

# **PUBLIC DISCLOSURE**

September 7, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Security State Bank  
Certificate Number: 15839

1 East State Street  
Algona, Iowa 50511

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.

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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.

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

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of the bank's loans were located within the assessment area.
- The assessment area consists entirely of middle-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses and farms of different revenue sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

## DESCRIPTION OF INSTITUTION

Security State Bank is headquartered in Algona, Iowa, and is owned by one-bank holding company Burt Bancshares, Inc., Burt, Iowa. The bank has no other affiliates or subsidiaries. Security State Bank received a Satisfactory rating at its previous FDIC Performance Evaluation dated October 28, 2015, based on Interagency Small Institution Examination Procedures. In addition to its main office in Algona, the bank operates three full-service branch offices and one automated teller machine, all in Iowa. The branches are located in Algona, Burt, and Lu Verne. Security State Bank no longer operates the automated teller machine located at a truck stop in Algona. There were no branch openings or closures, and no mergers or acquisitions occurred during the evaluation period.

Security State Bank offers a variety of loan products, including agricultural, commercial, and consumer loans, with a primary business focus on commercial and agricultural lending. Additionally, the bank offers financing alternatives through programs offered by the Small Business Administration, the U.S. Department of Agriculture's Farm Service Agency, and Iowa Agricultural Development Authority. These programs are generally designed to assist small farmers, small businesses, and other individuals that may not qualify for loans through conventional financing methods. The institution also facilitates access to long-term fixed-rate home mortgage loans through the secondary market. Through this arrangement, they offer first time homebuyer loans and programs through the U.S. Department of Veteran's Affairs and the Federal Housing Administration. The bank participated in the Small Business Administration's Paycheck Protection Program during 2020 and 2021. This program provided financial aid to businesses adversely impacted by the COVID-19 pandemic. Security State Bank also offers a variety of deposit products, including checking, savings, money market deposit accounts, individual retirement accounts, and certificates of deposit. Security State Bank offers alternative banking services, including internet banking, electronic bill pay, and electronic statements.

Assets totaled approximately \$124.8 million as of June 30, 2021, representing an increase of 27.0 percent since the June 30, 2015 Consolidated Reports of Condition and Income (Call Reports). Total deposits totaled approximately \$104.9 million, representing a 22.4 percent increase, and total loans totaled approximately \$80.6 million, representing a 12.7 percent increase during the same timeframe. The increase in assets is attributed to higher agricultural prices in 2020, allowing farmers to pay down lines of credit and hold excess cash. The increase in loan volume is due to bank's participation in the Small Business Administration's Paycheck Protection Program. Composition of the loan portfolio is illustrated in the following table.

<b>Loan Portfolio Distribution as of 06/30/2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	0	0.0
Secured by Farmland	6,553	8.1
Secured by 1-4 Family Residential Properties	3,090	3.8
Secured by Multifamily (5 or more) Residential Properties	870	1.1
Secured by Nonfarm Nonresidential Properties	27,838	34.6
<b>Total Real Estate Loans</b>	<b>38,351</b>	<b>47.6</b>
Commercial and Industrial Loans	18,731	23.3
Agricultural Production and Other Loans to Farmers	13,260	16.5
Consumer Loans	1,070	1.3
Obligations of State and Political Subdivisions in the U.S.	2,456	3.0
Other Loans	6,688	8.3
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
<b>Total Loans</b>	<b>80,556</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 meet the credit or community development 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 CRA performance will be evaluated. Security State Bank defined Humboldt and Kossuth counties as its assessment area. The assessment area boundaries have not changed since the previous evaluation. These are contiguous counties located in northcentral Iowa. They share similar demographics, competition, and credit needs.

### **Economic and Demographic Data**

According to 2015 American Community Survey (ACS) data, the assessment area is comprised of ten middle-income census tracts; six census tracts in Kossuth County (9501-9506) and four in Humboldt County (9701-9704). These classifications represent a change from 2010 U.S. Census data, when the assessment area was comprised of nine middle-income and one upper-income census tracts. All of the bank’s branch locations are in Kossuth County. The institution’s main office in Algona is located in census tract 9504; the second Algona office is in census tract 9505; the Burt office is in census tract 9503; and the Lu Verne office is in census tract 9502. The following table illustrates select demographic characteristics of the assessment area.

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	10	0.0	0.0	100.0	0.0	0.0
Population by Geography	24,954	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	12,154	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	8,316	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	2,597	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	1,241	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	2,527	0.0	0.0	100.0	0.0	0.0
Farms by Geography	632	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	7,137	19.5	17.2	22.9	40.5	0.0
Household Distribution by Income Level	10,913	22.5	17.5	17.7	42.3	0.0
Median Family Income -Nonmetropolitan Iowa		\$61,681	Median Housing Value			\$90,072
			Median Gross Rent			\$578
			Families Below Poverty Level			6.6%
<i>Source: 2015 ACS and 2020 D&amp;B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%</i>						

The unemployment rate in the counties that make up the assessment area revealed a declining trend over the last 18 months with a peak in April 2020 at 8.8 percent. According to the Bureau of Labor Statistics, the unemployment rates during the prior year for these counties ranged from a low of 2.2 percent to a high of 4.3 percent. The unemployment rate as of June 2021 was 3.7 percent in Humboldt County and 3.4 percent in Kossuth County. These rates are comparable to the unemployment rates prior to the beginning of the COVID-19 pandemic.

### **Competition**

The market for financial services in the assessment area is moderately competitive. The June 2020 FDIC Deposit Market Share Report data reflects 12 insured institutions operating from 24 locations within Humboldt and Kossuth counties. These institutions range from small community banks to larger financial institutions. Security State Bank ranked 4<sup>th</sup> among these institutions with 8.7 percent of deposit market share.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to help identify the credit needs and economic conditions of the assessment area. This information helps determine whether local financial institutions are responsive to community credit needs and provides context regarding available opportunities for area financial institutions. In conjunction with this evaluation, examiners referenced a prior community contact with a representative of an economic development organization operating in the assessment area.

The representative indicated that the area's primary credit needs are affordable housing and money for small businesses. Communities have access to credit through financial institutions, Small Business

Administration, Farm Service Agency, and non-traditional lenders. Many businesses and farms seek government programs with lower rates. The community is heavily reliant on manufacturing and sales have decreased significantly, resulting in layoffs during the pandemic. Affordable housing and housing rehabilitation are in high demand but are limited due to a shortage in supplies and contractors. Overall, credit and community development needs are being met, but the community contact indicated that more could be done, such as providing small business loan programs and revolving housing trust funds.

### **Credit Needs**

Considering information from the community contact, bank management, demographic and economic data, and Call Report data, examiners determined that small business lending represents a primary credit need of the assessment area, followed closely by small farm and home mortgage lending.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated October 28, 2015, to the current evaluation date of September 7, 2021. Examiners performed a full-scope review using the Interagency Small Institution Examination Procedures to evaluate Security State Bank's CRA performance. These procedures focus on the bank's performance under the Lending Test as outlined in the Appendices.

### **Activities Reviewed**

Based on Call Report information, the number and dollar volume of loans originated or renewed during the evaluation period, and the bank's business focus, examiners determined that the major product lines are commercial and agricultural loans, with equal weight given to each when determining overall conclusions. Home mortgage and other loan types were not evaluated because they were not a primary business focus during the review period.

Examiners reviewed all small business and small farm loans originated or renewed from January 1, 2019, through December 31, 2020. This timeframe was considered representative of lending activities throughout the review period. For the Assessment Area Concentration performance criterion, examiners analyzed the entire universes of small business and small farm loans. For the Borrower Profile performance criterion, examiners analyzed the entire universe of small business and small farm loans originated inside the assessment area for 2019, and a sample of small farm and small business loans for 2020. The table below provides information on the number and dollar volume of loan products reviewed for each criterion.

<b>Loan Products Reviewed</b>				
<b>Loan Category</b>	<b>Universe</b>		<b>Reviewed Inside Assessment Area</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Small Business (2019)	29	6,535	15	1,457
Small Business (2020)	81	8,246	36	3,555
Small Farm (2019)	22	2,222	21	2,202
Small Farm (2020)	41	5,874	30	4,683

*Source: Bank Data*

When arriving at small business and small farm conclusions, 2019 and 2020 D&B data provided a standard of comparison. Examiners reviewed the number and dollar volume of small business and small farm loans. While the number and dollar volume of loans are presented, examiners emphasized performance by the number of loans, which is a better indicator of the number of businesses and farms served.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

Security State Bank demonstrated reasonable performance under the Lending Test. The institution’s reasonable Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Profile performance supports this conclusion.

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

Security State Bank’s loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs. The institution’s net loan-to-deposit ratio, calculated from Call Report data, averaged 87.0 percent over the past 23 calendar quarters from December 31, 2015, to June 30, 2021. The ratio ranged from a low of 68.2 percent as of March 31, 2021, to a high of 96.5 as of June 30, 2019.

Examiners compared the institution’s average net loan-to-deposit ratio to similarly-situated institutions to help evaluate Security State Bank’s performance. Similarly-situated institutions were selected based on their size, geographic location, and lending focus. Security State Bank’s average net loan-to-deposit ratio is reasonable when compared with those of the similarly-situated banks, and is the second highest of the five banks reviewed. Information pertaining to this review appears in the following table; selected institutions are listed alphabetically by location of their main office.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2021 \$ (000s)	Average Net Loan-to-Deposit Ratio (%)
Security State Bank, Algona, Iowa	124,837	87.0
Farmers State Bank, Algona, Iowa	131,889	79.8
Farmers Trust and Savings Bank, Buffalo Center, Iowa	290,435	103.5
Titonka Savings Bank, Titonka, Iowa	196,848	53.4
West Iowa Bank, West Bend, Iowa	157,119	77.2

*Source: Reports of Income and Condition 12/31/2015 through 6/30/2021*

### **Assessment Area Concentration**

Overall, the institution made a majority of its loans inside the assessment area. With the exception of small business loans by dollar volume in 2019, the bank made a majority of its 2019 and 2020 loans, by both number of loans and dollar amount, inside its assessment area. Of the 14 small business loans originated outside the assessment area in 2019, a majority were to entities where the business was originally located within the assessment area and has since been relocated. Further, nine of the small business loans originated outside of the assessment area in 2019 had loan amounts in excess of \$200,000, whereas the dollar volume of small business loans inside the assessment area were much smaller. See the following table for details.

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		
	#	%	#	%		\$	%	\$	%	
Small Business										
2019	15	51.7	14	48.3	29	1,457	22.3	5,078	77.7	6,535
2020	70	86.4	11	13.6	81	5,756	69.8	2,490	30.2	8,246
<b>Subtotal</b>	<b>85</b>	<b>77.3</b>	<b>25</b>	<b>22.7</b>	<b>110</b>	<b>7,213</b>	<b>48.8</b>	<b>7,568</b>	<b>51.2</b>	<b>14,781</b>
Small Farm										
2019	21	95.5	1	4.5	22	2,202	99.1	20	0.9	2,222
2020	38	92.7	3	7.3	41	5,683	96.7	191	3.3	5,874
<b>Subtotal</b>	<b>59</b>	<b>93.7</b>	<b>4</b>	<b>6.3</b>	<b>63</b>	<b>7,885</b>	<b>97.4</b>	<b>211</b>	<b>2.6</b>	<b>8,096</b>
<b>Total</b>	<b>144</b>	<b>83.2</b>	<b>29</b>	<b>16.8</b>	<b>173</b>	<b>15,098</b>	<b>66.0</b>	<b>7,779</b>	<b>34.0</b>	<b>22,877</b>

*Source: Bank Data  
Due to rounding, totals may not equal 100.0%*

### **Geographic Distribution**

The assessment area does not include any low- or moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

**Borrower Profile**

The distribution of borrowers reflects reasonable penetration of loans among businesses and farms of different revenue sizes. The institution’s reasonable performance in both lending products supports this conclusion. Examiners focused on the percentage of small business and small farm loans, by number, to businesses and farms with gross annual revenues of \$1 million or less. Only loans originated inside the assessment area were analyzed.

***Small Business Loans***

The distribution of small business loans among commercial operations of different revenue sizes reflects reasonable penetration. The bank’s record of lending to business operations with gross annual revenues of \$1 million or less is below D&B data for both 2019 and 2020. In 2019, three of the six small business loans originated to businesses with gross annual revenues over \$1 million were to businesses that have been with the bank for at least 14 years and started with gross annual revenues below \$1 million. In 2020, six of the ten small business loans originated to businesses with gross annual revenues over \$1 million were to businesses that have been with the bank for at least seven years and started with gross annual revenues below \$1 million. Given these considerations, the bank’s overall distribution of small business loans is reasonable. See the following table.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000					
2019	80.3	9	60.0	420	28.8
2020	81.7	26	72.2	1,349	37.9
>\$1,000,000					
2019	5.4	6	40.0	1,039	71.2
2020	4.8	10	27.8	2,206	62.1
Revenue Not Available					
2019	14.3	0	0.0	0	0.0
2020	13.5	0	0.0	0	0.0
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>15</b>	<b>100.0</b>	<b>1,459</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>3,555</b>	<b>100.0</b>
<i>Source: 2019 &amp; 2020 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

***Small Farm Loans***

The distribution of small farm loans reflects reasonable penetration among agricultural operations of different revenue sizes. The bank’s lending to farms with gross annual revenues of \$1 million or less is slightly below D&B data for 2019, and well below D&B data for 2020. The 2017 U.S. Agricultural Census data reveals that 46.3 of the farm operations within the assessment area do not pay interest expense, suggesting that they have minimal borrowing needs. Additionally, the data

reflects that approximately 46.2 percent have a primary occupation other than farming. Security State Bank continues to offer specialty loan programs to meet the credit needs of small farmers, including loan options through the U.S. Department of Agriculture’s Farm Service Agency. Given these considerations, the bank’s overall distribution of small farm loans is reasonable. See the following table.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000					
2019	97.9	19	90.5	2,123	96.4
2020	97.8	25	83.3	3,108	66.4
>\$1,000,000					
2019	1.0	2	9.5	79	3.6
2020	0.9	5	16.7	1,575	33.6
Revenue Not Available					
2019	1.1	0	0.0	0	0.0
2020	1.3	0	0.0	0	0.0
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>21</b>	<b>100.0</b>	<b>2,202</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>4,683</b>	<b>100.0</b>
<i>Source: 2019 &amp; 2020 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

**Response to Complaints**

The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the CRA rating.

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping 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 geographic distribution of the bank's loans;
- 4) 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; 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.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**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.