

PUBLIC DISCLOSURE

April 15, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Iowa Falls State Bank
Certificate Number: 15311

601 Washington Avenue
Iowa Falls, Iowa 50126

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

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Iowa Falls State Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans were made in the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among farms and businesses of different sizes and individuals of different income levels.
- The assessment area does not contain any low- or moderate-income geographies. Therefore, examiners did not evaluate the geographic distribution of loans.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the CRA rating.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated August 6, 2013, to the current evaluation dated April 15, 2019. Examiners used the Interagency Small Institution CRA Examination Procedures to evaluate Iowa Falls State Bank's CRA performance.

The following performance criteria were considered under the Lending Test:

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The evaluation does not include any lending activity performed by affiliates.

Loan Products Reviewed

Commercial loans, including commercial real estate loans, make up the largest loan category, representing 41.8 percent of total loans according to Iowa Falls State Bank's December 31, 2018, Consolidated Reports of Condition and Income (Call Report). Residential real estate loans, including multi-family properties, and agricultural loans, including loan secured by farmland, represent 23.8 and 23.7 percent of total loans, respectively.

Based on Call Report information, the number and dollar volume of loans originated during the evaluation period, and the bank's business strategy, examiners determined that the major product lines are small farm, small business, and home mortgage lending. As such, examiners reviewed the bank's small farm, small business, and home mortgage loans originated in 2018. More specifically, for the Assessment Area Concentration performance criterion, examiners reviewed the entire universe of small farm, small business, and home mortgage loans originated from January 1, 2018, through December 31, 2018. For the Borrower Profile criterion, examiners reviewed a selection of small farm, small business, and home mortgage loans for the same time period. These samples were considered representative of the bank's performance during the evaluation period. The number and dollar amount of the universes and samples appear in the following table.

| Loan Products Reviewed | | | | |
|------------------------|----------|----------|--------|----------|
| Loan Category | Universe | | Sample | |
| | # | \$(000s) | # | \$(000s) |
| Small Farm | 26 | 2,178 | 25 | 1,853 |
| Small Business | 73 | 11,941 | 30 | 4,281 |
| Home Mortgage | 95 | 10,594 | 36 | 2,809 |

Source: Bank Records from 01/01/2018 through 12/31/2018

Management stated that they have an equal strategic focus among all three loan categories. Therefore, small farm, small business, and home mortgage lending were all given equal weight in the evaluation. The remaining loan categories that comprise the loan portfolio were not reviewed because they are not major product lines or a primary lending focus of the bank. D&B data for 2018 provided a standard of comparison for small farm and small business loans, and the 2015 American Community Survey (ACS) provided a standard of comparison for home mortgage loans. Examiners obtained the data necessary for this evaluation from an automated loan download, individual customer loan files, and bank management.

Examiners reviewed the number and dollar volume of small farm, small business, and home mortgage loans. While the number and dollar volume of loans are presented, examiners emphasized performance by number of loans, which is a better indicator of the number of farms, businesses, and individuals served.

DESCRIPTION OF INSTITUTION

Background

Iowa Falls State Bank is wholly owned by Barlow Banking Corporation, Iowa Falls, Iowa, a one-bank holding company. During the review period, Iowa Falls State Bank became affiliated with Community Resource Bank, Northfield, Minnesota as of October 2014 when Barlow Banking Corporation acquired voting shares in Northfield Bancshares, Inc., Northfield, Minnesota. The affiliate relationship ended prior to the start of this evaluation. The institution received a Satisfactory rating at its previous FDIC CRA Performance Evaluation dated August 6, 2013, based on Interagency Small Institution Examination Procedures.

Operations

Iowa Falls State Bank operates from its main office at 601 Washington Avenue, Iowa Falls, Iowa, and from one branch office at 113 Main Street, Williams, Iowa. No branches have been opened or closed, and no merger or acquisition activities occurred since the previous evaluation. A full-service automated teller machine (ATM) is located at the main location, and a cash-dispensing ATM is located at the Williams location.

The bank offers various loan products, including commercial, agricultural, residential, and consumer loans, with no particular emphasis on any one product. Iowa Falls State Bank also sells long-term home mortgage loans to the secondary market. The bank offers specialty loans through the Small Business Administration, Small Business Development Corporation, Farm Services Agency, and Federal Home Loan Bank, and offers Young Farmer and first-time homebuyer loans. A variety of deposit-related products are provided, including checking, savings, money market accounts, and certificates of deposit. Alternative banking services include telephone, internet, and mobile banking.

Ability and Capacity

Assets totaled approximately \$134 million as of December 31, 2018, representing an increase of

8.8 percent since the June 30, 2013, Call Report. Total deposits equaled approximately \$118 million, demonstrating a 12.2 percent increase, and total loans were approximately \$89 million, representing an increase of 43.3 percent during the same period. Most significantly, residential real estate loans increased 185.1 percent and commercial loans increased 53.1 percent. Additionally, agricultural loans increased by 23.3 percent. Management indicated that the increases are attributed to retaining more home mortgage loans in-house versus secondary market, and commercial loan participations. The loan portfolio is illustrated in the following table.

| Loan Portfolio Distribution as of 12/31/2018 | | |
|---|-----------------|--------------|
| Loan Category | \$(000s) | % |
| Construction and Land Development | 4,611 | 5.2 |
| Secured by Farmland | 11,258 | 12.7 |
| 1-4 Family Residential | 19,843 | 22.3 |
| Multi-family (5 or more) Residential | 1,321 | 1.5 |
| Commercial Real Estate | 9,847 | 11.1 |
| Total Real Estate Loans | 46,880 | 52.8 |
| Commercial and Industrial | 27,227 | 30.7 |
| Agricultural | 9,792 | 11.0 |
| Consumer | 2,763 | 3.1 |
| Obligations of States and Political Subdivisions in the United States | 930 | 1.1 |
| Other | 127 | 0.1 |
| Lease Financing Receivables (net of unearned income) | 1,081 | 1.2 |
| Less: Unearned Income | (0) | (0.0) |
| Total Loans | 88,800 | 100.0 |
| <i>Source: Call Report</i> | | |

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the credit 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. Iowa Falls State Bank has one designated assessment area in nonmetropolitan northcentral Iowa that includes all 14 census tracts (CTs) in Franklin, Hamilton, and Hardin counties, and one CT (6804) in Wright County. The assessment area has not changed since the previous evaluation. Some of the communities include Ackley, Eldora, Hampton, Hubbard, Iowa Falls, Jewell, Sheffield, and Webster City. The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

Based on the 2015 ACS data, the assessment area consists entirely of middle-income CTs. The Iowa Falls main office is located in CT 4802 in Hardin County and the Williams branch office is located

in CT 9601 in Hamilton County. Since the previous evaluation, none of the CTs had income classification changes between the 2010 U.S. Census and the 2015 ACS data. The following table illustrates select 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) | 15 | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 |
| Population by Geography | 44,300 | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 |
| Housing Units by Geography | 20,930 | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 |
| Owner-Occupied Units by Geography | 13,307 | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 |
| Occupied Rental Units by Geography | 4,835 | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 |
| Vacant Units by Geography | 2,788 | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 |
| Businesses by Geography | 3,275 | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 |
| Farms by Geography | 883 | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 |
| Family Distribution by Income Level | 11,906 | 17.0 | 19.9 | 25.3 | 37.7 | 0.0 |
| Household Distribution by Income Level | 18,142 | 22.5 | 16.1 | 20.5 | 40.9 | 0.0 |
| Median Family Income – Nonmetropolitan Iowa | | \$61,934 | Median Housing Value | | | \$88,972 |
| | | | Median Gross Rent | | | \$596 |
| | | | Families Below Poverty Level | | | 7.3% |

Source: 2015 ACS Census and 2018 D&B Data. () The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0*

According to 2018 D&B data, service industries represent the largest portion of farm and business operations at 37.0 percent; followed by agriculture, forestry, and fishing service industries at 21.2 percent; and retail trade at 9.7 percent. In addition, 77.3 percent of assessment area farms and businesses have four or fewer employees, and 86.7 percent operate from a single location.

The 2018 Federal Financial Institutions Examination Council (FFIEC)-updated median family income levels are used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for nonmetropolitan Iowa 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% |
| 2018 (\$67,800) | <\$33,900 | \$33,900 to <\$54,240 | \$54,240 to <\$81,360 | ≥\$81,360 |

Source: FFIEC

As reflected in the following table, the assessment area’s unemployment rate is relatively low, reflecting a stable economy. As illustrated, the unemployment rates for the counties in the assessment area generally declined from 2013 to 2018, similar to the State of Iowa and the nation

as a whole, with seasonal increases in the early months of 2019. The unemployment rates of the assessment area counties are similar to the rate for Iowa and below the national rate.

| Average Unemployment Rates | | | | | | | |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|
| Area | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | Feb 2019 |
| | % | % | % | % | % | % | % |
| Franklin County | 4.4 | 3.9 | 3.4 | 3.4 | 2.7 | 2.1 | 2.7 |
| Hamilton County | 5.4 | 4.5 | 4.3 | 3.8 | 3.2 | 2.7 | 3.1 |
| Hardin County | 5.1 | 4.3 | 4.0 | 3.9 | 3.2 | 2.8 | 3.6 |
| Wright County | 4.5 | 4.1 | 3.9 | 4.1 | 3.4 | 2.6 | 2.5 |
| State of Iowa | 4.7 | 4.2 | 3.8 | 3.6 | 3.1 | 2.5 | 2.7 |
| National Average | 7.4 | 6.2 | 5.3 | 4.9 | 4.4 | 3.9 | 4.1 |

Source: Bureau of Labor Statistics

Competition

The assessment area is considered moderately competitive in the market for financial services. The FDIC Deposit Market Share Report as of June 2018 reflects 18 FDIC-insured institutions operating from 42 locations within the counties that make up the assessment area. These institutions range from small community banks to larger financial institutions operating branch locations in the area. Iowa Falls State Bank ranks 7th with 6.2 percent of deposit market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit needs and economic conditions of the community. This information helps determine whether local financial institutions are responsive to community credit needs and provides context regarding available opportunities for area financial institutions. Examiners referenced a previously conducted community contact with a representative of a government-sponsored organization operating in the assessment area.

This contact made the following observations: The overall economic conditions are good; however, there are concerns about the agriculture sector due to tariffs and fluctuating commodity prices. The area's workforce is mixed between local and commuting workers. There is a need for affordable housing in the area including single-family homes, rental units, and elderly housing. The contact also stated there is heavy competition in banking within the area, but all of the banks come together with the goal of economic development and growing their communities. Overall, the contact had a positive impression of the local financial institutions in regards to meeting the credit needs of their communities.

Considering information from the community contact, bank management, demographic and economic data, and Call Report data, examiners determined that agricultural, commercial, and home mortgage loans represent primary credit needs for the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Iowa Falls State Bank demonstrated reasonable performance under the Lending Test. The performance under Assessment Area Concentration and Borrower Profile primarily support this conclusion. As indicated under the “Scope of Evaluation” section, the performance from each loan category was weighted equally.

Loan-to-Deposit Ratio

Iowa Falls State Bank’s loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs. As reflected in the following table, the bank’s net loan-to-deposit ratio, calculated from Call Report data, averaged 67.3 percent over the past 22 calendar quarters from September 30, 2013, to December 31, 2018. The average net ratio ranged from a low of 55.6 percent as of March 31, 2014, to a high of 74.8 percent as of September 30, 2018. As of December 31, 2018, Iowa Falls State Bank’s net loan-to-deposit ratio was 74.0 percent. Iowa Falls State Bank’s average net loan-to-deposit ratio is lower than at the prior evaluation, when the average was 72.0; however, the ratio has steadily increased during the review period.

Examiners compared the bank’s average net loan-to-deposit ratio to four comparable institutions to help evaluate its reasonableness. Comparable institutions were selected based on their size, geographic location, and lending focus. Iowa Falls State Bank’s average loan-to-deposit ratio is in line with a majority of the comparable institutions.

| Loan-to-Deposit Ratio Comparison | | |
|---|--|--|
| Bank | Total Assets as of 12/31/18 \$(000s) | Average Net Loan- to-Deposit Ratio (%) |
| Iowa Falls State Bank, Iowa Falls, Iowa | 133,551 | 67.3 |
| First State Bank, Belmond, Iowa | 102,815 | 43.5 |
| First National Bank of Hampton, Hampton, Iowa | 158,522 | 71.2 |
| United Bank and Trust Company, Hampton, Iowa | 161,035 | 64.9 |
| WCF Financial Bank, Webster City, Iowa | 130,622 | 64.6 |

Source: Call Reports 09/30/2013 through 12/31/2018

Assessment Area Concentration

The bank made a majority of its loans within its assessment area, reflecting management’s commitment to lend within the local communities. As illustrated in the following table, a majority of small farm and home mortgage loans, by number and dollar volume, are within the assessment area. Further, a majority of the small business loans, by number, are within the assessment area; however, less than a majority of the loans by dollar volume are within the assessment area. The institution has a few local relationships that conduct business in counties adjacent to the assessment area; several of these loans were for significant loan amounts.

| Lending Inside and Outside of the Assessment Area | | | | | | | | | | |
|---|-----------------|-------------|-----------|-------------|------------|---------------------------------|-------------|---------------|-------------|-------------------|
| Loan Category | Number of Loans | | | | Total # | Dollar Amount of Loans \$(000s) | | | | Total \$(000s) |
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | | \$ | % | \$ | % | |
| Small Farm | 25 | 96.2 | 1 | 3.8 | 26 | 1,853 | 85.1 | 325 | 14.9 | 2,178 |
| Small Business | 45 | 61.6 | 28 | 38.4 | 73 | 5,447 | 45.6 | 6,494 | 54.4 | 11,941 |
| Home Mortgage | 71 | 74.7 | 24 | 25.3 | 95 | 6,210 | 58.6 | 4,384 | 41.4 | 10,594 |
| Total | 141 | 72.7 | 53 | 27.3 | 194 | 13,510 | 54.7 | 11,203 | 45.3 | 24,713 |

Source: 1/1/2018 - 12/31/2018 Bank Data
Due to rounding, totals may not equal 100.0

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes and individuals of different income levels. The bank's reasonable small farm and small business loan performance primarily supports this conclusion. Examiners focused on the percentage, by number, of small farm and small business loans with gross annual revenues of \$1 million or less. They also focused on the percentage, by number, of home mortgage loans to low- and moderate-income borrowers. Of the sampled loans, only those originated inside the assessment area were analyzed.

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration to farms with gross annual revenues of \$1 million or less. The following table shows that the bank's level of lending to farm with revenues of \$1 million or less is in line with D&B data.

| Distribution of Small Farm Loans by Gross Annual Revenue Category | | | | | |
|---|--------------|-----------|--------------|--------------|--------------|
| Gross Revenue Level | % of Farms | # | % | \$(000s) | % |
| <=\$1,000,000 | 97.0 | 24 | 96.0 | 1,793 | 96.8 |
| >1,000,000 | 1.5 | 1 | 4.0 | 60 | 3.2 |
| Revenue Not Available | 1.5 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 25 | 100.0 | 1,853 | 100.0 |

Source: 2018 D&B Data; Bank Data.
Due to rounding, totals may not equal 100.0

Small Business Loans

The distribution of small business borrowers reflects reasonable penetration of loans to businesses with gross annual revenues of \$1 million or less. The following table shows that 73.3 percent of the sampled small business loans were originated to businesses with revenues of \$1 million or less. This performance is less than D&B data, which reported 79.1 percent of businesses in the assessment area fall into this revenue category. However, the bank's performance is reasonable when considering performance contextual factors, including that the bank has established relationships with existing businesses that have grown in revenue size over

time. Additionally, management is active in pursuing potential business opportunities, but does experience competition from other financial entities operating within the assessment area. Further, as stated previously, the bank offers loans through the Small Business Association and currently has one loan on its books.

| Distribution of Small Business Loans by Gross Annual Revenue Category | | | | | |
|--|------------------------|-----------|--------------|-----------------|--------------|
| Gross Revenue Level | % of Businesses | # | % | \$(000s) | % |
| <=\$1,000,000 | 79.1 | 22 | 73.3 | 1,836 | 42.9 |
| >1,000,000 | 5.5 | 8 | 26.7 | 2,445 | 57.1 |
| Revenue Not Available | 15.4 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 30 | 100.0 | 4,281 | 100.0 |

*Source: 2018 D&B Data; Bank Data.
Due to rounding, totals may not equal 100.0*

Home Mortgage Loans

The bank’s record of extending home mortgage loans to borrowers of different income levels is excellent. As shown in the following table, the bank’s level of lending to low- and moderate-income individuals is higher than demographic data.

| Distribution of Home Mortgage Loans by Borrower Income Level | | | | | |
|---|----------------------|-----------|--------------|-----------------|--------------|
| Borrower Income Level | % of Families | # | % | \$(000s) | % |
| Low | 17.0 | 7 | 19.4 | 472 | 16.8 |
| Moderate | 19.9 | 9 | 25.0 | 471 | 16.8 |
| Middle | 25.3 | 6 | 16.7 | 347 | 12.4 |
| Upper | 37.7 | 10 | 27.8 | 1,351 | 48.1 |
| Not Available | 0.0 | 4 | 11.1 | 168 | 6.0 |
| Total | 100.0 | 36 | 100.0 | 2,809 | 100.0 |

*Source: 2015 ACS Census; Bank Data
Due to rounding, totals may not equal 100.0*

Geographic Distribution

The assessment area does not contain any low- or moderate-income geographies. Therefore, examiners did not evaluate the geographic distribution of loans as a review would not have resulted in meaningful conclusions.

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this area of review did not affect the institution’s overall CRA rating.

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.

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).

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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 (for example, 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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: 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.