PUBLIC DISCLOSURE

April 30, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Mountain View
RSSD #554848

121 East Main Street
Mountain View, Arkansas 72560

Federal Reserve Bank of St. Louis

P.O. Box 442
St. Louis, Missouri 63166-0442

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 the 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'S CRA RATING: This institution is rated **SATISFACTORY**.

Bank of Mountain View meets the criteria for a satisfactory rating based upon an evaluation of the bank's overall lending performance. Borrower distribution analyses indicated reasonable responsiveness to individuals of various income levels (including low- and moderate-income (LMI) levels) and to small businesses and small farms. The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's asset size, financial condition, local economic condition and credit needs, and competitor activity in the assessment area. In addition, a majority of the bank's loans by number are originated in the bank's assessment area. Lastly, a limited review of the geographic distribution of loans reflects adequate disposition within the census tracts of the bank's assessment area.

SCOPE OF EXAMINATION

The bank's Community Reinvestment Act (CRA) performance was evaluated using the small bank examination procedures. The review was based on loan data from a sample of loans originated from July 1, 2006, through December 31, 2006. Specifically, the loan products evaluated included 1-4 family residential real estate loans, motor vehicle loans, small business loans, and small farm loans.

The evaluation included an analysis of the bank's lending to LMI borrowers and its lending among businesses and farms of different revenue sizes. The bank was evaluated in these areas using several performance measures, including statistics from the U.S. Census Bureau, Dun & Bradstreet, Department of Housing and Urban Development (HUD) and 2005 Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending.

An analysis of the bank's LTD ratio, in comparison to that of its competitors, and an analysis of the concentration of loans originated by the bank within its designated assessment area was also performed to assess the bank's CRA performance.

In addition, the evaluation included a limited analysis of the geographic distribution of the bank's lending activity based on 2000 U.S. Census Bureau geographic income classifications. As the bank has no low-, moderate-, or upper-income geographies, the performance was based on the overall distribution of loans within the middle-income census tracts of the bank's assessment area.

Two community contacts were performed to establish a performance context for the community in which the bank operates and to understand the community's credit needs. Information was solicited on the overall economic condition of the bank's assessment area and how the financial institutions meet any credit needs identified. Specific comments from the community contacts are addressed in the applicable section relating to the assessment area.

DESCRIPTION OF INSTITUTION[1]

Bank of Mountain View is a full-service retail bank offering both commercial and consumer loan and deposit products. The bank is a wholly-owned subsidiary of Home Bancshares, Inc. (HBI), a $2.2 billion[2] multi-bank holding company headquartered in Conway, Arkansas. The bank's branch network consists of two offices (including the bank's main office), and a full-service ATM (at the main office), all of which are located in downtown Mountain View, Arkansas.

The bank has the ability to meet the credit needs of its assessment area based on the bank's asset size, financial condition, and other resources. As of December 31, 2006, the bank reported total assets of $214.4 million. As of the same date, outstanding loans and leases were $81.5 million (38.0 percent of total assets), and deposits totaled $158.5 million. The bank's loan portfolio composition by credit category is displayed in the following table.[3]

Distribution of Total Loans (as of December 31, 2006)		
Credit Product Type	**Amount in $000s**	**Percentage of Total Loans**
Construction and Development	$ 21,029	25.8%
Commercial Real Estate	$ 10,444	12.8%
Multifamily Residential	$ -	0.0%
1-4 Family Residential - Revolving	$ -	0.0%
1-4 Family Residential - Other	$ 23,014	28.2%
Farmland	$ 1,306	1.6%
Agricultural	$ 5,627	6.9%
Commercial and Industrial	$ 12,732	15.6%
Loans to Individuals	$ 5,637	6.9%
Total Other Loans & Leases	$ 1,727	2.1%
TOTAL Gross Loans	**$ 81,516**	**100%**

[1] Any percentage row or column "TOTAL" figure displayed throughout this evaluation that does not equal exactly 100 percent is strictly due to rounding differences, which are considered immaterial to overall performance conclusions.
[2] Assets as of December 31, 2006 Consolidated Reports of Condition and Income.
[3] For purposes of this table, total loan information is derived from gross loans and leases data reported on the Consolidated Reports of Condition and Income as of December 31, 2006.

As indicated by the table above, a majority of the bank's lending resources is directed to 1-4 Family Residential (28.2 percent), Construction and Development (25.8 percent), Commercial and Industrial (15.6 percent), and Commercial Real Estate loans (12.8 percent).

As part of this evaluation under the CRA, the bank's performance was assessed in relation to the performance of local competitors. Three financial institutions were identified as regional competitors, with asset sizes ranging from $123.5 million to $494.6 million.

The bank received a satisfactory rating at its previous CRA evaluation conducted on April 1, 2003, by the Federal Deposit Insurance Corporation (FDIC).

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is comprised of two census tracts (9501.00 and 9502.00), both of which make up Stone County in its entirety. This assessment area is located in the central northwest portion of Arkansas and is primarily rural with a fishing and agriculture base. Stone County consists of three cities/towns, Mountain View (county seat), Fifty-six, and Timbo. Mountain View boasts being the "Folk Music Capital of the World" and is home to the famous Blanchard Springs Caverns, which attracts many tourists throughout the year. In addition, several lakes and rivers are located in Stone County that draw many tourists and retirees. Due to the presence of two national forests and the agricultural activity, the county is sparsely populated. Arkansas contains an average of 51.3 people per square mile, while in contrast, Stone County contains 18.9 people per square mile. However, both bank management and local contacts in the community stated many people make Mountain View and the surrounding area their second home, resulting in a greater population density than what the census would actually demonstrate. The following table reflects the number and population of assessment area census tracts for each income category.[4]

Assessment Area Geographical Information by Income Category					
2000 Census Data	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area Geographies	0 0.0%	0 0.0%	2 100%	0 0.0%	**2** **100%**
Family Population	0 0.0%	0 0.0%	3,478 100%	0 0.0%	**3,478** **100%**

The previous table reveals that the bank's assessment area does not contain any LMI designated census tracts. Based upon 2000 census data, the median family income for the assessment area was $28,056, which is lower than the 2000 non-MSA Arkansas median family income of $34,263. The following table displays population percentages of assessment area families by income level, compared to the non-MSA family population as a whole.

[4] See the glossary in Appendix B for the definitions of the low-, moderate-, middle-, and upper-income categories.

Assessment Area Family Population by Income Level					
2000 Census Data	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	839 24.1%	835 24.0%	782 22.5%	1,022 29.4%	**3,478** **100%**
State of Arkansas	148,233 20.1%	131,570 17.9%	163,567 22.2%	292,693 39.8%	**736,063** **100%**
State of Arkansas NonMSA	66,236 20.4%	58,047 17.9%	70,642 21.8%	129,307 39.9%	**324,232** **100%**

As displayed in the previous table, the assessment area population characteristics contain more LMI borrowers than non-MSA Arkansas, despite the fact that the assessment area has no LMI census tracts. Although all the assessment area families live in middle-income census tracts, this table reveals that a significant portion, 48.1 percent, of assessment area families are considered to be LMI, regardless of where they live. Further, the percentage of assessment area families living below the poverty level in 2000, 14.1 percent, is only marginally higher than that of non-MSA Arkansas, 14.0 percent. In addition, 2003 U.S. Census Bureau data estimated that individuals in Stone County below the poverty level have increased to 18.4 percent.

According to regional data and information obtained from community contacts, the largest industries in the area include manufacturing, services, and agriculture. Tourism also accounts for many of the jobs and revenue, especially around the Mountain View area, but much of that is seasonal. Large employers in the area include Conestoga Wood Specialties Corporation, Stone County Ironworks, local health services, Wal-Mart, and the Mountain View school district. The U.S. Bureau of Labor reported the unemployment rate in Stone County to be 4.40 percent in 2000, which was slightly higher than that of the state of Arkansas at 4.20 percent. Current (as of March 31, 2007) unemployment figures are 5.70 percent for the assessment area and 5.10 percent for the state of Arkansas. Community contacts stated that although there were enough locals jobs for those who wished to stay in Stone County, many residents move away for better paying jobs or to obtain additional education.

From 2000 to 2005, the U.S. Census Bureau reported only a 1.9 percent increase in population for Stone County (from 11,499 to 11,716) as opposed to a 4.0 percent increase noted throughout Arkansas. However, this number can be misleading due to the demographic makeup of Stone County. Many of the new residents of Stone County purchase a house as a second home and while they may reside in this second home up to nine months per year, they are not included in census data as they are not permanent residents. The demographics also reflect that Stone County not only had a much higher population of individuals 65 years and older, as compared to the rest of Arkansas (19.8 percent versus 13.8 percent), but also increased in that age group as a percent of total population, while the rest of the state of Arkansas decreased during this same time period. This is a factor indicating that a larger number of retirees are moving to Stone County.

Housing development in the bank's assessment area continues to grow in order to accommodate the number of retirees moving in and second homes being purchased. Further, as newer, more expensive housing is developed in the assessment area, the median housing value in the assessment area has increased significantly to $60,117, compared to the non-MSA Arkansas median housing value of $55,810. Consequently, housing in the assessment area has become less affordable relative to other non-MSA areas in Arkansas, as is indicated by a relatively lower affordability ratio[5] of 36.0 percent, compared to the statewide non-MSA figure of 50.0 percent. In addition to the higher cost of home ownership, there is a shortage of affordable housing units according to community contacts. When rental units are available, they are an affordable option for assessment area residents. According to 2000 census data, the median gross rent figure for the assessment area was $349, which was comparable to the statewide non-MSA figure of $389.

Two community contacts were interviewed as part of this CRA examination in order to obtain information regarding the bank's assessment area, including information relating to credit needs, community development opportunities, and the local economy. Both interviews were held with individuals who were familiar with the real estate market in Stone County in particular but also with local economic conditions. In general, these contacts emphasized the need for affordable housing for local families and the need for more small business ventures. The main employers in the area offer primarily low-paying jobs, and the demand for housing has increased home prices above affordable levels for lower income individuals. With the combination of retirees purchasing in the area and contractors/builders desiring a higher profit margin and subsequently building more expensive homes, it was said there was not enough affordable housing to supply the market. The contacts stated that when an affordable home in good repair becomes available, it will not stay on the market long. One contact specifically mentioned the need for more small businesses in the area, noting that banks do work well with the local businesses already present, but the city would benefit from an increased presence of varying types of small businesses. Lastly, both individuals stated that, overall, community development opportunities in Stone County are minimal, outside of core banking needs, and that the banking community does an adequate job of meeting these needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The Bank of Mountain View meets the criteria for a satisfactory rating, based upon its lending performance as measured by the CRA small bank performance standards. This lending performance was based upon loans originated from July 1, 2006, through December 31, 2006, from four categories: 1-4 family residential real estate loans, consumer loans, small business loans, and small farm loans. These four loan categories are considered the bank's primary lines of business, based upon lending volume by number and dollar amounts, and in light of the bank's stated business strategy. Therefore, loan activity represented by these credit products is deemed indicative of the overall lending performance of the bank. The CRA small bank performance standards evaluate the following five criteria as applicable:

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[5] This figure is calculated by dividing the median household income by the median housing value; it represents the amount of single family owner-occupied housing that a dollar of income can purchase for the median household in the geography. Values closer to 100 percent indicate greater affordability.

- The distribution of loans by borrower income and business/farm revenue.
- The geographic distribution of loans.
- The bank's average LTD ratio.
- The level of lending within the assessment area.
- A review of written complaints.

The remaining sections of this evaluation are based upon analyses of the bank's lending performance under these five performance criteria.

Lending to Borrowers of Various Income Levels and to Businesses of Different Sizes

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the most recent median family income as estimated by HUD ($38,000 for the non-MSA Arkansas area as of 2006). Overall, as is discussed by individual loan categories in the following sections, the bank's borrower distribution performance is considered to be reasonable.

The following table shows the distribution of 1-4 family real estate loans by income level of the borrower.

Loan Type	Borrower Income Classification				TOTAL
	Low-	Moderate-	Middle-	Upper-	
2006 1-4 Family Residential Real Estate	4 8.0%	14 28.0%	13 26.0%	19 38.0%	**50** **100%**
	$ 75 3.4%	$ 449 20.5%	$ 473 21.6%	$ 1,194 54.5%	**$ 2,191** **100%**
Family Population	24.1%	24.0%	22.5%	29.4%	**100%**

As shown in the preceding table, the bank originated 18 of the 50 loans sampled (36.0 percent) to LMI borrowers, with LMI borrowers comprising 48.1 percent of the family population in the assessment area. The breakdown by income category shows that while the bank's lending levels for low-income borrowers is below the level of low-income families in the assessment area, the bank's lending levels to moderate-income borrowers exceeds the percentage of moderate-income families in the assessment area. The bank's level of lending to LMI borrowers is also influenced by the poverty rate in the assessment area (14.1 percent), which exceeds the poverty rate for the state of Arkansas (12.0 percent) and non-MSA Arkansas (14.0 percent). In addition, the bank's level of lending to LMI borrowers exceeds 2006 HMDA aggregate data,[6] which indicates that of all HMDA loans made in the assessment area, 25.9 percent were made to LMI borrowers. In

[6] Home Mortgage Disclosure Act (HMDA) data represents all lending activity collected and reported under the HMDA for this assessment area, based upon all financial institutions required to report such data.

summary, given the performance context within the assessment area, the bank's distribution of 1-4 family residential real estate loans to LMI borrowers appears reasonable.
As with the bank's 1-4 family residential real estate loan activity, the bank's borrower distribution of motor vehicle loans was also analyzed, and is displayed by borrower income category in the following table.

Loan Type	Borrower Income Classification				TOTAL
	Low-	Moderate-	Middle-	Upper-	
2006 Motor Vehicle	24 41.4%	14 24.1%	8 13.8%	12 20.7%	**58** **100%**
	$ 95 25.0%	$ 84 22.1%	$ 84 22.1%	$ 117 30.8%	**$ 380** **100%**
Household Population	28.0%	21.6%	19.7%	30.7%	**100%**

As displayed in the preceding table, the bank's motor vehicle lending to LMI borrowers is strong. Of the 58 motor vehicle loans reviewed for this analysis, 65.5 percent were made to LMI borrowers. In comparison, LMI households account for 49.6 percent of the assessment area population. Consequently, the borrower distribution of this loan product is considered excellent, especially in light of the assessment area poverty levels discussed previously.

Similar to the borrower distribution analysis conducted for the two consumer loan categories, the bank's distribution of loans to businesses of various sizes was also reviewed. The following table reflects the bank's distribution of small business loans by gross annual revenue.

Lending Distribution by Business Revenue Level				
Gross Revenue	**Loan Origination Amount (in $000s)**			**TOTAL**
	≤$100	**>100≤250**	**>250≤1,000**	
$1 Million or Less	20 64.5%	7 22.6%	3 9.7%	**30** **96.8%**
Greater Than $1 Million	0 0.0%	0 0.0%	1 3.2%	**1** **3.2%**
TOTAL	**20** **64.5%**	**7** **22.6%**	**4** **12.9%**	**31** **100%**

Based on this analysis of business loans, the bank is meeting the credit needs of small businesses.[6] The above table demonstrates that 30 of 31 loans reviewed (96.8 percent) were

[6] Under the CRA, a small business is considered to be one in which gross annual revenues for the preceding calendar year are $1 million or less.

made to businesses with gross annual revenues of $1 million or less. In comparison, business geodemographic data as of 2006 from Dun & Bradstreet indicates that 93.0 percent of business institutions inside the assessment area are small businesses. In comparison, 2005 CRA aggregate data for the assessment area reflects that 51.1 percent of business lending was to small businesses. In addition, the fact that 64.5 percent of loans to small businesses reviewed were in amounts of $100,000 or less further indicates the bank's willingness to meet the credit needs of small businesses within the assessment area. Consequently, the bank's small business lending is considered reasonable.

Finally, the bank's distribution of loans to farms of various sizes was reviewed. The following table reflects the bank's distribution of small farm loans by gross annual revenue.

Lending Distribution by Farm Revenue Level				
Gross Revenue	**Loan Origination Amount (in $000s)**			**TOTAL**
	≤$100	**>100≤250**	**>250≤500**	
$1 Million or Less	27 79.4%	6 17.6%	1 2.9%	**34** **100%**
Greater Than $1 Million	0 0.0%	0 0.0%	0 0.0%	**0** **0.0%**
TOTAL	**27** **79.4%**	**6** **17.6%**	**1** **2.9%**	**34** **100%**

As shown in the preceding table, of the 34 small farm loans[7] reviewed, all 34 (100 percent) were made to farms with gross annual revenues of $1 million or less. This compares favorably to 2006 data from Dun & Bradstreet, which indicates that 100 percent of reporting farms in the assessment area are classified as small farms. The bank's small farm loan performance also exceeds 2006 CRA aggregate data, which indicates that of all small farm loans originated or purchased in the assessment area, 94.1 percent were made to farms with gross annual revenues of $1 million or less. Based on these comparisons, the borrower distribution of this loan product is considered reasonable.

In conclusion, based upon the distribution of the bank's 1-4 family residential real estate, motor vehicle, small business and small farm lending, the bank's distribution reflects satisfactory penetration among individuals of different income levels and among businesses and farms of different sizes.

Geographic Distribution

The analysis of the geographic distribution of loans evaluates the bank's distribution of loans among the census tracts within the assessment area by the income level of each geography.

[7] Under the CRA, a small farm is considered to be one in which gross annual revenues for the preceding calendar year are $1 million or less.

Under the CRA, specific emphasis is placed on the bank's performance in LMI census tracts. However, as noted previously, the bank's assessment area does not include any LMI census tracts or upper-income census tracts, and is comprised of only middle-income census tracts. Therefore, a detailed analysis of the distribution of the bank's lending in the assessment area by geographic income level is not meaningful for evaluating the bank's performance under this criterion.

Nevertheless, the dispersion of the loan products sampled within the two middle-income census tracts that comprise the assessment area was reviewed. The analysis indicated that loans of each product type were adequately dispersed within the two middle-income census tracts. Thus, the bank's geographic distribution of loans meets the standards for satisfactory performance.

<u>Loan-to-Deposit (LTD) Ratio</u>

One indication of the bank's overall level of lending activity is its LTD ratio. The following table displays the bank's average LTD ratio[8] in comparison to that of its regional competitors.

Loan-to-Deposit Ratio Analysis			
Name	**Asset Size[9]**	**Headquarters**	**Average LTD Ratio**
Bank of Mountain View	$ 215,908	Mountain View, AR	49.3%
UBPR Peer			70.4%
Regional Bank Competitors	$ 123,485	Calico Rock, AR	69.0%
	$ 301,993	Mountain Home, AR	60.9%
	$ 494,615	Batesville, AR	89.1%

The bank's average net LTD ratio indicates adequate responsiveness to the area credit needs. As is shown in the previous table, the bank's level of lending is lower than the range of the regional competitors and lower than the bank's peer group as established for Uniform Bank Performance Report (UBPR) purposes. However, given the differences between the bank's assessment area and the areas the listed competitor banks operate in, a lower LTD ratio is reasonable. Bank of Mountain View is the only locally headquartered bank in Stone County, and, due to the national forests, rivers, and lakes, makes the bank's geographic market remarkably different from the counties surrounding it. The Stone County area has many tourists and retirees, which makes their market unlike that of their competitors. Both bank management and community contacts stated that retirees are usually more inclined to need deposit or investment products rather than credit products. Thus, it was anticipated that the bank would have a larger deposit base in comparison to loan activity. The competitor bank, located in Mountain Home, Arkansas, operates in a market that most closely resembles the population and geographic makeup of Stone County. As shown in the table above, it reported the lowest LTD ratio of all listed competitor banks. This supports

[8] The average LTD ratio represents a 17-quarter average, dating back to the bank's previous CRA evaluation.
[9] Assets derived from Consolidated Reports of Condition and Income as of April 30, 2007 (in $000s).

the conclusion that the Bank of Mountain View's LTD ratio is satisfactory. The Bank of Mountain View is also currently experiencing an upward trend in its LTD ratio. The last quarter LTD ratio, as of March 31, 2007, was 62.0 percent, which brings the bank closer to the LTD ratio of their competitors. Therefore, in light of data used for comparison, the bank's average LTD ratio meets the standard for satisfactory performance under this performance criterion.

Lending in the Assessment Areas

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside the bank's assessment area.

Lending Inside and Outside of Assessment Area			
Loan Type	**Inside Assessment Area**	**Outside Assessment Area**	**TOTAL**
2006 1-4 Family Residential Real Estate	50 70.4%	21 29.6%	**71** **100%**
	$ 2,191 63.9%	$ 1,236 36.1%	**$ 3,427** **100%**
2006 Motor Vehicle	58 75.3%	19 24.7%	**77** **100%**
	$ 380 75.1%	$ 126 24.9%	**$ 506** **100%**
2006 Small Business	31 43.7%	40 56.3%	**71** **100%**
	$ 3,575 40.7%	$ 5,208 59.3%	**$ 8,783** **100%**
2006 Small Farm	34 64.2%	19 35.8%	**53** **100%**
	$ 1,731 51.0%	$ 1,663 49.0%	**$ 3,394** **100%**
TOTAL	**173** **63.6%**	**99** **36.4%**	**272** **100%**
	$ 7,877 **48.9%**	**$ 8,233** **51.1%**	**$ 16,110** **100%**

The preceding table demonstrates that a majority of loans by number were extended to borrowers residing in the bank's assessment area. Of the 272 loans reviewed, 63.6 percent by number and 48.9 percent by dollar volume were originated within the bank's assessment area. While a majority of the loans by dollar were not originated inside the assessment area, both the bank and community contacts offered extenuating circumstances as to why that would be the case. As illustrated in the previous table, the small business lending was less than a majority inside the assessment area for both dollar and number, which significantly lowered the total. Of the 40 small business loans originated outside the assessment area, 28 were to the same long-time borrower of the bank. In addition, $3.5 million of the $8.8 million of small business lending was made by two loans outside the assessment area. Based on information from community contacts, it was determined that the bank was meeting the small business needs in the assessment area, but that the credit needs of small businesses is not great. In addition, the contact stated of the banks in town, Bank of Mountain View seems to be the most willing to work with small businesses and extend credit. In summary, the bank's lending practices under this performance criterion meets the standard for satisfactory performance.

Review of Complaints

No CRA-related complaints were received for this institution during the time frame used for this evaluation.

Fair Lending or Other Illegal Credit Practices Review

During the Consumer Affairs Examination conducted concurrently with this CRA evaluation, a fair lending analysis was performed to assess the bank's compliance under Regulation B (Equal Credit Opportunity) and the Fair Housing Act. The analysis concluded that the bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations for the products and services reviewed.

Appendix A

Bank of Mountain View Assessment Area			
County	**Geography Number**	**Geography Income Category**	**Contains Bank Office**
Stone	9501.00	Middle	No
Stone	9502.00	Middle	Yes

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
(ii) Distressed or underserved non-metropolitan 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, Investment, and Service 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 refinancing 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, Investment, and Service 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. An 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. An MD is a division of a MSA based on specific criteria including commuting patterns. Only an 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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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 secured either 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 non-mortgage, 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 120 percent or more of the area median income, or a median family income that is 120 percent or more, in the case of a geography.