



**PUBLIC DISCLOSURE**

**November 8, 2021**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**LifeStore Bank**

**West Jefferson, North Carolina**

**Federal Reserve Bank of Richmond  
Richmond, Virginia**

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal financial supervisory agency concerning the safety and soundness of this financial institution.

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RSSD ID: 715872

205 South Jefferson Avenue  
West Jefferson, North Carolina 28694

**Federal Reserve Bank of Richmond**  
**P. O. Box 27622**  
**Richmond, Virginia 23261**

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## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and demand for credit within the assessment area.
- A substantial majority of the institution's residential mortgage and small business loans considered in the evaluation are in the bank's assessment area.
- The bank's borrower distribution performance (lending to low- and moderate- income borrowers and small businesses having annual revenues of \$1 million or less) is considered excellent overall.
- The bank's geographic distribution performance (lending in low- and moderate- income census tracts) is considered reasonable overall.
- There have been no complaints regarding the bank's Community Reinvestment Act (CRA) performance since the previous evaluation.

### **SCOPE OF EXAMINATION**

LifeStore Bank (LB) was evaluated using the interagency examination procedures for small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures and based upon recent loans originated by the institution, residential real estate and small business loans were identified as primary credit products for the bank. The analysis was based on the entire universe of 605 home purchase and refinance residential mortgage loans totaling \$144.8 million from 2020, and the entire universe of 45 small business loans totaling \$8.2 million from 2019.

Aggregate data from 2020 is currently only available for residential real estate lending, as the 2020 aggregate small business data is not yet available. Because aggregate data captures lending done under the same business and market conditions, aggregate data from 2020 is an important performance context factor needed to evaluate the bank's lending performance especially since the pandemic occurred during most of 2020. Consequently, the bank's 2020 residential real estate data is included in this evaluation, but its 2020 small business lending data is not included in this evaluation.

LB serves one assessment area located in western North Carolina, and it was evaluated using the FFIEC's full-scope evaluation procedures.

### **DESCRIPTION OF INSTITUTION**

LB is headquartered in West Jefferson, North Carolina and operates four full-service branch offices in North Carolina. In addition, the bank operates one loan production office focused on commercial lending that is located outside of its assessment area. The bank is wholly owned by LifeStore Financial Group Incorporated, a single bank holding company also located in West Jefferson, North Carolina. This evaluation reflects only the performance of LB and does not consider or include the activities of any other related entities. The bank's previous CRA rating, dated July 5, 2017, was Satisfactory. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment area.

As of September 30, 2021, LB had approximately \$395.6 million in assets, of which 52.3% were net loans and 20.1% were securities. As of the same date, deposits totaled approximately \$335.1 million. Various deposit and loan products are available through the institution, including loans for residential mortgage, business, and consumer purpose. The composition of the loan portfolio using gross loans is represented in the following table.

**Composition of Loan Portfolio**

Loan Type	9/30/2021	
	\$(000s)	%
Secured by 1-4 Family dwellings	101,547	48.2
Multifamily	16,870	8.0
Construction and Development	9,845	4.7
Commercial & Industrial/ NonFarm NonResidential	70,307	33.4
Consumer Loans and Credit Cards	1,816	0.9
Agricultural Loans/ Farmland	10,162	4.8
All Other	66	0.0
<b>Total</b>	<b>210,613</b>	<b>100.0</b>

As indicated in the preceding table, the bank’s loan portfolio is concentrated in residential real estate-secured and commercial purpose loans. Small business loans are a subset of commercial loans. The bank offers other loans, such as consumer and construction and development loans; however, the volume of such lending is relatively small in comparison to the residential mortgage and commercial lending.

In April 2020, the Small Business Administration (SBA) created the Paycheck Protection Program (PPP). This program was designed to provide direct incentive for small businesses, allow workforces to remain employed, and promote economic stability during the Coronavirus (COVID-19) pandemic. Since the PPP was established, FB has originated 296 loans totaling approximately \$13.3 million. FB’s origination of PPP loans is an example of the bank being responsive to area credit needs.

Based on its branch locations and lending patterns, the bank has delineated one assessment area located in western North Carolina. Since its previous evaluation, LB closed one branch office; however, this closure did not affect its assessment area delineation. **Appendix A** includes information about the composition of the bank’s assessment area and its branching activity since the previous evaluation.

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN ASHE COUNTY, NC NONMSA ASSESSMENT AREA**

As previously noted, LB has delineated one assessment area referred to as the Ashe County, NC NonMSA assessment area in this evaluation. The assessment area is located in western North Carolina and includes all of Ashe and Watauga counties, North Carolina. LB operates four full-service branches within the assessment area.

As of June 30, 2021, LB ranked 3<sup>rd</sup> out of 13 financial institutions in the local deposit market share according to data compiled by the Federal Deposit Insurance Corporation and held 13.2% of the assessment area deposits (credit union deposits are not included).

Based on 2020 American Community Survey (ACS) data, the assessment area served by the bank has a total population of 79,354 and a median housing value of \$192,836. Within the assessment area, the owner-occupancy rate equals 40.8%, which is below the owner-occupancy rate for nonmetropolitan areas of North Carolina (52.8%). The percentage of families living below the poverty level in the assessment area equals 12.6% and is less than the level found in nonmetropolitan areas of North Carolina (16.3%).

The statewide nonmetropolitan median family income equaled \$51,600 in 2019 and \$53,700 in 2020. The following table provides pertinent demographic information about the bank’s assessment area.

**Assessment Area Demographics**

Ashe County, NC NonMSA (Based on 2015 ACS Data and 2019 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	3,441	18.2
Moderate	1	5.3	821	4.3	181	22.0	3,013	15.9
Middle	8	42.1	9,102	48.0	1,401	15.4	3,638	19.2
Upper	10	52.6	9,031	47.7	813	9.0	8,862	46.7
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>19</b>	<b>100.0</b>	<b>18,954</b>	<b>100.0</b>	<b>2,395</b>	<b>12.6</b>	<b>18,954</b>	<b>100.0</b>
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	9,177	28.9
Moderate	909	4.4	1,044	3.3	297	28.4	4,277	13.5
Middle	9,443	46.2	14,958	47.1	4,132	27.6	4,881	15.4
Upper	10,104	49.4	15,780	49.6	3,864	24.5	13,447	42.2
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>20,456</b>	<b>100.0</b>	<b>31,782</b>	<b>100.0</b>	<b>8,293</b>	<b>26.1</b>	<b>31,782</b>	<b>100.0</b>
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	60	1.5	56	1.5	2	0.7	2	2.9
Middle	1,978	48.8	1,792	48.1	144	53.9	42	61.8
Upper	2,019	49.7	1,874	50.4	121	45.4	24	35.3
NA	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>4,057</b>	<b>100.0</b>	<b>3,722</b>	<b>100.0</b>	<b>267</b>	<b>100.0</b>	<b>68</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				91.7		6.6		1.7

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

The local economy is based on health services, retail trade, and leisure and hospitality. Major employers include the Ashe County School Board, American Emergency Vehicles, Appalachian State University, Appalachian Regional Healthcare System, and the Watauga County Board of Education.

Geographic Area	September				
	2017	2018	2019	2020	2021
Ashe County, NC	3.6%	3.2%	2.9%	5.5%	2.9%
Watauga County, NC	3.6%	3%	2.9%	5.1%	2.9%
State of North Carolina	4.2%	3.7%	3.4%	7.1%	3.8%

As indicated by the data in the table above, the unemployment rates within the assessment area declined prior to 2020, rose sharply during 2020 because of the pandemic, and declined again during 2021. Overall, the level of unemployment within the assessment area is below that of the statewide area.

An official from an affordable housing organization was contacted during the evaluation to discuss local economic conditions and community credit needs. The individual contacted described the local economy as stable; however, affordable housing lending opportunities exist within the local market area. Specifically, affordable housing supply is limited, and credit needs exist for new construction, maintenance, and repair of affordable housing. According to the contact, area financial institutions adequately meet the credit needs of the local community.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

When evaluating a bank's residential mortgage lending performance, relevant area demographic data from the ACS is used as a proxy for demand. While ACS data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in this performance evaluation is based on ACS data that is updated once every five years. As such, when evaluating the bank's performance, relevant area demographic data from the 2015 ACS and Dun and Bradstreet (D&B) business data from 2019 are used.

Despite being an active residential mortgage lender, LB is not subject to residential mortgage data reporting under the Home Mortgage Disclosure Act (HMDA) because none of its bank branches are located in a metropolitan statistical area. However, aggregate lending data is insightful from a performance context perspective because the lending activity took place in a specific geographic area under the same basic economic conditions. Consequently, aggregate loan data is also used as a proxy for demand when evaluating the bank's residential mortgage and small business lending and included all activity reported by lenders subject to reporting HMDA and CRA data within the bank's assessment area. As previously noted, aggregate HMDA data from 2020 is included in the analysis of LB's residential mortgage lending, and aggregate CRA data from 2019 is included in the analysis of LB's small business lending. Aggregate small business loan data from 2020 is not yet available. Because the bank is not subject to HMDA or CRA data reporting, LB's residential mortgage and small business loans are not included in the aggregate data.

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

To evaluate the geographic and borrower distribution for a specific loan category within an assessment area, primary emphasis is placed on the number (and corresponding percentage) of loans originated. To arrive at an overall conclusion regarding the distribution of lending performance, each loan category is then generally weighted by dollar volume of such loans made in the assessment area. LB originated \$119.3 million in residential real estate loans in the assessment area in 2020, and approximately \$5.4 million in small business loans within the assessment area during 2019. Given the significantly larger dollar volume of residential real estate lending within the assessment area, loan performance for this product is given greater weight when considering the bank's combined product performance.

## **Loan-To-Deposit Ratio**

The bank's current loan-to-deposit ratio equals 61.8% and averaged 77% for the 17-quarter period ending September 30, 2021. In comparison, the quarterly average loan-to-deposit ratios for two similarly situated institutions that operate in LB's assessment area ranged from 80.3% to 88.5% during the same 17-quarter period. Since September 30, 2017, LB's assets, net loans, and deposits have increased by 42.3%, 14.9%, and 60.9% respectively. LB's loan-to-deposit ratio has declined since September 30, 2017, because deposit growth has outpaced loan growth, which is positive during the 17-quarter period. Moreover, LB sells a large portion of its residential mortgage loans on the secondary market, which understates its lending activity when measured by a loan-to-deposit ratio. During 2020,

LB originated and sold 521 residential loans totaling \$122.7 million, which accounts for 86.1% (521 of 605 loans) of the number and 84.7% (\$122.7 million of \$144.8 million) of the dollar amount of residential mortgage loans originated by the bank. Overall, the bank’s level of lending activity as measured by its loan-to-deposit ratio is considered reasonable given the institution’s size, financial condition, and local credit needs.

### Lending In Assessment Area

To determine the institution’s volume of lending within its assessment area, the geographic location of the bank’s 2020 residential mortgage lending, and 2019 small business lending were considered. The lending distribution inside and outside of the bank’s assessment area is represented in the following table.

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	182	78.1	49,843	79.1	51	21.9	13,154	20.9
Refinancing	313	84.1	69,459	84.9	59	15.9	12,386	15.1
<b>Total Real Estate related</b>	<b>495</b>	<b>81.8</b>	<b>119,302</b>	<b>82.4</b>	<b>110</b>	<b>18.2</b>	<b>25,540</b>	<b>17.6</b>
Small Business	34	75.6	5,430	65.9	11	24.4	2,809	34.1
<b>TOTAL LOANS</b>	<b>529</b>	<b>81.4</b>	<b>124,732</b>	<b>81.5</b>	<b>121</b>	<b>18.6</b>	<b>28,349</b>	<b>18.5</b>

As indicated in the table above, a substantial majority of the total number (81.4%) and dollar amount (81.5%) of residential mortgage and small business loans were extended within the bank’s assessment area. Overall, the institution’s level of lending within the assessment area is considered highly responsive to community credit needs.

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

The bank’s borrower distribution performance is considered excellent for residential mortgage lending and reasonable for small business lending. Overall, LB’s borrower distribution performance is considered excellent. In reaching this conclusion, more weight was placed on the bank’s residential mortgage loan performance because of the larger dollar volume of such lending within the assessment area.

#### Distribution of Real Estate Loans by Income Level of Borrower

Ashe County, NC NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
<b>Real Estate Totals</b>								
Low	9	1.9	1,326	1.2	38	1.1	4,795	0.6
Moderate	43	9.1	5,776	5.1	191	5.7	27,276	3.1
Middle	88	18.6	17,140	15.0	474	14.1	86,656	9.9
Upper	332	70.4	89,866	78.7	2,648	79.1	753,026	86.4
<b>Total</b>	<b>472</b>	<b>100.0</b>	<b>114,108</b>	<b>100.0</b>	<b>3,351</b>	<b>100.0</b>	<b>871,753</b>	<b>100.0</b>
Unknown	23		5,193		396		108,059	

*Percentages (%) are calculated on all loans where incomes are known*

During 2020, the bank’s residential mortgage lending to both low- and moderate-income borrowers (1.9% and 9.1%, respectively) lagged the percentage of area low-income families (18.2%) and moderate-income families (15.9%) but exceeded the aggregate level of lending to area low- and moderate-income borrowers (1.1% and 5.7%, respectively). LB’s 2020 performance is considered excellent.

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

Ashe County, NC NonMSA (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	17	50.0	2,314	42.6	736	45.3	21,862	41.8
Over \$1 Million	16	47.1	3,065	56.4	NA	NA	NA	NA
Unknown	1	2.9	52	1.0	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	18	52.9	903	16.6	1,534	94.5	24,052	46.0
\$100,001-\$250,000	7	20.6	1,084	20.0	52	3.2	9,418	18.0
\$250,001-\$1 Million	9	26.5	3,444	63.4	37	2.3	18,819	36.0
<b>Total</b>	<b>34</b>	<b>100.0</b>	<b>5,431</b>	<b>100.0</b>	<b>1,623</b>	<b>100.0</b>	<b>52,289</b>	<b>100.0</b>

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

D&B data from 2019 indicates that 91.7% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 45.3% of reported small business loans were to businesses having revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders that originate a large volume of small dollar small business loans often originated as credit card loans. Of the remaining small business loans originated by traditional bank lenders, 54.8% were made to businesses having revenues of \$1 million or less. Of LB's small business loans considered in the evaluation, 50% were to businesses with annual revenues of \$1 million or less. LB's small business lending performance is considered reasonable.

**Geographic Distribution of Loans**

There are no low-income census tracts and only one moderate-income census tract within the assessment area. Consequently, when compared to the overall assessment area, the demand for credit in the moderate-income census tract is limited. LB's geographic distribution performance is considered reasonable for residential mortgage lending and very poor for small business lending. Overall, LB's performance is considered reasonable and reflects greater weight placed on its residential real estate lending performance because of the larger dollar volume of such lending within the assessment area.

**Distribution of Real Estate Loans by Income Level of Census Tract**

Ashe County, NC NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(182)				(1,681)			
	Home Purchase							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	1.1	702	1.4	29	1.7	5,630	1.2
Middle	54	29.7	12,791	25.7	425	25.3	105,206	22.3
Upper	126	69.2	36,350	72.9	1,227	73.0	361,377	76.5
	(313)				(2,066)			
	Refinance							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	5	1.6	854	1.2	34	1.6	7,382	1.5
Middle	130	41.5	25,463	36.7	541	26.2	111,801	22.0
Upper	178	56.9	43,141	62.1	1,491	72.2	388,416	76.5
	Real Estate Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	7	1.4	1,556	1.3	63	1.7	13,012	1.3
Middle	184	37.2	38,255	32.1	966	25.8	217,007	22.1
Upper	304	61.4	79,491	66.6	2,718	72.5	749,793	76.6
NA*	NA	NA	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>495</b>	<b>100.0</b>	<b>119,302</b>	<b>100.0</b>	<b>3,747</b>	<b>100.0</b>	<b>979,812</b>	<b>100.0</b>

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

Within the assessment area during 2020, LB and the aggregate lenders originated a larger volume of refinance loans than home purchase loans. When considering each loan type individually, LB's home purchase and refinance lending percentages (1.1% and 1.6%, respectively), approximated the percentage of aggregate home purchase and refinance lending (1.7% and 1.6%, respectively) within the assessment area's moderate-income census tract. LB's home purchase and refinance performances are both considered reasonable.

When considering home purchase and refinance lending combined together, LB originated seven (1.4%) residential mortgage loans in the moderate-income census tract, which lagged the percentage of owner-occupied housing units located in moderate-income tracts (4.4%) but approximated the level of aggregate lending (1.7%). LB's performance during 2020 is considered reasonable.

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

Ashe County, NC NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	16	1.0	116	0.2
Middle	25	73.5	3,574	65.8	709	45.9	20,674	40.8
Upper	9	26.5	1,856	34.2	818	53.1	29,873	59.0
NA*	NA	NA	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>34</b>	<b>100.0</b>	<b>5,430</b>	<b>100.0</b>	<b>1,543</b>	<b>100.0</b>	<b>50,663</b>	<b>100.0</b>

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

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

According to D&B data from 2019, only 1.5% of area businesses are located in the assessment area’s single moderate-income census tract. Similarly, only 1% of the small business loans reported by the aggregate lenders are in the moderate-income census tract. With such a small percentage of businesses and aggregate lending in the moderate-income census tract, demand for small business loans was limited in this census tract during 2019. While demand may have been limited, none (0%) of LB’s small business loans were originated in the moderate-income census tract during 2019. Proximity does not appear to be an issue, as three of LB’s four branches are located in the same county as the moderate-income census tract and are no more than 15 miles from most areas within it. Given LB’s absence of small business lending in the assessment area’s single moderate-income census tract, its geographic distribution performance is considered very poor.

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

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

**CRA APPENDIX A**

**ASSESSMENT AREA DELINEATION AND BRANCHING ACTIVITY**

The following tables reflect the current composition of the bank’s assessment area and information about branching changes since the previous evaluation (July 5, 2017).

Assessment Area Name	City/County	State	Census Tracts Included
Ashe County NC NonMSA	Ashe County	NC	All
	Watauga County		

Assessment Area	Address	City	State	Zip	Tract Income Level	Open/Closed
Ashe County, NC NonMSA AA	4951 Hwy 88 West	Warrensville	NC	28693	Middle	Closed (9/19/2018)

## CRA APPENDIX B

### GLOSSARY

**Aggregate lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

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

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

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

**Consumer loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full-scope review:** Performance under the Lending Test (and if applicable, consideration of investments and services) is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

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

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

**Limited-scope review:** Performance under the Lending Test (and if applicable, consideration of investments and services) 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.