

PUBLIC DISCLOSURE

June 7, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Lake County Bank
102 Crystal Street
P.O. Box 664
St. Ignatius, Montana 59865
RSSD 687250

**Federal Reserve Bank of Minneapolis
90 Hennepin Avenue, P.O. Box 291
Minneapolis, MN 55480-0291**

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.

TABLE OF CONTENTS

Institution’s CRA Rating 1

Scope of Evaluation 1

Description of Institution 2

Description of Assessment Area 3

Conclusions 5

Fair Lending or Other Illegal Credit Practices Review 9

Appendix A 10

Definitions for many of the terms used in this performance evaluation can be found in section 228.12 of Regulation BB. For additional convenience, a Glossary of Common CRA Terms is attached as Appendix A at the end of this performance evaluation.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory."

The CRA performance of Lake County Bank, St. Ignatius, Montana was evaluated, using the Small Bank CRA Evaluation Procedures. Based on the bank's asset size, financial condition, and location, the bank effectively meets the credit needs of the small businesses, small farms, and residents in the assessment area. Several factors support the bank's satisfactory rating.

- The bank's lending to consumers of different income levels and to businesses and farms of different sizes is excellent.
- The geographic distribution and dispersion of loans are good, and no unexplained gaps in lending were identified.
- The bank originated the substantial majority of its consumer, small business, and small farm loans within its assessment area.
- The bank's net loan-to-deposit ratio reflects a reasonable level of lending given the bank's size, financial condition, and assessment area credit needs.

At the previous CRA evaluation, dated March 20, 2007, the bank received a satisfactory rating.

SCOPE OF EVALUATION

This evaluation is based on the bank's small business, small farm, and consumer lending performance in the assessment area during the sample period. The following statistical samples were included in the Lending Test: 57 small business, 91 small farm, and 140 consumer loans. Residential real estate loans were not analyzed because the bank's residential real estate lending activity is minimal. The loans in the consumer loan sample were originated between July 1, 2010, and December 31, 2010. The loans in the small business and small farm loan samples were originated between January 1, 2010, and December 31, 2010. Table 1 displays the bank's loan origination activity for 2010.

	<i>Number of Loans</i>	<i>% of Total Number</i>	<i>Total Loan Dollars</i>	<i>% of Total Dollars</i>
Small Farm (\leq \$500,000)	165	14.8	\$ 4,406,018	37.0
Small Business (\leq \$1 million)	79	7.1	2,102,791	17.6
Consumer	850	76.4	3,197,223	26.8
Residential Real Estate	3	0.3	435,625	3.7
Construction/Land Development	10	0.9	1,276,073	10.7
Other	6	0.5	500,199	4.2
Total	1,113	100.0	\$11,917,930	100.0

The following criteria were analyzed to determine the bank's CRA rating:

- Lending to businesses and farms of different sizes and to borrowers of different income levels.
- Geographic distribution of loans.
- Lending inside the assessment area.

¹Note: Because the percentages presented in the tables are rounded to the nearest tenth, some columns or rows may not total 100.0%.

- Net loan-to-deposit ratio.
- Record of responding to complaints about the bank's CRA performance.

The distribution of loans to businesses and farms of different sizes and to consumers of different income levels received the greatest weight. The geographic distribution of the loans received less weight since there are no low-income census tracts and only three moderate-income census tracts among the 11 tracts in the assessment area. Lending inside the assessment area and the net loan-to-deposit ratio were weighted equally. The bank has not received any CRA-related complaints since the previous evaluation. Consumer loans received the most weight in the analysis because 76.4% of the loans originated in 2010 were consumer loans. Small business and small farm loans were weighted equally.

Community contact. In addition to having discussions with bank management, examiners consulted a member of the community familiar with economic conditions and demographic characteristics. Information from the community contact and bank management was used in the evaluation of the bank's CRA performance. The community contact did not identify any unmet credit needs in the bank's assessment area.

DESCRIPTION OF INSTITUTION

Offices. Lake County Bank operates one full-service office with an automated teller machine (ATM) in St. Ignatius, Montana. The bank also operates an additional ATM in St. Ignatius and one in Charlo, Montana. The bank's ATMs do not accept deposits. The bank has not opened or closed any offices since the previous evaluation. The bank's hours of operation are reasonable.

Alternative delivery methods. Through the bank's Internet banking service, customers can manage their accounts and pay bills online.

Loan portfolio. According to the March 31, 2011, Report of Condition, the bank's assets total \$27.2 million. The bank is primarily a commercial and agricultural lender. The \$16.0 million loan portfolio consists of 41.6% commercial, 28.6% agricultural, 18.8% consumer, 10.9% residential real estate, and 0.1% other loans. Since the previous evaluation, the loan portfolio has decreased by 23.9%, and total assets have decreased by 8.5%. Overall, the composition of the loan portfolio has not changed significantly since the previous evaluation.

Credit products. The bank continues to offer a variety of conventional credit products for commercial, agricultural, residential real estate, and consumer purposes, including installment and single-payment loans and lines of credit. In addition, the bank offers loans through the Small Business Administration and Farm Service Agency. To meet the credit needs of consumers in the assessment area, the bank continues to offer short-term, small-dollar consumer loans.

Market share. The bank is located in Lake County. According to the June 30, 2010, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranks fifth of the seven FDIC-insured institutions with offices in Lake County, with 8.7% of the deposits. Community Bank, Inc., Ronan, Montana, and First Interstate Bank, Billings, Montana, rank first and second with 28.7% and 23.8% of the market's deposits, respectively. Lake County Bank is the only FDIC-insured institution located in St. Ignatius.

DESCRIPTION OF ASSESSMENT AREA

The bank defines its assessment area as the nine census tracts that comprise Lake County and two census tracts of neighboring Sanders County. Lake County includes two moderate- and seven middle-income census tracts. All middle-income census tracts are distressed due to poverty. St. Ignatius is located in a middle-income census tract, approximately 29 miles south of Polson, Montana, the county seat. The two census tracts in Sanders County are moderate- and upper-income tracts. The majority of the bank's assessment area lies within the Flathead Indian Reservation.

Table 2 provides detailed data about the demographic characteristics of the assessment area.

TABLE 2								
Assessment Area Demographics								
<i>Income Categories</i>	<i>Tract Distribution</i>		<i>Families by Tract Income</i>		<i>Families < Poverty Level as % of Families by Tract</i>		<i>Families by Family Income</i>	
	#	%	#	%	#	%	#	%
Low Income	0	0.0	0	0.0	0	0.0	2,009	25.9
Moderate Income	3	27.3	1,522	19.6	301	19.8	1,645	21.2
Middle Income	7	63.6	6,229	80.3	839	13.5	1,674	21.6
Upper Income	1	9.1	9	0.1	0	0.0	2,432	31.3
Total Assessment Area	11	100.0	7,760	100.0	1,140	14.7	7,760	100.0
<i>Income Categories</i>	<i>Housing Units by Tract</i>	<i>Housing Types by Tract</i>						
		<i>Owner-Occupied</i>			<i>Rental</i>		<i>Vacant</i>	
		#	%	%	#	%	#	%
Low Income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate Income	2,411	1,475	18.8	61.2	629	26.1	307	12.7
Middle Income	12,189	6,352	81.1	52.1	2,531	20.8	3,306	27.1
Upper Income	18	10	0.1	55.6	5	27.8	3	16.7
Total Assessment Area	14,618	7,837	100.0	53.6	3,165	21.7	3,616	24.7
<i>Income Categories</i>	<i>Total Businesses by Tract</i>	<i>Businesses by Tract and Revenue Size</i>						
		<i>≤ \$1 Million</i>		<i>> \$1 Million</i>		<i>Revenue Not Reported</i>		
		#	%	#	%	#	%	
Low Income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate Income	300	16.3	264	15.6	22	29.3	14	18.7
Middle Income	1,546	83.7	1,432	84.4	53	70.7	61	81.3
Upper Income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,846	100.0	1,696	100.0	75	100.0	75	100.0
Percentage of Total Businesses:			91.9		4.1			4.1
<i>Income Categories</i>	<i>Total Farms by Tract</i>	<i>Farms by Tract and Revenue Size</i>						
		<i>≤ \$1 Million</i>		<i>> \$1 Million</i>		<i>Revenue Not Reported</i>		
		#	%	#	%	#	%	
Low Income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate Income	81	32.3	80	32.3	1	50.0	0	0.0
Middle Income	170	67.7	168	67.7	1	50.0	1	100.0
Upper Income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	251	100.0	248	100.0	2	100.0	1	100.0
Percentage of Total Farms:			98.8		0.8			0.4

Income. For purposes of classifying borrowers by income levels, this evaluation uses the Department of Housing and Urban Development (HUD) estimated median family income values. For borrowers residing in nonmetropolitan areas of Montana, this value is \$54,200 for 2010. For purposes of classifying census tracts by income levels, this evaluation uses the median family income for 2000, which is \$39,050 for nonmetropolitan areas of Montana.

Population. The population of Lake County is 28,605, according to the U.S. Census Bureau's population estimates for 2009, which is a 7.9% increase since the 2000 census. The 2009 population estimate for St. Ignatius is 807.

Economy. Bank management and the community contact described the local economy as depressed. According to the contact, the local economy lags about three to four years behind many major metropolitan areas. Therefore, the contact expects economic conditions to continue to decline.

According to bank management, agriculture is the primary industry in the assessment area. Many ranchers have cow/calf and yearling operations. Prices have been favorable, and bank management described 2010 as a good year for ranchers.

According to the community contact and bank management, the largest employer in the assessment area is the Confederated Salish and Kootenai Tribes. Tribal government offices employ approximately 1,150 people and tribe-operated businesses employ approximately 400 people. Nontribal employment opportunities are scarce in the assessment area, according to bank management and the community contact. Other major employers include the local hospitals, grocery stores, and banks. Bank management and the community contact described local wages as very low.

Small businesses in the assessment area are struggling. According to bank management and the community contact, several businesses have either closed or laid off employees. Many businesses continue to operate with minimal profits.

Compared to the state as a whole, the unemployment rate in Lake County is high. Since the previous evaluation, the not seasonally adjusted unemployment rate for Lake County peaked in January 2011 at 13.4%, according to the U.S. Department of Labor Bureau of Labor Statistics, and the preliminary unemployment rate for April 2011 is 11.0%. For April 2011, the unemployment rate for the state of Montana is 7.4%. Since the previous evaluation, the unemployment rate for the state peaked in January 2011 at 8.7%.

According to the community contact, the communities on the reservation are populous for only six months of the year, over the spring and summer seasons. Because there is no winter recreation to draw visitors, the population is almost halved during the off-season. Due to the above-average rainfall thus far in 2011, this year's busy season might only be four months long, according to the contact.

Many consumers obtain loans for living expenses, according to bank management and the community contact. For example, many people need assistance with rent and utility payments and necessities such as groceries. According to the community contact, groceries cost approximately 30% more on the reservation than in Missoula and Kalispell, Montana. Bank management continues to offer short-term, small-dollar loans to consumers. Management indicated that demand for all loan types is down.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's CRA performance is satisfactory. The bank's lending to consumers of different income levels and to businesses and farms of different sizes is excellent. The geographic distribution and dispersion of the bank's small business, small farm, and consumer loans in the assessment area are good. The substantial majority of the loans in the samples were originated to entities and consumers located inside the assessment area. The net loan-to-deposit ratio indicates a reasonable level of responsiveness to the credit needs of the assessment area.

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS AND TO BUSINESSES AND FARMS OF DIFFERENT SIZES

The bank's lending to borrowers of different income levels is excellent, and its lending to businesses and farms of different sizes is very good. Overall, the distribution of the bank's consumer, small business, and small farm loans by borrower revenue and income levels is excellent.

Consumer loans. The bank's consumer lending to borrowers of different income levels is excellent. According to the 2000 census, 27.6% of the households in the assessment area are low income and 18.7% are moderate income. As shown in Table 3, the bank extended 59.4% of consumer loans in the assessment area to low-income borrowers and 18.0% to moderate-income borrowers. Table 3 shows the bank's consumer lending activity in the assessment area by borrower income levels.

	<i>Income Level</i>									
	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>		<i>Unknown</i>	
	#	\$	#	\$	#	\$	#	\$	#	\$
Consumer	59.4%	50.4%	18.0%	13.6%	8.6%	18.6%	1.6%	2.5%	12.5%	14.9%
Percentage of Households by Income Levels**	27.6%		18.7%		18.7%		35.0%		Not Applicable	
*HUD median family income for nonmetropolitan areas of Montana is \$54,200 for 2010.										
**Based on 2000 U.S. Census data.										

According to bank management and the community contact, wages in the assessment are very low, the local economy is depressed, and job opportunities are limited. To meet the credit needs of its community, the bank continues to extend small-dollar loans. Many consumers request loans for living expenses, such as rent and utilities, according to the community contact and bank management. Of the consumer loans in the assessment area, the bank originated 35.9% for less than \$1,000 and 50.8% for less than \$2,000. The bank's performance among low- and moderate-income borrowers is excellent.

Small business loans. The distribution of loans to businesses with gross annual revenues of \$1 million or less is very good. All but one of the 56 sampled loans in the assessment area, or 98.2%, were extended to small businesses. According to 2010 Dun & Bradstreet data, 91.9% of the businesses in the bank's assessment area are small businesses. Table 4 shows the bank's small business lending activity in the assessment area.

<i>Small Business Originations</i>	<i>≤ \$100,000</i>	<i>> \$100,000 to ≤ \$250,000</i>	<i>> \$250,000 to ≤ \$1,000,000</i>	<i>Total Originations</i>
Percentage of Small Business Loans	92.9%	3.6%	3.6%	100.0%
Percentage of Loans to Businesses with Revenues of \$1 Million or Less	94.5%	1.8%	3.6%	98.2%

The large majority of the small business loans, 92.9%, were for \$100,000 or less. According to bank management, loan demand from local businesses is down, and many businesses have closed or laid off employees. The bank's lending performance among small businesses is very good.

Small farm loans. The bank originated all 89 small farm loans in the assessment area to farms with gross annual revenues of \$1 million or less. The vast majority of the small farm loans, 96.6%, were for \$100,000 or less. Only two farms in the assessment area have gross annual revenues greater than \$1 million. According to Dun & Bradstreet, 98.8% of the farms are small farms. The bank's performance among small farms is very good. Table 5 illustrates the bank's small farm lending activity in the assessment area.

<i>Small Farm Originations</i>	<i>≤ \$100,000</i>	<i>> \$100,000 to ≤ \$250,000</i>	<i>> \$250,000 to ≤ \$500,000</i>	<i>Total Originations</i>
Percentage of Small Farm Loans	96.6%	1.1%	2.2%	100.0%
Percentage of Loans to Farms with Revenues of \$1 Million or Less	96.6%	1.1%	2.2%	100.0%

Overall, the bank's distribution of loans by income and revenue levels is excellent. The bank's lending to low- and moderate-income borrowers is excellent. The bank's lending to businesses and farms with gross annual revenues of \$1 million or less is very good.

GEOGRAPHIC DISTRIBUTION OF LOANS

The bank's assessment area includes three moderate-income and seven distressed middle-income census tracts and one upper-income tract. There are no low-income census tracts in the assessment area. For all loan types, the majority of the bank's loans were made to entities and borrowers in middle-income census tracts. The concentration of loans in middle-income census tracts is appropriate, as St. Ignatius is located in a middle-income tract and the majority of the tracts in the assessment area are middle-income tracts.

The bank's geographic distribution and dispersion of loans in the assessment area are good. Examiners did not identify any unexplained gaps in lending. Table 6 shows the geographic distribution of the bank's small business, small farm, and consumer loans in the assessment area by census tract income levels.

TABLE 6
Geographic Distribution of Loans by Census Tract Income Level*

<i>Loan Type Sample</i>	<i>Low Income</i>		<i>Moderate Income</i>		<i>Middle Income</i>		<i>Upper Income</i>		<i>Unknown Income</i>	
	#	\$	#	\$	#	\$	#	\$	#	\$
Consumer	0.0%	0.0%	8.6%	4.4%	91.4%	95.6%	0.0%	0.0%	0.0%	0.0%
Small Business	0.0%	0.0%	3.6%	0.7%	96.4%	99.3%	0.0%	0.0%	0.0%	0.0%
Small Farm	0.0%	0.0%	12.4%	22.2%	87.6%	77.8%	0.0%	0.0%	0.0%	0.0%
Demographic Data										
Number of Census Tracts	0		3		7		1		0	
Percentage of Census Tracts	0.0%		27.3%		63.9%		9.1%		0.0%	
Percentage of Small Businesses	0.0%		16.3%		83.7%		0.0%		0.0%	
Percentage of Small Farms	0.0%		32.3%		67.7%		0.0%		0.0%	
Percentage of Households	0.0%		19.2%		80.6%		0.2%		0.0%	
*Income classification of census tracts based on 2000 median family income.										

Consumer loans. Even though the bank's performance in the moderate-income census tracts in the assessment area is below demographics, the bank's geographic distribution and dispersion are good. Because the bank offers short-term consumer loans, the sample included several loans to the same borrowers. The bank originated 8.6% of consumer loans in moderate-income census tracts, while 19.2% of the households in the assessment area are located in moderate-income census tracts, according to the 2000 census. The U.S. Census data further indicates that 24.6% of the households in the moderate-income census tracts have income below the federal poverty level and 31.4% receive public assistance. Several other banks also provide consumer loans in the assessment area and are located in or close to the moderate-income census tracts.

Small business loans. According to 2010 Dun & Bradstreet data, 16.3% of the businesses in the assessment area are located in moderate-income census tracts. Although the bank originated only two small business loans (3.6%) in moderate-income census tracts, its geographic distribution and dispersion of small business loans are good. According to management, loan demand is down and local small businesses are struggling. Further, six other FDIC-insured institutions also operate in Lake County, including a tribe-operated bank in Polson.

Small farm loans. The geographic distribution and dispersion of small farm loans are good given the performance context. According to 2010 Dun & Bradstreet data, 32.3% of the farms in the assessment area are located in moderate-income census tracts. The bank originated 12.4% of small farm loans in moderate-income census tracts. As mentioned, bank management indicated that 2010 was a good year for farmers and loan demand was down. Further, only 81 farms are located in the three moderate-income census tracts in the assessment area, and six other FDIC-insured institutions also operate in Lake County.

Overall, the bank's geographic distribution and dispersion of consumer, small business, small farm loans are good in the assessment area, and examiners did not identify any unexplained gaps in lending.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREA

The bank's lending inside the assessment area is excellent. The bank extended the substantial majority of its small business, small farm, and consumer loans inside the assessment area. By number of loans, the bank originated 94.8% inside the assessment area. By total loan dollars, the bank originated 97.9% inside

the assessment area. Table 7 shows the distribution of small business, small farm, and consumer loans inside and outside the assessment area.

<i>Loan Category</i>	<i>Inside</i>				<i>Outside</i>			
	<i>#</i>	<i>%</i>	<i>\$(000s)</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>\$(000s)</i>	<i>%</i>
Consumer	128	91.4	420	88.4	12	8.6	55	11.6
Small Business	56	98.2	1,586	99.9	1	1.8	1	0.1
Small Farm	89	97.8	2,238	98.4	2	2.2	37	1.6
Total	273	94.8	4,244	97.9	15	5.2	92	2.1

According to bank management, the entities and borrowers with loans outside of the assessment area are generally long-term bank customers who previously lived inside the assessment area. The bank's lending inside its assessment area is excellent. For all loan types, the bank originated the substantial majority of loans inside the assessment area.

LOAN-TO-DEPOSIT RATIO ANALYSIS

The bank's net loan-to-deposit ratio reflects a reasonable level of lending. Since the previous evaluation, the bank's quarterly net loan-to-deposit ratio has ranged from 90.9% to 58.9%, with a decreasing trend. As of March 31, 2011, the bank's net loan-to-deposit ratio was 63.7%. The 17-quarter average net loan-to-deposit ratio since the previous evaluation is 76.5%. The 17-quarter average for the bank's peer group is 64.7%. The bank's peer group is defined as insured commercial banks with assets of less than \$50 million with one full-service office not located in a metropolitan statistical area. Table 8 shows the bank's 17-quarter average net loan-to-deposit ratio along with averages for other banks of similar asset size in Lake County.

<i>Bank Name and Location</i>	<i>Assets as of March 31, 2011 (in thousands)</i>	<i>Average Net Loan-to-Deposit Ratio</i>
Lake County Bank, St. Ignatius, Montana	\$27,247	76.5%
Valley Bank of Ronan, Ronan, Montana	\$64,794	82.4%
Community Bank, Inc., Ronan, Montana	\$94,847	81.8%
Eagle Bank, Polson, Montana	\$27,070	51.4%

The bank's 17-quarter average net loan-to-deposit ratio is generally consistent with the banks listed in Table 8 and demonstrates a good responsiveness to the credit needs of the assessment area. The community contact did not identify any unmet credit needs in the assessment area. The bank's net loan-to-deposit ratio reflects a reasonable level of lending.

RECORD OF RESPONSE TO CRA-RELATED COMPLAINTS

Neither the bank nor the Federal Reserve Bank of Minneapolis has received any CRA-related complaints since the previous evaluation.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of violations of applicable antidiscrimination laws or regulations (including Regulation B-- Equal Credit Opportunity Act and the Fair Housing Act) or other illegal credit practices inconsistent with the bank helping to meet community credit needs was revealed.

Appendix A

Glossary of Common CRA 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 statistical area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. 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 on 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 (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 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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and Federal Deposit Insurance Corporation (the Agencies) 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 Agencies 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 meet essential community needs, including the needs of low- and moderate-income individuals.

Consumer loan: A loan to one or more individuals for household, family, or other personal expenditures. It 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 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-scope review: Performance is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 data such as the race, gender, and income of applicants; the amount of loan requested; and the disposition of the application (e.g., 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 (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments).

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 statistical area (MSA): An area, defined by the Office of Management and Budget, based on the concept of a core area with at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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 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 typically are either secured by nonfarm or nonresidential real estate or classified as commercial and industrial loans.

Small loan to farm: 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 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 geography.

(For additional information, please see the Definitions sections of Regulation BB at 12 C.F.R. 228.12.)