

PUBLIC DISCLOSURE

March 18, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

United Bank and Trust Company
Certificate Number: 14247

400 Central Avenue East
Hampton, Iowa 50441

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.

United Bank and Trust Company'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 institution's performance.

- The loan-to-deposit ratio is reasonable, given the institution's size, financial condition, and assessment area credit needs.
- The institution originated a majority of its small farm, small business, and home mortgage loans in the defined assessment area.
- The distribution of borrowers reflects an overall reasonable penetration of loans among farms and businesses of different sizes and individuals of different income levels.
- The bank's 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 April 2, 2013, to the current evaluation dated March 18, 2019. Examiners used the Interagency Small Institution Examination Procedures to evaluate United Bank and Trust Company's CRA performance. These procedures include the Lending Test, which considered the institution's performance according to the following criteria.

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

Each criterion is discussed in separate sections of this performance evaluation. This evaluation does not include any lending activity performed by affiliates.

Loan Products Reviewed

Agricultural loans, including loans secured by farmland, make up the largest loan category, representing 56.6 percent of total loan dollar volume according to United Bank and Trust Company's December 31, 2018 Consolidated Reports of Condition and Income (Call Report). Residential real estate loans, including multi-family properties, are the bank's second largest loan category, representing 24.0 percent of total loans. The third significant category consists of commercial loans, including commercial real estate loans, at 12.4 percent. The bank experienced a 20.7 percent increase in the loan portfolio dollar volume since the previous evaluation. Most significantly, commercial loans increased 39.7 percent and agricultural loans increased 23.4 percent. Additionally, the dollar volume of residential real estate loans increased by 13.3 percent.

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 performance criteria, examiners reviewed a selection of small farm, small business, and home mortgage loans originated within the defined assessment area 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	125	14,915	47	6,148
Small Business	95	3,981	41	1,726
Home Mortgage	39	3,687	30	2,758

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

Management stated that agricultural lending is United Bank and Trust Company's primary business focus; therefore, the bank's small farm lending performance was given more weight for this evaluation, followed equally by small business and home mortgage lending. 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 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

United Bank and Trust Company is wholly owned by one-bank holding company J.E. Coonley Company, Hampton, Iowa. There are three non-bank affiliates through common ownership: Coonley & Coonley Law Practice, Franklin County Abstract, and Mr. Big Inc., which are all located in Hampton, Iowa. The institution received a Satisfactory rating at its previous FDIC CRA Performance Evaluation dated April 2, 2013, based on Interagency Small Institution Examination Procedures.

Operations

United Bank and Trust Company operates from its main office at 400 Central Avenue East, Hampton, Iowa, and from three full-service branch offices located in Alden, Iowa; Dows, Iowa; and Sheffield, Iowa. All locations have a drive-up window and an automated teller machine (ATM); Hampton's ATM is the only one with deposit-taking capabilities. Traditional deposit and loan products and services are offered, including agricultural, commercial, consumer, and home mortgage loans, with a primary emphasis on agricultural lending. Additionally, the bank participates in special loan programs through the Farm Service Agency (FSA) and Small Business Administration to assist small farms and small businesses in obtaining affordable financing. Alternative delivery systems include internet and mobile banking. The bank closed a full-service branch in Dougherty, Iowa in 2014. No other branches have opened or closed, and no merger or acquisition activities have occurred since the prior evaluation.

Ability and Capacity

Assets totaled approximately \$161 million as of December 31, 2018, representing an increase of 5.3 percent since the December 31, 2012 Call Report. Total deposits equaled approximately \$135 million, demonstrating a 4.6 percent increase, and total loans were approximately \$95 million, representing an increase of 20.7 percent during the same period. Management indicated that the increases are largely attributed to normal growth in loan and deposit demand; however, management noted economic conditions in the agricultural industry has spurred loan growth and steadied deposit growth for these customers. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 12/31/2018		
Loan Category	\$(000s)	%
Construction and Land Development	131	0.1
Secured by Farmland	25,583	27.0
1-4 Family Residential	20,701	21.9
Multi-family (5 or more) Residential	2,011	2.1
Commercial Real Estate	2,328	2.5
Total Real Estate Loans	50,754	53.6
Commercial and Industrial	9,382	9.9
Agricultural	27,962	29.6
Consumer	5,502	5.8
Other	984	1.1
Less: Unearned Income	(0)	(0.0)
Total Loans	94,584	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. United Bank and Trust Company has one designated assessment area in nonmetropolitan, north central Iowa that includes all census tracts (CTs) in Franklin County (CTs 3601, 3602, and 3603) and parts of Butler (CT 702), Cerro Gordo (CT 9510), Floyd (CT 4803), Hamilton (CTs 9601 and 9602), Hardin (CT 4804), and Wright (CT 6804) counties. The assessment area has not changed since the previous evaluation. 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 Hampton main office is located in CT 3602 in Franklin County; the Alden branch office is located in

CT 4804 in Hardin County; the Dows branch office is located in CT 6804 in Wright County; and the Sheffield branch office is located in CT 3601 in Franklin County. There have been no changes in CT income designations between the 2010 U.S. Census used at prior evaluation 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)	10	0.0	0.0	100.0	0.0	0.0
Population by Geography	27,251	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	12,756	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	8,670	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	2,486	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	1,600	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,931	0.0	0.0	100.0	0.0	0.0
Farms by Geography	730	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	7,812	17.5	19.9	24.3	38.3	0.0
Household Distribution by Income Level	11,156	19.9	16.7	20.0	43.4	0.0
Median Family Income Nonmetropolitan Iowa	\$61,934	Median Housing Value				\$92,303
		Median Gross Rent				\$574
		Families Below Poverty Level				7.7%
<i>Source: 2015 ACS Data and 2018 D&B Data 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>						

As shown above, the population of the assessment area is 27,251. Some of the communities include Aredale, Dows, Dumont, Ellsworth, Hampton, Marble Rock, Popejoy, and Rockwell.

The analysis of small farm and small business loans under the Borrower Profile criterion compares the distribution of farms and businesses by gross annual revenue level. According to 2018 D&B data, there were 730 farms in the assessment area. Revenues for these farms are listed below.

- 97.7 percent have \$1 million or less
- 1.0 percent has more than \$1 million
- 1.4 percent have unknown revenues

According to 2018 D&B data, there were 1,931 businesses in the assessment area. Revenues for these businesses are listed below.

- 79.2 percent have \$1 million or less
- 4.5 percent have more than \$1 million
- 16.4 percent have unknown revenues

According to 2018 D&B data, service industries represent the largest portion of farm and business operations at 30.1 percent; followed by agriculture, forestry, and fishing service industries at 27.4 percent; and retail trade at 7.3 percent. In addition, 77.6 percent of assessment area farms and businesses have four or fewer employees, and 88.2 percent operate from a single location.

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 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
<i>Source: FFIEC</i>				

Major employers in the assessment area include Franklin General Hospital, Hy-Vee Food Stores, Sukup Manufacturing Co., and local governments. As shown in the following table, the assessment area's unemployment rate is relatively low, reflecting a stable economy.

Unemployment Rates		
Area	January 2018	January 2019
	%	%
Butler County	4.6	4.4
Cerro Gordo County	3.4	3.3
Floyd County	3.9	3.3
Franklin County	3.3	3.2
Hamilton County	3.7	3.6
Hardin County	4.4	4.2
Wright County	3.8	3.2
State of Iowa	3.6	3.3
National Average*	4.5	4.4
<i>Source: Iowa Work Force Development; (*) Bureau of Labor Statistics</i>		

Competition

The assessment area is considered moderately competitive in the market for financial services. The FDIC Deposit Market Share Report as of June 30, 2018, reflects 28 FDIC-insured institutions operating from 80 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. United Bank and Trust Company ranks 10th with 3.1 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. In conjunction with this evaluation, examiners conducted an interview with a local economic development organization within the assessment area.

According to the community contact, the economy is strong and the population loss throughout the counties the organization serves appears to have “bottomed-out” after a decade’s long decline. With the unemployment rate being so low, there are not enough qualified workers for some employment openings, and businesses are struggling to expand. The contact noted a large need for rental housing for people of all income levels. The community contact does not believe market-rate apartments have been built in the area since the 1980s. Furthermore, “spec” houses are not built in the area, so all new construction is costly and custom-built. The homes that are on the market tend to be in good condition and unaffordable for low- and moderate-income individuals. The contact stated programs exist in the area to assist individuals that earn less than 110 percent of median family income, including a revolving loan fund for down payment assistance. However, this down payment assistance is rarely used, which the contact attributes to a lack of home-buying demand among these individuals. The contact said that the area is dependent on the agricultural economy and that this economy has been hurting. Specifically, agricultural equipment sales have slowed, input costs are high, and farmers are storing grain longer in hopes of higher prices. The weather also has an impact. The contact stated that area credit needs are being met to the best of their knowledge, and is not aware of any instances of discrimination or unfair banking practices.

Considering information from the community contact, bank management, demographic and economic data, and Call Report data, examiners determined that small farm loans are the primary credit needs for this area, with some needs for small business and home mortgage loans.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

United Bank and Trust Company 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, small farm lending performance was given more weight, followed by small business and home mortgage loan performances.

Loan-to-Deposit Ratio

United Bank and Trust Company’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 64.7 percent over the past 23 calendar quarters from June 30, 2013, to December 31, 2018. The average net ratio ranged from a

low of 55.9 percent as of March 31, 2014, to a high of 69.5 percent as of June 30, 2018. As of December 30, 2018, the net loan-to-deposit ratio was 69.1 percent. United Bank and Trust Company's average net loan-to-deposit ratio is higher than at the prior evaluation, when the average was 63.0 percent. The ratio has steadily increased during the review period.

Examiners compared the bank's average net loan-to-deposit ratio to three comparable institutions to help evaluate its reasonableness. Comparable institutions were selected based on their size, geographic location, and lending focus. United Bank and Trust Company's average loan-to-deposit ratio is in line with the comparable institutions.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2018 \$(000s)	Average Net Loan-to-Deposit Ratio (%)
United Bank and Trust Company, Hampton, Iowa	161,035	64.7
First State Bank, Belmond, Iowa	102,815	43.4
First Bank Hampton, Hampton, Iowa	158,522	70.5
Iowa Falls State Bank, Iowa Falls, Iowa	133,551	66.9
<i>Source: Call Reports 6/30/2013 through 12/31/2018</i>		

Assessment Area Concentration

The bank made a majority of its small farm, small business, and home mortgage loans, by number and dollar volume, within its assessment area. These results reflect management's commitment to lend within the local communities. See the following table.

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	114	91.2	11	8.8	125	13,676	91.7	1,239	8.3	14,915
Small Business	83	87.4	12	12.6	95	3,741	94.0	240	6.0	3,981
Home Mortgage	34	87.2	5	12.8	39	3,307	89.7	380	10.3	3,687
<i>Source: 1/1/2018 - 12/31/2018 Bank Data Due to rounding, totals may not equal 100.0</i>										

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 home mortgage lending 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, and the percentage, by number, of home

mortgage loans to low- and moderate-income borrowers. As previously mentioned, the sampled loans consist of only those loans originated inside the assessment area.

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 83.0 percent of the sampled loans were originated to farms with revenues of \$1 million or less. This performance is slightly below D&B data, which shows 97.7 percent of area farms fall into this revenue category.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.7	39	83.0	3,912	63.6
>1,000,000	1.0	8	17.0	2,236	36.4
Revenue Not Available	1.4	0	0.0	0	0.0
Total	100.0	47	100.0	6,148	100.0

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

Although the bank's performance is below D&B data, it is reasonable when considering the following factors. According to 2012 Agricultural Census data, a majority of farms (55.5 percent) have a primary occupation other than farming, indicating a large presence of hobby farms with limited lending need. Additionally, the same data showed a majority of farms (56.0 percent) pay no interest relating to farm operations, indicating limited lending need. Further, the bank originated multiple loans to the same borrowers with gross annual revenues over \$1 million, which skews the numbers. Specifically, three loans were to one borrower and two loans were to another. Of the loans to borrowers with gross annual revenues over \$1 million, management indicated four of these borrowers have established relationships with the bank (greater than 10 years) and have grown to over \$1 million in gross annual revenues. Management indicated a willingness to lend to qualified borrowers and have also used FSA and U.S. Department of Agriculture programs in recent years. Given the aforementioned factors, the bank's level of lending reflects reasonable performance.

Small Business Loans

The distribution of small business loans reflects excellent penetration to businesses with gross annual revenues of \$1 million or less. The following table shows that 92.7 percent of the sampled small business loans were originated to businesses with revenues of \$1 million or less. This performance significantly exceeds 2018 D&B data which shows 79.2 percent of area businesses fall into this revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	79.2	38	92.7	1,428	82.7
>1,000,000	4.5	3	7.3	298	17.3
Revenue Not Available	16.4	0	0.0	0	0.0
Total	100.0	41	100.0	1,726	100.0

Source: 2018 D&B Data: 1/1/2018 - 12/31/2018 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 reasonable. As shown in the following table, the bank's level of lending to low-income individuals is significantly lower than demographic data, and the level of lending to moderate-income individuals is slightly lower than demographic data.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	17.5	0	0.0	0	0.0
Moderate	19.9	5	16.7	236	8.6
Middle	24.3	2	6.7	153	5.5
Upper	38.3	4	13.3	419	15.2
Not Available	0.0	19	63.3	1,950	70.7
Total	100.0	30	100.0	2,758	100.0

Source: 2015 ACS Data: 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0.

Although the bank's performance is below benchmark data, it is reasonable when considering the following factors. Of the low-income families in the assessment area, 44 percent live below the poverty line according to the 2015 ACS data. This, together with the median housing value of \$92,303, indicates low-income families in the assessment area may have difficulty qualifying for a mortgage under conventional underwriting standards. The community contact indicated that an available down payment assistance program offered to low-income borrowers is rarely used, indicating low demand for home-purchase loans among these individuals. The bank's lending to moderate-income borrowers was slightly below benchmark data but still comparable. The table shows that five out of 11 consumer-purpose mortgage loans were originated to moderate-income borrowers.

The bank originates a significant amount of home mortgage loans to investors. Of the sampled loans, 63.3 percent were originated for rental purposes, where the bank did not rely on the borrower's income to make the credit decision. Management indicated a large need for rental housing as the area includes a significant amount of seasonal workers. The community contact made a similar comment about the need for rental housing. According to 2015 ACS data, 19.5 percent of the housing units in the assessment area are rental units, and 33 percent of the housing

units in CT 3602, which wholly contains the City of Hampton and the bank's main office, are rental units. Management indicated strong competition from local and online lenders is also a performance factor. Given the aforementioned factors, the bank's level of lending reflects reasonable performance.

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 institution 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.