

PUBLIC DISCLOSURE

January 24, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Founders Bank
Certificate Number: 59193

5225 Wisconsin Avenue NW
Washington, D.C. 20015

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.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREA	3
SCOPE OF EVALUATION	7
CONCLUSIONS ON PERFORMANCE CRITERIA.....	8
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	12
APPENDICES	13
SMALL BANK PERFORMANCE CRITERIA.....	13
GLOSSARY	14

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.

- The loan-to-deposit ratio (LTD) is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The institution originated a majority of loans within its assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes.
- The institution did not receive any CRA-related complaints during the evaluation period; therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

Background

Founders Bank (Founders) is an independently owned, state-chartered commercial bank headquartered in Washington, D.C. Founders commenced operations on April 6, 2020. This is the bank's first CRA performance evaluation since the bank opened. The bank does not have any lending affiliates or subsidiaries.

Operations

Founders opened one full-service branch in the northwestern area of Washington D.C. located in an upper-income census tract. Founders did not open any additional branches or close any branches, and no merger or acquisition activity occurred during the review period.

The bank's primary business focus is to serve the needs of small businesses. The bank offers a variety of commercial, residential, and consumer loan products to individuals and commercial customers. The bank also offers business and consumer deposit products consisting of checking, savings, money market deposit accounts, and certificates of deposit. Alternative banking services include online and mobile banking with electronic bill payment and money transfer options, and an automated teller machine located at its sole office.

Ability and Capacity

As of September 30, 2021, assets totaled \$125.8 million, loans totaled \$75.6 million, securities totaled \$19.4 million, and deposits totaled \$96.4 million. The following table illustrates the loan portfolio distribution.

Loan Portfolio Distribution as of September 30, 2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	7,021	9.3
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	22,502	29.8
Secured by Multifamily (5 or more) Residential Properties	13,284	17.6
Secured by Nonfarm Nonresidential Properties	31,478	41.6
Total Real Estate Loans	74,285	98.3
Commercial and Industrial Loans	1,275	1.7
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	3	<0.1
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	75,563	100.0
<i>Source: Reports of Condition and Income; Due to rounding, totals may not equal 100.0%</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. Founders designated a single assessment area that consists of all tracts within Washington D.C. and Alexandria City, Arlington County, and Falls Church City in Virginia. The assessment area also includes portions of Fairfax County in Virginia and Prince George's County and Montgomery County in Maryland. Montgomery County is located in Metropolitan Division (MD) 23224 (Frederick-Gaithersburg-Rockville, MD). The remaining counties and municipalities in the assessment area are located in MD 47894 (Washington-Arlington-Alexandria, DC-VA-MD-WV). Both MDs are located in the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA) 47900.

Economic and Demographic Data

The assessment area's 487 census tracts reflect the following income designations according to 2015 American Community Survey (ACS) U.S. Census data:

- 102 low-income census tracts,
- 114 moderate-income census tracts,
- 103 middle-income census tracts,
- 157 upper-income census tracts, and
- 11 census tracts with no income designation.

The following table presents select demographic, housing, and economic information for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	487	20.9	23.4	21.1	32.2	2.3
Population by Geography	1,868,970	20.9	23.3	22.1	32.2	1.6
Housing Units by Geography	810,832	19.7	22.0	21.8	35.3	1.2
Owner-Occupied Units by Geography	345,537	10.1	21.5	23.5	44.4	0.5
Occupied Rental Units by Geography	394,327	27.2	22.5	20.8	27.8	1.7
Vacant Units by Geography	70,968	25.2	21.1	19.4	33.3	1.0
Businesses by Geography	229,005	10.3	22.5	21.8	44.0	1.4
Farms by Geography	1872	11.7	22.6	25.9	39.0	0.7
Family Distribution by Income Level	386,881	30.0	15.9	16.5	37.6	0.0
Household Distribution by Income Level	739,864	29.5	17.1	17.3	36.1	0.0
Median Family Income MSA - 23224 Frederick-Gaithersburg-Rockville, MD		\$112,655	Median Housing Value			\$459,126
Median Family Income MSA - 47894 Washington-Arlington-Alexandria, DC-VA-MD-WV		\$106,105	Median Gross Rent			\$1,492
			Families Below Poverty Level			9.3%
Source: 2015 ACS and 2021 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.						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The assessment area contains 810,832 housing units. Of these, 42.6 percent are owner-occupied, 48.6 percent are occupied rental units, and 8.8 percent are vacant. Owner-occupied housing units provide an indication of the opportunity institutions have to originate 1-4 family residential mortgage loans. As shown in the table above, 10.1 percent of owner-occupied housing units are located in low-income geographies. In contrast, 27.2 percent of occupied rental units are located in low-income geographies. This data suggests there is a greater opportunity for families to rent than to own housing units in low-income geographies, which limits opportunities for lenders to originate 1-4 family residential loans in these areas.

Also shown in the table above, 30.0 percent of the assessment area's families are low-income and 15.9 percent are moderate-income. In addition, 9.3 percent of families have incomes below the poverty level. This data suggests that it would be difficult for these families to qualify for a home mortgage loan or support a monthly mortgage payment, especially considering the assessment area's median housing value of \$459,126. This data suggests lenders may face challenges in originating loans to low- or moderate-income borrowers.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by Gross Annual Revenue (GAR) level. According to 2021 D&B data, 229,005 non-farm businesses operate within the assessment area. GARs for these businesses are as follows:

- 86.4 percent have \$1.0 million or less,
- 4.9 percent have more than \$1.0 million, and
- 8.7 percent have unknown revenues.

Service industries represent the largest portion of businesses (47.7 percent); followed by non-classifiable establishments (20.6 percent); finance, insurance, and real estate (9.4 percent); and retail trade (8.3 percent). Within the assessment area, 61.7 percent of businesses have four or fewer employees, and 90.5 percent operate from a single location. This data supports opportunity for small business lending in the area.

The Washington Metro Area is a major center for computer system design and technology-related professional services. Major employers include the Federal Government, Andrews-Naval Air Facility, MedStar Health, Inova Health System, and Marriott International.

According to Moody's Analytics, single-family housing prices in the Washington Metro Area are not rising as sharply compared to other metro areas in the United States. However, a December 2021 Moody's report also indicates that available housing units are low and demand is high. For the commercial real estate market, the number of people working in office buildings has almost returned to pre-pandemic levels. However, the continuing upward trend in remote work will potentially have a long-term impact on commercial lending growth.

Data obtained from the U.S. Bureau of Labor Statistics show that unemployment rates at the independent city, county, state, and national levels improved since the bank opened. The 2020 unemployment rates reflect the effects of the COVID-19 pandemic. The following table presents the average unemployment rates from April through December 2020, and 2021 for independent cities and counties in the assessment area, as well each state, and the national level.

Unemployment Rates		
Area	2020*	2021
	%	%
Alexandria City, VA	7.4	3.8
Arlington County, VA	5.4	3.1
Fairfax County, VA	7.1	3.5
Falls Church City, VA	4.5	2.7
Montgomery County, MD	7.5	5.3
Prince George's County, MD	9.7	7.3
Washington D.C.	9.0	6.5
State of Maryland	7.9	5.6
State of Virginia	7.4	4.0
National Average	9.4	5.3
<i>Source: Bureau of Labor Statistics</i>		
<i>*Percentages reflect the average unemployment rate from April to December 2020.</i>		

Competition

The bank operates in a competitive market for financial services. According to the June 30, 2021 FDIC Deposit Market Share data, 56 financial institutions operated 991 branch offices within the full counties of the assessment area. Of these institutions, Founders ranked 43rd with a 0.03 percent deposit market share. The top five banks captured 68.1 percent of the market share. These banks include a private brokerage bank, three large national banks, and one large regional bank.

There is also a high level of competition for originating loans in the assessment area. Founders is not required to collect or report its home mortgage or small business lending data; therefore, aggregate lending data for both types of loans does not include the bank's lending activity. Despite this, examiners reviewed the most recently available aggregate data to understand the level of competition and demand for loans within the assessment area.

In 2020, 687 institutions reported 110,293 home mortgage loans in the assessment area. According to 2020 home mortgage market share data, the top five lenders within the assessment area are Wells Fargo Bank, Quicken Loans, Truist Bank, First Savings Mortgage Corporation, and Caliber Home Loans, Inc. These five institutions accounted for 24.7 percent of the market share by number of loans.

According to 2019 small business market share data, 205 institutions reported 54,936 small business loans in the assessment area, indicating a high degree of competition for this product. The top five lenders accounted for 69.8 percent of the total market share. The top-ranked lenders consisted of large national banks that primarily offer small business credit card loans.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs. The information indicates what credit opportunities may be

available. It also helps examiners determine if local financial institutions are responsive to those needs.

Examiners contacted a non-profit agency located in Washington D.C. The organization's goal is to expand economic opportunity and financial literacy to the unbanked and underbanked communities in the area. According to the contact, area residents would benefit from more affordable housing options and working capital loans are a need for new business owners.

Credit Needs

Considering information from the community contact, as well as demographic and economic data, examiners determined that start-up capital loans for small businesses and loans tailored to low- and moderate-income borrowers and families, such as first time homebuyer products, represent primary credit needs within the assessment area. Economic and demographic data support the need for affordable home mortgage loans to enable homeownership for low- and moderate-income individuals and families. In addition, the significant percentage of businesses with GARs of \$1 million or less and the large number of businesses with four or fewer employees supports the need for working capital loans for small business owners and entrepreneurs.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the date the bank opened for business on April 6, 2020, to the current evaluation dated January 24, 2022. Examiners used the Interagency Small Institution Examination Procedures to evaluate the institution's CRA performance. These procedures include the Lending Test. Please refer to the Appendix for a complete description of this test.

Activities Reviewed

Examiners determined that the bank's primary lending products are home mortgage and small business loans. This conclusion considered the bank's business strategy, loan portfolio distribution, and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as small farm or consumer loans, represent a major product line; therefore, examiners did not include these products.

As mentioned previously, Founders is not required to collect and report home mortgage or small business loan data and did not elect to do so during the evaluation period. Therefore, examiners used the bank's records to identify all home mortgage and small business loans originated in 2021. Founders originated 22 home mortgage loans totaling \$25.8 million and 35 small business loans totaling \$9.7 million in 2021. Small business loans contributed slightly more weight in the overall conclusions because the bank originated more small business loans than home mortgage loans during the evaluation period. Examiners compared the bank's home mortgage performance to 2015 ACS data and compared small business performance to 2021 D&B demographic data. A majority of the bank's home mortgage loans were originated for commercial or investment purposes;

therefore, income data was not available. Due to the limited income information, examiners did not present an analysis of home mortgage loans under the Borrower Profile section of this evaluation.

During the evaluation period, Founders participated in the Paycheck Protection Program (PPP) implemented by the U.S. Small Business Administration. The PPP was established by the Coronavirus Aid, Relief, and Economic Security Act and helped businesses keep their workforces employed during the COVID-19 pandemic. The PPP provided a direct incentive for small businesses to keep their workers on their payrolls. In 2021, the bank originated 17 PPP loans totaling \$865,723. These loans are included in the Lending Test evaluation of small business loans.

For the Lending Test, examiners reviewed the number and dollar volume of loans. Although this evaluation presents number and dollar volume of loans, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Founders demonstrated reasonable performance under the Lending Test. Consistent performance under each factor of the Lending Test supports the overall rating.

Loan-to-Deposit Ratio

The average net LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The LTD averaged 67.6 percent over the last six calendar quarters from June 30, 2020 to September 30, 2021. The LTD ratio steadily increased since the bank opened, ranging from a low of 50.9 percent as of June 30, 2020, to a high of 77.5 percent as of September 30, 2021. Founders' LTD ratio is comparable to similarly situated institutions as shown in the following table. Examiners selected similarly situated institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 09/30/2021 (\$000s)	Average Net LTD Ratio (%)
Founders Bank	125,804	67.6
Chesapeake Bank of Maryland	250,376	84.4
The Harbor Bank of Maryland	326,659	78.9
The Peoples Bank	330,983	64.7
Source: Reports of Condition and Income 6/30/2020 – 9/30/2021		

Assessment Area Concentration

Founders made a majority of its home mortgage and small business loans, by number and dollar volume, inside its assessment area. Please refer to the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2021	22	100.0	0	0.0	22	25,775	100.0	0	0.0	25,775
Small Business										
2021	25	71.4	10	28.6	35	8,347	85.8	1,382	14.2	9,729
Total	47	82.5	10	17.5	57	34,122	96.1	1,382	3.9	35,504
Source: 2021 Bank Loan Data; Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable small business and home mortgage lending performance supports this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. As illustrated in the following table, the bank's lending in low- and moderate-income tracts trailed the percentage of businesses operating in these tracts. However, it is important to note that the demographics show the percentage of all businesses, not just those in the market for a small business loan. Although the bank's lending trailed the percentage of businesses in low- and moderate-income census tracts, the bank's level of lending reflects reasonable performance. This conclusion considered the institution's de novo status and the total number of loans originated during the evaluation period. Furthermore, as a de novo institution, Founders faces significant competition from larger national and regional banks that dominate the market.

The following table displays the distribution of the bank's small business loans by census tract income level.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2021	10.3	1	4.0	480	5.8
Moderate					
2021	22.5	4	16.0	2,946	35.3
Middle					
2021	21.8	1	4.0	870	10.4
Upper					
2021	44.0	19	76.0	4,051	48.5
Not Available					
2021	1.4	0	0.0	0	0.0
Totals					
2021	100.0	25	100.0	8,347	100.0
<i>Source: 2021 D&B Data and 2021 Bank Loan Data; Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Reasonable performance is primarily supported by the bank's performance originating loans in moderate-income tracts, which exceeds demographics. As illustrated in the following table, the bank's lending in low-income tracts trailed the percentage of owner-occupied housing units. Considering the highly competitive market for home mortgage loans in the assessment area, and the bank's recent entry to the market, performance is reasonable.

The following table depicts the distribution of home mortgage loans by census tract income level.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low					
2021	10.1	1	4.5	1,823	7.1
Moderate					
2021	21.5	5	22.7	3,162	12.3
Middle					
2021	23.5	6	27.3	6,810	26.4
Upper					
2021	44.4	10	45.5	13,980	54.2
Not Available					
2021	0.5	0	0.0	0	0.0
Totals					
2021	100.0	22	100.0	25,775	100.0
<i>Source: 2015 ACS and 2021 Bank Loan Data. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration of loans to businesses of different sizes in the assessment area. The bank's reasonable small business lending performance supports this conclusion.

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1.0 million or less. In 2021, Founders originated 64.0 percent of small business loans to businesses with GARs of \$1.0 million or less, which trailed the demographic data. Considering the highly competitive market for small business loans in the assessment area, and the bank's recent entry to the market, performance is reasonable.

The table below reflects the distribution of small business loans by GAR level.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2021	86.4	16	64.0	5,506	66.0
>\$1,000,000					
2021	4.9	7	28.0	2,801	33.6
Revenue Not Available					
2021	8.7	2	8.0	40	0.5
Totals					
2021	100.0	25	100.0	8,347	100.0
<i>Source: 2021 D&B Data and 2021 Bank Loan Data; Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

Examiners were unable to conduct a meaningful analysis of home mortgage loans to low- and moderate-income borrowers given the large percentage of loans without revenue information. In 2021, a significant majority of home mortgage loans were for investment or commercial purposes. Specifically, of the 22 home mortgage loans originated, 18 were originated to commercial borrowers for investment properties. Lenders are not required to collect income information for non-natural persons (e.g. businesses). Therefore, examiners could not draw conclusions for the bank's performance in this category.

Response to Complaints

Founders did not receive any CRA-related complaints since it opened for business on April 6, 2020; therefore, this criterion did not affect the overall rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

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.