

PUBLIC DISCLOSURE

June 10, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Marlin Business Bank
RSSD # 3716852**

**2795 East Cottonwood Parkway, Suite 120
Salt Lake City, Utah 84121**

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

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

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INSTITUTION RATING

Institution's Community Reinvestment Act (CRA) Rating

Marlin Business Bank is rated "SATISFACTORY"

The major factors supporting the institution's rating include:

- An adequate level of qualified community development activities, including activities provided in a broader statewide or regional area and designated disaster areas;
- An occasional use of innovative or complex community development loans and qualified investments; and
- An adequate level of responsiveness to community development needs through loans, investments and services, particularly helping to address the need for affordable housing.

INSTITUTION

Description of Institution

Marlin Business Bank (MBB), headquartered in Salt Lake City, Utah, opened for business on March 12, 2008, and reported total assets of \$1.05 billion as of March 31, 2019. The institution is a wholly-owned subsidiary of Marlin Business Services Corporation (MBSC), a publicly traded bank holding company with two main subsidiaries: MBB and a New Jersey based leasing company called Marlin Leasing Corporation (MLC). Originally chartered by the State of Utah as an industrial bank, MBB was approved for conversion to a commercial bank in 2008. The bank’s sole office is located in Salt Lake City, Utah.

MBB is a commercial bank with a narrow business focus of providing commercial equipment financing primarily to small- and medium-sized businesses. Through affiliate arrangements with MBSC and MLC, the bank offers commercial financing in the form of loans and leases on essential-use business equipment. Financing is provided through programs with equipment manufacturers, distributors, dealers, and other intermediaries. Commonly-financed equipment includes copiers, computers and software, security systems, telecommunications equipment, and certain commercial and industrial equipment. Since the holding company and its affiliate operate nationally, the bank’s loan and lease portfolio mirrors this national footprint. Despite being a commercial bank, MBB relies mostly on its affiliate relationship for loan and lease originations, which are funded entirely by brokered deposits and institution certificates of deposit (CDs).

As depicted in Exhibit 1 below, commercial loans represent the greatest portion of the bank’s loan portfolio as of March 31, 2019.

EXHIBIT 1 LOANS AND LEASES AS OF MARCH 31, 2019		
Loan Type	\$ ('000s)	%
Commercial/Industrial & Non-Farm Non-Residential Real Estate	490,095	54.2
All Other Lease Financing Receivables	409,171	45.2
Farm Land & Agriculture	3,933	0.4
Multi-Family Residential Real Estate	1,476	0.2
Total (Gross)	904,675	100.0

MBB faced no legal or financial impediments that would prevent it from helping to meet the credit needs of its assessment area consistent with its business strategy, size, financial capacity, and local economic conditions. However, due to the bank’s reliance on its affiliate relationships for sourcing and servicing of its loans and leases, MBB’s headquarters is minimally staffed, which limits the number of bank representatives available to conduct community development activities within the bank’s assessment area. The prior CRA examination, conducted as of August 4, 2014, resulted in a satisfactory rating and was conducted using the *Interagency Wholesale/Limited Purpose CRA Examination Procedures*.

Scope of Examination

MBB's CRA performance was evaluated using the *Interagency Wholesale/Limited Purpose CRA Examination Procedures*. As a limited purpose bank, performance was evaluated under the community development test pursuant to the following criteria:

- The number and amount of community development loans, qualified investments, or community development services;
- The use of innovative or complex qualified investments, community development loans, or community development services; and
- The bank's responsiveness to credit and community development needs.

The evaluation was based on qualified community development loans, investments, and services from August 5, 2014 through June 10, 2019.

Description of Assessment Area

MBB's assessment area is comprised of Salt Lake County in its entirety. The county is located in north central Utah between the Wasatch Mountains on the east and the Oquirrh Mountains and the Great Salt Lake on the west, and is part of the Salt Lake City, Utah Metropolitan Statistical Area. With a population of 1,152,633, the county is the most populous in Utah and home to 36.5 percent of the state's population.¹ The bank's assessment area has remained unchanged since the previous examination.

MBB has a limited presence in this competitive assessment area. Primary competitors include large multi-national and regional banks, thrifts, credit unions and nonbank entities that hold brokered and institutional deposits and engage in commercial lease financing. As of June 30, 2018, the assessment area had 38 Federal Deposit Insurance Corporation-insured commercial institutions operating 212 offices.² MBB maintained a small presence in the assessment area, operating one office with total deposits of \$865 million, representing 0.17 percent of the market.³

Exhibit 2 on the following page presents key demographic and business information from the 2018 FFIEC Census and 2018 Dun and Bradstreet data, used to help develop a performance context for the assessment area.

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

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

³ Ibid.

EXHIBIT 2 ASSESSMENT AREA DEMOGRAPHICS SALT LAKE COUNTY ASSESSMENT AREA 2018 CENSUS AND 2018 DUN AND BRADSTREET DATA									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	7	3.3	6,710	2.7	2,101	31.3	49,318	19.9	
Moderate-income	51	24.1	52,703	21.3	9,946	18.9	43,691	17.6	
Middle-income	86	40.6	107,153	43.3	7,674	7.2	54,455	22.0	
Upper-income	65	30.7	79,785	32.2	2,458	3.1	100,229	40.5	
Unknown-income	3	1.4	1,342	0.5	525	39.1	0	0.0	
Total AA	212	100.0	247,693	100.0	22,704	9.2	247,693	100.0	
Income Categories	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied			Rental		Vacant		
		#	%	%	#	%	#	%	
Low-income	11,528	3,491	1.5	30.3	7,561	65.6	476	4.1	
Moderate-income	90,747	40,806	17.5	45.0	43,838	48.3	6,103	6.7	
Middle-income	158,959	104,664	44.9	65.8	46,841	29.5	7,454	4.7	
Upper-income	109,088	82,945	35.6	76.0	19,126	17.5	7,017	6.4	
Unknown-income	2,668	1,186	0.5	44.5	1,434	53.7	48	1.8	
Total AA	372,990	233,092	100.0	62.5	118,800	31.9	21,098	5.7	
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size						
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
			#	%	#	%	#	%	#
Low-income	1,715	3.1	1,375	2.8	308	6.1	32	3.9	
Moderate-income	12,364	22.5	10,210	20.8	1,993	39.4	161	19.6	
Middle-income	21,610	39.3	19,621	40.0	1,736	34.3	253	30.9	
Upper-income	18,825	34.2	17,557	35.8	908	18.0	360	43.9	
Unknown-income	463	0.8	340	0.7	109	2.2	14	1.7	
Total AA	54,977	100.0	49,103	100.0	5,054	100.0	820	100.0	
% of Total Businesses				89.3		9.2		1.5	
2018 Median Family Income ⁴			\$71,849		December 2018 Median Housing Value ⁵			\$376,234	
2018 HUD Adjusted Median Family Income ⁶			\$79,700		2018 Unemployment Rate ⁷			3.0%	

⁴ FFIEC Median Family Income; available from: <https://www.ffiec.gov/Medianincome.htm>.

⁵ Zillow Research, Zillow Home Value Index, Single-Family Homes Time Series; available from: <https://www.zillow.com/research/data/>.

⁶ FFIEC Adjusted Median Family Income; available from: <https://www.ffiec.gov/Medianincome.htm>.

⁷ Annual Unemployment Rate, U.S Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

Economic Conditions

Salt Lake County is home to a large and diverse workforce and many thriving industries. During the review period, the assessment area remained in an economic expansion mode. The primary drivers of the economy were financial services, high-tech-producing industries, state government, and tourism.⁸ Infrastructure improvements, a skilled workforce, a business-friendly climate, and a high quality of life are major draws for workers and companies.⁹ The metro area is a breeding ground for expansions by large financial services and technology firms.¹⁰ The low business costs and well-educated, young workforce make the area very attractive, particularly for firms looking to relocate from costly areas such as San Francisco and New York City, where both labor and real estate expenses have become prohibitively expensive.¹¹ The area also supports a strong tourism industry where travelers come to enjoy the area's skiing and other outdoor activities. Due to its central location, the county is also home to a vigorous transportation sector. In 2018, over 25 million passengers and over 391 million pounds of cargo passed through the Salt Lake City International Airport.¹²

The largest employers in the county include the University of Utah, Intermountain Health Care, State of Utah, and Granite and Jordan School Districts.¹³ Despite the presence of these large employers, small businesses continue to represent a substantial majority of all businesses in the assessment area and provide an important source of employment. As shown in Exhibit 2 above, approximately 89.3 percent of all assessment area businesses have gross annual revenues of less than or equal to \$1.0 million. As such, lending to small businesses plays a critical role in the economy.

Economic improvements in the assessment area can be seen in small lending. As depicted in Exhibit 3 on the following page, a review of small business loan data reported by banks subject to the CRA shows that the number and amount of loans originated to small businesses steadily improved for most of the review period prior to the dollar volume of lending decreasing year-over-year from 2016 to 2017. However, the number of loans originated has remained depressed relative to lending volume experienced in 2007.

⁸ Moody's Precis Report, Salt Lake City UT, April 2015, November 2018 and March 2019.

⁹ Moody's Precis Report, Salt Lake City UT, March 2019.

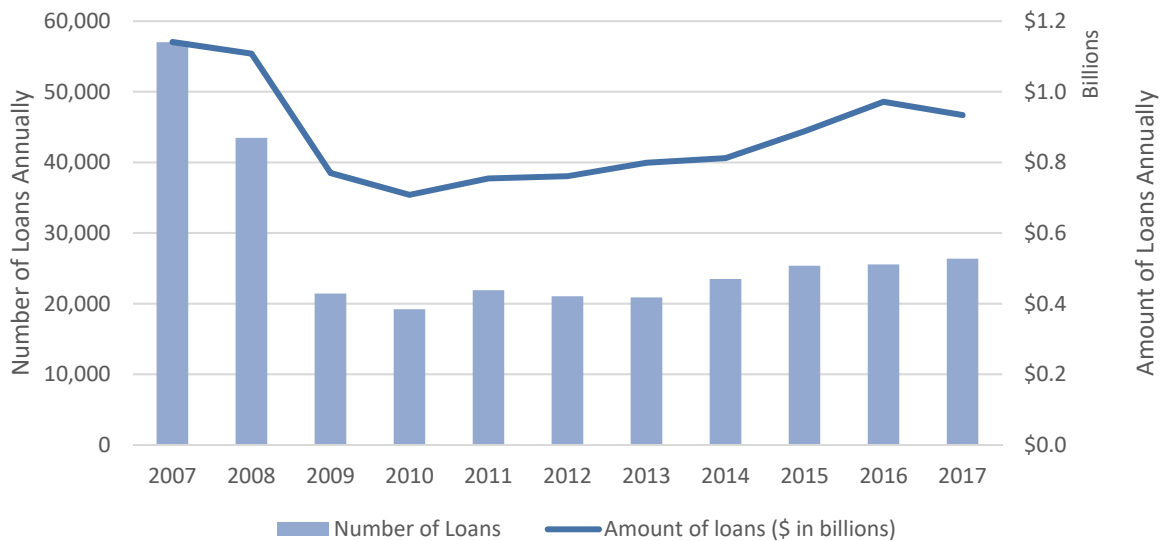
¹⁰ Moody's Precis Report, Salt Lake City UT, November 2018.

¹¹ Ibid.

¹² Salt Lake City International Airport, Summary Statistics for 2018; available from: <https://slcairport.com/assets/pdfDocuments/Air-Traffic-Statistics/2018-Summary.pdf> (accessed June 6, 2019).

¹³ Utah Department of Workforce Services, Salt Lake County Annual Profile, available from: <https://jobs.utah.gov/wi/insights/profile/> (accessed June 6, 2019).

Exhibit 3
Loans to Small Businesses in Assessment Area¹⁴
2007-2017

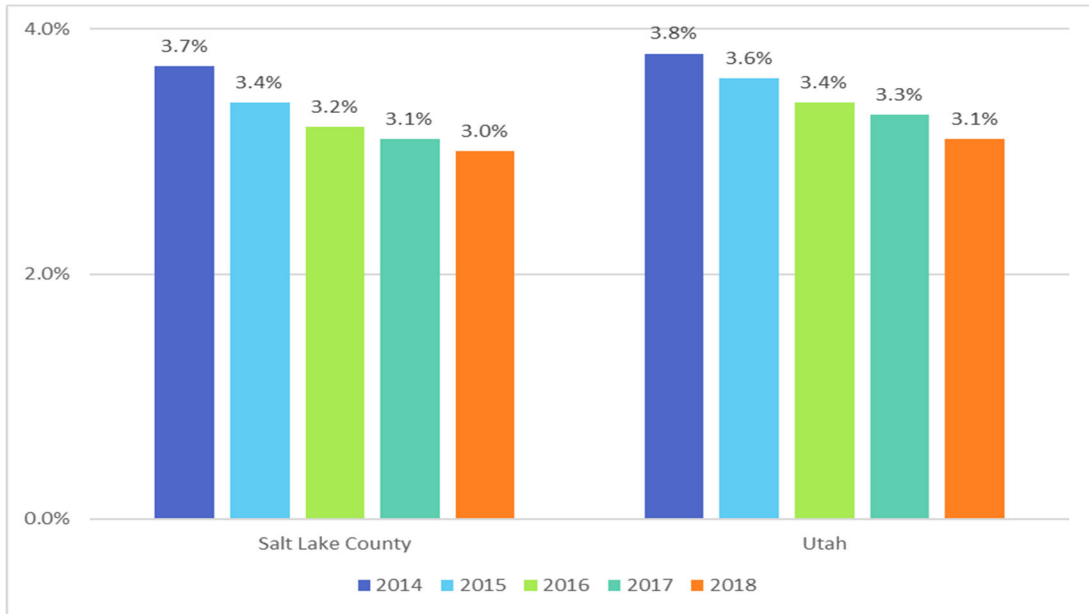


As depicted in Exhibit 4 on the following page, the unemployment rate declined throughout the review period, consistent with statewide declines during the same time. While the unemployment rate fell, the labor force grew; however, labor force growth has slowed along with job gains, leaving the unemployment rate pinned at three percent near its cycle low.¹⁵

¹⁴ Aggregate CRA Small Business data reports available from: <http://www.ffiec.gov/craadweb/aggregate.aspx>.

¹⁵ Moody's Precis Report, Salt Lake City UT, March 2019.

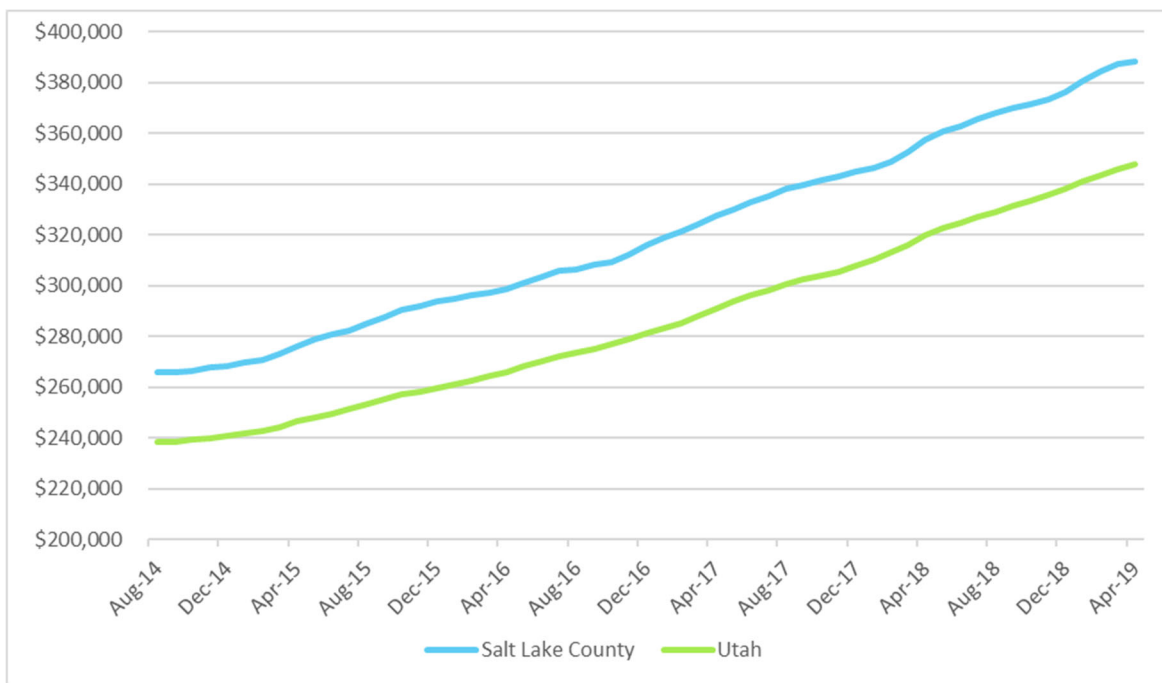
Exhibit 4
Unemployment Rate¹⁶
2014-2018



Assessment area home prices increased steadily during the review period, consistent with statewide increases, as reflected in Exhibit 5 on the following page. The median home prices in Salt Lake County rose over fifty percent between August 2014 and April 2019, with prices reaching an apex of \$388,333 in April 2019 from \$265,905 in August 2014. This has presented affordable housing challenges in Salt Lake County as more individuals and families are priced out of the area.

¹⁶ U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

Exhibit 5
Median Home Prices¹⁷
August 2014 - April 2019



The sharp rise in housing prices in recent years, combined with robust worker in-flows, supports a continuation of accelerated growth in residential construction.¹⁸ In addition to the increase in housing prices, rental prices similarly increased during the review period. From August 2014 to April 2019, the median rent for a 1-bedroom apartment rose more than 55 percent, from \$702 to \$1,091 per month.¹⁹

As depicted in Exhibit 6 on the following page, the percentage of people living below the poverty level and the percentage of households on food stamps in the assessment area declined during the review period. According to the Supplemental Poverty Measure, which factors in regional cost-of-living, government assistance programs as well as housing costs, an estimated 9.3 percent of people in Utah live in poverty.²⁰ Another measure of poverty is the liquid asset poverty rate, which represents the percentage of households without sufficient liquid assets to subsist at the poverty level for three months in the absence of income. In Salt Lake County, 33.2 percent of all households are liquid asset poor.²¹

¹⁷ Zillow Research, Zillow Home Value Index, Single-Family Homes Time Series; available from: <https://www.zillow.com/research/data/>.

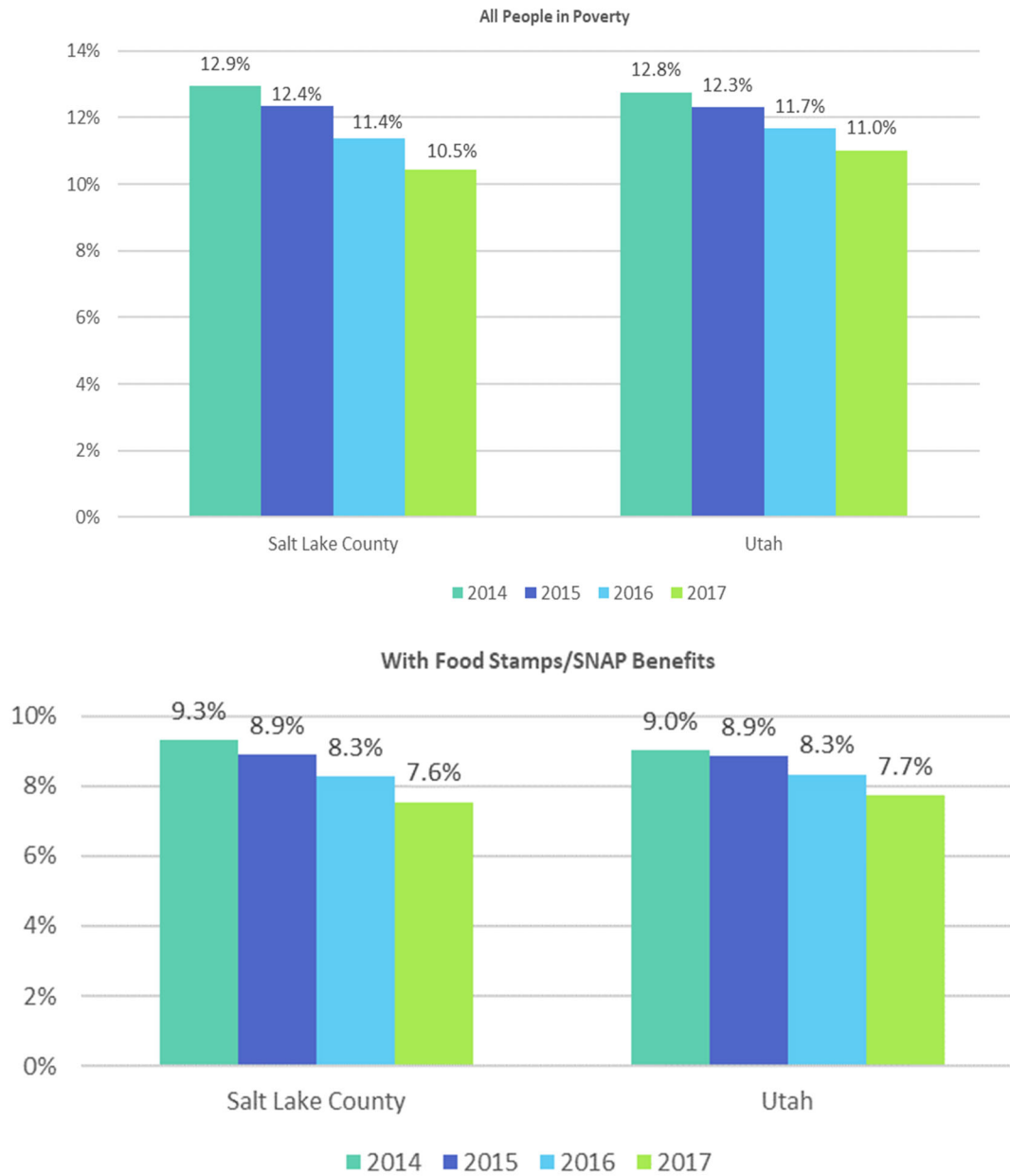
¹⁸ Moody's Precip Report, Salt Lake City UT, November 2018.

¹⁹ Zillow Research, Zillow Median Rent List Price, 1-Bedroom; available from: <https://www.zillow.com/research/data/>.

²⁰ U.S. Census Bureau, The Supplemental Poverty Measure: 2017; available from: <https://www.census.gov/library/publications/2018/demo/p60-265.html>.

²¹ Prosperity Now Scorecard, Salt Lake County, CA; available from: <https://scorecard.prosperitynow.org/data-by-location>.

**Exhibit 6
Poverty and Food Stamp Usage Rates²²
2014-2017**



Credit and Community Development Needs

The economic data, as well as feedback from community contacts, indicate that small businesses in the assessment area face challenges in accessing credit and that some level of small business credit needs

²² Poverty and Food Stamp Usage Rates, U.S. Census Bureau, American Community Survey, 5-Year Estimates; available from: <https://www.census.gov/programs-surveys/acs/data.html>.

remain unmet by area banks. As previously mentioned, CRA reportable small business lending levels are improving, but remain below levels experienced prior to the Great Recession. According to the 2018 Small Business Credit Survey, 43 percent of employer firms applied for financing in the prior 12 months.²³ Less than half of the firms that applied for credit—47 percent—received all of the financing they sought.²⁴ A majority of firms applied for financing in amounts of less than \$100,000, and the majority of all applicants were looking to expand their business or pursue a new opportunity.²⁵ Of the financing and credit products sought by businesses, 85 percent of applicants applied for either a business loan or line of credit.²⁶ Loan/line of credit and cash advance applicants reported higher approval rates—60 percent—in the 2018 survey than in previous surveys.²⁷ However, funding gaps were most acute for firms seeking \$100,000 to \$250,000, with 54 percent of these applicants receiving less than the full amount of financing sought.²⁸ Financing shortfalls were particularly pronounced among firms with weak credit profiles, unprofitable firms, younger firms, and firms in urban areas.²⁹ Overall, there is a general need for more access to credit and smaller dollar loans. Community contacts indicated that business owners who are ready to start or expand a business or create new jobs have an identified need for technical and financial assistance. Additionally, dollars spent on infrastructure and commercial property improvements could significantly improve the economic environment for local businesses.

A variety of factors mentioned previously, including the rising cost of housing and rent, establish the need for affordable housing development and financing within the assessment area. In addition to high cost and low affordability, the assessment area faces a shortage of affordable housing and rental units. The severe shortage of affordable homes for extremely low-income renters is systemic, affecting every state and metropolitan area.³⁰ According to the National Low Income Housing Coalition, the amount that extremely low-income renters can afford to pay for rent does not cover the development and operating costs of new housing, and it often is not sufficient to provide an incentive for landlords to maintain older housing.³¹ Financial hardships and housing instability caused by the lack of affordable housing have significant consequences for the health and well-being of poor families.³² As housing and rental markets remain undersupplied, residents with lower-paying jobs will continue to be priced out of the market and overcrowding and homelessness will continue to grow.

Community contacts noted that the economic growth experienced in the area is moving Salt Lake County towards becoming a high-cost community, making it harder for community groups to rehabilitate or develop new affordable housing. There is an identified need for access to capital for individuals in the form of mortgage down payment assistance, targeted CRA programs such as affordable mortgages with no private mortgage insurance requirements, low down payments, and competitive rates that would allow low-income families an entry point to homeownership. Commercial real estate and microloans for tenant improvements would also be impactful.

²³ Small Business Credit Survey, Report on Employer Firms 2019, available from:
<https://www.fedsmallbusiness.org/medialibrary/fedsmallbusiness/files/2019/sbcs-employer-firms-report.pdf>.

²⁴ Ibid.

²⁵ Ibid.

²⁶ Ibid.

²⁷ Ibid.

²⁸ Ibid.

²⁹ Ibid.

³⁰ National Low Income Housing Coalition, *The Gap: A Shortage of Affordable Rental Homes*, March 2019; available from:
www.nlihc.org/sites/default/files/gap/Gap-Report_2019.pdf.

³¹ Ibid.

³² Ibid.

The prevalence of poverty and cost-burdened households discussed previously highlights the importance of community service organizations within the bank's communities. There is an opportunity for banks to support the wide range of community needs in the assessment area from innovative affordable housing solutions to access to credit for small businesses. This could be accomplished by engaging in community development activities and/or partnering with organizations that address the aforementioned needs of those most vulnerable in the community. The ongoing demand for services often results in needs for these organizations in terms of financial support and technical assistance as they attempt to service significant low- and moderate-income populations within the bank's assessment area. Moreover, community contacts identified opportunities for community stakeholders to become involved in leadership skill development training, youth pre-employment and training programs, community fairs, and other activities focused on revitalizing and building stronger communities. Some of the most impactful activities by banks are affordable housing endeavors in the form of grants, special loan products and advocacy work and classes and education around home ownership and financial literacy.

CONCLUSIONS WITH RESPECT TO PERFORMANCE

Community Development Test

MBB's community development performance is satisfactory. The bank engaged in an adequate level of community development activities within its assessment area and provided many qualified investments in a broader regional or statewide area and, in some cases, designated disaster areas. While the bank has occasionally engaged in qualified community development activities that are innovative or complex, a significant portion of the bank's qualified community development activities are non-complex. In addition, the bank demonstrates adequate responsiveness to the community development needs of its assessment area as many activities have focused on the affordable housing needs within Salt Lake County.

Exhibit 7 illustrates the volume of the bank's community development activities. The details of these activities are summarized below.

EXHIBIT 7 COMMUNITY DEVELOPMENT ACTIVITIES								
Assessment Area	Loans		Investments				Services	
			Prior Period		Current Period			
	#	\$ ('000s)	#	\$ ('000s)	#	\$ ('000s)	#	Hours
Salt Lake County	6	11,000	3	2,416	76	9,991	297	639
Broader Statewide or Regional Area	0	0	0	0	72	17,128	0	0
Total	6	11,000	3	2,416	148	27,119	297	639

Community Development Lending

MBB's lending demonstrated adequate responsiveness to the community needs for affordable housing. During the review period, MBB originated six qualified community development loans within its assessment area with a limited level of complexity. These loans were extended to a housing consortium that assisted in funding 83 affordable housing projects during the review period. In total, these projects resulted in the development of 5,600 affordable housing units, with contributions from various partners, including MBB.

Community Development Investments

MBB's qualified investments demonstrated responsiveness to the needs for affordable housing as well as economic development. Overall, the bank's investments are largely non-complex and a significant number of these investments benefitted a broader state-wide or regional area. Notable examples include:

- Seven investments totaling over \$5.4 million in Utah Housing Bonds that support affordable housing projects for mainly refugee and homeless individuals as well as low- and moderate-income families;
- A total of 61 certificate of deposit investments totaling \$14.4 million in women- and minority-owned financial institutions located in the broader statewide or regional area and neighboring states, including six investments totaling \$996,000 in designated disaster areas;
- Three certificate of deposit investments totaling \$735,000 in a low-income credit union in Salt Lake County that specializes in providing financial, educational and counseling for the visually impaired; and
- Six investments totaling over \$5.9 million in CRA qualified mortgage-backed securities within the assessment area.

Community Development Services

The bank provided a total of 639 community development service hours to organizations involved in providing community services to low- and moderate-income individuals within the assessment area. Though the bank has a small number of employees in the Salt Lake City office, bank representatives provided a strong level of community development services. Three employees provided all service hours for the bank. Notable examples are listed below:

- Three employees provided 156 community development service hours through service on the board of a community reinvestment corporation, which focuses its efforts on housing for low- and moderate-income individuals and families;
- Bank representatives provided 259 community development service hours conducting financial literacy training and serving on the board of a non-profit organization that focuses on financial literacy; and
- The majority of the remaining community development service hours were spent with various organizations that provide community services for low- and moderate-income individuals. These organizations help refugees and homeless with services like pre-natal care, school readiness and social and health counseling.

Fair Lending or Other Illegal Practices Review

Concurrent with this CRA evaluation, we conducted a review of the bank's compliance with consumer protection laws and regulations and found no violations of the substantive provisions of anti-discrimination, fair lending, or other illegal credit practice rules, laws or regulations that were inconsistent with helping to meet community credit needs.

APPENDIX A

GLOSSARY OF TERMS

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

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

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

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

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is

further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance under the lending and community development tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, responsiveness).

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

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

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

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

Limited-scope review: Performance under the lending and community development tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

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

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.