



## **PUBLIC DISCLOSURE**

FEBRUARY 04, 2019

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The Payne County Bank  
RSSD# 455150**

**202 South Main Street  
Perkins, Oklahoma 74059**

**Federal Reserve Bank of Kansas City  
1 Memorial Drive  
Kansas City, Missouri 64198**

**NOTE:** This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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## INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

The Payne County Bank (the bank) is rated Satisfactory and was also rated Satisfactory under the Community Reinvestment Act (CRA) at its January 26, 2015 performance evaluation.

- The bank is meeting the credit needs of its community based on an analysis of lending activity.
- The bank's net loan-to-deposit (NLTD) ratio is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside the AA.
- A reasonable dispersion of loans occurs throughout the bank's AA.
- Lending reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI), and businesses and farms of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City (Reserve Bank) received any CRA-related complaints since the previous evaluation.

## SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* were utilized to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, and market competition, as well as AA demographic and economic characteristics, and credit needs. Lending performance was assessed within the bank's Central Oklahoma AA. The following criteria were reviewed:

- **NLTD** – A 15-quarter average NLTD ratio was calculated for the bank and compared to a sample of similarly situated institutions.
- **Lending in the AA, Geographic Distribution, and Distribution to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes** –
  - Statistical samples of the bank's residential real estate, small business, and small farm loans originated from January 1, 2017 through December 31, 2017, were reviewed and compared to applicable demographic and aggregate data. Given the bank's current loan portfolio composition and strategic focus, more weight was placed on residential real estate loans in performing the analysis.
- **Response to Substantiated Complaints** – Neither the bank nor the Reserve Bank received any CRA-related complaints since the previous evaluation. Therefore, this criterion was not evaluated.
- **Community Contacts** – One community representative from an economic development organization was contacted to provide insight into the credit needs, economic conditions, and local housing needs within the bank's AA.

**DESCRIPTION OF INSTITUTION**

The Payne County Bank is a community bank headquartered in Perkins, Oklahoma. The bank’s characteristics include:

- Total assets of \$164.5 million (MM) as of June 30, 2018.
- In addition to its main office, the bank has one limited-service branch located in Perkins, as well as one loan/deposit production office (LPO/DPO) located in Chandler, Oklahoma. The LPO/DPO was recently opened in December 2018; thus, the activity generated from this office is not included within the scope of this evaluation.
- The main office and limited-service branch both provide drive-up services and full-service automated teller machines (ATMs). Additionally, the bank has three cash-only ATMs located throughout its AA communities.
- The bank’s primary business focus is residential, commercial, and agricultural loans, as these loan categories collectively represent 87.2 percent of the bank’s total loan portfolio by dollar volume.

<b>TABLE 1 COMPOSITION OF LOAN PORTFOLIO AS OF JUNE 30, 2018</b>		
<b>Loan Type</b>	<b>\$(000)</b>	<b>%</b>
Residential Real Estate	34,413	38.1
Commercial	25,491	28.2
Agricultural	18,878	20.9
Consumer	10,798	12.0
Other	678	0.8
<b>Gross Loans</b>	<b>90,258</b>	<b>100.0</b>
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

**DESCRIPTION OF ASSESSMENT AREA**

The bank’s AA includes Payne County in its entirety, one tract in Lincoln County, and one tract in Logan County, all in Oklahoma. The tracts in Logan and Lincoln Counties are located in the Oklahoma City Metropolitan Statistical Area (MSA). (Refer to Appendix A below for an AA map.)

- The AA’s composition has changed since the 2015 performance evaluation. The census tracts within Payne County now consist of 2 low-, 5 moderate-, 6 middle-, and 4 upper-income tracts, compared to previous composition consisting of 1 low-, 13 middle-, and 3 upper-income census tracts. In addition, the census tract in Logan County has changed from a middle-income tract to a moderate-income tract. There has been no change to the one census tract in Lincoln County.

- Collectively, the bank’s AA now consists of 2 low-, 7 moderate-, 6 middle-, and 4 upper-income census tracts. (Refer to Appendix B below for additional demographic information.)
- According to the June 30, 2018 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank’s market share of 8.1 percent ranked 4<sup>th</sup> out of 17 institutions operating in Payne County.

Area	2010 Population	2015 Population	Percent Change
Central Oklahoma AA	85,828	88,093	2.6
Payne County	77,350	79,423	2.7
Lincoln County	34,273	34,504	0.7
Logan County	41,848	44,493	6.3
State of Oklahoma	3,751,351	3,849,733	2.6

*Source: 2010 U.S. Census Bureau Decennial Census  
2011-2015 U.S. Census Bureau: American Community Survey*

- The population of Payne County, the most populous county in the AA, increased by 2.7 percent between 2010 and 2015, which is consistent with the 2.6 percent growth experienced by the state of Oklahoma over the same time period.
- According to a community contact, population growth in Payne County is driven by the presence of Oklahoma State University in Stillwater; however, the contact also mentioned that population growth, in general, throughout central Oklahoma has been increasing.
- The majority (90.2 percent) of the AA’s population resides in Payne County, and the overall AA’s population growth is comparable to the state of Oklahoma’s growth as a whole.

Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Central Oklahoma AA	53,052	53,005	(0.1)
Payne County	54,394	54,152	(0.4)
Lincoln County	51,586	55,258	7.1
Logan County	62,229	67,562	8.6
State of Oklahoma	53,607	58,029	8.2

*Source: 2006-2010 U.S. Census Bureau: American Community Survey  
2011-2015 U.S. Census Bureau: American Community Survey*

- The high number of families in the AA living below the poverty level, at 14.6 percent, is a strong contributing factor to the AA’s low median family income (MFI), which significantly lags the state of Oklahoma’s figure.

- A community contact indicated there has been an influx of low-income housing, both single-family and multifamily units, in Payne County. As a result, many individuals have relocated from outside the AA to the low-income housing units, which has possibly attributed to Payne County’s reduced MFI growth rate.

Area	Median Housing Value		Percent Change	Median Gross Rent		Percent Change
	2010	2015		2010	2015	
Central Oklahoma AA	111,879	130,792	16.9	597	726	21.6
Payne County	116,000	135,600	16.9	599	735	22.7
Lincoln County	87,700	99,800	13.8	507	620	22.3
Logan County	116,400	142,900	22.8	578	695	20.2
State of Oklahoma	104,300	117,900	13.0	633	727	14.8

*Source: 2006-2010 U.S. Census Bureau: American Community Survey  
2011-2015 U.S. Census Bureau: American Community Survey*

- According to the 2015 U.S. Census Bureau data, median housing values in every county of the AA experienced moderate growth that exceeded the growth rate for the state of Oklahoma during the same period. In addition, median housing values in Payne and Logan Counties were above values for the state of Oklahoma as a whole.
- Median gross rents increased significantly in the AA compared to the rents for the state of Oklahoma.
- A community contact reported that the number of affordable housing units in the region has been increasing; however, sales of new homes have slowed in the last quarter.

Region	2013	2014	2015	2016	2017
Payne County	4.7	3.7	3.5	3.8	3.6
Lincoln County	5.6	4.5	4.6	5.3	4.4
Logan County	4.9	4.0	3.8	4.1	3.7
State of Oklahoma	5.4	4.5	4.4	4.9	4.3

*Source: Bureau of Labor Statistics: Local Area Unemployment Statistics*

- Unemployment rates in the AA have experienced a downward trend since 2013, despite a slight uptick in 2016. The unemployment rates in both Payne and Logan Counties remain below the state of Oklahoma’s rate as a whole.
- The AA is heavily reliant on the oil and gas industry, agriculture, and manufacturing, although the agricultural sector has been negatively impacted by decreased commodity prices and increased property taxes. Overall, the AA’s economy has remained stable.
- Major employers in Payne County include Oklahoma State University, Stillwater Medical Center, the Environmental Quality Department (a state agency), and Walmart.

However, a majority of these employers are located in Stillwater, which is approximately 11 miles north of Perkins.

- Payne County and the central Oklahoma region retain approximately 50 percent of its residents for employment, while 40 percent of residents commute outside the area for employment.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**Net Loan-to-Deposit Ratio**

This performance criterion evaluates the bank’s average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank’s capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to several similarly situated FDIC-insured institutions. The bank’s NLTD ratio is reasonable.

<b>TABLE 6 COMPARATIVE NLTD RATIOS</b>	
<b>Institution</b>	<b>NLTD Ratio (%)</b>
	<b>15-Quarter Average</b>
The Payne County Bank	66.0
Community Bank	66.9
First Bank & Trust	62.3
First National Bank of Pawnee	41.8
Stroud National Bank	72.4

**Assessment Area Concentration**

This performance criterion evaluates the percentage of lending extended inside and outside the AA. As reflected in Table 7 below, a majority of the bank’s loans, by number and dollar, are originated inside the AA.

<b>TABLE 7 LENDING INSIDE AND OUTSIDE THE AA</b>								
<b>Loan Type</b>	<b>Inside</b>				<b>Outside</b>			
	<b>#</b>	<b>\$(000)</b>	<b>#%</b>	<b>\$%</b>	<b>#</b>	<b>\$(000)</b>	<b>#%</b>	<b>\$%</b>
Residential Loans	44	3,906	89.8	88.0	5	531	10.2	12.0
Small Business Loans	53	3,095	81.5	91.6	12	282	18.5	8.4
Small Farm Loans	64	3,047	84.2	59.6	12	2,067	15.8	40.4
<b>Total Loans</b>	<b>161</b>	<b>10,048</b>	<b>84.7</b>	<b>77.7</b>	<b>29</b>	<b>2,880</b>	<b>15.3</b>	<b>22.3</b>

*Note: Percentages may not add to 100.0 percent due to rounding.*

**Geographic Distribution of Loans**

This performance criterion evaluates the bank’s distribution of lending within its AA by income level of census tracts. The bank’s geographic distribution of loans reflects reasonable dispersion among the different census tracts within the AA.

**Residential Real Estate Loans**

The geographic distribution of residential real estate lending is reasonable. Although the bank originated no loans inside the AA’s two low-income census tracts, there is a very low percentage of owner-occupied units in this area, primarily due to the proximity of the Oklahoma State University campus. The bank’s lending in moderate-income tracts, at 29.5 percent by number and 24.2 percent by dollar, is slightly below the percentage of owner-occupied units at 31.7 percent.

<b>TABLE 8 DISTRIBUTION OF 2017 RESIDENTIAL REAL ESTATE LOANS BY INCOME LEVEL OF GEOGRAPHY</b>					
Census Tract Income Level	Bank Residential Real Estate Loans				% of Owner- Occupied Units
	#	\$(000)	#%	\$%	
<b>Low</b>	0	0	0.0	0.0	0.5
<b>Moderate</b>	13	944	29.5	24.2	31.7
<b>Middle</b>	25	2,332	56.8	59.7	37.8
<b>Upper</b>	6	630	13.6	16.1	30.1

*2017 FFIEC Census data  
NOTE: Percentages may not add up to 100.0 due to rounding.*

**Small Business Lending**

The geographic distribution of small business lending is reasonable. While the bank originated no loans within the AA’s two low-income census tracts, these tracts are located in Stillwater, Oklahoma, which is highly saturated with a mixture of state, regional, and nationally chartered banks and credit unions, creating increased market competition. In addition, the bank does not have a branch location presently in Stillwater, and only 8.9 percent of the AA businesses are located within these two census tracts. The bank’s lending in moderate-income tracts, at 39.6 percent by number, is slightly above the percentage of AA businesses in those tracts at 34.6 percent.

**TABLE 9  
DISTRIBUTION OF 2017 SMALL BUSINESS LOANS  
BY INCOME LEVEL OF GEOGRAPHY**

Census Tract Income Level	Bank Small Business Loans				% of Businesses
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	8.9
Moderate	21	750	39.6	24.2	34.6
Middle	24	1,354	45.3	43.7	31.7
Upper	8	992	15.1	32.0	24.8

2017 FFIEC Census data & 2017 Dun & Bradstreet information according to 2015 ACS.  
NOTE: Percentages may not add up to 100.0 due to rounding.

### **Small Farm Lending**

The geographic distribution of small farm lending is reasonable. The bank originated no loans within either of the AA's two low-income census tracts; however, these two tracts contain a very limited number of farms. Lending in moderate income tracts, at 39.1 percent by number, is above the percentage of AA farms in those tracts at 26.5 percent.

**TABLE 10  
DISTRIBUTION OF 2017 SMALL FARM LOANS  
BY INCOME LEVEL OF GEOGRAPHY**

Census Tract Income Level	Bank Small Farm Loans				% of Farms
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	1.0
Moderate	25	619	39.1	20.3	26.5
Middle	30	2,053	46.9	67.4	46.1
Upper	9	375	14.1	12.3	26.5

2017 FFIEC Census data & 2017 Dun & Bradstreet information according to 2015 ACS.  
NOTE: Percentages may not add up to 100.0 due to rounding.

### **Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes**

This performance criterion evaluates the bank's lending to borrowers of different income levels with emphasis placed on lending to LMI individuals, as well as its lending to businesses and farms of different revenue sizes, with emphasis placed on lending to those with gross annual revenues of \$1MM or less. The bank's lending displays a reasonable penetration among individuals of different income levels (including LMI) and businesses and farms of different revenue sizes.

### **Residential Real Estate Loans**

The borrower distribution of residential real estate lending is reasonable. The bank's lending to low-income borrowers, at 15.9 percent by number and 6.5 percent by dollar, is below the percentage of low-income families in the AA at 20.9 percent. However, lending to moderate-

income borrowers, at 20.5 percent by number and 13.9 percent by dollar, is above the AA demographic figure of 18.4 percent.

**TABLE 11  
DISTRIBUTION OF 2017 RESIDENTIAL REAL ESTATE LOANS  
BY BORROWER INCOME LEVEL**

Borrower Income Level	Bank Residential Real Estate Loans				Families by Family Income %
	#	\$(000)	#%	\$%	
Low	7	254	15.9	6.5	20.9
Moderate	9	541	20.5	13.9	18.4
Middle	6	661	13.6	16.9	18.9
Upper	22	2,449	50.0	62.7	41.8

2017 FFIEC Data

NOTE: Percentages may not add up to 100.0 due to rounding.

### **Small Business Lending**

The borrower distribution of small business lending is reasonable. The bank originated 77.4 percent of its loans by number and 30.6 percent by dollar to businesses with revenues of \$1MM or less, which was below the demographic figure of small businesses in the AA at 89.4 percent. However, a majority of these loans, 83.0 percent by number, were for amounts of \$100,000 or less, indicating the bank's willingness to meet the credit needs of small businesses. Additionally, approximately 60.0 percent of the bank's small business lending to businesses with revenues greater than \$1MM is concentrated in three large commercial customer relationships.

**TABLE 12  
DISTRIBUTION OF 2017 SMALL BUSINESS LOANS  
BY REVENUE SIZE OF BUSINESSES**

	Bank Small Business Loans				Total Businesses
	#	\$(000)	#%	\$%	%
<b>By Revenue</b>					
\$1 Million or Less	41	947	77.4	30.6	89.4
Over \$1 Million	11	2,139	20.8	69.1	9.4
Not Known	1	10	1.9	0.3	1.2
<b>Total</b>	<b>53</b>	<b>3,095</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
\$100,000 or less	44	1,001	83.0	32.3	
\$100,001- \$250,000	6	942	11.3	30.4	
\$250,001 - \$1 Million	3	1,152	5.7	37.2	
<b>Total</b>	<b>53</b>	<b>3,095</b>	<b>100.0</b>	<b>100.0</b>	
<b>By Loan Size and Revenue \$1 Million or Less</b>					
\$100,000 or less	41	947	100.0	100.0	
\$100,001 - \$250,000	0	0	0.0	0.0	
\$250,001 - \$1 Million	0	0	0.0	0.0	
<b>Total</b>	<b>41</b>	<b>947</b>	<b>100.0</b>	<b>100.0</b>	
<small>2017 FFIEC Census data &amp; 2017 Dun &amp; Bradstreet information according to 2015 ACS. NOTE: Percentages may not add up to 100.0 due to rounding.</small>					

**Small Farm Lending**

The borrower distribution of small farm lending is reasonable. The bank's lending to farms with revenues of \$1MM or less, at 92.2 percent by number and 81.2 percent by dollar, is below the demographic figure of small farms in the AA at 100.0 percent. However, similar to the bank's small business lending, a majority of the bank's small farm loans, 85.9 percent by number, were for amounts of \$100,000 or less, indicating the bank's willingness to meet the credit needs of small farms.

**TABLE 13  
DISTRIBUTION OF 2017 SMALL FARM LOANS  
BY REVENUE SIZE OF FARMS**

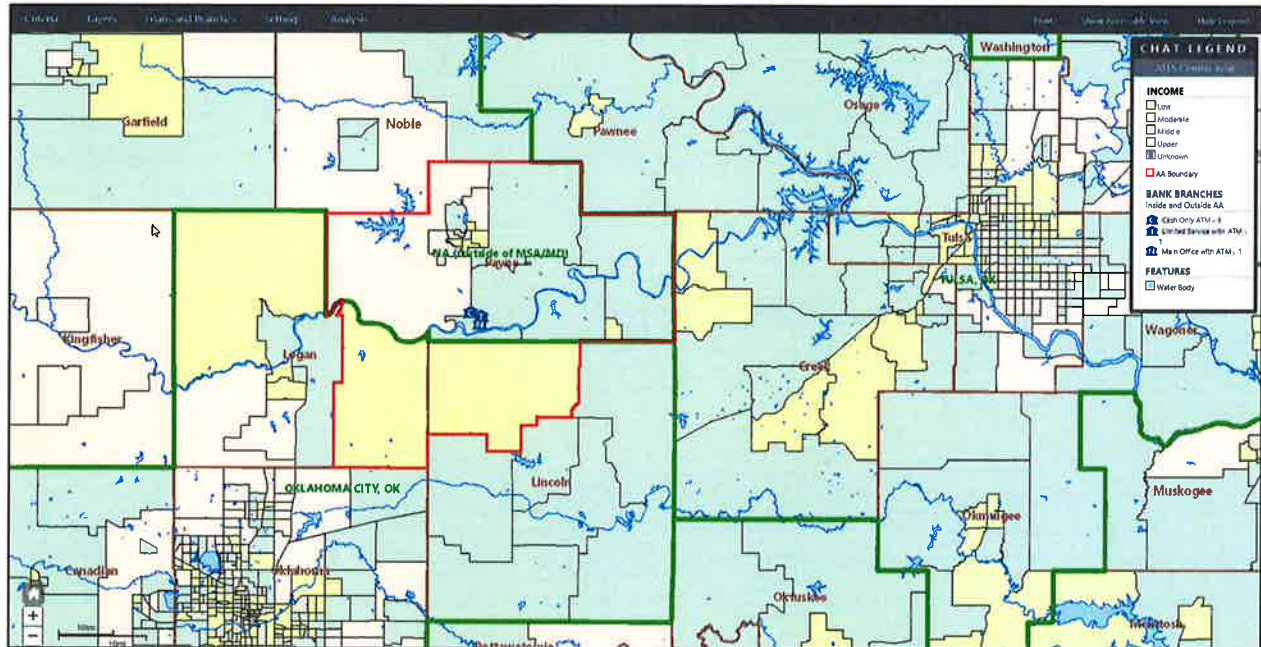
	Bank Small Farm Loans				Total Farms
	#	\$(000)	#%	\$%	%
<b>By Revenue</b>					
\$1 Million or Less	59	2,473	92.2	81.2	100.0
Over \$1 Million	5	574	7.8	18.8	0.0
Not Known	0	0	0.0	0.0	0.0
<b>Total</b>	<b>64</b>	<b>3,047</b>	<b>100.0</b>	<b>100.0</b>	
<b>By Loan Size</b>					
\$100,000 or less	55	1,255	85.9	41.2	
\$100,001 - \$250,000	7	1,091	10.9	35.8	
\$250,001 - \$500,000	2	700	3.1	23.0	
<b>Total</b>	<b>64</b>	<b>3,047</b>	<b>100.0</b>	100.0	
<b>By Loan Size and Revenue \$1 Million or Less</b>					
\$100,000 or less	53	1,181	89.8	47.8	
\$100,001 - \$250,000	4	591	6.8	23.9	
\$250,001 - \$500,000	2	700	3.4	28.3	
<b>Total</b>	<b>59</b>	<b>2,473</b>	<b>100.0</b>	100.0	

*2017 FFIEC Census data & 2017 Dun & Bradstreet information according to 2015 ACS.  
NOTE: Percentages may not add up to 100.0 due to rounding.*

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

An assessment of the bank's fair lending activities was conducted during this evaluation to determine compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No evidence of discriminatory or illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – Map of the Assessment Area



APPENDIX B – Demographic Information and Lending Tables

**TABLE B-1  
CENTRAL OKLAHOMA AA  
2017 AA DEMOGRAPHICS**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	10.5	404	2.2	96	23.8	3,889	20.9
Moderate	7	36.8	5,776	31.0	1,205	20.9	3,426	18.4
Middle	6	31.6	7,072	38.0	967	13.7	3,527	18.9
Upper	4	21.1	5,373	28.8	444	8.3	7,783	41.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>19</b>	<b>100.0</b>	<b>18,625</b>	<b>100.0</b>	<b>2,712</b>	<b>14.6</b>	<b>18,625</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	2,906	85	0.5	2.9	2,155	74.2	666	22.9
Moderate	13,013	5,484	31.7	42.1	5,881	45.2	1,648	12.7
Middle	12,614	6,536	37.8	51.8	4,430	35.1	1,648	13.1
Upper	9,536	5,201	30.1	54.5	3,254	34.1	1,081	11.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>38,069</b>	<b>17,306</b>	<b>100.0</b>	<b>45.5</b>	<b>15,720</b>	<b>41.3</b>	<b>5,043</b>	<b>13.2</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	237	8.9	201	8.5	36	14.5	0	0.0
Moderate	919	34.6	819	34.5	84	33.7	16	50.0
Middle	841	31.7	748	31.5	82	32.9	11	34.4
Upper	659	24.8	607	25.6	47	18.9	5	15.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>2,656</b>	<b>100.0</b>	<b>2,375</b>	<b>100.0</b>	<b>249</b>	<b>100.0</b>	<b>32</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>89.4</b>		<b>9.4</b>		<b>1.2</b>	
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	1	1.0	1	1.0	0	0.0	0	0.0
Moderate	27	26.5	27	26.5	0	0.0	0	0.0
Middle	47	46.1	47	46.1	0	0.0	0	0.0
Upper	27	26.5	27	26.5	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>102</b>	<b>100.0</b>	<b>102</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>			<b>100.0</b>		<b>0.0</b>		<b>0.0</b>	

2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS.  
NOTE: Percentages may not add up to 100.0 due to rounding.

## APPENDIX C – 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.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of MSAs. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**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.

**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

nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which 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).

**Full-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancing 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.

**Limited-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, 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.

**Metropolitan area (MA):** MSA or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**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 percent 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 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**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.

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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