

**PUBLIC DISCLOSURE**

July 18, 2011

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Peoples Bank of Virginia

3101775

2702 North Parham Road

Richmond, Virginia 23294

**Federal Reserve Bank of Richmond**

**P. O. Box 27622**

**Richmond, Virginia 23261**

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.

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## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.**  
**The Lending Test is rated: SATISFACTORY**  
**The Community Development Test is rated: SATISFACTORY**

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable in relation to the demand for credit in the assessment area.
- A substantial majority of the institution's Home Mortgage Disclosure Act (HMDA) and small business loans were originated to borrowers within the bank's assessment area.
- While bank's lending to businesses of different sizes is considered reasonable, HMDA lending to borrowers of different incomes is considered poor. The distribution of small business loans is weighed more heavily due to limited bank HMDA lending and therefore overall borrower distribution is considered reasonable.
- The bank's geographic distribution performance (lending in low- and moderate-income census tracts) varies from poor to excellent by business line and product and is considered marginally reasonable overall. The bank's geographic distribution performance small business lending is given greater weight when assigning the overall geographic distribution rating due to limited HMDA lending by the bank.
- The bank's level of qualified community development loans, investments and services demonstrates an adequate responsiveness to community development needs.
- The institution has not received any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation.

### **SCOPE OF EXAMINATION**

The institution was evaluated using the interagency examination procedures developed by the Federal Financial Institutions Examination Council and a full-scope evaluation was conducted. Peoples Bank of Virginia (PBVA) is required to report certain information regarding its home mortgage lending in accordance with the HMDA. Accordingly, 31 HMDA loan originations from 2009 and 2010 were considered in the evaluation. Based on the number and dollar volume of originations, small business loans were also identified as a primary credit product and considered in the evaluation. All 72 small business loans extended between January 1, 2010, and December 31, 2010, were considered.

### **DESCRIPTION OF INSTITUTION**

PBVA is headquartered in Henrico, Virginia and operates four branch offices in the counties of Chesterfield and Henrico. The bank has no subsidiary or affiliate relationships.

As of March 31, 2011, PBVA had total assets of \$290.4 million, of which 68.3% were net loans and 14.1% were securities. Various deposit and loan products are available through the institution including loans for residential mortgage, consumer, and business purposes. The composition of the loan portfolio (based on gross loans) as of March 31, 2011, is depicted in the following table:

**Composition of Loan Portfolio**

Loan Type	3/31/2011	
	\$(000s)	%
Secured by 1-4 Family dwellings	34,329	17.3
Multifamily	5,995	3.0
Construction and Development	33,524	16.9
Commercial & Industrial/ NonFarm NonResidential	122,592	61.8
Consumer Loans and Credit Cards	1,869	0.9
Agricultural Loans/ Farmland	0	0.0
All Other	26	0.0
<b>Total</b>	<b>198,335</b>	<b>100.0</b>

As of March 31, 2011, deposits totaled \$248 million. From March 31, 2007, through March 31, 2011, bank assets, loans, and deposits increased 16%, 17.7% and 14.2%, respectively. As reflected in the preceding table, commercial and industrial/nonfarm/nonresidential and loans secured by one-to-four family dwellings represent the largest loan types within the bank's loan portfolio. These composition percentages correspond to the number of loans recently extended by the bank which led to the selection of HMDA and small business loans for inclusion in the evaluation.

Based on its financial capacity, there are no significant limitations on the bank's ability to meet credit needs within the communities it serves. The bank's previous CRA rating was Satisfactory.

**DESCRIPTION OF RICHMOND, VA MSA ASSESSMENT AREA**

PBVA's assessment area includes the City of Richmond and the Counties of Chesterfield and Henrico in their entirety, all of which are located within the Richmond, Virginia Metropolitan Statistical Area (MSA). According to recent (June 30, 2010) data from the FDIC, PBVA ranked 11<sup>th</sup> out of 32 institutions in local deposit market share with 0.47% of deposits within the MSA. Although a HMDA reporter, the bank has nominal market share in this highly competitive market.

According to 2000 census information, the assessment area consists of 184 census tracts, of which 19 are low-, 38 are moderate-, 74 are middle- and 53 are upper-income. The area has a population of 719,993 and a median housing value of \$114,130. When compared with housing costs for the Commonwealth of Virginia (\$118,800) and the Richmond, Virginia MSA (\$112,209), housing costs are midway between the MSA and the Commonwealth. The owner-occupancy rate for the assessment area is 61.5%, which is slightly lower than both the Commonwealth (63.3%) and the MSA (64.6%) percentages. The percentage of families living below the poverty rate in the assessment area (7%) is higher than that of the MSA (6.89%) and Virginia (6.98%). The 2011 median family income is \$74,600 for the Richmond, Virginia MSA.

The following table contains detailed demographic information for the assessment area utilizing data from the 2000 census as well as Dun & Bradstreet (D&B) business data from 2010. The table provides demographic data for the assessment area by the income level of families and households, the distribution of owner-occupied housing units, and the distribution of local businesses.

**Assessment Area Demographics**

Richmond, VA MSA								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	19	10.3	11,627	6.2	4,302	37.0	34,988	18.7
Moderate	38	20.7	32,335	17.3	4,354	13.5	32,111	17.2
Middle	74	40.2	75,676	40.5	3,373	4.5	41,600	22.3
Upper	53	28.8	67,067	35.9	1,078	1.6	78,006	41.8
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>184</b>	<b>100.0</b>	<b>186,705</b>	<b>100.0</b>	<b>13,107</b>	<b>7.0</b>	<b>186,705</b>	<b>100.0</b>
	<b>Owner Occupied Units by Tract</b>		<b>Households</b>					
			<b>HHs by Tract</b>		<b>HHs &lt; Poverty by Tract</b>		<b>HHs by HH Income</b>	
	#	%	#	%	#	%	#	%
Low	6,035	3.2	19,141	6.7	6,822	35.6	61,400	21.4
Moderate	24,923	13.4	55,119	19.2	8,880	16.1	49,734	17.4
Middle	79,668	42.8	119,454	41.7	7,942	6.6	55,435	19.4
Upper	75,380	40.5	92,730	32.4	3,304	3.6	119,875	41.8
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>186,006</b>	<b>100.0</b>	<b>286,444</b>	<b>100.0</b>	<b>26,948</b>	<b>9.4</b>	<b>286,444</b>	<b>100.0</b>
	<b>Total Businesses by Tract</b>		<b>Businesses by Tract and Revenue Size</b>					
			<b>Less than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue not Reported</b>	
	#	%	#	%	#	%	#	%
Low	3,537	9.3	2,893	8.5	309	13.9	335	16.5
Moderate	5,686	14.9	4,849	14.3	431	19.3	406	19.9
Middle	15,050	39.4	13,469	39.7	876	39.3	705	34.6
Upper	13,948	36.5	12,743	37.5	615	27.6	590	29.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>38,221</b>	<b>100.0</b>	<b>33,954</b>	<b>100.0</b>	<b>2,231</b>	<b>100.0</b>	<b>2,036</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			88.8		5.8		5.3

\*NA-Tracts without household or family income as applicable

A variety of employment opportunities exist in the local area, including state and local government, educational and medical facilities, financial institutions, and manufacturing firms. Additionally, many residents of the assessment area commute throughout the greater Richmond metropolitan area for employment. The top private employers within the Richmond area include: Virginia Commonwealth University, Capital One Financial Corp., HCA Inc., Wal-Mart Stores, Dominion Resources, Bon Secours Richmond Health Systems, and Altria Group. The following table provides the unemployment rates as of June 2007, 2008, 2009, 2010 and 2011 for the Commonwealth of Virginia and all cities and counties within the assessment area.

Geographic Area	Unemployment Rate Trend				
	June				
	2007	2008	2009	2010	2011
City of Richmond	4.4%	5.8%	10.3%	10.2%	9.4%
Chesterfield County	2.7%	3.8%	7.2%	6.9%	6.3%
Henrico County	2.8%	3.7%	7.5%	6.8%	6.3%
Richmond MSA	3.2%	4.3%	8.1%	7.7%	7.1%
Commonwealth of Virginia	3.1%	4.0%	7.2%	7.0%	6.3%

As indicated in the preceding table, unemployment rates rose significantly from June 2007 peaking in June 2009. Since June 2009, the unemployment rates have trended downward. High area unemployment rates may adversely affect a bank's ability to extend credit as unemployed applicants and local businesses often have diminished repayment capacity. Overall employment opportunities in the assessment area are improving as indicated by decreasing unemployment rates from the excessive high levels in earlier years.

A representative from a local nonprofit organization was contacted to discuss local economic conditions and the credit needs of the community. According to the contact, affordable housing is a primary need for the area. The contact indicated that various local financial institutions have been supportive of the organization's affordable housing projects through financial expertise and donations.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:**

An analysis of lending during the review period is discussed in greater detail in subsequent sections of this evaluation. To evaluate PBVA's lending performance, small business loans extended by the bank during 2010 were analyzed. Dun & Bradstreet (D&B) business data from 2010 and market aggregate data from 2009 are considered as elements of performance context in evaluating the bank's small business lending performance. Market aggregate from 2010 could not be included in the analysis, as the data are not yet available.

While the bank reports a limited number of HMDA loans, such loans from calendar years 2009 and 2010 were also analyzed and considered in the evaluation. Area demographic and market aggregate data are used as proxies for demand when evaluating the bank's HMDA lending performance. Demographic data are from the 2000 census, while the HMDA aggregate data is from 2009 (as the data from 2010 is not yet publicly available).

Primary consideration is given to the number (and corresponding percentage) of transactions when assessing lending performance for specific individual loan types. When considering all loan types to arrive at an overall conclusion, the level of performance for each type is weighted primarily by the comparative annual dollar volume that the loan type contributes to the overall activity considered in the evaluation. Accordingly, the bank's small business performance is given significantly more weight than HMDA loans when considering the bank's combined product performance.

The bank's lending test performance is rated satisfactory. This rating considers the bank's loan-to-deposit ratio, level of lending in assessment area, and both borrower and geographic lending distribution performance.

The review of the bank's community development activities is also rated satisfactory. This conclusion is based on the number and amount of community development loans, the amount of qualified investments, the extent to which the bank provides community development services, and its responsiveness to identified community development lending, investment, and service needs.

The components of each test are discussed in the following sections. All conclusions also take into consideration relevant performance context factors.

### Loan-To-Deposit Ratio

A bank's loan-to-deposit ratio is one measure of its lending relative to its capacity. PBVA's loan-to-deposit ratio as of March 31, 2011, equaled 78.2% and averaged 83.6% for the 16-quarter period ending March 31, 2011. The quarterly average loan-to-deposit ratios for all banks headquartered in metropolitan areas in Virginia and of similar asset size to PBVA ranged from 81.9% to 88.9% for the same 16-quarter period. Since March 31, 2007, the bank's assets, loans, and deposits have increased by 16.0%, 17.7%, and 14.2%, respectively. The bank's loan-to-deposit ratio is considered reasonable given its size, financial condition, and assessment area credit needs.

### Lending In Assessment Area

PBVA's HMDA lending activity during 2009 and 2010 as well as small business loans extended in 2010 are represented in the following table.

#### Comparison of Credit Extended Inside and Outside of Assessment Area(s)

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	14	82.4	2,167	85.6	3	17.6	365	14.4
Home Improvement	9	100.0	219	100.0	0	0.0	0	0.0
Multi-Family Housing	1	100.0	2,000	100.0	0	0.0	0	0.0
Refinancing	4	100.0	1,715	100.0	0	0.0	0	0.0
<b>Total HMDA related</b>	<b>28</b>	<b>90.3</b>	<b>6,101</b>	<b>94.4</b>	<b>3</b>	<b>9.7</b>	<b>365</b>	<b>5.6</b>
Small Business*	63	87.5	8,829	82.0	9	12.5	1,942	18.0
<b>TOTAL LOANS</b>	<b>91</b>	<b>88.3</b>	<b>14,930</b>	<b>86.6</b>	<b>12</b>	<b>11.7</b>	<b>2,307</b>	<b>13.4</b>

\*The number and dollar amount of loans reflects a sample of such loans originated during the evaluation period and does not reflect loan data collected or reported by the institution.

As indicated in the above chart, a substantial majority of the number (88.3%) and the dollar amount (86.6%) of loans during this period were extended to residents and businesses in the bank's assessment area. Overall, the institution's level of lending within its assessment areas is considered highly responsive to community credit needs.

**Lending to Borrowers of Different Incomes and To Businesses of Different Sizes**

**Distribution of Lending by Loan Amount and Size of Business**

Richmond, VA MSA (2010)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	33	52.4	6,389	72.4	NA	NA	NA	NA
Over \$1 Million	30	47.6	2,440	27.6	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	44	69.8	1,529	17.3	NA	NA	NA	NA
\$100,001-\$250,000	7	11.1	1,017	11.5	NA	NA	NA	NA
\$250,001-\$1 Million	12	19.0	6,282	71.2	NA	NA	NA	NA
<b>Total</b>	<b>63</b>	<b>100.0</b>	<b>8,829</b>	<b>100.0</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

\* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

D&B data indicates 88.8% of businesses reporting revenue data within the assessment area had revenues of \$1 million or less. From a performance context perspective, 19% of 2009 aggregate small business loans were to businesses with revenues of \$1 million or less. The remaining portion of businesses had revenues exceeding \$1 million or revenues were unknown.

Within the bank’s market area, a large volume of small business lending activity was reported by specialized lenders who often originate small business loans in the form of credit cards. These loans tend to be much smaller in size than traditional small business bank loans, and a substantial majority of such loans do not have revenue data reported. The presence of these lenders produces a smaller market share for traditional lenders and tends to understate the percentage of aggregate lending to businesses with annual revenues of \$1 million or less. Consequently, the presence of these lenders was considered as an aspect of performance context when evaluating the level and distribution of bank lending.

In 2009, for a group of traditional small business lenders that excludes certain large credit card lenders, 50.6% of small business loans were to businesses having annual revenues of \$1 million or less. Overall, compared to the D&B data and considering peer data as an aspect of performance context, PBVA’s level of lending to small businesses is considered to be reasonable.

**Distribution of HMDA Loans by Income of Level of Borrower**

During 2009 and 2010, PBVA reported a relatively low number of HMDA loans for which income was reported (six loans in 2009 and ten loans in 2010). Based on such limited volume, lending for both years was analyzed on a combined basis and revealed that 6.3% of loans were extended to low-income borrowers and 6.3% were extended to moderate-income borrowers. This performance is compared to demographic data which shows that 18.7% and 17.2% of families are low- and moderate-income, respectively. Additionally, according to available 2009 aggregate data, 9.9% and 25.1% of HMDA loans were extended to low-income and moderate-income borrowers, respectively. While such a small volume of HMDA lending by the bank limits the usefulness of the data, when considering area demographics and aggregate data as elements of performance context, the bank’s borrower distribution of HMDA lending is nonetheless considered poor.

## Geographic Distribution of Loans

### Distribution of Small Business Loans by Income Level of Census Tract

Richmond, VA MSA (2010)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	1	1.6	500	5.7	NA	NA	NA	NA
Moderate	7	11.1	386	4.4	NA	NA	NA	NA
Middle	20	31.7	3,266	37.0	NA	NA	NA	NA
Upper	35	55.6	4,676	53.0	NA	NA	NA	NA
NA*	0	0.0	0	0.0	NA	NA	NA	NA
<b>Total</b>	<b>63</b>	<b>100.0</b>	<b>8,829</b>	<b>100.0</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

\*NA-Tracts without household or family income as applicable

According to D&B data, 9.3% and 14.9% of businesses are located in low-and moderate-income tracts, respectively. From a performance context perspective, aggregate lending data from 2009 indicates that 6.7% and 13.1% of loans were extended within low-and moderate-income tracts, respectively. During 2010, PBVA extended 1.6% of its small business loans within low-income tracts and 11.1% of such loans in moderate-income tracts. While the bank's small business lending performance in low-income tracts is considered poor, its lending in moderate-income tracts is considered reasonable. Given the more limited lending opportunities in low-income tracts, the bank's overall small business geographic distribution performance is considered marginally reasonable when considering area small business data and aggregate lending.

### Distribution of HMDA Loans by Income Level of Census Tract

Richmond, VA MSA (2009)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(6) Home Purchase				(14,724)			
Low	1	16.7	225	0.0	410	2.8	48,502	1.6
Moderate	1	16.7	27	3.5	1,753	11.9	228,937	7.7
	(2) Refinance				(34,420)			
Low	0	0.0	0	0.0	488	1.4	65,937	0.9
Moderate	0	0.0	0	0.0	2,851	8.3	402,695	5.8
	(4) Home Improvement				(1,194)			
Low	0	0.0	0	0.0	37	3.1	2,870	2.1
Moderate	1	25.0	15	10.6	139	11.6	10,886	8.0
	(0) Multi-Family				(33)			
Low	0	0.0	0	0.0	6	18.2	10,245	6.9
Moderate	0	0.0	0	0.0	7	21.2	15,589	10.6
	<b>HMDA Totals</b>							
Low	1	8.3	225	12.5	941	1.9	127,554	1.2
Moderate	2	16.7	42	2.3	4,750	9.4	658,107	6.4
Middle	2	16.7	742	41.4	18,774	37.3	3,221,770	31.5
Upper	7	58.3	785	43.8	25,906	51.4	6,228,585	60.8
NA*	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>12</b>	<b>100.0</b>	<b>1,794</b>	<b>100.0</b>	<b>50,371</b>	<b>100.0</b>	<b>10,236,016</b>	<b>100.0</b>

\*NA-Tracts without household or family income as applicable

( ) represents the total number of bank loans for the specific Loan Purpose

Loans where the geographic location is unknown are excluded from this table.

As indicated in the table above, during 2009 refinance lending was the largest lending product (by number of loans) extended by aggregate lenders, while home purchase loans was the largest lending product extended by the bank. According to area demographics, 3.2% and 13.4% of all owner-occupied housing units are located in low-and moderate-income census tracts, respectively. While the absence of refinancing loans to residents of low-and moderate-income tracts reflects a poor performance for this type of lending, the bank's performance for home purchase lending, although of modest volume, is considered excellent when compared to area demographics and aggregate lending. Based on the PBVA's greater volume of home purchase lending, greater weight is given to the performance of this type of lending.

Overall, the bank's 2009 lending in low-and moderate-income tracts (8.3% and 16.7%, respectively) exceeds the aggregate lending levels and the percentage of owner-occupied housing units in such tracts. The bank's lending performance in 2010 (when 18 loans were made) is substantially similar to its performance in 2009. When considering aggregate and demographic data, PBVA's geographic distribution performance for HMDA lending is considered excellent.

### **Community Development Loans, Investments, and Services**

Information from individuals knowledgeable of the local market area and review of the performance evaluations of other financial institutions having a local presence indicate that a variety of community development opportunities are available within this assessment area. Given its current loan-to-deposit ratio (78.2%), the bank's capacity for additional lending, including community development lending, is not constrained. Additionally, the bank does not face any constraints in providing community development services or making qualified investments.

Since the previous examination, the bank originated the following community development loans within this assessment area:

- Two multi-family residential mortgage loans totaling \$2.5 million. The multi-family units consisted of rental units that provide affordable housing primarily to low- and moderate-income residents.
- Three loans for \$5.7 million made as part of the Small Business Administration's (SBA) 504 Certified Development Company Program. The SBA's 504 loan program specifically provides long-term financing for projects that provide economic development and facilitate job creation.

In addition to the community development loans, the bank has qualified community development investments totaling \$2.8 million in Virginia Housing & Development (VHDA) bonds. The VHDA is a public mortgage lender that serves the housing needs of low-and moderate-income individuals throughout the Commonwealth of Virginia.

Overall, the bank has demonstrated an adequate level of responsiveness to local community development needs through its lending activities and investments that facilitate community development.

### **Fair Lending or Other Illegal Credit Practices Review**

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

## 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.

**Census tract:** A small subdivision 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. Census tracts 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.

**Community development:** All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**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.

**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, which 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).

**Full-scope review:** Performance under the Lending and Community Development Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-scope review:** Performance under the Lending and Community Development Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments and branch distribution).

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

**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.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**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 percent 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 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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 qualified investment is defined as any 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.

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** 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, or are classified as loans to finance agricultural production and other loans to farmers.

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