

PUBLIC DISCLOSURE

June 10, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First New Mexico Bank of Silver City
Certificate Number: 24865

1928 Highway 180 East
Silver City, New Mexico 88061

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

600 North Pearl Street, Suite 700
Dallas, Texas 75201

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 **Needs to Improve**.

An institution in this group needs to improve its overall 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

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A substantial majority of loans are outside the institution's assessment area.
- The geographic distribution of loans reflects poor dispersion throughout the AA.
- The distribution of borrowers reflects poor penetration of loans among borrowers of varying income and businesses of different 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

First New Mexico Bank of Silver City (FNMB SC) is a retail institution headquartered in Silver City, New Mexico. First New Mexico Financial Corporation, Deming, New Mexico, wholly owns the bank as well as First New Mexico Bank in Deming, New Mexico, and First New Mexico Bank, Las Cruces in Las Cruces, New Mexico. The bank received a “Satisfactory” rating at the previous FDIC Performance Evaluation dated August 6, 2018, based on Interagency Small Institution Examination Procedures.

FNMB SC operates three full-service branches in the southwestern and central portions of New Mexico. The bank offers a variety of loan products including home mortgage, commercial, and consumer loans with a primary focus on construction lending. The bank’s deposit services include checking, savings, money market deposit accounts, certificates of deposit, and individual retirement accounts. Alternative banking services include internet, mobile, and telephone banking, electronic bill pay, and three bank-owned automated teller machines (ATMs). The bank converted a Loan Production Office (LPO) into a branch in Los Lunas, NM in the Albuquerque New Mexico Metropolitan Statistical Area (Albuquerque MSA) on March 26, 2024. The bank has not closed any branches, nor merged or acquired any other institutions since the previous evaluation. Additionally, the bank operates one additional LPO in the Albuquerque MSA.

Assets totaled approximately \$136.8 million as of March 31, 2024, and included total loans of \$67.3 million and total securities of \$47.1 million. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 3/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	25,945	38.5
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	12,184	18.1
Secured by Multifamily (5 or more) Residential Properties	5,807	8.6
Secured by Nonfarm Nonresidential Properties	21,138	31.4
Total Real Estate Loans	65,074	96.6
Commercial and Industrial Loans	2,093	3.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	222	0.3
Other Loans	2	<0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	61	0.0
Total Loans	67,330	100.0
<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 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. FNMB SC designated a single assessment area in the New Mexico Non-Metropolitan Statistical Area. The assessment area conforms to the CRA regulation and does not arbitrarily exclude low- or moderate-income census tracts. The institution recently added Bernalillo, Sandoval, and Valencia Counties in the Albuquerque MSA with the conversion of an LPO to a branch in Los Lunas, NM. Due to the timing of the branch opening, this evaluation does not consider the new assessment area.

Economic and Demographic Data

Based on 2020 U.S. Census data, the assessment area consists of all 10 census tracts in Grant County with the following income designations: 2 moderate-income tracts, 6 middle-income tracts, and 2 upper-income tracts. The demographic information indicates high poverty rates with 17.9 percent of families living below the poverty level. The following table illustrates additional demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	0.0	20.0	60.0	20.0	0.0
Population by Geography	28,185	0.0	16.8	61.8	21.4	0.0
Housing Units by Geography	15,105	0.0	17.7	63.0	19.3	0.0
Owner-Occupied Units by Geography	7,630	0.0	12.7	60.9	26.4	0.0
Occupied Rental Units by Geography	3,866	0.0	28.5	58.6	12.9	0.0
Vacant Units by Geography	3,609	0.0	16.6	72.1	11.2	0.0
Businesses by Geography	2,661	0.0	29.8	46.3	23.9	0.0
Farms by Geography	133	0.0	20.3	66.2	13.5	0.0
Family Distribution by Income Level	6,146	22.6	21.1	13.8	42.6	0.0
Household Distribution by Income Level	11,496	30.5	18.3	14.3	36.9	0.0
Median Family Income Non-MSAs - NM		\$57,380	Median Housing Value			\$138,239
			Median Gross Rent			\$730
			Families Below Poverty Level			17.9%

*Source: 2020 U.S. Census and 2023 D&B Data; Due to rounding, totals may not equal 100.0%
 (*) The NA category consists of geographies that have not been assigned an income classification.*

Major employers include Freeport-McMoran, Western New Mexico University, Gila Regional Medical Center, Silver Consolidated Schools, Cobre Consolidated Schools, Grant County, and Silver City School District. Data obtained from the U. S. Bureau of Labor and Statistics reported the 2023 year-end unemployment rate of 3.3 percent for Grant County. This unemployment rate was lower than the nationwide percentage of 3.7 percent and 3.6 percent statewide. Unemployment

rates spiked during the COVID-19 pandemic; however, otherwise the rates remained constant, with a decreasing trend.

The FFIEC-updated median family incomes for the nonmetropolitan portion of New Mexico were used to analyze performance under the Lending Test. The low-, moderate-, middle-, and upper-income categories are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
NM NA Median Family Income (99999)				
2022 (\$63,800)	<\$31,900	\$31,900 to <\$51,040	\$51,040 to <\$76,560	≥\$76,560
2023 (\$67,100)	<\$33,550	\$33,550 to <\$53,680	\$53,680 to <\$80,520	≥\$80,520
<i>Source: FFIEC</i>				

Competition

The assessment area contains low competition for financial services. According to the FDIC’s Deposit Market Share Report as of June 30, 2023, the assessment area contained 6 financial institutions that operated 8 full-service branches inside of the market. Of these institutions, FNMB SC ranked 2nd with 20.7 percent of the deposit market share.

Community Contacts

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

Examiners reviewed an existing community contact with an economic development organization serving the assessment area, with particular focus on areas with a population of less than 50,000. The contact stated that the economic outlook of the area is fairly strong overall with some weakening due to inflation and declining industry. The area is also affected by limited affordable housing and population loss. While the contact noted housing, auto-secured, business, and agricultural lending were all credit needs of the area, the contact also noted lending challenges. The contact was not aware of any community development opportunities for participation by local financial institutions but stated that the financial institutions are meeting the credit needs in the community.

Credit Needs

Considering information from bank management and demographic and economic data, examiners determined that home mortgage loans represent the primary credit need for the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated August 6, 2018, to the current evaluation dated June 3, 2024. Examiners applied Interagency Small Institution Examination Procedures, which consists of the Lending Test, to evaluate CRA performance. The Appendix lists the applicable test's criteria. Examiners applied full-scope procedures to evaluate performance in the institution's assessment area.

Activities Reviewed

Interagency Small Institution Examination Procedures require examiners to determine the bank's major product lines for review. As an initial matter, examiners may select from among the same loan categories used for CRA Large Institution evaluations: home mortgage, small business, small farm, and consumer loans. The following table shows the bank's lending activity for 2023.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	33,708	78.8	92	63.0
Secured by Farmland	0	0.0	0	0.0
Secured by 1-4 Family Residential Properties	2,011	4.7	23	15.8
Multi-Family (5 or more) Residential Properties	3,798	8.9	3	2.1
Commercial Real Estate Loans	2,805	6.6	10	6.8
Commercial and Industrial Loans	320	0.7	6	4.1
Agricultural Loans	0	0.0	0	0.0
Consumer Loans	147	0.3	12	8.2
Other Loans	0	0.0	0	0.0
Total Loans	42,789	100.0	146	100.0

Source: Bank Data 1/1/2023 through 12/31/2023; Due to rounding, totals may not equal 100.0

Considering the bank's business strategy and the dollar volume and number of loans originated in 2023, examiners determined the bank's major product line consists of construction loans, followed by home mortgage, and lastly, small business loans. Examiners did not review agricultural or consumer loans, as they are not major product lines and would not materially affect any conclusions or ratings. Bank records indicate that the lending focus and product mix remained generally consistent throughout the evaluation period.

This evaluation considered a sample of 36 residential construction loans totaling approximately \$17.0 million from a universe of 63 loans totaling approximately \$30.4 million originated between January 1, 2023, and December 31, 2023.

This evaluation further considered all small business and home mortgage loans originated between January 1, 2023, and December 31, 2023. Additionally, due to nominal small business loans in the

bank’s assessment area during 2023, examiners expanded their review to include all small business loans from 2022.

Examiners considered the universe of construction, home mortgage, and small business loans when determining loan product weighting. The following table shows that construction loans represent a majority by both number and dollar volume of the loan categories reviewed. Therefore, construction loans received more weight when arriving at overall conclusion, followed by home mortgage, and small business.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Residential Construction	63	30,431	36	16,978
Home Mortgage	25	5,714	25	5,714
Small Business	16	3,124	16	3,124
<i>Source: 2023 Bank Data</i>				

Examiners reviewed the number and dollar volume of loan products reviewed. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of businesses served. Examiners used 2023 D&B data as a comparison for small business loans. Further, examiners used 2020 U.S. Census Data as the standard of comparison for residential construction and home mortgage lending performance.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FNMB SC needs to improve its lending performance. Poor performance regarding the bank’s borrower profile and geographic distribution, as well as a substantial majority of loans originated outside of the bank’s assessment area support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. The average net LTD ratio was 46.3 percent over the past 23 calendar quarters from September 30, 2018, to March 31, 2024. The ratio ranged from a low of 36.3 percent as of March 31, 2022, to a high of 57.0 percent as of March 31, 2024.

FNMB SC maintained a ratio similar to that of comparable institutions, as shown in the following table. Examiners selected comparable institutions based on its asset size and lending focus. The following table shows FNMB SC’s ratio is comparable, landing 7.0 percentage points above one institution and trailing another institution by 31.6 percentage points. While the comparable institutions are not located in the bank’s assessment area, each operates in the same regional footprint.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2024 \$(000s)	Average Net LTD Ratio (%)
First New Mexico Bank of Silver City, Silver City, NM	136,781	46.3
Community 1 st Bank Las Vegas, Las Vegas, NM	203,935	39.3
Bank of the Southwest, Roswell, NM	176,211	77.9
<i>Source: Reports of Condition and Income 9/30/2018 through 3/31/2024</i>		

Assessment Area Concentration

A substantial majority of FNMB SC’s loans are outside the institution’s assessment area. The following table shows the bank originated a substantial majority of residential construction, small business, and home mortgage loans, when considering both number and dollar volume, outside the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Residential Construction	2	5.6	34	94.4	36	360	2.1	16,618	97.9	16,978
Home Mortgage										
2022	18	56.3	14	43.8	32	1,688	19.3	7,055	80.7	8,743
2023	15	60.0	10	40.0	25	1,072	18.8	4,642	81.2	5,714
Small Business										
2022	8	42.1	11	57.9	19	234	4.1	5,439	95.9	5,673
2023	8	50.0	8	50.0	16	896	28.7	2,228	71.3	3,124
<i>Source: (1/1/2023- 12/31/2023) Bank Data; Due to rounding, totals may not equal 100.0%</i>										

Effect on Overall Rating

Given the capacity of the institution to lend within the assessment area, the substantial majority of the bank's lending outside the designated assessment area limits the relevance of any conclusions provided throughout the remaining Lending Test performance factors.

Examiners considered performance context, such as the volume of loans originated inside the assessment area as well as the bank’s structure, business focus, and locations and lending focus of the bank’s LPOs, when arriving at this conclusion. Further, as previously noted, the bank only recently converted one of its LPO into a full-service branch in the Albuquerque MSA. While not mitigating the bank’s performance regarding its lending concentration, examiners determined a majority of the loans originated by the LPOs are within the bank’s new MSA AA.

Given the nominal residential construction loans within the bank’s AA, examiners were unable to derive conclusions for geographic distribution and borrower profile performance for the bank’s

primary product. The majority of residential and small business lending outside of the assessment area also limited the relevance of the geographic distribution and borrower profile conclusions. Therefore, the assessment area concentration performance had a significant impact on the overall rating.

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the assessment area. Poor records regarding home mortgage and small business loans support this conclusion. Examiners focused on lending in moderate-income census tracts since the assessment area does not contain any low-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor dispersion throughout the AA. The following table shows that the bank did not originate any loans in moderate-income census tracts, typically reflective of very poor performance. However, taking into consideration the lending performance in 2022, the bank’s performance reflects overall poor performance.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate					
2022	12.7	2	11.1	230	13.6
2023	12.7	0	0.0	0	0.0
Middle					
2022	60.9	10	55.6	842	49.9
2023	60.9	10	66.7	510	47.6
Upper					
2022	26.4	6	33.3	616	36.5
2023	26.4	5	33.3	562	52.4
Totals					
2022	100.0	18	100.0	1,688	100.0
2023	100.0	15	100.0	1,072	100.0

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

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the AA. The following table shows that the level of lending in the moderate-income census tracts trails demographic data in both 2022 and 2023. Lending in these geographies notably declined in 2023, reflecting poor performance.

Geographic Distribution of Small Business Loans						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Moderate						
	2022	31.6	2	25.0	106	45.4
	2023	29.8	1	12.5	35	3.9
Middle						
	2022	43.9	4	50.0	60	25.6
	2023	46.3	4	50.0	786	87.8
Upper						
	2022	24.5	2	25.0	68	29.0
	2023	23.9	3	37.5	75	8.3
Totals						
	2022	100.0	8	100.0	234	100.0
	2023	100.0	8	100.0	896	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects poor penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Poor records regarding home mortgage outweighed reasonable records regarding small business loans to support this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans reflects poor penetration among individuals of different income levels. Poor performance to low-income borrowers slightly outweighed reasonable performance to moderate-income borrowers to support this conclusion.

As reflected in the following table, the level of lending to low-income borrowers falls below demographic data by 9.3 percentage points in 2023. This performance is less than reasonable. The bank's performance to moderate-income borrowers slightly exceeds demographic data by 5.6 percentage points, reflecting reasonable performance.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2022	22.6	3	16.7	290	17.2
2023	22.6	2	13.3	101	9.4
Moderate					
2022	21.1	2	11.1	125	7.4
2023	21.1	4	26.7	205	19.2
Middle					
2022	13.8	9	50.0	763	45.2
2023	13.8	3	20.0	457	42.6
Upper					
2022	42.6	3	16.7	290	17.2
2023	42.6	6	40.0	309	28.8
Not Available					
2022	0.0	1	5.5	300	17.8
2023	0.0	0	0.0	0	0.0
Totals					
2022	100.0	18	100.0	1,688	100.0
2023	100.0	15	100.0	1,072	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022-2023. Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses of different sizes. The reasonable level of lending to businesses with gross annual revenues of \$1.0 million or less supports this conclusion. The following table shows that the bank originated over seven out of every 10 small business loans to businesses with gross annual revenues of \$1.0 million or less in 2022 and 10 out of 10 loans in 2023, reflecting reasonable performance during the evaluation period.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	84.0	6	75.0	130	55.7
2023	87.1	8	100.0	896	100.0
>\$1,000,000					
2022	2.6	0	0.0	0	0.0
2023	2.2	0	0.0	0	0.0
Revenue Not Available					
2022	13.3	2	25.0	104	44.3
2023	10.7	0	0.0	0	0.0
Totals					
2022	100.0	8	100.0	234	100.0
2023	100.0	8	100.0	896	100.0
<i>Source: 2022 & 2023 D&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 previous evaluation; therefore, this criterion did not affect the Lending Test 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.