

PUBLIC DISCLOSURE

August 14, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Union State Bank
Certificate Number: 14982

611 West Highway 92
Winterset, Iowa 50273

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	10
APPENDICES	11
SMALL BANK PERFORMANCE CRITERIA.....	11
GLOSSARY.....	12

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.

Union State Bank's satisfactory Community Reinvestment Act (CRA) performance under the applicable performance criteria supports the overall rating. The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A bank extended a majority of home mortgage, small business, and small farm loans inside the assessment area.
- Overall, the geographic distribution of home mortgage, small business, and small farm loans reviewed reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and 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

Union State Bank is a commercial bank located in central and southwest Iowa. The Madison Holding Company of Winterset, Iowa owns the bank. There are no other subsidiaries or affiliates. Union State Bank was last evaluated by the FDIC for CRA performance as of October 3, 2017, and received a “Satisfactory” rating based on Interagency Small Institution Examination Procedures.

Union State Bank’s main office is in Winterset, and its two branches are located in Truro and West Des Moines, Iowa. There has been no change in branching structure since the previous evaluation. Union State Bank provides a variety of loan products that include agricultural, commercial, home mortgage, and consumer loans, with no particular business focus on any one product. The bank offers specialty loans through the Small Business Administration, Farm Service Agency, U.S. Department of Agricultural/Rural Development, and Iowa Finance Authority. The bank also sells long-term, fixed rate mortgage loans to the secondary market, including conventional, U.S. Department of Veterans Affairs, and Federal Housing Administration loans. Union State Bank participates with the Madison County Development Group and the Southern Iowa Council of Government Revolving Loan Fund, both of which are nonprofit organizations that promote economic development in Madison County.

Union State Bank’s deposit products include checking, savings, and money market deposit accounts, as well as certificates of deposit. Alternative delivery systems include internet, mobile, and telephone banking, and four deposit-taking automated teller machines; one at each branch location, and one located in downtown Winterset. The bank also offers investment advisory and trust services.

The bank’s June 30, 2023, Call Report reflected total assets of \$130 million, total loans of \$79 million, and total deposits of \$118 million. As illustrated in the following table, residential loans comprise 53.0 percent of the loan portfolio, followed by commercial loans at 21.4 percent and agricultural loans at 18.4 percent.

Loan Portfolio Distribution as of 06/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	3,331	4.2
Secured by Farmland	11,268	14.2
Secured by 1-4 Family Residential Properties	37,331	47.0
Secured by Multifamily (5 or more) Residential Properties	4,770	6.0
Secured by Nonfarm Nonresidential Properties	11,230	14.1
Total Real Estate Loans	67,930	85.5
Commercial and Industrial Loans	5,779	7.3
Agricultural Production and Other Loans to Farmers	3,326	4.2
Consumer Loans	2,414	3.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	79,449	100.0
<i>Source: Reports of Condition and Income</i>		

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

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. Union State Bank designated a single assessment area that contains primarily the southern portion of the Des Moines-West Des Moines, Iowa Metropolitan Statistical Area (MSA). The assessment area includes the entireties of Madison and Polk counties and the southeastern portion of Dallas County. Since the previous evaluation, the bank expanded the assessment area to include all of Polk County.

Economic and Demographic Data

According to 2020 U.S. Census data, the assessment area contains seven low-income, 31 moderate-income, 56 middle-income, and 32 upper-income census tracts, as well as two census tracts with no income designation. The following table provides demographic information for the bank's assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	128	5.5	24.2	43.8	25.0	1.6
Population by Geography	577,493	4.9	20.5	44.4	29.5	0.7
Housing Units by Geography	237,115	4.4	21.7	45.1	27.7	1.0
Owner-Occupied Units by Geography	150,552	2.9	18.7	47.3	30.7	0.4
Occupied Rental Units by Geography	71,534	7.0	26.2	41.3	23.3	2.2
Vacant Units by Geography	15,029	7.5	30.7	40.8	19.4	1.7
Businesses by Geography	82,215	3.6	15.6	40.6	37.4	2.8
Farms by Geography	2,522	2.1	11.6	45.0	40.5	0.8
Family Distribution by Income Level	137,907	19.8	17.8	21.6	40.7	0.0
Household Distribution by Income Level	222,086	22.1	17.1	19.0	41.8	0.0
Median Family Income MSA - Des Moines-West Des Moines, Iowa MSA		\$89,538	Median Housing Value			\$205,720
			Median Gross Rent			\$964
			Families Below Poverty Level			6.6%

Source: 2020 U.S. Census and 2022 D&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%*

According to 2022 D&B data, the service industry represents the largest portion of businesses and farms in the assessment area at 31.5 percent, followed by non-classifiable establishments at 30.1 percent, and finance, insurance and real estate at 12.0 percent. The data also indicates a notable number of these operations are relatively small; with 93.0 percent operating from one location, and 57.7 percent have four or fewer employees.

The Federal Financial Institutions Examination Council (FFIEC) updates median family income figures annually. These figures and income thresholds for the Des Moines-West Des Moines, Iowa MSA for 2022 are presented in the following table. Examiners use this information to analyze home mortgage lending performance under the Borrower Profile criterion.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$98,100)	<\$49,050	\$49,050 to <\$78,480	\$78,480 to <\$117,720	≥\$117,720

Source: FFIEC

Competition

The competition for financial services in the assessment area is notable. According to June 30, 2022 FDIC Deposit Market Share data, there are 50 banks operating 185 offices in this assessment area. Union State Bank holds 0.42 percent of the deposit market share.

The bank is not required to collect or report its small farm or small business loan data. Therefore, the analysis of small farm and small business loans under the Lending Test does not include direct comparisons to aggregate lending data. However, this lending data reflects the level of demand for small farm and small business loans. Aggregate data for 2021, which is the most recent data available, shows 22 institutions reported 358 small farm loans and 133 institutions reported 12,968 small business loans in this assessment area. This level of activity indicates a moderate degree of competition for these loan products.

Community Contact

Examiners conduct community contact interviews to obtain a profile of the local community, identify credit needs and opportunities, and evaluate local financial institutions' responsiveness to those needs. Examiners reviewed a recent community contact interview that was conducted with a representative of an economic development entity familiar with the assessment area. The contact indicated that the overall economic condition is stable. The primary credit needs include housing-related credit, especially rehabilitation home repair, senior housing, and affordable housing. Additional credit needs include funding for start-ups, small businesses, and for agricultural machinery and farmland. The contact indicated that local banks are meeting the general banking and credit needs in the area.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage, small business, and small farm loans represent primary credit needs in the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated October 3, 2017, to the current evaluation dated August 14, 2023. Examiners conducted this CRA evaluation using Interagency Small Institution Examination Procedures. These procedures include a Lending Test, which is further described in the Appendices.

Activities Reviewed

Examiners determined the bank's major lending products are residential real estate, commercial, and agricultural loans. This conclusion considered the bank's business strategy, loan portfolio distribution, and the number and dollar volume of loans originated or renewed during the evaluation period. Therefore, examiners reviewed home mortgage, small business, and small farm lending at the current evaluation. Examiners placed equal emphasis on home mortgage, small business, and small farm lending performance due to the bank's business focus and loan volume.

Bank records indicate that the lending focus remained consistent throughout the evaluation period. As such, examiners reviewed all home mortgage, small business, and small farm loans originated in 2022, as this period was considered representative of the bank's performance during the entire review period.

In 2022, the bank originated 80 home mortgage loans totaling \$13.6 million, 40 small business loans totaling \$7.2 million, and 28 small farm loans totaling \$5.9 million. Examiners reviewed all of these loans for the Assessment Area Concentration criterion. The Geographic Distribution criterion included a review of all loans located inside the assessment area. For the Borrower Profile criterion, examiners reviewed all small business and small farm loans inside the assessment area and a sample of 36 home mortgage loans totaling \$6.6 million.

U.S. Census data for 2020 provided a standard of comparison for the bank’s home mortgage lending performance, and 2022 D&B data provided a standard of comparison for the bank’s small business and small farm lending performance. Although both the number and dollar volume of loans are analyzed, examiners emphasize performance by number of loans because it is a better indicator of the number of farms and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, Union State Bank demonstrated reasonable performance under the Lending Test. The bank’s performance in all evaluated criteria supports this conclusion.

Loan-to-Deposit Ratio

Union State Bank’s loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. The bank’s net loan-to-deposit ratio averaged 63.2 percent over the past 22 calendar quarters since the previous evaluation. As illustrated in the following table, the bank’s average net loan-to-deposit ratio compares reasonably to similarly-situated banks. Examiners selected comparable banks based on their asset size, geographic location, and product mix.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 03/31/2023 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
Union State Bank, Winterset, Iowa	130,704	63.2
Farmers and Merchants State Bank, Winterset, Iowa	228,918	65.0
St. Ansgar State Bank, Saint Ansgar, Iowa	166,247	77.7
Twin Cedars Bank, Bussey, Iowa	61,441	74.6
Wayland State Bank, Mount Pleasant, Iowa	131,483	55.3
<i>Source: Reports of Condition and Income 12/31/2017 – 03/31/2023</i>		

Assessment Area Concentration

The bank originated a majority of its home mortgage, small business, and small farm loans within the assessment area. The following table provides 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		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	62	77.5	18	22.5	80	10,287	75.8	3,283	24.2	13,570
Small Business	28	70.0	12	30.0	40	5,490	76.0	1,733	24.0	7,223
Small Farm	21	75.0	7	25.0	28	3,672	62.2	2,227	37.8	5,899
Total	111	75.0	37	25.0	148	19,449	72.9	7,243	27.1	26,692

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

Geographic Distribution

Overall, Union State Bank’s geographic distribution of loans reflects reasonable dispersion throughout its assessment area. The bank’s home mortgage and small farm lending performance primarily supports this conclusion. Emphasis is placed on the bank’s record of lending in the low- and moderate-income geographies.

Home Mortgage Loans

The geographic distribution of home mortgage loans reviewed reflects reasonable dispersion throughout the assessment area. The bank’s home mortgage lending performance in low- and moderate-income geographies is comparable to demographic data. The following table provides details.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	2.9	2	3.2	321	3.1
Moderate	18.7	17	27.4	1,856	18.0
Middle	47.3	28	45.2	4,684	45.5
Upper	30.7	15	24.2	3,426	33.3
Not Available	0.4	0	0.0	0	0.0
Total	100.0	62	100.0	10,287	100.0

*Source: 2020 U.S. Census Data; Bank Data.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The geographic distribution of small business loans reviewed reflects excellent dispersion throughout the assessment area. The bank made no loans in the low-income census tracts;

however, lending opportunities are limited with only 3.6 percent of businesses located in those geographies. Conversely, the bank’s lending performance in moderate-income geographies exceeds D&B data by 13 percent. The following table provides details.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	3.6	0	0.0	0	0.0
Moderate	15.6	8	28.6	1,904	34.7
Middle	40.6	15	53.6	2,501	45.6
Upper	37.4	5	17.9	1,085	19.8
Not Available	2.8	0	0.0	0	0.0
Totals	100.0	28	100.0	5,490	100.0
<i>Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The geographic distribution of small farm loans reviewed reflects reasonable dispersion throughout the assessment area. The bank made no loans in the low-income geographies; however, opportunities are limited with only 2.1 percent of farms located in these geographies. Performance in the moderate-income geographies is also below demographic data. However, performance is reasonable when considering the limited number of farms in these geographies (293) and the level of competition for small farm loans, including banks that have a greater focus on agricultural lending. The following table provides details.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	2.1	0	0.0	0	0.0
Moderate	11.6	1	4.8	100	2.7
Middle	45.0	18	85.7	2,167	59.0
Upper	40.5	2	9.5	1,405	38.3
Not Available	0.8	0	0.0	0	0.0
Totals	100.0	21	100.0	3,672	100.0
<i>Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration. The bank’s reasonable small business and small farm lending performance primarily supports this conclusion. Although the bank’s home mortgage lending performance is poor, this performance did not impact the overall conclusion. Emphasis is placed on the bank’s record of lending to low- and moderate-income borrowers and to businesses and farms with gross annual revenues of \$1 million or less.

Home Mortgage Lending

The distribution of loans to individuals of different income levels is poor. As shown in the following table, the percentage of loans to low- and moderate-income borrowers is significantly below demographic data.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	19.8	0	0.0	0	0.0
Moderate	17.8	2	5.6	385	5.8
Middle	21.6	4	11.1	325	4.9
Upper	40.7	6	16.7	1,814	27.4
Not Available	0.0	24	66.7	4,103	61.9
Total	100.0	36	100.0	6,627	100.0
<i>Source: 2020 U.S. Census Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Business Lending

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The percentage of loans to businesses with revenues of \$1 million or less is comparable to the percentage of businesses in this revenue category. The following table provides details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	90.2	25	89.3	5,208	94.9
>\$1,000,000	2.9	3	10.7	282	5.1
Revenue Not Available	6.9	0	0.0	0	0.0
Total	100.0	28	100.0	5,490	100.0
<i>Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Farm Lending

The distribution of borrowers reflects reasonable penetration among farms of different sizes. The percentage of loans to farms with revenues of \$1 million or less is comparable to the percentage of farms in this revenue category. The following table provides details.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.6	19	90.5	3,532	96.2
>\$1,000,000	1.6	2	9.5	140	3.8
Revenue Not Available	0.8	0	0.0	0	0.0
Total	100.0	21	100.0	3,672	100.0
<i>Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

The bank has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

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.