

PUBLIC DISCLOSURE

October 12, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Clarksburg Community Bank
00395**

**10820 Main Street
Post Office Box 188
Clarksburg, Ohio 43115-0188**

**Federal Deposit Insurance Corporation
Division of Supervision and Consumer Protection
500 West Monroe, Suite 3500
Chicago, IL 60601**

NOTE: 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.

TABLE OF CONTENTS

I. General Information.....1

II. Institution Rating2

III. Description of Institution.....3

IV. Description of Assessment Areas4

V. Conclusions7

VI Appendix A..... 14

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **The Clarksburg Community Bank** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **October 12, 2004**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated a Satisfactory.

The bank's CRA performance depicts a practice of providing for the credit needs of its assessment area. The following supports this rating:

- ◆ Overall the bank originated 87 percent by number and 80 percent by dollar volume of its loans to borrowers within the assessment area.
- ◆ The distribution of borrowers reflects adequate penetration among residential loan borrowers of all income levels.
- ◆ The bank is active in making small business loans and small farm loans available within the assessment area.
- ◆ Geographic distribution of loans reflects strong penetration within the assessment area.
- ◆ The loan-to-deposit ratio is reasonable given the institution's size, financial condition and assessment area credit needs.

DESCRIPTION OF INSTITUTION

The Clarksburg Community Bank is located in Clarksburg, Ross County, Ohio. The bank is a wholly owned subsidiary of Deerfield Bancshares, Inc., a one-bank holding company which was formed in December 2002. The bank is the only financial institution in Clarksburg which is located approximately 50 miles southwest of Columbus, Ohio, the state capital. The bank's single office is located at 10820 Main Street, Clarksburg, Ohio. The bank received permission from the regulatory authorities to open a Loan Production Office in Washington Court, Ohio in May 2004.

The institution is a full service bank that offers various deposit products, commercial, consumer, and agricultural loans. Lobby hours are 9:00AM to 4:00PM Monday through Thursday. Friday hours are 9:00AM to 6:00PM and Saturday hours are 9:00AM to 12:00 noon. These hours appear adequate for the bank's market area.

The Community Bank had total deposits of \$14,368,000 and total assets of \$16,705,000 as of June 30, 2004. The bank's primary product and lending focus is one-four family residential real estate loans which total \$4,927 or 41 percent of the loan portfolio, commercial and commercial real estate loans amounting to \$3,429 comprising 28 percent of the loan portfolio and consumer loans totaling \$1,422,000 and amounting to 12 percent of the portfolio. Table A depicts the bank's June 30, 2004 loan portfolio.

Table A – Loan Portfolio as of June 30, 2004		
LOAN TYPE	DOLLARS (\$000)	PERCENTAGE OF DOLLARS
Loans Secured by Real Estate:		
Construction and land development	290	3
Secured by farmland	1,014	8
1-4 family residential:		0
Revolving open-end	49	Nil
Closed end:		
Secured by first liens	4,824	40
Secured by junior liens	103	1
Multifamily	0	0
Nonfarm nonresidential	1,112	9
Loans to depository institutions	0	0
Loans to Farmers	964	8
Commercial and Industrial	2,317	19
Individuals		
Credit cards	0	0
Other revolving credit	0	0
Other consumer loans	1,422	12
Loans to foreign governments and institutions	0	0
Obligations of states and political subdivisions	0	0
Other	14	Nil
Lease financing receivables	0	0
Less: Unearned Income	0	0
TOTAL	12,109	100

Source: Report of Condition for June 30, 2004

The bank received a rating of Satisfactory during the last Community Reinvestment Evaluation on October 19, 1999. No legal or financial impediments exist which would prohibit the bank from meeting the credit needs of the community. However, zoning requirements within Deerfield Township (and outside the Village of Clarksburg), which is the principal lending area making up the bank's assessment area, requires real estate ownership of at least a five-acre parcel of land for new purchases or construction of residential dwellings. This requirement severely restricts the creation of subdivisions including new purchases or construction of residential dwellings thus limiting population growth as well.

DESCRIPTION OF ASSESSMENT AREA

The Clarksburg Commercial bank is located in Clarksburg, Ohio in the south/central portion of Ohio approximately 50 miles from Columbus, Ohio, the state capital. The area is primarily rural. The bank's defined assessment area includes 9 geographies, which consist of no low-income, one moderate-income, eight middle-income, and no upper-income. The assessment area comprises portion(s) of Fayette, Pickaway, and Ross Counties. Five block numbering areas (BNA's) in nearby and adjacent Fayette County have been added to the assessment area since the last evaluation. The assessment area is characterized by significant portions of expanses of farmland (with the average size farm about 100 acres) with populations concentrated in small townships. The geographies are divided as follows, 5 in Fayette County, 1 in Pickaway County, and 3 in Ross County. The largest cities among the three counties, according to U.S. Census 2000 is Chillicothe, Ohio the county seat for Ross County with a population of 21,796, Washington Court House, Ohio, the county seat for Fayette County with 13,524 persons and Circleville, Ohio the county seat for Pickaway County with a population of 13,485. The Village of Clarksburg is located at the northern edge of Ross County adjacent to Pickaway County and had a population of 518 as of the 2000 U. S. Census. Demographics for each of the three counties which are in the bank's assessment area indicated that 89 percent of Pickaway County is agricultural, 94 percent of Fayette County, and 48 percent of Ross County is agricultural with 45 percent in wooded areas for the latter.

Population

A general review of the population indicates a slight growth of persons within the assessment area. All counties encompassing the assessment area experienced a positive growth since the 1990 U.S. Census with Fayette County at 3.5 percent, Pickaway at 9.3 percent and Ross County at 5.8 percent. Based upon the 2000 U. S. Bureau of the Census data, the bank's assessment area in its entirety had a population of 39,281. Information from the same data reflected 14,978 households of which 10,929 are designated as families.

Data released by 2000 U.S. Census Bureau of Economics indicates per capita personal income for Fayette County at \$24,964, Pickaway County \$23,110, and Ross County at \$23,123. These numbers are significantly under the estimated State of Ohio per capita income of \$29,195.

Employment

According to the data compiled from the 2000 U. S. Bureau of the Census statistics, of the 14,978 households in the assessment area, 74 percent are wage or salary earners. Approximately 30 percent of the households receive social security with 20 percent retired and 4 percent receiving public assistance. As of the second quarter of 2004 the unemployment rate among the aforementioned counties was the highest in Ross County at 6.6 percent, followed by Pickaway at 5.5 percent and Fayette County at 5.0 percent.

Major employers of the counties represented within the assessment area are primarily located in the City of Chillicothe (Ross County) and consist of MeadWestvaco, appearance products manufacturer employing 1,700; Kenworth Truck Company assembly plant employing 1,600, Adena Regional Health CareSystem employing 1,500, the Ross County and Chillicothe Correctional Institutes both of whom employ 1,275 people, and the Veteran's Affairs Medical Center employing 1,260. Major employers within Pickaway County consist of General Electric Company, a manufacturer of commercial lighting fixtures employing 600, Pickaway County State Correctional Facility employing 544, Pickaway County employing 275, and Circleville Plastics Products, Inc., a plastics manufacturer employing 240, and Pacesetter Services, Inc., a general warehouse storage facility employing 230. Major employers within Fayette County are in Washington Court House and include YUSA, Inc., an automobile parts manufacturer employing 820; WalMart Distribution Center, employing 700, CalMar Plastics, Inc. a plastics manufacturer employing 385, and WalMart Superstore employing 400. Miami Trace Local School District, Bloomingburg, Ohio also located in Fayette County employs 320 people.

Housing

In summary, housing in the assessment area is available and affordable to all income borrowers. According to the 2000 U. S. Bureau of the Census data, there are 16,201 housing units within the delineated assessment area. Of this number, 67 percent are owner-occupied units, 26 percent are occupied rental units and 7 percent are vacant. Seventy-five percent of the housing is single-family detached residences. Nine percent are two-to-four family units; 4 percent is multi-family with five or more units; and 11 percent are mobile homes which is higher than the state average of 5 percent. The median age of housing stock as of the 2000 U. S. Bureau of the Census statistics was 35 years. The median housing value as of the same date was \$82,015 and median gross rent was \$475. The housing affordability ratio was 44 percent compared to 41 percent for the State of Ohio and 37 percent for the MSA.

Business

There are total of 1,905 businesses within the assessment area, providing significant lending opportunities. A review of the data compiled by Dun & Bradstreet indicates the composition of businesses in the year 2003 in the assessment area is, for the most part, single location 85 percent small businesses. The percent of the businesses within the assessment area that have less than \$1,000,000 in gross annual revenue is 70 percent and 64 percent of the businesses have fewer than 5 employees. The service industry (agriculture, forestry and fishing) accounts for 32

percent and the agriculture, forestry and fishing accounts for 16 percent as does the retail trade industry.

Competition

In summary, competition is strong among financial institutions within the counties comprising the assessment area. There are 19 financial institutions insured by the Federal Deposit Insurance Corporation operating 44 offices within close proximity to the bank's delineated assessment area. Based upon the population in the preliminary 2000 U.S. Census data for the county, this would equate to one banking location for approximately every 2,067 persons within the assessment area. Also of note is the fact that numerous mortgage companies and a large credit union with over \$250 million in assets are based in Chillicothe, (Ross County), Ohio approximately 14 miles away. According to information as of June 30, 2003, five banks with offices within the assessment area hold approximately 55 percent of deposit dollars. The Clarksburg Commercial Bank, with its single office, accounts for 1 percent of the deposits in the bank's assessment area.

Competition for residential real estate loans are not limited to federally insured financial institutions. Reports under the Home Mortgage Disclosure Act (HMDA) will provide a more detail view of the bank's competitors for residential real estate loans. As the office of the bank is not located in a geography within a metropolitan statistical area (MSA), the bank is not a required reporter under the HMDA. Still HMDA provides an indication of the competition within the assessment area as there are institutions required to report that generate loans within the assessment area. Competition is strong. In 2002 there were 169 lenders required to report under HMDA who originated 2,177 residential loans for \$198,647,000 in the assessment area with an average balance loan size of \$91,000.

Community Contact

The assessment area economies and demographics were discussed with an area community contact. Although the bank's assessment area comprises three different counties, the contact was more knowledgeable of Ross and Fayette Counties. Economic conditions within the area have remained steady, with an approximant number of jobs entering as leaving the area due to lay-offs and plant closings. Also discussed was the change of the leading industrial sector over the decades. Manufacturing jobs are decreasing resulting in an upward trend of service occupational opportunities available within the county. Housing stock is available for all income levels. Most housing stock is affordable for low- to- moderate income persons. Average prices within the resale market range from \$75,000 to \$80,000. New housing construction is limited. The contact expressed the need of affordable new subdivision developments throughout the contiguous counties.

In summary, the analysis shows a steady economic pattern that can withstand the increase in population. Information gathered and discussions with bank management and the community contact indicated the area is well served in all types of lending and banking.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The review of the bank's performance is based upon lending and includes residential and commercial mortgage loans. The bank is not located within a metropolitan statistical area and is not subject to reporting residential mortgages under the HMDA. The bank has purchased no loans of any type since the prior examination. A small business loan is a commercial loan that has a principal amount less than or equal to \$1 million. All of the commercial loans originated during this evaluation period were small business loans. In 2004 there were 19 residential originations totaling \$1,610,787, 50 small business loans originations totaling \$1,660,196, and 28 small farm loans totaling \$786,539. All of these loans were reviewed.

This evaluation considers the institution's lending performance under the Community Reinvestment Act (CRA) regulation. Small bank procedures were used to evaluate this bank's performance because the bank is under \$250 million in total assets. Five different aspects of the bank's lending function are reviewed. Information is obtained and conclusions are reached on the institution's level of lending as evidenced by its loan-to-deposit ratio, the bank's level of lending within its delineated assessment area, the geographic distribution of lending, the borrower income distribution of lending, and the bank's response to any written complaints regarding its CRA performance.

Assessment Area Concentration

Lending in the assessment area is considered reasonable with a significant majority of all residential and small business loans, both by number and dollar, originated within the institution's assessment area. Table B below illustrates the results of the bank's efforts to meet the credit needs of borrowers within its assessment area.

Table B – Distribution of Loans Inside and Outside of the Assessment Area										
Loan Category or Type	Number of Loans					Dollars in Loans (\$000s)				
	Inside		Outside		Total	Inside		Outside		Total
	Number	%	Number	%		Dollars (000s)	%	Dollars (000s)	%	
Home Mortgage 2004	16	84	3	16	19	1,383	86	228	14	1,611
Small Business 2004	45	90	5	10	50	1,349	81	311	19	1,660
Small Farm 2004	23	82	5	18	28	507	64	280	36	787
Total	84	87	13	13	97	3,239	80	819	20	4,058

Source: Banks records 2004

To satisfy this test a bank must have a majority of loans in the assessment area. As displayed in the table, it is clear that the bank originated a significant portion of its lending activity in the assessment area. Overall, the bank has originated 84 percent of its total loans and 80 percent of the total dollar amount within its assessment area, indicating the bank is serving the needs of its assessment area.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The distribution of loans to borrowers of different incomes reflects a strong penetration within the different income levels in the assessment area. The percentage of loans in each reviewed category is compared to the demographics of the assessment area. Because this performance factor is a very good indicator of whether the needs of all within the assessment area are served, it is a heavily weighted measure in the evaluation.

Residential Real Estate Loans

The stratification of income levels for residential borrowers is based upon the median family income (MFI) established annually by the U. S. Department of Housing and Urban Development for each metropolitan statistical area and one for the non-metropolitan area of each state. Table C reflects the percentage of the MFI and the equating dollar range for each income level applicable to the assessment area of the institution.

Table C – Median Family Income Distribution		
INCOME LEVEL	DESCRIPTION	2004 MEDIAN FAMILY INCOME
		NON-MSA \$50,600
Low	Less than 50 percent of median	\$0 thru \$25,300
Moderate	50 percent to 80 percent of median	\$25,301 thru \$40,480
Middle	80 percent to 120 percent of median	\$40,481 thru \$60,720
Upper	120 percent of median and above	\$60,721 and above

* 2004 MFI

The bank’s distribution of loans to residential borrowers of different income levels is good as demonstrated by the comparison between the bank’s lending pattern and available demographic data in the assessment area. The bank’s lending was compared to 2000 U. S. Bureau of the Census demographic data as applicable for the assessment area. The census data shows that 21 percent of the families within the delineated assessment area are low income; however, 11 percent of the families within the assessment area have incomes below poverty level. Because it can be difficult for these families with income below poverty level to afford home ownership, comparison within the low-income category was based on the remaining ten percent of families within the income level that the bank could reasonably be expected to have for a potential market.

The distribution of 1-4 family mortgage loans by borrower by number and dollar amount is considered adequate. The bank’s lending percentage to low-income borrowers falls short of families within the assessment area; however, given the characteristic make up of the

demographics in the delineated assessment area this would be expected for reasons explained earlier. The percentage of lending to moderate-income borrowers by the institution mirrors the noted percentages of families in that income category. Again, the bank is meeting the needs of low- to- moderate income borrowers, the number of loans by percentage were somewhat effortless lending by the institution given the demographic make up. Therefore, these percentages are strong, but do not significantly exceed that of demographic in lending within the assessment area. The bank has taken on a new experienced real estate loan officer and opened a new loan production office in Washington Court House, Ohio in May 2004 to increase residential and other types of lending.

Access to funding has historically been readily available to middle- and upper-income borrowers, thus the emphasis in CRA performance has been placed on serving low- and moderate-income borrowers. However, the regulation is written to assure availability of funds to all. As reflected in Table D, middle- and upper-income families are also reasonably served by this institution.

Table D – Distribution of Residential Loans by Borrower Income by Number & by Dollar					
Median Family Income Level	Percent of Families in AA	Number of Loans		Dollar of Loan (000s)	
		Number	Percent	Dollar	Percent
Low	21*	1	6	65	5
Moderate	18	3	19	42	3
Middle	21	4	25	326	24
Upper	40	8	50	950	68
TOTAL	100	16	100	1,383	100

Source: Bank Records 2004

* Includes 11 percent of families below poverty level.

An analysis of dollar of loans correlates to that of number of loans performance. The percentage dollar amount when compared to the number percentage is generally lower. This is because low- and moderate-income borrowers generally borrow smaller amounts per borrower than do middle- and upper-income borrowers. This holds true in the review of Table D by dollar amount.

Small Business Lending

The bank has made a reasonable effort of lending to small businesses. Within this measure, small business loans are defined as those with original loan amounts of \$1,000,000 or less. All commercial loans originated by the bank within the analyzed period were within this definition. As described earlier, demographics indicated the majority of businesses within the assessment area are smaller enterprises.

Table E – Distribution of Small Business Loans by Number/Dollar by Loan Size					
Loan Size (000s)		2004		2004	
		Number	Percent	Dollar (000)s	Percent
≤ \$100		40	89	648	48
> \$100					
≤ \$250		5	11	701	52
> \$250					
≤ \$1,000		-0-	-0-	-0-	
Not Reported					
Total		45	100	1,349	100

Source: Bank Records 2004.

Source: Bank records 2004

The regulation stratifies the defined small business loans in three categories. The bank's small business lending distribution is considered reasonable. This is true, especially given the fact that the bank's legal lending limit is \$269,700. Using loan size as a proxy for the revenue size for the businesses, the performance demonstrates a willingness to fund the credit needs of small business owners, including the smallest business owners. The bank is active in lending to small businesses as 65 per cent of the businesses in the area have revenues under 500,000 and 85 percent operate from a single location.

A review of dollar amounts to demographic data provided similar conclusions to the results presented when assessing the performance of the institution by number of loans. While the institution made a smaller percentage of originations in amounts equal to or under \$100,000 when measured by dollar compared to number, this is reasonable, for loans in large dollar amounts comprise a larger percent of a total than small dollar amounts.

Small Farm Lending

The bank has made an effort to lend to small farms. Within this measure small farm loans are those defined as those with original amounts of \$1,000,000 or less. All agricultural loans originated by the bank within the analyzed period were within this definition. As described earlier, demographics indicated the majority of the farms within the assessment area are small ones.

Table F – Distribution of Small Farms Loans by Number/Dollar by Loan Size					
Loan Size (000s)		2004		2004	
		Number	Percent	Dollar (000)s	Percent
≤ \$100		21	91	272	54
> \$100					
≤ \$250		2	9	235	46
> \$250					
≤ \$1,000					
Total		23	100	507	100

Source: Bank Records 2004.

Geographic Distribution of Residential, Business, and Farm Loans

The geographic distribution of loans reflects strong penetration throughout the assessment area. This lending test considers the bank’s overall record of fairly serving the credit needs of its entire assessment area. While the bank is not required to lend in all geographies of its assessment area, the analysis does consider the reasonableness of its lending geographically and whether or not anomalies exist that can or cannot be reasonably explained. This conclusion is based upon the reasonable distribution of loans in geographies when compared to the percentage of owner-occupied housing units in the geographies.

Residential Real Estate Loans

Table F illustrates the geographic distribution of loans originated to date (during the year of) 2004. This distribution is strong when compared to the 2000 U.S Census demographic data. There are no geographies designated as low-income geographies within the assessment area.

Table G – Geographic Distribution of Loans by Tract Income Level by Number & by Dollar					
Geography Income Level	Percent of Owner-Occupied Housing in AA	Number of Loans		Dollar of Loan (000s)	
		Number	Percent	Dollar	Percent
Moderate (1)	8				
Middle (8)	92	16		1,611	100
TOTAL	100	16	100	1,611	100

Source: Bank Records 2004.

The bank’s delineated assessment area includes one moderate-income geography. This is BNA number 9861, a sparsely populated area in Fayette County which is comprised of farm land and

some rental dwellings and is primarily served by established banks located in Washington Court House. The subject bank lending by percentage exceeds that of the demographic percentage of owner occupied housing in the assessment area. Further, lending penetration in the middle-income geographies approximates that of demographics by number percentage and dollar amount.

Small Business Lending

The geographic distribution of commercial loans reflects reasonable penetration throughout the assessment area. The banks largest penetration by number of originations and dollar amounts are within the middle-income geographies, as this is where the bank’s single facility is located. This is depicted in Table G.

Small Business Geography Income Level	2004		2004	
	Number	Percent	Dollar (000)s	Percent
Moderate(1)				
Middle(8)	45	100	1,349	100
Total	45	100	1,349	100

Source: Bank data 2004.

In summary, the bank’s overall lending indicates no unexplainable gaps in the geographic distribution within the assessment area. The bank is responsive to the needs of all small businesses in different geographies; lending performance is considered reasonable throughout the assessment area.

Small Farm Lending

The geographic distribution of small farm loans reflects reasonable penetration throughout the assessment area. The bank’s largest penetration by number of originations and dollar amounts are within the middle-income geographies, as this is where the bank’s single facility is located. This is depicted in Table I.

Table I – Distribution of Small Business Loans by Number & by Dollar by Tract Income				
Small Business Geography Income Level	2004		2004	
	Number	Percent	Dollar (000)s	Percent
Moderate(1)				
Middle(8)	23	100	507	100
Total	23	100	507	100

Source: Bank data 2004.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable given the bank's size, competition and the credit needs of the assessment area. The bank's average loan to deposit ratio is 67 percent based on the nineteen quarters from October 19, 1999 to October 12, 2004. This ratio represents a steady increase from the previous examination when the ratio was 54 percent. The ratio based upon the current submitted call report information for June 30, 2004 was 84 percent, an indicator of the bank's efforts to substantially increase loan volume. There are several local institutions (with home offices located within the area) with loan to deposit ratios ranging from 60 to 91 percent.

Response to Complaints

The bank has not received any complaints regarding the Community Reinvestment Act since the previous evaluation.

Compliance with Anti-discrimination Laws

No violations of the substantive provisions of any anti-discriminatory laws and regulations were identified during the evaluation.

APPENDIX A

GEOGRAPHY TERMS

Block: Small areas bounded on all sides by visible features such as streets, roads, streams or rail road tracks, and invisible features like city or town boundaries or property lines. Blocks are subdivisions of census tracts or block numbering areas (BNA), and are assigned a unique three-digit number.

Block Group: Clusters of blocks within a census tract or BNA, having a four-digit number and a three-digit suffix. The four-digit number corresponds to the same number given to the census tract or BNA in which it is located.

Block Numbering Areas (BNAs): Statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and 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.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural

classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

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) but excluding the rural portions of “extended cities”; census designated places of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

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

HOUSING TERMS

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).

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.

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.

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.

INCOME TERMS

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.

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

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

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 consist of only one person, median household income is usually less than median family income.

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.

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.

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.

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

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

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.

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 one million dollars 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.