

PUBLIC DISCLOSURE

July 6, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Arlington State Bank
Certificate Number: 1391

230 West Main Street
Arlington, Minnesota 55307

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

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREA	3
SCOPE OF EVALUATION	5
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	8
APPENDICES	9
SMALL BANK PERFORMANCE CRITERIA.....	9
GLOSSARY	10

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.

Arlington State Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and credit needs in the assessment area.
- Arlington State Bank originated a majority of its small farm and small business loans in its assessment area.
- The assessment area is comprised entirely of middle-income census tracts. Therefore, the geographic distribution analysis would not provide a meaningful analysis and this criterion was not evaluated.
- The distribution by borrowers reflects reasonable penetration of loans among farms and businesses of different revenue sizes.
- Arlington State Bank did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

Arlington State Bank operates its main office and a full-service branch in Arlington, Minnesota. The bank is wholly owned by ARLCO, Inc., a one-bank holding company also located in Arlington, Minnesota. The bank has no other affiliates. Arlington State Bank received a “Satisfactory” rating at its July 21, 2014, FDIC Performance Evaluation, based on Interagency Small Institution Examination Procedures.

Arlington State Bank’s primary business focus continues to be agricultural lending. Loan product offerings also accommodate a range of commercial, home mortgage, and consumer purpose credit needs. In addition to a wide array of credit offerings, the bank provides a variety of deposit account services including checking, savings, money market, and certificates of deposit. Arlington State Bank also offers electronic banking services such as online banking and electronic statements.

According to the March 31, 2020, Consolidated Report of Condition and Income (Report of Condition), the bank had total assets of approximately \$52.3 million, total deposits of approximately \$45.4 million, and total loans of approximately \$20.2 million. The bank’s total loan portfolio decreased by approximately 6.2 percent since the prior evaluation. As a percentage of the total loan portfolio, loans secured by farmland have increased approximately 16.3 percent. There have been decreases in the other loan categories, with no notable decreases in any specific category. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 3/31/2020		
Loan Category	\$(000s)	%
Construction and Land Development	444	2.2%
Secured by Farmland	10,194	50.4%
Secured by 1-4 Family Residential Properties	1,876	9.3%
Secured by Multifamily (5 or more) Residential Properties	0	0.0%
Secured by Nonfarm Nonresidential Properties	2,901	14.4%
Total Real Estate Loans	15,415	76.3%
Commercial and Industrial Loans	2,221	11.0%
Agricultural Loans	1,592	7.9%
Consumer Loans	973	4.8%
Obligations of State and Political Subdivisions	0	0.0%
Other Loans	12	<0.1%
Lease Financing Receivable (net of unearned income)	0	0.0%
Less: Unearned Income	0	0.0%
Total Loans	20,213	100.0%
<i>Source: Reports of Condition</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Arlington State Bank has designated one assessment area in south central Minnesota. The assessment area includes census tracts 1703.00, 1704.00, and 1701.98 in the eastern portion of Sibley County. Sibley County was part of the Minneapolis-St. Paul-Bloomington, Minnesota Metropolitan Statistical Area until September 2018, when it was removed and became part of the non-metropolitan portion of the state of Minnesota.

Economic and Demographic Data

According to the 2015 American Community Survey (ACS) census data, the three census tracts in the assessment area are designated as middle-income. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	0.0	100.0	0.0	0.0
Population by Geography	11,329	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	4,932	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	3,616	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	991	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	325	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	709	0.0	0.0	100.0	0.0	0.0
Farms by Geography	201	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	3,167	25.6	24.3	27.2	22.8	0.0
Household Distribution by Income Level	4,607	29.2	18.8	22.3	29.7	0.0
Median Family Income Non-metropolitan - MN		\$63,045	Median Housing Value			\$142,921
			Median Gross Rent			\$623
			Families Below Poverty Level			7.0%
<i>Source: 2015 ACS Census and 2019 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.</i>						

According to 2019 D&B demographic data for the assessment area, service industries represent the largest portion of businesses at 28.6 percent; followed by agriculture, forestry, and fishing at 22.1 percent; construction at 11.5 percent; and non-classifiable establishments at 10.2 percent. In addition, 74.6 percent of area businesses have 4 or fewer employees, and 90.3 percent operate from a single location.

Data from the Bureau of Labor Statistics shows both the statewide and Sibley County unemployment rate trailed the national average throughout the review period. However, in 2019,

the unemployment rate in Sibley County slightly exceeded both the state and national averages. Further, unemployment levels are expected to rise across the nation due to government mandated business closures to limit the spread of the coronavirus (COVID-19), which is reflected in the May 2020 data. The following table shows unemployment rates throughout the evaluation period in Sibley County, the state of Minnesota, and nationally.

Unemployment Rates						
Area	2015	2016	2017	2018	2019	May 2020
	%	%	%	%	%	%
Sibley County	3.9	4.3	3.5	3.2	3.9	7.1
State of Minnesota	3.7	3.9	3.4	2.9	3.2	9.4
National Average	5.3	4.9	4.4	3.9	3.7	13.0
<i>Source: Minnesota Employment and Economic Development</i>						

Competition

The assessment area is a competitive market for credit products and financial services. According to FDIC Deposit Market Share data as of June 30, 2019, there were 10 financial institutions operating 11 locations within Sibley County. These institutions range from small community banks to larger national financial institutions. Arlington State Bank ranked 2nd with approximately 16.9 percent of the deposit market share. Management stated that the number of financial institutions as well as agricultural based lenders within the bank’s assessment area makes it increasingly difficult to compete for loans.

Data from the 2017 Agriculture Census shows a continuing trend in the consolidation of farms. In both Sibley County and the state of Minnesota, the number of farm operations are declining, while the average farm size is increasing. Demographic data shows there are 201 farms located within the assessment area. The increasing farm size can limit the bank’s ability to meet loan requests due to mandated lending limits.

Arlington State Bank is not required to collect or report its small business CRA loan data and has elected not to do so. Therefore, the bank’s small business lending performance is not being compared to aggregate CRA data. However, aggregate CRA data is used as an indicator of the level of demand for small business loans in the assessment area and is representative of the level of competition. According to 2018 aggregate CRA data (most recent available), there were 33 CRA data reporters that collectively reported 283 small business loans within the assessment area. This CRA data excludes the loans originated by smaller institutions that do not report their lending data, but operate within the assessment area. The volume of small business lending in the assessment area reflects a competitive market.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs. This information helps determine whether local financial institutions are responsive to these needs and if credit opportunities are available.

Examiners conducted a community contact interview with a representative of an agricultural organization familiar with the assessment area. The contact stated crop yields have been good in recent years. However, many smaller farming and dairy operations have been struggling due to low crop prices and increasing input costs. The contact indicated that smaller grain farmers must supplement their farming operation with off-farm income, as farming profits are dwindling. The contact added that while land prices have remained relatively high, land changes hands frequently. Many farmers are getting away from farming, and either renting out their land, or selling to larger farms. Farm sizes have increased greatly in the past few years. The contact stated that the primary credit need is agricultural lending due to the lower crop prices. The contact also added that there are very few start-up farming operations and loan requests have typically been to refinance and term-out existing debt, providing for lower monthly payments. He noted that farmers' equity in farmland has been eroding because of the increased reliance on equity during the last few years. Finally, the contact confirmed that agricultural lending is very competitive, with a high number of alternative financing sources available. The contact stated that nearly all local community banks are actively offering loan programs to assist farmers; however, due to the increasing size of farming operations, the requested loan amounts are also increasing. He added that many smaller institutions are unable to meet the need for these larger loan requests due to regulatory lending limits.

Examiners also utilized a previous community contact with a representative of an economic development organization that serves the assessment area and its surrounding counties. The contact stated that the economy varies across the area with most towns doing well. Banks continue to lend and have been less stringent on qualifications. The contact stated that the economic development organizations across the area have not been seeing as many loan requests, indicating that banks are meeting the small business credit needs.

Overall, the contacts stated that local financial institutions have been responsive to the credit needs in the assessment area.

Credit Needs

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined small farm loans represent the primary credit need in the assessment area followed by small business loans.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated July 21, 2014, to the current evaluation dated July 6, 2020. Examiners used the Interagency Small Institution Examination Procedures to evaluate Arlington State Bank's performance. These procedures focus on the bank's performance under the Lending Test as outlined in the Small Bank Performance Criteria appendix.

Activities Reviewed

Examiners determined that the bank's major product lines are small farm, followed by small business loans. This conclusion considered the bank's business strategy, the number and dollar volume of loans originated during the evaluation period, and a review of Report of Condition data.

Examiners excluded residential real estate and consumer lending from the scope of the evaluation. Neither product is a primary lending focus for the bank. Further, residential real estate transaction volume is too small to draw meaningful conclusions and consumer lending does not represent a significant portion of the bank's loan portfolio.

Examiners reviewed all small farm and small business loans originated or renewed between January 1, 2019, and December 31, 2019. This period of time is considered representative of the bank's performance during the entire evaluation period. D&B data for 2019 provided a standard of comparison for small farm and small business lending performance. The entire universe of small farm loans (30 loans totaling \$2.9 million) and small business loans (37 loans totaling \$1.2 million) was reviewed for the Assessment Area Concentration criterion analysis. All small business loans (36 loans totaling \$1.1 million) and all small farm loans (22 loans totaling \$1.6 million) originated or renewed within the assessment area were used to evaluate the Borrower Profile criterion. Because of the relatively small universe of loans and because several small business loans were made to the same borrower, examiners determined that reviewing the entire universe, as opposed to a sample, would lead to more meaningful conclusions.

Examiners reviewed and presented lending performance by both number and dollar volume. However, examiners emphasized performance by number of loans because it is a better indicator of the total borrowers served. When arriving at overall conclusions, examiners gave greater weight to small farm lending, as it is the bank's primary lending focus.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Arlington State Bank demonstrated satisfactory performance under the Lending Test. The bank's performance under the Assessment Area Concentration and Borrower Profile criteria support this conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable, given the institution's size, financial condition and credit needs of the assessment area. The bank's ratio, calculated from Report of Condition data, averaged 44.7 percent over the 23 quarter period since the last exam. The ratio ranged from a low of 39.8 percent as of September 30, 2015, to a high of 49.8 percent as of June 30, 2019. The ratio is lower than comparable institutions, as illustrated in the table below. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus. However, examiners had to expand the area used to obtain comparable institutions. This was due to the limited size of the assessment area and the lack of comparable institutions within. Management believes the low ratio is attributed to the combination of competition from area banks and declining loan demand, particularly in the agriculture sector. Examiners confirmed this with a community contact, who indicated that competition was a factor within the assessment area and that the size of loan requests may be outside of the bank's regulatory lending limit. The contact also added that new farm loan requests have dwindled and have been primarily for restructuring debt to obtain lower monthly payments, due to decreasing revenues. Management also noted the loss of three significant agriculture borrowers during the evaluation period.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 3/31/2020 (\$000s)	Average Net LTD Ratio (%)
Arlington State Bank, Arlington, MN	\$52,287	44.7%
The First National Bank of Fairfax, Fairfax, MN	\$30,778	102.5%
CenBank, Buffalo Lake, MN	\$65,677	68.2%
First State Bank of Le Center, Le Center, MN	\$83,629	75.9%
Franklin State Bank, Franklin, MN	\$32,742	72.6%
<i>Source: Reports of Condition and Income 9/30/2014 -3/31/2020</i>		

Assessment Area Concentration

Arlington State Bank originated a majority of its small business and small farm loans within its assessment area. The following table illustrates the bank's performance.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	36	97.3%	1	2.7%	37	\$1,113	96.3%	\$43	3.7%	\$1,156
Small Farm	22	73.3%	8	26.7%	30	\$1,614	55.5%	\$1,292	44.5%	\$2,906
<i>Source: Bank Data</i>										

Geographic Distribution

Because the assessment area consists entirely of middle-income geographies, a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The bank's lending performance demonstrates reasonable penetration among farms and businesses of different revenue sizes. The bank's reasonable small farm and small business lending performance support this conclusion. Examiners focused on the percentage of loans to farms and businesses with gross annual revenues of \$1 million or less.

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration to farms with gross annual revenues of \$1 million or less. The level of lending to farms with gross annual revenues of \$1 million or less trails demographic data; however, is still considered reasonable. The following table illustrates the bank's farm lending performance.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
≤ \$1,000,000	97.5	19	86.4	\$1,269	78.6
> \$1,000,000	1.5	3	13.6	\$345	21.4
Revenue Not Available	1.0	0	0.0	0	0.0
Total	100.0	22	100.0	\$1,614	100.0
<i>Source: 2019 D&B Data; Bank Data</i>					

A review of 2017 Agricultural Census data for Sibley County shows that just 50.6 percent of farms report having interest expense. In addition, the number of farm operations has declined from 2012 by 5.4 percent. While the number of farm operations has declined, average size of farm operations increased by 7.0 percent over the same period. These factors suggest there may be a lower demand for agricultural credit, specifically from smaller farms. Based on this information, the performance is considered reasonable.

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with gross annual revenues of \$1 million or less. The following table illustrates the bank’s performance.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	83.6	34	94.4	\$987	88.6
> \$1,000,000	4.2	2	5.6	\$126	11.4
Revenue Not Available	12.1	0	0.0	0	0.0
Total	100.0	36	100.0	\$1,113	100.0
<i>Source: 2019 D&B Data; Bank Data</i>					
<i>Due to rounding, totals may not equal 100.0</i>					

The level lending to businesses with gross annual revenues of \$1 million or less exceeds demographic data. As stated above, the bank made several small business loans to the same borrower; however, the bank’s performance still exceeds area demographics, even when considering this information.

Response to Complaints

Arlington State Bank did not receive any CRA-related complaints since the previous evaluation. Therefore, examiners did not evaluate this criterion and it did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the 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.