

# **PUBLIC DISCLOSURE**

July 22, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Garfield County Bank  
Certificate Number: 18164

444 Main St  
Jordan, Montana 59337

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

25 Jessie Street at Ecker Square, Suite 2300  
San Francisco, California 94105

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 **Outstanding**.

An institution in this group has an outstanding 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.

Garfield County Bank's outstanding performance under the Lending Test supports the overall rating. The following points summarize the bank's performance.

- The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its small farm and small business loans in the assessment area.
- The assessment area is comprised entirely of middle-income geographies. As such, examiners conducted no geographic distribution analysis as a review of this performance criterion would not provide meaningful conclusions.
- The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among farms and businesses of different sizes.
- The 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

Garfield County Bank operates as a full-service community bank headquartered in Jordan, Montana. In addition to the main office in Jordan, the bank operates a branch office, known as “Redwater Valley Bank”, in Circle, Montana. The institution did not open, close, or relocate branch offices since the previous FDIC CRA evaluation dated June 11, 2018. Merger or acquisition activity did not occur during the evaluation period. Garfield County Bancshares, Inc., Jordan, Montana, a one-bank holding company, wholly owns the bank. Affiliate activity did not impact this evaluation. Garfield County Bank was assigned an Outstanding rating at the previous FDIC CRA Evaluation based on Interagency Small Institution Examination Procedures.

Garfield County Bank reported total assets of \$86.5 million as of March 31, 2024. The bank’s total assets include \$49.1 million in total loans and \$19.2 million in total securities. Total deposits were reported at \$72.0 million. The bank’s total assets declined approximately 1.8 percent since the previous evaluation. In that time, total loans decreased approximately 24.8 percent while total deposits decreased 6.1 percent. The following table displays the institution’s loan portfolio distribution as of the March 31, 2024, Reports of Condition and Income filing.

<b>Loan Portfolio Distribution as of 3/31/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	14	0.0
Secured by Farmland	10,872	22.2
Secured by 1-4 Family Residential Properties	2,351	4.8
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	5,754	11.7
<b>Total Real Estate Loans</b>	<b>18,991</b>	<b>38.7</b>
Commercial and Industrial Loans	4,787	9.8
Agricultural Production and Other Loans to Farmers	22,729	46.3
Consumer Loans	1,537	3.1
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	1,019	2.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>49,063</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Agriculture loans remain the primary product category of the institution and comprise the majority of the loan portfolio at approximately 68.5 percent. Commercial credits are approximately 21.5 percent of the portfolio, while home mortgage and consumer lending comprise 4.8 and 3.1 percent, respectively. Garfield County Bank’s primary lending focus has not changed since the previous evaluation.

Deposit products offered include various business and personal checking, savings, money market, and certificates of deposit accounts. Individual retirement accounts are also available.

Alternative delivery systems offered by Garfield County Bank include telephone banking, online personal banking, mobile banking, mobile deposit, ACH and wire transfers, and automatic bill payment services. The institution operates two Automated Teller Machines, each located on-site at a bank office. There are no financial, legal, or other impediments that would affect the institution’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. Garfield County Bank designated its sole assessment area as the whole of Garfield, McCone, and Petroleum counties. The assessment area is comprised of contiguous non-metropolitan geographies located entirely within the State of Montana. The assessment area has not changed geographically since the previous evaluation.

### **Economic and Demographic Data**

According to the 2020 U.S. Census Data, the assessment area is comprised of three middle-income census tracts. At the time of the previous evaluation, Garfield and McCone counties were entirely comprised of middle-income census tracts while the sole census tract in Petroleum County was designated as a moderate-income geography. The following table displays select demographic and economic data for 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)	3	0.0	0.0	100.0	0.0	0.0
Population by Geography	3,398	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	2,212	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	1,115	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	352	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	745	0.0	0.0	100.0	0.0	0.0
Business by Geography	--	--	--	--	--	--
Farms by Geography	--	--	--	--	--	--
Family Distribution by Income Level	901	17.2	21.9	24.9	36.1	0.0
Household Distribution by Income Level	1,467	23.9	21.5	15.5	39.1	0.0
Median Family Income Non-MSAs - MT		\$70,967	Median Housing Value			\$153,305
			Median Gross Rent			\$532
			Families Below Poverty Level			4.1%

*Source: 2020 U.S. Census  
Due to rounding, totals may not equal 100.0%  
(\* ) The NA category consists of geographies that have not been assigned an income classification.*

The 2023 D&B demographic data reports that there are 220 farms in the assessment area and that 100.0 percent of the farms reported gross annual revenue of \$1.0 million or less. The 2022 USDA Census of Agriculture reports that 63.4 percent of producers in the counties that comprise the assessment area list farming as their primary occupation. The Census of Agriculture further reports that 51.4 percent of farm operations reported interest expense, meaning approximately 48.6 percent of farm operations did not report any interest expense paid. Moody’s Data Analytics April 2024 reports details that more than half of the state’s acreage is dedicated to ranch and farmland, and that farm earnings as a percent of total income account for almost three times the national average, making Montana among the most agriculture-reliant states.

According to the 2023 D&B demographic data, there are 590 non-farm businesses in the assessment area. Gross annual revenue figures for the businesses are:

- 87.3 percent of businesses reported gross annual revenue of \$1.0 million or less;
- 3.7 percent of businesses reported gross annual revenue of \$1.0 million or greater;
- Approximately 9.0 percent of businesses reported no revenue, or revenue was unknown.

The D&B data reports that 27.2 percent of businesses in the assessment area are involved in agriculture, forestry, and fishing; 21.0 percent are service-related entities; 21.0 percent are non-classifiable establishments; and approximately 5.4 percent are involved in retail trade. The D&B data further reports that approximately 93.8 percent of businesses in the assessment area operate from a single location and that 70.5 percent of businesses employ between one to four workers. The Montana Department of Labor & Industry reports that as of 2021, the largest employers in the assessment area are McCone County Health Center, Farmers Union Oil Co., McCone Electric Co-op, CHS Inc., and Ryan Grocery & Processing Inc. The following table displays unemployment rates over the evaluation period for the counties in the assessment area, the State of Montana, and Nationwide.

<b>Unemployment Rates</b>				
<b>Area</b>	<b>January 2021</b>	<b>January 2022</b>	<b>January 2023</b>	<b>January 2024</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Garfield County	3.1	3.5	4.5	5.6
McCone County	2.2	2.2	2.2	2.3
Petroleum County	2.9	3.6	3.6	3.9
State of Montana	4.0	2.7	2.5	3.3
National Average	6.4	4.0	3.4	3.7

*Source: Bureau of Labor Statistics*

## **Competition**

According to FDIC Deposit Market Share data as of June 30, 2023, Garfield County Bank is the only FDIC-insured financial institution operating in the assessment area. A credit union operates within the assessment area in the town of Circle.

## **Community Contact**

As part of the evaluation process, examiners obtain information from third parties knowledgeable of the assessment area to assist in identifying credit needs of the area. This information helps determine whether local financial institutions remain responsive to the credit needs and provides insight on available opportunities.

Examiners conducted a community contact with an individual knowledgeable of the agriculture economy and lending opportunities for small farm entities in the assessment area. The contact stated that the economic conditions of the area are relatively stable. The contact opined that the strength of the local economy is primarily driven by crop and livestock farming activities. Although unaware of any unmet credit needs, the contact indicated that small farm financing represents an area credit need and is a primary goal that their organization seeks to bridge in the area. The contact indicated that, overall, financial institutions are meeting the agricultural credit needs of the area.

## **Credit Needs**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small farm loans, and to a lesser extent small business loans, represent a primary credit need of the assessment area and present an opportunity for financial institutions to meet these needs.

# **SCOPE OF EVALUATION**

## **General Information**

This evaluation covers the period from the previous FDIC CRA evaluation conducted June 11, 2018, to the current evaluation dated July 22, 2024. Examiners used Interagency Small Institution Examination Procedures to evaluate Garfield County Bank's CRA performance. These procedures include the Lending Test. Examiners performed a full-scope review of the bank's sole designated assessment area.

## **Activities Reviewed**

Farm and commercial credit are major product lines for the institution, and each represent a credit need in the assessment area. Examiners drew this conclusion based on discussions with bank management, information obtained from a community contact, a review of Reports of Condition and Income data, pertinent demographic and economic data, and the number and dollar volume of loans originated or renewed by the bank in calendar year 2023. The institution originated a low volume of home mortgage loans during the evaluation period which totaled three loans and it is not

considered a primary product of the bank. As such, examiners did not further evaluate home mortgage lending.

As previously noted, examiners adhered to Interagency Small Institution Examination Procedures to evaluate Garfield County Bank’s CRA performance. Under the Lending Test, examiners analyzed small farm and small business loans originated or renewed in calendar year 2023 to arrive at overall conclusions. Lending activity in calendar year 2023 provided a representative assessment of performance since the prior evaluation. The following table details the loan products universes by number and dollar volume.

<b>Loan Products Reviewed</b>				
<b>Loan Category</b>	<b>Universe</b>		<b>Reviewed</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Small Farm	236	19,667	55	4,507
Small Business	61	2,558	30	1,189
<i>Source: Bank Data</i>				

Examiners analyzed all small farm and small business loans to assess the institution’s performance under the Assessment Area Concentration performance criterion. The Borrower Profile performance criterion analysis consisted of reviewing a sample of small farm and small business loans that were originated inside the assessment area. The sample included 55 small farm and 30 small business loans equaling \$4.5 million and \$1.2 million. Garfield County Bank’s small farm and small business lending performance was analyzed against 2023 D&B data.

Examiners assigned greater emphasis to the bank’s small farm lending performance when drawing overall conclusions. This product type comprises a greater volume, by both number and dollar volume, of the universe of products reviewed and presents a primary credit need of the assessment area. While this evaluation presents both the number and dollar volume of loans, performance by number of loans is emphasized because the number of loans better indicates the number of farms and businesses served.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

Garfield County Bank demonstrated outstanding performance under the Lending Test. The institution’s performance is evidenced through analysis of its loan-to-deposit ratio, assessment area concentration, and borrower profile performance.

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

Garfield County Bank’s loan-to-deposit ratio is more than reasonable (considering seasonal variations and taking into account lending-related activities) given the institution’s size, financial condition, and credit needs of the assessment area. The net loan-to-deposit ratio, calculated from Reports of Condition and Income data, averaged 71.0 percent since the previous evaluation, encompassing 24 calendar quarters. The loan-to-deposit ratio fluctuated from a low of 53.9 percent as of March 31, 2022, to a



high of 98.8 percent reported as of September 30, 2018. The institution’s net loan-to-deposit ratio experienced seasonal fluctuations each calendar year typical with financial institution’s holding a large concentration of agriculture credits. The institution reported an average net loan-to-deposit ratio of 83.8 percent at the time of the previous evaluation. As noted, total loans declined approximately 24.8 percent since the previous evaluation while total deposits decreased approximately 6.1 percent. Although the net loan-to-deposit ratio is lower than the previous evaluation, performance context factors supplement the institution’s performance.

Examiners analyzed the institution’s loan-to-deposit ratio against similarly-situated financial institutions. Garfield County Bank’s performance in relation to similarly-situated institutions is more than reasonable. Similarly-situated financial institutions, listed in the following table, reflect similar asset size, lending focus, branch structure, and geographic location served.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 3/31/2024 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Garfield County Bank, Jordan, MT</b>	<b>86,477</b>	<b>71.0</b>
Similarly-situated financial institution #1	138,105	57.4
Similarly-situated financial institution #2	167,046	57.3
Similarly-situated financial institution #3	149,626	56.0
Similarly-situated financial institution #4	161,760	19.5
Similarly-situated financial institution #5	82,299	42.6
<i>Source: Reports of Condition and Income 6/30/2018 – 3/31/2024</i>		

**Assessment Area Concentration**

Garfield County Bank originated a majority of its small farm and small business loans within its assessment area. The following table details that, by number, 85.6 percent of small farm loans and 73.8 percent of small business loans were originated to borrowers in the assessment area.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollars Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Small Farm	202	85.6	34	14.4	236	16,096	81.8	3,571	18.2	19,667
Small Business	45	73.8	16	26.2	61	1,713	67.0	845	33.0	2,558
<i>Source: Bank Data</i>										

**Geographic Distribution**

The assessment area does not include any low- or moderate-income geographies. As such, 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 excellent penetration among farms and businesses of different sizes.

### ***Small Farm***

The distribution of borrowers reflects excellent penetration among farms of different revenue sizes. The following table details that Garfield County Bank originated or renewed approximately 96.4 percent of small farm loans, by number, to farm operators reporting gross annual revenue of \$1.0 million or less. Comparable D&B data reports that 100.0 percent of farms in the assessment area reported gross annual revenue of \$1.0 million or less. The institution lags behind the comparable D&B data by only 3.6 percent.

<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	100.0	53	96.4	4,249	94.3
> \$1,000,000	0.0	2	3.6	258	5.7
<b>Total</b>	<b>100.0</b>	<b>55</b>	<b>100.0</b>	<b>4,507</b>	<b>100.0</b>

*Source: 2023 D&B Data; Bank Data*

### ***Small Business***

The distribution of borrowers reflects excellent penetration among businesses of different revenue sizes. The following table displays that Garfield County Bank originated or renewed approximately 96.7 percent of small business loans, by number, to businesses reporting gross annual revenue of \$1.0 million or less. Comparable D&B data reports that 87.3 percent of businesses in the assessment area reported gross annual revenue of \$1.0 million or less.

<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	87.3	29	96.7	789	66.4
> \$1,000,000	3.7	1	3.3	400	33.6
Revenue Not Available	9.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>1,189</b>	<b>100.0</b>

*Source: 2023 D&B Data; Bank Data*

## **Response to Complaints**

The institution received no CRA-related complaints since the previous evaluation. Therefore, this factor did not impact the overall rating.

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

Garfield County Bank's compliance with the laws relating to discrimination and other illegal credit practices were 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.