

PUBLIC DISCLOSURE

September 8, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Readlyn Savings Bank
Certificate Number: 9300

141 Main Street
Readlyn, Iowa 50668

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.

Readlyn Savings Bank's (RSB) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize RSB's performance.

- The loan-to-deposit ratio is reasonable, given the institution's size, financial condition, and the credit needs of the assessment area.
- RSB made a majority of its small farm, small business, and home mortgage loans in the assessment area.
- Because the assessment area consists entirely of middle- and upper-income geographies, a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.
- The distribution of borrowers reflects a reasonable penetration of lending among farms and businesses of different revenue sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

RSB, headquartered in Readlyn, Iowa, is wholly owned by one-bank holding company Readlyn Bancshares, Inc., St. Paul, Minnesota. RSB merged with affiliate American Savings Bank, Tripoli, Iowa, on December 1, 2021. RSB operates from its two offices in Readlyn and Tripoli, Iowa. There were no branch openings or closings since the previous evaluation. Through common ownership, the bank is affiliated with Ashton State Bank, Ashton, Iowa; The Citizens National Bank of Park Rapids, Park Rapids, Minnesota; Farmers & Merchants State Bank of Pierz, Pierz, Minnesota; First State Bank, Britt, Iowa; and First State Bank, Nashua, Iowa. RSB received a Satisfactory rating at its previous Federal Deposit Insurance Corporation Performance Evaluation, dated August 1, 2017, based on Interagency Small Institution Examination Procedures.

The institution offers various agricultural, commercial, residential real estate, and consumer loan products, with a focus on originating quality loans of all types. RSB offers specialized agricultural and commercial lending products through the Small Business Administration, Farm Service Agency, and Iowa Finance Authority. RSB also participates in programs that provide grants to assist low- and moderate-income borrowers and first-time homebuyers to purchase a home. Further, RSB has the ability to refer long-term home mortgage loans to an affiliate bank for subsequent sale on the secondary market. Finally, in response to the COVID-19 pandemic, the bank originated loans under the Small Business Administration's Paycheck Protection Program to assist agricultural- and business-related entities in the area.

RSB provides a variety of deposit-related products that include checking, savings, money market, and certificate of deposit accounts. Alternative banking products and services include debit cards, direct deposit, internet and mobile banking, electronic statements, mobile deposit, and electronic bill payment.

Assets totaled approximately \$136.2 million as of June 30, 2023, representing an increase of 83.0 percent since the June 30, 2017, Consolidated Reports of Condition and Income (Call Report). Total deposits equaled approximately \$99.9 million, representing a 97.9 percent increase, and total loans were approximately \$98.3 million, representing an 86.4 percent increase during the same timeframe. Loan portfolio concentrations have remained generally consistent over this same period. Management primarily attributes the overall increase in deposits and loans to the merger with American Savings Bank. Other than the merger, management indicated that loan growth since the prior evaluation has been organic. Management also stated that in the past 18 months, loan growth has been accelerated by inflation. Since the merger, total deposits have decreased slightly. Management indicated that at the time of the merger, deposits were high due to the influx of COVID-19 pandemic stimulus payments made to businesses and individuals. In addition, the increase in interest rates created a competitive environment for deposits, which resulted in some deposit loss. The following table illustrates the composition of the loan portfolio as of June 30, 2023.

Loan Portfolio Distribution as of 6/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	211	0.2
Secured by Farmland	22,296	22.7
Secured by 1-4 Family Residential Properties	29,107	29.6
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	109	0.1
Total Real Estate Loans	51,723	52.6
Commercial and Industrial Loans	14,466	14.7
Agricultural Production and Other Loans to Farmers	29,471	30.0
Consumer Loans	2,195	2.3
Obligations of State and Political Subdivisions in the U.S.	395	0.4
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	98,250	100.0
<i>Source: Call Report (6/30/2023)</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. At the time of the merger, management combined the assessment areas for both banks, which added three census tracts to RSB's assessment area. The current assessment area consists of Bremer County census tracts 43, 44, 45, 46, and 47; Black Hawk County census tracts 27 and 28; and Chickasaw County census tracts 702 and 703. Bremer and Black Hawk counties are part of the Waterloo-Cedar Falls, Iowa Metropolitan Statistical Area. Chickasaw County is within the nonmetropolitan portion of Iowa.

Economic and Demographic Data

According to 2020 U.S. Census Data, the assessment area is comprised of eight middle- and one upper-income census tracts. RSB's two offices are located in Bremer County middle-income census tracts. 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)	9	0.0	0.0	88.9	11.1	0.0
Population by Geography	26,078	0.0	0.0	79.5	20.5	0.0
Housing Units by Geography	11,824	0.0	0.0	81.1	18.9	0.0
Owner-Occupied Units by Geography	9,338	0.0	0.0	80.0	20.0	0.0
Occupied Rental Units by Geography	1,495	0.0	0.0	85.5	14.5	0.0
Vacant Units by Geography	991	0.0	0.0	84.9	15.1	0.0
Businesses by Geography	2,963	0.0	0.0	78.9	21.1	0.0
Farms by Geography	621	0.0	0.0	92.3	7.7	0.0
Family Distribution by Income Level	7,766	12.2	18.5	24.9	44.3	0.0
Household Distribution by Income Level	10,833	14.6	14.8	18.4	52.1	0.0
Median Family Income - Waterloo-Cedar Falls, Iowa Metropolitan Statistical Area		\$76,924	Median Housing Value			\$161,924
Median Family Income - Nonmetropolitan Iowa		\$71,763	Median Gross Rent			\$657
			Families Below Poverty Level			4.3%
<i>Source: 2020 U.S. Census and 2023 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2023 D&B data, service industries represent the largest portion of agricultural and commercial operations in the assessment area at 26.7 percent by number; followed by non-classifiable establishments at 20.0 percent; and agriculture, forestry, and fishing at 17.3 percent. Additionally, 70.4 percent of assessment area farms and businesses have four or fewer employees, and 94.7 percent operate from a single location.

The 2022 FFIEC-estimated median family income levels were used to analyze home mortgage loans under the Borrower Profile criterion. The following table details the low-, moderate-, middle-, and upper-income levels for the Waterloo-Cedar Falls, Iowa Metropolitan Statistical Area and the Iowa nonmetropolitan areas.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Waterloo-Cedar Falls, Iowa Metropolitan Statistical Area Median Family Income				
2022 (\$90,100)	<\$45,050	\$45,050 to <\$72,080	\$72,080 to <\$108,120	≥\$108,120
Iowa Nonmetropolitan Median Family Income				
2022 (\$78,900)	<\$39,450	\$39,450 to <\$63,120	\$63,120 to <\$94,680	≥\$94,680
<i>Source: FFIEC</i>				

Competition

The assessment area is moderately competitive with regard to financial services. According to Call Report data, ten financial institutions operate 14 offices in the assessment area. These institutions range in size from small community banks to larger financial institutions with branch locations in the assessment area. RSB ranks third amongst these institutions with 14.8 percent of deposit market share. The top three banks own 58.8 percent of the deposit market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in understanding economic conditions and identifying credit needs. This information helps to determine whether local financial institutions are responsive to community credit needs and provides context regarding available lending opportunities. Examiners conducted an interview with a representative of an economic development organization that serves the assessment area.

The contact stated that the local economy is driven by agriculture, has a low unemployment rate, and current economic conditions are stable. No major employers have ceased operations or had significant layoffs. Commercial and community employers are looking for people to move into the community to fill job openings. Most of the small towns and rural areas of Bremer, southern Chickasaw, and northern Black Hawk counties are bedroom communities. People commute to jobs in Waterloo, Cedar Falls, Waverly, and Shell Rock. Housing prices have been steadily rising and affordable housing is in short supply. Most affordable homes are old and in disrepair; however, they are on the market for a very short time and buyers need to act immediately. These factors make it difficult for people with fewer resources to own a home. Agricultural operating, equipment, and land costs are high, which make it hard for smaller farmers to be successful. Farmers are anticipating 2023 yields to be low due to the dry spring and summer. Small business expansion and startups have been limited. The contact specifically mentioned agriculture and affordable housing as primary community credit needs. The contact stated that local banks are successfully meeting the credit needs of their communities.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small farm, small business, and home mortgage loans are primary credit needs of the assessment area. Call Reports filed by area financial institutions also support this assertion.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated August 1, 2017, to the current evaluation date of September 8, 2023. Examiners used Interagency Small Institution Examination Procedures to evaluate RSB's CRA performance. Examiners did not consider any affiliate lending activities during this evaluation.

Activities Reviewed

Examiners determined that the institution's major product lines include agricultural, commercial, and residential real estate loans. This conclusion considered the bank's business focus, loan

portfolio distribution, and the number and dollar volume of loans originated or renewed during the evaluation period. Therefore, small farm, small business, and home mortgage lending was reviewed at the current evaluation. RSB does not specifically focus on a particular loan product. Management’s lending philosophy is to address the loan demand in the communities RSB serves and to make quality loans of all kinds. When considering loan portfolio percentages, lending activity during the evaluation period, and management's stated business focus, examiners placed equal weight on small farm, small business, and home mortgage lending when arriving at overall conclusions.

The universe of loans reviewed included all small farm, small business, and home mortgage loans on the bank’s loan download originated from January 1, 2022, through December 31, 2022. Management agreed that the loan activity reviewed is representative of the institution’s performance throughout the evaluation period. For the Assessment Area Concentration performance criterion, examiners reviewed the entire universe of small farm, small business, and home mortgage loans. For the Borrower Profile performance criterion, examiners analyzed a sample of small farm loans originated inside the assessment area. Due to the relatively small universe of small business and home mortgage loans, examiners reviewed all loans originated inside the assessment area. The following table provides information on the universe of loans reviewed.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Farm	80	8,091	40	3,273
Small Business	50	4,773	33	2,135
Home Mortgage	22	4,236	15	2,067

Source: Bank Data

For small farm and small business conclusions, 2022 D&B data provided a standard of comparison. When arriving at home mortgage conclusions, 2020 Census data and 2022 adjusted median family incomes provided a standard of comparison. Examiners obtained the data necessary for this evaluation from institution loan data, individual customer loan files, and interviews with bank management. Examiners analyzed lending performance by both the number and dollar volume of loans; however, the performance by number of loans was emphasized as it is generally a better indicator of the number of farms, businesses, and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, RSB demonstrated satisfactory performance under the Lending Test. The results of the Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Profile analyses support this conclusion. The following sections describe each performance criterion and how they support the overall rating.

Loan-to-Deposit Ratio

RSB's net loan-to-deposit is reasonable given the institution's size, financial condition, and the credit needs of the assessment area. The bank's net loan-to-deposit ratio, calculated from Call Report data, averaged 94.9 percent over the 24 calendar quarters from September 30, 2017, to June 30, 2023. The net loan-to-deposit ratio ranged from a low of 76.3 percent on June 30, 2022, to a high of 107.4 percent on September 30, 2018. The most recent loan-to-deposit ratio reported as of June 30, 2023, was 97.1 percent.

Although there has been fluctuation, net loans increased over the evaluation period. The loan-to-deposit ratio noticeably declined in the second quarter of 2020, which management attributes to the influx of deposits from pandemic stimulus funds and Paycheck Protection Program loan funds. Additionally, the merger significantly impacted RSB's loan-to-deposit ratio, as deposits acquired from American Savings Bank were considerably greater than loans. The ratio has been steadily rising since the second quarter of 2022 due to increased lending volume.

Examiners compared the bank's average net loan-to-deposit ratio to four similarly situated institutions to help evaluate RSB's performance. Comparable institutions were selected based on their size, geographic location, markets served, and lending focus. Two of the comparable banks have had substantial increases in loan volume, with loan growth significantly outpacing deposits, resulting in rising loan-to-deposit ratios. Two of the banks have experienced the opposite, resulting in declining ratios. As reflected in the following table, RSB's average net loan-to-deposit ratio compares reasonably with the similarly situated banks.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2023 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
Readlyn Savings Bank, Readlyn, Iowa	136,247	94.9
Denver Savings Bank, Denver, Iowa	240,649	83.2
First Security State Bank, Evansdale, Iowa	95,683	91.4
Cedar Valley Bank & Trust, La Porte City, Iowa	112,788	91.4
First State Bank, Nashua, Iowa	60,457	88.9

Source: Call Reports 9/30/2017 - 6/30/2023

Assessment Area Concentration

Overall, RSB made a majority of small farm, small business, and home mortgage loans within the assessment area. However, as demonstrated in the following table, a majority of small business and home mortgage lending by dollar volume was located outside the assessment area. Management stated that the bank has maintained relationships with borrowers who have ties to the area or bank personnel. These borrowers continue to obtain credit from RSB to finance operations or real estate ventures outside the assessment area. In addition, RSB purchases loan participations from its affiliate banks, most of which operate outside the assessment area. These larger dollar loans outside the assessment area affect the percentage of loans by dollar volume. RSB does not actively seek loans outside its assessment area. The overall concentration of loans within the assessment area demonstrates the bank's willingness to meet local credit needs.

Lending Inside and Outside of the Assessment Area										
	Number of Loans					Dollar Amount of Loans \$(000s)				
Loan Category	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Small Farm	67	83.8	13	16.3	80	6,799	84.0	1,292	16.0	8,091
Small Business	33	66.0	17	34.0	50	2,135	44.7	2,638	55.3	4,773
Home Mortgage	15	68.2	7	31.8	22	2,067	48.8	2,169	51.2	4,236
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The assessment area does not include any low- and moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

Overall, the penetration of lending to farms and businesses of varying revenues, as well as home mortgage borrowers of differing incomes, is reasonable. Performance of small farm and small business lending primarily supports this conclusion. While home mortgage lending was excellent, it did not raise the overall Borrower Profile assessment. Examiners focused on the percentage by number of small farm and small business loans to entities generating gross annual revenues of \$1 million or less. For home mortgage lending focus was placed on the percentage of loans, by number, to low- and moderate-income borrowers.

Small Farm Loans

The penetration of small farm loans among agricultural operations of different sizes is reasonable, considering performance context information. As demonstrated in the following table, RSB's lending to small farms generating gross annual revenues equal to, or under \$1 million is lower than comparative demographic data. Review of 2017 Census of Agriculture data reveals that 57.1 percent of agricultural producers in Bremer, Black Hawk, and Chickasaw counties are "hobby farms," that list their principal occupation as "other than farming." The same data shows that 50.8 percent of farm operations in those same three counties had no interest expense, indicating that a significant portion of farms in the area have no borrowing need. This context regarding hobby farms and limited borrowing need helps support an overall reasonable conclusion.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	99.5	35	87.5	2,691	82.2
>\$1,000,000	0.3	5	12.5	582	17.8
Revenue Not Available	0.2	0	0.0	0	0.0
Total	100.0	40	100.0	3,273	100.0
<i>Source: 2022 D&B Data, Bank Data Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The review of loan originations to businesses within the assessment area shows a reasonable penetration among businesses of different revenue sizes. The following table shows RSB's penetration of lending to business entities generating gross annual revenues of \$1 million or less compares reasonably with D&B data.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	89.7	31	93.9	1,535	71.9
>\$1,000,000	3.0	2	6.1	600	28.1
Revenue Not Available	7.3	0	0.0	0	0.0
Total	100.0	33	100.0	2,135	100.0
<i>Source: 2022 D&B Data, Bank Data Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The bank's lending performance in extending home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is excellent. RSB's level of lending to low-income borrowers is lower than demographics but compares reasonably when considering that 4.3 percent of assessment area families are below the poverty level. Given the median housing value of the assessment area and industry-standard underwriting criteria, these families would likely experience difficulty qualifying for a home loan due to down payment and monthly payment requirements. RSB's level of lending to moderate-income individuals significantly exceeds demographics. The percentage of loans originated to moderate-income borrowers exceeds the percentage of moderate-income families in the assessment area by 28.2 percent. The bank's excellent home mortgage lending performance is demonstrated in the following table.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	12.2	1	6.7	27	1.3
Moderate	18.5	7	46.7	882	42.7
Middle	24.9	1	6.7	222	10.7
Upper	44.3	5	33.3	897	43.4
Not Available	0.0	1	6.7	39	1.9
Total	100.0	15	100.0	2,067	100.0
<i>Source: 2020 U.S. Census, Bank Data Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

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