

PUBLIC DISCLOSURE

June 14, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community Bank
Certificate Number: 10791

233 Carver Street
Winslow, Illinois 61089

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

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Chicago, Illinois 60606

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 (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Community Bank's (CB) Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the bank's performance.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and AA credit needs.
- The bank made a majority of its small farm, home mortgage, and small business loans in the AA.
- The AA does not include low- or moderate-income geographies. As such, a review of the Geographic Distribution criterion would not result in meaningful conclusions; therefore, examiners did not evaluate this criterion.
- The distribution of borrowers reflects reasonable penetration of loans among small 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

Community Bank (CB) is wholly-owned by Stateline Community Bancshares, Inc., a one-bank holding company. The bank operates from its main office location in Winslow, Illinois, located in rural Stephenson County. It also operates two branch locations in Stephenson County, one in Lena, Illinois and one in Orangeville, Illinois. Moreover, a third branch is located in Warren, Illinois, which is in Jo Daviess County. CB received a Satisfactory rating using the Interagency Small Institution Evaluation Procedures at its most recent FDIC CRA performance evaluation, dated August 12, 2015. No branches have opened or closed, and no merger or acquisition activities occurred since the prior evaluation.

CB is a full-service community bank that offers a traditional mix of loan and deposit products. Deposit products consist of checking, savings, certificates of deposit, individual retirement accounts, Christmas Club, and health savings accounts. Commercial loan products include a variety of agricultural and business loans as well as credit cards. Retail loan products include home mortgage loans, credit cards, vehicle loans, and personal loans. Additionally, the bank participated in the Paycheck Protection Program (PPP) administered by the Small Business Association, which was created in response to the Coronavirus Disease 2019 (COVID-19) pandemic in order to support

small businesses. During 2020, CB originated 81 PPP loans totaling approximately \$2.9 million. Moreover, the bank provides alternative delivery channels to its customers including four automated teller machines (ATMs), online banking, and mobile banking.

As of the March 31, 2021 Reports of Condition and Income (Call Report), total assets were approximately \$253.2 million, total loans were \$151 million, and total deposits were \$177.6 million. During the review period, the bank’s primary business focus included small farm, small business, and home mortgage lending. The following table shows the distribution of each loan category by dollar volume.

Loan Portfolio Distribution as of 3/31/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	1,421	0.9
Secured by Farmland	45,783	30.3
Secured by 1-4 Family Residential Properties	52,612	34.8
Secured by Multifamily (5 or more) Residential Properties	1,299	0.9
Secured by Nonfarm Nonresidential Properties	12,681	8.4
Total Real Estate Loans	113,796	75.3
Commercial and Industrial Loans	17,327	11.5
Agricultural Production and Other Loans to Farmers	14,481	9.6
Consumer Loans	3,240	2.2
Obligations of State and Political Subdivisions in the U.S.	2,167	1.4
Other Loans	24	0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	151,035	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 AA credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which its CRA performance is evaluated. CB designated one AA located in northwestern Illinois. The AA has not changed since the previous examination and consists of three contiguous census tracts, two census tracts in Stephenson County and one census tract in Jo Daviess County. Stephenson and Jo Daviess counties are part of the nonmetropolitan area of Illinois.

The AA is consistent with the requirements of the CRA, as it is comprised of whole geographies, does not arbitrarily exclude any low- or moderate-income geography, and includes the census tracts in which the bank operates its offices and ATMs. The nearest cluster of moderate-income geographies is adjacent to the AA across the Illinois/Wisconsin border, in the Madison, Wisconsin Metropolitan Statistical Area. The following sections discuss demographic data, competition,

economic information, and the credit needs of the AA.

Economic and Demographic Data

Examiners used demographic data from the 2015 American Community Survey (ACS) compiled by the U.S. Census Bureau to analyze the bank's CRA performance. According to 2015 ACS data, the AA is comprised of three middle-income census tracts. The following table illustrates demographic and economic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	0.0	100.0	0.0	0.0
Population by Geography	11,768	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	6,166	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	3,990	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	995	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	1,181	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	701	0.0	0.0	100.0	0.0	0.0
Farms by Geography	138	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	3,318	14.0	15.1	28.0	42.9	0.0
Household Distribution by Income Level	4,985	19.8	16.1	17.4	46.8	0.0
Median Family Income Non-MSAs - IL		\$59,323	Median Housing Value			\$112,172
			Median Gross Rent			\$544
			Families Below Poverty Level			6.1%
<i>Source: 2015 ACS and 2020 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>						

D&B data from 2020 indicates that 96.4 percent of farms and 84.2 percent of non-farm businesses generated \$1 million or less in gross annual revenues (GARs). Service industries represent the largest portion of businesses in the AA at 28.5 percent, followed by agricultural at 16.5 percent, and non-classifiable establishments at 11.0 percent. The same data reflects 71.0 percent of AA businesses have four or fewer employees, and 90.4 percent operate from a single location. In addition, 92.9 percent of businesses and farms own property, indicating that opportunities for commercial and agricultural lending are available.

The AA contains 6,166 housing units, of which 64.7 percent are owner-occupied, 16.1 percent are occupied rental units, and 19.2 percent are vacant. The median housing value of \$112,172 presents challenges to low- and moderate-income individuals in qualifying for mortgages. Low-income and moderate-income families account for 14.0 and 15.1 percent of the families in the AA, respectively, or 29.1 percent of the families combined, with 6.1 percent of families below the poverty level. The bank's performance under the Borrower Profile criterion compares home mortgage loans to the percentage of

families by income level. The owner-occupancy demographic coupled with the contrast between median family income levels and median housing values highlight difficulties that home mortgage lenders may face in providing traditional financing options to families on the lower end of the income spectrum.

The Federal Financial Institutions Examination Council (FFIEC)-updated median family income levels are used to analyze home mortgage loans under the Borrower Profile criterion. The following table contains information on the median family incomes by category.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
IL NA Median Family Income (99999)				
2019 (\$64,200)	<\$32,100	\$32,100 to <\$51,360	\$51,360 to <\$77,040	≥\$77,040
2020 (\$65,800)	<\$32,900	\$32,900 to <\$52,640	\$52,640 to <\$78,960	≥\$78,960
2021 (\$65,800)	<\$32,900	\$32,900 to <\$52,640	\$52,640 to <\$78,960	≥\$78,960

Source: FFIEC

Unemployment levels in Stephenson and Jo Daviess counties generally decreased during the review period suggesting an improving economy. However, the sharp increase in the 2020 unemployment figures is attributed to the COVID-19 pandemic and the mandatory stay-at-home order for all non-essential workers effective in March 2020. The following table illustrates the unemployment rates in Stephenson and Jo Daviess counties.

Unemployment Rates						
	2015	2016	2017	2018	2019	2020
Area	%	%	%	%	%	%
Stephenson County	6.6	5.9	4.7	4.6	4.2	7.3
Jo Daviess County	5.5	5.4	4.5	4.3	3.9	8.3
Illinois	6.0	5.8	4.9	4.3	4.0	9.5
National Average	5.3	4.9	4.4	3.9	3.7	8.1

Source: Bureau of Labor Statistics.

Competition

CB operates in a fairly competitive environment and faces competition from other financial institutions operating within its lending area. According to the FDIC Deposit Market Share data as of June 30, 2020, 17 financial institutions operated 37 offices in Stephenson and Jo Daviess counties. CB ranked 7th, maintaining a 7.7 percent deposit market share. The top five deposit-taking institutions, primarily composed of local banks, derived 56.6 percent of the deposit market share in Stephenson and Jo Daviess counties.

A competitive environment exists for farm and business lending in Stephenson and Jo Daviess counties. Aggregate small farm lending in 2019, the most recent data available, reflects that 19 lenders originated 213 small farm loans totaling \$13.6 million. The top five lenders accounted for 77.5 percent of all reported small farm loans by number. Additionally, aggregate small business lending in 2019 reflects that 43 lenders originated 900 small business loans totaling \$31.9 million. The top five lenders accounted for 64.6 percent of all reported small business loans by number. CB is not required to collect or report CRA small farm and small business data and has not elected to do so; therefore, the current analysis does not include comparisons to aggregate data. However, the data is reflected to evidence local loan demand.

A competitive environment also exists for home mortgage lending within the bank's AA. Aggregate home mortgage lending in 2019, the most recent data available, reflects that 80 lenders originated 200 home mortgage loans totaling \$27.9 million. The top five lenders accounted for 33.5 percent of all reported home mortgage loans by number. CB is not required to collect or report Home Mortgage Disclosure Act data; therefore, the current analysis does not include comparisons to aggregate data. However, the data is reflected to evidence local loan demand.

Community Contact

Examiners conducted a community contact interview with an economic development organization serving Jo Daviess County to identify and understand the credit needs of the AA. The information helps examiners determine AA credit needs and local financial institutions' responsiveness to the needs. The contact identified a need for revitalization of older housing as well as affordable housing.

Credit Needs

Considering information obtained from the community contact, bank management, and demographic and economic data, examiners determined that opportunities exist within the AA for home loans, loans to revitalize buildings, and small business loans.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated August 12, 2015, to the current evaluation dated June 14, 2021. Examiners used the Interagency Small Institution Evaluation Procedures to evaluate CB's CRA performance.

Activities Reviewed

Examiners determined the bank's major product lines are small farm, home mortgage, and small business lending. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. Consumer loans were not evaluated because they are not a primary business focus or a major product line.

Examiners reviewed all small farm, small business, and home mortgage loans originated or renewed in the period of January 1, 2020, to December 31, 2020. Management indicated that this timeframe was representative of lending activities throughout the evaluation period. In 2020, the bank originated or renewed 165 small farm loans totaling \$16.5 million, from which examiners selected and reviewed a sample of 51 loans totaling \$5.2 million; 129 home mortgage loans totaling \$17.3 million, from which examiners selected and reviewed a sample of 47 loans totaling \$7.5 million; and 195 small business loans totaling approximately \$13.1 million, from which examiners selected and reviewed a sample of 51 loans totaling \$5.2 million. D&B data for 2020 provided a standard of comparison for the bank’s small farm and small business lending performance, and 2015 ACS data provided a standard of comparison for the bank’s home mortgage lending performance.

Examiners gave all three lending products equal weight in this evaluation based on loan concentration volumes and management’s stated business focus. Further, while examiners considered both number and dollar volume of small farm, home mortgage, and small business lending, discussion of performance is limited to loans by number, as performance by dollar volume lead to similar conclusions.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

CB demonstrated reasonable performance under the Lending Test. The bank’s LTD Ratio, AA Concentration, and Borrower Profile performance supports this conclusion.

Loan-to-Deposit Ratio

CB’s net LTD ratio is reasonable given the institution’s size, financial condition, and AA credit needs. The bank maintained an average LTD ratio of 77.8 percent over the previous 23 quarters, from September 30, 2015, through March 31, 2021. Examiners compared the bank's average LTD ratio to five similarly situated institutions (SSIs) that operate within the area that have similar loan concentrations. The average LTD ratios of these institutions ranged from 71.0 percent to 84.1 percent. CB’s average LTD ratio is comparable to the SSIs.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 03/31/2021 (\$000s)	Average Net LTD Ratio (%)
Community Bank	253,212	77.8
Similarly-Situated Institution #1	215,763	71.0
Similarly-Situated Institution #2	293,197	78.8
Similarly-Situated Institution #3	226,338	84.1
Similarly-Situated Institution #4	308,764	83.2
Similarly-Situated Institution #5	325,236	77.9
<i>Source: Reports of Condition and Income 09/30/2015 - 03/31/2021</i>		

Assessment Area Concentration

CB originated a majority of small farm, home mortgage, and small business loans by number and dollar volume within its AA. Refer to the following table for the loan concentrations inside and outside of the AA.

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	38	74.5	13	25.5	51	3,687	70.9	1,510	29.1	5,197
Home Mortgage	31	66.0	16	34.0	47	4,036	53.8	3,466	46.2	7,502
Small Business	35	68.6	16	31.4	51	3,811	72.7	1,433	27.3	5,244

*Source: Bank Data
Due to rounding, totals may not equal 100.0%*

Geographic Distribution

The AA is comprised solely of middle-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 distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among farms and businesses of different sizes and individuals of different income levels. The bank’s reasonable performance in all three lending products supports this conclusion. Only loans originated in the AA were considered. Examiners focused on the percentage of small farm and business loans to operations with GARs of \$1 million or less, and home mortgage loans to low- and moderate-income borrowers.

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration of loans to farms with GARs of \$1 million or less in the AA. The following table reflects the distribution of small farm loans by GAR level. While the bank’s lending performance slightly trails demographic data, it is important to note that the demographic data represents all farms operating in the AA and does not necessarily present an accurate idea of demand. Also, as previously stated, the bank faces strong competition from other lenders. Given these factors, the bank’s performance reflects reasonable penetration among farms of different revenue sizes.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	96.4	35	92.1	2,859	77.5
>1,000,000	2.9	3	7.9	828	22.5
Revenue Not Available	0.7	0	0.0	0	0.0
Total	100.0	38	100.0	3,687	100.0
Sources: 2020 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%					

Home Mortgage Loans

The bank's distribution of home mortgage loans reflects reasonable penetration of loans to individuals of different income levels, including low- and moderate-income borrowers. The following table shows the distribution of loans by borrower income level. CB's lending performance to low-income borrowers exceeded demographic data without factoring in the 6.1 percent of families within the AA that live below the poverty level. Many families below the poverty level may not be able to reasonably afford a mortgage payment, limiting demand and opportunity for extending loans. CB's lending performance to moderate-income borrowers lagged demographic data by 8.6 percent, which demonstrates poor performance. However, considering the bank's overall performance, the penetration of home mortgage loans to individuals of different income levels is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	14.0	6	19.4	384	9.5
Moderate	15.1	2	6.5	83	2.1
Middle	28.0	4	12.9	287	7.1
Upper	42.9	19	61.3	3,282	81.3
Totals	100.0	31	100.0	4,036	100.0
Source: 2015 ACS; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%					

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. As shown in the following table, the bank's lending performance trails demographic data in this revenue category. However, demographic data represents all businesses and not all businesses require financing. Some businesses, particularly very small entities, may use alternative forms of financing, such as credit cards to meet their needs.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	84.2	25	71.4	3,171	83.2
>1,000,000	3.9	1	2.9	467	12.3
Revenue Not Available	12.0	9	25.7	173	4.5
Total	100.0	35	100.0	3,811	100.0
<i>Sources: 2020 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the overall 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.