

PUBLIC DISCLOSURE

November 28, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Spectrum Bank
RSSD #876465**

**2417 West Whittier Boulevard
Montebello, California 90640**

**Federal Reserve Bank of San Francisco
101 Market Street
San Francisco, California 94105**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with 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

INSTITUTION'S CRA RATING: This institution is rated satisfactory.

The major factors supporting the institution's rating include:

- An reasonable loan-to-deposit ratio;
- A substantial majority of loans originated within the bank's assessment areas;
- A reasonable geographic distribution of small business loans, with no conspicuous gaps in the lending patterns; and
- A reasonable penetration of loans to businesses with gross annual revenues of \$1 million or less.

PERFORMANCE CONTEXT

Description of Institution

Spectrum Bank (Spectrum) is a Montebello-based community bank with total assets of \$152 million as of September 30, 2005. The bank commenced operations in 1955 under the name of Garfield Commercial & Savings Bank and later changed its name to Spectrum Bank on November 1, 1997. Spectrum operates three branches, the Montebello main branch in Los Angeles County, and the Irvine and Huntington Beach offices in Orange County. ATM services are available at each branch location except Irvine.

Spectrum is a full-service community bank with a strategic focus on commercial lending. Loan products include commercial real estate, construction, and operating lines of credit. In addition, Spectrum is a designated "Preferred Lender" by the Small Business Administration (SBA) which allows the bank to expedite the processing and approval of these loans. These credits are designed to meet the working capital and equipment financing needs of businesses with gross annual revenues of \$1 million or less. Consistent with its community bank profile, business development efforts target small to medium-sized businesses through personalized service, outreach efforts, and referrals from existing clients. The bank also offers consumer deposit and credit products although consumer loans represent only a small portion of the loan portfolio. These products include personal loans and lines of credit along with a variety of checking and savings accounts.

The bank's loan portfolio composition based upon the September 30, 2005, Consolidated Report of Condition and Income is reflected below:

Loan Type	Dollar Amount (000s)	Percent of Total
Commercial/Industrial & Non-Farm Non- Residential Real Estate	\$ 58,779	86.3%
Multifamily	3,823	5.6%
Consumer Loans & Credit Cards	2,116	3.1%
Construction & Land Development	1,942	2.8%
Secured by 1-4 Family Residential Real Estate	1,425	2.1%
Other	1	<0.1%
Total (Gross)	\$ 68,086	100.0%

Spectrum has designated the following two assessment areas:

- Los Angeles County with the exception of Catalina Island; and
- Orange County in its entirety.

The bank received a satisfactory performance rating at its previous CRA examination conducted as of October 9, 2001, by the Federal Reserve Bank of San Francisco. There are no legal or financial impediments that would prevent the bank from meeting the credit needs of its assessment area consistent with its size, financial resources, and local economic conditions.

SCOPE OF THE EXAMINATION

The CRA performance was evaluated using the small bank examination procedures. The evaluation was based upon the following performance criteria:

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

Responsiveness to consumer complaints was not evaluated since the bank did not receive any CRA-related complaints during the review period.

The CRA performance review was based on small business loans originated between October 1, 2003, and September 30, 2005. A total of 239 small business loans originated during the review period were used to evaluate the Lending in Assessment Area and the Geographic Distribution of Loans. A statistical sample of 68 loans extended inside the assessment areas was used for evaluating Lending by Business Revenue. Each assessment area was reviewed using full-scope examination procedures.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio of 49.1 percent, representing a nine-quarter average, meets standards for satisfactory performance. It is noted that this measure is below peer averages ranging from 56.2 percent to 91.9 percent for the same period. However, in light of the bank's overall lending volumes, opportunities in the assessment areas, and effective use of special programs designed to meet the unique credit needs of small businesses, the loan to deposit ratio is considered adequate.

Lending in Assessment Area

Spectrum originated a substantial majority of its small business loans within its assessment areas. Small business loans extended within the counties of Los Angeles and Orange totaled approximately 89.1 percent by number and 89.3 percent by dollar volume.

Lending by Business Revenue

Lending patterns demonstrate a reasonable penetration among businesses of different sizes. Lending in the assessment areas of Los Angeles and Orange both exceeded the aggregate lending levels in these geographies.

Geographic Distribution of Loans

The geographic distribution of small business loans meets standards for satisfactory performance. Small business lending was reasonable in comparison to the distribution of businesses and aggregate lending in the various census tract income categories; including low- and moderate-income areas. Loans were primarily extended near bank offices with no conspicuous gaps in the lending patterns.

Response to Complaints

Spectrum has not received any complaints relating to its CRA performance during the review period. Accordingly, the bank's performance in responding to complaints was not considered in evaluating its CRA performance.

Fair Lending or Other Illegal Credit Practices Review

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified at this examination. Additionally, there was no evidence of prohibitive lending practices.

FULL-SCOPE ASSESSMENT AREA CONCLUSIONS

For each assessment area where a full-scope review was performed using the examination procedures.

LOS ANGELES DESCRIPTION OF OPERATIONS IN LOS ANGELES

Description of Assessment Area

With the exception of two tracts on Catalina Island, the Los Angeles assessment area consists of Los Angeles County in its entirety. The county is part of the Los Angeles-Long Beach-Santa Ana, California Metropolitan Statistical Area ("MSA" - 31100). More specifically, Los Angeles County is defined as the Los Angeles-Long Beach-Glendale, California Metropolitan Division (31084). The county underwent no change in its Metropolitan Division boundaries due to the 2004 MSA definition adjustments by the Office of Management and Budget (OMB). The county is home to Spectrum's Montebello main branch office, which accounted for 68.4 percent of the bank's deposits¹ and 61.9 percent² of the bank's small business loan originations during the review period.

Los Angeles is the most populous county in the United States with approximately 10,226,506 residents in 2005.³ By geography, Los Angeles County also is the largest in the nation with a land area of 4,752 square miles, and includes 88 cities as well as many unincorporated areas.⁴ Based upon the 2000 U.S. Census, the bank's Los Angeles County assessment area contains a total of 2,052 census tracts. As reflected below, upper-income tracts comprise the largest percentage of census tracts in the assessment area, followed by moderate-, middle-, and low-income census tracts.

2000 Census Tract Income Level	Census Tract Distribution		Population Distribution	
	Number	Percent	Number	Percent
Low	179	8.7%	761,869	8.0%
Moderate	581	28.3%	2,802,043	29.5%
Middle	573	27.9%	2,935,401	30.8%
Upper	703	34.3%	3,006,624	31.6%
Unknown	16	0.8%	9,705	0.1%
Total	2,052	100.0%	9,515,642	100.0%

The assessment area is a competitive marketplace for financial services. As of June 30, 2005, there were 133 FDIC-insured institutions operating 1,612 offices in Los Angeles County with

¹ Federal Deposit Insurance Corporation, Institution Directory, Summary of Deposits, June 2005 (accessed November 18, 2005); available from <http://www.fdic.gov>.

² Lending Volume of Spectrum's Reported Loans.

³ Population in State of California, available at <http://www.labormarketinfo.edd.ca.gov> (accessed December 15, 2005).

⁴ L.A. Stats, June 2005, available at <http://www.laedc.info> (accessed December 15, 2005).

deposits totaling \$208 billion.⁵ Deposits were concentrated at three large financial institutions which collectively held 42.6 percent of the market share.⁶ During the same period, the bank's market share in Los Angeles County was approximately 0.05 percent, which places the bank 96th out of 133 institutions in the market.⁷

Business and Economic Conditions

The regional economy that encompasses Los Angeles County is robust. During the two-year period ending September 2005, unemployment in the county fell approximately 2.6 percent to 4.5 percent,⁸ while the Gross Metro Product continued to grow during the same period.⁹ Kaiser Permanente, the Boeing Company, and the Northrup Grumman Corporation were the largest employers with a combined total of over 70,586 payrolls.¹⁰ Government was the largest sector employer, followed by professional and business services, and manufacturing.¹¹ Of special note, Los Angeles is the largest manufacturing center in the United States with 484,200 workers employed in activities encompassing apparel, computer and electronics, transportation products, fabricated metal products, food and furniture.¹² Small businesses represent a significant percentage of these and other companies in the area. Dun & Bradstreet reports that businesses with gross annual revenues of \$1 million or less accounted for over 85 percent of all businesses in the county. Demographic information and community contacts indicate that micro-loans of \$50 thousand or less, and other credit facilities designed for early stage or expanding businesses continue to represent significant credit needs in the community.

Although the county benefited from a robust economy, the supply of affordable housing continued to fall. Housing prices continued to rise rapidly during the two-year period ending September 2005, and housing affordability was nearly at an all-time low. This is evidenced by the Housing Affordability Index (HAI), a ratio that calculates the percentage of households in a given area that can afford to purchase a median-priced home. According to this index, in September 2005, the HAI for Los Angeles was 13 percent; a 24 percent decline from the year ago period when the ratio equaled 17 percent.¹³ In contrast, the HAI for the United States equaled 49 percent for the September 2005, period.¹⁴ For the year ago period ending September 2005, the cost of a median priced home increased 22.3 percent from \$458,590 to \$560,990.¹⁵ Based on these

⁵ Federal Deposit Insurance Corporation, Institution Directory, Summary of Deposits, June 2005 (accessed November 18, 2005); available from <http://www.fdic.gov>.

⁶ Ibid.

⁷ Ibid.

⁸ California Labor Market Information, State and Local Information, Historical Data for Unemployment Rate and Labor Force (not seasonally adjusted) in Los Angeles County and in California (accessed November 29, 2005); available from <http://www.labormarketinfo.edd.ca.gov>.

⁹ *Precis METRO: Los Angeles* (West Chester, Pennsylvania: Economy.com, April 2005).

¹⁰ Ibid.

¹¹ Ibid.

¹² Los Angeles County Profile, May 2005 (accessed November 18, 2005), available at <http://www.laedc.info/pdf/LACounty.pdf>.

¹³ California Association of Realtors, November 10, 2005 (accessed December 15, 2005), available at <http://www.car.org>.

¹⁴ Ibid.

¹⁵ Ibid.

factors and feedback from community representatives, the increase in home prices has led to a continuing need for affordable housing construction and other efforts designed to increase the supply of these dwellings.

As shown in the table below, Dun & Bradstreet reports that businesses with gross annual revenues of \$1 million or less accounted for over 85 percent of the assessment area businesses.

Income Categories	Total Business by Census Tract		Businesses by Census Tract Category and Revenue Size ¹⁶					
			Less Than or Equal to \$1 Million		Greater Than \$1 Million		Revenue Not Reported	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Low	30,810	8.2%	25,358	7.9%	3,761	9.6%	1,691	10.2%
Moderate	82,155	21.9%	69,203	21.6%	8,940	22.8%	4,012	24.1%
Middle	103,247	27.5%	87,690	27.4%	10,999	28.0%	4,558	27.4%
Upper	156,944	41.8%	135,828	42.5%	14,905	38.0%	6,211	37.3%
Unknown	2,505	0.7%	1,673	0.5%	650	1.7%	182	1.1%
Total	375,661	100.0%	319,752	100.0%	39,255	100.0%	16,654	100.0%
Percent of Total Businesses			85.1%		10.4%		4.4%	

Lending Distribution by Business Revenue

Lending patterns reflect a reasonable penetration among businesses of different sizes. A significant portion (43.2 percent) of loans was extended to businesses with gross annual revenues of \$1 million or less.¹⁷ While lending levels were below the concentration of small businesses in Los Angeles County (85.1 percent), the bank's performance compared favorably to that of the aggregate market which extended 36.9 percent of all loans to small businesses.¹⁸

Geographic Distribution of Loans

The bank's lending by geographic distribution meets standards for satisfactory performance. As seen in the table below, Spectrum's lending activity reflects good dispersion among all income tracts within the assessment area. Performance in low- and moderate-income tracts exceeded aggregate level comparisons; even exceeding small business concentrations in the moderate-income geographies.

2000 Census Tracts	Business Concentration	Small Business Loans		Aggregate Small Business Loans
		Number	Percent	
Low	8.3%	4	3.0%	6.3%
Moderate	22.0%	55	41.7%	19.0%
Middle	27.7%	43	32.6%	27.6%
Upper	42.1%	30	22.7%	47.1%

¹⁶ Data based upon 2004 Dun & Bradstreet information according to 2000 U.S. Census boundaries.

¹⁷ Aggregate lending based upon 2004 small business lending activity.

¹⁸ Ibid.

ORANGE COUNTY

DESCRIPTION OF OPERATIONS IN ORANGE COUNTY

Description of Assessment Area

The Orange County assessment area consists of Orange County in its entirety. Defined as the Santa-Ana-Anaheim-Irvine, California Metropolitan Division (42044), it is part of the Los Angeles-Long Beach-Glendale, California MSA (31100). The county underwent no change in its Metropolitan Division boundaries due to the 2004 MSA definition adjustments by OMB. Spectrum Bank operates the Irvine and Huntington Beach branch offices within the area. Located on the southern coastal region of the state, Orange County contains 577 census tracts based upon the 2000 U.S. Census.

With a population of 3,017,300 as of January 2004, the county is the second largest in the state and the fifth largest in the United States. By geography, Orange County covers 798 square miles, 42 miles of which are coastline, and includes 34 cities.¹⁹ Approximately 46 percent of the land in the area consists of open, uncommitted space and recreation.²⁰ The area's warm Mediterranean climate, miles of beaches, and popular theme parks attract many tourists to the county.

The bank extended 38.0 percent of its small business loan originations during the review period in this area and 31.6 percent of the bank's deposits are situated here.²¹

2000 Census Tract Income Level	Census Tract Distribution		Population Distribution	
	Number	Percent	Number	Percent
Low	21	3.6%	140,753	5.0%
Moderate	155	26.9%	881,164	30.9%
Middle	191	33.1%	906,211	31.8%
Upper	209	36.2%	918,158	32.3%
Unknown	1	0.2%	3	0.0%
Total	577	100.0%	2,846,289	100.0%

The assessment area is a competitive marketplace for financial services. As of June 30, 2005, there were 96 FDIC-insured institutions operating 615 offices in Orange County with deposits totaling \$63.6 billion.²² Like Los Angeles County, deposits were concentrated at three large financial institutions, which collectively held 46.2 percent of the market share.²³ During the

¹⁹ Orange County 2005 Community Indicators, (accessed December 14, 2005); available at <http://www.oc.ca.gov/>.

²⁰ Ibid.

²¹ Federal Deposit Insurance Corporation, Institution Directory, Summary of Deposits, June 2005 (accessed November 18, 2005); available from <http://www.fdic.gov>.

²² Ibid.

²³ Ibid.

same period, the bank's market share in Orange County was approximately 0.07 percent, and ranked the bank 71st out of 96 institutions in the market.²⁴

Business and Economic Conditions

The Orange County economy also has continued to expand during the review period. Unemployment dropped from 4.7 percent in October 2003 to 3.7 percent in September 2005, while the Gross Metro Product continued to grow.²⁵ The Walt Disney Company, University of California Irvine, and the Boeing Company were the largest employers with payrolls totaling of over 48,424.²⁶ Overall, payrolls have grown at an above average 2 percent annual rate since mid-2003.²⁷ Professional/business services was the largest sector employer, followed by manufacturing, and leisure and hospitality services.²⁸ While large companies have a strong influence on the regional economy, similar to other areas, small businesses play an important role. Dun & Bradstreet reports that businesses with gross annual revenues of \$1 million or less accounted for 85 percent of all businesses in the county. In fact, only 18 percent of residents worked in companies employing more than 500 people, compared to the state average of 21 percent in 2003.²⁹ Similar to Los Angeles County, demographic information and community contact interviews indicate that micro-loans and other credit facilities designed for new and expanding businesses represent significant credit needs in the community.

As with similarly situated areas in California, strong economic growth has been met with a dwindling supply of affordable housing. Orange County's HAI was even lower than Los Angeles County and equaled 11 percent; an 18.2 percent decline from the year ago period when the ratio equaled 13 percent.³⁰ In contrast, the HAI for California equaled 15 percent for the September 2005, period.³¹ For the year ago period ending September 2005, the cost of a median priced home increased 11.9 percent from \$633,340 to \$708,840.³² If current trends persist, increasing numbers of low- and moderate-income families will have to seek home purchase opportunities in outlying areas of greater distance from their jobs. Efforts to facilitate the supply of affordable housing stock will help meet this need in the local community.

²⁴ Federal Deposit Insurance Corporation, Institution Directory, Summary of Deposits, June 2005 (accessed November 18, 2005); available from <http://www.fdic.gov>.

²⁵ California Labor Market Information, State and Local Information, Historical Data for Unemployment Rate and Labor Force (not seasonally adjusted) in Los Angeles County and in California (accessed November 29, 2005); available from <http://www.labormarketinfo.edd.ca.gov>, and Unemployment Up in September 2005, Bureau of Labor Statistics (accessed December 8, 2005); available at www.bls.gov.

²⁶ *Precis METRO: Santa Ana* (West Chester, Pennsylvania: Economy.com, April 2005).

²⁷ *Ibid.*

²⁸ *Ibid.*

²⁹ Orange County 2005 Community Indicators Report, (accessed December 14, 2005); available at Orange County 2005 Community Indicators Report, available at <http://www.oc.gov.com/ceocommunity.asp>.

³⁰ California Association of Realtors, November 10, 2005 (accessed December 15, 2005); available at <http://www.car.org>.

³¹ *Ibid.*

³² *Ibid.*

Income Categories	Total Business by Census Tract		Businesses by Census Tract Category and Revenue Size ³³					
			Less Than or Equal to \$1 Million		Greater Than \$1 Million		Revenue Not Reported	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Low	4,740	3.4%	3,867	3.3%	655	4.1%	218	4.2%
Moderate	40,989	29.4%	33,766	28.5%	5,660	35.8%	1,563	30.2%
Middle	49,352	35.4%	41,863	35.3%	5,629	35.7%	1,860	35.9%
Upper	43,589	31.2%	38,430	32.4%	3,666	23.2%	1,493	28.9%
Unknown	857	0.6%	638	0.5%	179	1.1%	40	0.8%
Total	139,527	100.0%	118,564	100.0%	15,789	100.0%	5,174	100.0%
Percent of Total Businesses			85.0%		11.3%		3.7%	

Lending Distribution by Business Revenue

Lending patterns demonstrate a reasonable penetration among businesses of different sizes and meet standards for satisfactory performance. A significant level (41.9 percent) of lending was extended to small businesses.³⁴ While lending fell below the concentration of small businesses in the area (84.9 percent), the bank's performance exceeded that of the aggregate market, which extended only 37.1 percent of all loans to small businesses.³⁵

Geographic Distribution of Loans

The geographic distribution of small business loans meets the standards for satisfactory performance. Loans were primarily extended near the bank's offices with no conspicuous gaps in the lending patterns. While lending levels in low- and moderate-income areas fell somewhat below the concentration of businesses and aggregate lending levels as reflected below, the bank's performance is reasonable given the assessment area characteristics. Spectrum's two area branch offices are surrounded by middle-and-upper-income tracts that constitute the two largest tract income categories in the county. Specifically, they represent 35.3 percent, and 32.4 percent of total area tracts, respectively. Additionally, the number of available lending opportunities available to the bank is impacted by the highly competitive marketplace in Orange County.

2000 Census Tracts	Business Concentration	Small Business Loans		Aggregate Small Business Loans
		Number	Percent	
Low	3.4%	0	0%	2.9%
Moderate	29.6%	9	13.2%	27.1%
Middle	35.6%	33	48.5%	34.3%
Upper	31.4%	26	38.2%	35.7%

³³ Data based upon 2004 Dun & Bradstreet information according to 2000 U.S. Census boundaries.

³⁴ Aggregate lending based upon 2004 small business lending activity.

³⁵ Ibid.

GLOSSARY OF TERMS

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

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

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

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

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family

households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution and borrower distribution), and qualitative factors (for example, responsiveness).

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

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

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

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

Limited-scope review: Performance is analyzed using only quantitative factors (for example, geographic distribution and borrower 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.

Unknown-income: No median family income exists in these tracts.

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.