

# **PUBLIC DISCLOSURE**

August 29, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Community Savings Bank  
Certificate Number: 28841

4801 West Belmont Avenue  
Chicago, Illinois 60641

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

300 South Riverside Plaza, Suite 1700  
Chicago, Illinois 60606

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## INSTITUTION RATING

**INSTITUTION'S 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, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Community Savings Bank's (CSB) outstanding Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the overall rating. The following points summarize the bank's Lending Test and Community Development Test performance.

**The Lending Test is rated Outstanding.**

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

**The Community Development Test is rated Outstanding.**

The institution's community development performance demonstrates excellent responsiveness to community development needs in its assessment through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

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

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas to evaluate its CRA performance. CSB designated Cook County, Illinois as its assessment area, which is located within the Chicago-Naperville-Evanston, Illinois Metropolitan Division (Chicago MD). The assessment area includes contiguous census tracts and it has not changed since the previous evaluation. The bank's assessment area conforms to the CRA regulation, as it does not arbitrarily exclude any low- or moderate-income census tracts, does not reflect illegal discrimination, and otherwise meets the requirements of the CRA regulation. The following sections discuss demographic and economic information for the assessment area.

### Economic and Demographic Data

The assessment area includes all 1,319 census tracts in Cook County. Examiners used demographic data from 2015 American Community Survey (ACS), compiled by the U.S. Census Bureau to analyze the bank's CRA Performance. According to the 2015 ACS data, the assessment area's census tracts reflect the following income designations: 253 (19.2 percent) low-income census tracts; 381 (28.9 percent) moderate-income tracts; 317 (24.0 percent) middle-income tracts; 355 (26.9 percent) upper-income tracts; and 13 (1.0 percent) census tracts with no income designation. The following table illustrates select demographics of the assessment area.

| Demographic Information of the Assessment Area                   |           |               |                      |                  |                 |               |
|--|-----------|---------------|----------------------|------------------|-----------------|---------------|
| Demographic Characteristics                                      | #         | Low<br>% of # | Moderate<br>% of #   | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)                                      | 1,319     | 19.2          | 28.9                 | 24.0             | 26.9            | 1.0           |
| Population by Geography  | 5,236,393 | 14.5          | 29.9                 | 27.0             | 28.3            | 0.4           |
| Housing Units by Geography                                       | 2,176,549 | 14.4          | 27.9                 | 26.3             | 30.8            | 0.5           |
| Owner-Occupied Units by Geography                                | 1,107,485 | 6.9           | 24.2                 | 32.0             | 36.7            | 0.2           |
| Occupied Rental Units by Geography                               | 835,474   | 20.8          | 32.1                 | 20.9             | 25.3            | 0.9           |
| Vacant Units by Geography  | 233,590   | 27.5          | 30.5                 | 19.1             | 22.3            | 0.6           |
| Businesses by Geography  | 474,429   | 8.6           | 21.7                 | 24.6             | 44.3            | 0.7           |
| Farms by Geography   | 4,567     | 7.2           | 23.4                 | 29.2             | 40.0            | 0.2           |
| Family Distribution by Income Level                              | 1,184,857 | 28.0          | 17.0                 | 17.7             | 37.2            | 0.0           |
| Household Distribution by Income Level                           | 1,942,959 | 29.2          | 15.8                 | 16.7             | 38.2            | 0.0           |
| Median Family Income MSA - 16984 Chicago-Naperville-Evanston, IL |           | \$75,024      | Median Housing Value |                  |                 | \$245,250     |
| Families Below Poverty Level                                     |           | 13.2%         | Median Gross Rent    |                  |                 | \$1,038       |

*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.*

## **Competition**

CSB faces high competition in the assessment area. According to the FDIC Deposit Market Share data as of June 30, 2021, 100 financial institutions operated 1,231 full-service offices throughout Cook County. CSB ranked 53<sup>rd</sup> with 0.09 percent of the deposit market share. The three highest-ranked institutions are large national banks that have a combined deposit market share of 51.1 percent.

A high level of competition for home mortgage loans exist among several banks, credit unions, and non-depository mortgage lenders in the assessment area. According to the 2020 Peer Mortgage Data Institution Market Share Report, the most recent data available, a total of 795 lenders reported 228,978 residential mortgage loans originated. The top ten home mortgage lenders accounted for 43.9 percent of the total market share. CSB ranked 176<sup>th</sup> with a market share of 0.05 percent. Aggregate mortgage data for 2021 is not yet available.

## **Community Contacts**

Community contact interviews were conducted to assist examiners in identifying and understanding the credit and community development needs of the assessment area. The information helps examiners determine whether local financial institutions are responsive to these needs. For this performance evaluation, examiners reviewed recent community contact interview with representatives from one housing and one economic development organization. The contacts identified needs in the assessment area for products conducive to serve underserved population and low- and moderate-income individuals, as well as affordable housing.

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

Considering the information from community contacts and demographic data, examiners determined that affordable housing and products tailored to serve low- and moderate-income individuals represent a significant credit need in the assessment area.

# **SCOPE OF EVALUATION**

## **General Information**

The evaluation covers the period from the previous evaluation dated September 9, 2019, to the current evaluation dated August 29, 2022. Examiners used the ISB Examination Procedures to evaluate CSB's CRA performance. These procedures include the Lending Test and the Community Development Test as outlined in the ISB Performance Criteria Appendix. Financial institutions must achieve a satisfactory rating under each of these tests to obtain an overall Satisfactory rating.

## **Activities Reviewed**

Examiners determined that the bank's major product line is residential home mortgage loans.

size, geographic location, and lending focus. As shown in the table below, CSB’s ratio ranks third amongst similarly situated institutions.

| <b>Loan-to-Deposit Ratio Comparison</b> |                              |  |
|---|------------------------------|--|
| <b>Institution</b>                      | <b>Total Assets \$(000s)</b> | <b>Average Net Loan-to-Deposit Ratio (%)</b> |
| <b>Community Savings Bank</b>           | <b>445,137</b>               | <b>63.9</b>                                  |
| Similarly-Situated Institution #1       | 440,917                      | 88.5   |
| Similarly-Situated Institution #2       | 500,338                      | 51.9   |
| Similarly-Situated Institution #3       | 802,137                      | 57.9   |
| Similarly-Situated Institution #4       | 895,416                      | 71.3   |

*Source: Reports of Condition and Income 3/31/2019 – 12/31/2021*

### **Assessment Area Concentration**

CSB originated a substantial majority of its home mortgage loans within its assessment area. The following table provides details on the number and dollar amount of loans inside and outside the assessment area.

| <b>Lending Inside and Outside of the Assessment Area</b> |                        |             |                |            |                |  |             |                |            |                       |
|--|------------------------|-------------|----------------|------------|----------------|--|-------------|----------------|------------|-----------------------|
| <b>Loan Category</b>                                     | <b>Number of Loans</b> |             |                |            | <b>Total #</b> | <b>Dollar Amount of Loans \$(000s)</b> |             |                |            | <b>Total \$(000s)</b> |
|  | <b>Inside</b>          |             | <b>Outside</b> |            |                | <b>Inside</b>                          |             | <b>Outside</b> |            |                       |
|  | <b>#</b>               | <b>%</b>    | <b>#</b>       | <b>%</b>   |                | <b>\$</b>                              | <b>%</b>    | <b>\$</b>      | <b>%</b>   |                       |
| <b>Home Mortgage</b>                                     |                        |             |                |            |                |  |             |                |            |                       |
| 2020   | 110                    | 91.7        | 10             | 8.3        | 120            | 25,800                                 | 93.1        | 1,917          | 6.9        | 27,717                |
| 2021   | 139                    | 92.7        | 11             | 7.3        | 150            | 33,871                                 | 92.4        | 2,779          | 7.6        | 36,650                |
| <b>Total</b>   | <b>249</b>             | <b>92.2</b> | <b>21</b>      | <b>7.8</b> | <b>270</b>     | <b>59,671</b>                          | <b>92.7</b> | <b>4,696</b>   | <b>7.3</b> | <b>64,367</b>         |

*Source: 2020 and 2021 HMDA Data. Due to rounding, totals may not equal 100.0%*

### **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the bank’s assessment area. For this criterion, examiners focused on loans originated in low- and moderate-income census tracts in the assessment area.

A large percent of CSB’s home mortgage loans are made to real estate investors for financing non-owner occupied 1-4 family and multi-family housing units. More specifically, of the total loans originated in 2020 and 2021 within the assessment area, approximately 69.9 percent were owner-occupied 1-4 family housing loans, 17.7 percent were non-owner occupied 1-4 family loans, and 12.1 percent were multi-family loans. Considering the percentage of originated non-owner occupied 1-4 family and multi-family housing units, examiners analyzed these products separately. As referenced previously, examiners focused on the comparison of the bank’s performance to aggregate HMDA data, when available, which provides a better assessment of demand within the assessment area.

information, the geographic distribution of owner-occupied 1-4 family home mortgage loans is excellent overall.

***Non-Owner-Occupied 1-4 Family Home Mortgage Loans***

The geographic distribution of non-owner occupied home mortgage loans reflects excellent dispersion throughout the assessment area. Examiner measured performance against aggregate HMDA data and the percentage of occupied rental housing units (demographic), and focused on lending in low- and moderate -income census tracts. The following table reflects the distribution of home mortgage loans by census tract income level.

| <b>Geographic Distribution of Non-Owner Occupied Home Mortgage Loans</b>  |   |                                     |           |              |                 |              |
|---|---|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Occupied Rental Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>  |   |                                     |           |              |                 |              |
| 2020  | 20.8                                      | 11.9                                | 4         | 28.6         | 1,320           | 29.2         |
| 2021  | 20.8                                      | --                                  | 10        | 33.3         | 1,978           | 27.9         |
| <b>Moderate</b>   |   |                                     |           |              |                 |              |
| 2020  | 32.1                                      | 25.7                                | 2         | 14.3         | 606             | 13.4         |
| 2021  | 32.1                                      | --                                  | 15        | 50.0         | 3,402           | 48.0         |
| <b>Middle</b>   |   |                                     |           |              |                 |              |
| 2020  | 20.9                                      | 25.1                                | 5         | 35.7         | 1,140           | 25.2         |
| 2021  | 20.9                                      | --                                  | 2         | 6.7          | 745             | 10.5         |
| <b>Upper</b>  |   |                                     |           |              |                 |              |
| 2020  | 25.3                                      | 36.9                                | 3         | 21.4         | 1,459           | 32.2         |
| 2021  | 25.3                                      | --                                  | 3         | 10.0         | 957             | 13.5         |
| <b>Not Available</b>  |   |                                     |           |              |                 |              |
| 2020  | 0.9                                       | 0.4                                 | 0         | 0.0          | 0               | 0.0          |
| 2021  | 0.9                                       | --                                  | 0         | 0.0          | 0               | 0.0          |
| <b>Totals</b>   |   |                                     |           |              |                 |              |
| <b>2020</b>   | <b>100.0</b>                              | <b>100.0</b>                        | <b>14</b> | <b>100.0</b> | <b>4,525</b>    | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>                              | <b>--</b>                           | <b>30</b> | <b>100.0</b> | <b>7,082</b>    | <b>100.0</b> |
| <i>Source: 2020 and 2021 HMDA Data, 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i> |   |                                     |           |              |                 |              |

CSB’s non-owner occupied lending in 2020 in low-income census tracts significantly exceeded aggregate lending and exceeded the demographic. Lending increased in 2021, significantly exceeding the demographic.

The bank’s performance in 2020 trailed both aggregate lending and the demographic in moderate-income census tracts. Lending in 2021 substantially increased in moderate-income census tracts, significantly exceeding the demographic. Overall, this level of lending is excellent, particularly when considering the strong performance in low-income census tracts.

occupied home mortgage loans by borrower income level and measured it against aggregate lending and the percentage of families (demographic data) within the assessment area. The following table reflects the distribution of owner-occupied home mortgage loans by borrower income level.

| <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>     |
| <b>Low</b>  |                      |                                     |           |              |                 |              |
| 2020  | 28.0                 | 4.5                                 | 10        | 12.3         | 746             | 4.9          |
| 2021  | 28.0                 | --                                  | 13        | 14.0         | 1,751           | 9.4          |
| <b>Moderate</b>   |                      |                                     |           |              |                 |              |
| 2020  | 17.0                 | 14.5                                | 19        | 23.5         | 3,069           | 20.0         |
| 2021  | 17.0                 | --                                  | 26        | 28.0         | 3,983           | 21.5         |
| <b>Middle</b>   |                      |                                     |           |              |                 |              |
| 2020  | 17.7                 | 20.7                                | 21        | 25.9         | 4,552           | 29.6         |
| 2021  | 17.7                 | --                                  | 32        | 34.4         | 7,330           | 39.5         |
| <b>Upper</b>  |                      |                                     |           |              |                 |              |
| 2020  | 37.2                 | 45.5                                | 24        | 29.6         | 5,672           | 36.9         |
| 2021  | 37.2                 | --                                  | 20        | 21.5         | 4,677           | 25.2         |
| <b>Not Available</b>  |                      |                                     |           |              |                 |              |
| 2020  | 0.0                  | 14.9                                | 7         | 8.6          | 1,314           | 8.6          |
| 2021  | 0.0                  | --                                  | 2         | 2.2          | 825             | 4.4          |
| <b>Totals</b>   |                      |                                     |           |              |                 |              |
| <b>2020</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>81</b> | <b>100.0</b> | <b>15,353</b>   | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>         | <b>--</b>                           | <b>93</b> | <b>100.0</b> | <b>18,566</b>   | <b>100.0</b> |
| <i>Source: 2020 and 2021 HMDA Data; 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i> |                      |                                     |           |              |                 |              |

CSB's lending to low-income borrowers exceeded aggregate lending, but trailed demographic data in 2020. When available, aggregate data is a better indicator of loan demand. Although below the demographic, lending to low-income borrowers increased in 2021. Additionally, 13.2 percent of families in the assessment generate income below the poverty level. These families likely face difficulties in qualifying for home mortgage loans due to financial constraints.

The bank's performance to moderate-income borrowers exceeded aggregate lending and the demographic in 2020. Lending in 2021 to moderate-income borrowers in 2021 increased and remained above the demographic. CSB's strong performance to both low- and moderate-income borrowers throughout the review period demonstrates an overall excellent borrower distribution.

In addition to the bank's traditional home mortgage loan products, the bank continues to offer specialized lending programs that facilitate both home mortgage and consumer loans for low- and moderate-income borrowers. The following targeted home mortgage programs further supports excellent performance under this criterion.

MD median family income.

#### *Down Payment Plus*

The bank continues to participate in the Federal Home Loan Bank's Down Payment Plus program, which provides down payment and closing cost assistance for low- and moderate-income homebuyers. The assistance provided is in the form of a forgivable grant paid on behalf of the borrower at the time of mortgage financing with a participating member financial institution. CSB assists the borrower in obtaining the grant by facilitating the application process. During the review period, two borrowers participated in the program.

#### *Community Rehab Mortgage Program*

This loan program encourages the purchase and rehabilitation of distressed, foreclosed, and bank-owned properties in low- and moderate-income geographies with established bank customers. Under the program, a borrower can obtain a loan for the purchase of a 1-4 unit property and use funds to repair or rehabilitate the building. The borrower must have extensive experience performing similar rehabilitation work; the property will be either sold or held in portfolio until the work is completed.

#### *First Time-Home Buyers Certificate of Deposit (Asset Building & Home Buying Program)*

Management developed this program to allow first time home-buyers to make deposits at any time, up to \$12,000 per calendar year, into a five-year, high-yield certificate of deposit with the anticipation of purchasing a home for the first time. The bank waives any early withdrawal penalties when customers utilize the funds for the purchase of the first home. Additionally, the bank will provide the borrower a grant equal to 1.0 percent of the cumulative amounts deposited into the account. The bank has not had any customers participating in the program during the review period.

#### *Small-Dollar Loan Program*

CSB offers a small-dollar loan program through its passbook loan product that allows customers to deposit funds into a deposit account at the bank and borrow up to 90 percent against the available funds for a maximum of term of three years. Management designed this loan program for individuals to repair their credit through positive repayment reporting to a national credit bureau. The interest rate on the loan is fixed at four percent above the interest rate on the deposit account. The bank originated 29 loans under this program totaling \$129,200 during the review period.

As previously mentioned, affordable housing and products targeted to low- and moderate-income individuals represent a need as identified by community contacts. The availability of these loan products demonstrates willingness and responsiveness to meet credit needs of the community.

### **Response to Complaints**

CSB has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.



performance of two SSBs. The following table provides additional details regarding the bank's investments activities.

| <b>Community Development Investments</b> |                           |                 |                           |                 |                             |                 |                                |                 |              |                 |
|--|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|--------------|-----------------|
| <b>Activity Year</b>                     | <b>Affordable Housing</b> |                 | <b>Community Services</b> |                 | <b>Economic Development</b> |                 | <b>Revitalize or Stabilize</b> |                 | <b>Total</b> |                 |
|  | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>     | <b>\$(000s)</b> |
| Prior Period                             | 1                         | 1,709           | 0                         | 0               | 0                           | 0               | 0                              | 0               | 1            | 1,709           |
| 2019                                     | 0                         | 0               | 0                         | 0               | 1                           | 250             | 0                              | 0               | 1            | 250             |
| 2020                                     | 0                         | 0               | 0                         | 0               | 5                           | 825             | 0                              | 0               | 5            | 825             |
| 2021                                     | 0                         | 0               | 0                         | 0               | 4                           | 575             | 0                              | 0               | 4            | 575             |
| 2022                                     | 0                         | 0               | 0                         | 0               | 7                           | 1,325           | 0                              | 0               | 7            | 1,325           |
| <b>Subtotal</b>                          | <b>1</b>                  | <b>1,709</b>    | <b>0</b>                  | <b>0</b>        | <b>17</b>                   | <b>2,975</b>    | <b>0</b>                       | <b>0</b>        | <b>18</b>    | <b>4,684</b>    |
| Qualified Grants & Donations             | 0                         | 0               | 71                        | 114             | 0                           | 0               | 0                              | 0               | 71           | 114             |
| <b>Total</b>                             | <b>1</b>                  | <b>1,709</b>    | <b>71</b>                 | <b>114</b>      | <b>17</b>                   | <b>2,975</b>    | <b>0</b>                       | <b>0</b>        | <b>89</b>    | <b>4,798</b>    |

*Source: Bank Records*

CSB's investments include a prior investment to a local housing organization that offers a variety of financing programs that help provide affordable housing targeting low- and moderate-income borrowers and strengthening neighborhoods. Also, included in the bank's investments are 14 certificates of deposit in five Community Development Financial Institutions (CDFIs) located in its assessment area. CDFIs specialize in lending to individuals, organizations, and businesses in under-resourced communities.

### **Community Development Services**

During the evaluation period, bank employees provided 29 instances of financial and technical expertise to organizations providing community development services in the assessment area. The services involve reoccurring activities with bank employees serving on six different qualifying organizations. These include various financial literacy services targeting low- and moderate-income individuals, and a bank officer providing technical assistance as a member of the finance committee of a local community development housing organization. CSB level of community development services compares favorably with four SSBs with a range between 3 and 56 services. The bank's performance exceeded the performance of two SSBs. The following table illustrates these activities by year and type of service.

| <b>Community Development Services</b> |                           |                           |                             |                                |              |
|---------------------------------------|---------------------------|---------------------------|-----------------------------|--------------------------------|--------------|
| <b>Year</b>                           | <b>Affordable Housing</b> | <b>Community Services</b> | <b>Economic Development</b> | <b>Revitalize or Stabilize</b> | <b>Total</b> |
|                                       | <b>#</b>                  | <b>#</b>                  | <b>#</b>                    | <b>#</b>                       | <b>#</b>     |
| 2019                                  | 2                         | 7                         | 0                           | 0                              | 9            |
| 2020                                  | 2                         | 4                         | 0                           | 0                              | 6            |
| 2021                                  | 4                         | 10                        | 0                           | 0                              | 14           |
| 2022                                  | 0                         | 0                         | 0                           | 0                              | 0            |
| <b>Total</b>                          | <b>8</b>                  | <b>21</b>                 | <b>0</b>                    | <b>0</b>                       | <b>29</b>    |

*Source: Bank Records*

## APPENDICES

### INTERMEDIATE 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).

#### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

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

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

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

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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

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.

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

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

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

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

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

**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.

**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.