

# **PUBLIC DISCLOSURE**

September 30, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

White State Bank  
Certificate Number: 8519

209 Ives Street  
South English, Iowa 52335

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

1100 Walnut Street, Suite 2100  
Kansas City, Missouri 64106

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 CRA RATING:** This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

White State Bank's (WSB) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment area.
- A majority of loans are in the institution's assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among farms and businesses of different sizes and individuals of different income levels (including low- and moderate-income).
- Because the assessment area consists entirely of middle- and upper-income geographies, a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the CRA rating.

## SCOPE OF EVALUATION

### **General Information**

This evaluation covers the period from the prior evaluation dated October 7, 2013, to the current evaluation dated September 30, 2019. Examiners used the Interagency Small Institution Examination Procedures to evaluate WSB's CRA performance.

The following criteria were considered under the Lending Test.

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

This evaluation does not include any lending activity performed by affiliates.

### **Loan Products Reviewed**

Agricultural loans, including loans secured by farmland, make up the largest loan category representing 34.6 percent of total loans according to the June 30, 2019 Consolidated Reports of Condition and Income (Call Report). Commercial loans, including commercial real estate loans, represent the second largest category at 33.2 percent, and residential real estate loans represent the third largest loan category at 26.5 percent. The remaining loan categories that comprise the loan portfolio were not reviewed because they are not major product lines of the bank.

Based on Call Report information, the number and dollar volume of loans originated during the evaluation period, the bank's business strategy, and management's responses during interviews, examiners determined that the major product lines are agricultural, commercial, and home mortgage loans. However, due to the low volume of home mortgage loans originated during the time period reviewed, small business and farm loans were weighted heavier than home mortgage loans when arriving at lending conclusions. Bank management agreed with this assessment.

Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period. Therefore, examiners reviewed all small business, small farm, and home mortgage loans originated from January 1, 2018, through December 31, 2018. Specifically, the bank originated 23 small farm loans totaling approximately \$1.8 million, 20 small business loans totaling approximately \$2.5 million, and 4 home mortgage loans totaling approximately \$180 thousand. Examiners reviewed the 2018 universe of loans to evaluate the Assessment Area Concentration criterion. For the Borrower Profile criterion, examiners reviewed only the small business, small farm, and home mortgage loans originated inside the assessment area for that same time period. D&B data for 2018 provided a standard of comparison for small farm and small business loans, and the 2015 American Community Survey (ACS) data provided a standard of comparison for home mortgage loans.

Examiners reviewed the number and dollar volume of small business, small farm, and home mortgage loans. While the number and dollar volume of loans are presented, examiners emphasized performance by number of loans, which is a better indicator of the number of farms, businesses, and individuals served.

## **DESCRIPTION OF INSTITUTION**

### **Background**

White State Bank, South English, Iowa, is owned by eight-bank holding company Country Bancorporation, Crawfordsville, Iowa. The sole office is located in South English, Iowa. In addition to the subject bank, the holding company also wholly owns Center Point Bank & Trust Company, Center Point, Iowa; Peoples Savings Bank, Crawfordsville, Iowa; Hiawatha Bank & Trust Company, Hiawatha, Iowa; Farmers and Merchants Savings Bank, Iowa City, Iowa; Peoples Trust & Savings Bank, Riverside, Iowa; The Exchange State Bank, Springville, Iowa; and Walker State Bank, Walker, Iowa. The institution received a "Satisfactory" rating at the October 2013 evaluation.

### **Operations**

WSB operates from its main office location in South English, Iowa. No branches have been opened or closed, and no merger or acquisition activities have occurred since the previous evaluation. Various loan products, including commercial, agricultural, residential, and consumer loans are offered. WSB offers special financing alternatives through the Farm Service Agency. The bank offers a wide array of deposit products to meet consumer and business banking needs, including checking, savings, money market and certificate of deposit accounts. Additionally, internet banking, electronic periodic statements, and mobile banking are offered.

### **Ability and Capacity**

As of June 30, 2019, WSB's assets totaled \$38.9 million, total loans were \$23.8 million, and total deposits were \$32.1 million. Since the prior evaluation, total assets increased 13.4 percent, total loans increased 23.8 percent, and total deposits increased by 14.0 percent. Management stated there was no strategic plan to increase assets or deposits; however, there has been an increase in participation loans with their affiliated banks. The loan portfolio distribution is reflected in the following table.

<b>Loan Portfolio Distribution as of 6/30/2019</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	2	<0.1
Secured by Farmland	3,071	12.9
Secured by 1-4 Family Residential Properties	4,965	20.9
Secured by Multifamily (5 or more) Residential Properties	1,336	5.6
Secured by Nonfarm Nonresidential Properties	3,658	15.4
<b>Total Real Estate Loans</b>	<b>13,032</b>	<b>54.8</b>
Commercial and Industrial Loans	4,236	17.8
Agricultural Loans	5,160	21.7
Consumer Loans	907	3.8
Other Loans	437	1.9
Less: Unearned Income	(0)	(0.0)
<b>Total Loans</b>	<b>23,772</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income.</i>		

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

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. WSB designated one assessment area in central Iowa that contains five census tracts (CTs). The assessment area is comprised of Iowa County CTs 9603 and 9604; and Keokuk County CTs 801, 802, and 803. The assessment area has not changed since the previous evaluation. The following sections discuss demographic and economic information for the assessment area.

### **Economic and Demographic Data**

The assessment area contains four middle-income CTs, and one upper-income CT. The CT income classifications have not changed since the previous evaluation. The bank's sole office is located in middle-income CT 802, which lies near the northern border of Keokuk County. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	0.0	80.0	20.0	0.0
Population by Geography	16,366	0.0	0.0	66.5	33.5	0.0
Housing Units by Geography	7,444	0.0	0.0	69.4	30.6	0.0
Owner-Occupied Units by Geography	5,351	0.0	0.0	68.8	31.2	0.0
Occupied Rental Units by Geography	1,513	0.0	0.0	63.7	36.3	0.0
Vacant Units by Geography	580	0.0	0.0	89.7	10.3	0.0
Businesses by Geography	1,194	0.0	0.0	67.8	32.2	0.0
Farms by Geography	378	0.0	0.0	69.0	31.0	0.0
Family Distribution by Income Level	4,643	17.7	16.0	24.1	42.1	0.0
Household Distribution by Income Level	6,864	19.0	17.5	19.4	44.0	0.0
Median Family Income Nonmetropolitan Iowa		\$61,934	Median Housing Value			\$107,180
			Median Gross Rent			\$522
			Families Below Poverty Level			6.2%
<i>Source: 2015 ACS Data and 2018 D&amp;B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0</i>						

According to 2018 D&B data, service industries represent the largest portion of farm and business operations at 32.0 percent; followed by agriculture, forestry, and fishing industries at 24.1 percent; and retail trade at 10.1 percent. In addition, 77.3 percent of assessment area farms and businesses have four or fewer employees, and 90.3 percent operate from a single location.

A comparison of 2012 and 2017 Agricultural Census reports reveals that the number of farms decreased by 4.8 percent and the average size of farms increased by 8.2 percent in Iowa County. In Keokuk County, the number of farms decreased by 5.6 percent and the average size of farms increased by 14.0 percent. During the same period, the State of Iowa reported a 2.9 percent decrease in the number of farms and a 2.9 percent increase in the average size of farms.

The FFIEC-updated median family income levels are used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the assessment area for 2018 are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2018 (\$67,800)	<\$33,900	\$33,900 to <\$54,240	\$54,240 to <\$81,360	≥\$81,360
<i>Source: FFIEC</i>				

The assessment area's unemployment rate is relatively low, reflecting a stable economy. Unemployment rates, as of July 2019, according to the Bureau of Labor Statistics, were 2.0 percent for Iowa County and 2.9 percent for Keokuk County. These levels represent similar unemployment rates of 1.7 and 2.4 percent for Iowa and Keokuk counties, respectively, in June 2018. The State of Iowa registered an unemployment rate of 2.7 percent in June 2019 and 2.4 percent in June 2018.

### **Competition**

The assessment area is considered highly competitive in the market for financial services. The FDIC Market Share Report as of June 2018 reflects there are 13 FDIC-insured institutions operating from 20 locations within Iowa County and Keokuk County. These institutions range from small community banks to larger financial institutions operating branch locations in the area. WSB is 8th with 5.2 percent of deposit market share.

### **Community Contact**

CRA evaluation procedures include contacting area leaders to discuss the needs and development of the community, as well as the involvement of local financial institutions. Individuals interviewed provide information based upon their knowledge and expertise in various economic sectors. Examiners conducted an interview with a representative from a local economic development organization. The representative provided the following comments.

The population of this area is multi-generational with a high elderly concentration and shrinking youth segment. Many of the citizens rely on government programs such as social security and food stamps. Keokuk County is mainly comprised of rural or small towns with single-family dwellings. In general, housing is older but affordable for the community. New housing developments are rare. Primary employers are self-employed farmers followed by local city municipalities and school districts; however, approximately half of Keokuk County residents commute to larger metropolitan areas for work such as Iowa City, Washington, and Cedar Rapids.

Overall, current economic conditions are stable. Agriculture is flat and slowly trending downward. This is due to the decline in commodity prices and stagnant overhead. The contact stated that low unemployment rate makes it very difficult for businesses to find employees. Businesses have to pay higher wages for a less skilled, less experienced workforce. The lack in workforce resulted in the cancellation of a planned business park. The workforce adversity is magnified by the county's shrinking and aging population.

Banks in this area are somewhat competitive. In most cases a bank's customer base is already established, as customers tend to bank where their relatives have in the past. Credit unions actively market in the area, predominantly for mortgage and consumer loans, adding to the competition in the area. The contact stated the primary credit need is agriculture; the communities rely heavily on this income and employment stream. Next would be business loans to support the community and retain the existing population. While not as important due to the condition and availability of housing stock, home mortgage loans continue to be a credit need. While agriculture, business, and home mortgage loans are needs of the area, the contact stated that local financial institutions are doing a great job pursuing and supporting community development activities and services.



Considering information from the community contact, bank management, demographic and economic data, and Call Report data, examiners determined that small farm, small business, and home mortgage loans represent primary credit needs in the assessment area. The high percentage of farms and businesses generating revenues of \$1 million or less and the cumulative proportion of low- and moderate-income families in the area support this conclusion.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

WSB demonstrated reasonable performance under the Lending Test. Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Profile performance primarily supports this conclusion.

### **Loan-to-Deposit Ratio**

WSB's loan-to-deposit ratio is reasonable given the bank's size, financial condition and assessment area credit needs. The bank's net loan-to-deposit ratio, calculated from Call Report data, averaged 72.7 percent over the past 23 calendar quarters from December 31, 2013, to June 30, 2019. The net loan-to-deposit ratio ranged from a low of 66.9 percent as of June 30, 2014, to a high of 76.5 percent as of December 31, 2017. As of June 30, 2019, WSB's net loan-to-deposit ratio was 73.2 percent. The ratio remained relatively consistent, with seasonal fluctuations, during the evaluation period.

Examiners compared the bank's average loan-to-deposit ratio to three similarly-situated institutions to evaluate its performance. Comparable institutions were selected based on their size, geographic location, and lending focus. As shown in the following table, WSB's average net loan-to-deposit ratio is the lowest of the comparable institutions.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 6/30/2019 \$ (000s)</b>	<b>Average Net Loan-to-Deposit Ratio (%)</b>
<b>WSB, South English, Iowa</b>	<b>38,859</b>	<b>72.7</b>
County Bank, Sigourney, Iowa	173,003	94.3
Federation Bank, Washington, Iowa	128,464	75.7
Farmers Trust & Savings Bank, Williamsburg, Iowa	137,826	88.1
<i>Source: Reports of Condition and Income 12/31/2013 through 6/30/2019</i>		

### **Assessment Area Concentration**

WSB made a majority of its small farm, small business, and home mortgage loans, by number, within its assessment area. However, the majority of small business loans, by dollar amount, were made outside of the assessment area. Management attributed this disparity to the increased amount of participation loans purchased from affiliates located outside of the assessment area. Overall, these results reflect management's commitment to lend within the local communities. See the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	22	95.7	1	4.3	23	1,632	89.8	185	10.2	1,817
Small Business	14	70.0	6	30.0	20	751	30.0	1,752	70.0	2,503
Home Mortgage	3	75.0	1	25.0	4	128	71.1	52	28.9	180

*Source: 1/1/2018 - 12/31/2018 Bank Data  
Due to rounding, totals may not equal 100.0*

### **Borrower Profile**

Overall, the distribution of borrowers reflects reasonable penetration among businesses and farms of different revenue sizes and individuals of different income levels within the assessment area. The bank's small business and small farm lending performance primarily supports this conclusion. As previously stated, small farm and small business loans were given more weight in the evaluation. Examiners focused on the percentage, by number, of small business and small farm loans to operations with gross annual revenues of \$1 million or less, and the percentage, by number, of home mortgage loans to low- and moderate-income borrowers.

### ***Small Farm Loans***

The distribution of small farm loans reflects reasonable penetration to farms with gross annual revenues of \$1 million or less. The following table shows that the bank's lending performance to farms with gross annual revenues of \$1 million or less is below D&B data. However, the performance is considered reasonable when considering the following factors. According to the 2017 Agricultural Census, 54.4 percent of agricultural producers within Iowa County, and 52.4 percent of agricultural producers within Keokuk County, list a principal occupation other than farming. The same data reflects that 51.9 percent of area farms in Iowa County, and 49.1 percent of area farms in Keokuk County, reported no interest expense. This information suggests, and management concurred, that these farmers have other primary sources of income and operate with little to no borrowing needs. Furthermore, management stated that Farm Credit Services has made the assessment area very competitive. It is also noted that four of the five small farm loans to borrowers with greater than \$1 million in gross revenue were to the same borrower.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.4	17	77.3	1,136	69.6
>1,000,000	0.3	5	22.7	496	30.4
Revenue Not Available	1.3	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>1,632</b>	<b>100.0</b>

*Source: 2018 D&B Data, 1/1/2018 - 12/31/2018 Bank Data.  
Due to rounding, totals may not equal 100.0*

### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration to businesses with gross annual revenues of \$1 million or less. The following table shows that the bank's lending performance to businesses with gross annual revenues of \$1 million or less is similar to D&B data.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	82.8	12	85.7	440	58.6
>1,000,000	4.7	2	14.3	311	41.4
Revenue Not Available	12.5	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>751</b>	<b>100.0</b>

*Source: 2018 D&B Data, 1/1/2018 - 12/31/2018 Bank Data.  
Due to rounding, totals may not equal 100.0*

### ***Home Mortgage Loans***

Based on the limited number of home mortgage loans, the home mortgage borrower profile performance did not contribute significantly to the overall conclusions. Specifically, there were only three home mortgage loans originated in the assessment area in 2018. One loan was originated to a low-income borrower; one loan was originated to a moderate-income borrower; and one loan was originated to a middle-income borrower. The bank's performance is consistent with the overall performance for the bank as a whole and the level of lending is considered reasonable.

### **Geographic Distribution**

Because the assessment area consists of middle- and upper-income geographies, a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

### **Response to Complaints**

The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the rating.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

## 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 area or micropolitan statistical area or a mix of the two, which are linked by economic ties.

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

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

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

**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 nonmetropolitan area. 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.

**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:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area:** All area outside of metropolitan area. The definition of nonmetropolitan area is not consistent with the definition of rural area. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan area.

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

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

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

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

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

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

**Urban Area:** All territories, populations, and housing units in urbanized area and in places of 2,500 or more persons outside urbanized area. 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 area.