



## **PUBLIC DISCLOSURE**

AUGUST 19, 2019

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**VERUS BANK OF COMMERCE  
RSSD# 3322468**

**3700 SOUTH COLLEGE AVENUE  
UNIT 102  
FORT COLLINS, COLORADO 80525**

**Federal Reserve Bank of Kansas City**

**1 Memorial Drive  
Kansas City, Missouri 64198**

**NOTE:** This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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## INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

Verus Bank of Commerce (the bank) is rated **Satisfactory**. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit (NLTD) ratio is more than reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside the AA.
- A reasonable dispersion of loans occurs throughout the bank's AA.
- Lending reflects a reasonable penetration among businesses of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

## SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* were utilized to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. Lending performance was assessed within the bank's Fort Collins Metropolitan Statistical Area (MSA) AA. The following data was reviewed:

- The bank's 20-quarter average NLTD ratio,
- A sample of 82 small business loans selected from a universe of 139 loans originated between June 16, 2014 and December 31, 2018.

## DESCRIPTION OF INSTITUTION

The Bank is a community bank headquartered in Fort Collins, Colorado. The bank's characteristics include:

- The bank has total assets of \$268.4MM as of March 31, 2019.
- The bank operates from one main office in Fort Collins, Colorado.
- Previously, the bank operated one other full-service branch in Loveland, Colorado, which was closed in September 2014.
- The bank does not operate any automated teller machines.
- The bank's primary business focus is commercial lending.

**TABLE 1  
COMPOSITION OF LOAN PORTFOLIO  
AS OF MARCH 31, 2019**

Loan Type	\$(000)	%
Commercial	214,979	88.0
Residential Real Estate	26,269	10.8
Agricultural	2,953	1.2
Consumer	77	0.0
Other	2	0.0
<b>Gross Loans</b>	<b>244,280</b>	<b>100.0</b>

*Note: Percentages may not total 100.0 percent due to rounding.*

The bank was rated Satisfactory under the CRA at its June 16, 2014 performance evaluation. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

**DESCRIPTION OF ASSESSMENT AREA**

The bank's AA is comprised of Larimer County in its entirety (see Appendix A for maps of the AA).

- The AA consists of 73 census tracts; comprised of 3 low-, 20 moderate-, 36 middle-, 13 upper-, and 1 unknown-income census tract.
- Prior to the updated 2015 American Community Survey data, the AA had 2 low-, 18 moderate-, 36 middle-, 16 upper-, and 1 unknown-income census tract.
- The bank has a 2.4 percent deposit market share and ranks 9<sup>th</sup> out of 27 institutions operating in the AA, according to the June 30, 2018 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report.
- Two interviews with community members were leveraged to supplement the evaluation. One community member was a representative of a small business development organization in Larimer County. The other community member focused on the economic health and redevelopment in the city of Fort Collins.

**TABLE 2  
POPULATION CHANGE**

Area	2010 Population	2015 Population	Percent Change
Larimer County, Colorado	299,630	318,227	6.2
Fort Collins, Colorado MSA	299,630	318,227	6.2
State of Colorado	5,029,196	5,278,906	5.0

*Source: 2010 U.S. Census Bureau Decennial Census  
2011-2015 U.S. Census Bureau: American Community Survey*

- The population growth in Larimer County has slowed in recent years according to community members. They attribute this change to limited availability of affordable housing and higher-wage employment opportunities.

Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Larimer County, Colorado	73,771	76,886	4.2
Fort Collins, Colorado MSA	73,771	76,886	4.2
State of Colorado	70,046	74,826	6.8

*Source: 2006-2010 U.S. Census Bureau: American Community Survey  
2011-2015 U.S. Census Bureau: American Community Survey*

- A community member stated the county is facing a worker shortage due to the lack of higher-wage employment opportunities and affordable housing. Per the community member, most job openings are currently in restaurants and retail stores, which traditionally offer lower wages.

Area	Median Housing Value		Percent Change	Median Gross Rent		Percent Change
	2010	2015		2010	2015	
Larimer County, Colorado	246,000	263,400	7.1	849	1,035	21.9
Fort Collins, Colorado MSA	245,979	263,405	7.1	849	1,035	21.9
State of Colorado	236,600	247,800	4.7	852	1,002	17.6

*Source: 2006-2010 U.S. Census Bureau: American Community Survey  
2011-2015 U.S. Census Bureau: American Community Survey*

- AA median housing values are higher in comparison to the figure for the State of Colorado. In addition, rising housing values in the AA have likely resulted in individuals choosing to rent rather than purchase homes. In addition, the high demand and limited supply of affordable housing noted by community members is likely causing the sharp increase in median gross rents.
- The 2015 housing affordability ratio<sup>4</sup> in the Fort Collins MSA is 22.7 which is slightly below the statewide affordability ratio of 24.5. These ratios indicate that housing is generally less affordable in the Fort Collins MSA, as compared to the rest of the state.

<sup>4</sup> The housing affordability ratio is calculated by dividing the median household income by the median housing value. A lower ratio indicates that housing is generally less affordable.

**TABLE 5  
UNEMPLOYMENT RATES**

Region	2014	2015	2016	2017	2018
Larimer County, Colorado	4.3	3.3	2.8	2.3	2.8
Fort Collins, Colorado MSA	4.3	3.3	2.8	2.3	2.8
State of Colorado	5.0	3.9	3.3	2.7	3.3

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- Government, retail trade, accommodation and food services, health care and social assistance, and manufacturing employ the largest portions of the AA workforce according to data from the Colorado Department of Labor and Employment.
- The largest single employers in the AA are the University of Colorado Health, Broadcom Inc. (semiconductor components manufacturer); Woodward Inc. (aircraft control systems manufacturer); and Banner Health (healthcare services), according to a 2018 economic profile of Larimer County by the MetroDenver Economic Development Corporation.
- A community member stated that the local economy is doing extremely well and that since the 2008 recession, it has become the strongest growing economy in the state.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Net Loan-to-Deposit Ratio:

This performance criterion evaluates the bank's average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on location, asset size, and loan portfolio composition. The bank's NLTD ratio is more than reasonable. The 20-quarter average NLTD ratio at 114.2 percent exceeds the NLTD ratios of the comparable institutions. In addition, the NLTD ratio has increased since the previous CRA evaluation, at which time the ratio was 105.7 percent.

TABLE 6 COMPARATIVE NLTD RATIOS			
Institution	Location	Asset Size (\$000s)	NLTD Ratio (%)
			20 - Quarter Average
Verus Bank of Commerce	Fort Collins, Colorado	268,422	114.2
Points West Community Bank	Windsor, Colorado	255,375	77.4
Bank of Estes Park	Estes Park, Colorado	125,227	53.1
Advantage Bank	Loveland, Colorado	307,153	93.0

**Assessment Area Concentration:**

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. A majority of the bank’s loans, by number and dollar, are originated inside the AA. This concentration of lending is an improvement from the bank’s previous CRA evaluation, where 66.7 percent by number and 42.8 percent by dollar of small business loans were originated within the bank’s AA.

TABLE 7 LENDING INSIDE AND OUTSIDE THE AA								
Loan Type	Inside				Outside			
	#	\$(000)	#%	\$%	#	\$(000)	#%	\$%
Small Business Loans	65	\$13,583	79.3	67.4	17	\$6,570	20.7	32.6
<b>Total Loans</b>	<b>65</b>	<b>\$13,583</b>	<b>79.3</b>	<b>67.4</b>	<b>17</b>	<b>\$6,570</b>	<b>20.7</b>	<b>32.6</b>

*Note: Percentages may not add to 100.0 percent due to rounding.*

**Geographic Distribution of Loans**

This performance criterion evaluates the bank’s distribution of lending within its AA by income level of census tracts. The bank’s geographic distribution of lending was evaluated throughout the entire review period; however, only performance throughout 2017 and 2018 is discussed in detail below due to changes in the comparable demographic figure. Refer to Appendix B for the bank’s performance in the other years within the review period. The bank’s geographic distribution of loans reflects reasonable dispersion among the different census tracts within the AA.

Small Business Lending

The geographic distribution of small business lending is reasonable. The distribution of small business loans was compared to the percentage of businesses located in each geography. The bank’s lending in low-income census tracts greatly exceeds the percentage of businesses in those tracts, while lending in moderate-income census tracts is above the demographic figure. The bank’s lending in middle-income tracts is below the demographics, while lending in upper-income tracts is above the demographic. The bank’s geographic distribution of lending in 2014,

2015, and 2016 in low-income census tracts is comparable to the percentage of businesses in those tracts, while lending in moderate-income census tracts is below the demographic figure.

Additionally, an analysis of loan dispersion identified no gaps or lapses in lending within the AA.

**TABLE 8  
DISTRIBUTION OF 2017-2018 SMALL BUSINESS LENDING  
BY INCOME LEVEL OF GEOGRAPHY**

Census Tract Income Level	Bank Small Business Loans				% of Businesses
	#	\$(000)	#%	\$%	
<b>Low</b>	3	262	12.5	7.3	3.4
<b>Moderate</b>	8	1,150	33.3	31.9	29.0
<b>Middle</b>	6	1,499	25.0	41.5	43.1
<b>Upper</b>	7	698	29.2	19.3	24.5
<b>Unknown</b>	0	0	0.0	0.0	0.0

*Source: 2018 FFIEC Census Data  
2018 Dun & Bradstreet data  
2011– 2015 U.S. Census Bureau: American Community Survey*  
NOTE: Percentages may not add up to 100.0 due to rounding.

### Lending to Businesses of Different Sizes

This performance criterion evaluates the bank’s lending to businesses of different revenue sizes. The bank’s distribution of lending to businesses of different revenue sizes was evaluated throughout the entire review period; however, only performance throughout 2017 and 2018 is discussed below due to changes in the comparable demographic figures. Refer to Appendix B for the bank’s performance in the other years within the review period. The bank’s lending has a reasonable penetration among businesses of different revenue sizes.

#### Small Business Lending

The borrower distribution of small business lending is considered reasonable. The distribution of lending to businesses of different revenue sizes was compared to the percentage of businesses of each revenue size in the AA. The bank’s lending to businesses with \$1MM or less in gross annual revenues is below the demographic figure. An analysis of aggregate lending volumes of financial institutions that are required to report CRA data indicated that other financial institutions operating in the Fort Collins MSA are lending 64.0 percent by number and 49.4 percent by dollar of small business loans to businesses with gross annual revenues of \$1MM or less. While aggregate lending data is not a direct comparison, as the bank is not a CRA reporter, aggregate lending volumes are reflective of the overall demand for small business credit in the AA. The bank’s performance throughout 2014-2016 is similar, with lending volumes below the percentage of businesses in the AA with gross annual revenues of \$1MM or less. The bank’s lending in 2014-2016 also outperformed aggregate lending during the same years.



While lending was lower than the demographic figure, 83.3 percent of loans were for dollar amounts \$250,000 or less, indicating a willingness to meet the credit needs of small businesses. Typically, smaller entities do not have the need or capacity to borrow large amounts.

**TABLE 9  
DISTRIBUTION OF 2017-2018 SMALL BUSINESS LENDING  
BY REVENUE SIZE OF BUSINESSES**

	Bank Loans				Total Businesses
	#	\$(000)	#%	\$%	%
<b>By Revenue</b>					
\$1 Million or Less	17	2,827	70.8	78.3	93.7
Over \$1 Million	4	343	16.7	9.5	5.3
Not Known	3	439	12.5	12.2	1.1
<b>Total</b>	<b>24</b>	<b>3,609</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
\$100,000 or less	12	590	50.0	16.3	
\$100,001 – \$250,000	8	1,509	33.3	41.8	
\$250,001 – \$1 Million	4	1,510	16.7	41.8	
<b>Total</b>	<b>24</b>	<b>3,609</b>	<b>100.0</b>	<b>100.0</b>	
<b>By Loan Size and Revenue \$1 Million or Less</b>					
\$100,000 or less	8	347	47.1	12.3	
\$100,001 – \$250,000	5	970	29.4	34.3	
\$250,001 – \$1 Million	4	1,510	23.5	53.4	
<b>Total</b>	<b>17</b>	<b>2,827</b>	<b>100.0</b>	<b>100.0</b>	

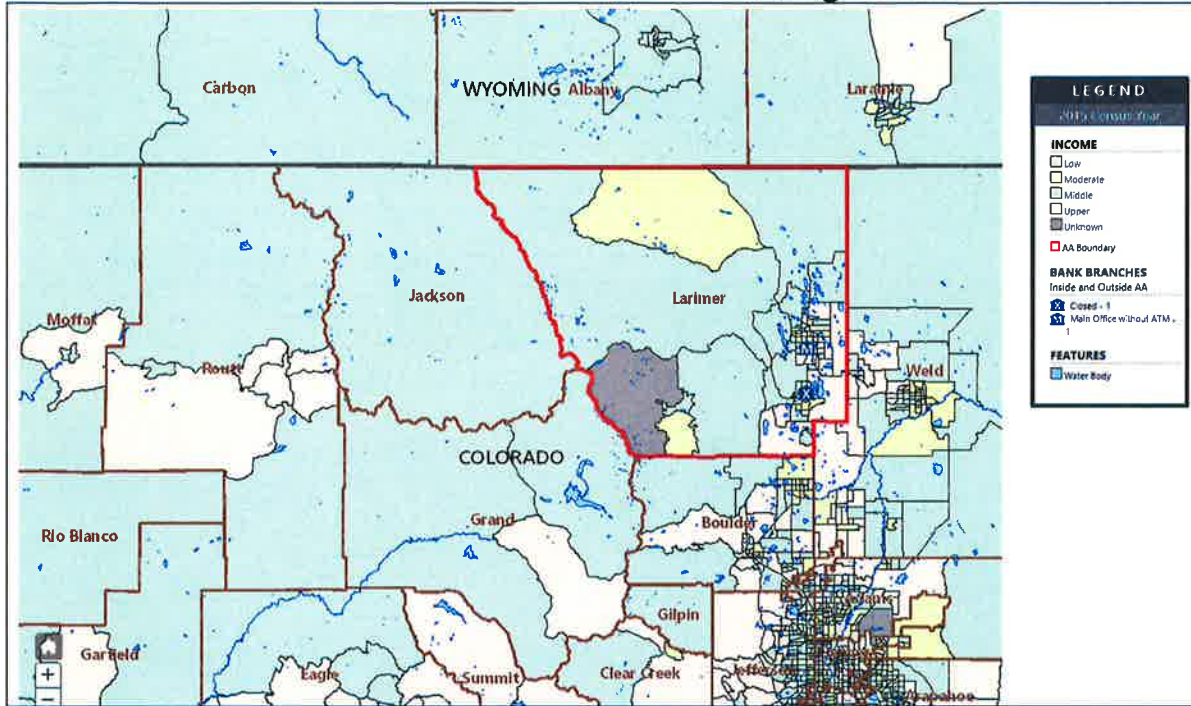
Source: 2018 FFIEC Census Data  
2018 Dun & Bradstreet data  
2011– 2015 U.S. Census Bureau: American Community Survey  
NOTE: Percentages may not add up to 100.0 due to rounding.

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

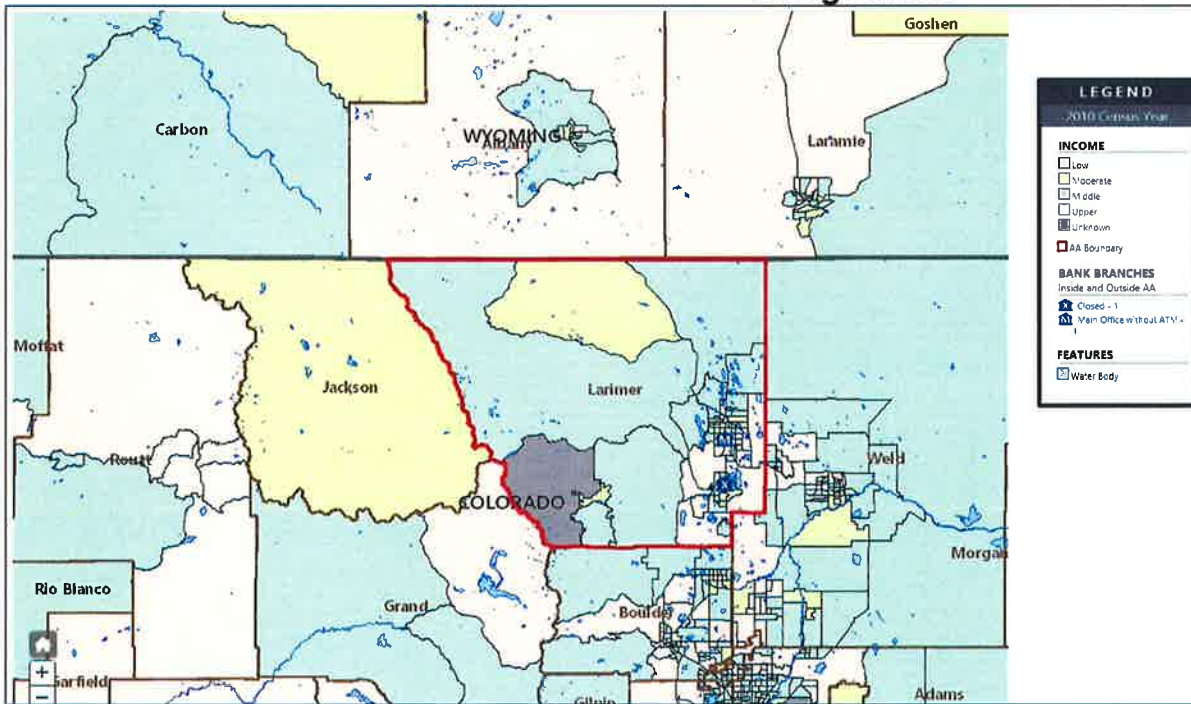
An evaluation of the bank’s fair lending activities was conducted during the examination to determine compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – MAPS OF THE ASSESSMENT AREA

2017 – 2018 FFIEC Census Tract Designations



2014 – 2016 FFIEC Census Tract Designations



APPENDIX B – DEMOGRAPHIC INFORMATION

**TABLE B-1  
2018 FORT COLLINS MSA AA DEMOGRAPHICS**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	3	4.1	1,249	1.6	296	23.7	16,047	20.5
Moderate	20	27.4	17,811	22.8	1,722	9.7	13,470	17.2
Middle	36	49.3	39,955	51.1	2,307	5.8	17,701	22.6
Upper	13	17.8	19,196	24.5	710	3.7	30,998	39.6
Unknown	1	1.4	5	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>73</b>	<b>100.0</b>	<b>78,216</b>	<b>100.0</b>	<b>5,035</b>	<b>6.4</b>	<b>78,216</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	2,596	1,213	1.5	46.7	1,242	47.8	141	5.4
Moderate	40,893	16,472	20.5	40.3	19,160	46.9	5,261	12.9
Middle	66,923	42,321	52.7	63.2	19,289	28.8	5,313	7.9
Upper	26,257	20,258	25.2	77.2	5,136	19.6	863	3.3
Unknown	182	0	0.0	0.0	47	25.8	135	74.2
<b>Total AA</b>	<b>136,851</b>	<b>80,264</b>	<b>100.0</b>	<b>58.7</b>	<b>44,874</b>	<b>32.8</b>	<b>11,713</b>	<b>8.6</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	794	3.4	669	3.0	116	9.4	9	3.5
Moderate	6,829	29.0	6,386	28.9	381	30.7	62	24.2
Middle	10,162	43.1	9,634	43.7	411	33.1	117	45.7
Upper	5,775	24.5	5,375	24.4	332	26.8	68	26.6
Unknown	2	0.0	2	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>23,562</b>	<b>100.0</b>	<b>22,066</b>	<b>100.0</b>	<b>1,240</b>	<b>100.0</b>	<b>256</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>93.7</b>	<b>5.3</b>	<b>1.1</b>		
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	8	1.6	7	1.4	1	12.5	0	0.0
Moderate	72	14.2	71	14.2	0	0.0	1	100.0
Middle	255	50.2	252	50.5	3	37.5	0	0.0
Upper	172	33.9	168	33.7	4	50.0	0	0.0
Unknown	1	0.2	1	0.2	0	0.0	0	0.0
<b>Total AA</b>	<b>508</b>	<b>100.0</b>	<b>499</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
<b>Percentage of Total Farms:</b>				<b>98.2</b>	<b>1.6</b>	<b>0.2</b>		
<p>Source: 2018 FFIEC Census Data 2018 Dun &amp; Bradstreet data 2011 – 2015 U.S. Census Bureau: American Community Survey</p> <p>NOTE: Percentages may not add up to 100.0 due to rounding.</p>								

**TABLE B-2  
2016 FORT COLLINS MSA AA DEMOGRAPHICS**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	2.7	1,020	1.4	282	27.6	14,995	20.2
Moderate	18	24.7	14,167	19.1	1,797	12.7	13,102	17.6
Middle	36	49.3	37,482	50.4	2,295	6.1	16,539	22.3
Upper	16	21.9	21,642	29.1	730	3.4	29,688	39.9
Unknown	1	1.4	13	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>73</b>	<b>100.0</b>	<b>74,324</b>	<b>100.0</b>	<b>5,104</b>	<b>6.9</b>	<b>74,324</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	3,412	799	1.0	23.4	2,416	70.8	197	5.8
Moderate	30,761	14,387	18.2	46.8	12,335	40.1	4,039	13.1
Middle	65,522	39,631	50.0	60.5	18,848	28.8	7,043	10.7
Upper	30,789	24,388	30.8	79.2	4,598	14.9	1,803	5.9
Unknown	135	13	0.0	9.6	0	0.0	122	90.4
<b>Total AA</b>	<b>130,619</b>	<b>79,218</b>	<b>100.0</b>	<b>60.6</b>	<b>38,197</b>	<b>29.2</b>	<b>13,204</b>	<b>10.1</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	212	1.0	197	1.0	13	1.1	2	1.3
Moderate	4,342	21.0	3,969	20.6	340	28.4	33	20.8
Middle	10,215	49.5	9,614	49.9	527	44.0	74	46.5
Upper	5,862	28.4	5,496	28.5	318	26.5	48	30.2
Unknown	6	0.0	4	0.0	0	0.0	2	1.3
<b>Total AA</b>	<b>20,637</b>	<b>100.0</b>	<b>19,280</b>	<b>100.0</b>	<b>1,198</b>	<b>100.0</b>	<b>159</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>93.4</b>	<b>5.8</b>	<b>0.8</b>		
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	3	0.7	3	0.7	0	0.0	0	0.0
Moderate	45	10.5	44	10.5	1	11.1	0	0.0
Middle	233	54.3	228	54.3	5	55.6	0	0.0
Upper	147	34.3	144	34.3	3	33.3	0	0.0
Unknown	1	0.2	1	0.2	0	0.0	0	0.0
<b>Total AA</b>	<b>429</b>	<b>100.0</b>	<b>420</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>97.9</b>	<b>2.1</b>	<b>0.0</b>		

Source: 2016 FFIEC Census Data  
2016 Dun & Bradstreet data  
2006 - 2010 U.S. Census Bureau: American Community Survey  
NOTE: Percentages may not add up to 100.0 due to rounding.

**TABLE B-3  
DISTRIBUTION OF 2014-2016 SMALL BUSINESS LENDING  
BY INCOME LEVEL OF GEOGRAPHY**

Census Tract Income Level	Bank Small Business Loans				% of Businesses
	#	\$(000)	#%	\$%	
Low	1	197	2.4	2.0	1.0
Moderate	5	1,162	12.2	11.7	21.0
Middle	25	6,593	61.0	66.1	49.5
Upper	10	2,023	24.4	20.3	28.4
Unknown	0	0	0.0	0.0	0.0

Source: 2016 FFIEC Census Data  
2016 Dun & Bradstreet data  
2006 – 2010 U.S. Census Bureau: American Community Survey  
NOTE: Percentages may not add up to 100.0 due to rounding.

**TABLE B-4  
DISTRIBUTION OF 2014-2016 SMALL BUSINESS LENDING  
BY REVENUE SIZE OF BUSINESSES**

	Bank Loans				Total Businesses
	#	\$(000)	#%	\$%	%
<b>By Revenue</b>					
\$1 Million or Less	29	7,891	70.7	79.1	93.4
Over \$1 Million	7	1,083	17.1	10.9	5.8
Not Known	5	1,000	12.2	10.0	0.8
<b>Total</b>	<b>41</b>	<b>9,975</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
\$100,000 or less	15	786	36.6	7.9	
\$100,001 – \$250,000	13	2,473	31.7	24.8	
\$250,001 – \$1 Million	13	6,716	31.7	67.3	
<b>Total</b>	<b>41</b>	<b>9,975</b>	<b>100.0</b>	<b>100.0</b>	
<b>By Loan Size and Revenue \$1 Million or Less</b>					
\$100,000 or less	9	406	31.0	5.1	
\$100,001 – \$250,000	10	1,923	34.5	24.4	
\$250,001 – \$1 Million	10	5,562	34.5	70.5	
<b>Total</b>	<b>29</b>	<b>7,891</b>	<b>100.0</b>	<b>100.0</b>	

Source: 2016 FFIEC Census Data  
2016 Dun & Bradstreet data  
2006 – 2010 U.S. Census Bureau: American Community Survey  
NOTE: Percentages may not add up to 100.0 due to rounding.

## APPENDIX C – 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:** 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, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

**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 nonrelatives 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 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 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) 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.