

PUBLIC DISCLOSURE

April 15, 2002
Date of Evaluation

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Liberty State Bank
Name of Depository Institution

767059
Identification Number of Institution

St. Paul, Minnesota
Address of Institution

Federal Reserve Bank of Minneapolis
90 Hennepin Avenue
Minneapolis, Minnesota 55401-1804

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

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INSTITUTION’S RATING

INSTITUTION’S CRA RATING: Liberty State Bank, St. Paul, Minnesota, is rated “Satisfactory.”

The following table indicates the performance level of Liberty State Bank, St. Paul, Minnesota, with respect to the Lending, Investment, and Service Tests.

PERFORMANCE LEVELS	<u>Liberty State Bank, St. Paul, Minnesota</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory	X	X	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			
*The Lending Test is weighted more heavily than the Investment and Service Tests in determining the overall rating.			

The major factors supporting the institution’s rating include:

- The bank’s performance under the Lending Test is rated high satisfactory. The bank is an active lender for residential real estate, small business, and consumer loans. The majority of the bank’s lending to small business is to those businesses with annual revenues of \$1 million or less. The bank’s lending in geographies of different income levels, and lending to borrowers of different income levels is good. The bank also has good penetration of lending throughout census tracts of varying income levels and the bank’s loans are reasonably dispersed throughout the overall assessment area.
- The bank’s performance under the Investment Test is rated high satisfactory. The bank has increased its qualified investments by purchasing \$2 million in mortgage-backed securities through the Federal National Mortgage Association (“FNMA”) since the last examination. The bank’s qualified investments total \$2.1 million and equal 2.55% of the securities portfolio and .58% of total assets as of March 31, 2002. Considering the competition in the market, the volume of qualified community development investments and grants is significant. These qualified investments are not innovative or complex.
- The bank’s performance under the Service Test is rated outstanding. The bank is a leader in the level of qualified services it provides to its community.

INSTITUTION

DESCRIPTION OF INSTITUTION

Offices. Based on its size and financial condition, the bank effectively meets the credit needs of the residents and businesses in its assessment area. Liberty State Bank is a full-service community bank with one banking office located in St. Paul, Minnesota. The bank does not have any branches. The bank operates 23 automated teller machines (“ATM”), most of which are located throughout the bank’s assessment area and in northern Minnesota. Three of the ATMs accept deposits, two on the bank premises and a third within six blocks of the bank. The bank has opened four ATMs since the previous evaluation. The bank’s prior CRA rating, assigned at the June 12, 2000, evaluation, was “Satisfactory.”

Loan portfolio. According to the March 31, 2002, Report of Condition (“ROC”), the bank’s assets total approximately \$368.6 million. The ROC information indicates the bank is primarily a commercial lender. Approximately 54% of the loan portfolio is commercial loans. Consumer real estate comprises approximately 30% of the portfolio, with the remaining 16% representing loans to consumers. The composition of the loan portfolio has remained relatively constant over the years, with a slight increase in the amount of commercial lending. Overall, the composition of the bank’s loan portfolio reflects the level of demand as to the type of loans sought by residents and businesses in the bank’s assessment area.

Credit products. The bank continues to offer a variety of consumer, residential real estate, and commercial loans for multiple purposes. The bank’s residential real estate loan products can be used for construction, purchase money, refinance, home improvement, and rehabilitation. The majority of the consumer real estate loans are home improvement loans and conventional loans with balloon features. The consumer real estate second mortgage loans are typically for home improvement or debt consolidation. The bank also offers loans through the FHA Title-1 home improvement loan program. In addition, the bank offers commercial loans for the purposes of real estate (including construction), term loans for equipment purchases, as well as operating loans.

DESCRIPTION OF LIBERTY STATE BANK’S ASSESSMENT AREA

There has been no change to the bank’s assessment area since the prior examination. The bank’s assessment area is defined as all of Ramsey County and portions of Anoka, Dakota, Hennepin and Washington counties. Each county is located within the boundaries of the Minneapolis-St. Paul Metropolitan Statistical Area (“MSA”).

The bank address is 176 Snelling Avenue North, St. Paul, Minnesota, and it is located in census tract 334.00, a low-income census tract. The bank has 269 census tracts in its assessment area. Of those, 27 census tracts, or 10%, are low-income census tracts and 66 census tracts, or 24.5%, are moderate-income census tracts. Therefore, slightly more than one-third of the bank’s assessment area is composed of low- or moderate-income geographies. A map of the assessment area is included as Appendix B.

The following table (Exhibit 1) contains general demographic information for the assessment area. All data is based on 1990 U.S. census data unless noted otherwise. Appendix A provides definitions for low, moderate, middle and upper incomes. Appendix A also provides the definition of small businesses and small business loans.

The location of the bank's office and its ATMs in the overall assessment area does not limit the bank's ability to service the credit needs of the assessment area.

EXHIBIT 1 ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low Income	27	10.0	10,112	4.2	3,700	36.6	47,156	19.6
Moderate Income	66	24.5	43,818	18.2	6,399	14.6	46,104	19.2
Middle Income	139	51.7	144,449	60.1	6,059	4.2	65,206	27.1
Upper Income	37	13.8	42,013	17.5	688	1.6	81,926	34.1
Total Assessment Area	269	100.0	240,392	100.0	16,846	7.0	240,392	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	#	%	#	%	
Low Income	23,094	4,864	21.1	16,138	69.9	2,092	9.1	
Moderate Income	83,267	39,958	48.0	38,162	45.8	5,147	6.2	
Middle Income	228,320	148,748	65.2	68,734	30.1	10,838	4.7	
Upper Income	57,692	45,747	79.3	9,743	16.9	2,202	3.8	
Total Assessment Area	392,373	239,317	61.0	132,777	33.8	20,279	5.2	
	Total Businesses by Tract				Businesses by Tract and Revenue Size			
	#		%		Under \$1 million**		Over \$1 million**	
	#	%	#	%	#	%		
Low Income	3,107	7.1	2,510	7.0	397	7.9		
Moderate Income	7,062	16.2	5,739	15.9	927	18.5		
Middle Income	25,843	59.3	21,402	59.5	2,934	58.7		
Upper Income	7,484	17.2	6,289	17.5	735	14.7		
Tract not Reported	63	0.2	49	0.1	8	0.2		
Total Assessment Area	43,559	100.0	35,989	100.0	5,001	100.0		
Percentage of Total Businesses Reporting:					87.8	12.2		

**Not all businesses reported total revenue.

Population. Since the 1990 census, the population in the seven-county MSA has increased by 11% according to the 1998 estimate provided by the Census Bureau. The eastern suburban areas of the MSA have seen the greatest population increases. In addition to the growth in the suburbs, neighborhoods in the center cities of Minneapolis and St. Paul are currently experiencing population increases as families move back from the suburbs.

The bank's assessment area includes a large and growing immigrant population. Most of the immigrants residing in the bank's assessment area are from Southeast Asia. Between 1980 and 1990, the population of Asians in Ramsey County increased by 120%. Many of these people are Hmong; estimates suggest that 80% to 90% of the Asians residing in St. Paul are Hmong. Because of cultural and language differences, Hmong people have difficulty finding employment; consequently, many have low incomes. According to a bank employee, the Hmong residents in the assessment area have credit needs but historically have not used credit. Also, despite low incomes, Hmong people are savers who are willing to provide financial assistance to other members of their community. Due to lack of funds for down payments for conventional purchase-money mortgage loans, many seek FHA loans.

Economy. The economy in the Minneapolis-St. Paul MSA is strong and vibrant. The Twin Cities area's unemployment rate is one of the lowest in the nation. The latest annual figure for May 2002, published by the Minnesota Department of Economic Security, was 3.7% compared to 5.5% for the United States. Services (45%), retail trades (15%), manufacturing (9%), and construction (9%) are the largest industrial sectors for the region. The low unemployment rate and the strong demand for workers have led to significant increases in personal income. Per capita income rose from \$28,739 in 1996 to \$30,123 in 1997 according to data supplied by the Metropolitan Council. The per capita income for the 13-county MSA is the fifth highest of the 25 largest metropolitan areas in the country, according to the U.S. Department of Commerce.

Housing. According to data supplied by the bank, community contacts, and the Realtor Public Policy Partnership, housing affordability continues to be a major concern in the Twin Cities. In June 2002, the median sales price for a home in the seven-county MSA was \$188,900. The rental market continues to be tight as well. The tight rental market is also contributing to higher rents.

Bank management and members of the assessment area familiar with housing, small business, and economic development issues and activities were interviewed as part of the CRA evaluation.

SCOPE OF EXAMINATION

For purposes of this evaluation, the bank is subject to the large bank CRA evaluation procedures because it has had total assets of \$250 million or more at the last two consecutive year-ends. Given the total asset size of the bank and its location within an MSA, the bank must report data about its real estate loan activity pursuant to the Home Mortgage Disclosure Act ("HMDA"). The bank must also report small farm, small business, and community development loans pursuant to CRA. This evaluation reviews the bank's lending in the areas of residential real estate, small business, and consumer loans.

The bank has one assessment area and it has not changed since the previous evaluation. The current evaluation is based on a full-scope review of all the bank's activities in the assessment area since the previous evaluation dated June 12, 2000. The bank does not have any affiliates or branches.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The bank's rating under the Lending Test is high satisfactory. The Lending Test is weighted more heavily than the Investment and Service Tests when deriving the overall CRA rating. Several factors support the bank's high satisfactory rating on the Lending Test. The bank has a strong level of lending activity and makes most of its loans in its assessment area. In addition, the bank's lending to borrowers of different income levels and to businesses of different sizes is very reasonable, as is the geographic distribution of its loans throughout the assessment area.

The Lending Test analysis was based on all small business and residential real estate loans reported by the bank for the last half of 2000 and all of 2001. The bank has chosen to report consumer loan data as well; therefore, the consumer loan activity for the same time period is used in this analysis. In the last half of 2000, the bank reported 242 residential real estate loans, 121 small business loans, and 755 consumer loans. In 2001, the bank reported 338 residential real estate loans, 232 small business loans, and 964 consumer loans. The evaluation of the bank's lending performance under CRA focused on several

criteria: lending activity, loans within the assessment area, geographic distribution of loans, loans to borrowers of different incomes and businesses of different sizes, and community development loans.

Lending Activity: The bank is an active lender in its assessment area, and the bank shows good responsiveness to the credit needs in the overall assessment area. The December 31, 2001, Uniform Bank Performance Report shows that the bank had a net loan-to-deposit ratio of 69.07%. This placed the bank in the 42nd percentile, slightly under the banks in its peer group. The bank's peer group is defined as banks between \$300 million and \$500 million, with two or fewer banking offices. The average net loan-to-deposit ratio for peer group banks for the fourth quarter 2001 is 71.30%. The bank's average net loan-to-deposit ratio for the seven quarters since the previous evaluation is 75.4%.

Midway National Bank, St. Paul, and Western Bank, St. Paul, the bank's closest competitors by asset size and location, had average net loan-to-deposit ratios of 85.9% and 86.9%, respectively, for the same period. At least part of the loan-to-deposit ratio disparity between the subject bank and both Midway National Bank and Western Bank is attributable to the branch offices these banks operate in the suburbs. Western Bank has an office in Minneapolis. As discussed previously, Liberty State Bank has only one office.

Assessment Area Concentration: A substantial majority of the bank's loans are made within its assessment area. The bank is an active purchaser of consumer installment loans from several automobile dealers in the assessment area. The table below (Exhibit 2) details the number of loans and dollar volume of loans the bank has within the bank's assessment area and outside of the bank's assessment area. The numbers represent loans that the bank has made from July 1, 2000, through December 31, 2001.

EXHIBIT 2								
LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREA								
	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Total HMDA-Related	437	75	27,284	78	143	25	7,783	22
Total Small Business	353	72	24,945	68	136	28	11,971	32
Total Consumer	1,719	64	22,262	64	953	36	12,506	36
TOTAL LOANS	2,509	67	\$74,491	70	1,232	33	\$32,260	30

Geographic Distribution: The bank's lending throughout its assessment area is good. A tract-by-tract analysis reveals that the bank is lending in a substantial majority of the low-, moderate-, and middle-income census tracts in the assessment area. The bank's strongest concentration of lending in low- and moderate-income census tracts is in those tracts closest to the bank's office. Approximately half (52%) of the moderate-income tracts and the majority (59%) of the low-income tracts are located in Ramsey County. The dispersion of the loans does not appear unreasonable given the bank's location and lack of branch offices. Exhibit 3 shows the distribution of the bank's residential real estate, consumer, and small business loans by number and dollar amount. The income level of the census tract is determined by the 1990 median family income.

EXHIBIT 3								
DISTRIBUTION OF LOANS IN THE ASSESSMENT AREA BY GEOGRAPHY INCOME LEVEL*								
	<i>Low Income</i>		<i>Moderate Income</i>		<i>Middle Income</i>		<i>Upper Income</i>	
	#	\$	#	\$	#	\$	#	\$
Residential Real Estate	10%	10%	21%	17%	57%	52%	12%	21%
Consumer Installment	6%	5%	17%	14%	60%	60%	17%	21%
Small Business	12%	11%	21%	22%	54%	44%	13%	23%
<i>Number of Tracts</i>	27		66		139		37	
<i>Percentage of Tracts</i>	10%		24%		52%		14%	
<i>Percentage of Families Living in Each</i>	4%		18%		60%		18%	
*Based on 1990 median family income of \$41,163.								

According to Dun & Bradstreet data, the census tract distribution percentage of business establishments in the assessment area is comparable to the distribution of families in the assessment area.

When compared to 2000 aggregate HMDA data, the bank's current level of residential real estate lending in the low- and moderate-income census tracts is favorable. The aggregate lenders reported 2% of the originations in low-income census tracts and 10% of the originations in the moderate-income tracts, while the bank reported 10% of its loan originations in the low-income tracts and 21% of its originations in the moderate-income tracts.

Overall, the bank's distribution and dispersion of loans in the assessment area is good. The distribution of loans among tracts of varying income levels is consistent with the distribution of tracts, population, housing units, and businesses in the assessment area.

Distribution of Loans by Income Level of the Borrower: Given the products offered by the bank, the distribution of loans by income level demonstrates very good penetration among customers of different income levels and businesses of different sizes. The Department of Housing and Urban Development annually updates the median family income used for this category.

Exhibit 4 shows the distribution of the bank's consumer real estate and consumer installment loans by borrower income level and the distribution of families in the assessment area by income level.

EXHIBIT 4								
DISTRIBUTION OF LOANS IN THE ASSESSMENT AREA BY BORROWER INCOME LEVELS*								
	<i>Low Income</i>		<i>Moderate Income</i>		<i>Middle Income</i>		<i>Upper Income</i>	
	#	\$	#	\$	#	\$	#	\$
Residential Real Estate**	20%	14%	22%	16%	29%	25%	29%	45%
Consumer Installment	34%	25%	30%	25%	21%	25%	15%	25%
Percentage of Families by Assessment Area***	20%		19%		27%		34%	
*2002 Median Family Income \$76,700								
**Numbers do not total 100% due to rounding								
***According to 1990 census data								

Consumer lending. As the data in Exhibit 4 indicates, the bank's level of consumer installment lending to low- and moderate-income borrowers is strong and exceeds the demographic distribution of families in the assessment area. The bank has originated 64% of its consumer installment loans to low- and moderate-income borrowers. This level of lending demonstrates the bank's willingness to extend loans to all residents of the assessment area.

Residential real estate lending. The bank's level of consumer real estate lending to low- and moderate-income borrowers is also strong. The level of lending to low-income borrowers is particularly noteworthy because the bank does not offer loan programs specifically targeted to low-income borrowers. The bank originated 42% of its residential real estate loans to low- and moderate-income borrowers.

When compared to the 2000 aggregate HMDA data, the bank's level of lending to low- and moderate-income borrowers is also favorable. Aggregate lenders reported that 40% of the loan originations were to low- and moderate-income borrowers.

Small business lending. The bank has a good record of providing small business loans to entities with gross annual revenues of \$1 million or less. The loan data shows that the bank originated 68% of its small business loans to entities with gross annual revenues of \$1 million or less. According to data published by Dun & Bradstreet, approximately 85% of the business establishments in the Minneapolis-St. Paul MSA had gross annual revenues of under \$1 million. The CRA loan data also shows that a substantial number of the bank's small business loans were for loan amounts of \$100,000 or less. Of the total small business loans in the sample, 88% were originated for amounts of \$100,000 or less.

Overall, the bank's distribution of loans among borrowers of different income levels and to businesses of different sizes is very good. The bank's penetration among low- and moderate-income borrowers is strong, particularly for consumer real estate loans given the nature of the bank's loan products.

Community Development Lending: The bank originated four qualified community development loans since the previous evaluation. One loan was made to a nonprofit organization that provides an array of social services for low- and moderate-income people. The other three loans are to a housing contractor to acquire and rehabilitate public housing for low- and moderate-income people.

Interviews were also held with community contacts knowledgeable about community development lending opportunities in the assessment area. The contacts stated that the bank is very active in community-based lending, especially in areas in the near proximity to the bank. Examiners encouraged bank management to continue to explore additional community development loan opportunities.

Lending Test Summary

Several factors support the bank's high satisfactory rating for the Lending Test. The bank has a strong level of lending activity and makes most of its loans in its assessment area. In addition, the bank's lending to borrowers of different income levels and businesses of different sizes is very reasonable, as is the geographic distribution of its loans throughout the assessment area.

INVESTMENT TEST

The bank's level of community development investments has increased significantly since the previous evaluation and is now rated high satisfactory. Considering the competition in the market, the volume of

qualified community development investments and grants is significant. Although community development investment opportunities are not always easily identified and available, the bank has done a good job of seeking out and identifying qualified investments as defined by CRA. Since the previous evaluation, the bank has purchased one pool of mortgage-backed securities totaling \$2 million through FNMA. The percentage of the bank's assets, as well the percentage of the bank's securities portfolio earmarked for CRA-qualified investments and grant activity is significant. The bank's qualified investments total \$2.1 million and equal 2.55% of the securities portfolio and .58% of total assets as of March 31, 2002.

The bank has also made a significant number of grants and donations to area community organizations. Due to the asset size of the institution, the amount of many of the grants and donations are generally not large-dollar amounts but typically range in the area of \$500 to \$1,000. The bank regularly contributes bank profits to over 150 local community organizations each year. While not all the grants and donations qualify under CRA guidelines, many of the grants and donations do qualify. We also note that the bank is located in a low-income census tract and many other low- and moderate-income census tracts are nearby. Since the previous evaluation, the bank's community development donations totaled over \$73,000. Overall, community development donations accounted for about 49% of the bank's total donations.

Investment Test Summary

Given the increase in qualified investments, as well as the grant and donations provided to local community groups, the bank's level of community development investments is considered significant and is accorded a high satisfactory rating.

SERVICE TEST

The bank's rating under the Service Test is outstanding. Bank services are readily accessible to customers within the bank's assessment area through its office and ATM locations. The bank offers a significant number of retail banking services for its customers. In addition, bank management and personnel are considered leaders in providing community development services. The bank's community room is offered almost every evening to local organizations for a wide array of community functions. The bank's leadership in providing community services supports an outstanding rating.

Retail Services: The bank has effective means of making its products and services readily accessible to all portions of its assessment area. The bank's office is located in a low-income census tract and is accessible to all of the assessment area residents and businesses. In addition, the bank operates 23 ATMs, 4 of which were established since the previous evaluation. The two ATMs located on the bank premises and one additional ATM located near the bank accept deposits, while the remaining ATMs are cash dispensing only. Six of the ATMs are located in low- or moderate-income census tracts within the assessment area. The bank has not opened or closed any offices since the previous evaluation.

The bank's reasonable hours provide bank customers with relatively easy access to bank services. Services are tailored to the convenience and needs of the bank's assessment area. The bank's lobby hours are from 8:30 a.m. to 5:00 p.m. Monday through Thursday, 8:30 a.m. to 6:00 p.m. Friday, and 10:00 a.m. to 1:00 p.m. Saturday. The Motor Bank is open from 7:00 a.m. to 6:00 p.m. Monday through Friday and 7:00 a.m. to 1:00 p.m. Saturday. In order to provide additional services to the local community, the bank's consumer installment loan department opens at 8:00 a.m. Monday through Friday. Bank loan officers are also willing to meet with customers outside of normal business hours to accommodate their needs.

The bank offers a low-cost checking account with a monthly service charge of \$4 and a 25 cent per check withdrawal fee. If a customer maintains a minimum balance of \$300, the monthly service fees are waived. The bank also offers a savings account with no monthly service fees if a customer maintains an average balance of \$50. The bank offers free checking accounts to any customer over the age of 60. The bank offers a number of other checking and savings account products.

The bank has a 24-hour phone banking service. Customers may use this service to access balance information and to transfer funds between accounts. There is no charge for this service. The bank offers its customers an ATM and/or debit card, which is accessible worldwide on the CIRRUS network.

Overall, the bank's retail banking services offer a variety of delivery options for all of its customers. The availability of the telephone banking options and the distribution of the bank's ATMs throughout the assessment area enhances the delivery services to low- and moderate-income individuals, in order to make products and services readily accessible to all portions of the bank's assessment area.

Community Development Services: Bank representatives engage in a number of community development services throughout the assessment area.

- The bank's Director of Community Education facilitates employment workshops for organizations that service low- and moderate-income people. He provides financial counseling services for low- and moderate-income and minority small business owners.
- The bank was one of the earliest in the area to employ minority loan officers. One of the bank's consumer lenders works with the Hmong community to provide training on the use of financial services and how to develop small business plans. The bank also employs several tellers, loan officers, and other bank staff that are members of several minority groups and are fluent in other languages.
- A bank employee works as a neighborhood home improvement specialist. He travels around the community and provides area residents with home improvement evaluations and advice. This service is free and includes counseling on various financing options. He is particularly active in the low- to moderate-income census tracts immediately surrounding the bank's office.
- One of the bank's commercial lenders serves on the loan committee of the Frogtown Action Alliance. The Frogtown neighborhood of St. Paul is an economically disadvantaged area in a low-income census tract.

Several bank employees and officers are actively involved in many neighborhood organizations that do not meet the regulatory definition of providing community development services, but because of the bank's location in a low-income census tract, these organizations reach many low- and moderate-income residents of the assessment area.

Service Test Summary

The bank's branch and ATM locations are accessible to all areas of the assessment area. The bank's office is located in a low-income census tract and six of the bank's ATMs are located in low- or moderate-income areas. The bank participates in a significant level of community development services within the assessment area. The level of the bank's community development service activity and the accessibility of its services to all residents and businesses in its assessment area support the outstanding rating on the Service Test.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

During the evaluation, examiners did not note any violations of the substantive provisions of the fair lending laws and regulations.

GENERAL

The bank has not received any CRA-related complaints since the previous evaluation.

CRA APPENDIX A

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

Block numbering area (“BNA”): Statistical subdivisions of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

Census tract: Small subdivisions 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. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing 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 C.F.R. 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Consumer loan: A loan 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 of loans: motor vehicle, credit card, home equity, other secured loan, and other unsecured loan.

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

Full review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography: A census tract or a BNA delineated by the U.S. 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 applicants, the amount of loan requested; and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Include 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.

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.

Limited review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

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 lenders in the MSA/assessment area.

Metropolitan area: Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”), or consolidated metropolitan area (“CMSA”), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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.

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.

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

Optional loans: Includes any unreported category of loans for which the institution collects and maintains data for consideration during a CRA examination. Also includes 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: Any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Small loans to business: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (“Call Report”). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small loans to farms: 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 thousand or less and are either secured by farmland, including farm residential and other improvements, 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.