

# **PUBLIC DISCLOSURE**

November 10, 2020

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Sawyer Savings Bank  
Certificate Number: 16039

87 Market Street  
Saugerties, New York 12477

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

350 Fifth Avenue, Suite 1200  
New York, New York 10118

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 needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Sawyer Savings Bank's (SSB) satisfactory performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test performance:

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

## DESCRIPTION OF INSTITUTION

SSB is a mutual savings bank headquartered in Saugerties, New York. The bank does not have a holding company or any subsidiaries. The FDIC rated the bank "Satisfactory" for CRA using the Small Bank CRA Evaluation Procedures during the previous evaluation dated January 12, 2015.

### **Operations**

SSB operates three branches in New York State, including its main office in the village of Saugerties and two branches located in the Towns of Marlboro and Highlands. All branches are located in Ulster County along the Hudson River. In addition, the bank operates automated teller machines (ATMs) onsite at each branch and partners with the AllPoint ATM network to provide surcharge free access to ATMs at various retail merchant locations. Since the previous evaluation, SSB has not opened or closed any offices.

SSB offers a range of deposit and lending products tailored to meet the needs of its local community. These include consumer checking and savings accounts, commercial checking and savings accounts, home mortgage loans, commercial loans, farm loans, and consumer loans.

Alternative banking services include internet banking, mobile banking, electronic bill pay, and ATMs.

**Ability and Capacity**

As of September 30, 2020, the bank reported total assets of \$256.0 million. Loans are the primary asset at \$187.2 million, while securities total \$51.9 million. Deposits total \$204.7 million. The following table provides a breakdown of the loan portfolio.

<b>Loan Portfolio Distribution</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	3,950	2.1
Secured by Farmland	2,766	1.5
Secured by 1-4 Family Residential Properties	117,485	62.8
Secured by Multi-family (5 or more) Residential Properties	17,807	9.5
Secured by Non-farm Non-Residential Properties	22,619	12.1
<b>Total Real Estate Loans</b>	<b>164,627</b>	<b>87.9</b>
Commercial and Industrial Loans	12,924	6.9
Agricultural Loans	9,461	5.1
Consumer	200	0
Other Loans	0	0
<b>Total Loans</b>	<b>187,212</b>	<b>100.0</b>
<i>Source Report of Condition and Income 9/30/2020</i>		

There are no financial, legal, or other impediments affecting the bank’s ability to meet the credit needs of its assessment area.

**DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. SSB designated a single assessment area within the Mid-Hudson region of New York State. The assessment area includes the majority of Ulster County, which is bordered by the Hudson River to the east and the Catskill Mountains to the West. Ulster County is within the Kingston, NY Metropolitan Statistical Area (MSA) #28740. The bank’s offices are located within the areas where the population centers are located along the Hudson River in the northern and southern sections of the county. The western portion of Ulster County that is not included in the assessment area (AA) is rural and contains the Catskill Mountains. The following sections discuss the economic and demographic information for the AA.

## **Economic and Demographic Data**

The AA is composed of 39 census tracts. These tracts reflect the following income designations according to the 2015 American Community Survey (ACS):

- 1 low-income tract,
- 4 moderate-income tracts,
- 22 middle-income tracts, and
- 12 upper-income tracts.

The following table provides select demographic characteristics for this AA.

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	39	2.6	10.3	56.4	30.7	0.0
Population by Geography	153,502	3.0	6.3	53.9	36.9	0.0
Housing Units by Geography	67,998	3.4	6.3	56.6	33.6	0.0
Owner-Occupied Units by Geography	40,246	2.2	3.5	56.2	38.1	0.0
Occupied Rental Units by Geography	18,803	6.2	12.7	60.1	21.1	0.0
Vacant Units by Geography	8,949	3.1	5.5	51.5	39.8	0.0
Businesses by Geography	11,107	2.7	5.5	56.3	35.5	0.0
Family Distribution by Income Level	36,858	21.3	16.3	20.0	42.4	0.0
Median Family Income: MSA #28740 Kingston, NY MSA		\$59,049	Median Housing Value			\$231,074
			Median Gross Rent			\$1,030
			Families Below Poverty Level			7.2%

*Source 2015 ACS and 2019 D&B Data; Due to rounding, totals may not equal 100.0%; (\*) The NA category consists of geographies that have not been assigned an income classification.*

According to Moody’s Analytics, the Kingston MSA’s economy was growing prior to the COVID-19 pandemic. The tourism industry and housing sector were expanding. However, in March 2020, when the COVID-19 pandemic caused a national shut down, the tourism industry as well as other sectors of the economy were badly hurt. However, housing has held up. Ulster County has always been a bedroom community due to its close proximity to New York City. Due to the pandemic, many people are leaving New York City for places like Ulster County. Ulster County has abundant outdoor activities, historical towns, and is home to the Catskill Mountains, which are attractive to city dwellers. This has resulted in a sharp uptick in the tourism sector in Ulster County. It also has resulted in a net migration into the county, which has benefited the housing, tourism, and consumer sectors of the economy.

According to the New York State Department of Labor, the unemployment rate was 3.8 percent in March 2020 before the COVID-19 shut down, peaked at 12.6 percent in June 2020, and is now 5.6 percent as of September 2020. This compares favorably to the New York State and National unemployment rates of 9.4 percent and 7.7 percent, respectively, for September 2020.

The top employers in the AA include Health Alliance of the Hudson Valley, SUNY at New Paltz, Eastern New York Correctional Facility, Ulster-Greene ARC, United Cerebral Palsy of Ulster County, and the Northeast Center for Special Care.

### **Competition**

There is a high level of competition for home mortgage loans among the area's banks, credit unions, and non-depository mortgage lenders. In 2019, 193 lenders reported 3,291 residential loan originations and purchases. SSB ranked 16<sup>th</sup> out of this group of lenders, with a market share of 1.7 percent. The ten most prominent home mortgage lenders collectively accounted for 59.4 percent of total market share.

There is also a competitive market for financial services within Ulster County. According to the FDIC Deposit Market Share report as of June 30, 2020, 19 financial institutions operated 49 branches within the county. Of these institutions, SSB ranked 6<sup>th</sup> with a 5.5 percent deposit market share. The five institutions with the highest deposit market shares collectively accounted for 63.8 percent of total market share. These entities included two local institutions and three large, multi-billion dollar depository institutions that serve a much larger multi-regional and/or multi-state area in addition to this AA.

### **Community Contact**

Examiners contacted a local affordable housing organization to identify the area's credit needs. The contact stated that there is an ongoing need for financial education and technical assistance relating to the home buying process for low- and moderate-income individuals. Additionally, the contact noted that there is a need for rehabilitation loans due to the age of the housing stock within the area and to limited construction of new homes due to the high construction costs and regulations. The contact noted that area lenders are providing credit products that meet the credit needs of low- and moderate- income first-time homebuyers; however, increasing housing prices make it difficult for first-time homebuyers to afford a home.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic data, there are ongoing credit needs in the AA for affordable housing. According to 2015 ACS data, low- and moderate-income families compose 37.6 percent of total families, which indicates that there are opportunities for affordable housing loans. However, the high level of competition and the market dominance of large banks make it difficult for some banks to lend within the AA.

## SCOPE OF EVALUATION

### **General Information**

Examiners used the Interagency Small Bank CRA Examination Procedures to evaluate SSB's performance since the previous evaluation dated January 12, 2015. The procedures consist of the Lending Test (see Appendix).

### **Activities Reviewed**

Examiners analyzed SSB's CRA performance using home mortgage loans and small business loans. These loan types represent the bank's major product lines based upon a review of bank records, its business strategy, its loan portfolio composition, and discussions with bank management. Examiners did not review small farm and consumer loans due to the nominal loan volume.

Examiners reviewed the bank's home mortgage loans for 2018 and 2019, which included residential loans subject to the Home Mortgage Disclosure Act's (HMDA) data reporting requirements. The HMDA-reportable loans include home purchase and home improvement loans, including refinancings, on 1-4 family and multifamily (five or more unit) properties. The bank's HMDA activity included 107 and 100 loans totaling approximately \$21.2 million and \$26.9 million in 2018 and 2019, respectively. Examiners compared the bank's HMDA lending data to the appropriate demographic data, as well as the aggregate HMDA data for 2018 and 2019. While the evaluation presents the number and dollar volume for the loan types reviewed, examiners emphasized performance by the number of loans because it is a better indicator of the number of individuals served.

Examiners also reviewed the bank's small business loans. The bank originated 58 and 59 loans to small businesses totaling \$9.7 million and \$12.5 million in 2018 and 2019, respectively. However, the bank is not required to collect and report this information and elected not to do so. Therefore, examiners reviewed a sample of 30 small business loans both for 2018 and 2019, which considers the number of loans originated each year. This evaluation presents Small Business data for the most recent two calendar years analyzed in each criterion and compared it to D&B business demographics.

Since SSB's HMDA lending is approximately double the number and dollar volume of its small business lending, examiners gave more weight to HMDA lending when analyzing performance under each criteria.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

SSB demonstrated reasonable performance under the Lending Test. The bank's performance in the Assessment Area Concentration, and Borrower Profile criteria primarily supports this conclusion.

### Loan-to-Deposit (LTD) Ratio

The bank's average net LTD ratio is reasonable considering its financial size, performance context, and existing lending opportunities. Examiners compared SSB's average net LTD ratio to that of similarly situated institutions based on asset size, geographic location, areas served, and lending focus.

As shown in the following table, SSB had an average net LTD ratio of 83.0 percent based on data from the 22 quarterly Reports of Condition and Income published since the previous evaluation. SSB's average net LTD ratio is comparable to the similarly situated lenders, which is reasonable.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Institution</b>	<b>Total Assets as of 9/30/2020 \$(000s)</b>	<b>Average Net LTD Ratio (%)</b>
<i>Sawyer Savings Bank</i>	255,983	83.0
Wallkill Valley Federal S&L	351,483	88.9
Catskill Hudson Bank	591,935	62.9
Rondout Savings Bank	430,930	87.0
<i>Source Reports of Condition and Income, 03/31/2015 through 9/30/2020</i>		

### Assessment Area Concentration

SSB made a majority of its loans inside its AA, as shown in the following table. Of particular note is the declining trend of mortgage loans within the bank's AA, which resulted from some larger loans originated outside the AA in adjacent counties in 2019.



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										
2018	80	74.8	27	25.2	107	15,883	74.8	5,341	25.2	21,224
2019	55	55.0	45	45.0	100	10,980	40.8	15,961	59.2	26,941
<b>Subtotal</b>	<b>135</b>	<b>65.2</b>	<b>72</b>	<b>34.8</b>	<b>207</b>	<b>26,863</b>	<b>56.9</b>	<b>21,302</b>	<b>43.1</b>	<b>47,165</b>
Small Business										
2018	19	63.3	11	36.7	30	2,695	47.2	3,012	52.8	5,707
2019	19	63.3	11	36.7	30	3,680	51.9	3,407	48.1	7,087
<b>Subtotal</b>	<b>38</b>	<b>63.3</b>	<b>22</b>	<b>36.7</b>	<b>60</b>	<b>6,375</b>	<b>48.8</b>	<b>6,419</b>	<b>50.2</b>	<b>12,794</b>
<b>Total</b>	<b>173</b>	<b>64.8</b>	<b>94</b>	<b>35.2</b>	<b>267</b>	<b>33,238</b>	<b>54.5</b>	<b>27,721</b>	<b>45.5</b>	<b>60,959</b>
<i>Source HMDA Reported Data 2018 and 2019; CRA Sampled Data 2018 and 2019</i>										

### **Geographic Distribution**

The geographic distribution of loans reflects poor dispersion throughout the AA. The bank did not originate any home mortgage or small business loans within the AA's sole low-income census tract in 2018 and 2019. In addition, examiners noted a declining trend in the number and dollar volume of home mortgage loans made in moderate-income census tracts.

#### **Home Mortgage Loans**

The geographic distribution of 1-4 family mortgage loans reflects poor dispersion throughout the assessment area. The following table details the geographic distribution of home mortgage loans by tract income level.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	2.2	2.2	0	0.0	0	0.0
2019	2.2	2.1	0	0.0	0	0.0
Moderate						
2018	3.5	4.5	3	3.8	439	2.8
2019	3.5	4.5	1	1.8	200	1.8
Middle						
2018	56.2	53.2	52	65.0	10,208	64.3
2019	56.2	53.8	30	54.5	5,515	50.2
Upper						
2018	38.1	40.1	25	31.2	5,235	32.9
2019	38.1	39.6	24	43.6	5,265	48.0
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>80</b>	<b>100.0</b>	<b>15,883</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>55</b>	<b>100.0</b>	<b>10,980</b>	<b>100.0</b>
<i>Source 2015 ACS Data; 2018 &amp; 2019 HMDA Reported Data; 2018 &amp; 2019 HMDA Aggregate Data;</i>						

The bank did not originate any loans in the single low-income census tract in 2018 or 2019. While the low percentage of owner-occupied housing units in this tract mitigates performance to some extent, the absence of loans demonstrates poor performance.

In 2018, SSB's performance in the moderate-income tracts was comparable to demographics but slightly below aggregate, which is reasonable. However, the bank's lending in the moderate-income tracts fell below both the demographic and aggregate levels in 2019. Notably, the aggregate level in the moderate-income tracts was unchanged in 2019, indicating that home mortgage loan demand remained consistent in those tracts. Given the lack of lending in low-income census tracts, and declining performance and the poor comparisons to demographic and aggregate data in moderate-income census tracts in 2019, the bank's dispersion of home mortgage loans is poor.

### Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. The following table details the distribution of small business loans by tract income level.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
2018	2.6	0	0.0	0	0.0
2019	2.7	0	0.0	0	0.0
Moderate					
2018	5.5	0	0.0	0	0.0
2019	5.5	1	5.3	200	5.4
Middle					
2018	56.5	14	73.7	2,397	88.9
2019	56.3	14	73.7	3,077	83.6
Upper					
2018	35.4	5	26.3	298	11.1
2019	35.5	4	21.0	403	11.0
<b>Total</b>					
<b>2018</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>2,695</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>3,680</b>	<b>100.0</b>
<i>Source 2018 &amp; 2019 D&amp;B Data; Bank Data</i>					

Based on the sample, the bank did not originate any small business loans in the AA's sole low-income census tract in 2018 and 2019. While the low percentage of small businesses in these tracts mitigates performance to some extent, the absence of loans demonstrates poor performance. Based on the sample, the bank did not make any small business loans in moderate-income census tracts in 2018; however, the bank's performance is comparable to demographics in 2019.

While not used as a direct comparison, the 2018 aggregate small business loan data, which serves as an additional measure of demand, showed that the low- and moderate-income census tracts accounted for 1.8 percent and 5.0 percent, respectively of all small business loans reported. Because of the lack of lending in low-income census tracts and nominal lending in moderate-income census tracts during the review period, the bank's dispersion of small business loans is poor.

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the AA, excellent penetration of loans to borrowers of different income levels and to businesses of different sizes.

### **Home Mortgage Loans**

The bank's distribution of 1-4 family mortgage loans represents excellent penetration among borrowers of different income levels. Examiners focused on the percentage of home mortgage loans to moderate-income borrowers when arriving at this conclusion.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2018	21.3	4.8	3	3.8	325	2.0
2019	21.3	4.7	1	1.8	60	0.5
Moderate						
2018	16.3	16.9	28	35.0	5,555	35.0
2019	16.3	16.3	14	25.5	1,886	17.2
Middle						
2018	20.0	24.8	16	20.0	3,256	20.5
2019	20.0	24.4	11	20.0	2,001	18.2
Upper						
2018	42.4	47.5	28	35.0	5,944	37.4
2019	42.4	48.8	24	43.6	6,020	54.8
Not Available						
2018	0.0	6.1	5	6.2	803	5.1
2019	0.0	5.9	5	9.1	1,013	9.2
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>80</b>	<b>100.0</b>	<b>15,883</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>55</b>	<b>100.0</b>	<b>10,980</b>	<b>100.0</b>
<i>Source 2015 ACS Data; 2018 &amp; 2019 HMDA Reported Data; 2018 &amp; 2019 HMDA Aggregate Data; "--" data not available</i>						

As shown in the table above, the bank's level of lending to low-income borrowers in 2018 was less than the demographics and slightly less than aggregate data. Additionally, the bank's lending to low-income borrowers decreased in 2019 as overall lending decreased. Nevertheless, the bank's performance is reasonable to low-income borrowers.

In 2018, SSB's level of lending to moderate-income borrowers significantly exceeded both the corresponding demographic and aggregate comparisons, demonstrating excellent performance. Although the bank's lending level to moderate-income borrowers decreased in 2019, it still exceeded the demographic and aggregate data, and is excellent. Given that the bank's performance relative to lending to moderate-income borrowers consistently far outweighed demographic and aggregate comparisons, overall performance is excellent.

### Small Business Loans

The distribution of borrowers reflects excellent penetration of small business loans among businesses of different sizes. Examiners focused on the percentage of small business loans made to businesses with gross annual revenues (GARs) of \$1 million or less by the number of loans during 2018 and 2019, as detailed in the following table.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
≤ \$1,000,000					
2018	85.5	12	63.2	2,088	77.5
2019	86.3	11	57.9	2,255	61.3
> \$1,000,000					
2018	4.7	1	5.3	250	9.3
2019	4.3	3	15.8	1,075	29.2
Revenue Not Available					
2018	9.8	6	31.6	357	13.2
2019	9.4	5	26.3	350	9.5
<b>Total</b>					
<b>2018</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>2,695</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>3,680</b>	<b>100.0</b>
<i>Source 2018 &amp; 2019 D&amp;B Data; Bank Data</i>					

Based on the sample, the distribution of small business loans to businesses with GARs of \$1 million or less in 2018 is lower than the demographic data. While not used as a direct comparison, the aggregate small business lending data indicates that small business loan demand in this revenue category is not as high as the business demographics suggest. Specifically, 2018 aggregate data shows that 44.7 percent of all reported small business loans were to business with GARs of \$1 million or less. The bank's lending performance in 2019 decreased slightly, but remained excellent. Based upon the general demand level, the competition in the area, and SSB's financial capacity and resources, its lending performance among small businesses is excellent.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

## 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.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**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.

**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.

**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).

**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 (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., 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 Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**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 (e.g., 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.

**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.

**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 (also known as non-MSA):** 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.

**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 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.

**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.