

## **PUBLIC DISCLOSURE**

**July 10, 2006**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First State Bank  
Certificate Number: 417**

**110 West Ketchum Avenue  
Post Office Box 750  
Ketchum, Oklahoma 74349-0750**

**Federal Deposit Insurance Corporation  
Division of Supervision and Consumer Protection  
1910 Pacific Avenue, 19th Floor  
Dallas, Texas 75201**

**NOTE:** 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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## 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 **The First State Bank (FSB)** prepared by the **Federal Deposit Insurance Corporation (FDIC)**, the institution's supervisory agency, as of **July 10, 2006**. 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 *Satisfactory*.

The FDIC rated FSB "Satisfactory" at its previous August 15, 2001, CRA evaluation. For this \$29 million, two-office bank, headquartered in Ketchum, Oklahoma, examiners evaluated the bank using CRA small bank performance criteria factors. A detailed discussion of each performance factor is provided elsewhere in this performance evaluation. Examiners selected residential mortgage loans and small business loans as the products for evaluation. Summary comments for the applicable performance criteria are presented below.

- The institution's net loan-to-deposit ratio (LTD) of 72 percent reflects a sound level of lending, considering the bank's resources, business strategy, assessment area's credit needs, the LTDs of other nearby banks, and the statewide average of all banks in Oklahoma under \$50,000,000 in total assets.
- The institution attained an adequate record of lending within its assessment area. The bank's overall performance within the assessment area is 59 percent for the number volume and 53 percent for the dollar volume, although the bank's record of originating residential loans was only 67 and 48 percent, respectively.

- Borrower profile, consisting of the distribution of loans to borrowers of different incomes and to businesses of different sizes, reflects a strong lending activity to lower-income customers and a strong performance to smaller businesses in the assessment area.
- Geographic distribution within the assessment area of residential loans and small business loans is satisfactory due to the fact there are only middle and upper-income census tracts in the assessment area. No weight was given to this factor.

## **SCOPE OF EXAMINATION**

FSB's loan portfolio is diversified as of March 31, 2006, with consumer loans at 50 percent, real estate loans at 24 percent, commercial loans at 22 percent, and agricultural loans at 4 percent. Because consumer loans were not a "substantial majority" of the bank's lending and the bank's agricultural lending was less than five percent of the loan portfolio, examiners reviewed real estate and commercial loans for the lending in the assessment area, borrower profile, and geographic distribution sections of this evaluation. The evaluation of the bank's lending performance is based upon reviews of randomly selected samples within each of these two loan products that were originated in the last twelve months. The real estate sample consisted of 24 residential loans totaling \$1,004,006 from a universe of 29 loans totaling \$1,150,875 and a commercial sample consisting of 27 loans totaling \$663,970 from a universe of 75 loans totaling \$2,046,640. These samples are derived on the basis of a 90 percent confidence interval within a 15 percent precision level. Since residential lending is the bank's larger loan category of these two loan categories per the call reports, this loan product is weighted more heavily than the bank's commercial lending. Results based on the number of loans were considered more significant than the dollar volume of loans at this small institution.

## **DESCRIPTION OF INSTITUTION**

FSB is a small community bank located in Ketchum, Craig County, Oklahoma, approximately 75 miles northeast of Tulsa. Banking facilities consist of two offices. The main office in Ketchum has an attached drive-through lane and a cash-dispensing automated teller machine (ATM) that also provides customers with their deposit account balance. The branch office is located in Disney, which is 7 miles south of the main office. The branch facility also has a drive-through lane, but does not include an ATM. Banking hours for the lobbies in Ketchum and Disney are 9:00 am to 3:00 pm, Monday through Friday and 9:00 am to noon on Saturday. The main office's drive-through facility is open from 8:00 am to 5:00 pm,

Monday through Friday, and from 9:00 am to noon on Saturdays. The bank’s Disney facility’s drive-through is open from 9:00 am to 3:00 pm, Monday through Friday, and 9:00 am to noon on Saturday.

Management reported in their March 31, 2006, Consolidated Report of Condition total assets of \$29,442,000, total deposits of \$26,508,000, and total equity capital of \$2,888,000. The loan and investment portfolios comprise 70 percent and 20 percent of total assets, respectively. The bank offers a full line of deposit products including VISA Check cards and originates commercial, real estate, agricultural, and consumer loans. The three major loan categories are consumer lending, 1-4 family residential real estate lending, and commercial lending. These three loan products account for 95 percent of the loan portfolio. Table 1 details the bank’s loan distribution as of their March 31, 2006 Report of Condition.

| <b>Table 1 – Loan Distribution as of March 31, 2006</b> |                      |                            |
|---|----------------------|----------------------------|
| Loan Type   | Dollar Amount (000s) | Percent of Total Loans (%) |
| Construction and Land Development                       | 75                   | <1                         |
| Secured by Farmland                                     | 336                  | 2                          |
| 1-4 Family Residential                                  | 5,064                | 24                         |
| Multi-Family (5 or more) Residential                    | 0                    | 0                          |
| Commercial  | 1,951                | 9                          |
| <b>Total Real Estate Loans</b>                          | <b>7,426</b>         | <b>35</b>                  |
| Commercial and Industrial                               | 2,618                | 12                         |
| Agricultural  | 460                  | 2                          |
| Consumer  | 10,456               | 50                         |
| Other   | 151                  | 1                          |
| Less: Unearned Income                                   | 0                    | 0                          |
| <b>Total Loans</b>                                      | <b>21,111</b>        | <b>100.00</b>              |

Source: March 31, 2006 Report of Condition.

The institution’s financial condition, full line of product offerings, and lack of legal impediments allows management the ability to meet their community credit needs.

## DESCRIPTION OF ASSESSMENT AREA

Management of FSB has designated upper-income census tract #9735 in Craig County, middle-income census tracts #9758 and #9749 in Delaware County, and middle-income census tract #405 in Mayes County as the bank’s assessment area. At the last evaluation, all of these tracts were middle-income based on the 1990 U. S. Census data. FSB is located in the upper-income census tract while the branch office is located in the middle-income tract in Mayes County. The assessment area includes the communities of Ketchum, Disney, Langley, Pensacola, Strang, Spavinaw, and Bernice. The largest town in the assessment area is Langley, which is in a middle-income tract in Mayes County. Currently, there are four banks with six offices in the assessment area. Only two of the banks have their main offices in the assessment area. Of all the banks reporting deposits in the four counties that include the geographies that make up the assessment area, FSB has only 2.3 percent of deposits at \$24,600,000 according to the June 30, 2005 Summary of Deposits report. Table 2 details various demographic features of the assessment area.

| <b>Table 2 – Demographic &amp; Economic Characteristics of the Assessment Area</b> |                               |           |
|--|-------------------------------|-----------|
| Assessment Area Population   |                               | 15,623    |
| <u>Statewide Non-MSA Median Family Income:</u>                                     | 2005                          | \$41,400* |
|  | 2006                          | \$42,600* |
| <u>Percentage of Families by Income Level:</u>                                     | Low-Income                    | 20%       |
|  | Moderate-Income               | 18%       |
|  | Middle-Income                 | 22%       |
|  | Upper-Income                  | 40%       |
| <u>Number of Total Housing Units:</u>  | 1-4 Family Residential        | 8,059     |
|  | Multi-Family                  | 113       |
|  | Mobile Home or Trailer        | 3,986     |
|  | Other                         | 277       |
|  | Owner-Occupied Housing Units  | 5,497     |
|  | Occupied Rental Housing Units | 1,075     |
|  | Vacant Housing Units          | 5,863     |
| <u>Percentage of Total Housing Units:</u>  | 1-4 Family Residential        | 65%       |
|  | Multi-Family                  | 1%        |
|  | Mobile Home or Trailer        | 32%       |
|  | Other                         | 2%        |
|  | Owner-Occupied Housing Units  | 44%       |
|  | Occupied Rental Housing Units | 9%        |
|  | Vacant Housing Units          | 47%       |

Source: 2000 US Census. \* - These figures are based on estimates from the Department of Housing and Urban Development (HUD).

The glossary on page 13 provides definitions of geographic and economic terms used in this evaluation.

Based upon the 2000 U.S. Census for the assessment area, services represent the largest employment category with 28 percent, and the next two largest categories are retail trade and non-classifiable establishments at 18 and 14 percent, respectively. This data indicates that 70 percent of businesses have less than ten employees. Dun and Bradstreet data reports 95 percent of the businesses have gross annual revenues of \$1 million or less. The figures demonstrate the prevalence of small businesses in the assessment area.

According to the Bureau of Labor Statistics, the unemployment rate for Craig County has steadily decreased from 5.2 percent in 2003 to 4.3 percent in 2005. For the same time period, Oklahoma's unemployment rate has fluctuated from 5.6 percent in 2003 to 4.4 percent in 2005. Delaware County's unemployment rate is identical to Craig County's unemployment; however, the unemployment rate for Mayes County has varied from 7.6 percent in 2003 to 4.8 percent in 2005. These unemployment rates show that the assessment area is very similar to the overall economic conditions in the state of Oklahoma.

A member of management identified the following entities as the larger employers in the assessment area: Hammerhead Marina, Arrowhead Marina, Cherokee Marina, Reasor's Foods Stores, Cobb-Vantress Grand Meadows, Johnson Lumber Company, and Grand Lake Molding Company. This member of management stated that Reasor's Foods Stores in Jay employs more than 100 employees, the marinas employ about 20 to 50 employees each, and Grand Lake Molding Company employs 10 to 12 employees.

One community contact in Ketchum was utilized in conjunction with this evaluation. The contact is of the opinion that the local economy was poor due to very few businesses in Ketchum. The contact stated that her conclusion about the Ketchum community was based on the fact that many of the Ketchum residents work and spend their money outside the town of Ketchum. This has resulted in many startup businesses in Ketchum not being able to survive and eventually closing their businesses.

The contact also stated that both financial institutions in Ketchum, The First State Bank and the branch of Bank of the Lakes, are adequately meeting the credit needs of the Ketchum community and surrounding area.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

FSB has demonstrated a sound level of lending with regard to this performance factor. Examiners considered the bank's size, capacity, lending strategy, assessment area credit needs, and the ratios of other comparable banks when arriving at this conclusion. As of March 31, 2006, the bank's average LTD for the 19 quarters since the last evaluation is 72 percent. The quarterly LTDs for this time period varied from a high of 85 percent in December, 2004, to a low of 60 percent in March, 2002. These factors reflect management's commitment to maintaining a LTD that can adequately meet the credit needs of Ketchum and the surrounding area.

There are four other banks of similar size headquartered in Craig County, Delaware County, or Mayes County. The data for these banks for the same time period is depicted in Table 3 below and are presented in alphabetical order by city.

| <b>Table 3 – Net Loan-to-Deposit Ratios (Dollar Volume in Thousands)</b> |                                |                                      |
|--|--------------------------------|--------------------------------------|
| <b>Bank Name and Location</b>  | <b>Total Assets 03-31-2006</b> | <b>Average Loan-to-Deposit Ratio</b> |
| The First State Bank<br>Ketchum, Craig County, Oklahoma                  | \$29,442                       | 72%                                  |
| Comparable Area Banks  |                                |                                      |
| Bank of Commerce<br>Chouteau, Mayes County, Oklahoma                     | \$34,222                       | 75%                                  |
| Bank of Locust Grove<br>Locust Grove, Craig County, Oklahoma             | \$28,208                       | 67%                                  |
| Central National Bank of Pryor<br>Pryor, Mayes County, Oklahoma          | \$19,948                       | 74%                                  |
| Lakeside Bank of Salina<br>Salina, Mayes County, Oklahoma                | \$25,023                       | 51%                                  |

*Source: Call Reports September 30, 2001 through March 31, 2006.*

The banks listed above were selected for comparison purposes based primarily on loan portfolio make-up and comparable size. Although FSB's primary loan product is consumer loans at 50 percent, which nearly doubles these comparable banks' consumer loan portfolios, FSB's residential loans at 24 percent is roughly half of the comparable banks' residential portfolios. However, examiners used these banks for comparable purposes because there were no other similar consumer lending banks in the local area and these comparable banks are addressing the credit needs of roughly the same area.

As noted in Table 3, FSB's LTD is comparable to the other four listed banks. Given the fact that consumer loans are significantly smaller than residential, commercial, and agricultural loans, management's focus toward consumer loans makes their LTD stronger than if they did not originate as many consumer loans.

Additionally, all small banks with total assets of \$50,000,000 or less in the state of Oklahoma have an average LTD of only 62 percent. Comparing FSB's LTD to the other institutions in the local area, and comparing FSB's LTD to the average of all small banks' LTDs in the state of Oklahoma, FSB's LTD represents a sound response by management in meeting the credit needs of their customers in the assessment area.

**Lending in the Assessment Area**

FSB attained an adequate record of lending within its assessment area. Examiners considered the following factors when evaluating this performance factor: the assessment area's size, the economy, and the loan products reviewed. Examiners considered the number of loans more significant than the dollar volume, as smaller dollar loans have less impact on lending totals, and characteristically, are the requested product of lower-income populations. Table 4 details this loan sample information.

| <b>Table 4 - Distribution of Loans Inside and Outside of the Assessment Area</b> |                 |    |         |    |       |                         |    |         |    |         |
|--|-----------------|----|---------|----|-------|-------------------------|----|---------|----|---------|
| Loan Category or Type  | Number of Loans |    |         |    |       | Dollars in Loans (000s) |    |         |    |         |
|  | Inside          |    | Outside |    | Total | Inside                  |    | Outside |    | Total   |
|  | #               | %  | #       | %  |       | \$                      | %  | \$      | %  |         |
| Residential  | 16              | 67 | 8       | 33 | 24    | 485                     | 48 | 519     | 52 | \$1,004 |
| Commercial   | 14              | 52 | 13      | 48 | 27    | 399                     | 60 | 265     | 40 | \$664   |
| Total  | 30              | 59 | 21      | 41 | 51    | 884                     | 53 | 784     | 47 | \$1,668 |

Source: Sample of 2006 Bank Loan Trial Balance

As noted above, the number of loans and dollar volume of loans originated inside the assessment area for these two loan categories combined equaled 59 and 53 percent, respectively, which meets the minimum standards for this performance factor. As shown above, residential lending had 67 percent of the number of loans and 48 percent of the dollar volume of loans originated in their assessment area. Discussions with senior management revealed that several of the residential loans selected in the sample were loans in a community just outside the assessment area in a different county and management

believed that this result was simply a fluke in the sample examiners selected and analyzed. This member of management stated that the bank's own analysis several years ago did not indicate any similar type of discrepancy.

Since the bank's overall lending using these two loan products was greater than 50 percent in the assessment area, this factor is considered adequate.

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

The distribution of loans to borrowers of differing incomes and businesses of different sizes reflects a strong performance to lower income borrowers and small business enterprises. Conclusions were derived through an analysis of loans originated inside the assessment area with emphasis placed on the loan distribution to low- and moderate-income borrowers and smaller-sized businesses. Examiners reviewed the 16 sampled residential mortgage loans and 14 sampled commercial loans that were originated in the last twelve months within the assessment area. In arriving at the overall conclusion, examiners placed more weight on the bank's record regarding residential lending activity.

#### ***Borrowers of Different Incomes***

The bank's distribution of residential mortgage loans to borrowers of different incomes reflects a strong level of penetration. Borrower income levels for these loans were analyzed based on the 2005 and 2006 HUD estimated statewide non-metropolitan median family income (MFI) of \$41,400 and \$42,600, respectively. The following tables provide information on how each income level is defined for each respective year.

| <b>INCOME</b> | <b>PERCENT OF MFI</b> | <b>INCOME RANGE (2005)</b>     |
|---------------|-----------------------|--------------------------------|
| Low           | Less than 50%         | Less than \$20,700             |
| Moderate      | 50% to less than 80%  | \$20,700 to less than 33,120   |
| Middle        | 80% to less than 120% | \$33,120 to less than \$49,680 |
| Upper         | 120% and over         | \$49,680 and over              |

| <b>INCOME</b> | <b>PERCENT OF MFI</b> | <b>INCOME RANGE (2006)</b>     |
|---------------|-----------------------|--------------------------------|
| Low           | Less than 50%         | Less than \$21,300             |
| Moderate      | 50% to less than 80%  | \$21,300 to less than 34,080   |
| Middle        | 80% to less than 120% | \$34,080 to less than \$51,120 |
| Upper         | 120% and over         | \$51,120 and over              |

Table 5 depicts the distribution of the bank’s residential loans by income level.

| <b>Table 5 – Distribution of Residential Loans by Borrower Income</b> |                      |                     |     |            |     |
|---|----------------------|---------------------|-----|------------|-----|
| Borrower Income Level   | % of Total Families* | Residential Loans** |     |            |     |
|   |                      | #                   | %   | \$ (000’s) | %   |
| Low   | 20                   | 6                   | 38  | 212        | 44  |
| Moderate  | 18                   | 5                   | 31  | 127        | 26  |
| Middle  | 22                   | 5                   | 31  | 146        | 30  |
| Upper   | 40                   | 0                   | 0   | 0          | 0   |
| Total   | 100                  | 16                  | 100 | 485        | 100 |

Source: \* 2000 US Census; \*\* Sample from the bank’s 2005 and 2006 Loan Trial Balance.

Analysis of Table 5 shows the bank’s strong lending performance to low-income families. Specifically, 38 percent of the sampled loans were to low-income borrowers, as compared to assessment area demographics at 20 percent. Additionally, residential lending to moderate-income families at 31 percent is considerably more than assessment area families that are moderate-income at 18 percent. These two comparisons of the bank’s residential lending reflect a strong lending performance by management.

***Businesses of Different Sizes***

The institution displayed a strong dispersion of lending to businesses of different sizes within the assessment area. Examiners focused primarily upon gross annual revenues as a direct indication of the bank’s efforts at offering credit to smaller businesses. Examiners focused the evaluation process on the bank’s lending to small business operators as stratified by the level of gross annual revenues.

**Table 6– Distribution of Commercial Loans by Gross Annual Revenues**

| Gross Annual Revenues (000s) | Distribution of Small Businesses (% of #) 2005* | Commercial Loans in Last 12 Months** |     |            |     |
|------------------------------|---|--------------------------------------|-----|------------|-----|
|                              |   | #                                    | %   | \$ (000's) | %   |
| \$0-<\$100                   | 47  | 10                                   | 72  | 309        | 78  |
| ≥\$100-<\$250                | 28  | 3                                    | 21  | 85         | 21  |
| ≥\$250-<\$500                | 14  | 0                                    | 0   | 0          | 0   |
| >\$500-<\$1,000              | 6   | 0                                    | 0   | 0          | 0   |
| +\$1,000 or NA               | 5   | 1                                    | 7   | 5          | 1   |
| Total                        | 100   | 14                                   | 100 | 399        | 100 |

Source:\* Business Revenue Breakout (Dun & Bradstreet); \*\* Sample from the bank's 2005 and 2006 Loan Trial Balance. .

As Table 6 indicates, management's lending to businesses is weighted toward small businesses with gross annual revenues of less than \$100,000, with 72 percent of lending in this category compared to 47 percent of businesses of this size. The bank's management originated only one commercial loan that was included in the sample to a business that had gross annual revenues greater than \$1,000,000. Overall, this analysis indicates the bank is concentrating heavily in serving the smaller business operations in the assessment area.

Overall, the Borrower Profile conclusion for lending to borrowers of different incomes and to businesses of different sizes is strong.

### **Geographic Distribution**

The bank's lending performance in this criterion is satisfactory. Management has designated four geographies as its assessment area. The 2000 Census resulted in a realignment of the assessment area, so that now it consists of an upper- and three middle-income census tracts. There are no low- or moderate-income tracts in the assessment area. Likewise, there are no low- or moderate-income census tracts in the three counties that include the assessment area.

**Residential Mortgage Lending**

The bank’s record of geographic distribution of residential mortgage lending in the middle-income geography during this evaluation period reflects an adequate performance. Management’s lending performance in the upper-income census tract, where it has doubled the percentage of families in the assessment area, is also considered reasonable due to the bank’s main office, where most of the bank’s lending occurs, being located in the assessment area’s only upper-income census tract.

| <b>Table 7 – Distribution of Residential Loans by Income Category of the Census Tract</b> |  |                      |     |            |     |
|---|--|----------------------|-----|------------|-----|
| Census Tract<br>Income Level  | Percentage of<br>Assessment Area<br>(Families)*<br><br>% | Residential Loans ** |     |            |     |
|   |  | #                    | %   | \$ (000’s) | %   |
| Middle  | 87   | 12                   | 75  | 374        | 77  |
| Upper   | 13   | 4                    | 25  | 111        | 23  |
| Total   | 100  | 16                   | 100 | 485        | 100 |

Source: \*2000 Census Data; \*\* Sample from the bank’s 2005 and 2006 Loan Trial Balance

**Commercial Lending**

The bank’s geographic distribution record of commercial loans is reasonable. Examiners focused on the bank’s percentages by number and dollar amount of loans when arriving at this conclusion. Dun and Bradstreet data was used to estimate the dispersion of non-farm businesses within the assessment area. Table 8 details information from the sampled commercial loans in the assessment area.

| <b>Table 8 – Distribution of Commercial Loans by Income Category of the Census Tract</b> |                          |                                      |     |          |     |
|--|--------------------------|--------------------------------------|-----|----------|-----|
| Census Tract<br>Income Level   | % of Businesses<br>2005* | Commercial Loans in Last 12 Months** |     |          |     |
|  |                          | #                                    | %   | \$(000s) | %   |
| Middle   | 90                       | 8                                    | 57  | 283      | 71  |
| Upper  | 10                       | 6                                    | 43  | 116      | 29  |
| Total  | 100                      | 14                                   | 100 | 399      | 100 |

Source: Dun & Bradstreet; \*\* Sample from the bank's 2005 and 2006 Loan Trial Balance

The bank's assessment area includes only middle- and upper-income census tracts. Additionally, the bank's main facility in Ketchum, and the location where most of the bank's lending activity is performed, is in the upper-income census tract in the assessment area. Examiner review of the remaining geographies in the counties that contain the assessment area revealed that there are no low- or moderate-income geographies. Therefore, the bank's loan officers are satisfactorily lending to both income geographies in the assessment area.

### ***Response to Complaints***

The bank has not received any CRA-related complaints since the previous evaluation. Therefore, this factor was not evaluated.

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

## GLOSSARY

CENSUS TRACT (CT) - an area defined by the Census Bureau.

DUN AND BRADSTREET – a leading provider of business information for credit, marketing and purchasing decisions in the U.S. and worldwide.

GEOGRAPHIES – are defined the same as census tracts.

LOW-INCOME -

- for a census tract - this income range is less than 50 percent of the 2000 median family income (MFI) for all non-metropolitan statistical areas (non-MSAs) in the state. The 2000 Oklahoma statewide MFI for non-MSAs is \$35,235.
- for individuals - income levels less than 50 percent of the most recent MFI as estimated by the Department of Housing and Urban Development (HUD). The 2005 Oklahoma MFI for non-MSAs is \$41,400 and the 2006 Oklahoma MFI for non-MSAs is \$42,600.

MEDIAN FAMILY INCOME (MFI) - designated income as determined by the Census Bureau or as adjusted by HUD.

MIDDLE-INCOME - determined using the same methodology as for low-income. The percentage used for middle-income designation is 80 percent - 119 percent of MFI.

MODERATE-INCOME - determined using the same methodology as for low-income. The percentage used for moderate-income designation is 50 percent - 79 percent of MFI.

SMALL BUSINESS LOAN – Loans with original amounts of \$1,000,000 or less.

SMALL FARM LOAN – Loans with original amounts of \$500,000 or less.

UPPER-INCOME - determined using the same methodology as for low-income. The percentage used for upper-income designation is greater than or equal to 120 percent of MFI.