

# **PUBLIC DISCLOSURE**

January 6, 2020

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

United Bank of El Paso del Norte  
RSSD# 2942823

125 Mesa Hills Drive  
El Paso, Texas 79912

Federal Reserve Bank of Dallas

2200 N. Pearl Street  
Dallas, Texas 75201

**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.

**TABLE OF CONTENTS**

**INSTITUTION'S CRA RATING ..... 2**

**SCOPE OF EXAMINATION ..... 2**

**DESCRIPTION OF INSTITUTION ..... 2**

**DESCRIPTION OF ASSESSMENT AREA ..... 3**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA ..... 5**

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW ..... 8**

**APPENDIX A – MAP OF THE ASSESSMENT AREA ..... 9**

**APPENDIX B – DEMOGRAPHIC INFORMATION ..... 11**

**APPENDIX C – GLOSSARY ..... 12**

### INSTITUTION'S CRA RATING

United Bank of El Paso del Norte (the bank) is rated **Satisfactory**. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) 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 businesses of different sizes.
- Neither the bank nor this 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, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. Lending performance was assessed within the bank's El Paso MSA AA. The following data was reviewed:

- The bank's sixteen-quarter average NLTD since the last CRA evaluation dated August 17, 2015.
- A sample of 63 small business loans originated by the bank between July 9, 2018 and December 31, 2018.
- Community Contacts - three individuals familiar with small business credit needs in the El Paso MSA AA were contacted in conjunction with this examination.
- Response to Substantiated Complaints - this criterion was not evaluated, as no CRA related complaints were received by the bank or this Reserve Bank since the previous evaluation.

### DESCRIPTION OF INSTITUTION

United Bank of El Paso del Norte is a community bank headquartered in El Paso, Texas. All products and services offered by the bank are offered at each of the bank's locations. The bank has not opened or closed any branches since the previous examination. The bank has not had any merger or acquisition activity since the last examination. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Southwest United Bancshares, Inc.
- The bank has total assets of \$254.7 million as of September 30, 2019.
- In addition to its main office, the bank has three branches, one located downtown, and two in east El Paso: McRae, and Zaragoza.
- The bank does not have any automated teller machines (ATMs).
- The bank's primary business focus is commercial lending.

Loan Type	\$(000)	%
Agricultural	1,438	0.8
Commercial	172,965	93.7
Residential Real Estate	8,993	4.9
Consumer	1,257	0.7
Other	33	0.1
<b>Gross Loans</b>	<b>184,686</b>	<b>100.0</b>

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

The bank was rated Satisfactory under the CRA at its August 17, 2015 performance evaluation. 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 THE EL PASO MSA ASSESSMENT AREA

The bank's AA is comprised of the El Paso MSA in its entirety (see Appendix A for an AA map).

- As of 2018, the El Paso MSA AA consisted of 162 census tracts, comprised of 10 low-income (6.2%), 55 moderate-income (34.0%), 54 middle-income (33.3%), 42 upper-income (25.9%) and one unknown-income (0.6%) census tracts.
- There are 16 Federal Deposit Insurance Corporation (FDIC) insured financial institutions within the El Paso MSA AA, with the bank ranking eighth, holding 2.3% of the deposit market share within the El Paso MSA AA.
- Community contacts - three individuals familiar with small business credit needs within the El Paso MSA AA were contacted in conjunction with this examination.

Area	2010 Population	2015 Population	Percent Change
El Paso MSA	804,123	834,425	3.8
State of Texas	25,145,561	26,538,614	5.5

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

- One community contact stated the expansion of oil production in the region has attracted an influx of oil workers to the area. Additionally, the contact stated that most of the population increase in the El Paso MSA AA is due to its proximity to Hobbs, New Mexico, and the Midland-Odessa oil fields.
- A second community contact mentioned the El Paso MSA AA has not grown as rapidly as other metropolitan areas in the state of Texas.

Area	2010 Median Family Income	2015 Median Family Income	Percent Change
El Paso MSA	40,255	46,033	14.4
State of Texas	58,142	62,717	7.9

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

- The median family income for the El Paso MSA AA remains below the median family income for the state of Texas.
- Dominant employment sectors such as retail and food services do not pay as well as other business sectors due to the large number of part-time workers employed in these sectors, driving down overall average earnings, and full time employees in these industry sectors are also paid low wages.
- Wages in the El Paso MSA AA remain below the national average for each sector, however, the cost of living differences compensate for some of the lower wage disparity between the AA and the national average.
- In the El Paso MSA AA, 77% of adults 25 and older, had at least a high school diploma compared to 83% for the state of Texas in 2016.
- In the El Paso MSA AA, 22% of adults 25 and older, had bachelor's degree or higher compared to 29% for the state of Texas in 2016. These education levels are in line with the most concentrated industry clusters, such as the food service industry and other businesses that rely more heavily on part-time workers, and do not typically require a higher education level.
- A community contact stated wages in the El Paso MSA AA are lower when compared to other metropolitan areas in Texas, however, the lower cost of living helps mitigate the lower wages offered in the AA.

Area	Median Housing Value		Percent Change	Median Gross Rent		Percent Change
	2010	2015		2010	2015	
El Paso MSA	101,475	113,614	12.0	618	749	21.2
State of Texas	123,500	136,000	10.1	786	882	12.2

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

- The median housing value and median gross rent remain below the median housing value and median gross rent for the state of Texas.
- From 2010 to 2015, the El Paso median housing value and median gross rent increased at a higher rate than the state of Texas values, indicating an increasing demand for housing in the El Paso MSA AA.
- One community contact stated housing costs in the El Paso MSA AA are affordable when compared to other metropolitan areas in the state of Texas.

Region	2016	2017	2018
El Paso MSA	4.9	4.6	4.2
State of Texas	4.6	4.3	3.9
<i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics</i>			

- During the 2016-2018 review period, the unemployment rate for the bank’s AA was higher than the state of Texas.
- However, due to the robust manufacturing activity in Juarez, Mexico, service sector job gains in the bank’s AA outpaced the state of Texas and the nation in 2015 and 2016.
- Employment in the retail services sector is driven by growing binational population and regional income gains, as Mexican shoppers account for 10-15% of retail sales. This sector has grown 17% to nearly 40,000 workers since 2010.
- Government and military are major drivers of the El Paso MSA AA economy, especially the federal government. Fort Bliss, is the largest employer of government workers within the AA. Other top government employers include the Department of Homeland Security’s Customs and Border Protection agency, the city of El Paso, and El Paso County, when combined employ over 10,000 workers.
- Health services job gains expanded by 28% from 2010 to 2017, to more than 40,000 workers. Tenet Health and Las Palmas Del Sol Healthcare rank among the top employers.
- The education sector employs over 38,000 workers and is fueled by 12 schools districts, the University of Texas at El Paso, El Paso Community College, and Texas Tech University Health Sciences Center.
- Per community contacts, health services, transportation, and food services are industries with high demand for small business loans.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

The bank’s overall performance under the lending test is satisfactory.

**Net Loan-to-Deposit Ratio**

This performance criterion evaluates the bank’s average NLTD 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 bank’s AA, and in comparison to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, and areas of operation.

The NLTD is reasonable given the bank’s resources, and local competition from other financial institutions in the bank’s AA. As of September 30, 2019, the bank’s NLTD was 84.5% and the quarterly average since the previous evaluation was 92.4%. The similarly situated banks have NLTDs ranging from 85.2% to 99.6% as of September 30, 2019, and their quarterly average NLTDs range from 71.9% to 91.5%. The bank’s loan-to-deposit ratios are higher than similarly situated banks and reflect favorably upon its efforts to meet the credit needs of its community.

Institution	Location	Asset Size (\$000s)	NLTD Ratio (%)
			16 Quarter Average
United Bank of El Paso del Norte	El Paso, TX	254,684	92.4
Bank of Texas	Midland, TX	379,987	91.5
Western Heritage Bank	Las Cruces, NM	254,538	71.9

### Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the bank's AA. A substantial majority of the bank's loans, by number and dollar volume, are originated inside the bank's AA. The bank extended 58 or 92.1% by number volume and \$12.4 million or 92.2% by dollar volume of the sampled loans inside its AA.

Bank Loans	Inside				Outside			
	#	\$ (000s)	# %	\$ %	#	\$ (000s)	# %	\$ %
Small Business	58	12,362	92.1	92.2	5	1,048	7.9	7.8
Total Loans	58	12,362	92.1	92.2	5	1,048	7.9	7.8

The remaining analyses will be based on loans made inside the bank's assessment area.

### Geographic Distribution of Loans

The distribution of the institution's loans among low- and moderate-income geographies reflects a reasonable dispersion throughout the assessment area. Small business loans were generally made in close proximity to the bank's branches and there were no conspicuous gaps or anomalies in the lending patterns. The distribution of the remainder of bank lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its level of lending in low- and moderate-income geographies.

### Small Business Lending

To determine the bank's performance, small business lending is compared to the number of businesses located in the AA. During the sample period, the bank originated 58 small business loans in the El Paso MSA AA. In 2018, the bank made eight small business loans, representing 13.8% by number volume, and 18.6% by dollar volume, to businesses in low-income geographies. This exceeds the demographic data which indicates 7.1% of businesses in the bank's AA are located in low-income geographies. Additionally, the bank made 15 small business loans, representing 25.9% by number volume, and 15.8% by dollar volume, to businesses in moderate-

income geographies. This is comparable to the 27.4% of total businesses located in moderate-income geographies within the bank's AA. The bank's performance favorably reflects the banks' ability to meet the needs of small businesses located in these geographies.

Census Tract Income Level	Bank Small Business Loans				% of Businesses
	#	\$(000)	#%	\$%	
<b>Low</b>	8	2,305	13.8	18.6	7.1
<b>Moderate</b>	15	1,949	25.9	15.8	27.4
<b>Middle</b>	17	3,631	29.3	29.4	31.0
<b>Upper</b>	16	3,277	27.6	26.5	34.0
<b>Unknown</b>	2	1,201	3.4	9.7	0.5
<b>Total</b>	58	12,363	100.0	100.0	100.0

*Source: 2018 FFIEC Census Data  
2018 Dun & Bradstreet data  
NOTE: Percentages may not add up to 100.0 due to rounding.*

### Lending to Businesses of Different Sizes

This performance criterion evaluates the bank's lending to businesses of different revenue sizes. Although the bank's level of small business lending to small businesses with annual revenue less than \$1 million is below the demographic data, the bank's lending among businesses of different sizes is reasonable. Competition within the El Paso MSA AA is considerable when taking into account the bank's asset size, limited deposit market share, and number of branches compared to competitors.

#### Small Business Lending

To determine the bank's performance in the El Paso MSA AA, small business lending is compared to the number of small businesses located in the bank's AA. The CRA defines a small business as a business with annual gross revenue of \$1 million or less. According to 2018 Dun & Bradstreet data, 91.8% of businesses in the bank's AA met the CRA definition of a small business.

The borrower distribution of small business lending is reasonable given the bank's size and level of competition from other financial institutions. During the sample period, 58 of the sampled small business loans were originated in the El Paso MSA AA. Of these, 60.3% by number volume and 45.3% by dollar volume were originated to small businesses. Wells Fargo, with \$1.708 trillion in total assets and 25.1% of deposit market share, along with Bank of America, with \$1.813 trillion in assets and 22.1% of deposit market share have a strong presence with 14 and eight branches, respectively.

Smaller dollar loans to help start-up businesses was a credit need identified by one of the community contacts. In this regard, we noted that 25 (43.1% by number and 10.8% by dollar volume) of the sampled loans were for amounts under \$100,000. This demonstrates the bank's commitment to meeting the need for smaller loan amounts to small businesses within the El Paso MSA AA.



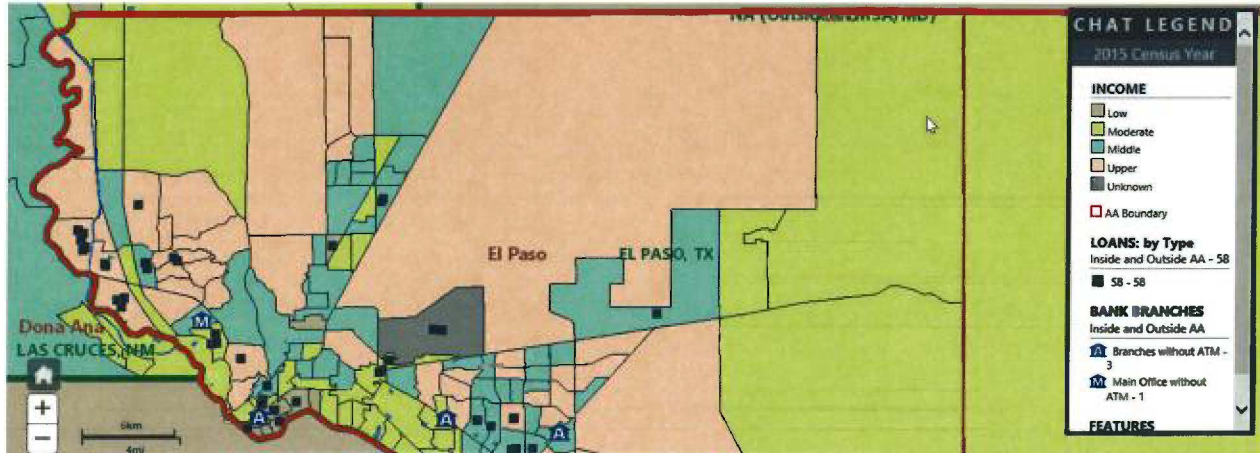
<b>Table 9 Distribution of 2018 Small Business Lending By Revenue Size of Businesses</b>					
	<b>Bank Loans</b>				<b>Total Businesses</b>
	<b>#</b>	<b>\$(000)</b>	<b>#%</b>	<b>%</b>	<b>%</b>
<b>By Revenue</b>					
\$1 Million or Less	35	5,599	60.3	45.3	91.8
Over \$1 Million	21	6,603	36.2	53.4	7.4
Not Known	2	160	3.4	1.3	0.8
<b>Total</b>	<b>58</b>	<b>12,362</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
\$100,000 or less	25	1,339	43.1	10.8	
\$100,001 - \$250,000	19	3,225	32.8	26.1	
\$250,001 - \$1 Million	14	7,798	24.1	63.1	
<b>Total</b>	<b>58</b>	<b>12,362</b>	<b>100.0</b>	<b>100.0</b>	
<b>By Loan Size and Revenue \$1 Million or Less</b>					
\$100,000 or less	25	1,339	71.4	50.1	
\$100,001 - \$250,000	10	1,331	28.6	49.9	
\$250,001 - \$1 Million	0	0	0.0	0.0	
<b>Total</b>	<b>35</b>	<b>2,670</b>	<b>100.0</b>	<b>100.0</b>	
<i>Source: 2018 FFIEC Census Data 2018 Dun &amp; Bradstreet data NOTE: Percentages may not add up to 100.0 due to rounding.</i>					

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

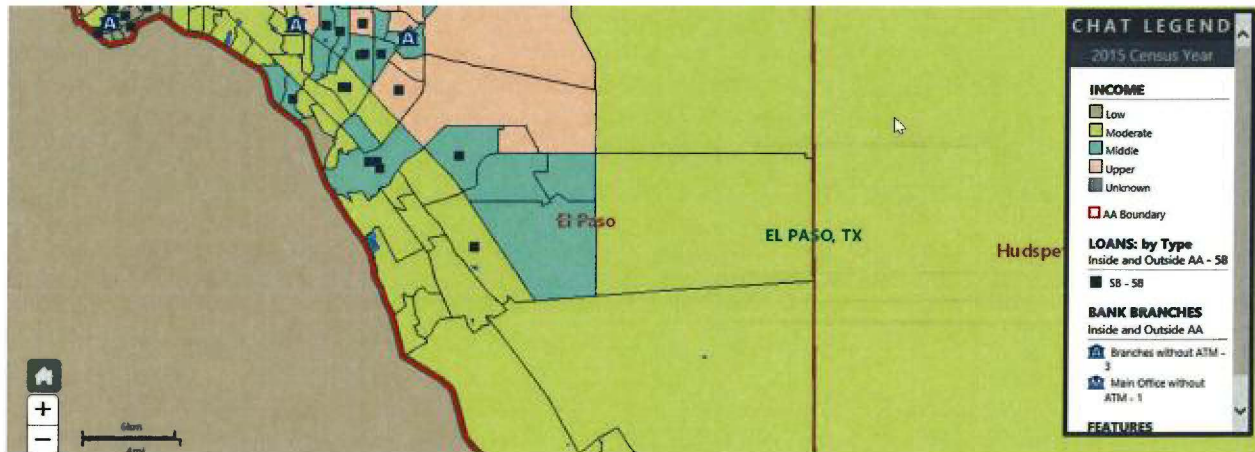
No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations. Established policies and procedures are designed to ensure ongoing compliance with applicable laws and regulations.

APPENDIX A – MAP OF THE ASSESSMENT AREA

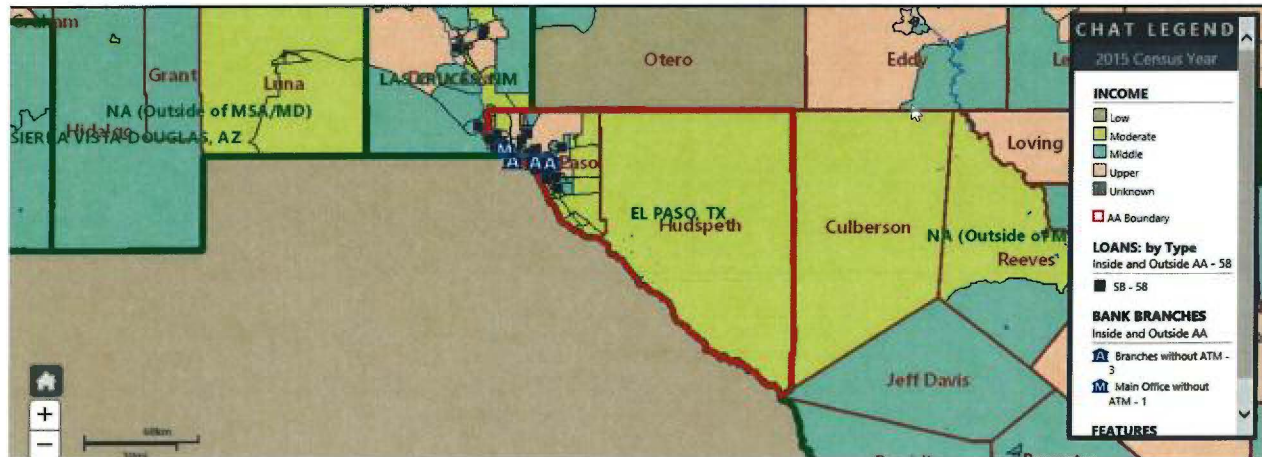
El Paso MSA - 2018  
El Paso County



El Paso MSA - 2018  
El Paso County



El Paso MSA - 2018  
Hudspeth County



APPENDIX B – DEMOGRAPHIC INFORMATION

El Paso MSA Assessment Area								
2018 AA Demographics								
Income Categories	Tract Distribution		Families By Tract Income		Families < Poverty Level as a % of Families by Tract		Families By Family Income	
	#	%	#	%	#	%	#	%
Low-Income	10	6.2	7,088	3.6	3,599	50.8	43,752	22.4
Moderate-Income	55	34.0	53,299	27.2	16,645	31.2	34,123	17.4
Middle-Income	54	33.3	66,302	33.9	12,063	18.2	37,353	19.1
Upper-Income	42	25.9	69,003	35.3	6,115	8.9	80,464	41.1
Unknown-Income	1	0.6	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>162</b>	<b>100.0</b>	<b>195,692</b>	<b>100.0</b>	<b>38,422</b>	<b>19.6</b>	<b>195,692</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-Income	12,489	2,952	1.8	23.6	7,990	64.0	1,547	12.4
Moderate-Income	79,637	40,251	25.1	50.5	31,618	39.7	7,768	9.8
Middle-Income	96,399	53,077	33.1	55.1	35,828	37.2	7,494	7.8
Upper-Income	95,624	64,166	40.0	67.1	24,698	25.8	6,760	7.1
Unknown-Income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>284,149</b>	<b>160,446</b>	<b>100.0</b>	<b>56.5</b>	<b>100,134</b>	<b>35.2</b>	<b>23,569</b>	<b>8.3</b>
	Total Businesses by Tract		Businesses By Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-Income	1,903	7.1	1,636	6.7	241	12.3	26	11.9
Moderate-Income	7,317	27.4	6,500	26.6	748	38.0	69	31.5
Middle-Income	8,261	31.0	7,641	31.2	563	28.6	57	26.0
Upper-Income	9,059	34.0	8,609	35.2	383	19.5	67	30.6
Unknown-Income	124	0.5	92	0.4	32	1.6	0	0.0
<b>Total AA</b>	<b>26,664</b>	<b>100.0</b>	<b>24,478</b>	<b>100.0</b>	<b>1,967</b>	<b>100.0</b>	<b>219</b>	<b>100.0</b>
<b>Percent of Total Businesses:</b>				91.8		7.4		0.8
	Total Farms by Tract		Farms By Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-Income	4	2.3	3	1.8	1	12.5	0	0.0
Moderate-Income	86	49.1	82	49.1	4	50.0	0	0.0
Middle-Income	20	11.4	18	10.8	2	25.0	0	0.0
Upper-Income	64	36.6	64	38.3	0	0.0	0	0.0
Unknown-Income	1	0.6	0	0.0	1	12.5	0	0.0
<b>Total AA</b>	<b>175</b>	<b>100.0</b>	<b>167</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percent of Total Farms:</b>				95.4		4.6		0.0

Based on 2018 Dun & Bradstreet information according to 2015 ACS.

## 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 metropolitan statistical areas. 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:** 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, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

**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 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 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):** A metropolitan statistical area (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) 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 Consolidated Reports of Condition and Income (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.