

PUBLIC DISCLOSURE

October 24, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Foundation One Bank
Certificate Number: 18761

23804 Cedar Drive
Waterloo, Nebraska 68069

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.

The following points summarize the bank's performance.

- The loan-to-deposit is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of the loans reviewed were located inside the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans within the assessment area.
- The institution did not receive any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation. As a result, examiners did not evaluate the bank's record of responding to CRA-related complaints.

DESCRIPTION OF INSTITUTION

Foundation One Bank is a community financial institution headquartered in Waterloo, Nebraska. The institution is solely owned by Foundation First Corporation, Omaha, Nebraska, a one-bank holding company. The bank operates three full-service offices, with the main office located in Waterloo, Nebraska, and two branch offices located in Omaha, Nebraska. The FDIC assigned a "Satisfactory" rating at the prior CRA evaluation on July 16, 2018, using Interagency Small Institution Examination Procedures.

The bank offers traditional credit products including, commercial, home mortgage, consumer, and a limited number of agricultural loans. Commercial lending continues to be the bank's primary focus, followed by residential real estate lending. The bank sells a majority of the home mortgage loans originated to the secondary market. The bank participated in the Small Business Administration (SBA) Paycheck Protection Program (PPP) in 2020 and 2021. The bank originated 150 PPP loans for \$27.7 million in 2020 and 83 PPP loans for \$9.2 million in 2021. The bank offers a variety of deposit products including checking accounts, savings accounts, and certificates of deposit. Alternative banking services include online and mobile banking, electronic bill pay, and automated teller machines (ATMs).

The institution's June 30, 2022, Consolidated Report of Condition and Income reflected total assets of \$167.1 million, total deposits of \$141.6 million, and total loans of \$132.2 million. The following table reflects the bank's loan portfolio composition.

Loan Portfolio Distribution as of 06/30/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	12,070	9.1
Secured by Farmland	4,989	3.8
Secured by 1-4 Family Residential Properties	32,167	24.3
Secured by Multifamily (5 or more) Residential Properties	10,993	8.3
Secured by Nonfarm Nonresidential Properties	42,526	32.2
Total Real Estate Loans	102,745	77.7
Commercial and Industrial Loans	27,710	21.0
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	1,762	1.3
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0.0	0.0
Lease Financing Receivable (net of unearned income)	0.0	0.0
Less: Unearned Income	26	<1.0
Total Loans	132,191	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Foundation One Bank has one assessment area that includes 93 census tracts in the western portion of Douglas County and the northern portion of Sarpy County. The assessment area is located in the Omaha-Council Bluffs, Nebraska-Iowa Metropolitan Statistical Area (MSA). The bank changed the assessment area to add 11 census tracts in the northern portion of Sarpy County and to remove 13 census tracts in the eastern portion of Douglas County since the previous CRA evaluation. The assessment area includes one low-income census tract and seven moderate-income census tracts, according to the 2015 American Community Survey (ACS) data. The two offices in Omaha are located in upper-income census tracts, while the Waterloo office is located in a middle-income census tract.

Economic and Demographic Data

The following table provides demographic data for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	93	1.1	7.5	47.3	44.1	0.0
Population by Geography	347,122	0.9	6.2	46.6	46.3	0.0
Housing Units by Geography	141,646	1.0	6.8	50.0	42.2	0.0
Owner-Occupied Units by Geography	94,313	0.3	5.3	44.4	50.0	0.0
Occupied Rental Units by Geography	40,668	2.5	10.2	62.1	25.2	0.0
Vacant Units by Geography	6,665	1.5	6.5	55.3	36.6	0.0
Businesses by Geography	36,221	0.7	4.5	47.5	47.4	0.0
Farms by Geography	1,226	0.8	4.2	46.1	48.9	0.0
Family Distribution by Income Level	90,961	12.7	14.4	22.0	50.9	0.0
Household Distribution by Income Level	134,981	16.5	13.6	17.8	52.0	0.0
Median Family Income MSA - 36540 Omaha-Council Bluffs, NE-IA MSA		\$73,632	Median Housing Value			\$184,299
			Median Gross Rent			\$914
			Families Below Poverty Level			4.8%

Source: 2015 ACS and 2021 D&B Data. Due to rounding, totals may not equal 100.0%.
 (*) The NA category consists of geographies that have not been assigned an income classification.

The bank's assessment area is predominantly urban in nature and includes part of Omaha, as well as Elkhorn, Valley, and Waterloo in Douglas County, and part of Gretna in Sarpy County.

In early 2020, the COVID-19 pandemic began to spread across the nation resulting in numerous business closings. As a result, unemployment increased throughout the assessment area, peaking at a high in April 2020 of 9.8 percent and 8.5 percent, in Douglas and Sarpy counties, respectively. Unemployment has since declined to more normalized levels, which has helped stabilize the economy. As of August 2022, the unemployment rates for Douglas and Sarpy counties were 2.6 percent and 2.1 percent, respectively. These are in line with the State of Nebraska's unemployment rate for August 2022, which was 2.2 percent.

The Federal Financial Institution Examination Council (FFIEC)-estimated median family income (MFI) levels are used to analyze home mortgage loans under the Borrower Profile criterion. The following table represents the 2021 FFIEC-estimated MFI for the Omaha-Council Bluffs, NE-IA MSA as well as the low-, moderate-, middle-, and upper-income ranges.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2021 (\$87,700)	<\$43,850	\$43,850 to <\$70,160	\$70,160 to <\$105,240	≥\$105,240

Source: FFIEC

Competition

The assessment area is highly competitive for financial services. According to 2021 FDIC Deposit Market Share data, 50 financial institutions operate 130 offices within the assessment area. Of these institutions, Foundation One Bank ranks 24th with a deposit market share of 0.7 percent.

Strong competition for home mortgage loans also exists among area banks, credit unions, and non-depository lenders within the assessment area. For example, 2021 aggregate HMDA mortgage data showed 371 lenders reporting 37,725 home mortgage loans in the assessment area. Although Foundation One Bank was not a HMDA reporter in 2021, the bank reported HMDA data for a portion of the evaluation period (2018 and 2019) and competes with these organizations for home mortgage loans.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the area's credit needs. This information helps determine whether local financial institutions are responsive to those needs and shows what credit opportunities are available.

Examiners reviewed an existing community contact from a representative of an economic development organization active in the assessment area. The contact stated the population in western Omaha has been increasing in the past 10 years with many of the residents being upper-income individuals. The contact stated that the overall banking industry in Douglas County is vibrant and crowded with a large number of financial institutions throughout the county.

The contact believes that most businesses in the county have been able to withstand the difficulties presented by COVID-19; however, small businesses are having difficulties hiring workers due to rising wages and inflation in the area. Regardless of these difficulties, the contact identified a rising trend of increased interest in individuals wanting to open businesses in the county. The contact also explained that these individuals and existing small businesses have many options in financial institutions due to the high competition present in the county, allowing them to compare and shop around for the best rate. The contact explained that the overall local perception surrounding the banking industry and local institutions is positive and that banks are doing a great job of meeting the credit needs of the community.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and home mortgage loans are the primary credit needs in the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation, dated July 16, 2018, to the current evaluation, dated October 24, 2022. Examiners used the Interagency Small Institution Examination Procedures to conduct the evaluation, which includes a Lending Test. Refer to the appendices for a description of the Lending Test.

Activities Reviewed

Small business loans are the bank's primary business focus followed by home mortgage loans. Examiners selected these products to evaluate the bank's performance. They selected these products based on the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. Other loan products, such as agricultural and consumer loans, do not represent major product lines. As such, examiners did not review these products, since they would not provide material support for conclusions or the rating.

Examiners selected calendar year 2021 as the review period. The bank-provided loan data did not include loans originated in 2021, but paid off prior to this evaluation. As such, SBA PPP loans originated in 2021 are not included in the analysis. Secondary market loans originated in 2021 were included in the analysis as part of the home mortgage loan universe. Bank management indicated this review period was an accurate representation of the institution's lending activity throughout the evaluation period.

For the Assessment Area Concentration analysis, examiners reviewed all small business and home mortgage loans originated during the review period. The small business loan universe consisted of 55 loans with a dollar volume of \$16.6 million and the home mortgage loan universe consisted of 108 loans with a dollar volume of \$34.8 million. For the Geographic Distribution and Borrower Profile analyses, examiners reviewed all small business and home mortgage loans originated within the assessment area. For small business loans, this consisted of 28 loans with a dollar volume of \$6.7 million. For home mortgage loans, this consisted of 63 loans with a dollar volume of \$19.3 million. 2021 D&B data provided a standard of comparison for small business loans and 2015 ACS data provided a standard of comparison for home mortgage loans.

Examiners placed more weight on small business loans in drawing overall conclusions due to the higher lending volume. Examiners placed equal weight on the number and dollar volume of loans when conducting the Assessment Area Concentration analysis. However, examiners placed greater weight on the number of loans, rather than the dollar volume of loans, when conducting the Geographic Distribution and Borrower Profile analyses because the number of loans is a better indicator of the small businesses and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Foundation One Bank demonstrated satisfactory performance under the Lending Test. More than reasonable performance under the Loan-to-Deposit Ratio criterion and reasonable performance under the Assessment Area Concentration, Geographic Distribution, and Borrower Profile criteria supports this conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's net loan-to-deposit ratio, calculated from Consolidated Report of Condition and Income data, averaged 104.8 percent over the past 16 quarters from

September 30, 2018, through June 30, 2022. The ratio ranged from a low of 92.2 percent on December 31, 2021, to a high of 125.7 percent on September 30, 2020. Although the bank's ratio has been on a declining trend since September 30, 2020, the bank's average net loan-to-deposit ratio still represents an increase since the previous evaluation when it was 103.8 percent.

Examiners compared Foundation One Bank's average net loan-to-deposit ratio to three similarly-situated financial institutions to evaluate the bank's performance. The institutions were selected based on their asset size, geographic location, and lending focus. As shown in the following table, the bank's average net loan-to-deposit ratio exceeds all of the similarly-situated institutions.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 06/30/2022 (\$000s)	Average Net LTD Ratio (%)
Foundation One Bank, Waterloo, Nebraska	167,120	104.8
American Interstate Bank, Elkhorn, Nebraska	134,097	90.5
United Republic Bank, Elkhorn, Nebraska	168,158	91.3
First Westroads Bank, Inc., Omaha, Nebraska	354,965	84.9

Source: Reports of Condition and Income 09/30/2018 - 06/30/2022

Assessment Area Concentration

Overall, the bank made a majority of loans, by number and by dollar volume, inside the assessment area. However, the dollar volume of small business loans made inside the assessment area is less than a majority. The following table provides details.

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 Business	28	50.9	27	49.1	55	6,689	40.2	9,936	59.8	16,625
Home Mortgage	63	58.3	45	41.7	108	19,324	55.6	15,462	44.4	34,786
Total	91	55.8	72	44.2	163	26,013	50.6	25,398	49.4	51,411

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

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Reasonable small business performance supports this conclusion. Although examiners noted poor home mortgage lending performance, more weight was placed on small business lending performance.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Although the bank did not make any loans to businesses in the one low-income census tract within the assessment area, there is limited opportunity to lend given the small number

of business in that tract. However, in the moderate-income census tracts, the bank's lending performance exceeded the percentage of businesses located within those census tracts. Therefore, the bank's performance is reasonable. The following table provides details.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.7	0	0.0	0	0.0
Moderate	4.5	3	10.7	1,284	19.2
Middle	47.5	11	39.3	2,057	30.8
Upper	47.4	14	50.0	3,348	50.1
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	28	100.0	6,689	100.0

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor dispersion throughout the assessment area. The bank has limited opportunity to lend in the one low-income census tract within the assessment area. Specifically, there are only 0.3 percent of owner-occupied housing units available in that census tract, which represents five owner-occupied housing units. While still limited, there is more opportunity for the bank to lend in the moderate-income census tracts as 5.3 percent of owner-occupied housing units in the assessment area are in these geographies. The bank made 63 home mortgage loans totaling \$19.3 million within the assessment area; however, none of those loans were in low- or moderate-income census tracts.

The bank took measures to improve lending performance to low- and moderate-income census tracts by adding government loan programs, participating in first-time homebuyer programs, and accepting online mortgage loan applications in late 2021. The bank also sent a targeted mortgage mailer to low- and moderate-income census tracts in August 2022. Although the bank's efforts may lead to improved performance in the future, these efforts did not result in increased lending to low- and moderate-income borrowers during the review period. Therefore, the bank's performance is poor.

Borrower Profile

The distribution of borrowers reflects reasonable penetration of loans within the assessment area. Examiners focused on the percentage of small business loans to businesses with gross annual revenue of \$1 million or less and the percentage of home mortgage loans to low- and moderate-income borrowers. Reasonable small business performance supports this conclusion. Although examiners noted poor home mortgage lending performance, more weight was placed on small business lending performance.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The bank's lending activity to businesses with gross annual revenue of \$1 million or less is

comparable to the percentage of businesses reporting revenue in this category. The following table provides details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	84.8	24	85.7	4,639	69.4
>\$1,000,000	5.7	4	14.3	2,050	30.6
Revenue Not Available	9.5	0	0.0	0	0.0
Total	100.0	28	100.0	6,689	100.0

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

Home Mortgage Loans

The distribution of borrowers reflects poor penetration among individuals of different income levels within the assessment area. The number and dollar amount of loans made to low- and moderate income borrowers is significantly lower than the percentage of families with these income levels within the assessment area. Although the bank was not a HMDA reporter in 2021, aggregate HMDA data can indicate the lending opportunity to borrowers of different incomes. HMDA reporters made 4.4 percent of their loans to low-income borrowers and 16.9 percent their loans to moderate-income borrowers in the assessment area. Foundation One Bank’s lending performance also lagged behind the aggregate performance data of HMDA reporters to low- and moderate income borrowers.

As previously noted, the bank took measures to improve lending performance to low- and moderate-income borrowers by adding government loan programs, participating in first-time homebuyer programs, accepting online mortgage loan applications in late 2021, and conducting targeted mortgage marketing in August 2022. However, these efforts did not result in increased lending to low- and moderate-income borrowers during the review period. Therefore, the bank’s performance is poor. The table below provides further details.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	12.7	2	3.2	254	1.3
Moderate	14.4	2	3.2	408	2.1
Middle	22.0	9	14.3	2,332	12.1
Upper	50.9	50	79.4	16,330	84.5
Not Available	0.0	0	0.0	0	0.0
Total	100.0	63	100.0	19,324	100.0

Source: 2015 ACS; Bank Data; 2021 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.

Response to Complaints

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