



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

July 3, 2017

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Rosedale FS & LA  
Charter Number: 703758

9616 Belair Rd., Baltimore, MD 21236-1104

Office of the Comptroller of the Currency

400 7th Street S.W., Washington, DC 20291

**NOTE:** 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, and should not 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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## **Overall CRA Rating: This institution is rated Outstanding**

**The Lending Test is rated: Outstanding.**

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

The following major factors support the institution's rating:

- The average loan-to-deposit ratio is more than reasonable given the Bank's size, financial condition, and assessment area credit needs;
- The Bank originated a substantial majority of home mortgage loans within its delineated assessment area;
- The distribution of home mortgage loans represents excellent distribution among borrowers of different income levels;
- The geographic distribution of home mortgage loans reflects excellent distribution throughout the census tracts of different income levels;
- The Bank provided an excellent level of community development activities given performance context factors;
- The Bank did not receive any CRA-related complaints during the evaluation period.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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 MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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.

**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, which 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).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**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.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, 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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties 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 percent 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 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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 qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** 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, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## **Description of Institution**

Rosedale Federal Savings and Loan Association (“Rosedale,” “Bank,” or “Institution”) is a federally chartered mutual savings institution headquartered in Baltimore County, Maryland. Rosedale does not have any affiliates or subsidiaries.

As of March 31, 2017, Rosedale had total assets of \$831.2 million and tier 1 capital of \$208.2 million. As of the same date, Rosedale had net loans and leases of \$547.8 million and total deposits of \$622.7 million. Approximately 99.95 percent of Bank’s total loan portfolio was comprised of real estate loans and 0.5 percent in individual loans.

As of the evaluation date, the Bank operates a network of eight branch offices. Of the branch offices, one office is in a moderate-income census tract; six offices are in middle-income census tracts; and one office is in an upper-income census tract. The Bank does not have any branches located in low-income census tracts. All branches offer office hours of 9:00 AM to 3:00 PM Monday through Thursday with extended hours until 6:00 PM on Fridays. Additionally, seven of the branches offer office and/or drive-thru hours on Saturday. Automated Teller Machines (“ATMs”) are located at all branches. During the evaluation period, the Bank closed an existing branch and opened a new branch office within 1.5 miles of the closed branch in Baltimore County. The relocation of the branch resulted in no change in the census tract income level.

The Bank offers loan and deposit products and services typical of a traditional thrift, concentrating primarily on residential mortgage lending and consumer deposit accounts. The Bank originates or purchases loans to hold in its portfolio. Lending products include home mortgages, home equity loans and lines-of credit, commercial real estate, and consumer loans. Consumer deposit related products include checking and savings accounts, certificates of deposit (“CDs”), individual retirement accounts (“IRAs”), and money market accounts. The Bank also provides online and mobile banking services to its customers. These services enable customers to pay bills, make transfers, check account balances and make deposits.

There are no financial or legal impediments hindering Rosedale’s ability to help meet the credit needs of the communities it serves. The Bank received an “Outstanding” rating during its last Intermediate Small Bank CRA evaluation dated April 29, 2014.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

Rosedale was evaluated under the Intermediate Small Bank (“ISB”) examination procedures. These procedures evaluate the Bank’s performance based upon a Lending Test and a Community Development (“CD”) Test. The Lending Test considers the Institution’s performance pursuant to the following criteria: Loan-to-Deposit (“LTD”) Ratio Analysis; Assessment Area (“AA”) Concentration; Geographic Distribution; Borrower Profile; and Response to Community Reinvestment Act (“CRA”) Complaints. The CD

Test evaluates the Bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and community development services.

Our assessment of the Bank's performance covered the time period from April 29, 2014, through July 3, 2017, which represents the evaluation period. Our assessment of the performance under the Lending Test was based on the loan originations and loan purchases of the Bank's primary loan product, home mortgage loans, during the period January 1, 2014, through December 31, 2016. The analysis took into consideration the economic, financial, and environmental factors that impact the Bank's CRA performance. Demographic information was extracted from the 2010 Census data, and peer data was taken from 2015 aggregate HMDA information (the most recent year available) for HMDA reporting financial institutions that reported lending activity within the AA. The evaluation period for the CD Test is April 29, 2014, the date of the last CRA evaluation, through July 3, 2017.

### **Data Integrity**

In order to ensure that Rosedale's record of originating residential mortgage loans was accurate and reliable, the OCC analyzed loan data Rosedale collected and reported in accordance with the HMDA requirements. We also reviewed CD loans, investments, and services submitted by Bank management to ensure they met the regulatory definition for community development. Our testing indicated that Rosedale's home mortgage loans and CD activity could be relied upon for this evaluation.

### **Selection of Areas for Full-Scope Review**

The Bank has one AA located within the Baltimore-Columbia-Towson, MD Metropolitan Statistical Area ("MSA") 12580. We performed a full-scope review of this AA.

### **Ratings**

The Bank's overall rating is based solely on the full-scope review of its one AA.

### **Other**

There are ample opportunities available for banks to address CD and credit needs in the area. The area is served by several Community Development Financial Institutions ("CDFIs"), CD entities, and nonprofit entities. In assessing the Bank's performance, we contacted a local organization whose mission is to stimulate the renaissance of Central Baltimore. The contact stated that there is an ongoing need for support of programs that will help to reduce and eliminate vacant and abandoned properties. There is a need to support programs that will help increase housing diversity in every neighborhood throughout the region. The contact also indicated that there is a need to provide support for workforce and job training programs that will allow people to obtain better paying living wage jobs.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this Institution has engaged in discriminatory or other illegal credit practices.

The OCC will consider any information that this Institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Conclusions with Respect to Performance Tests

### LENDING TEST

Rosedale's performance under the lending test is Outstanding. The loan-to-deposit ratio is more than reasonable. Rosedale originated a substantial majority of its loans inside its AA. The record of lending to borrowers of different incomes reflects excellent proportion given the performance context. The geographic distribution of loans reflects adequate distribution throughout census tracts of different income levels. All lending test criteria are listed below:

#### Loan-to-Deposit Ratio

Rosedale's quarterly average net loan-to-deposit ratio is more than reasonable and exceeds the standards for satisfactory performance. The Bank's quarterly average loan-to-deposit ratio over the fourteen-quarter review period was 85.06 percent. During this fourteen-quarter period, this ratio ranged from a quarterly low of 82.01 percent to a quarterly high of 89.49 percent. The quarterly average net loan-to deposit ratio for a peer group of seven similarly situated institutions with assets ranging from \$975 million to \$343 million and located in the same MSA was 82.56 percent over the same period. The peer group's ratio ranged from a quarterly low of 70.58 percent to a quarterly high of 99.66 percent during that time period.

#### Lending in Assessment Area

Rosedale made a substantial majority of its HMDA-reportable loans within its AA, exceeding the standards for satisfactory performance. In total, the Bank originated 468 HMDA-reportable loans totaling \$115.5 million over the assessment period. Of the 468 originations, 97.01 percent were originated within the Bank's AA. Refer to the following table for more information:

Table 1 - Distribution of Loans Inside and Outside of Assessment Area										
Loan Category of Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$(000s)	%	\$(000s)	%	\$(000s)
HMDA Reportable	454	97.01	14	2.99	468	111,692	96.69	3,818	3.31	115,510

Source: Rosedale's HMDA – reported data from 01/01/14 – 12/31/16.

## Lending to Borrowers of Different Incomes

The distribution of loans reflects excellent distribution among individuals of different income levels, and Rosedale’s record of lending to borrowers of different incomes exceeds the standard for satisfactory performance.

In our analysis, we took into consideration the lack of affordability for a low- or moderate-income (“LMI”) family to purchase a home. Based on the 2010 U.S. Census data, the median cost of housing was \$296,066. The 2015 HUD updated median family income is \$86,700, which means a low-income family earned less than \$43,350. Additionally, moderate-income families earned at least \$43,350, but less than \$69,360. Therefore, low- and moderate-income borrowers would have difficulty qualifying for home mortgage loans. Furthermore, 9.33 percent of households in the AA are below the poverty level.

The Bank’s percentage of mortgage loans granted to low-income borrowers substantially exceeded the level of lending to low-income borrowers by other HMDA-reporting lenders, and it was somewhat below the percentage of low-income families residing within the AA. The percentage of the lending to moderate-income borrowers was substantially higher than both the assessment area demographics and the average of all HMDA-reporting lenders. Overall, Rosedale’s lending to low- and moderate-income persons represented 37.84 percent of AA lending, which is much higher than the peer lending benchmark of 29.11 percent and slightly below the demographic benchmark of 38.74 percent.

The table below shows the distribution of HMDA loans in the AA among borrowers of different income levels for the period of January 1, 2014 through December 31, 2016. This is compared to the percentage of families in each income category as well as the aggregate peer performance in 2015, the most recent year for which data is available:

Table 2 - Rosedale HMDA-Reportable Loans By Borrower Income Level in the Assessment Area					Demographic Benchmarks	Peer Lending Benchmark
Income Level of Borrower	Number	No. Pct.	Dollar \$(000)	\$ Percent	Percent Families	2015 Aggr. HMDA
Low = <50%	56	15.14	5,893	6.69	21.42	9.90
Moderate = 50-79%	84	22.70	13,529	15.36	17.32	19.21
Middle = 80-119%	82	22.16	16,144	18.33	20.96	23.32
Upper = > 120%	148	40.00	52,490	59.61	40.31	47.58
<b>Total</b>	<b>370<sup>1</sup></b>	<b>100.00</b>	<b>88,056</b>	<b>100.00*</b>	<b>100.00*</b>	<b>100.00*</b>

Source: Rosedale’s HMDA data 1/1/2014- 12/31/2016; 2010 U.S. Census data;

\* Percentages may not add to 100 percent due to rounding.

## Geographic Distribution of Loans

The geographic distribution of loans reflects excellent distribution throughout the census tracts of different income levels, and Rosedale’s performance exceeds the standard for satisfactory performance. There were no conspicuous gaps identified within Rosedale’s AA.

<sup>1</sup> Excludes 45 loans where no income was reported.

The Bank's mortgage lending in both low- and moderate-income census tracts exceeded the percentage of lending by other HMDA-reporting lenders, and it was slightly below the percentage of owner-occupied housing units ("OOHUs") in the AA. Overall, Rosedale's lending within LMI census tracts represented 18.55 percent of assessment area lending, which is much higher than the peer lending benchmark of 14.24 percent and slightly below the demographic benchmark of 22.25 percent.

The table below illustrates loan originations, categorized by geography income level that were reported by Rosedale during the review period, and compares this activity to the 2015 aggregate peer performance. The table also includes a comparison to the percentage of OOHUs within the AA:

Table 3 - Rosedale HMDA-Reportable Loans By Census Tract Income Level in the Assessment Area					Demographic Benchmarks	Peer Lending Benchmark
Income Level of Census Tract	Number	No. Pct.	Dollar (000)	\$ Percent	Percent O.O.H.U. <sup>2</sup>	2015 Aggr. HMDA
Low = <50%	20	4.82	2,755	2.82	5.64	3.17
Moderate = 50-79%	57	13.73	8,229	8.41	16.61	11.07
Middle = 80-119%	196	47.23	43,061	44.02	38.99	37.37
Upper = > 120%	142	34.22	43,771	44.75	38.76	48.39
<b>Total</b>	<b>415</b>	<b>100.00</b>	<b>97,816</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Rosedale's HMDA data 1/1/2014 - 12/31/2016; 2010 U.S. Census data

## Responses to Complaints

Rosedale has not received any complaints about its performance in helping to meet AA credit needs during this evaluation period.

<sup>2</sup> Owner Occupied Housing Units. The numbers in this column represent the ratio of owner occupied housing units to the total number of owner occupied housing units in the assessment area. Based on 2010 U.S. Census.

## **COMMUNITY DEVELOPMENT TEST**

Rosedale's performance under the CD Test is rated Outstanding. The Bank's community development performance demonstrates excellent responsiveness to community development needs in its AA through community development loans, investments, and services.

### **Number and Amount of Community Development Loans**

Rosedale demonstrated excellent responsiveness to the community development needs of the AA through community development loans. The Bank originated or renewed fourteen (14) loans totaling approximately \$19.2 million during the evaluation period that qualify as CD loans. The majority of the loans supported affordable housing, community services for low- and moderate-income individuals and families, and revitalization and stabilization of low- and moderate-income census tracts.

During the evaluation period, Rosedale entered into agreements with Habitat for Humanity, of the Chesapeake and Susquehanna to extend affordable housing to LMI individuals and families. The Bank originated forty-one (41) HMDA-reportable loans totaling \$722,331 under the Chesapeake program, and purchased participation interest in thirty (30) loans totaling \$2.0 million under the Susquehanna program. All of the loans under the Susquehanna program were originated by Habitat of Humanity and are serviced by a third party.

### **Number and Amount of Qualified Investments**

The Bank's level of qualified investments and donations demonstrate adequate responsiveness to the CD needs in the AA. During the review period, the Bank renewed a \$250,000 Certificate of Deposit at Harbor Bank, a minority-owned bank headquartered in Baltimore, Maryland.

Additionally, Rosedale made 121 donations for a total of \$365,000 to 52 different qualified community development organizations. These donations were to local schools in Baltimore City that provide free lunch for all students and non-profit organizations that provide social services, including affordable housing, youth programs, and homeless centers that support low- and moderate-income individuals.

### **Extent to Which the Bank Provides Community Development Services**

Rosedale demonstrated excellent responsiveness to CD needs of the AA through qualified services.

Rosedale is a charter member and active partner of the HARBEL Housing Partnership ("HHP"). HHP serves first-time home buyers in Baltimore County and Baltimore City, and

provides homeownership education and counseling to promote these local communities. A Senior Vice President of the Bank serves on the Board of Directors for this organization and participates in homebuyer counseling seminars.

A Senior Vice President serves on the Family Services committee for Habitat for Humanity Susquehanna, a non-profit corporation organized to assist in the development of affordable housing for low-income families.

The Bank continued its partnership with Everfi, Inc. to provide comprehensive financial literacy programs to elementary and high school students in Baltimore, MD. The Bank receives CRA credit for this initiative because a majority of students at these schools are on free- or reduced-price lunch plans.

During the evaluation period, Rosedale partnered with Alliance Inc. to assist with funding of the temporary housing in LMI areas by offering a short-term, affordable loan product at 2.875 percent with no points for a term of 15 years. Alliance Inc. provides community-based services to people living with mental illness and developmental disabilities as well as veterans facing homelessness. People with mental illnesses are provided temporary housing as part of their transition and recovery period striving to live a self-directed life. Rosedale originated 14 HMDA-reportable loans totaling \$721,930 under this program.

The Bank revamped its first-time homebuyer program targeted to LMI families during this evaluation period. Features include a 30-year fixed rate with no points and a 97 percent loan-to-value without mortgage insurance on owner-occupied single-family homes in the Bank's AA. During the evaluation period, Rosedale originated two loans totaling \$317,675 under this program.

Rosedale participated in the Federal Home Loan Bank ("FHLB") of Atlanta Affordable Housing Program and Baltimore County Settlement Expense Loan Program ("SELP"). Both programs are designed to meet the needs of low- to moderate-income individuals in the Bank's AA. Both programs contain a grant component, wherein the Bank assists eligible borrowers in receiving grants to cover down payment and closing costs. During the review period, the Bank originated four loans under the SELP program, resulting in \$40,000 in grants to the borrowers. There were no grants received under the FHLB Affordable Housing Program since the previous evaluation.

During the evaluation period, Rosedale also participated in the Baltimore City Vacants to Value ("V2V") Program. V2V is a Baltimore City initiative which streamlines the sale of city-owned properties and uses the private market to maximize the repair and rehabilitation of vacant properties. Efforts to reduce and eliminate vacant and abandoned properties in Baltimore City is an identified community need. During the review period, the Bank originated seven loans under this program, resulting in \$70,000 in grants to the borrowers.

## **Responsiveness to Community Development Needs**

The Bank's CD activities, as a whole, demonstrate excellent responsiveness to the needs and opportunities in the AA. A significant portion of the CD lending focused on providing affordable housing for low- and moderate-income individuals. The Bank made numerous donations to organizations whose goal it is to provide needed housing and social services to low- and moderate-income individuals and families. Further, the Bank employees provided an excellent level of community services to organizations offering services to low- and moderate-income individuals

## Appendix A: Description of the Assessment Area

2010 U. S. Census Demographic Information Assessment Area: 2017 Rosedale AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	681	14.68	21.59	33.33	28.93	1.47
Population by Geography	2,710,489	10.61	20.58	35.55	32.75	0.51
Owner-Occupied Housing by Geography	692,428	5.64	16.61	38.98	38.76	0.01
Business by Geography	177,304	6.94	13.89	37.74	41.18	0.24
Farms by Geography	4,014	1.84	7.08	41.38	49.68	0.02
Family Distribution by Income Level	665,999	21.42	17.32	20.96	40.31	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	257,969	18.98	29.49	33.76	17.76	0.00
Median Family Income		81,788	Median Housing Value		296,066	
FFIEC Adjusted Median Family Income for 2016		86,700	Unemployment Rate (2010 US Census)		4.00%	
Households Below Poverty Level		9.33%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2016 FFIEC updated MFI

The Bank has one AA located within the Baltimore-Columbia-Towson, MD MSA (12580). The AA includes the counties of Baltimore, Harford, Carroll, Howard, Anne Arundel and Queen Anne's and Baltimore City. The AA consists of contiguous geographies, and low and moderate-income areas are not arbitrarily excluded.

The AA consists of 681 census tracts, of which there are 100 low-income census tracts, 147 moderate-income census tracts, 227 middle-income census tracts, 197 upper-income census tracts, and 10 have not been assigned an income classification.

The 2010 U.S. Census reported the total population of the AA at 2,710,489. Within the AA, there are 1,018,225 households and 665,999 families. There are 1,122,992 housing units, of which, 61.66 percent are owner-occupied, 29.01 percent are rental-occupied, and 9.33 percent are vacant housing units. Approximately 5.64 percent of owner-occupied housing is located in low-income geographies, 16.61 percent in moderate-income geographies, 38.98 percent in middle-income geographies, and 38.76 percent in upper-income geographies. The median housing cost is \$296,066.

The 2010 median income for this AA was \$86,982, and the 2016 HUD updated median family income is \$89,700. Approximately 21.42 percent of families are low-income, 17.32 percent are moderate-income, 20.96 percent are middle-income, and 40.31 percent are upper-income. Additionally, 25.47 percent of households received social security, 19.70 percent were retired, and 9.33 percent of households were below the poverty level.

Competition for mortgage loans is strong and includes local commercial and savings banks and branches of larger regional and nationwide banks. Based upon the most recent 2015 Peer Mortgage Data, there were 626 lending institutions within Rosedale's AA competing for mortgage applications. Rosedale ranks 85 with a market share of 0.21 percent. The top five lenders are: Wells Fargo Bank, NA, Quicken Loans, JP Morgan Chase Bank, NA, Branch Banking and Trust Company, and SunTrust Mortgage, Inc.

Based on the June 30, 2016 FDIC Summary of Deposit Market Share report, Rosedale's deposit market share within the Baltimore-Columbia-Towson MD MSA was 0.88 percent, ranking Rosedale 13 out of 57 institutions in the MSA. The Bank's primary competitors are: Bank of America, NA (81 offices, 27.09 percent market share), Manufacturers and Traders Trust Company (99 offices, 22.09 percent market share), PNC Bank (98 offices, 10.51 percent market share), Wells Fargo Bank, NA (60 offices, 9.99 percent market share), and Branch Banking and Trust Company (78 offices, 8.03 percent market share).

According to the Bureau of Labor Statistics, the December 31, 2016 unemployment rate for the Baltimore-Columbia-Towson MD MSA was 4.0 percent. As of the same date, the unemployment rate for state of Maryland was 4.2 percent and the national unemployment rate was 4.7 percent.

John Hopkins University is the largest employer in Baltimore and one of the largest employers in the greater Baltimore area, second only to Fort Meade. Many of the largest employers in the Baltimore region are focused largely in healthcare and the military/defense and include Aberdeen Proving Ground, John Hopkins Health System, University of Maryland Medical System, Med Star Health, Life Bridge Health and Northrop Grumman Corp. Baltimore is also home to the Port of Baltimore, which is among the largest and most efficient sea ports in the U.S.

According to Moody's Analytics, Baltimore-Columbia-Towson is in "good but not stellar shape." Employment has made little progress so far this year, and the performance gap with the rest of Maryland is widening. Job growth has become much more concentrated, with only about one-third of private industries hiring in recent months. Moody reports that as household balance sheets improve, homeowners will look to trade up, renters will seek to buy, and young adults will leave their parents' homes. Also, the glut of distressed properties that has been weighing on house prices is finally clearing. Foreclosures are at their lowest level in more than a year, and new filings are also dwindling. As prices and demand for new housing rise, homebuilders should finally come off the sidelines. As it is, residential construction has barely increased since the Great Recession, and this is in turn restricting the supply of desirable homes for sale. Weak demographics remain a problem, but rising incomes will embolden buyers and builders alike. House prices will rise slowly, however, and not eclipse the historical peak this decade. The outlook for Baltimore-Columbia-Towson is sanguine. A core of strong if slowly growing drivers will drive steady gains in employment and output. Housing will pick up as income growth strengthens and foreclosure inventories clear.