

# **PUBLIC DISCLOSURE**

**October 4, 2004**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Carolina Commercial Bank  
Certificate Number: 15007**

**230 North Main Street  
Allendale, South Carolina 29810**

**Federal Deposit Insurance Corporation  
Division of Supervision and Consumer Protection  
10 Tenth Street, NE, Suite 800  
Atlanta, Georgia 30309**

**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.**

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## 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 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 **Carolina Commercial Bank, Allendale, South Carolina**, prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **October 4, 2004**. 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:** The institution is rated Outstanding.

The bank's CRA performance depicts an outstanding practice of providing for the credit needs of its assessment area. The rating is supported by the following.

- ***Lending in Assessment Area*** – The bank has achieved a very good record of lending within its assessment area. A significant majority of the consumer loans analyzed during the evaluation period were originated to individuals and families residing within the assessment area. Additionally, the bank has achieved a reasonable distribution relative to business loans originated during the period.
- ***Lending to Borrowers of Different Incomes and Businesses of Different Sizes*** – Based on the consumer loans analyzed, the bank has achieved an excellent penetration among low-and-moderate-income level borrowers within the assessment area. Additionally, the business loan sample indicates an excellent penetration among small business entities.
- ***Geographic Distribution of Loans*** – The bank has achieved an excellent geographic distribution for the consumer loans analyzed as well as an excellent distribution for the business loans sampled relative to the various income levels of census tracts situated within the assessment area.
- ***Loan to Deposit Ratio*** – The bank's average net loan-to-deposit ratio is considered reasonable despite several negative influences associated with the bank's performance context discussed throughout the evaluation.
- ***Response to Complaints*** – The bank has not received any CRA related complaints since the previous evaluation.

## DESCRIPTION OF INSTITUTION

Carolina Commercial Bank, Allendale, South Carolina, is a state-chartered bank with \$36,220,716 in total assets as of October 4, 2004, and \$10,324,059 in gross loans as of the same date. The main office is located in Allendale (Allendale County), South Carolina. The bank operates a limited service branch, i.e. deposits only, in nearby Fairfax (Allendale County), South Carolina which is located approximately six miles east of Allendale. The institution owns no automated teller machines. The institution has not opened or closed any branch offices since the previous CRA evaluation of September 27, 1999. The bank is not affiliated with a holding company.

Since the previous CRA evaluation, the institution has experienced annualized asset growth of approximately 6 percent per annum. The bank continues to offer a range of deposit and loan products to help meet the credit needs of consumers as well as businesses within the assessment area. The institution provides for the credit needs of its assessment area in a manner consistent with its size, financial capacity, location, resources, and local economic conditions. Additionally, the bank is reasonably accessible to all segments of its assessment area, with accommodating banking hours provided.

The bank's major competitor within its assessment area is Allendale County Bank, which is headquartered in Fairfax, South Carolina. There are a small number of small finance and loan companies operating within the area that also provide additional competition for the bank.

The bank's lending focus continues to be multi-faceted, with a primary emphasis on consumer lending, particularly consumer installment and small dollar credit. In terms of actual loan volume, the number consumer installment loans is high relative to all originations, to the point that the current aggregate book value for this category is only slightly below the total for commercial/business loans which are typically much higher dollar loans. Table 1 provides a breakdown of the institution's loan portfolio by loan type according to the June 30, 2004, Consolidated Report of Condition and Income (Call Report). Aside from very little growth in each loan category, the bank's portfolio composition or product mix has not changed materially since the previous CRA evaluation.

## DESCRIPTION OF INSTITUTION (continued)

**Table 1 - Loan Distribution as of June 30, 2004**

Loan Type	Dollar Amount (000s)	Percent of Total Loans
Construction and Land Development	\$0	0.0%
Secured by Farmland	\$791	8.1%
Revolving open-end Residential 1-4	\$0	0.0%
First Lien Residential 1-4	\$1,580	16.2%
Junior Lien Residential 1-4	\$0	0.0%
Multi-Family (5 or more) Residential	\$0	0.0%
Non Farm/Non Residential	\$1,491	15.3%
Total Real Estate Loans	\$3,862	39.6%
Commercial and Industrial	\$2,081	21.4%
Loans to Commercial Banks	\$0	0.0%
Agricultural	\$19	0.2%
Consumer	\$3,258	33.4%
Credit Cards	\$0	0.0%
Other Revolving Credit Plans	\$0	0.0%
Obligations of states and political subdivisions in the U.S.	\$600	6.2%
Other Loans	\$0	0.0%
Lease Financing Receivables	\$0	0.0%
Less: Unearned Income	\$75	0.8%
<b>Total Loans</b>	<b>\$9,745</b>	<b>100.0%</b>

Source: Consolidated Report of Condition and Income – June 30, 2004

## DESCRIPTION OF ASSESSMENT AREA

The institution's assessment area consists of Allendale County, South Carolina in its entirety, which is comprised of three census tracts. The assessment area contains two moderate-income census tracts and one middle-income tract. There are no low-income census tracts nor any upper-income tracts located within the assessment area. Set forth below is a brief demographic narrative relative to Allendale County, South Carolina, as well as pertinent demographic data relevant to the assessment area.

### Allendale County, South Carolina

Allendale County is located in rural southwestern South Carolina, bordering the Georgia state line, and is one of the smallest of South Carolina's forty-six counties. The unemployment rate in Allendale County at 7.1 percent is slightly higher than the state average of 6.9 percent. Allendale County's jobless rate reached its peak in 1993 at 13.0 percent and has been rather volatile since that time. Some elevation in the unemployment rate has occurred since the 2000-2001 recession, but the rise is in line with the state average.

Allendale County is the poorest county in the state and has the lowest per capita income among South Carolina counties at \$11,293 per annum per 2000 Census data. Approximately 34 percent of Allendale County's residents are below the poverty level with regard to income. Allendale County is currently designated as a Rural Development Enterprise Community (RDEC), which means the county will receive approximately \$2.25 million in rural development grants during a ten year period that began in 1999 when designated an RDEC. The end goals are to attract more economic activity, train the local workforce, improve education, increase access to health care, and expand community transportation and infrastructure.

Public administration is the dominant component of Allendale County's economy, accounting for over 40 percent of all jobs. County schools, the University of South Carolina, and state/local government are the largest public administration employers. The South Carolina Department of Corrections is the largest employer in government with about 300 employees. Manufacturing is another major force in the local economy, with approximately 26.5 percent of total employment which is well above the national average of 17.6 percent. Scotsman Industries, Inc. is the largest employer within the manufacturing industry. Products manufactures in Allendale County include wood preserving, yarn spinning, women's and men's outerwear, and durable goods.

The estimated population for Allendale County as of year end 2003 per U.S. Census was 11,049, with an annual growth rate of *negative* 2.5 percent. By comparison, the annual growth rate for South Carolina during the same timeframe was 3.4 percent. Median household income of \$23,095 is well below the state average of \$41,575 and the national average of \$46,868. In

Allendale County, 72.7 percent of houses are owner occupied, compared to 72.2 percent at the state level. However, the county's median home value of \$46,900 is substantially below the

**DESCRIPTION OF ASSESSMENT AREA (continued)**

state average of \$94,900.

With further regard to housing, a community contact performed during the examination revealed that there continues to be a need locally (Allendale County) for more suitable affordable housing for low-income families and individuals as well as the elderly. A high percentage of low-income families in the county have nonetheless achieved homeownership by purchasing a mobile home, though according to the contact, a substantial portion of these mobile home units are in substandard, if not deplorable condition.

Allendale County's total personal bankruptcy filing rate of 2.60 filings per thousand residents in 2003 is near the highest level reported this decade. While this level is well above 0.40 filings in 1995, it still remains well below the state's filing rate of 3.90 filings in 2003. Given the county's declining population, below average wages, and low retail base, continued difficulty is expected in growing the local economy in the foreseeable future.

Table 2 provides additional demographic information utilized during the development of the bank's performance context. The table provides relevant assessment area housing characteristics according to the income level of census tracts.

<b>Table 2 - Selected Housing Characteristics by Income Category of Census Tract – Assessment Area</b>									
Census Tract Income Category	Percentage						Median		
	Census Tracts	Families	Housing Units	Owner-Occupied	Rental Units	Vacant Units	Age *	Home Value*	Gross Rent**
Low	---	---	---	---	---	---	---	---	---
Moderate	66.7%	86.8%	86.0%	83.3%	94.4%	83.9%	28	\$43,597	\$306
Middle	33.3%	13.2%	14.0%	16.7%	5.6%	16.1%	25	\$49,700	\$316
Upper	---	---	---	---	---	---	---	---	---
Total or Median	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	28	\$44,397	\$307

Source: 2000 U.S. Census data, \* - Owner-Occupied Units, \*\* - Renter-Occupied Unit

Table 3 provides demographic data pertaining to the bank's assessment area relative to population, number of families, and number of families below the poverty level.

## DESCRIPTION OF ASSESSMENT AREA (continued)

**Table 3 – Population, Families, and Families Below the Poverty Level within Assessment Area**

Census Tracts	Number of Families	Percentage of Number of Families	Total Population (number)	Percentage of Total Population	Families Below Poverty Level (number)	Percentage of Families Below Poverty Level By Tract
Low (0 CTs)	---	---	---	---	---	---
Moderate (2 CTs)	2,286	86.8%	9,917	88.5%	696	93.2%
Middle (1 CT)	348	13.2%	1,294	11.5%	51	6.8%
Upper (0 CTs)	---	---	---	---	---	---
<b>TOTAL S</b>	2,634	100.0%	11,211	100.0%	747	100.0%

Source: 2000 U.S. Census data

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The evaluation of the bank’s lending performance is based upon an analysis of a sample of consumer installment loans (“consumer loans”) and all business/commercial loans (“business loans”) originated by the bank from January 1, 2004, through June 30, 2004. Both of these loan categories are considered integral components of the institution’s lending focus, and both categories combined represent approximately 70.1 percent of the current dollar volume of loans outstanding. However, of the two categories, the bank’s primary lending focus is indisputably consumer lending; and, therefore, more weight is assigned to the analyses associated with the consumer loan distributions discussed and illustrated throughout this evaluation.

For the current CRA evaluation, the consumer loan sample consists of 30 loans totaling \$190,688 from a universe of 80 loans originated during the period totaling \$823,516. The business loan sample consists of all 13 loans originated by the bank during the sample period, which totaled \$735,599. Agriculture and farm loans were not analyzed during the evaluation due to the negligible volume of such originations. Residential loans were also not analyzed since such did not constitute a significant lending product or a major focus of the bank given the economic conditions within the assessment area.

### **Lending in Assessment Area**

A significant majority of the consumer loans that were sampled were made to borrowers residing within the bank’s assessment area. During the 2004 sample period, 86.7 percent by number and 95.1 percent according to dollar volume were originated locally. This is indicative of excellent performance in spite of significantly low wage rates and negative growth rates for which the assessment area is known. For the business loans sampled, 61.5 percent by number and 31.5 percent by dollar volume were originated

within the assessment area. While this is not viewed as strong lending performance within the assessment area, the absence of any semblance of local economic vitality as well as unequivocally weak loan demand largely influence this distribution.

### **CONCLUSIONS (continued)**

Also, as noted, considerably less weight is attributed to the business loan category in comparison to consumer loans since consumer loan originations far and away represent the bank's primary lending focus. With that in mind, the overall loan distribution by the bank within the assessment area is considered very good, considering the negative influences (as mentioned) associated with the bank's performance context. Table 4 provides a summary breakdown of the loans sampled that were originated inside as well as outside of the assessment area for both loan types. The bank's performance relative to this rating factor provides confirmation of its responsiveness in meeting the credit needs of the individuals, families, and businesses within the assessment area.

<b>Table 4 - Distribution of Loans Inside and Outside of the Assessment Area – 2004 Sample Period</b>										
<b>Loan Category or Type</b>	<b>Number of Loans</b>					<b>Dollars in Loans (000s)</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	#	%	#	%		\$	%	\$	%	
Consumer Loans	26	86.7%	4	13.3%	30	\$181,283	95.1%	\$9,405	4.9%	\$190,688
Business Loans	8	61.5%	5	38.5%	13	\$231,339	31.5%	\$504,260	68.5%	\$735,599
<b>Total</b>	34	79.1%	9	20.9%	43	\$412,622	44.5%	\$513,665	55.5%	\$926,287

Source: Bank records.

### **Lending to Borrowers of Different Incomes and Businesses of Different Sizes**

The HUD estimated statewide non-MSA median family income for 2004 for the state of South Carolina, \$45,400, was utilized during the loan distribution analysis relative to borrower income level for the consumer loans sampled. A breakdown of the various income levels for 2004 is provided in Table 5.

**Table 5 – Statewide Non-MSA Median Family Income – South Carolina: 2004**

<b>Income Level</b>	<b>Percent of Median Family Income</b>	<b>Income Range: 2004</b>
Low	Less than 50%	< \$22,700
Moderate	50% to less than 80%	\$22,700 < \$36,320
Middle	80% to less than 120%	\$36,320 < \$54,480

Upper	120% and over	\$54,480 and greater
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Table 6 illustrates the bank's lending distribution for the consumer loans sampled, according to income level of borrower for loans originated during the 2004 sample period. Please note that the table includes loans only made within the bank's assessment area. In terms of the volume of

### **CONCLUSIONS (continued)**

consumer loans originated by the bank during this period, the penetration among low-income borrowers at 34.6 percent by number and 20.7 percent according to dollar volume is comparable, though slightly below the percentage of the families in the assessment area that are considered low-income families, i.e. 38.2 percent. Though the bank's penetration to low-income borrowers is somewhat below assessment area demographics, it bears significance that 74.1 percent of the low-income families or 28.4 percent of all families are below the poverty level with regard to income. Individuals having such low income levels typically have a difficult time qualifying for traditional credit from a commercial bank, and this factor should be considered when evaluating lending performance regarding borrower income level. With regard to moderate-income level borrowers, the bank's penetration at 53.9 percent (by number) and 70.1 percent (by dollar) materially exceeds local demographics, notwithstanding such factors including below average wages and a declining population base inherent in this assessment area. The bank's loan penetration to low-and-moderate-income level borrowers is therefore viewed as excellent.

**Table 6 – Consumer Loans – Lending Distribution by Income Level of Borrower -2004 Sample Period**

Income Level of Borrower	Percent of Families In Assessment Area	Number of Loans	Percentage of Loans (by number)	Dollar Amount of Loans	Percentage of Loans (by dollar)
Low	38.2%	9	34.6%	\$37,591	20.7%
Moderate	16.4%	14	53.9%	\$127,153	70.1%
Middle	19.7%	3	11.5%	\$16,539	9.2%
Upper	25.7%	0	0.0%	\$0	0.0%
Totals	100.0%	26	100.0%	\$181,283	100.0%

Source: Bank records and 2000 U. S. Census Data

Tables 7 and 8 illustrate the bank's distribution of business loans sampled, according to gross annual revenue of the business as well as size of the loan. The tables include only those loans originated within the bank's assessment area. For purposes of the business loan analysis, a small business is defined as a business entity having annual revenues (or sales) in an amount not greater than \$1 million dollars. Based on the loans sampled, the bank has achieved an excellent lending penetration to small business entities. During the sample period, 100 percent of the business loans originated by the bank were to small business entities. By comparison, 64.1 of the business entities that reported revenues are considered small business entities. According to local geo-business demographic data, 30.2 percent of businesses did not report revenues, though the majority of those businesses are considered to be small business entities in this predominantly rural area. Inasmuch as 100 percent of the

business loans sampled were to small business entities, the bank's performance for this factor is considered excellent and is considered a good indicator of its responsive to small business operators, again, despite the negative influences associated with the current economic environment prevalent within Allendale County.

Table 8 provides a breakdown (number and dollar volume) of business loans originated by the  
**CONCLUSIONS (continued)**

bank during the sample period according to loan size. It is notable that 100 percent of loans sampled were to small business entities with an original loan size in the range of \$100,000 and less. Moreover, the average loan size among the 13 loans analyzed in this distribution was \$56,584. A concentration of loan originations in this dollar range again explicitly validates the bank's responsiveness to the credit needs of the small business entities located within the assessment area and equates to an excellent penetration according to loan size.

**Table7 - Distribution of Business Loans by Gross Annual Revenue of Business – 2004 Sample Period**

Gross Annual Revenues (000s)		<=\$1,000	>\$1,000	Revenues Not Reported	Total
<b>Business Distribution</b>	<b>Number</b>	257	23	121	401
	<b>Percent</b>	64.1%	5.7%	30.2%	100.0%
<b>Business Loans</b>	<b>Number</b>	8	0	---	8
	<b>Percent</b>	100.0%	0.0%	---	100.0%
	<b>Dollar (000s)</b>	\$231,339	\$0	---	\$231,339
	<b>Percent</b>	100.0%	0.0%	---	100.0%

Source of Business Distribution: 2003 Business Geo-demographic Data and bank records

**Table 8 – Distribution of Small Business Loans by Loan Size – 2004 Sample Period**

Loan Size (000s)	Number of Loans	Percentage	Dollar Volume (000s)	Percent of Loans
<= \$75	8	100.0%	\$231,339	100.0%
> \$75 but <=\$150	0	0.0%	\$0	0.0%
> \$150 but <=\$250	0	0.0%	\$0	0.0%
> \$250 but <=\$500	0	0.0%	\$0	0.0%
<b>Totals</b>	8	100.0%	\$231,339	100.0%

Source: Bank records

### **Geographic Distribution of Loans**

Tables 9 and 10 illustrate the number and dollar amount of loans sampled within the various income geographies comprising the bank's assessment area for both loan categories analyzed. Loans that were originated outside of the bank's assessment area were excluded from the analysis. For the consumer loans sampled, the percentage of originations within the moderate-income census tracts by number, 96.2 percent, appreciably exceeds the percentage of the assessment area population residing within those tracts, i.e. 88.5 percent. Moreover, the dollar volume of consumer loan

originations at 95.8 percent of total originations for this category also exceeds this demographic benchmark percentage. Such a distribution is indicative of excellent performance, particularly considering that 30.4 percent of the families residing within the two moderate-income tracts are below the poverty level with regard to income.

For the small business loans sampled, 100 percent of the bank's originations were within the two moderate-income census tracts. As a point of comparison, 94.8 percent of the businesses located within the assessment area are located within the moderate-income tracts. Considering the

### **CONCLUSIONS (continued)**

bank's high business loan penetration in the moderate-income tracts, the geographic distribution of business loans is considered excellent and indicates a strong responsiveness in its business lending in spite of the negative influences associated with the weak loan demand prevalent within the assessment area.

**Table 9 – Geographic Breakdown - Consumer Loans - 2004 Sample Period**

Income Class of Census Tract	Percentage of Households	Number of Loans	Percentage of Originations by Number	Dollar Amount of Loans	Percentage of Originations by Dollar Volume
Low (0 CTs)	---	---	---	---	---
Moderate (2 CTs)	86.2%	25	96.2%	\$173,676	95.8%
Middle (1 CT)	13.8%	1	3.8%	\$7,607	4.2%
Upper (0 CTs)	---	---	---	---	---
<b>Totals</b>	100.0%	26	100.0%	\$181,283	100.0%

Source: Bank records and 2000 U. S. Census Data

**Table 10 - Distribution of Small Business Loans by Income Category of Census Tract**

Income Level of Census Tract		Low	Moderate	Middle	Upper	Total	
Distribution of Businesses In Assessment Area	Number	---	380	21	---	401	
	Percent	---	94.8%	5.2	---	100.0%	
Business Loans	2004 Sample Period	Number	---	8	0	---	8
		Percent	---	100.0%	0.0%	---	100.0%
		Dollar (000s)	---	\$231,339	\$0	---	\$231,339
		Percent	---	100.0%	0.0%	---	100.0%

Source of Business Distribution: 2003 Business Geo-demographic Data and bank records

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

Carolina Commercial Bank's average net loan-to-deposit (LTD) ratio of 30.4 percent was calculated utilizing Call Report data for the last 20 quarters dating back to the previous CRA evaluation of September 27, 1999. The bank's most recent LTD ratio was 30.5 percent as of June 30, 2004. For comparative purposes, Carolina Commercial Bank's average LTD ratio was compared to the only institution considered similarly situated with regard to size, basic operations, and product mix that

operates in the same economic environment as the subject. The institution selected for comparison purposes was Allendale County Bank, Fairfax, South Carolina. As illustrated in Table 10, Carolina Commercial Bank's average LTD ratio is comparable to Allendale County Bank's ratio. The low LTD ratios of both institutions are indubitably reflective of the notably weak loan demand prevalent within the assessment area. Also, it is notable that the low LTD ratios for both institutions operating within Allendale County are further influenced by the particularly low income levels among the county populous and lending impediments associated therewith. As indicated, the per capita income level within Allendale County is the lowest among all counties in the state, and it bears further significance that the percentage of individuals and families residing within the county at or below the poverty

**CONCLUSIONS (continued)**

level is very high. These factors notwithstanding, Carolina Commercial Bank's performance relative to this rating factor is considered reasonable and indicates a reasonable responsiveness to area credit needs given the resources of the bank and the needs of its assessment area.

**Table 10 – Loan to Deposit Ratios**

Name of Institution	Avg. Net Loan-to-Deposit Ratio	Net Loan-to-Deposit Ratio as of June 30, 2004
Carolina Commercial Bank	30.4%	30.5%
Allendale County Bank	36.2%	38.3%

**Investments/Community Development Lending/Services**

Since the previous CRA evaluation of September 27, 1999, the bank has participated in the purchase of a \$1,500,000 South Carolina Hospital Facilities (Allendale County) revenue bond to help facilitate hospital renovations/additions and equipment purchases viewed as paramount in delivering essential, local healthcare needs. The bank's share of the bond purchase was approximately \$610,000. The prospects for reviving area economic vitality are certainly increased when adequate healthcare needs can be met locally.

Since the previous CRA evaluation, the bank has originated SBA guaranteed credit totaling \$150,000. The loans have helped provide financing for local manufacturing concerns which in turn have provided local employment opportunities. Further, since the last evaluation, the bank has originated loans totaling \$285,000 in an effort to help revitalize the town's central business district. In some cases, the loans have resulted in improved storefront appearances for previously dilapidated buildings. The loans have also helped to some extent, albeit small, with local job creation. Additionally, the bank has originated loans totaling \$92,900 to the Town of Allendale to help facilitate equipment purchases including police vehicles and waste collection vehicles. The equipment purchases have in turn helped the Town of Allendale provide necessary town services to the local populous.

Finally, since the last evaluation, the bank has conducted approximately five “first time home buyer” or similar financial seminars. Additionally, the bank recently subscribed to and received the FDIC’s Money Smart financial curriculum. Future financial related seminars conducted by the bank will include part(s) of this curriculum.

**Response to Complaints**

The bank has not received any CRA-related complaints since the last evaluation.

**CONCLUSIONS (continued)**

**Compliance with Anti-Discrimination Laws and Regulations**

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

## DEFINITIONS

### 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.

## **GEOGRAPHY TERMS (continued)**

**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 place 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 \$1 million or less and are either secured by non-farm 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.