

# **PUBLIC DISCLOSURE**

July 20, 2020

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

State Central Bank  
Certificate Number: 5820

612 First Street  
Bonaparte, Iowa 52620

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.

State Central Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the institution's performance:

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans reviewed were made within the institution's assessment area.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area, considering pertinent demographic data, performance context information, and other relevant factors.
- The distribution of borrowers reflects a reasonable penetration among businesses of different sizes and individuals of different income levels in the assessment area, considering pertinent performance context information and other relevant factors.
- The institution has not received any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

## DESCRIPTION OF INSTITUTION

State Central Bank is a full-service bank headquartered in Bonaparte, Iowa. Logan Investment Corporation, Bonaparte, Iowa, a one-bank holding company, continues to own 100 percent of the bank's outstanding stock. The bank has no lending affiliates relevant to the CRA evaluation. A "Satisfactory" rating was assigned at the June 30, 2014, FDIC CRA Performance Evaluation. Examiners used Interagency Small Institution Examination Procedures to evaluate State Central Bank's CRA performance.

In addition to the main office in Bonaparte, Iowa, the bank continues to operate branch locations in Farmington and Stockport, Iowa. All offices are full service and located in middle-income census tracts. Since the previous CRA evaluation, the institution closed the branch location in Dubuque, Iowa on May 27, 2016. No branches have opened since the previous CRA evaluation. The bank also operates two deposit-taking automated teller machines; one located in Bonaparte and one in Farmington.

The bank offers lending products that tie to its business focus of commercial and home mortgage lending. In addition, the bank offers consumer and agricultural loans. Home loan products include balloon mortgage loans, mobile home loans, and home improvement loans. Deposit products include checking accounts, savings accounts, business accounts, and safe deposit boxes. Alternative banking products and services include debit cards, online banking, electronic statements, bill pay, and trust services. Banking hours are convenient for the assessment area.

As of the March 31, 2020, Reports of Condition and Income (Call Report), the bank has total assets of \$39.0 million, total loans of \$18.4 million, and total deposits of \$34.4 million. As illustrated in the following table, which details the loan portfolio, the primary loan products by dollar volume are commercial and residential real estate loans, which represented 52.1 percent and 32.0 percent, respectively. These are the loan products emphasized in the bank's business strategy.

<b>Loan Portfolio Distribution as of March 31, 2020</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	5	0.0
Secured by Farmland	1,340	7.3
Secured by 1-4 Family Residential Properties	5,239	28.5
Secured by Multifamily (5 or more) Residential Properties	647	3.5
Secured by Nonfarm Nonresidential Properties	2,231	12.1
<b>Total Real Estate Loans</b>	<b>9,462</b>	<b>51.4</b>
Commercial and Industrial Loans	7,370	40.0
Agricultural Loans	673	3.7
Consumer Loans	787	4.3
Other Loans	112	0.6
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>18,404</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income.</i>		

Examiners did not identify any financial, legal, or other impediments affecting the bank’s ability to meet the assessment area credit needs.

**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. State Central Bank has established one assessment area, comprised of the entireties of Van Buren and Lee counties, which are located in the nonmetropolitan portion of southeastern Iowa. The assessment area delineation changed since the previous evaluation due to the closing of the Dubuque branch. The institution eliminated Hancock County in Illinois, Clark County in Missouri, and the entirety of its Dubuque assessment area. The Dubuque Assessment Area was part of the Dubuque, Iowa Metropolitan Statistical Area and included Dubuque County in Iowa, Grant County in Wisconsin, and Jo Daviess County in Illinois.

**Economic and Demographic Data**

Based on 2015 American Community Survey (ACS) data, the assessment area consists of one low-income census tract, three moderate-income census tracts, and nine middle-income census tracts. 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)	13	7.7	23.1	69.2	0.0	0.0
Population by Geography	42,801	5.3	21.2	73.6	0.0	0.0
Housing Units by Geography	19,856	5.4	22.0	72.6	0.0	0.0
Owner-Occupied Units by Geography	13,244	4.4	16.6	79.0	0.0	0.0
Occupied Rental Units by Geography	4,112	11.7	32.8	55.5	0.0	0.0
Vacant Units by Geography	2,500	0.0	32.8	67.2	0.0	0.0
Businesses by Geography	2,947	6.7	22.5	70.8	0.0	0.0
Farms by Geography	413	0.7	3.1	96.1	0.0	0.0
Family Distribution by Income Level	11,319	22.7	20.9	23.7	32.7	0.0
Household Distribution by Income Level	17,356	24.2	20.5	19.5	35.8	0.0
Median Family Income – Nonmetropolitan Iowa		\$61,681	Median Housing Value			\$84,835
			Median Gross Rent			\$566
			Families Below Poverty Level			10.8%

*Source: 2015 ACS Census and 2019 D&B Data. (\*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.*

The following table presents the 2019 FFIEC-updated median family income figure for the nonmetropolitan portion of Iowa, which was used to analyze home mortgage loans under the Borrower Profile criterion.

Nonmetropolitan Iowa Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$66,900)	<\$33,450	\$33,450 to <\$53,520	\$53,520 to <\$80,280	≥\$80,280
<i>Source: FFIEC</i>				

According to the U.S. Bureau of Labor Statistics, as of April 2020, the unemployment rates in Van Buren and Lee counties were 9.9 percent and 13.2 percent, respectively. Annual unemployment rates increased for both counties over the review period; most recently due to the COVID-19 pandemic. Similarly, the Iowa statewide unemployment rate increased from 4.3 percent in April 2014 to 10.8 percent as of April 2020.

According to 2019 D&B data, service industries represent the largest portion of businesses and farms in the assessment area at 36.3 percent; followed by agriculture, forestry, and fishing at 12.3 percent; retail trade at 11.5 percent; and non-classifiable establishments at 10.4 percent. In addition, 68.8 percent of area businesses have four or fewer employees, and 87.1 percent operate from a single location. Management indicated the largest employers in the assessment area include Henniges Automotive, Fort Madison Community Hospital, and Riverside Plastics.

### **Competition**

The assessment area is a relatively competitive market for financial services. According to FDIC Deposit Market Share data, as of June 30, 2019, there were 16 financial institutions operating 31 offices within Van Buren and Lee counties. Of these institutions, State Central Bank ranked 8<sup>th</sup> with 3.3 percent of the deposit market share. Management indicated the bank's primary competitor is Kahoka State Bank.

### **Community Contacts**

Community contact interviews assist in obtaining a profile of local communities, identifying community development opportunities and general credit needs, and assessing opportunities for participation by local financial institutions. This information helps determine whether local financial institutions are responsive to identified needs.

Examiners conducted a community contact with an individual from an organization that focuses on tourism and economic development in Van Buren County. The individual indicated the local economy has been stable. While Hill Phoenix continues to be a major employer in the area, new small businesses have been opening. Recently, there has been improvements made to older housing with the intent to rent the property, leading to a lack of affordable housing for sale to low- and moderate-income families.

Home improvement loans are the primary credit need of the assessment area. Financial institutions are meeting area banking and credit needs and no adverse information was shared regarding the lending performance of any local financial institutions. The contact specifically mentioned State Central Bank as an active financial institution in the local community.

### **Credit Needs**

According to information from the community contact and management, the overall economic conditions in the assessment area are stable. Commercial and home mortgage loans have stable loan demand; however, the area is competitive. Considering economic and demographic data along with information from bank management and the community contact, the primary credit need in the assessment area is home improvement lending.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the previous evaluation dated June 30, 2014, to the current evaluation dated July 20, 2020. Examiners used the FFIEC Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance. Please refer to the *Small Bank Performance Criteria* section in the Appendices for a summary of the Lending Test.

### **Activities Reviewed**

Examiners reviewed small business and home mortgage loans to evaluate CRA performance, as these products are the primary loan products by dollar volume and are emphasized in the bank's business strategy. Small business lending was weighted more heavily when drawing conclusions since this lending category represents a larger portion of the loan portfolio than home mortgage lending. Agriculture, construction and land development, and consumer lending do not constitute a significant portion of the overall lending efforts, so these loan products were not reviewed.

Examiners reviewed small business and home mortgage loans originated or renewed from January 1, 2019, to December 31, 2019. Management indicated lending activity from this timeframe would be representative of the bank's performance since the previous evaluation. For the Assessment Area Concentration analysis, examiners reviewed all 2019 small business and home mortgage loan originations and renewals. Specifically, 31 small business loans totaling \$5,238,000 and 12 home mortgage loans totaling \$430,000 were reviewed. For the Geographic Distribution and Borrower Profile analyses, examiners reviewed all loans within the assessment area. Specifically, 17 small business loans totaling \$1,376,000 and 11 home mortgage loans totaling \$382,000 were reviewed. Examiners utilized 2019 D&B data as a standard of comparison for evaluating small business lending performance, and 2015 ACS data for evaluating home mortgage lending performance.

Examiners analyzed lending performance by both the number and dollar volume of loans. However, the performance by number of loans is emphasized in the Geographic Distribution and Borrower Profile analyses, as it is generally a better indicator of the number of businesses and individuals served.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

State Central Bank demonstrated reasonable performance under the Lending Test. Lending performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile criterion supports this conclusion.

#### Loan-to-Deposit Ratio

Overall, the average net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The net loan-to-deposit ratio, calculated from Call Report data, averaged 60.6 percent over the previous 24 calendar quarters from June 30, 2014, to March 31, 2020. The ratio declined throughout the review period, ranging from a low of 49.1 percent, as of December 31, 2019, to a high of 70.6 percent, as of September 30, 2016.

When available and relevant, the performance of similarly-situated lenders serves as an additional method of assessing the adequacy of an institution's average net loan-to-deposit ratio. Similarly-situated lenders are defined as financial institutions located in or near the bank's assessment area and are comparable to the subject institution based on asset size, branching structure, markets served, product offerings, and/or loan portfolio composition. As shown in the following table, State Central Bank's average net loan-to-deposit ratio compares reasonably to the one identified similarly-situated institution.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 03/31/2020 (\$000)	Average Net Loan-to- Deposit Ratio (%)
State Central Bank, Bonaparte, Iowa	38,962	60.6
Kahoka State Bank, Kahoka, Missouri	54,789	58.6

*Source: Reports of Condition and Income 06/30/2014 - 03/31/2020*

#### Assessment Area Concentration

Overall, the bank originated a majority of its loans within the assessment area. While a majority of small business loans by number were made within the assessment area, a majority by dollar volume is outside the assessment area. This lower percentage is primarily attributed to three large dollar loans originated outside of the assessment area that account for 51 percent of the total dollar volume of the small business loan universe. The following table summarizes the bank's record of lending inside and outside of the assessment area. Overall, the bank's performance reflects an adequate commitment to meeting the credit needs of the assessment area.



<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$(000s)</b>
Small Business	17	54.8	14	45.2	31	1,376	26.3	3,862	73.7	5,238
Home Mortgage	11	91.7	1	8.3	12	382	88.8	48	11.2	430
<b>Total</b>	<b>28</b>	<b>65.1</b>	<b>15</b>	<b>34.9</b>	<b>43</b>	<b>1,758</b>	<b>31.0</b>	<b>3,910</b>	<b>69.0</b>	<b>5,668</b>

*Source: Bank Data  
Due to rounding, totals may not equal 100.0*

### **Geographic Distribution**

Overall, the geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. Reasonable small business and home mortgage lending performance supports this conclusion. Examiners focused on the dispersion of loans in the one low-income census tract and the three moderate-income census tracts in the assessment area.

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

Overall, the geographic distribution of small business lending reflects a reasonable dispersion of lending in the low- and moderate-income census tracts. State Central Bank's lending percentages in the low- and moderate-income census tracts, based on the number of loans, compare reasonably to demographic data. The following table reflects the geographic distribution of the small business loans reviewed by tract income level.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	6.7	2	11.8	168	12.2
Moderate	22.5	4	23.5	386	28.1
Middle	70.8	11	64.7	822	59.7
<b>Totals</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>1,376</b>	<b>100.0</b>

*Source: 2019 D&B Data; Bank Data  
Due to rounding, totals may not equal 100.0*

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

Overall, the geographic distribution of home mortgage lending reflects a reasonable dispersion of lending in the low- and moderate-income census tracts. State Central Bank's lending performance in the one low-income census tract, based on the number of loans, substantially exceeds demographic data, while performance in the moderate-income census tracts is well below ACS data. The following table reflects the geographic distribution of the home mortgage loans reviewed by tract income level.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	4.4	2	18.2	62	16.2
Moderate	16.6	1	9.1	49	12.8
Middle	79.0	8	72.7	271	71.0
<b>Total</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>382</b>	<b>100.0</b>

*Source: 2015 ACS Census; Bank Data  
Due to rounding, totals may not equal 100.0*

### **Borrower Profile**

Overall, the distribution of borrowers reflects a reasonable penetration among businesses of different revenue sizes and individuals of different income levels in the assessment area. This conclusion is primarily supported by the small business lending performance, which is weighted more heavily in drawing conclusions. Examiners focused on the dispersion of small business loans to entities with gross annual revenues of \$1 million or less, and on the dispersion of home mortgage loans to low- and moderate-income borrowers.

### ***Small Business***

Overall, the distribution of borrowers reflects reasonable penetration among businesses of different sizes. State Central Bank's lending percentage to businesses with gross annual revenues of \$1 million or less compares reasonably to demographic data. The following table reflects the distribution of the small business loans reviewed based on the gross annual revenue level of the business.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	80.8	14	82.4	1,221	88.7
>1,000,000	5.5	3	17.6	155	11.3
Revenue Not Available	13.7	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>1,376</b>	<b>100.0</b>

*Source: 2019 D&B Data; Bank Data  
Due to rounding, totals may not equal 100.0*

### ***Home Mortgage***

Overall, the distribution of home mortgage loans reflects excellent penetration to individuals of different income levels, including low- and moderate-income individuals. State Central Bank's lending performance to low-income borrowers substantially exceeds demographic data; while performance to moderate-income borrowers is slightly lower than demographic data. The following table reflects the distribution of the home mortgage loans reviewed by borrower income level.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	22.7	5	45.4	145	38.0
Moderate	20.9	2	18.2	47	12.3
Middle	23.7	4	36.4	190	49.7
Upper	32.7	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>382</b>	<b>100.0</b>

*Source: 2015 ACS Data; Bank Data.  
Due to rounding, totals may not equal 100.0*

### **Response to Complaints**

State Central Bank has not received any CRA-related complaints since the previous CRA evaluation dated June 30, 2014; therefore, this criterion did not affect the institution's overall CRA rating.

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

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

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments,
- 2) The percentage of loans and, as appropriate, other lending-related activities located in the bank's assessment area(s),
- 3) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes,
- 4) The geographic distribution of the bank's loans, and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

## 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.

**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.

**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).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan 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 (e.g., geographic distribution, borrower profile, 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 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 Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**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 (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan 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 nonmetropolitan 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.

**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 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.