,179	10%
Multifamily Real Estate	\$4,097	2%
Consumer	\$3,786	2%
All Other	\$1,876	<1%
Total Gross Loans	\$223,806	100%

The bank extends the following types of credit through each of its branches:

- Commercial – Working Capital, Accounts Receivable, Investment, Equipment Financing, Term Loans, SBA (7A, 504, and Low Doc), Lines of Credit
- Real Estate – Home Purchase, Home Refinance, Construction and Development, Consumer Home Equity and Home Improvement, Commercial Real Estate
- Consumer Loans – Mobile Homes, Auto, Personal, Recreational Vehicles, Boats, and Airplanes
- Agricultural – Crop Production, Farming Operations, Working Capital, Equipment Term Loans, and Real Estate Loans for Agricultural Property

¹ A seventh branch in Monterey County opened in October 2001 and resulted in a new assessment area. October was outside the scope of this examination, therefore, that branch and the Monterey County assessment area were not part of this review.

The previous CRA examination was conducted by the Federal Deposit Insurance Corporation as of May 24, 1999. The evaluation was under the small bank performance criteria and resulted in an outstanding performance rating. There are no legal or financial impediments preventing the bank from meeting the credit needs of its community, consistent with its size, resources, and local economic conditions.

DESCRIPTION OF ASSESSMENT AREA

The Santa Cruz assessment area is comprised of Santa Cruz County in its entirety. Santa Cruz County is located at the northern end of Monterey Bay, on the central coast of California. Surrounding counties include San Mateo to the north, Santa Clara to the east, and Monterey to the south. Of the 80 census tracts located in the county, 35 tracts located in the Santa Cruz mountains have unknown median incomes. Consequently, they are excluded from the analysis.

The following table illustrates 1990 census data, broken down by income level, used to develop the performance context for the evaluation. The assessment area has no low-income tracts.

Income Level	Census Tracts		Population		Families	
	Number	Percent	Number	Percent	Number	Percent
Moderate	10	22%	53,170	23%	10,474	19%
Middle	23	51%	122,028	53%	29,154	53%
Upper	12	27%	54,536	24%	15,035	28%
Total	45	100%	229,734	100%	54,663	100%

As of the 2000 census, the population of the county was 255,600, which was an increase of 11 percent from 1990. At \$26,202, the county's per capita personal income is the ninth highest in California. Median family income is \$51,500. Consequently, only 6.2 percent of families in the county live below the poverty level, which is slightly less than the statewide average of 9.3 percent. Although there are no low-income census tracts in the assessment area, 19 percent of area families are classified as low-income and 18 percent are classified as moderate-income. Low- and moderate-income families are located throughout the assessment area.

CCB is a significant presence in the county. The bank's 11.9 percent share of deposits ranked it behind only Bank of America, Wells Fargo, Washington Mutual, and Comerica.²

Housing

The lack of affordable housing continues to be a critical need in Santa Cruz County. California, particularly the Bay Area and surrounding counties, remains one of the least affordable housing markets in the United States. Santa Cruz has been particularly impacted as a community because of its desirability as a coastal community and its proximity to Silicon Valley.³ Recent surveys by both the California Building Industry Association and the National Association of

² Source: FDIC/OTS Summary of Deposits as of June 30, 2001.

³ Source: City of Santa Cruz Housing and Community Development Department Consolidated Plan 2000-2005.

Homebuilders list the Santa Cruz metropolitan statistical area as the second least affordable area in the country, with only 8.3 percent of homes being affordable for a median income family.⁴ As of June, 2001, the median price of a home in Santa Cruz County was \$420,000, which represents a 37.5 percent increase in housing costs over the period under review.⁵ As a result of the drastic increase in home prices, entry-level home buyers are often unable to accumulate sufficient funds for the down payment on a home and overcrowding has become an issue as more families are forced to "double up."⁶ Factors affecting the affordability of housing in the area include a limited supply of developable land and growth management ordinances in the area.⁷ In its Consolidated Plan, the City of Santa Cruz also notes a need for rehabilitation loans for the area's aging housing stock and for affordable housing with supportive services for the elderly, for female headed households with children, and for persons with physical and mental disabilities.⁸

The increased cost of housing also affects renters, by driving up the cost of rental units in the area. Census data shows that almost half of all renters throughout the county, including those in middle- and upper-income tracts, have rental costs exceeding 30 percent of income. The Department of Housing and Urban Development considers costs of 30 percent or less to be affordable. Particularly impacted by the high rental rates are very low- and low-income households earning \$25,235 per year or less. According to the National Low Income Housing Coalition, the fair market rent for a two bedroom apartment in Santa Cruz County is \$1,175 per month, which requires an annual income of approximately \$47,000 to be affordable.⁹ The city of Santa Cruz notes that entry-level homebuyers are also severely impacted, as the high cost of renting makes it increasingly difficult to save a downpayment for their first home purchase.¹⁰

Employment and Economic Conditions

Santa Cruz County's mild weather, the presence of a major university, and the proximity to the Silicon Valley contribute to diverse economic opportunities in the area. Information and knowledge-based industries, tourism, and agriculture are the county's major industries, with five of the top 15 employers being either education or governmental.¹¹ In addition, the southern area of the county is a productive agricultural district, yielding strawberries, apples, lettuce, brussel sprouts, and flowers. Food processing firms are also a significant presence in the area. These varying industries contributed to fluctuating, but overall positive growth throughout 1999 and 2000.¹² While reliance on traditional industries resulted in a slower level of growth than the neighboring Bay Area and its booming high-tech sector, it also prevented the severe

⁴ Source: California Building Industry Association and National Association of Homebuilders, Housing Opportunity Index.

⁵ Source: California Association of Realtors, *Trends in California Real Estate* Newsletter, Volume 22, Number 7 (July 2001) and Volume 22, Number 3 (March 2001).

⁶ Source: City of Santa Cruz Housing and Community Development Department Consolidated Plan 2000-2005.

⁷ Source: Ibid.

⁸ Source: Ibid.

⁹ Source: National Low Income Housing Coalition, *Out of Reach 2001, America's Growing Wage-Rent Disparity*.

¹⁰ City of Santa Cruz Housing and Community Development Department Consolidated Plan 2000-2005.

¹¹ Source: Santa Cruz County Government.

¹² Source: California State Employment Development Department.

negative impact brought on in early 2001 by increasing dot-com failures.¹³ According to local reports, some area hotels and resorts showed a slight drop in business due to a decrease in business travel and conventions, but the overall travel industry showed improvement as those impacted by the economic downturn cancelled costly foreign vacations and stayed closer to home.¹⁴

Despite the overall positive growth, the seasonal nature of the travel and agriculture industries is such that it is normal for the county to experience a large fluctuation in unemployment rates throughout the year. The second and third quarters of each year, which encompasses both the farming and summer travel seasons, generally bring unemployment rates below the state average. However, the first and fourth quarters show unemployment rates substantially higher than the state average. On an average annual basis, however, the area unemployment rate declined steadily for the five year period from 1996 through 2000 and continued the downward trend through the first half of 2001.¹⁵

Business Demographics

Dun and Bradstreet data for the year 2000 shows that small business dominate the market. Specifically, there are 12,175 businesses in the assessment area, of which 10,766 (88 percent) have gross annual revenues less than or equal to \$1 million. In addition, the majority of businesses have less than five employees, with services and the retail trade comprising the preponderance of the business sectors. The following tables detail the business distributions within the assessment area.

Businesses by Size and Income Category					
Tract Income Level	Number of Businesses	Percent of Total Businesses	Businesses with Gross Annual Revenues <=\$1MM	Percent of Total Businesses with Gross Annual Revenues <=\$1MM	Businesses with Gross Annual Revenues <=\$1MM as a Percent of Total Businesses in Census Tract
Moderate	2,625	21%	2,288	21%	87%
Middle	6,660	55%	5,893	55%	89%
Upper	2,887	24%	2,582	24%	89%

Businesses by Sector		
Employment Sector	Number of Businesses	Percent of Businesses
Services	5,424	45%
Retail Trade	2,537	21%
Construction	995	8%
Finance, Insurance and Real Estate	885	7%
Manufacturing	824	7%
Wholesale Trade	632	5%
Agriculture	464	4%
Transportation, Communication	333	3%
All Other	81	1%

¹³ Source: Santa Cruz Sentinel, *Santa Cruz Economy Resists Downturn; Jobless Rate Falls*, July 25, 2001.

¹⁴ Source: Ibid.

¹⁵ Source: California Employment Development Department.

Conclusions

As detailed above, overall growth was slow, but positive in Santa Cruz County during the review period. Further, the area was not severely negatively impacted during the economic slowdown of early 2001. Given the preponderance of small businesses in the market, credit for small businesses remains a significant need. Community representatives interviewed in connection with this review also indicated a need for technical assistance for small and start-up businesses, small dollar commercial loans, and affordable housing programs and loans. In addition to affordable housing, the city of Santa Cruz notes the need for supportive services for the elderly, female headed households with children, and persons with physical and mental disabilities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Scope of Examination

CCB's CRA examination was conducted using the large bank performance criteria. It consisted of an evaluation of the bank's performance under the lending, investment, and service tests. The sample period for the lending test was January 1, 2000 through June 30, 2001. The following table details the characteristics of the loans reviewed. Community development investment and service activity was reviewed for the period from January 1, 2000 through October 31, 2001.

Loan Type	Number of Loans	Dollar Amount of Loans ('000s)
Small Business	374	\$55,000
Home Mortgage - Purchase	57	\$15,000
Home Mortgage - Refinance	111	\$26,000

LENDING TEST

CCB's overall performance under the lending test is high satisfactory. Lending activity reflects a good responsiveness to the assessment area's credit needs. Loans are concentrated inside the assessment area. In addition, lending patterns reflected good geographic distribution to moderate-income census tracts, and to the credit needs of low- and moderate-income borrowers and to businesses of different sizes. Finally, there is an adequate level of community development lending.

Assessment Area Concentration

As shown in the following table, a substantial majority of small business and home mortgage loans were originated within the assessment area.

Loan Type	Number of Loans	Percent of Number of Loans	Dollar Amount of Loans ('000s)	Percent of Dollar Amount of Loans
Small Business	326	87%	\$43,000	79%
Home Mortgage - Purchase	45	79%	\$12,000	81%
Home Mortgage - Refinance	100	90%	\$23,000	90%

Lending Distribution by Geography

Lending is concentrated in the areas surrounding CCB's branch offices and there are no conspicuous gaps in the lending distribution.

Small Business Lending

As shown below, small business lending patterns demonstrate good distribution among census tracts of different income levels, commensurate with the distribution of businesses in those tracts. Further, it is comparable to the level of lending by aggregate lenders in the area.

Tract Income Level	Percent of Tracts	Percent of Small Businesses	CCB Small Business Loans		Aggregate Market Small Business Loans	
			#	\$	#	\$
Moderate	22%	22%	26%	19%	18%	27%
Middle	51%	55%	53%	57%	54%	54%
Upper	27%	24%	21%	24%	28%	20%

Home Mortgage Lending

While the bank does limited home mortgage lending, those loans originated reflect an adequate dispersion among tract of different income levels, with eight percent of all home mortgage loans originated in moderate-income census tracts. Although the level of home refinance loans in moderate-income geographies lags behind the percentage of owner-occupied housing units in the area, the disparity is not such that it causes concern. The lower level of owner-occupied housing limits the pool of potential borrowers for refinance loans, and moderate-income census tracts are located primarily in the cities of Santa Cruz and Watsonville, where there is increased competition from other financial institutions.

Census Tract Income Level	Percent of Census Tracts	Distribution of Families	Owner-Occupied Housing Units	Home Mortgage Purchase		Home Mortgage Refinance	
				#	%	#	%
Moderate	22%	19%	13%	6	13%	4	4%
Middle	51%	53%	56%	25	56%	57	57%
Upper	27%	28%	32%	14	31%	39	39%

Lending Distribution by Borrower Income or Business Revenue

CCB originated loans to small businesses at a rate exceeding that of aggregate lenders in the area. Home mortgage lending to low- and moderate-income borrowers is adequate given the characteristics of the assessment area.

Small Business Lending

CCB has responded adequately to the credit needs of small businesses within its assessment area. As previously stated, approximately 88 percent of the businesses in the assessment area are considered small businesses under the Community Reinvestment Act. That is, they have gross annual revenues of \$1 million or less. During the review period, 51 percent by number and 39 percent by dollar of the bank's loans were originated to such businesses. Of those loans originated to small businesses, 78 percent were in an amount of \$100,000 or less, demonstrating a strong willingness to make the kinds of loans that are of a pressing need to small businesses. In

addition, the bank's level of lending to small businesses exceeded that of aggregate lenders, which was 42 percent for the year 2000.

Home Mortgage Lending

With respect to home mortgage lending, the bank is lending at levels that differ from the representation of low- and moderate-income families in the assessment area. As previously discusses, however, affordability of housing is a contributing factor to the bank's performance in this area. High housing costs restrict the ability of low- and moderate-income borrowers to afford or qualify for a traditional housing loan. In light of these considerations, the bank's lending performance for this criterion is adequate.

Income Level	Total Families		Home Mortgage Purchase		Home Mortgage Refinance	
	#	%	#	%	#	%
Low	10,654	20%	2	4%	4	4%
Moderate	9,844	18%	5	11%	11	11%
Middle	12,385	23%	6	13%	18	18%
Upper	21,780	40%	31	69%	67	67%

Community Development Lending

CCB made an adequate level of community development loans that was consistent with its capacity and the needs of the marketplace. Information obtained from community contacts and demographic data support the need for affordable housing and small business development within the assessment area. A review of community development loans noted that all supported these causes. Since the previous examination, the bank has extended nine community development loans totaling approximately \$1.9 million. Approximately half of that amount was comprised of a loan to a non-profit organization whose mission is to prevent and curtail violence among youth by providing them with alternative activities and resources. The majority - 60 percent - of the youth served by this organization are from families with incomes below the poverty line. The loan allowed the organization to consolidate various loans for the acquisition and remodeling of three of its buildings. Additional community development loans originated benefited the following qualified borrowers or purposes:

- A charter school whose students are primarily low-income
- An organization providing meals to low- and moderate-income senior citizens
- The construction of affordable housing for low- and moderate-income families
- Organizations providing social services to low- and moderate-income individuals

INVESTMENT TEST

CCB's performance under the investment test is low satisfactory. Qualified activity during the review period totaled \$2.5 million and supported a variety of causes, including economic development and affordable housing. These investments are comprised primarily of a \$2.2 million mortgage-backed security secured by mortgages in low- and moderate-income geographies. In addition, CCB made a \$300,000 equity investment in a fund that enables financial institutions and corporations to fund land recycling projects (brownfields). Priorities are projects that create or retain jobs, create or preserve affordable housing, are located in disadvantaged communities, redevelopment areas or enterprise zones and are sponsored by or include the participation of disadvantaged groups. Finally, there were thirteen qualified miscellaneous donations totaling \$31,000.

SERVICE TEST

CCB's performance under the service test is outstanding.

Retail Banking Services

Retail banking services are reasonably accessible to essentially all portions of the assessment area, including moderate-income geographies. There are currently 6 full service offices (two in Santa Cruz and one each in Aptos, Scotts Valley, Watsonville and Capitola) dispersed throughout the assessment area geographies. The hours of operation provide adequate access to banking services and do not vary in a way that inconveniences certain portions of the assessment area. All offices are open 9:00am to 4:00pm Monday through Thursday, 9:00am to 6:00pm on Friday, and the Capitola office is open 9:00am to 1:00pm on Saturday.

The bank has the following alternative delivery systems:

- Proprietary ATM's at all offices
- A stand alone ATM/night drop in Aptos
- ATM access at any Greater Bay ATM
- ATM membership in Star and Cirrus networks
- Telephone banking (inquiries and transfers)
- Consumer internet banking with bill pay (GreaterAccess)
- Direct deposit
- Bank by mail
- Courier services for businesses
- Night depository

Community Development Services

Bank personnel provided an excellent level of CRA-qualified community development services to organizations throughout the assessment area. Totalling approximately 73 hours per month over the two-year review period, these services addressed many of the area's stated needs. The

majority of services related to the provision of financial services and technical assistance to small businesses through involvement in existing organizations such as Chambers of Commerce, Downtown Associations, Small Business Development Councils and the County Conference and Visitors Council. Other services provided financial education and technical assistance to organizations providing services to low- and moderate-income individuals. Of particular note is one officer who provides over 30 hours of qualified services per month, primarily for organizations that provide technical assistance to or promote the growth of small businesses within the area. Other personnel provide services for at-risk youth, families in transition, and low- and moderate-income individuals.

COMPLIANCE WITH FAIR LENDING LAWS AND REGULATIONS

The bank is in compliance with the substantive portions of the Fair Housing Act and the Equal Credit Opportunity Act, which set forth the anti-discrimination in lending requirements. No violations of a discriminatory nature were noted and no issues exist with regard to the bank's compliance with these laws that would negatively impact its CRA rating.

GLOSSARY OF FREQUENTLY USED TERMS

Area Median Income (Median Income)

The median family income for the Metropolitan Statistical Area (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 which generally consists of one or more MSAs or one or more contiguous subdivisions, such as counties, cities or towns. Assessment areas also include geographies in which the bank has its main office, its branches and its deposit taking ATMs, as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans (including home mortgage loans, small business loans, small farm loans, and any other loans the bank chooses, such as those consumer loans on which the bank elects to have its performance assessed).

Community Development

- (1) Affordable housing (including multifamily rental housing) for low- or moderate-income individuals.
- (2) Community services targeted to low- or moderate-income individuals.
- (3) Activities that promote economic development by financing business or farms, which have, gross annual revenues of \$1 million or less or that meet the size eligibility standards of the Small Business Administration, or the number of units in the area, the disparity is not such that it programs.
- (4) Activities that revitalize or stabilize low- or moderate-income geographies.

Community Development Loan

- A loan that has as its primary purpose community development; and, except in the case of a wholesale or limited purpose bank:
- (1) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan; and
 - (2) Benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

Community Development Service	A service that has as its primary purpose community development, is related to the provision of financial services, and has not been considered in the evaluation of the bank's retail banking services under CRA.
Consumer Loans	Loans 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. Examples of consumer loans are: Motor Vehicle Loans, Credit Card Loans, Home-Equity Loans, Secured Consumer Loans and Unsecured Consumer Loans.
Census Tract	Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.
Family Income	Includes the income of all members of a family that are age 15 and older.
Families	Defined by the U.S. Bureau of Census as all persons occupying a housing unit related to the householder by birth, marriage or adoption. A single person living alone or two or more unrelated individuals occupying the same household are not considered to be a family.
Geographies	Census tracts or numbering area blocks delineated by the U.S. Bureau of Census in the most recent decennial census.
Household Income	Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.
Households	Defined by the U.S. Bureau of Census as all persons occupying a housing unit.
Housing Unit	Includes a house, an apartment, a mobile home, a group of homes, or a single room that is occupied as separate living quarters.

HUD Adjusted Median Income	Based initially on the area median income derived from the most recent decennial census, the Department of Housing and Urban Development adjusts the figure annually for inflation.
Income Level	Includes low-income, moderate-income, middle-income and upper-income.
Low-Income	An individual income that is less than 50 percent of the HUD-adjusted median income or a census tract or block numbering area with a median family income that is less than 50% of the area median income.
Median Income	See Area Median Income and HUD Adjusted Median Income.
Metropolitan Statistical Area (MSA)	An area qualifies as an MSA if it contains a city with a population of at least 50,000 or is defined by the Bureau of the Census as an urbanized area and has a population of 50,000 or more and a total metropolitan population of 100,000.
Middle-Income	An individual income that is at least 80 percent and less than 120 percent of the HUD-adjusted median income, or a census tract or block numbering area with a median family income that is at least 80 and less than 120 percent of the area median income.
Moderate-Income	An individual income that is at least 50 percent and less than 80 percent of the HUD-adjusted median income, or a census tract or block numbering area with a median family income that is at least 50 and less than 80 percent of the area median income.
Owner-Occupied Housing Unit	Includes housing 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.

Real Estate Mortgage Loan

Defined by the Home Mortgage Disclosure Act (HMDA) as a home purchase loan, home improvement loan or the refinancings for both. A home purchase loan is any loan secured by and made for the purpose of purchasing a dwelling. A home improvement loan is for the purpose, in whole or part, of repairing, rehabilitating, remodeling, or improving a dwelling or the real property on which it is located and is classified by the financial institution as a home improvement loan.

Small Bank

A bank that, as of December 31 of either of the prior two calendar years, had total assets of less than \$250 million and was independent or an affiliate of a holding company that, as of December 31 of the prior two calendar years, had total banking and thrift assets of less than \$1 billion.

Small Business

Businesses with gross annual revenues of \$1 million or less as defined by the Community Reinvestment Act.

Small Business Loan

Business purpose loans with original amounts of \$1 million or less as defined by the instructions for the Consolidated Reports of Condition and Income (CALL Report) for entry on schedule RC-C, part II "Loans to Small Businesses."

Upper-Income

An individual income that is 120 percent or more of the HUD-adjusted median income, or a census tract or block numbering area with a median family income that is 120 percent or more of the area median income.