

PUBLIC DISCLOSURE

July 8, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Surety Bank
Certificate Number: 33026

990 N. Woodland Blvd.
DeLand, Florida 32720

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

10 10th Street NE, Suite 900
Atlanta, Georgia 30309-3849

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.
- The bank originated a majority of its small business loans outside of the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes.
- The institution did not receive any CRA-related complaints since its previous CRA evaluation. Therefore, this criterion did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

Surety Bank is a state non-member bank headquartered in DeLand, Florida. The bank became a wholly owned subsidiary of Surety Financial Holdings, also in DeLand, Florida, as of July 2023. Surety Bank received a “Satisfactory” rating at the previous FDIC Community Reinvestment Act (CRA) Performance Evaluation, dated August 13, 2018, based on Small Institution Examination Procedures.

Surety Bank operates three full-service branches in central Florida, consisting of its main office and an additional branch in Volusia County as well as a branch in Seminole County. Since the previous evaluation, the bank has closed one full-service branch in a moderate-income census tract in Volusia County and has opened a full-service branch in a middle-income census tract also within Volusia County. Further, Surety Bank has not participated in any merger or acquisition activity, since the previous examination.

Surety Bank continues to offer products and services to meet the banking needs of its assessment area. However, niche banking activities have become a focal point of the bank’s business strategy since the previous evaluation. Niche banking activities include products and services related to money service businesses (MSBs), as well as lending to MSBs and marijuana-related businesses (MRBs) nationwide. As a result, the bank’s primary business focus remains commercial lending, but the geographical area benefitted by such loans has expanded beyond the assessment area served by its branches.

Commercial loans offered include lines of credit, loans to purchase or refinance commercial properties, equipment loans, and credit cards. In addition, the bank offered loans through the Small Business Administration’s (SBA) Paycheck Protection Program (PPP). The SBA guaranteed PPP loans under the Coronavirus Aid, Relief, and Economic Security Act. This temporary program provided economic relief to adversely impacted businesses and retained jobs that would have otherwise been lost from business closures because of the COVID-19 national emergency. Since the previous evaluation, Surety Bank originated 179 PPP loans totaling \$10.8 million. Consumer-purpose loans offered include credit cards. Deposit products offered include checking, savings, money market, and certificates of deposit accounts. Alternative systems for delivering retail banking services consist of mobile banking, online banking, and automated teller machines (ATMs) at each branch as well as at over 55,000 surcharge-free ATMs nationwide.

According to the June 30, 2024, Consolidated Reports of Condition and Income, Surety Bank had total assets of \$206.0 million, total loans of \$77.3 million, and total deposits of \$186.5 million. Net loans exhibited an annualized growth rate of only 1.5 percent since the previous evaluation, as the bank has originated a limited volume of loans during the evaluation period. As illustrated in the following table, commercial loans (loans secured by nonfarm, nonresidential properties and commercial and industrial loans) represent the largest loan category at 80.0 percent, followed by multifamily (5 or more) residential properties at 8.4 percent.

Loan Portfolio Distribution as of 6/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	-	-
Secured by Farmland	3,286	4.2
Secured by 1-4 Family Residential Properties	6,153	8.0
Secured by Multifamily (5 or more) Residential Properties	6,489	8.4
Secured by Nonfarm Nonresidential Properties	43,385	56.1
Total Real Estate Loans	59,313	76.7
Commercial and Industrial Loans	18,491	23.9
Agricultural Production and Other Loans to Farmers	-	-
Consumer Loans	41	0.1
Other Loans	-	-
Less: Unearned Income	(519)	(0.7)
Total Loans	77,326	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 the assessment area’s credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Surety Bank continues to include all of Volusia and Seminole counties as its delineated assessment area. Volusia County is part of the Deltona-Daytona Beach-Ormond Beach, Florida Metropolitan Statistical Area (MSA) and Seminole County is part of the Orlando-Kissimmee-Sanford, Florida MSA. Both MSAs are a part of the Orlando-Lakeland-Deltona, Florida Combined Statistical Area (CSA). Due to limited bank-wide lending volume since the previous evaluation, examiners conducted a full-scope review of performance in the CSA.

The assessment area’s demographic composition changed since the previous CRA evaluation according to the 2020 U.S. Census data released by the FFIEC in April 2022. The 2020 U.S. Census data updated the 2015 American Community Survey (ACS) data based on information collected from 2015 through 2020. As a result, the bank’s assessment area experienced an increase in the number of census tracts and income classification changes. Specifically, based on the 2015 ACS data, the assessment area consisted of 200 total census tracts including 5 low-, 35 moderate-, 92 middle-, and 67 upper-income census tracts, as well as a census tract with no income designation. Based on the 2020 U.S. Census data, the assessment area now consists of 219 total census tracts including 7 low-, 36 moderate-, 109 middle-, and 66 upper-income census tracts, as well as a census tract without an income designation. The following sections provide information regarding the assessment area’s economic and demographic data, competition, community contact, and credit needs.

Economic and Demographic Data

The following table outlines select demographic characteristics of the assessment area based on the 2020 U.S. Census data and the 2023 Dun and Bradstreet (D&B) data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	219	3.2	16.4	49.8	30.1	0.5
Population by Geography	1,024,399	1.9	13.2	49.4	35.5	0.0
Housing Units by Geography	454,511	2.0	13.9	51.1	33.0	0.0
Owner-Occupied Units by Geography	274,179	1.1	10.4	49.8	38.6	0.0
Occupied Rental Units by Geography	124,301	3.7	20.9	53.3	22.1	0.0
Vacant Units by Geography	56,031	2.7	15.7	52.1	29.5	0.0
Businesses by Geography	225,800	2.1	13.6	45.9	38.4	0.0
Farms by Geography	6,430	1.9	13.6	48.1	36.5	0.0
Family Distribution by Income Level	256,559	17.9	17.1	20.3	44.8	0.0
Household Distribution by Income Level	398,480	21.5	16.4	17.8	44.4	0.0
Median Family Income MSA - 19660 Deltona-Daytona Beach-Ormond Beach, FL MSA		\$65,794	Median Housing Value			\$225,412
Median Family Income MSA - 36740 Orlando-Kissimmee-Sanford, FL MSA		\$70,774	Median Gross Rent			\$1,219
			Families Below Poverty Level			7.7%
<i>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.</i>						

The Geographic Distribution criterion compares small business loans to the percentage of businesses located in low-, moderate-, middle-, and upper-income census tracts. Only 2.1 percent of the assessment area’s businesses are in low-income census tracts, indicating limited lending opportunities in the respective tracts.

According to 2023 D&B data, 225,800 businesses operated in the assessment area. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue level. Of the assessment area’s businesses, 93.3 percent had gross annual revenues of \$1.0 million or less, 1.6 percent had gross annual revenues of more than \$1.0 million, and 5.1 percent had unknown revenues. Services industries represent the largest sector of business in the assessment area at 35.6 percent; followed by finance, insurance, and real estate at 9.4 percent; and retail trade at 8.5 percent. According to Volusia County’s Economic Development Division and the Orlando Business Journal, major employers include AdventHealth, Seminole County Public Schools, Volusia County Public Schools, Publix Supermarkets, and Halifax Hospital System.

Competition

The market is competitive for financial services. According to FDIC Deposit Market Share data as of June 30, 2023, within the assessment area there were 30 financial institutions that operated 191

branches. Of these institutions, Surety Bank ranked 16th, with a deposit market share of 0.8 percent. The three leading financial institutions included Bank of America, NA; Truist Bank; and Wells Fargo Bank, NA, accounting for 53.4 percent of the total deposit market share.

A considerable level of competition also exists in the assessment area for small business loans. Surety Bank is not required to report small business loan data and has elected not to report such information. Therefore, the analysis of small business loans does not include a comparison to aggregate data. However, regarding competition for small business loans, aggregate data for 2022 (the most recent year for which such data is available) reflects 134 lenders originated or purchased 34,162 small business loans in the assessment area. The top three lenders, by number of loans, included American Express National Bank; JP Morgan Chase Bank, NA; and Bank of America, NA, accounting for 52.5 percent of the total market share.

Community Contact

As part of the CRA evaluation process, examiners typically contact community organizations, or use existing community contacts, to gain insight regarding the credit needs and economic conditions of an assessment area. For this evaluation, examiners conducted a community contact with a representative from an economic development organization that promotes job growth and workforce development, provides technical and financial assistance to businesses, and assists with commercial and industrial development throughout Volusia County. The contact stated the population continues to grow considerably, resulting in the labor force exceeding pre-COVID-19 pandemic levels. The contact noted the area's top credit needs are capital for start-up businesses, funding options for existing businesses, and affordable housing.

Credit Needs

Based on demographic information and economic data, examiners identified multiple credit needs within the assessment area. The high number of low- and moderate-income families, at 17.9 percent and 17.1 percent, respectively, indicates a need for affordable housing. Additionally, a need exists for small business loans considering the assessment area has 225,800 businesses, of which 93.3 percent have gross annual revenues of \$1.0 million or less. The strong demand for small business loans illustrated by 2022 aggregate data also indicates a continued need for such loans. The community contact further supported the need for affordable housing and small business loans in the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated August 13, 2018, to the current evaluation dated July 8, 2024. Examiners used Interagency Small Institution Examination Procedures to evaluate Surety Bank's CRA performance. These procedures include a Lending Test. Refer to the Appendices for a detailed description of the test. Examiners applied full-scope procedures for the assessment area.

Activities Reviewed

Surety Bank's major product line is small business loans. In reaching this conclusion, examiners considered the bank's business strategy, and the number and dollar volume of loans originated during the evaluation period. No other loan type, such as home mortgage loans or small farm loans, represents a major product line and therefore these are not included in the review. For the lending test, examiners reviewed the number and dollar volume of loans, examiners emphasized performance by number of loans, as number of loans is a better indicator of the number of businesses served. The Geographic Distribution and Borrower Profile discussions focus only on loans originated inside the bank's assessment area.

Examiners reviewed the universe of small business loans originated in 2021, 2022, and 2023. The bank originated 61 small business loans totaling \$6.6 million in 2021 (includes 51 PPP loans totaling \$2.7 million), 23 small business loans totaling \$9.4 million in 2022, and 12 small business loans totaling \$6.7 million in 2023. The bank was not required to report CRA data and elected not to report such information. Therefore, examiners compared the bank's 2021, 2022, and 2023 small business lending performance to D&B business demographic data for each year.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated Satisfactory. The rating is supported by a reasonable loan-to-deposit ratio, a reasonable geographic distribution of loans throughout the assessment area, and a reasonable distribution of loans among businesses of different sizes. However, the bank originated a majority of loans outside of the assessment area. In addition, the bank has not received any CRA-related complaints since its previous CRA evaluation.

Loan-to-Deposit Ratio

Surety Bank's net loan-to-deposit (NLTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's NLTD ratio averaged 51.6 percent over the previous 24 calendar quarters from September 30, 2018, to June 30, 2024. Over this period, the bank's quarterly NLTD ratio ranged from a low of 35.2 percent as of June 30, 2022, to a high of 75.6 percent as of December 31, 2018. The quarterly NLTD ratio exhibited a decreasing trend during most of the evaluation period, primarily resulting from minimal loan growth (annualized net loan growth rate of 1.5 percent since the previous evaluation). The bank's shift in focus has contributed to this lower loan growth. Additionally, the assessment area is highly competitive for small business loans, which further impacts the bank's lending opportunities.

The average NLTD ratio was compared to three similarly situated institutions that are comparable to Surety Bank in terms of asset size, bank structure, market area, and/or lending focus. Surety Bank's average NLTD ratio is below, but comparable to, other similarly situated institutions' average NLTD ratios.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2024 \$(000s)	Average NLTD Ratio (%)
Surety Bank, DeLand, Florida	\$205,983	51.6
First Colony Bank of Florida, Maitland, Florida	\$310,087	70.2
Intracoastal Bank, Palm Coast, Florida	\$541,595	70.3
Mainstreet Community Bank of Florida, DeLand, Florida	\$807,304	72.4

Source: Consolidated Reports of Condition and Income

Assessment Area Concentration

Surety Bank originated a majority of loans outside of the assessment area. In 2021, the bank originated a majority of loans inside of the assessment area by number of loans, but a majority of loans outside of the assessment area by dollar volume. Additionally, in 2022 and 2023, the bank originated a substantial majority of loans outside of the assessment area and originated only eight loans and one loan inside of the assessment area, respectively. This performance is poor considering the assessment area’s small business loan needs and opportunities, as illustrated by demographic and aggregate data within the Description of Assessment Area section. The following table illustrates the distribution of small business loans inside and outside of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2021	38	62.3	23	37.7	61	2,304	35.1	4,269	64.9	6,573
2022	8	34.8	15	65.2	23	1,788	19.0	7,627	81.0	9,415
2023	1	8.3	11	91.7	12	160	2.4	6,505	97.6	6,665
Total	47	49.0	49	51.0	96	4,252	18.8	18,401	81.2	22,653

Source: 2021-2023 Bank Data

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. In 2021, although the bank did not originate any small business loans in low-income census tracts, the demographic data indicates limited lending opportunities exist in such tracts. Lending in moderate-income census tracts in 2021 significantly exceeded demographic data. Of the eight small business loans originated in 2022, one was in a low-income census tract and two were in moderate-income census tracts, which exceeded demographic data. Examiners are unable to form a meaningful conclusion on lending performance in 2023, as the bank originated only one small business loan inside of the assessment area. The following table illustrates the distribution of small business loans within the assessment area.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2021	1.5	-	-	-	-
2022	2.1	1	12.5	55	3.1
2023	2.1	-	-	-	-
Moderate					
2021	14.5	19	50.0	1,464	63.5
2022	13.5	2	25.0	375	21.0
2023	13.6	-	-	-	-
Middle					
2021	43.5	15	39.5	651	28.3
2022	45.8	2	25.0	814	45.5
2023	45.9	1	100.0	160	100.0
Upper					
2021	40.5	4	10.5	189	8.2
2022	38.6	3	37.5	544	30.4
2023	38.4	-	-	-	-
Total					
2021	100.0	38	100.0	2,304	100.0
2022	100.0	8	100.0	1,788	100.0
2023	100.0	1	100.0	160	100.0
<i>Source: 2021-2023 D&B Data; Bank Data</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. In 2021 and 2022, the bank’s performance was below, but comparable to, the demographic data, considering the level of competition within the assessment area. Examiners are unable to form a meaningful conclusion on lending performance in 2023, as the bank originated only one small business loan inside of the assessment area. The following table illustrates the distribution of small business loans by businesses’ gross annual revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000					
2021	93.0	27	71.1	748	32.5
2022	93.6	6	75.0	967	54.1
2023	93.3	1	100.0	160	100.0
> \$1,000,000					
2021	2.1	10	26.3	1,530	66.4
2022	1.8	2	25.0	821	45.9
2023	1.6	-	-	-	-
Revenue Not Available					
2021	4.9	1	2.6	26	1.1
2022	4.6	-	-	-	-
2023	5.1	-	-	-	-
Total					
2021	100.0	38	100.0	2,304	100.0
2022	100.0	8	100.0	1,788	100.0
2023	100.0	1	100.0	160	100.0
<i>Source: 2021-2023 D&B Data; Bank Data</i>					

Response to Complaints

The bank has not received any CRA-related complaints since its previous CRA 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.