

# **PUBLIC DISCLOSURE**

May 6, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Nelsonville Home and Savings  
Certificate Number: 28085

9 West Columbus Street  
Nelsonville, Ohio 45764

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

300 South Riverside Plaza, Suite 1700  
Chicago, Illinois 60606

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 (AA), including low- and moderate-income geographies in a manner consistent with its resources and capabilities.

Nelsonville Home and Savings' (NHS) satisfactory performance under the Lending Test supports the rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's performance.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and AA credit needs.
- The bank made a substantial majority of its home mortgage loans in the AA.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The distribution of loans reflects reasonable penetration among borrowers of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

## SCOPE OF EVALUATION

### **General Information**

This evaluation covers the period from the prior evaluation dated August 12, 2013, to the current evaluation dated May 6, 2019. Examiners utilized the Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance, which assesses activities according to the following criteria:

- LTD ratio
- AA Concentration
- Geographic Distribution
- Borrower Profile
- Response to CRA-Related Complaints

NHS designated one AA, which consists of the entirety of Athens County and two contiguous census tracts in Hocking County. The bank changed the AA since the previous evaluation, when it consisted of the entirety of Athens and Hocking Counties.

The U.S. Census Bureau revised its approach to collecting population and demographic data that examiners use in CRA evaluations. Federal Banking agencies now receive estimated census data from the Federal Financial Institutions Examination Council (FFIEC) on a five-year cycle. As such, the bank's lending for this Performance Evaluation spanned two sets of data. Examiners analyzed the bank's 2016 lending using the 2010 U.S. Census data and the 2017 and 2018 lending using the 2015 American Community Survey (ACS) data.

### **Loan Products Reviewed**

Examiners determined that the bank's major product line is home mortgage lending. This conclusion considered the bank's business strategy as well as the number and dollar volume of loans originated during the evaluation period. Examiners determined that no other loan types, including small business, small farm or consumer loans, represent major product lines and would not provide material support for conclusions and overall ratings. Therefore, examiners did not analyze or present any other loan types in this evaluation.

As reflected in the Consolidated Report of Income and Condition dated March 31, 2019, the loan portfolio is primarily comprised of home mortgage loans (76.0 percent), construction and land development loans (11.3 percent), and small business loans (8.8 percent). Since the last CRA Evaluation, the bank's average total loans increased by \$5.4 million.

NHS is not required to report home mortgage lending under the Home Mortgage Disclosure Act (HMDA); therefore, examiners used NHS' internal records to determine mortgage loan activity. The bank originated 24 home mortgage loans totaling \$2.2 million in 2016, 44 loans totaling \$3.6 million in 2017 and 27 loans totaling \$2.2 million in 2018. Examiners reviewed the universe of home mortgage loans for the Lending Test.

## DESCRIPTION OF INSTITUTION

### ***Background***

NHS is a small bank headquartered in Nelsonville, Ohio in Athens County. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated August 12, 2013. NHS has not participated in any merger or acquisition activities since the last evaluation and does not have any subsidiaries or affiliates.

### ***Operations***

NHS operates one office, which is located in Nelsonville, Ohio, in a middle-income census tract. NHS did not open or close any branches during the review period.

The bank offers various lending products, including home mortgage, commercial, and consumer loans, and home equity lines of credit. The bank provides a variety of deposit services including checking and savings accounts, and certificates of deposit. Alternative banking services include mobile banking.

### ***Ability and Capacity***

As of March 31, 2019, the bank's total assets were approximately \$30.4 million, with total loans of approximately \$21.2 million and total securities of approximately \$11,000. The following table illustrates the bank's loan portfolio distribution as of the most recent Call Report.

<b>Loan Portfolio Distribution as of 03/31/2019</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	2,376	11.3
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	16,104	76.0
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	0	0.0
<b>Total Real Estate Loans</b>	<b>18,480</b>	<b>87.3</b>
Commercial and Industrial Loans	1,872	8.8
Agricultural Loans	0	0.0
Consumer Loans	834	3.9
Other Loans	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>21,186</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to lend or otherwise meet the credit needs of the AA.

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which examiners will evaluate the bank's CRA performance. NHS designated a single AA that includes the entirety of Athens County, which is not located in a Metropolitan Statistical Area (MSA), and two contiguous census tracts in Hocking County, which is located in the Columbus, Ohio MSA. Although the AA crosses an MSA border, only a small portion of the MSA was included; therefore, it does not extend substantially beyond the border and is considered one AA. The following sections discuss demographic and economic information of the AA.

### *Economic and Demographic Data*

The AA includes all 15 census tracts in Athens County and 2 contiguous census tracts in Hocking County. The bank is located in the northwest portion of Athens County within miles of the Hocking County border. Wayne National Forest covers portions of northwestern Athens County and southeastern Hocking County.

The bank's AA includes the census tract where the office is located, consists of contiguous whole geographies, does not arbitrarily exclude any low- or moderate-income census tracts, and does not evidence discrimination.

The income levels for some of the census tracts in the AA changed between the 2010 U.S. Census and the 2015 ACS. Based on the 2010 U.S. Census, the AA contained 2 low-, 5 moderate-, 8 middle-, and 2 upper-income census tracts. Based on the 2015 ACS, the AA contains 1 low-, 4 moderate-, 8 middle-, and 2 upper-income census tracts and two census tracts with no income levels. The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	17	5.9	23.5	47.1	11.8	11.8
Population by Geography	74,052	8.9	23.4	46.9	10.2	10.6
Housing Units by Geography	30,061	2.4	25.4	52.5	12.0	7.6
Owner-Occupied Units by Geography	15,263	0.1	27.3	60.2	11.5	1.0
Occupied Rental Units by Geography	10,466	5.8	21.8	41.3	13.3	17.7
Vacant Units by Geography	4,332	2.6	27.4	52.7	10.6	6.8
Businesses by Geography	3,303	2.1	21.9	48.8	13.8	13.4
Farms by Geography	159	0.0	18.2	73.6	6.9	1.3
Family Distribution by Income Level	14,862	27.6	18.1	20.4	33.9	0.0
Household Distribution by Income Level	25,729	36.2	15.7	16.2	31.9	0.0
Median Family Income MSA - 18140 Columbus, OH MSA		\$70,454	Median Housing Value			\$114,403
Median Family Income Non-MSAs - OH		\$56,217	Median Gross Rent			\$706
			Families Below Poverty Level			18.2%

Source: 2015 ACS Census and 2018 D&B Data  
Due to rounding, totals may not equal 100.0  
(\*) The NA category consists of geographies that have not been assigned an income classification

This Performance Evaluation uses the 2016, 2017, and 2018 FFIEC-updated median family income levels to analyze loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for each year.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Columbus, OH MSA Median Family Income (18140)</b>				
2016 (\$69,100)	<\$34,550	\$34,550 to <\$55,280	\$55,280 to <\$82,920	≥\$82,920
2017 (\$73,900)	<\$36,950	\$36,950 to <\$59,120	\$59,120 to <\$88,680	≥\$88,680
2018 (\$76,000)	<\$38,000	\$38,000 to <\$60,800	\$60,800 to <\$91,200	≥\$91,200
<b>OH NA Median Family Income (99999)</b>				
2016 (\$55,400)	<\$27,700	\$27,700 to <\$44,320	\$44,320 to <\$66,480	≥\$66,480
2017 (\$57,600)	<\$28,800	\$28,800 to <\$46,080	\$46,080 to <\$69,120	≥\$69,120
2018 (\$61,400)	<\$30,700	\$30,700 to <\$49,120	\$49,120 to <\$73,680	≥\$73,680

Source: FFIEC  
Due to rounding, totals may not equal 100.0

In 2018, there were 30,061 housing units. Of these, 50.8 percent are owner-occupied, 34.8 percent are occupied rental units, and 14.4 percent are vacant. The geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Data obtained from the U.S. Bureau of Labor and Statistics indicated that the 2017 unemployment rates for Athens and Hocking Counties were 6.1 percent and 5.4 percent, respectively. These unemployment rates are higher than the statewide and national rates of 5.0 percent and 4.4 percent, respectively. In addition, in 2016, 8 of the 17 census tracts were designated as distressed due to unemployment and poverty. In 2017, 11 of the 17 census tracts were designated as distressed due to unemployment and poverty. In 2018, 7 of the 17 census tracts were designated as distressed due to unemployment and poverty. The major employers in Athens County are Ohio University, Ohio Health, Global Cooling, Rocky Boots and Diagnostic Hybrid. Major employers in Hocking County include Deshler Group, Gabriel Logan LLC, General Electric Company, Hocking Valley Community Hospital, and Kroger Company.

### ***Competition***

Peer market data shows a significant level of competition for financial services within the bank's AA. According to the FDIC Deposit Market Share data as of June 30, 2018, 12 financial institutions operated 32 full-service branches in the bank's AA. Of these institutions, NHS ranked 11<sup>th</sup> with 2.4 percent deposit market share. The top five institutions account for 76.6 percent of the deposit market share.

Although the bank is not a HMDA reporter, aggregate home mortgage data is nonetheless useful in evaluating the level of competition for home mortgage loans. There is significant competition in the AA for home mortgage lending. In 2017, 187 lenders originated or purchased 1,985 home mortgage loans in the bank's AA. The top ten banks account for over 41.6 percent of the market share.

### ***Community Contact***

A discussion with a community contact covered information relating to the bank's AA concerning the local economic conditions, economic development activities, population trends, general banking needs, and opportunities for bank involvement.

The contact stated that Athens County is a distressed county overall, but specific low- and moderate-income "neighborhoods" are not easily identifiable. This area has been considered economically depressed for quite some time. There have been no notable demographic changes in the last 10 to 15 years. Ohio University, a large employer, provides some stability for Athens County.

The contact stated that the median household income for 2017 was \$37,191 and approximately 29.0 percent of the population lives at the poverty level. No major employers left or entered the County. Athens County is one of the poorest counties in Ohio.

The contact also stated that affordable housing is an issue in Athens County. There is a large market for developers who quickly purchase properties to turn them into rentals or investment properties. The lower median family incomes are also a factor in finding affordable housing.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Overall, NHS demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance primarily supported this conclusion.

### Loan-to-Deposit Ratio

The bank's LTD ratio is reasonable given the bank's size, financial condition, and AA credit needs. Over the prior 25 quarters, the bank's LTD averaged 79.5 percent. The LTD ratio fluctuated from a low of 78.3 percent in December 2013, to a high of 85.2 percent in March 2015. Examiners identified two similarly-situated institutions based on loan portfolio, location, and asset size for comparison.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 03/31/2019 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Nelsonville Home and Savings</b>	<b>30.4</b>	<b>79.5</b>
Similarly-Situated Institution #1	82.2	68.3
Similarly-Situated Institution #2	32.7	65.6

*Source: Reports of Condition and Income 03/31/13 through 03/31/19*

### Assessment Area Concentration

The bank made a substantial majority of home mortgage loans by number and dollar volume within the AA. The following table illustrates the bank's AA concentration.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollars Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage										
2016	20	83.3	4	16.7	<b>24</b>	1,659	73.9	587	26.1	<b>2,246</b>
2017	36	81.8	8	18.2	<b>44</b>	3,084	85.6	519	14.4	<b>3,603</b>
2018	26	96.3	1	3.7	<b>27</b>	2,174	98.8	27	1.2	<b>2,201</b>
<b>Total</b>	<b>82</b>	<b>86.3</b>	<b>13</b>	<b>13.7</b>	<b>95</b>	<b>6,917</b>	<b>85.9</b>	<b>1,133</b>	<b>14.1</b>	<b>8,050</b>

*Source: 2016, and 2017 Bank Records*

## Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. Examiners focused on the percentage by number of loans in the low- and moderate-income census tracts.

The bank did not originate any loans in the low-income census tracts during the review period. However, examiners consider this reasonable because the bank is located 11 miles from the closest low-income census tract. Further, less than one percent of the owner-occupied housing units are located in the low-income census tracts.

Lending in moderate-income census tracts in 2016 is excellent. Lending in moderate-income census tracts in 2017 and 2018 fell below the percentage of owner-occupied housing. This occurred mainly due to the reclassification of the income levels of two census tracts where the bank does most of its lending. Based on the 2010 U.S. Census, both were moderate-income tracts, but became middle-income tracts based on the 2015 ACS. With regard to the remaining moderate-income tracts in 2017 and 2018, the bank faces significant competition from other lenders, and over 50.0 percent of housing in these areas is either rental or vacant properties.

<b>Geographic Distribution of Home Mortgage Loans</b>					
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
2016	0.2	0	0.0	0	0.0
2017	0.1	0	0.0	0	0.0
2018	0.1	0	0.0	0	0.0
Moderate					
2016	35.4	18	90.0	1,206	72.7
2017	27.3	7	19.4	413	13.4
2018	27.3	6	23.1	461	21.2
Middle					
2016	52.9	2	10.0	453	27.3
2017	60.2	29	80.6	2,671	86.6
2018	60.2	20	76.9	1,713	78.8
Upper					
2016	11.5	0	0.0	0	0.0
2017	11.5	0	0.0	0	0.0
2018	11.5	0	0.0	0	0.0
NA					
2016	0.0	0	0.0	0	0.0
2017	0.9	0	0.0	0	0.0
2018	0.9	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>1,659</b>	<b>100.0</b>
	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>3,084</b>	<b>100.0</b>
	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>2,174</b>	<b>100.0</b>
<i>Source: 2010 U.S. Census Data, 2015 ACS Data, Bank Records</i>					

## **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels in the AA. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers.

Lending to low-income borrowers in 2016 was excellent. Approximately 18.2 percent of the families in the AA have incomes below the poverty level and will likely face difficulty qualifying for and/or servicing debt in amounts necessary to finance homes. The bank's 2017 and 2018 lending to low-income borrowers was reasonable, based on this issue.

The bank's lending to moderate-income borrowers is reasonable overall, with particularly strong performance noted in 2018.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
2016	27.0	4	20.0	75	4.5
2017	27.6	6	16.7	312	10.1
2018	27.6	3	11.5	434	20.0
Moderate					
2016	18.7	3	15.0	125	7.5
2017	18.1	5	13.9	331	10.8
2018	18.1	6	23.1	116	5.3
Middle					
2016	20.3	4	20.0	590	35.6
2017	20.4	11	30.5	898	29.1
2018	20.4	9	34.6	830	38.2
Upper					
2016	34.0	9	45.0	869	52.4
2017	33.9	14	38.9	1,543	50.0
2018	33.9	8	30.8	794	36.5
NA					
2016	0.0	0	100.0	0	100.0
2017	0.0	0	100.0	0	100.0
2018	0.0	0	100.0	0	100.0
<b>Total</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>1,659</b>	<b>100.0</b>
	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>3,084</b>	<b>100.0</b>
	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>2,174</b>	<b>100.0</b>

*Source: 2010 U.S. Census data, 2015 ACS Data, Bank Records*

## **Response to Complaints**

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test.

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

Examiners did not identify any evidence of discrimination or other illegal credit practices; therefore, this consideration did not affect NHS's overall CRA rating.

## 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).

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

**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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 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.

**Home Mortgage Loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

**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.

**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 are only one person, median household income is usually less than median family income.

**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 (for example, 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.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**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:** 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.