

PUBLIC DISCLOSURE

December 2, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Park State Bank & Trust
Certificate Number: 19381

710 West U.S. Highway 24
Woodland Park, Colorado 80863

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

1601 Bryan Street, Suite 1410
Dallas, Texas 75201

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

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

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

Park State Bank & Trust's satisfactory Lending Test performance supports the overall rating. The following summarizes the institution's performance, discussed in detail elsewhere.

- The institution displayed a reasonable loan-to-deposit ratio given its size, financial condition, and assessment area's credit needs.
- The institution originated a majority of loans inside the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the institution's rating.

DESCRIPTION OF INSTITUTION

Background

Park State Bank & Trust, established March 1, 1965, maintains its headquarters in Woodland Park, Colorado. The bank received a Satisfactory rating at its previous September 30, 2013, FDIC Performance Evaluation based on CRA Small Bank procedures.

Operations

The bank continues to operate from its single office in Woodland Park, located in Teller County. With changes from the 2015 ACS Census, the bank's office now resides in a census tract classified as upper income. The bank did not open or close any offices, and no merger or acquisition activity occurred since the previous evaluation.

The bank offers a wide array of products and services to consumer and commercial customers, including home mortgage, construction, agricultural, commercial, and consumer installment loans. Real estate secured lending represents the bank's primary business focus, with an increased level of residential construction lending since the prior evaluation. Deposit products and services offered include checking, savings, money market, certificate of deposit, health savings, and individual retirement accounts.

In addition to various loan and deposit products, the bank offers debit cards, cash dispensing automated teller machines, drive-thru facilities, telephone banking, mobile banking, and online banking. The institution maintains banking hours typical for the area and the industry, with its full-service office open Monday through Friday as well as Saturday morning.

Ability and Capacity

The following table depicts the bank's asset distribution and shows that net loans and leases constitute the largest percentage of the bank's total assets as of September 30, 2019. Total deposits equaled \$91.9 million as of the same date. Since the previous evaluation, total assets grew 3.2 percent, net loans grew 8.1 percent, and total deposits grew 2.7 percent, on average per year.

Asset Distribution		
Asset Category	\$(000)	%
Cash	2,934	2.9
Securities	11,136	10.8
Federal Funds Sold	14,407	14.1
Net Loans & Leases	69,005	67.1
Premises & Fixed Assets	3,362	3.3
Other Real Estate Owned	1,369	1.3
Intangible Assets	0	0.0
Other Assets	562	0.5
Total Assets	102,775	100.0
<i>Source: Reports of Condition and Income 9/30/2019. Due to rounding, totals may not equal 100.0.</i>		

The loan mix, categorized in the following table, illustrates the concentration of home mortgage and commercial loans, comprising 37.7 and 30.7 percent, respectively, of the total loan portfolio.

Loan Portfolio Distribution		
Loan Category	\$(000s)	%
Construction and Land Development	19,414	27.8
Secured by Farmland	1,469	2.1
Secured by 1-4 Family Residential Properties	25,102	36.0
Secured by Multifamily (5 or more) Residential Properties	1,221	1.7
Secured by Nonfarm Nonresidential Properties	20,065	28.8
Total Real Estate Loans	67,271	96.4
Commercial and Industrial Loans	1,299	1.9
Agricultural Loans	0	0.0
Consumer Loans	1,152	1.7
Other Loans	51	0.1
Less: Unearned Income	0	0.0
Total Loans	69,773	100.0
<i>Source: Reports of Condition and Income 9/30/2019. Due to rounding, totals may not equal 100.0.</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. Park State Bank & Trust designated part of the Colorado Springs MSA as its assessment area. The assessment area includes all 6 census tracts in Teller County and 1 adjoining census tract in El Paso County. According to the 2015 ACS Census, the assessment area encompasses 1 moderate-, 3 middle-, and 3 upper-income census tracts based on the 2015 ACS Census. This reflects a change from the prior evaluation according to the 2010 U.S. Census, which reflected 2 moderate- and 5 middle-income tracts. The area conforms to CRA regulatory requirements. The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The Federal Financial Institutions Examination Council reports a 2018 median family income of \$77,900 for the Colorado Springs MSA. The following table shows the percent MFI and the income ranges used to calculate the borrowers' income when analyzing the borrower profile criterion for home mortgage loans.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Colorado Springs, CO MSA Median Family Income				
2018 (\$77,900)	<\$38,950	\$38,950 to <\$62,320	\$62,320 to <\$93,480	≥\$93,480
<i>Source: FFIEC.</i>				

The following table displays select demographic and economic data for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	7	0.0	14.3	42.9	42.9	0.0
Population by Geography	26,891	0.0	2.3	36.2	61.5	0.0
Housing Units by Geography	14,906	0.0	4.0	37.3	58.6	0.0
Owner-Occupied Units by Geography	8,890	0.0	2.7	34.7	62.6	0.0
Occupied Rental Units by Geography	2,246	0.0	3.2	41.9	54.9	0.0
Vacant Units by Geography	3,770	0.0	7.5	40.8	51.6	0.0
Businesses by Geography	2,932	0.0	0.9	35.7	63.4	0.0
Farms by Geography	109	0.0	1.8	40.4	57.8	0.0
Family Distribution by Income Level	7,830	15.9	18.4	20.0	45.7	0.0
Household Distribution by Income Level	11,136	21.3	15.3	17.8	45.5	0.0
Median Family Income - Colorado Springs MSA	\$71,351		Median Housing Value			\$234,110
			Median Gross Rent			\$979
			Families Below Poverty Level			5.3%
<i>Source: 2015 ACS Census and 2018 D&B Data. Due to rounding, totals may not equal 100.0.</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Several key industries contribute to the local economy. Located just outside of Victor, Teller County contains one of the largest gold mining operations in the country. Tourism and military installations also serve as major contributors to the broader area economy. Colorado Springs hosts 35 Fortune 500 companies, 5 military installations, and the Olympic Training Center. Top employers in the Colorado Springs MSA include Lockheed Martin, Progressive Insurance, Microchip Technologies, Newmont Mining Corporation, and the U.S. Olympic Committee.

As the second largest city in the state, the vibrant Colorado Springs economy continues to benefit from a cycle of economic activity and job growth. According to the Colorado Legislative Council Staff in the September 2019 *Economic and Revenue Forecast* as well as the U.S. News & World Report, Colorado Springs ranked as the nation’s most desirable place to live in 2018, and the region’s residential real estate market conditions remain strong. However, the region’s healthy economy and several years of robust home price gains pushed the cost of living higher. While still more affordable than real estate in the Denver metro region, Colorado Springs home prices continue to rise at solid rates as demand continues to outstrip supply. In August, the region reported the median sales price for a single-family home at \$329,999, up 5.0 percent from the previous year. According to the Colorado Association of Realtors, the region reported a 20.0 percent drop in the inventory of homes for sale in April 2019. The total amount of building permits issued increased by a robust 34.2 percent in 2017. Of the 3,463 permits issued, single-family permits made up 68.0 percent of the construction applications.

Competition

Although Teller County, the primary portion of the bank's assessment area, contains a relatively low level of competition in the market for financial services, the Colorado Springs MSA, which includes all of El Paso and Teller counties, contains a relatively high level of competition for financial services. According to the FDIC Deposit Market Share data as of June 30, 2019, 4 FDIC-insured financial institutions operate a total of 5 offices in Teller County. Of these institutions, Park State Bank & Trust ranked 2nd with 32.7 percent deposit market share. Of 38 institutions with 134 offices in the entire Colorado Springs MSA, Park State Bank & Trust ranked 22nd with 1.1 percent deposit market share.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit and community needs. This information helps determine local financial institutions' responsiveness to these needs and shows available credit and community needs.

Examiners reviewed an existing contact with a housing agency knowledgeable of the housing and economic environment to help assess the current economic conditions, community credit needs, and potential opportunities for bank involvement. The contact cited a thriving Colorado Springs economy, indicating that Colorado Springs accounts for the 9th fastest population growth in the nation. Further, job growth outpaces net migration. A gap exists between housing costs and income, and wages prove inconsistent with inflation. The housing inventory available to low- and moderate-income individuals, at 47 percent during the first four months of 2019, reflects a notable decrease from 64 percent in 2016. Consequently, the contact identified affordable single and multi-family housing as a primary credit need.

Credit Needs

Considering information obtained from the community contact, bank management, as well as demographic and economic data, examiners determined that the area's primary credit needs include commercial, home mortgage, and consumer loans.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated September 30, 2013, to the current evaluation dated December 2, 2019. Examiners used Interagency Small Institution Examination Procedures, detailed in the appendix, to evaluate Park State Bank & Trust’s CRA performance.

Activities Reviewed

CRA Small Institution procedures require examiners to determine the institution’s major product lines from which to review. Examiners may select from among the same loan categories used for CRA Large Institution evaluations: home mortgage, small business, small farm, and consumer loans. The following table illustrates Park State Bank & Trust’s loan originations over the 2018 calendar year by loan type. Bank records indicate the lending focus and product mix remained generally consistent throughout the evaluation period.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	12,556	48.9	54	29.3
Secured by Farmland	400	1.6	1	0.5
Secured by 1-4 Family Residential Properties	8,117	31.6	35	19.0
Multi-Family (5 or more) Residential Properties	0	0.0	0	0.0
Commercial Real Estate Loans	3,295	12.8	8	4.3
Commercial and Industrial Loans	762	3.0	18	9.8
Agricultural Loans	0	0.0	0	0.0
Consumer Loans	528	2.1	68	37.0
Other Loans	0	0.0	0	0.0
Gross Loans	25,658	100.0	184	99.9
<i>Source: 2018 Bank Data. Due to rounding, totals may not equal 100.0.</i>				

Construction loans comprise the greatest portion of the bank’s loan portfolio by dollar volume. Home mortgage loans comprise the second largest portion of the loan portfolio by dollar volume followed by commercial loans.

Considering both the dollar volume and number of loan originations and management’s stated business strategy, examiners determined the institution’s major product lines among those products typically considered for CRA analysis consist of home mortgage and small business loans. Since none of the other loan categories typically reviewed for CRA represent major product lines, such as agricultural or consumer loans, this evaluation does not include a review of them.

Examiners reviewed all home mortgage loans reported on the bank’s 2017 and 2018 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank reported 46 home mortgage loans totaling \$10.7 million in 2017 and 41 home mortgage loans totaling \$11.0 million in 2018. The evaluation only presents home mortgage lending data for 2018, the most recent year for which aggregate data exists since examiners did not identify any significant trends from 2017 data.

Furthermore, examiners reviewed the entire universe of 26 small business loans totaling \$4.1 million originated in the period January 1, 2018, through December 31, 2018.

Loan Product Weighting

Examiners considered the universe by dollar and number of loans for the products reviewed as well as management’s stated business strategy when weighing each product’s effect on overall conclusions. The following table shows that home mortgage loans comprise a greater portion of the lending activity compared to small business loans. Therefore, examiners placed more weight on home mortgage loans when arriving at conclusions.

Loan Products Reviewed				
Loan Category	Universes			
	#	%	\$	%
Home Mortgage	41	61.2	10,952	73.0
Small Business	26	38.8	4,057	27.0
<i>Source: 2018 Bank Data & 2018 HMDA data.</i>				

While the evaluation presents both number and dollar volume of loans, examiners emphasized performance by number of loans because the number of loans reflects a better indicator of the number of individuals and businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Park State Bank & Trust demonstrated satisfactory performance under the Lending Test. Reasonable records for all performance criteria support this conclusion.

For the Lending Test, typically once a bank displays satisfactory performance regarding its loan-to-deposit ratio and its lending concentration inside its assessment area, examiners will then place more weight on the loan distributions, both geographically and based on the borrowers' profiles, when arriving at the overall Lending Test conclusion. The following points summarize the bank's records regarding the Lending Test performance factors.

Loan-to-Deposit Ratio

Park State Bank & Trust exhibited a reasonable loan-to-deposit ratio given its size, financial condition, and assessment area's credit needs. The loan-to-deposit ratio, calculated from Call Report data, averaged 62.9 percent over the past 25 calendar quarters from September 30, 2013, to September 30, 2019. The ratio ranged from a low of 55.9 percent as of March 31, 2017, to a high of 75.0 percent as of September 30, 2019. The ratio generally increased over the evaluation period.

Examiners did not identify any comparable institutions located in the assessment area based on asset size, loan composition, and branching structure. However, examiners identified two institutions operating in different parts of Colorado and reflecting somewhat similar lending emphases and asset sizes. As shown in the following table, Park State Bank & Trust's ratio falls between the two comparable institutions.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 9/30/2019 (\$000s)	Average Net LTD Ratio (%)
Park State Bank & Trust, Woodland Park, Colorado	102,775	62.9
Evergreen National Bank, Evergreen, Colorado	118,390	59.9
Integrity Bank & Trust, Monument, Colorado	214,984	84.2

Source: Reports of Condition and Income 9/30/2013 - 9/30/2019.

Assessment Area Concentration

Overall, the bank granted a majority of loans inside its assessment area as seen in the following table. A majority of home mortgage loans, by both number and dollar volume, originated inside the assessment area primarily supports this conclusion. Additionally, the bank granted a substantial majority of small business loans, by both number and dollar volume, inside the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%	\$	%	\$	%		
Home Mortgage										
2017	37	80.4	9	19.6	46	8,009	74.7	2,718	25.3	10,727
2018	30	73.2	11	26.8	41	8,043	73.4	2,909	26.6	10,952
Subtotal	67	77.0	20	23.0	87	16,052	74.0	5,627	26.0	21,679
Small Business	23	88.5	3	11.5	26	4,012	98.9	45	1.1	4,057

Source: 2018 Bank Data; 2017 & 2018 HMDA LAR. Due to rounding, totals may not equal 100.0.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Reasonable records regarding home mortgage and small business loans support this conclusion. Examiners focused on lending in moderate-income census tracts when arriving at conclusions since the assessment area does not contain any low-income census tracts. This factor only considered loans granted inside the bank’s assessment area. Examiners considered the loan product types reviewed relative to the available aggregate and demographic data as well as any performance context issues.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, the institution’s level of lending in moderate-income census tracts exceeds aggregate performance by 4.6 percentage points and reflects reasonable performance.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	2.7	2.1	2	6.7	326	4.1
Middle	34.7	37.3	13	43.3	2,742	34.1
Upper	62.6	60.5	15	50.0	4,975	61.9
Not Available	0.0	0.0	0	0.0	0	0.0
Totals	100.0	100.0	30	100.0	8,043	100.0

Source: 2015 ACS Census; 2018 Bank Data; 2018 HMDA LAR & Aggregate Data. Due to rounding, totals may not equal 100.0.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The following table shows bank’s performance in moderate-income tracts rises 7.8 percentage points higher than D&B data, evidencing reasonable performance.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	0.9	2	8.7	569	14.2
Middle	35.7	7	30.4	1,378	34.3
Upper	63.4	14	60.9	2,065	51.5
Total	100.0	23	100.0	4,012	100.0
<i>Source: 2018 D&B Data; 2018 Bank Data. Due to rounding, totals may not equal 100.0.</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. Reasonable records regarding home mortgage and small business loans support this conclusion. Examiners considered the loan product types reviewed relative to the available aggregate and demographic data as well as any performance context issues. This factor only considered loans granted inside the assessment area.

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals with different income levels, including low- and moderate-income individuals. As shown in the following table, the institution's level of lending to both low- and moderate-income borrowers reflects similar performance to comparable aggregate data, supporting reasonable performance.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	15.9	7.2	2	6.7	250	3.1
Moderate	18.4	17.5	6	20.0	690	8.6
Middle	20.0	22.5	5	16.7	1,387	17.2
Upper	45.7	39.9	14	46.7	5,288	65.7
Not Available	0.0	12.9	3	10.0	428	5.3
Totals	100.0	100.0	30	100.0	8,043	100.0
<i>Source: 2015 ACS Census; 2018 Bank Data, 2018 HMDA LAR & Aggregate Data. Due to rounding, totals may not equal 100.0.</i>						

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. Examiners focused on the percentage by number of loans to businesses with gross annual revenues of \$1 million or less when arriving at this conclusion. The following table shows that the bank granted more than six out of every ten loans to businesses with gross annual revenues of \$1 million or less, evidencing reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	54.8	6	26.1	1,944	48.5
\$100,000 - \$249,999	28.1	5	21.7	131	3.3
\$250,000 - \$499,999	6.5	2	8.7	747	18.6
\$500,000 - \$1,000,000	2.6	2	8.7	506	12.6
Subtotal ≤ \$1,000,000	92.0	15	65.2	3,328	83.0
> \$1,000,000	2.4	6	26.1	534	13.3
Revenue Not Available	5.5	2	8.7	150	3.7
Total	100.0	23	100.0	4,012	100.0
<i>Source: 2018 D&B Data; 2018 Bank Data. Due to rounding, totals may not equal 100.0.</i>					

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation. Therefore, this factor did not affect the overall rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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

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

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

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in

information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

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

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

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

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.