

PUBLIC DISCLOSURE

October 29, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Freedom Bank
Certificate Number: 58010

530 9th Street West
Columbia Falls, Montana 59912

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

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San Francisco, California 94105

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 COMMUNITY REINVESTMENT ACT (CRA) RATING:

This institution is rated **Outstanding**. An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

Freedom Bank's (FB's) outstanding 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 Lending Test is rated Outstanding.

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

SCOPE OF EVALUATION

General Information

This evaluation reflects the bank's CRA performance since the previous evaluation dated July 31, 2012, to the current evaluation dated October 29, 2018. Examiners used the Interagency Small Institution Examination Procedures to evaluate FB's CRA performance. These procedures include the Small Bank Lending Test, which considers the institution's performance according to the following performance criteria:

- LTD Ratio
- AA Concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

Loan Products Reviewed

Through discussions with management and a review of the composition of FB's loan portfolio, examiners determined that the bank's primary lending focus is commercial lending and home mortgage loans.

As of June 30, 2018, consumer loans represented 2.3 percent of the dollar volume of loans, and does not represent a major product line. In addition, the bank only originated two small farm loans totaling \$518,000 during the evaluation period. Therefore consumer and small farm lending were not included in this evaluation.

To be considered a small business loan, the loan amount must be less than or equal to \$1 million at origination. The bank is not subject to CRA small business loan reporting requirements since its assets are less than \$1.252 billion, the data-reporting threshold. FB originated 78 small business loans totaling \$11.8 million in 2016 and 78 small business loans totaling \$10.3 million in 2017. Examiners evaluated a sample of 31 small business loans in 2016 and 2017, respectively, based on CRA sampling guidelines. FB's small business lending performance during 2016 and 2017 is compared to the percentages of total businesses reported by D&B. D&B data includes all businesses in a given area that voluntarily respond to a survey request, including very small businesses that have limited or no credit needs. The business survey data regularly indicates that the vast majority of businesses in a given area are small businesses. Therefore, the D&B data is only used as an indicator of business demographics in the AA, and is not considered an indicator of loan demand.

FB is not required to report home mortgage loans under the Home Mortgage Disclosure Act (HMDA). However, FB originated 39 home mortgage loans totaling \$7.8 million in 2016 and 36 home mortgage loans totaling \$8.2 million in 2017. Examiners evaluated a sample of 24 home mortgage loans in 2016 and 2017, respectively based on CRA sampling guidelines. FB's home mortgage lending performance during 2016 and 2017 is compared to demographic data from the 2010 U.S. Census and 2015 American Community Survey (ACS) Census.

Geographic distribution and borrower profile are given equal weight. In addition, more weight was given to FB's small business lending performance given the level of lending and the bank's business strategy.

DESCRIPTION OF INSTITUTION

Background

FB is primarily a commercial bank with one single branch office located in Columbia Falls, Montana. The bank is controlled by Freedom Bancorporation, a one-bank holding company, which owns 100 percent of FB. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated July 31, 2012, based on Interagency Small Institution Examination Procedures.

Operations

FB operates one full-service branch in Columbia Falls, Montana, which is located outside of Glacier National Park in Flathead County. FB primarily focuses on commercial and home mortgage lending but also offers home equity loans, personal lines of credit, and auto loans. The institution offers a variety of deposit services including checking, savings, health savings, individual retirement, and certificates of deposit accounts.

FB operates one automated teller machine (ATM) at the branch facility. The ATM is available 24 hours a day for customers to withdraw cash and transfer funds between accounts. The bank also offers internet banking where customers may review account activity, conduct transfers between accounts, and use bill pay. The bank did not open or close any branches, and no mergers or acquisitions occurred since the previous evaluation.

Ability and Capacity

According to the June 30, 2018 Consolidated Reports of Condition and Income (Call Report), the bank reported total assets of approximately \$77.4 million, total loans of \$68.9 million, total deposits of \$65.8 million, and no securities. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of June 30, 2018		
Loan Category	\$(000s)	%
Construction and Land Development	10,702	15.5
Secured by Farmland	-	-
Revolving open-end loans secured by residential properties	1,516	2.2
1-4 Family Residential	12,704	18.5
Multi-family (5 or more) Residential	134	0.2
Commercial Real Estate	25,660	37.2
Total Real Estate Loans	50,716	73.6
Commercial and Industrial	15,623	22.7
Agricultural	898	1.3
Consumer	1,613	2.3
Other	82	0.1
Less: Unearned Income	-	-
Total Loans	68,932	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

CRA requires an institution to identify one or more AA(s), which its regulatory agency will use to evaluate the institution's performance. An AA is an area that includes the geographies in which the institution has its main office, branch offices, and other deposit-taking remote service facilities, as well as the surrounding geographies in which the institution has originated or purchased a substantial portion of its loans. AAs always consist of one or more whole census tracts (CTs), which are statistical subdivisions of a county or equivalent entity. The bank's AA remains unchanged since the previous evaluation. FB has one AA, which consists of Flathead County, located within a Non-Metropolitan Statistical Area (Non-MSA) in Montana. The following sections discuss the demographic and economic information of the AA.

Economic information was obtained from the following sources: the U.S. Census Bureau, U.S. Department of Housing and Urban Development, D&B demographic data, the U.S. Bureau of Labor Statistics, and Flathead County.

Economic and Demographic Data

The bank's AA includes all 19 CTs in Flathead County. These CTs reflect the following income designations according to the 2010 U.S. Census and apply to the 2016 loan samples:

- 3 moderate-income CTs,
- 13 middle-income CTs, and
- 3 upper-income CTs.

The AA income designations changed with the 2015 ACS Census and apply to the 2017 loan samples:

- 2 moderate-income CTs,
- 15 middle-income CTs, and
- 2 upper-income CTs.

Flathead County is known as one of Montana's tourism hotspots, with attractions such as Glacier National Park, Flathead Lake, Whitefish Mountain Resort, and Blacktail Mountain Ski Area. Major businesses within Flathead County include Applied Health Services, Costco, Flathead Electric, Glacier Bank, Healthcenter, Kalispell Regional Medical Center, North Valley Hospital, Wal-Mart, and Smith's Food & Drug.

The following table illustrates select demographic characteristics of the AA in 2017:

Demographic Information of the Assessment Area - 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	19	0.0	10.5	78.9	10.5	0.0
Population by Geography	93,333	0.0	9.9	77.9	12.2	0.0
Housing Units by Geography	47,283	0.0	12.1	77.8	10.1	0.0
Owner-Occupied Units by Geography	26,318	0.0	7.7	79.0	13.3	0.0
Occupied Rental Units by Geography	10,788	0.0	16.9	76.2	6.9	0.0
Vacant Units by Geography	10,177	0.0	18.5	76.4	5.1	0.0
Businesses by Geography	8,956	0.0	6.5	81.4	12.0	0.0
Farms by Geography	429	0.0	4.4	80.0	15.6	0.0
Family Distribution by Income Level	24,339	17.5	20.4	25.0	37.0	0.0
Household Distribution by Income Level	37,106	22.3	15.9	19.0	42.8	0.0
Median Family Income Non-MSA	MT	\$60,500	Median Housing Value			\$241,911
			Median Gross Rent			\$795
			Families Below Poverty Level			8.8%

*Source: 2015 ACS Census and 2017 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 2017 D&B data, the bank's AA included 8,956 businesses. Gross Annual Revenues (GARs) for these businesses are as follows:

- 87.2 percent have \$1 million or less.
- 4.9 percent have more than \$1 million.
- 7.9 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criteria compares the distribution of businesses by GAR level. D&B data from 2017 shows approximately 42.6 percent of the businesses within the AA are in the services industry, while the other businesses include: retail trade (12.1 percent); construction (11.5 percent); and finance, insurance, and real estate (8.7 percent).

The 2016 and 2017 Federal Financial Institutions Examination Council (FFIEC) estimated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle- and upper-income categories for families within the AA. These categories are based on the FFIEC-estimated median family incomes of \$60,300 and \$60,500 in Flathead County for 2016 and 2017, respectively.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
MT NA Median Family Income (99999)				
2016 (\$60,300)	<\$30,150	\$30,150 to <\$48,240	\$48,240 to <\$72,360	≥\$72,360
2017 (\$60,500)	<\$30,250	\$30,250 to <\$48,400	\$48,400 to <\$72,600	≥\$72,600
<i>Source: FFIEC Due to rounding, totals may not equal 100.0</i>				

Unemployment rates for the state of Montana have steadily decreased throughout the evaluation period. As of July 2018, data obtained from the U.S. Bureau of Labor and Statistics indicates unemployment rate for the State was 3.2 percent. Flathead County's unemployment rate is 3.6 percent as of July 2018.

Competition

Competition throughout the bank's AA is high. Eleven financial institutions compete for the area's deposit market share. According to the Summary of Deposit Market Share Report dated June 30, 2018, FB ranks 6th and holds 3.2 percent of the total deposits in the AA. Three large banks hold 76.7 percent of total deposits in the market area.

Community Contact

Examiners contacted a community representative that is knowledgeable about local business conditions in Flathead County. According to the contact, economic conditions are strong. While entry level and lower-paying jobs are available to residents, he noted a lack of higher-wage jobs, and indicated that affordable housing is a need in the AA. The contact stated that local financial institutions are actively meeting the needs of the community and adequately provide financing opportunities to stimulate economic growth. The representative indicated that his experiences with lending institutions in the AA have been positive.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

FB's CRA performance reflects reasonable responsiveness to AA credit needs. The institution's performance under each of the small bank performance criteria is summarized below.

LENDING TEST

Loan-To-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and AA credit needs. The institutions LTD ratio was calculated by averaging net loans to total deposits for the review period. The review period included 24 calendar quarters beginning September 30, 2012, through June 30, 2018, and was derived from Call Report data. During this evaluation period, the LTD ratio ranged from a high of 103.2 percent as of June 30, 2018, to a low of 71.7 percent as of September 30, 2012.

FB's LTD ratio exceeds comparable institutions as shown in the table below. Examiners selected a comparable institution based on asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Institution	Total Assets as of June 30, 2018 \$(000s)	Average LTD Ratio (%)
Freedom Bank	77,351	88.1
Institution A	118,594	54.4
Institution B	152,050	76.0

Source: Call Report data

FB's level of deposits and level of loans increased over the evaluation period. The LTD ratio consistently improved over the previous 24 calendar quarters. Furthermore, the LTD ratio has consistently exceeded 95 percent since 2017. The LTD ratio is more than reasonable.

Assessment Area Concentration

The bank made a substantial majority of small business and home mortgage loans, by number and dollar volume, within its AA. The table below indicates that 90.9 percent of the small business and home mortgage loans, by number, were made to borrowers located within the AA. This reflects a good responsiveness by the bank to extend credit within the AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Small Business										
2016	28	90.3	3	9.7	31	3,324	78.6	906	21.4	4,230
2017	29	93.5	2	6.5	31	3,623	77.6	1,047	22.4	4,670
Subtotal	57	91.9	5	8.1	62	6,947	78.1	1,953	21.9	8,900
Home Mortgage										
2016	21	87.5	3	12.5	24	4,678	91.7	424	8.3	5,102
2017	22	91.7	2	8.3	24	5,586	93.1	413	6.9	5,999
Subtotal	43	89.6	5	10.4	48	10,264	92.5	837	7.5	11,101
Total	100	90.9	10	9.1	110	17,211	86.0	2,790	14.0	20,001

Source: 1/1/2016 - 12/31/2017 Bank Data; Due to rounding, totals may not equal 100.0 percent

Geographic Distribution

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

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the AA. The following table shows the geographic distribution of the bank's small business loans within its AA by CT income level. The D&B distribution of small businesses by the CT income level is included in the second column for comparison purposes.

Geographic Distribution of Small Business Loans						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Low						
	2016	0.0	0	0.0	0	0.0
	2017	0.0	0	0.0	0	0.0
Moderate						
	2016	13.4	6	21.4	479	14.4
	2017	6.5	6	20.7	770	21.3
Middle						
	2016	73.3	20	71.4	2,775	83.5
	2017	81.4	21	72.4	2,624	72.4
Upper						
	2016	13.4	2	7.1	70	2.1
	2017	12.0	2	6.9	229	6.3
Not Available						
	2016	0.0	0	0.0	0	0.0
	2017	0.0	0	0.0	0	0.0
Totals						
	2016	100.0	28	99.9	3,324	100.0
	2017	100.0	29	100.0	3,623	100.0

Source: 2016 & 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Data; Due to rounding, totals may not equal 100.0 percent

The distribution of the bank's small business loans in moderate-income CTs by number and dollar volume of loans far exceeds the percentage of businesses located in moderate-income CTs for both 2016 and 2017.

In 2016, FB originated 21.4 percent of the number of small business loans in moderate-income CTs compared to 13.4 percent of the businesses located in the same CTs. In 2017, FB originated 20.7 percent of small business loans in moderate-income CTs compared to 6.5 percent of businesses located in moderate-income CTs. Given the bank's strong performance comparatively, the performance is excellent.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. The following table details the bank's distribution of home mortgage loans within the bank's AA compared to 2010 U.S. Census and 2015 ACS Census data.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low					
2016	0.0	0	0.0	0	0.0
2017	0.0	0	0.0	0	0.0
Moderate					
2016	15.0	2	9.5	525	11.2
2017	7.7	2	9.1	890	15.9
Middle					
2016	70.5	17	81.0	3,794	81.1
2017	79.0	20	90.9	4,696	84.1
Upper					
2016	14.5	2	9.5	359	7.7
2017	13.3	0	0.0	0	0.0
Not Available					
2016	0.0	0	0.0	0	0.0
2017	0.0	0	0.0	0	0.0
Totals					
2016	100.0	21	100.0	4,678	100.0
2017	100.0	22	100.0	5,586	100.0

Source: 2010 U.S. Census & 2015 ACS Census; 1/1/2016 - 12/31/2017 Bank Data, Due to rounding, totals may not equal 100.0 percent

In 2016, FB originated 9.5 percent of home mortgage loans in moderate-income CTs compared to 15.0 percent of owner-occupied units in moderate-income CTs. Aggregate lending by HMDA reportable institutions in the AA can be used as an indicator of loan demand. Aggregate lenders originated 12.9 percent of mortgages in moderate-income CTs in 2016. While FB's performance lags the 2010 Census Data, the bank's performance is reasonable given the competition in the AA (11 other financial institutions) and level of loan demand.

In 2017, FB originated 9.1 percent of home mortgage loans in moderate-income CTs compared to 7.7 percent of the 2015 ACS data of owner-occupied units in moderate-income CTs. Overall, FB's performance is reasonable.

Borrower Profile

FB's overall distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different revenue sizes. Examiners focused on the number of small business loans to businesses with GARs of \$1 million or less and the number of home mortgage loans to low- and moderate-income borrowers.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different revenue sizes. Examiners compared the bank's lending performance to 2016 and 2017 D&B data. The table below shows the bank's distribution of small business loans by GARs for the review period.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2016	87.4	20	71.4	1,925	57.9
2017	87.2	24	82.8	2,975	82.1
>1,000,000					
2016	4.7	8	28.6	1,399	42.1
2017	4.9	5	17.2	648	17.9
Revenue Not Available					
2016	7.9	0	0.0	0	0.0
2017	7.9	0	0.0	0	0.0
Totals					
2016	100.0	28	100.0	3,324	100.0
2017	100.0	29	100.0	3,623	100.0

Source: 2016 & 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Data; Due to rounding, totals may not equal 100.0 percent

In 2016, FB's distribution of sampled loans to businesses with GARs of \$1 million or less lagged the percentage of businesses in the AA with GARs of \$1 million or less. While D&B data is provided as an indicator of small business credit opportunities, not all businesses are creditworthy or have credit needs. Therefore, examiners also reviewed aggregate data from large banks that are required to report small business loans. The large banks originated 43.3 percent of small business loans to businesses with GARs of \$1 million or less. The aggregate lending data shows that the level of loan demand is lower than the reported D&B demographic. With business lending as the primary lending strategy and focus, the 71.4 percent level of small business lending activity demonstrates the bank's commitment to meeting the small business credit needs of its AA, especially when considering the level of loan demand.

In 2017, the bank's performance of small business lending to businesses with GARs of \$1 million or less improved to 82.8 percent. FB's performance is comparable to the percentage of businesses with GARs of \$1 million or less. Considering the available credit opportunities in the AA, competition, and capacity; the bank's small business lending performance is reasonable.

Home Mortgage Loans

FB's distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. Examiners compared the bank's performance to 2010 U.S. Census and 2015 ACS Censes data in 2016 and 2017, respectively.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2016	19.3	1	4.8	191	4.1
2017	17.5	0	0.0	0	0.0
Moderate					
2016	18.1	2	9.5	452	9.7
2017	20.4	4	18.2	935	16.7
Middle					
2016	22.3	8	38.1	1,362	29.1
2017	25.0	3	13.6	446	8.0
Upper					
2016	40.2	10	47.6	2,673	57.2
2017	37.0	15	68.2	4,205	75.3
Not Available					
2016	0.0	0	0.0	0	0.0
2017	0.0	0	0.0	0	0.0
Totals					
2016	100.0	21	100.0	4,678	100.0
2017	100.0	22	100.0	5,586	100.0

Source: 2010 U.S. Census & 2015 ACS Census ; 1/1/2016 - 12/31/2017 Bank Data, Due to rounding, totals may not equal 100.0

In 2016, FB originated 4.8 percent of home mortgage loans to low-income borrowers and 9.5 percent to moderate-income borrowers, compared to 19.3 percent and 18.1 percent of LMI families, respectively. While the percentage of low-income families are provided for comparison purposes, not all low-income families are creditworthy or have credit needs. Aggregate HMDA-reportable institutions originated 3.2 percent of home mortgage loans to low-income borrowers and 14.3 percent to moderate-income borrowers in 2016. Aggregate lending demonstrates that the level of loan demand is below the percentage of families. In addition, 11.2 percent of households in the AA in 2016 were below the poverty level, where these borrowers would not likely qualify for a traditional home mortgage.

In 2017, FB originated no home mortgage loans to low-income borrowers and 18.2 percent to moderate-income borrowers, compared to 17.5 percent and 20.4 percent of LMI families, respectively. Aggregate HMDA-reportable institutions originated 3.6 percent of home mortgage loans to low-income borrowers and 14.0 percent to moderate-income borrowers in 2016. Aggregate lending demonstrates that the level of loan demand is below the percentage of families. In addition, 13.1 percent of households in the AA in 2017 were below the poverty level. Given the level of loan demand and the relatively high poverty level, the bank's 2017 distribution is reasonable.

Response to Complaints

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

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.

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).

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.

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.

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.

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.