



# KINDRED STATE BANK

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## 2024 Community Reinvestment Act Statement

Kindred State Bank with its main office located at 411 Elm, Kindred, North Dakota 58051, adopts and publishes this Community Reinvestment Act Statement in compliance with the Federal Community Reinvestment Act (CRA).

### LOCAL COMMUNITY

The bank seeks to meet the credit needs of individuals and firms living and doing business within its community and delineated by the attached map. Our assessment area includes Metropolitan Statistical Area of Cass County of North Dakota and Clay County of Minnesota, and the Census Tract Number 9707 and 9708 of Richland County, North Dakota.

### CREDIT PRODUCTS

The bank seeks to meet the credit needs of individuals and firms living and doing business within its assessment area by making the following types of loans available to qualified borrowers on the basis of demonstrated proper purpose and borrower qualifications:

- Agricultural Loans
- Commercial Loans
- Construction Loans
- Small Business Loans
- Housing Rehabilitation Loans
- Home Purchase Loans Including:
  - 1-4 Family dwellings
  - 5 or more family dwellings
- Home Improvement Loans
- Home Equity Loans
- Community Development Loans
- Consumer Loans, including, but not limited to
  - Vehicle Loans
  - Debt Consolidation/Personal Loans

The bank also makes available to its customers an Instant Cash/Debit card.

MEMBER FDIC

## **COMMUNITY CREDIT NEEDS**

The bank currently participates in and will continue to participate in a broad range of community based programs designed to meet the credit needs of its local community through credit services, direct personal involvement of its employees, and cooperation with community officials and agencies.

## **DEPOSIT PRODUCTS**

The bank seeks to make available Deposit Products that would be available to segments of our assessment area. The following are the products the bank offers:

### ***Regular Personal Checking***

- \$100 minimum balance to open the account
- \$3.00 maintenance fee if balance falls below \$100 any day in the statement cycle
- \$ 0.15 per item fee if balance falls below \$100 on any day in the statement cycle

### ***Interest Checking***

- \$500 minimum balance to open the account
- \$5.00 maintenance fee if balance falls below \$500 on any day in the statement cycle
- \$0.15 per item fee if balance falls below \$500 on any day in the statement cycle

### ***Student Checking***

- No minimum balance to open the account
- No maintenance fees or per item fees

### ***Senior Citizens Checking***

- No minimum balance to open the account
- No maintenance fees or per item fees

### ***Business Interest Checking***

- \$500 minimum balance to open the account
- \$5.00 maintenance fee if balance falls below \$500 on any day in the statement cycle
- Per Item Fee: \$0.15 per item

### ***Business Checking***

- No minimum balance to open the account
- \$4.00 maintenance fee per statement cycle
- Per Item Fee: \$0.10 per item
- Per deposit Fee: \$0.07 per check
- Earnings credit: \$0.10 per \$100.00 average daily balance

**Community Bank Club Checking – Basic Plan**

No minimum balance to open the account  
\$6.50 maintenance fee per statement cycle

**Community Bank Club Checking – Personal Plan**

No minimum balance to open the account  
\$7.50 maintenance fee per statement cycle

**Community Bank Club Checking – Family Plan**

No minimum balance to open the account  
\$8.50 maintenance fee per statement cycle

**Regular Savings**

\$2.00 maintenance fee if balance falls below \$100 any day in the statement cycle  
Limitations – 6 preauthorized transfers

**Student Savings**

No minimum balance to open the account  
Limitations – 6 preauthorized transfers  
No maintenance fees

**Money Market Savings**

\$1,000 to open the account  
\$5.00 maintenance fee if balance falls below \$1,000 on any day in the statement cycle  
Limitations – 6 preauthorized transfers

**Business Regular Savings**

No minimum balance to open the account  
\$2.00 maintenance fee if balance falls below \$100 on any day in the statement cycle  
Limitations – 6 preauthorized transfers

**Business MMDA Savings**

Minimum balance to open the account \$1,000  
\$5.00 maintenance fee if balance falls below \$1,000 on any day in the statement cycle  
Limitations – 6 preauthorized transfers

**Certificate of Deposit**

\$250 minimum to open the account

**Individual Retirement Accounts**

\$250 minimum to open the account

## LOAN TO DEPOSIT RATIO

3/31/23	40.68%	3/31/22	33.65%
6/30/23	50.56%	6/30/22	43.48%
9/30/23	53.90%	9/30/22	43.40%
12/31/23	49.91%	12/31/22	46.25%

## HOURS

The bank is available to conduct transactions and for assistance for its customers and the community during the following hours.

### ***Main Bank***

Monday – Friday	8:00 AM to 4:30 PM
Wednesday's	8:00 AM to 6:00 PM

## FEES

Account Research	\$ 25.00 per hour
Account Balancing	\$ 30.00 per hour
Account Activity Printout	\$ 5.00 per account
Copies	\$ .50 per page
Cashier's Checks	\$ 2.00 per check
Overdraft Fee	\$ 25.00 per item/Maximum of \$100.00 per day
Stop Payments	\$ 15.00 per item
Special Statement cut-off	\$ 10.00 each
Wire Transfers (Incoming)	\$ 15.00 each
Wire Transfers (Outgoing)	\$ 15.00 each
Returned deposit item	\$ 5.00 per item
Return Item Fee	\$ 25.00 per presented item/Maximum of \$100.00 per day
Outgoing fax	\$ 2.00 per page
Incoming fax	\$ 1.50 per page
Continuous Overdraft Fee	\$ 15.00 every 5 <sup>th</sup> business day/No charge for 1 <sup>st</sup> five days
Replacement Safe Deposit Box Key	\$ 20.00 each
Safe Deposit Box Drilling Fee	\$ 300.00

## LOAN FEES

Filing Fee	Exact Cost of Filing
Late payment fee	\$ 25.00 (10 day grace)
Minimum Interest Charge	\$ 25.00
Mortgage Loans	Exact cost of Abstract, Attorney's Opinion, etc.

# **PUBLIC DISCLOSURE**

January 23, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Kindred State Bank  
Certificate Number: 8946

411 Elm Street  
Kindred, North Dakota 58051

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.

Kindred State Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the institution's performance:

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.
- The bank made a majority of its small farm and small business loans in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes.
- The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

## DESCRIPTION OF INSTITUTION

Kindred State Bank is a privately owned commercial bank whose sole location is in Kindred, North Dakota. It has not opened or closed any branches and no merger or acquisition activities have occurred since the previous evaluation. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated January 23, 2017, based on Interagency Small Institution Examination Procedures.

The bank offers a variety of loan products, including agricultural, commercial, home mortgage, and consumer loans. Although still a lending focus for the bank, the volume of agricultural loans has declined since the previous evaluation due to some favorable years for area farmers, which allowed them to pay off loans at the bank and reduce their credit needs. In addition, the volume of commercial loans has increased since the previous evaluation through loan participations purchased and increased credit demand locally. As such, agricultural and commercial lending are a focus for the bank.

In addition to conventional lending, Kindred State Bank participates in various government-sponsored loan programs through the Small Business Administration (SBA). These programs are designed to assist small businesses that may not qualify for loans through conventional financing methods. In 2020, the bank originated 44 loans totaling approximately \$1.2 million through the SBA Paycheck Protection Program, which assisted small businesses and small farms struggling with the impact of the Coronavirus pandemic. In 2021, the bank originated 47 Paycheck Protection Program loans totaling approximately \$1.2 million. Kindred State Bank provides a variety of

traditional deposit services, including checking, savings, and certificates of deposit accounts. Finally, alternative banking services include internet banking and electronic periodic statements.

As of September 30, 2022, Kindred State Bank reported total assets of \$42.3 million, total loans of \$17.3 million, and total deposits of \$39.4 million. The following table illustrates the loan portfolio.

<b>Loan Portfolio Distribution as of 9/30/2022</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	0	0.0
Secured by Farmland	714	4.1
Secured by 1-4 Family Residential Properties	2,086	12.0
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	4,078	23.6
<b>Total Real Estate Loans</b>	<b>6,878</b>	<b>39.7</b>
Commercial and Industrial Loans	1,471	8.5
Agricultural Production and Other Loans to Farmers	5,340	30.8
Consumer Loans	3,142	18.1
Obligations of State and Political Subdivisions in the U.S.	366	2.1
Other Loans	8	0.1
Lease Financing Receivable (net of unearned income)	123	0.7
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>17,328</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income; Due to rounding, totals may not equal 100.0%</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

Kindred State Bank has designated a single assessment area. The assessment area is comprised of portions of Cass County, North Dakota and Clay County, Minnesota, which are included in the Fargo, ND-MN Metropolitan Statistical Area (MSA). The bank also included a portion of Richland County in its assessment area. More specifically, the assessment area consists of 29 census tracts in southeast Cass County, North Dakota; 2 census tracts in northern Richland County, North Dakota; and 10 census tracts in southwest Clay County, Minnesota. Of these, 12 are moderate-income, 19 are middle-income, and 9 are upper-income geographies. The assessment area also includes one census tract that is undesignated. While the boundaries of the assessment area have not changed since the prior examination, the census tract income categories have changed. At the prior evaluation, the bank's assessment area was comprised of 2 low-, 7 moderate-, 23 middle- and 9 upper-income census tracts.

### **Economic and Demographic Data**

Bank management noted that agriculture continues to drive the local economy, although there has been some recent commercial activity in the local area related to investment properties and bed and breakfast lodging facilities. Area farmers have done very well over the past few years due to strong crop yields and good commodity prices. As such, land values and land rental rates have significantly increased. Farm operations continue to grow, with some family farms being passed on to the next generation. There is a new housing development in the community and single-family



home values are very strong. There are a few larger employers in the community (the local school district, RDO Equipment, Cass County Rural Water, and Cass County Electric). However, a significant number of individuals commute to the Fargo-Moorhead area for employment. The following table illustrates select demographic data on the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	41	0.0	29.3	46.3	22.0	2.4
Population by Geography	203,662	0.0	24.0	40.0	34.4	1.5
Housing Units by Geography	89,752	0.0	26.0	41.5	30.7	1.8
Owner-Occupied Units by Geography	45,481	0.0	16.8	45.5	37.0	0.7
Occupied Rental Units by Geography	38,558	0.0	37.1	36.5	23.7	2.7
Vacant Units by Geography	5,713	0.0	23.6	43.8	27.9	4.7
Business by Geography	21,513	0.0	31.6	30.7	37.2	0.5
Farms by Geography	715	0.0	13.0	42.2	44.6	0.1
Family Distribution by Income Level	47,350	19.5	19.3	22.5	38.8	0.0
Household Distribution by Income Level	84,039	24.2	17.8	17.2	40.9	0.0
Median Family Income Fargo, ND-MN MSA		\$75,010	Median Housing Value			\$165,763
Median Family Income Nonmetropolitan ND		\$72,414	Median Gross Rent			\$710
			Families Below Poverty Level			7.2%
<i>Source: 2015 ACS; 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>						

### **Competition**

Kindred State Bank operates in a highly competitive market. Per 2021 FDIC Deposit Market Share data, 33 financial institutions operate 109 offices within the three counties that make up the bank's assessment area. Of these institutions, Kindred State Bank ranked 25th with 0.32 percent of the deposit market.

### **Community Contacts**

As part of the evaluation process, examiners contact third parties to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. Examiners reviewed a community contact interview previously conducted with an individual representing a government entity in the rural portion of the assessment area. The contact stated that agricultural-related credit needs are primary for the area and added that the overall economy is very similar to that of the rest of North Dakota. The local economy is highly dependent on agriculture and agriculture-related businesses. The 2021 harvest was good and commodity prices were high. However, costs for land rent, petroleum products, seed, chemicals, and machinery were also high. The contact commented that the commercial economy appears to be doing well.

### **Credit Needs**

Considering information from the community contact, bank management, as well as demographic and economic data, examiners determined that agricultural and commercial lending represent primary credit needs in the assessment area.

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the prior evaluation dated January 23, 2017, to the current evaluation dated January 23, 2023. Examiners used the Interagency Small Institution Examination Procedures to evaluate Kindred State Bank's CRA performance.

### Activities Reviewed

Bank records and discussions with bank management indicated that the lending focus and product mix generally remained consistent throughout the evaluation period despite the Coronavirus pandemic. As noted earlier, the bank's primary lending focus is agricultural, followed by commercial. Therefore, examiners reviewed all available small farm and small business loans originated, renewed, or extended in 2021 for the Assessment Area Concentration and Geographic Distribution criteria. Specifically, examiners reviewed 34 small farm loans totaling \$4.8 million and 82 small business loans totaling \$4.6 million. For the Borrower Profile criterion, examiners selected all 31 small farm loans totaling \$4.1 million and a sample of 38 small business loans in the assessment area totaling \$2.4 million. The analysis included loans originated, renewed, or extended and subsequently paid off during the evaluation period, including SBA Paycheck Protection Program loans. D&B data for 2021 provided a standard of comparison for small farm and small business lending. The bank's small farm and small business lending performances were given equal weight in the overall conclusions since both loan products represent the bank's primary lending products. While both the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of farms and businesses served. Home mortgage loans were not included in the review as they do not represent a lending focus or primary credit need within the assessment area.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### **LENDING TEST**

Kindred State Bank demonstrated satisfactory performance under the Lending Test. The Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance support this conclusion.

### Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's average net loan-to-deposit ratio has improved since the previous examination when it was 45.9 percent. As shown in the following table, Kindred State Bank's average net loan-to-deposit ratio is similar to that of comparable institutions over the past 23 calendar quarters. Comparable institutions were selected based on their asset size, branching structure, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2022 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
Peoples State Bank, Fairmount, North Dakota	35,525	68.4
Lincoln State Bank, Hankinson, North Dakota	107,686	57.1
Harwood State Bank, Harwood, North Dakota	47,643	65.8
<b>Kindred State Bank, Kindred, North Dakota</b>	<b>42,325</b>	<b>52.6</b>

*Source: Reports of Condition and Income 3/30/2017-9/30/2022; Banks listed alphabetically by city*

### Assessment Area Concentration

As detailed in the following table, Kindred State Bank originated a majority of its small farm and small business loans within the assessment area.

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	31	91.2	3	8.8	34	4,070	85.6	682	14.4	4,752
Small Business	68	82.9	14	17.1	82	3,442	75.0	1,147	25.0	4,589

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

### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion. This conclusion is supported by the reasonable performance in small farm and small business lending. Examiners focused on the bank's lending in moderate-income geographies.

#### ***Small Farm Loans***

The geographic distribution of small farm loans reflects reasonable distribution throughout the assessment area. Kindred State Bank did not originate any small farm loans in the moderate-income census tracts, rather all 31 small farm loans were originated in middle- and upper-income geographies in 2021. However, the moderate-income geographies generally encompass universities, industrial areas, and older residential areas within the Fargo-Moorhead city limits, whereas the bank's sole office is located at the very southern edge of Cass County, approximately 26 miles from the moderate-income census tracts. Therefore, it is reasonable that farm borrowers in the moderate-income census tracts would seek credit more locally since there are numerous other financial institutions in and near those tracts would be in closer proximity to serve the borrower's needs. Given this information, the geographic distribution of small farm loans in the assessment area is reasonable.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	13.0	0	0.0	0	0.0
Middle	42.2	18	58.1	2,805	68.9
Upper	44.6	13	41.9	1,265	31.1
Not Available	0.1	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>4,070</b>	<b>100.0</b>

*Source: 2021 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%*

### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable distribution throughout the assessment area. As indicated in the following table, lending in the moderate-income census tracts lags aggregate data. However, the moderate-income census tracts are primarily within the Fargo-Moorhead city limits whereas the bank's sole office is located at the very southern edge of Cass County, approximately 26 miles from the moderate-income census tracts. Similar to small farm lending, it is reasonable for a business in the moderate-income census tracts to seek credit more locally given the other financial institutions operating in and near those tracts that would be in closer proximity to serve the borrower's needs. Based on this information, the geographic distribution of small business loans in the assessment area is reasonable.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	31.6	4	5.9	98	2.8
Middle	30.7	44	64.7	2,419	70.3
Upper	37.2	20	29.4	925	26.9
Not Available	0.5	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>68</b>	<b>100.0</b>	<b>3,442</b>	<b>100.0</b>

*Source: 2021 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%*

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes. The review focused on the percentage of small farm and small business loans to farms and businesses with gross annual revenues of \$1 million or less. This conclusion is supported by reasonable performance in small farm lending and more than reasonable performance in small business lending.

### ***Small Farm Loans***

As shown in the following table, the distribution of borrowers reflects reasonable penetration among farms with gross annual revenues of \$1 million or less when compared to D&B data. The bank's lending to farms with gross annual revenues of \$1 million or less is lower than demographic data. However, the 2017 Census of Agriculture revealed that 40 percent of farmers in the assessment area list their primary occupation as "Other" than farming. That same data revealed that 45 percent of farms in the assessment area did not report interest expenses related to their operations. This information indicates that farms in the assessment area have off-farm income and may not need credit to finance farm operations. Furthermore, management indicated that farms have experienced some growth in their operations since the prior evaluation, which reduced their need for credit. Given this information, the bank's level of lending is reasonable.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
≤\$1,000,000	95.9	19	61.3	1,147	28.2
>\$1,000,000	2.8	12	38.7	2,923	71.8
Revenue Not Available	1.3	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>4,070</b>	<b>100.0</b>

*Source: 2021 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%*

### ***Small Business Loans***

As shown in the following table, the distribution of borrowers reflects more than reasonable penetration among businesses with gross annual revenues of \$1 million or less when compared to D&B data.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	84.5	36	94.7	2,343	96.1
>\$1,000,000	5.3	2	5.3	95	3.9
Revenue Not Available	10.3	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>	<b>2,438</b>	<b>100.0</b>

*Source: 2021 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%*

### **Response to Complaints**

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

### **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in

information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.



**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-Income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.