

PUBLIC DISCLOSURE

May 13, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Liberty Bank
RSSD # 478766**

**500 Linden Avenue
South San Francisco, California 94080**

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

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INSTITUTION RATING

Institution's Community Reinvestment Act (CRA) Rating

Liberty Bank is rated "SATISFACTORY"

The major factors supporting the institution's rating include:

- A reasonable loan-to-deposit ratio;
- A majority of small business loans originated within the bank's assessment area;
- A reasonable geographic distribution of small business loans given lending capacity and branch structure of the bank and lending opportunities in the assessment area; and
- A reasonable distribution of loans to businesses of different sizes.

INSTITUTION

Description of Institution

Liberty Bank (Liberty), South San Francisco, California, is a wholly owned subsidiary of Liberty Bancorp, a shell bank holding company. Liberty commenced operations in April 1982 and reported total assets of \$256.2 million as of December 31, 2018. In addition to its main branch in South San Francisco, Liberty operates two branches in Boulder Creek and Felton, California.

Liberty is a full-service community bank engaged primarily in commercial lending to small businesses, professionals, and real estate investors. Commercial loan products include commercial real estate loans, asset-based lines of credit, construction loans, equipment loans, term loans, and unsecured lines of credit. Consumer loan offerings are limited, and include personal loans, lines of credit, and home equity lines of credit. The bank also offers traditional deposit products to businesses and consumers, and services such as internet banking, telephone banking, and internet bill pay.

Exhibit 1 below represents Liberty's loan portfolio as stated in the Consolidated Report of Condition and Income as of December 31, 2018, and illustrates the bank's commercial lending focus.

EXHIBIT 1 LOANS AND LEASES AS OF DECEMBER 31, 2018		
Loan Type	\$ ('000s)	%
Commercial/Industrial & Non-Farm Non-Residential Real Estate	179,068	84.6
Multi-Family Residential Real Estate	20,326	9.6
Secured by 1-4 Family Residential Real Estate	8,536	4.0
Construction & Land Development	2,863	1.4
All Other	532	0.3
Consumer Loans & Credit Cards	329	0.2
Total (Gross)	211,654	100.0

There were no legal or financial impediments inhibiting the bank's ability to meet the credit needs of its assessment area. The bank received an overall satisfactory rating at its previous CRA examination, conducted as of December 1, 2014, by the Federal Reserve Bank of San Francisco, using the *Interagency Small Institution CRA Examination Procedures*.

Description of Assessment Area

Liberty has one contiguous assessment area that is composed of the entirety of San Francisco, San Mateo, and Santa Cruz counties. The City of San Francisco makes up the entirety of San Francisco County. San Francisco County and San Mateo County combined form the San Francisco-San Mateo-Redwood City, CA Metropolitan Division (MD). This MD is a part of the larger San Francisco-Oakland-Berkeley, CA Metropolitan Statistical Area (MSA), while Santa Cruz County represents the entire Santa Cruz-Watsonville, CA MSA. Both of these MSAs are within the larger 14-county San Jose-San Francisco-Oakland Combined Statistical Area (CSA) that includes the San Francisco Bay Area.

The three-county assessment area is bordered by Marin County to the north, Alameda and Santa Clara counties to the east, Monterey and San Benito counties to the south, and the Pacific Ocean to the west. The combined assessment area is home to more than 1.9 million people.¹ Although San Francisco County is the smallest county in the assessment area with land area of approximately 47 square miles,² it is the most densely populated county in the area and the City of San Francisco is the 13th largest city in the United States.³ While San Mateo County and Santa Cruz County, with land areas of 448 square miles and 445 square miles respectively,⁴ have smaller populations than San Francisco, San Mateo County has more than double the population of Santa Cruz County.⁵

Liberty has a small presence in a highly competitive assessment area, ranking 32nd among competing financial institutions within the area. As of June 30, 2018, the assessment area had 55 Federal Deposit Insurance Corporation-insured commercial institutions operating 489 offices.⁶ Liberty operated three branches with total deposits of \$223.1 million, representing 0.08 percent of the market.⁷

Exhibit 2 on the following page presents key demographic and business information which is used to help develop a performance context for the assessment area.

¹ U.S. Census Bureau, QuickFacts, Population Estimates, July 1, 2018; available from: www.census.gov/quickfacts/.

² Ibid.

³ Biggest US Cities By Population, Top 1,000 Nationwide – 2018 Population Data; available from: www.biggestuscities.com/ (accessed May 21, 2019).

⁴ U.S. Census Bureau, QuickFacts, Population Estimates, July 1, 2018; available from: www.census.gov/quickfacts/.

⁵ Ibid.

⁶ Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2018; available from: <https://www5.fdic.gov/sod/sodMarketRpt.asp?barItem=2>.

⁷ Ibid.

EXHIBIT 2 ASSESSMENT AREA DEMOGRAPHICS SAN FRANCISCO-SAN MATEO-SANTA CRUZ ASSESSMENT AREA 2018 FFIEC CENSUS AND 2018 DUN AND BRADSTREET DATA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	40	9.8	30,892	7.7	6,320	20.5	98,442	24.6
Moderate-income	75	18.4	80,046	20.0	8,220	10.3	63,169	15.8
Middle-income	132	32.4	141,755	35.4	7,588	5.4	71,292	17.8
Upper-income	149	36.5	145,226	36.3	4,040	2.8	167,030	41.8
Unknown-income	12	2.9	2,014	0.5	178	8.8	0	0.0
Total AA	408	100.0	399,933	100.0	26,346	6.6	399,933	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	76,537	11,433	3.4	14.9	57,706	75.4	7,398	9.7
Moderate-income	134,778	51,413	15.3	38.1	75,997	56.4	7,368	5.5
Middle-income	260,001	124,143	36.9	47.7	117,639	45.2	18,219	7.0
Upper-income	280,498	148,547	44.1	53.0	112,313	40.0	19,638	7.0
Unknown-income	9,734	1,212	0.4	12.5	7,397	76.0	1,125	11.6
Total AA	761,548	336,748	100.0	44.2	371,052	48.7	53,748	7.1
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	16,391	13.8	13,916	13.0	2,351	22.3	124	14.7
Moderate-income	16,075	13.5	14,686	13.7	1,295	12.3	94	11.1
Middle-income	34,273	28.9	31,868	29.7	2,182	20.7	223	26.4
Upper-income	50,237	42.3	45,404	42.3	4,475	42.5	358	42.4
Unknown-income	1,746	1.5	1,481	1.4	220	2.1	45	5.3
Total AA	118,722	100.0	107,355	100.0	10,523	100.0	844	100.0
% of Total Businesses				90.4		8.9		0.7
2018 Median Family Income ⁸			December 2018 Median Housing Value ⁹					
San Francisco County			\$103,742	San Francisco County			\$1,500,000	
San Mateo County			\$103,742	San Mateo County			\$1,483,000	
Santa Cruz County			\$81,912	Santa Cruz County			\$926,000	
2018 HUD Adjusted Median Family Income ¹⁰			2018 Unemployment Rate ¹¹					
San Francisco County			\$116,400	San Francisco County			2.4%	
San Mateo County			\$116,400	San Mateo County			2.2%	
Santa Cruz County			\$81,400	Santa Cruz County			4.9%	

⁸ FFIEC Median Family Income; available from: <https://www.ffiec.gov/Medianincome.htm>.

Economic Conditions

During the review period, the San Francisco-San Mateo-Santa Cruz assessment area experienced overall economic growth. The assessment area's well-diversified economy and labor market growth contributed to its economic expansion; however, there is a marked contrast between the performance and impact of San Francisco and San Mateo counties in comparison to Santa Cruz County.

The San Francisco-San Mateo-Redwood City, CA MD was at the vanguard of California's economic recovery.¹² This MD serves as the area's financial hub, and its unparalleled technology industry paved the way for robust investment and hiring.¹³ San Francisco County is a hub to a thriving tourism industry, as it ranked as the fifth most popular tourist destination for overseas travelers¹⁴ and the ninth most popular destination for domestic travelers.¹⁵ San Mateo County is home to 14 of the top 25 venture capital funded biotech companies in the Bay Area.¹⁶ The county also includes the San Francisco International Airport and the Port of Redwood City. The port specializes in liquid and bulk cargo for the construction industry, and the airport is a significant economic engine for the entire region, providing 200,000 jobs either at the airport or at importers, exporters, warehouses, food service companies, tourist attractions, and other industries.¹⁷ The area's corresponding strong income growth generated mid-wage jobs in various business and consumer services. Demand for commercial real estate development was steady as both new and established tech firms faced shortages of labor and office space, driving elevated rents.¹⁸ Residential and nonresidential building is on the rise as developers respond aggressively to high prices and rents.¹⁹

Santa Cruz County's local economy is anchored by technology, agriculture, and tourism.²⁰ The county is home to the University of California, Santa Cruz (UCSC), and hosts the Long Marine Laboratory, the Lick Observatory, the National Marine Fisheries Service, and the Monterey Bay National Marine Sanctuary Exploration Center.²¹ High educational attainment for its residents, the presence of UCSC, and relatively low business costs were strengths of the local economy.²² The university drove the broader local economy by providing skilled labor for businesses and spurring private business growth.²³ Growth was also seen in the agricultural sector. While the unemployment rate fell during the review period, the

⁹ California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached Homes as of December 2018; available from: <https://www.car.org/marketdata/data/housingdata/>.

¹⁰ FFIEC Adjusted Median Family Income; available from: <https://www.ffiec.gov/Medianincome.htm>.

¹¹ Annual Unemployment Rate, U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

¹² Moody's Precip Report, San Francisco-Redwood City-South San Francisco, April 2015.

¹³ Moody's Precip Report, San Francisco-Redwood City-South San Francisco, November 2018.

¹⁴ U.S. Department of Commerce, 2017 Overseas Visitation Estimates to the Top Cities; available from: https://travel.trade.gov/outreachpages/inbound.general_information.inbound_overview.asp (accessed May 19, 2019).

¹⁵ Hanbury, Mary. The 25 Most Popular Travel Destinations in the US. *Business Insider*. March 21, 2017; available from: <https://www.businessinsider.com/most-popular-us-travel-destinations-2017-3> (accessed May 19, 2019).

¹⁶ San Mateo County Economic & Industry Overview, August 2018; available from:

<http://samceda.org/sites/default/files/SMC%20Economic%20%26%20Industry%20Overview%20August%202018.pdf> (accessed May 19, 2019).

¹⁷ County of San Mateo, 2017-2019 Profile (pg. A-43); available from:

https://cmo.smcgov.org/sites/cmo.smcgov.org/files/Profile_2017-19.pdf (accessed May 19, 2019).

¹⁸ Moody's Precip Report, San Francisco-Redwood City-South San Francisco, November 2018.

¹⁹ Ibid.

²⁰ County of Santa Cruz, About Santa Cruz County; available at <http://www.co.santa-cruz.ca.us/Visiting/AboutSantaCruzCounty.aspx> (accessed on May 29, 2019).

²¹ Ibid.

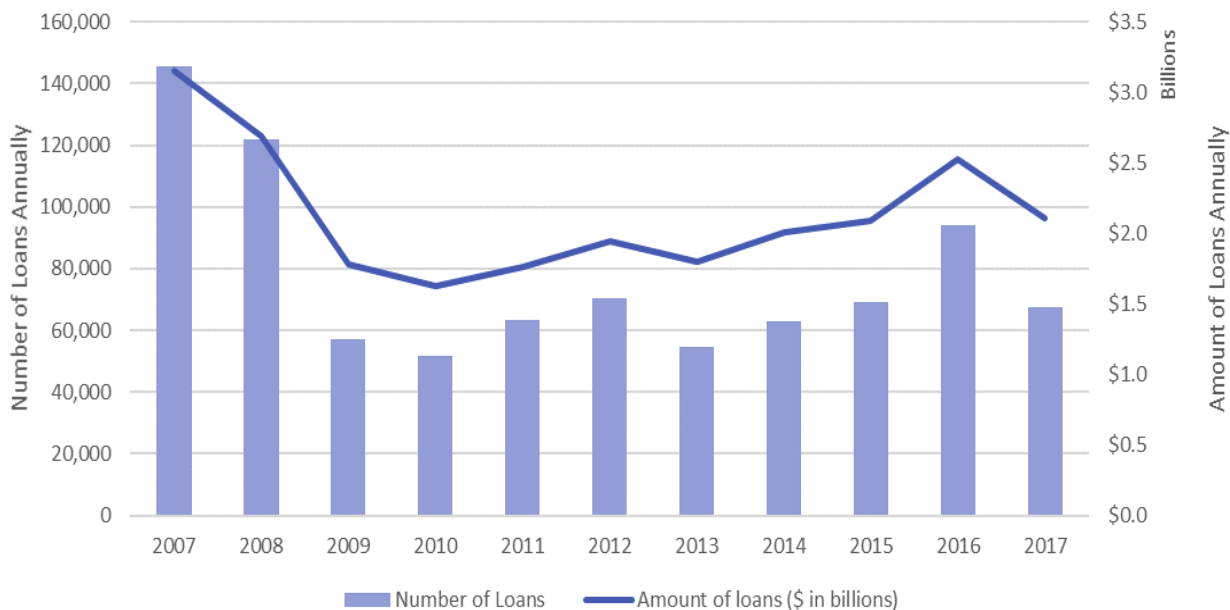
²² Moody's Precip Report, Santa Cruz-Watsonville CA, April 2015.

²³ Moody's Precip Report, Santa Cruz-Watsonville CA, August 2015.

area experienced employment losses in the public sector and trade, partly as the result of labor force exits.²⁴ Average hourly earnings growth has also dropped off since early 2017 due to a less favorable job mix, although house prices continue to steadily rise.²⁵ Lower living costs, combined with higher incomes from residents commuting to jobs in San Jose, drove gains in incomes and spending and supported solid growth in consumer industries and housing.²⁶ Nearly one-quarter of area workers are employed outside the metro area where there are more higher-paying jobs.²⁷

Economic improvements in the bank’s assessment area can be seen in small business lending activity. As depicted in Exhibit 3 below, a review of small business loan data reported by banks subject to the CRA shows that the number and amount of loans to small businesses in the assessment area improved during the early portion of the review period, but dropped off in 2017, and remains depressed relative to levels achieved prior to the Great Recession. Lending to small businesses plays a critical role in the economy given that small businesses represented 90.4 percent of all businesses in the assessment area as depicted in Exhibit 2.

Exhibit 3
Loans to Small Businesses in Assessment Area²⁸
2007-2017



As depicted in Exhibit 4 on the following page, the unemployment rate of all three counties in the assessment area decreased steadily during the review period. San Mateo County’s annual unemployment rate was 2.2 percent in 2018, the lowest in the State of California, followed by San Francisco County with an unemployment rate of 2.4 percent in 2018. Santa Cruz County’s annual

²⁴ Ibid.

²⁵ Ibid.

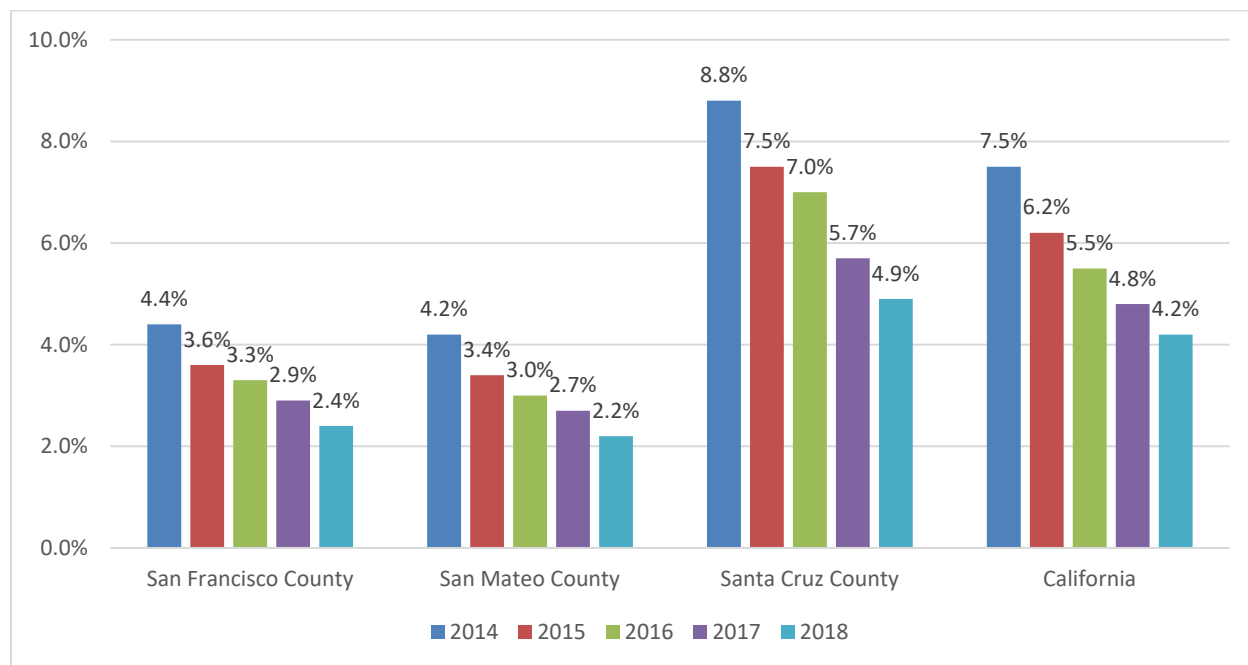
²⁶ Ibid.

²⁷ Moody’s Precis Report, Santa Cruz-Watsonville CA, November 2018.

²⁸ Aggregate CRA Small Business data reports available from: <http://www.ffiec.gov/craadweb/national.aspx>.

unemployment rate of 4.9 percent in 2018 remains higher than the statewide median rate of 4.2 percent; however, it is just 0.4 percent above the county’s 2001 record low.²⁹

**Exhibit 4
Unemployment Rate³⁰
2014-2018**



Credit and Community Development Needs

The economic data indicate that small businesses in the assessment area face challenges in accessing credit and that some level of small business credit needs remain unmet by area banks. As previously mentioned, CRA reportable small businesses lending levels are improving, but remain below levels experienced prior to the Great Recession. According to the 2018 Small Business Credit Survey (SBCS), 43 percent of employer firms applied for financing in the prior 12 months.³¹ Less than half of the firms that applied for credit—47 percent—received all of the financing they sought.³² Funding gaps were most acute for firms seeking \$100,000 to \$250,000, with 54 percent of these applicants receiving less than the full amount of financing sought.³³ Financing shortfalls were particularly pronounced among firms with weak credit profiles, unprofitable firms, younger firms, and firms in urban areas.³⁴ A review of feedback obtained from community contacts throughout the assessment area suggests that small

²⁹ Moody’s Precis Report, Santa Cruz-Watsonville CA, November 2018.

³⁰ U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

³¹ Small Business Credit Survey, Report on Employer Firms 2019, available from:

<https://www.fedsmallbusiness.org/medialibrary/fedsmallbusiness/files/2019/sbcs-employer-firms-report.pdf>.

³² Ibid.

³³ Ibid.

³⁴ Ibid.

businesses are most in need of small dollar loans, and that banks may be hesitant to extend these loans due to the higher credit risk involved.

Scope of Examination

Liberty's CRA performance was evaluated using the *Interagency Small Institution CRA Examination Procedures*. Performance for small institutions considers the bank's lending activities under the following criteria:

- Loan volume compared to deposits (Loan-to-Deposit Ratio);
- Lending inside versus outside the assessment area (Lending in Assessment Area);
- Dispersion of lending throughout the assessment area (Lending Distribution by Geography); and
- Lending to businesses of different sizes (Lending Distribution by Business Revenue).

Responsiveness to consumer complaints was not evaluated as the bank did not receive any complaints related to its CRA performance during the review period.

Based on Liberty's commercial focus, the evaluation of its performance under the lending test was limited to small business lending. The evaluation was based on small business loans originated or renewed by Liberty from July 1, 2014 to December 31, 2018. A total of 77 small business loans were used in the evaluation of *Lending in Assessment Area*. Of that total, 57 small business loans were originated or renewed in the assessment area and were used in the evaluation of *Lending Distribution by Geography* and *Lending Distribution by Business Revenue*.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Liberty’s loan-to-deposit ratio (LTD) is reasonable. The bank’s 17-quarter average LTD was 79.1 percent as of December 31, 2018. This ratio is in line with the state average of 83.9 percent and the national average of 78.2 percent.

Lending in Assessment Area

The majority of the bank’s small business loans were originated within its assessment area. As shown in Exhibit 7 below, 74.0 percent of loans by volume and 66.9 percent by dollar amount were extended within the assessment area. This level of lending demonstrates the bank’s effectiveness in lending within its defined markets.

EXHIBIT 7 LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREAS JULY 1, 2014 TO DECEMBER 31, 2018								
Loan Type	Inside				Outside			
	#	%	\$ ('000s)	%	#	%	\$ ('000s)	%
Small Business	57	74.0	21,421	66.9	20	26.0	10,609	33.1
Total Business Related	57	74.0	21,421	66.9	20	26.0	10,609	33.1
Total Loans	57	74.0	21,421	66.9	20	26.0	10,609	33.1

Lending Distribution by Geography

The geographic distribution of small business loans was reasonable given the lending capacity and branch structure of the bank and lending opportunities in the assessment area. As previously indicated, Liberty operates in a highly competitive three-county assessment area. The bank’s main branch in South San Francisco faces competition from larger financial institutions for loans in a limited number of low-income geographies in San Francisco and San Mateo Counties combined. The two branches in Santa Cruz County also have a limited number of low- and moderate-income census tracts in the adjacent areas. Given the limited lending opportunities, the bank’s lending in low- and moderate-income geographies compares reasonably to that of aggregate lending and small business concentrations from 2015 through 2017, as illustrated in Exhibit 8 on the following page. Although there was no penetration in low- and moderate-income geographies in 2014 and 2018, a low volume of loans throughout geographies of all income levels contributed to this performance.

EXHIBIT 8 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS								
Census Tract	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
San Francisco-San Mateo-Santa Cruz Assessment Area 2014								
Bank Lending	0	0.0	0	0.0	3	75.0	1	25.0
Aggregate Lending	9,052	14.6	8,542	13.8	21,792	35.1	22,644	36.5
Business Concentration	17,053	15.0	14,849	13.1	38,847	34.2	42,754	37.7
San Francisco-San Mateo-Santa Cruz Assessment Area 2015								
Bank Lending	1	5.9	2	11.8	9	52.9	5	29.4
Aggregate Lending	9,256	13.6	9,849	14.4	24,939	36.6	24,183	35.4
Business Concentration	18,297	15.2	15,517	12.9	40,700	33.9	45,684	38.0
San Francisco-San Mateo-Santa Cruz Assessment Area 2016								
Bank Lending	2	14.3	1	7.1	6	42.9	5	35.7
Aggregate Lending	11,115	12.0	13,359	14.5	34,785	37.7	33,050	35.8
Business Concentration	16,951	15.2	14,201	12.7	37,710	33.8	42,617	38.2
San Francisco-San Mateo-Santa Cruz Assessment Area 2017								
Bank Lending	1	8.3	1	8.3	6	50.0	4	33.3
Aggregate Lending	8,803	13.4	10,521	16.0	19,967	30.4	26,471	40.3
Business Concentration	13,662	13.7	13,637	13.7	29,445	29.5	42,971	43.1
San Francisco-San Mateo-Santa Cruz Assessment Area 2018								
Bank Lending	0	0.0	0	0.0	6	60.0	4	40.0
Aggregate Lending ³⁵	9,338	12.5	12,520	16.8	22,989	30.8	29,829	39.9
Business Concentration	16,391	14.0	16,075	13.7	34,273	29.3	50,237	42.9

Lending Distribution by Borrower Income and Business Revenue

The distribution of credit to businesses of different revenue sizes is reasonable. As shown in Exhibit 9 below, Liberty generally outperformed the aggregate market in lending to businesses with revenues of less than \$1 million. Lending performance relative to aggregate lending was particularly strong in 2015 and 2018 in light of competition in the assessment area.

EXHIBIT 9 BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS							
Year	Bank Lending #	Lending to Businesses with Revenue <=\$1 Million			Originations Regardless of Revenue Size by Loan Amount		
		Bank Lending (%)	Businesses <=\$1M in Revenue (%)	Aggregate Lending (%)	<=\$100K (%)	> \$100K & <=\$250K (%)	>250K & <=\$1M (%)
2014	4	50.0	88.6	45.0	0.0	25.0	75.0
2015	17	58.8	91.2	49.2	11.8	23.5	64.7
2016	14	35.7	90.0	37.9	7.1	42.9	50.0
2017	12	33.3	89.1	54.1	8.3	33.3	58.3
2018	10	60.0	90.4	47.1 ³⁶	30.0	20.0	50.0

³⁵ The 2018 aggregate data is preliminary.

³⁶ Ibid.

Response to Complaints

Liberty did not receive any CRA-related complaints during the review period. Accordingly, the bank's performance in responding to complaints was not considered in evaluating its overall CRA performance.

Fair Lending or Other Illegal Practices Review

Concurrent with this CRA evaluation, a review of the bank's compliance with applicable consumer protection laws and regulations was conducted. The review found no evidence of violations of the substantive provisions of anti-discrimination, fair lending, or credit practices rules, laws or regulations.

GLOSSARY OF TERMS

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, 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.