PUBLIC DISCLOSURE

December 12, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Geauga Savings Bank
Certificate Number: 32287

10800 Kinsman Road
Newbury, OH 44065

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Chicago Regional Office

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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 RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory.** An institution in this group has a satisfactory record of helping to meet the credit need of its assessment area (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Geauga Savings Bank's (GSB's) satisfactory Community Reinvestment Act (CRA) performance under both the Lending Test and Community Development Test supports the overall rating. Examiners did not identify evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and AA credit needs.
- The bank made a majority of its small business and home mortgage loans within the AA.
- The geographic distribution of small business and home mortgage loans reflects reasonable dispersion throughout the AA.
- The distribution of borrowers reflects reasonable penetration of loans among businesses of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

- The institution demonstrates adequate responsiveness to the community development needs of its AA through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's AA.

SCOPE OF EVALUATION

General Information
This evaluation covers the period from the prior evaluation dated October 15, 2013, to the current evaluation dated December 12, 2016. Examiners used the Interagency Intermediate Small Bank (ISB) Examination Procedures to evaluate GSB's CRA performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test.

The Lending Test considered the bank's performance according to the following criteria:

- LTD ratio
- AA concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The Community Development Test considered the following factors:

- Number and dollar amount of community development loans, qualified investments, and community development services
- The responsiveness of such activities to the community development needs of the AA

Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

Loan Products Reviewed
Examiners determined the bank's current, primary product lines are small business and home mortgage loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. However, bank records indicate that the lending focus evolved during the evaluation period as the bank reorganized its lending programs. During this process, only two home mortgage loans were granted in 2014 and none in 2015, but activity increased significantly in 2016, with 42 loans granted as of September 30, 2016. No other loan types, such as small farm and consumer loans represent a major product line and therefore, they provide no material support for conclusions or rating and are not included in this analysis.

This evaluation considered the entire universe of small business loans originated from January 1, 2014 through September 30, 2016. GSB originated 29 small business loans totaling $4.9 million in 2014, 37 loans totaling $9.1 million in 2015, and 33 loans totaling $11.1 million from January 1 through September 30, 2016. Examiners determined that the bank's performance in the various sections of the Lending Test for small business lending was consistent each year. As such, only the 2016 activities are presented in this evaluation.

This evaluation considered the entire universe of home mortgage loans reported on the bank's Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs) for the period from January 1, 2014 to September 30, 2016. As noted above, there were only two loans originated in 2014 and none in 2015. The bank originated 40 loans totaling $8.1 million in the first three quarters of 2016. Examiners did not include home mortgage loans for 2014 and 2015 as they were not a primary product of the bank at that time and provide no material support to the overall conclusion. Therefore, only 2016 lending performance is included in this evaluation.

Only those loans originated within the AA are included the Geographic Distribution and Lending to Businesses of Different Sizes and Borrowers of Different Income Levels (Borrower Profile) analyses. The bank did not purchase any loans; therefore, all loans included in this evaluation were originated by the bank. Examiners reviewed the number and dollar volume of home mortgage and small business loans. The data presented in this evaluation includes the number and dollar volume of loans; however, examiners emphasized performance by number of loans because it is a better indicator of the number of small businesses and individuals served.

For the Community Development Test, examiners reviewed bank records for community development loans, qualified investments, and community development services since the prior evaluation dated October 15, 2013.

DESCRIPTION OF INSTITUTION

Background

Geauga Savings Bank is a community bank headquartered in Newbury, Ohio in Geauga County in the northeastern portion of the State. The bank is a wholly owned subsidiary of Maple Leaf Financial, Inc., also located in Newbury, Ohio. The institution has no affiliates or subsidiaries. GSB received a “Satisfactory” rating at its previous FDIC Performance Evaluation, also based on Interagency ISB Examination Procedures.

Operations

Geauga Savings Bank operates one full-service office located in a middle-income geography in Newbury, Ohio. The institution offers loan products including home mortgage, commercial, and consumer loans. During the evaluation period, the bank underwent a transition in management, including changes in many members of the senior management team and lending staff. As a result, the bank’s lending focus changed, and GSB effectively suspended all residential mortgage lending and limited commercial real estate lending in 2014 and 2015. The bank did not resume home mortgage lending or increase small business lending until 2016.

The institution provides a variety of deposit services, including checking and savings accounts, money market deposit accounts, certificates of deposits, individual retirement accounts, and business checking and savings accounts. Alternative banking services include internet and mobile banking, remote deposit capture, telephone banking, and electronic bill pay. The automated teller machine at the bank’s office does not accept deposits.

Ability and Capacity

Assets total approximately $357 million as of September 30, 2016, and include total loans of $152 million. Total assets decreased from $387 million, approximately 7.6 percent, since the previous evaluation. Since that time, the bank’s residential mortgage loans decreased by 38.1 percent and commercial real estate loans decreased by 36.9 percent, while commercial and industrial loan volume increased significantly. As mentioned previously, GSB underwent management changes during the evaluation period which resulted in changes to the bank's lending focus.

Loan Portfolio Distribution as of 9/30/16		
Loan Category	**$(000s)**	**%**
Construction and Land Development	3,644	2.4
Secured by Farmland	4,930	3.2
1-4 Family Residential	73,302	48.2
Multi-family (5 or more) Residential	21,117	13.9
Commercial Real Estate	21,583	14.2
Total Real Estate Loans	**124,576**	**81.9**
Commercial and Industrial	27,013	17.8
Agricultural	0	0.0
Consumer	403	0.3
Other	0	0.0
Less: Unearned Income	0	0.0
Total Loans	**151,992**	**100.0**

Source: 9/30/16 Call Report

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet its AA credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which to evaluate its CRA performance. GSB designated a single AA, comprised of a portion of the Cleveland-Elyria, Ohio MSA. The Cleveland-Elyria Ohio MSA is comprised of Cuyahoga, Geauga, Lake, Lorain and Median counties. GSB designated the whole contiguous counties of Cuyahoga, Geauga, and Lake. The bank's AA conforms to the CRA regulations, contains whole geographies, and does not arbitrarily exclude low- or moderate-income areas. The following sections discuss demographic and economic information for the AA.

Economic and Demographic Data
The AA contains all 525 census tracts in Cuyahoga, Geauga, and Lake Counties. The AA is unchanged from the previous evaluation. The tracts in the current AA reflect the following income designation according to the 2010 U.S. Census:

- 96 low-income tracts
- 117 moderate-income tracts
- 179 middle-income tracts
- 129 upper-income tracts
- 4 tracts with no income designation (NA)

The following table illustrates select demographic characteristics of the AA.

Demographic Information of the AA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	525	18.3	22.3	34.1	24.6	0.8
Population by Geography	1,603,552	12.1	18.8	37.5	31.6	0.0
Housing Units by Geography	759,248	14.7	20.7	37.1	27.5	0.0
Owner-Occupied Units by Geography	438,460	6.7	14.9	41.4	37.1	0.0
Occupied Rental Units by Geography	228,980	23.1	28.9	33.7	14.4	0.0
Vacant Units by Geography	91,808	32.2	27.9	25.5	14.5	0.0
Businesses by Geography	112,213	8.4	13.9	37.7	39.6	0.5
Farms by Geography	2,415	3.4	10.4	41.5	44.7	0.0
Family Distribution by Income Level	407,122	23.1	17.5	20.2	39.2	0.0
Household Distribution by Income Level	667,440	26.5	15.9	17.7	40.0	0.0
Median Family Income 2010 Census	62,627	**Median Housing Value**	148,436			
2016 FFIEC Estimated MFI	66,100	**Median Gross Rent**	711			
Families Below Poverty Level	11.0%					

Source: 2010 U.S. Census and 2015 D&B Data
(*) The NA category consists of geographies that have not been assigned an income classification.

The FFIEC estimated the 2016 Cleveland-Elyria OH MSA Median Family Incomes (MFI) at $66,100. The MFI is used to analyze the income level of borrowers in the evaluation of the bank's home mortgage lending to borrowers of different incomes. The table below defines the income levels.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Cleveland-Elyria, OH MSA Median Family Income (17460)				
2016 ($66,100)	<$33,050	$33,050 to <$52,880	$52,880 to <$79,320	≥$79,320

Source: FFIEC

There are 759,248 housing units in the AA, of which 57.7 percent are owner-occupied, 30.2 percent are occupied rental units, and 12.1 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units, which indicates the potential market for these loans.

According to 2015 D&B data, 8.4 percent of all non-farm businesses are located in low-income geographies, 13.9 percent are located in moderate-income geographies, 37.7 percent are located in middle-income geographies, and 39.6 percent are located in upper-income geographies. In addition, .4 percent of the non-farm businesses are located in geographies that have no income level designation. Examiners compare small business loans to the distribution of businesses to evaluate the geographic distribution of small business loans.

Also according to 2015 D&B data, there were 112,213 businesses in the bank's AA. Gross annual revenues (GARs) for these businesses are illustrated below.

- 76.9 percent have GARs of $1 million or less.
- 6.4 percent have GARs over $1 million.
- 16.7 percent have unknown revenues.

The analysis of the small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level.

Service industries represent the largest portion of businesses in the AA at 50.2 percent; followed by retail trade (12.9 percent); finance, insurance & real estate (9.4 percent); and construction (7.0 percent). Additionally, 68.7 percent of the businesses have four or fewer employees, and 88.8 percent operate from a single location.

Data obtained from the U.S. Bureau of Labor and Statistics indicates that the October 30, 2016 unemployment rate was 4.4 percent statewide for Ohio and 4.4 percent nationally. The unemployment rate was 3.6 percent for Geauga County, 4.7 percent for Cuyahoga County and 4.0 percent for Lake County. Unemployment levels remained constant throughout the evaluation period.

With regard to income, approximately 11.0 percent of the 407,122 families in the AA have incomes below the poverty level. Families in this group may not have the resources to qualify for or service debt. Income levels below the poverty level effectively reduce the number of low-income borrowers to whom a bank can reasonably lend.

Competition
There is a high level of competition for financial services within the AA. According to the FDIC Deposit Market Share data as of June 30, 2016, there were 32 institutions that operated 539 full-service branches within Cuyahoga, Geauga, and Lake Counties. Of these institutions, GSB ranked 15th with 0.4 percent of the deposit market share. The three most prominent institutions accounted for 53.8 percent of the deposit market share. The bank's market share data for Cuyahoga and Lake Counties is not available because it has no branches there.

There is also a high level of competition for home mortgage loans within the AA. In 2014, 433 lenders reported a total of 51,573 residential mortgage loans originated or purchased. GSB Bank ranked 185th out of this group of lenders. The five most prominent home mortgage lenders accounted for 27.3 percent of total market share.

Community Contact
As part of the evaluation process, examiners contact third parties active in the AA for information on local credit needs. This information helps examiners evaluate whether financial institutions are responsive to the credit needs of individuals and businesses in their AAs.

Examiners contacted a representative of a community development organization located in Geauga County. The contact stated that businesses are doing well, and sales have been at record levels the previous years. Nevertheless, the contact stated a lot of companies in the area are involved in oil and gas and recently, low oil prices have affected them. The contact indicated that small business loans intended for cash flow are a credit need of the area. With regard to residential lending, the local housing stock in Geauga County is aging, and the contact stated that homes are in need of repair, evidencing a need for home improvement loans.

Credit and Community Development Needs and Opportunities
As indicated by the community contact, the need for home improvement and small business loans are the primary credit needs of the AA. With the aging housing market, many homes are in need of repair, and businesses are growing and expanding with a need for additional cash flow. Based on an analysis of demographic information, affordable housing is an additional credit need. The AA maintains relatively high concentrations of low- and moderate-income families, at 40.6 percent, and low- and moderate-income geographies, also at 40.6 percent.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

GSB demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and credit needs of the AA. The bank's LTD ratio, calculated from the Call Report data, averaged 71.4 percent over the past 12 calendar quarters from December 31, 2013 through September 30, 2016. The LTD ranged from a low of 66.0 percent as of June 30, 2016, to a high of 77.5 percent as of December 31, 2013. The fluctuation in the LTD ratio is attributed to the bank's changes to its lending focus during the evaluation period. Geauga Savings Bank's LTD ratio is reasonable compared to the similarly situated institution. Examiners selected a similarly situated institution based on its size, lending focus, and geographic location.

Loan-to-Deposit Ratio Comparison		
Bank	**Total Assets as of 9/30/16 $(000s)**	**Average Net LTD Ratio (%)**
Geauga Savings Bank	**357**	**71.4**
Similarly-Situated Institution #1	761	80.0

Source: Call Report

Assessment Area Concentration

The bank originated a majority of home mortgage and small business loans, by number and dollar volume, within the AA during 2016. As shown in the table below, 70.0 percent of home mortgage loans and 66.7 percent of small business loans were granted within the AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	**Number of Loans**				**Total #**	**Dollars Amount of Loans $(000s)**				**Total $(000s)**
	Inside		**Outside**			**Inside**		**Outside**		
	#	**%**	**#**	**%**		**$**	**%**	**$**	**%**	
Home Mortgage										
2016*	28	70.0	12	30.0	40	5,345	66.0	2,753	34.0	8,098
Small Business										
2016*	22	66.7	11	33.3	33	7,723	69.4	3,406	30.6	11,129

Source: Bank Data (*) First 3 quarters of 2016

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. The bank's reasonable performance of small business and home mortgage loans supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income tracts.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion overall throughout the AA. The bank's 2016 small business lending activities are presented below. Performance in 2014 and 2015 was similar. While the overall dispersion of lending is considered adequate, small business lending in low-income tracts is poor. During the first three quarters of 2016, the bank did not originate any small business loans in low-income tracts. However, lending in moderate-income tracts at 9.1 percent is reasonable.

GSB's office is over 15 miles from the closest low-income tract and over 10 miles from the closest moderate-income tract. Low levels of lending in these areas are due to competition from several regional and national financial institutions that have branches located in closer proximity to these areas.

Geographic Distribution of Small Business Loans					
Tract Income Level	**% of Businesses***	**#**	**%**	**$(000s)**	**%**
Low					
2016**	8.4	0	0.0	0	0.0
Moderate					
2016**	13.9	2	9.1	590	7.6
Middle					
2016**	37.7	12	54.5	5,245	67.9
Upper					
2016**	39.6	8	36.4	1,888	24.5
N/A					
2016**	.4	0	0.0	0	0.0
Total					
2016*	**100.0**	**22**	**100.0**	**7,723**	**100.0**

*Source: Bank Records (*D&B data as of 2015) (**First 3 quarters of 2016)*

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor dispersion throughout the assessment area. The bank's lending performance is compared to the percentage of owner-occupied housing units based on the 2010 U.S. Census. The bank's performance in low- and moderate-income tracts is well below the percentage of owner-occupied units in these areas. Examiners noted that these tracts have a higher percentage of families below the poverty level, and higher vacancy rates, which may limit opportunities for lending. Although not a direct comparison, the 2015 aggregate HMDA data nevertheless suggests that there is demand in these areas. The 2015 aggregate data shows that 2.7 percent and 10.7 percent of reported loans in the AA were in low- and moderate-income areas, respectively. The bank's 2016 lending is slightly above these levels in low-income areas, but below the levels in moderate-income areas. The bank re-entered the home mortgage market in 2016 and continues to establish a presence in these areas; therefore, emphasis was given to small business lending for the overall geographic distribution conclusions at this evaluation.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	**% of Owner-Occupied Housing Units**	**#**	**%**	**$(000s)**	**%**
Low					
2016*	6.7	1	3.6	50	0.9
Moderate					
2016*	14.9	2	7.1	211	3.9
Middle					
2016*	41.4	11	39.3	1,387	25.9
Upper					
2016*	37.0	14	50.0	3,697	69.3
Total					
2016*	**100.0**	**28**	**100.0**	**5,345**	**100.0**

Source: 2010 U.S. Census, Bank Records (*) First 3 quarters of 2016

Borrower Profile

The distribution of borrowers reflects reasonable penetration to businesses of different sizes and borrowers of different income levels within the AA. The bank's reasonable performance of small business loans and home mortgage loans supports this conclusion. Examiners focused on the percentage by number of small business loans to businesses with GARs of $1 million or less. Examiners also focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers.

Small Business Loans
The borrower distribution reflects reasonable penetration of loans to businesses with GARs of $1 million or less. The bank's level of lending to businesses with GARs of $1 million or less in the first three quarters of 2016 is reasonable at 63.6 percent. As shown in the table below, 2015 D&B indicates that 76.9 percent of the businesses in the AA have revenues in this category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	**% of Businesses***	**#**	**%**	**$(000s)**	**%**
≤ $1,000,000					
2016**	76.9	14	63.6	3,951	51.2
> $1,000,000					
2016**	6.4	8	36.4	3,772	48.8
Revenue Unavailable					
2016**	16.7	0	0.0	0	0.0
Total					
2016*	**100.0**	**22**	**100.0**	**7,723**	**100.0**

*Source: Bank Records (*D&B data as of 2015)(** First 3 quarters of 2016)*

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. Examiners compared the bank's loan portfolio to income data from the 2010 U.S. Census, focusing primarily on the low-and moderate-income categories.

The distribution of home mortgage loans to low-income borrowers is reasonable. Twenty-three percent of families in the AA are low-income, and 11.0 percent are below the poverty level. Families at or below the poverty level may not qualify for or have the capacity to service the debt necessary to purchase a home. The median home price in the AA is $148,436. Excluding the families below the poverty level, this leaves the percentage of low-income families in the AA at approximately 12.1 percent. Therefore, the demand and opportunity for lending to low-income families is relatively limited. The bank's lending to moderate-income borrowers in 2016 is excellent; the bank's lending significantly exceeds the percentage of families.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	**% of Families**	**#**	**%**	**$(000s)**	**%**
Low					
2016*	23.1	2	7.1	164	3.1
Moderate					
2016*	17.5	7	25.0	651	12.2
Middle					
2016*	20.2	8	28.6	1,071	20.0
Upper					
2016*	39.2	8	28.6	2,691	50.3
Income N/A					
2016*	0.0	3	10.7	768	14.4
Total					
2016*	**100.0**	**28**	**100.0**	**5,345**	**100.0**

Source: 2010 U.S. Census, Bank Records (*) First 3 quarters of 2016

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the overall CRA rating.

COMMUNITY DEVELOPMENT TEST

GSB demonstrated adequate responsiveness to the community development needs of its assessment area through qualified investments. Examiners considered the institution's capacity and the need and availability of such opportunities. As noted previously, the bank underwent significant management changes and reorganization of its lending focus during the evaluation period. Consideration was given to the fact that few loans or external activities occurred during that time as the bank's management worked to implement these changes.

Community Development Loans

The bank did not originate any community development loans during the evaluation period. However, as previously discussed, the transition in management limited GSB's lending overall in 2014 and 2015.

Qualified Investments

The bank made one investment totaling $6.4 million during the evaluation period, which represents 1.8 percent of average total assets and 3.3 percent of average total investments since the last evaluation. This level is nearly three times higher than the amount of investments at the bank previous evaluation.

The investment supported affordable housing. GSB purchased a mortgage backed security where the underlying mortgage financed a 160-unit apartment complex, all of which were designated for low- and moderate-income people. This investment demonstrates the bank's responsiveness to the affordable housing needs of the assessment area. There were no similarly situated banks for comparative purposes for this analysis.

Community Development Services

The bank provided a poor level of community development services within the AA. During the evaluation period, qualified services included only one instance of financial expertise or technical assistance. A bank employee taught a course entitled "Real Money Real World" to middle school students at a school where over half of the student population receives free or no cost-lunch. This designation is used a proxy for low- or moderate-income students as these benefits are income restricted.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

GLOSSARY

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

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

1. Support affordable housing for low- and moderate-income individuals;
2. Target community services toward low- and moderate-income individuals;
3. Promote economic development by financing small businesses or farms;
4. Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
5. Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that

(1) Has as its primary purpose community development; and

(2) Except in the case of a wholesale or limited purpose bank:

(i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and

(ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that

(1) Has as its primary purpose community development;

(2) Is related to the provision of <u>financial</u> services; and

(3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

(1) An unemployment rate of at least 1.5 times the national average;
(2) A poverty rate of 20 percent or more; or
(3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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. Other family 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).

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

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

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase 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.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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 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.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.