PUBLIC DISCLOSURE

April 2, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Medallion Bank
Certificate Number: 57449

1100 East 6600 South, Suite 510
Salt Lake City, Utah 84121

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

25 Jessie Street at Ecker Square, Suite 2300
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.

Medallion Bank's (MB) performance demonstrates an outstanding record of helping to meet the credit needs of its AA, as outlined by an approved Strategic Plan (Plan). This Evaluation covers Plan years 2015, 2016, and 2017. The following supports an outstanding rating:

- New Community Development (CD) loans, qualified investments, grants and donations exceeded Plan's established minimum goals for outstanding performance all three years 2015, 2016 and 2017.
- Prior period investments plus new loans, investments, grants, and donations exceeded Plan goals for outstanding performance in Plan year 2015 and 2017; Prior period investments plus new loans, investments, grants, and donations exceeded Plan goals for satisfactory performance in Plan year 2016.
- CD service hours exceeded the Plan's established minimum goals for outstanding performance all three Plan years 2015, 2016, and 2017.
- MB has not received any CRA-related complaints regarding the bank's CRA performance.

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

SCOPE OF EVALUATION

General Information

Examiners conducted the evaluation from MB's main office located in Salt Lake City, Utah. This evaluation covers the period from the prior evaluation dated February 17, 2015, to the current evaluation dated April 2, 2018. MB is evaluated using the Interagency Strategic Plan Examination Procedures. The following bank activities were reviewed under these procedures:

- CD Loans;
- CD Qualified Investments (including grants and donations);
- CD Services; and
- Response to CRA-related Complaints

Examiners relied on records and reports provided by MB, publicly available financial information, demographic data, other information gathered from sources, including D&B data, Bureau of Labor and Statistics (BLS) data, 2010 U.S. Census data, 2015 American Census Survey (ASC) data, Moody's Analytics November 2017, and information obtained from community contacts. MB does not have any affiliates; therefore no such activity is included in this evaluation. Examiners evaluated MB's CRA performance in the context of the following items:

- The current economic environment
- Demographic characteristics of the bank's AA;
- CD Needs and Opportunities for lending, investments and services;
- MB's products, services, markets and business strategy;
- MB's financial resources and constraints; and
- Information obtained through community contacts

During the evaluation period MB was transitioning between Strategic Plans: Plan A, referred to as the plan approved by the FDIC May 3, 2011; and Plan B, which was approved and became effective April 1, 2015. During this transitioning period, Plan A expired on May 3, 2015. Due to the overlap of Plan A and Plan B, in addition to the bank's change from calendar year to fiscal year, the time period of February 17, 2015 through March 31, 2015, was not evaluated. Instead, examiners evaluated whole plan years beginning April 1, 2015, and ending March 31, 2017, to determine performance outlined in Plan B.

MB's Plan does not include any borrower profile or geographic distribution goals. For purposes of evaluating the Plan, management provided data on CD loans, qualified investments, grants and donations, and CD services since the prior CRA Evaluation dated February 17, 2015.

DESCRIPTION OF INSTITUTION

Background

MB is an industrial bank located in Salt Lake City, Utah. MB is chartered by the State of Utah and operates a single office located at 1100 East 6600 South, Suite 510, Salt Lake City, Utah and a loan production office located in Bothell, Washington. MB is wholly owned by Medallion Financial Corporation (MFC), a publicly held financial company located in New York, New York. MB is the only subsidiary of MFC. MB received a satisfactory rating at its previous FDIC Performance Evaluation, dated February 17, 2015, based on Interagency Strategic Plan Examination Procedures.

Operations

MB is not a traditional retail bank with walk-in business. Instead the bank receives applications through brokers and financial service providers for all lending activity, both consumer and commercial. Loan products are offered through loan program sponsors and independent contractors nationwide and are originated through MB. All loan funding is comprised of deposits obtained through brokers and internet listing services. No merger activity occurred, and no branches were opened or closed during the review period. MB does not directly market loans to consumers and businesses; MB does not have any traditional banking services, including branches, tellers, or Automated Teller Machines; or offer checking or savings accounts.

Ability and Capacity

Since the previous evaluation, MB has increased total assets by 12.0 percent from $966 million to $1.1 billion. MB has changed its business lending focus since the last examination increasing consumer loans by 21.7 percent and decreasing commercial loans by 21.4 percent. In addition, of the bank's $928 million in total loans as of December 31, 2017, consumer loans represent 75.9 percent and a total of approximately $704.5 million; commercial loans represent 24.1 percent and a total of approximately $223.7 million. Total deposits were reported as $906.8 million and total securities were reported as $43.4 million.

The following table illustrates MB's loan portfolio distribution as of December 31, 2017, Reports of Condition and Income (Call Report).

Loan Portfolio Distribution as of 12/31/2017		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	**0**	**0.0**
Secured by Farmland	**0**	**0.0**
Secured by 1-4 Family Residential Properties	**0**	**0.0**
Secured by Multi-family (5 or more) Residential Properties	**0**	**0.0**
Secured by Non-farm Non-Residential Properties	**0**	**0.0**
Total Real Estate Loans	**0**	**0.0**
Commercial and Industrial Loans	**223,705**	**24.1**
Agricultural Production and Other Loans to Farmers	**0**	**0.0**
Consumer	**704,531**	**75.9**
Obligations of States and Political Subdivisions in the United States	**0**	**0.0**
Other Loans	**0**	
Lease Financing Receivables (net of unearned income)	**0**	**0.0**
Less: Unearned Income	**0**	**0.0**
Total Loans	**928,236**	**100.0**
Source: *Call Report 12/31/2017*		

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

DESCRIPTION OF ASSESSMENT AREA

Economic and Demographic Data

MB's delineated AA consists of the political subdivision of Salt Lake County in the Salt Lake City, Utah Metropolitan Statistical Area (MSA) #41620. Salt Lake County represents the largest population center in the state of Utah. The bank's AA meets regulatory requirements as it contains whole geographies and does not arbitrarily exclude any LMI areas, individuals, or families.

As illustrated in the following table, the AA includes 212 Census Tracts (CTs). According to the 2015 ACS data, the 212 CTs reflect the following income designations:

- 7 low-income CTs;
- 51 moderate-income CTs;
- 86 middle-income CTs;
- 65 upper-income CTs; and
- 3 CTs with no income classification

Demographic Information of the Assessment Area

Assessment Area: Medallion Bank AA

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	212	3.3	24.1	40.6	30.7	1.4
Population by Geography	1,078,958	3.2	22.8	43.1	30.0	0.9
Housing Units by Geography	372,990	3.1	24.3	42.6	29.2	0.7
Owner-Occupied Units by Geography	233,092	1.5	17.5	44.9	35.6	0.5
Occupied Rental Units by Geography	118,800	6.4	36.9	39.4	16.1	1.2
Vacant Units by Geography	21,098	2.3	28.9	35.3	33.3	0.2
Businesses by Geography	82,190	3.0	22.3	39.3	34.4	0.9
Farms by Geography	1,333	1.8	20.3	40.6	36.9	0.4
Family Distribution by Income Level	247,693	19.9	17.6	22.0	40.5	0.0
Household Distribution by Income Level	351,892	22.3	16.6	20.4	40.6	0.0
Median Family Income MSA - 41620 Salt Lake City, UT MSA		$71,849	Median Housing Value			$247,942
			Median Gross Rent			$966
			Families Below Poverty Level			9.2%

Source: 2010 U.S. Census & 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.

Demographic characteristics for the AA changed slightly from 2016 to 2017. The number of low-income CTs decreased from 11 to 7 and the number of moderate-income CTs increased from 41 to 51. This change is based on data from the 2010 U.S. Census for 2016 and the updated 2015 ACS data from 2017. The Plan was approved by the FDIC within the demographic context of the AA. This evaluation relies on the 2010 U.S. Census data to assess CRA performance in 2015 and 2016, as well as 2015 ACS Census data to assess CRA performance in 2017.

According to Moody's Analytics as of November 2017, the Salt Lake City MSA is in a mid-expansion cycle with housing prices appreciating at a steady rate. Job creation is broad-based, but gains are largely concentrated in the private services, specifically with healthcare, retail, and leisure and hospitality industries. Also, a large percent of high-wage jobs in high-tech and other knowledge-based industries contribute to job creation within the area. Population growth within the area exceeds the West and U.S. averages, due to the job opportunities. According to the Moody's Analytics, the AA's three largest employers are Intermountain Health Care, Inc., Comenity Capital Bank, and the University Hospital.

Data from the BLS reports unemployment rates have dropped from 3.1 percent in December 2015 to 2.7 percent December 2017. In addition, unemployment in the Salt Lake City MSA is slightly lower than the Utah average at 2.8 percent December 2017, and lower than the National average at 3.9 percent December 2017. Consequently, the decreasing unemployment rates and the increasing job creation with high-wage jobs have resulted in strains on affordable housing. Median home values have increased from $213,300 in 2015 to $251,400 in 2017, further impacting a strained affordable housing stock.

Competition

Competition throughout the AA is strong. There are 40 financial institutions competing for the area's deposit market share. These institutions operates 220 offices and hold approximately $438.8 billion in deposits within the AA. According to the FDIC Summary of Deposits as of June 2017, MB ranks 20th and holds 0.2 percent of the total deposits in the AA. The largest competitors are Morgan Stanley Bank with 22.8 percent, Ally Bank with 19.7 percent, and Synchrony Bank with 12.6 percent of the area's total deposits.

Community Contact

As part of the evaluation process, examiners contact third parties who are active within the bank's AA to assist in identifying the opportunities for CD activity. This information helps to determine whether local financial institutions are responsive to community needs.

Examiners used information from two previously obtained community contacts representing an affordable housing organization and an economic development organization serving the bank's AA. The first representative indicated that with the low unemployment rate and a high workforce demand specific to construction and service industries, Salt Lake County is experiencing a growing demand for affordable housing units. Although there are many available rental units in the market, a majority of units are unaffordable for LMI individuals and families. In addition, the second representative stated that economic conditions are favorable to small businesses, especially new startup businesses. These conditions have further resulted in a growing need for financial education for new business owners. Both contacts stated that financial institutions have been responsive overall to the affordable housing and financial education needs within the AA.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that affordable housing (both accessibility and quality); and financial literacy are the two most primary needs of the AA.

As a result of these primary needs, MB focuses opportunities for combined loans and investments, including grants and donations, as well as services specifically targeted to both affordable housing projects and financial literacy for LMI individuals. In addition, MB maintains long-term partnerships with local community groups within Salt Lake County and Utah that have these areas as their primary focus.

CONCLUSIONS ON PERFORMANCE CRITERIA

CRA Performance under MB's Plan reflects outstanding performance in helping to meet the credit needs of the bank's designated AA in a manner consistent with the performance goals established by the Plan. The following information illustrates the measurable performance goals established by the Plan, which covers the time period from April 1, 2015 through March 31, 2018.

Community Development Combined Loans, Investments, Grants and Donations

MB's CD combined loans and investments, grants and donations demonstrate the bank's outstanding performance to meet or exceed the Plan goals as established for each Plan year within the review period.

The measurable goals for CD combined loans and qualified investments, grants, and donations are two-fold and consist of new CD loans and qualified investments, grants, and donations for the Plan year. In addition, a measurable goal is set for the prior Plan year investment totals plus new loans and investments, grants, and donations extended during the current Plan year. Both measurable goals are divided by the average assets for each Plan year. The timeframe measured for each Plan year begins April 1 and continues through March 31 of the following year. Average assets for each Plan year is calculated as an average of all four quarters within the Plan year.

New Community Development Loans, Investments, Grants and Donations

During the 2015-2017 Plan review period, MB made 7 new CD loans totaling $8.6 million and purchased, granted or donated 33 new investments, grants and donations totaling $20.8 million. Approximately $17.8 million were for affordable housing; approximately $3.1 million for community services; and $8.5 million for economic development. The following table illustrates MB's performance.

New Community Development Loans and Qualified Investments, Grants and Donations					
Plan Year	Bank Established Goals		Bank Performance		
	Satisfactory	*Outstanding*	Loans, Investments, Grants, and Donations Total (000s)	Average Plan Year Assets (000s)	Actual Performance by Percent of Average Assets
2015 New Loans and Investments, Grants and Donations	.40	.60	8,530	1,041,981	.82
2016 New Loans and Investments, Grants, and Donations	.40	.60	7,121	1,099,968	.65
2017 New Loans and Investments, Grants and Donations	.40	.60	13,699	1,088,538	1.26
Source: MB Records and MB's Plan					

Some notable examples of MB's new loans, investments, grants and donations are as follows:

- MB made a new investment in an organization that purchases buildings in significant disrepair and rebuilds them into multi-family affordable housing units. In addition, the organization develops the housing community to provide social and community programs such as health education; after-school tutoring; and reading programs, which is an identified need in the bank's AA.

- MB granted funds to an elementary school that has a majority of students with free or reduced lunch. Also, the school provides training for parents of the students to assist them with obtaining and retaining jobs in community.

<u>Prior Period Investments Plus New Community Development Loans, Investments, Grants and Donations</u>

In addition to new loans and investments, grants and donations, MB held investments for the purpose of CD activity during the review period. MB met or exceeded the Plan goal for outstanding with prior period investments plus new loans, investments, grants and donations as a percentage of average assets, for Plan years 2015 and 2017. Also, MB met or exceeded the Plan goal for satisfactory with prior period investments plus new loans, investments, grants and donations as a percentage of average assets, for Plan year 2016. The following table illustrates the bank's goals and performance in dollar amount and percentage.

Prior Period Investments Plus New CD Loans, Investments, Grants and Donations					
	Bank Established Goals		Bank Performance		
Plan Year	*Satisfactory*	*Outstanding*	Outstanding Investments plus New CD Loans, Investments Grants, and Donations Total (000s)	Average Plan Year Assets (000s)	Actual Performance by Percent of Average Assets
2015	1.30	1.75	19,697	1,041,981	1.89
2016	1.30	1.75	17,849	1,099,968	1.62
2017	1.30	1.75	22,251	1,088,538	2.04
Source: MB Records and MB's Plan					

Community Development Services

MB consistently exceeded the established goals for outstanding performance in all Plan years within the review period. The Plan's measurable goals for CD service hours are based on an average of five hours per full-time employee (FTE). Total service hours increased in each Plan year of the review period. Also, FTE of MB increased from 59 FTE at the end of Plan year 2015 to 74 FTE at the end of Plan year 2017, which further equates to an average of 6.5 hours per FTE at the end of the review period. The following table shows MB's performance compared to the established Plan goals.

Community Development Service Hours			
Plan Year	**Bank Established Goals**		**Bank Performance: Qualified Service Hours**
	Satisfactory	***Outstanding***	
2015	176	218	273.8*
2016	176	218	365.0*
2017	176	218	484.0*
*Source: MB Records and MB's Plan; *Number represents hours spent on qualifying service activities.*			

MB's personnel are responsive to the community service needs providing a total of 1123 service hours benefitting the AA. Specifically, employees performed 815 hours of financial education for LMI individuals and families; 101 hours were to benefit affordable housing; and 207 hours were for economic development.

Some notable examples of services provided by MB personnel include the following:

- A senior bank officer provided an affordable housing organization financial expertise to assist with grant proposals, evaluation of candidates for senior loan personnel as well as participating on the organization's loan decision committee.

- A senior bank officer used financial expertise to mentor LMI students in pursuit of secondary education and financial literacy on how to establish and maintain they own business.

- Employees provide financial education training to LMI students of elementary schools with a majority having free or reduced lunch.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or illegal credit practices, inconsistent with helping to meet community credit needs of the AA was identified.

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that

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

Community Development Service: A service that

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

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

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

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

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

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

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

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

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

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

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

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

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

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

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

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

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

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

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

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

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

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

Micropolitan Statistical Area: A county or group of counties associated with an urban concentration of at least 10,000 but less than 50,000 in population.

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.

Non-metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan 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 non-metropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

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

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved middle-income non-metropolitan 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.