**Section 185.260 Small Credit Union and Intermediate Small Credit Union Performance Standards**

a) Performance criteria.

1) Except as set forth in Section 185.460, the Secretary evaluates the record of a small credit union of helping to meet the credit needs of its assessment field pursuant to all of the applicable assessment factors in Section 185.200 and subsection (b).

2) The Secretary evaluates the record an intermediate small credit union, of helping to meet the credit needs of its assessment field pursuant to all of the applicable assessment factors in Section 185.200, subsections (b) and (c).

b) Lending test. A small credit union and intermediate small credit union's lending performance in home mortgage, small business, community development lending, consumer lending, or any other type of lending, as applicable is evaluated pursuant to the following criteria:

1) the credit union's loan-to-share 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 credit union's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses of different sizes;

3) the geographic distribution of the credit union's loans in the context of its relevant field of membership;

4) the credit union's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment field and its performance with regard to fair lending policies and practices; and

5) the origination of loans to businesses with gross annual revenues of $1,000,000 or less, particularly those in low-income and moderate-income neighborhoods. This subsection (b)(5) applies only to credit unions that make business loans.

c) Community development test. An intermediate small credit union's community development performance is also evaluated pursuant to the following criteria:

1) the number and amount of community development loans;

2) the extent to which the credit union provides community development services;

3) the credit union's responsiveness through such activities to community development lending, investment, and service needs; and

4) at the election of the credit union, the number and amount of qualified investments.

d) Small credit union and intermediate small credit union performance rating. The Secretary considers all of the applicable assessment factors in Section 185.200 and rates the performance of a credit union evaluated under this Section as provided in 185.APPENDIX A (Ratings).