

# **PUBLIC DISCLOSURE**

June 16, 2008

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Bank Iowa  
RSSD# 686440

1710 3<sup>rd</sup> Avenue East  
Oskaloosa, IA 52577

Federal Reserve Bank of Chicago

230 South LaSalle Street  
Chicago, IL 60604-1413

**NOTE:**

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.

## TABLE OF CONTENTS

Institution’s CRA (Community Reinvestment Act) Rating .....	1
Description of Institution.....	2
Description of Assessment Area.....	3
Conclusions with Respect to Performance Criteria: .....	6
Loan-To-Deposit Ratio .....	6
Lending in the Assessment Area .....	7
Lending To Borrowers of Different Incomes and to Businesses and Farms of Different Sizes.....	7
Geographic Distribution of Loans .....	10
Complaints .....	11
Fair Lending .....	11
Appendix A: Glossary.....	12
Appendix B: Map of Assessment Area .....	14

**INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING:** This institution's performance is rated **Satisfactory**.

Bank Iowa is satisfactorily meeting the credit needs of the assessment area it serves based upon an analysis of its lending activities and supported by information from community representatives. The loan-to-deposit (LTD) ratio is reasonable as it compares favorably to its peer group although it is below two of three local competitors. Lending is satisfactory, as a majority of the bank's loans are originated in the assessment area. Lending to low- and moderate-income borrowers is reasonable in comparison to area demographics, while the bank exhibited an excellent penetration in lending to small businesses and farms. The geographic distribution of loans meets the standards of satisfactory performance, with an adequate level of lending across the entire assessment area. There were no CRA-related complaints received by the institution or this Reserve Bank since the previous evaluation.

The institution received a **satisfactory** CRA rating at the previous evaluation conducted on May 24, 2004 by this Reserve Bank.

#### **SCOPE OF EXAMINATION**

The bank's CRA Performance was evaluated in the context of information about the institution and assessment area, such as asset size, financial condition, competition, and economic and demographic characteristics. A sample of commercial, agricultural, 1-4 family residential real estate, and consumer loans was reviewed to determine performance within the designated assessment area. The loans reviewed for this evaluation were originated between March 1, 2007 and February 29, 2008. Bank Iowa was evaluated using *Small Bank, full-scope examination procedures* based on the following performance standards:

- ***Loan-to-Deposit Ratio***– Compared the bank's LTD ratio to its national peer group, local competitors and similarly situated institutions in the State of Iowa for the eight quarters ending March 31, 2008.
- ***Lending in the Assessment Area*** – Determined the percentage of loans originated in the assessment area.
- ***Lending to Borrowers of Different Incomes and to Businesses and Farms of Different Sizes*** – Analyzed a sample of residential real estate, commercial, and agricultural loans to assess the loan distribution among borrowers of different income levels and to businesses with different revenue levels. The June 30, 2007 Consolidated Report of Condition and Income was utilized for the distribution of small business and small farm loans.
- ***Geographic Distribution of Lending in the Assessment Area*** – Because the assessment area contains only middle-income geographies, a limited analysis was performed. The analysis

assessed the dispersion of loans across all census tracts and ensured that low- and moderate-income geographies were not arbitrarily excluded from the assessment area.

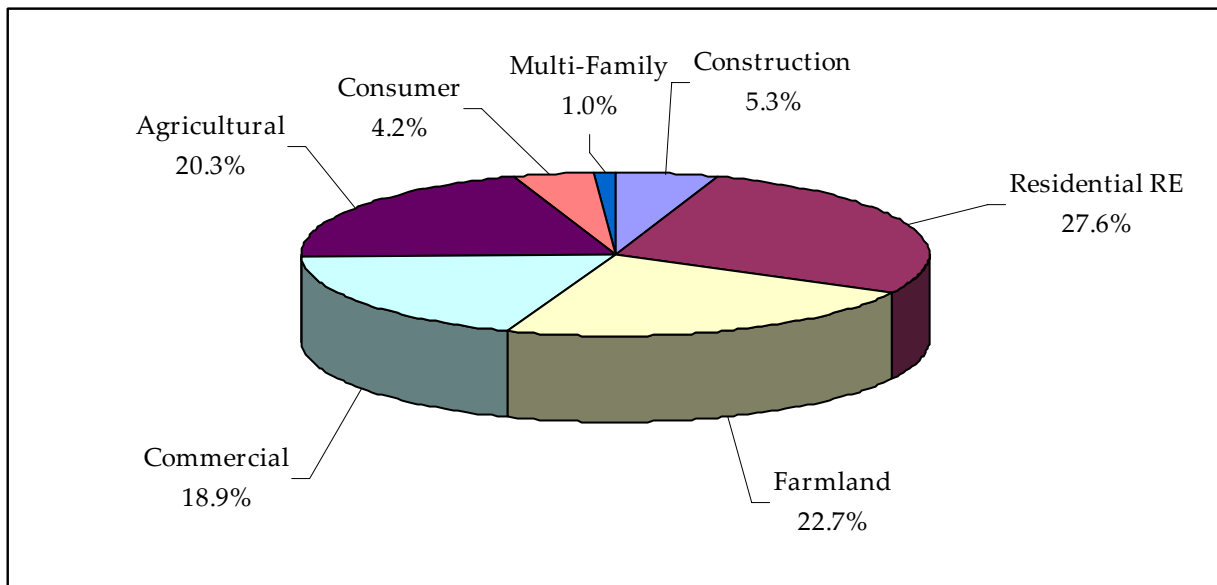
- **Complaints-** Neither Bank Iowa nor this Reserve Bank received any CRA-related complaints since the previous examination.

## DESCRIPTION OF INSTITUTION

Bank Iowa is owned by Bank Iowa Cooperation, a multi- bank holding company located in West Des Moines, IA. The bank’s charter office is located in Oskaloosa, IA, approximately 70 miles southeast of Des Moines. The bank has one additional office located in Fremont, IA, approximately 12 miles southeast of Oskaloosa. Each branch has a full-service ATM operating 24 hours a day. There have been no changes to the branch or ATM network since the previous evaluation. Outside of branches and ATMs, the bank offers additional access and utilization of their accounts through internet banking and bill pay, e-statements and 24-hour telephone banking.

As of the March 31, 2008 Uniform Bank Performance Report, the bank reported total assets of \$101.3 million. The bank offers non-complex loan and deposit products. As shown in Exhibit 1 below, the loan portfolio consists primarily of agricultural and farmland loans followed by residential real estate loan products.

**Exhibit 1 – Bank Iowa’s Loan Portfolio as of 03/31/08**



The bank’s peer group includes all commercial banks having assets between \$100 million and \$300 million in a non-metro area with two or fewer full service office. The local competitors for loans

and deposits as identified by the bank include First National Bank Midwest and MidWestOne Bank, both of which are headquartered Oskaloosa. In addition, branch offices of the State Bank of Bussey, Bussey, Iowa, Community 1<sup>st</sup> Credit Union, Ottumwa, Iowa, and Bank of the West, San Francisco, CA are also considered local competitors.

According to the June 30, 2007 FDIC Deposit Market Share Report, Bank Iowa holds 6.8% of the aggregate deposits in the three-county area, ranking it 5th out of 17 financial institutions located within the assessment area.

There are no apparent factors relating to the bank's financial condition, size, products offered, prior performance, legal impediments, or local economic conditions that would prevent it from meeting the credit needs of the community.

## DESCRIPTION OF ASSESSMENT AREA

*An institution's assessment area(s) will include the towns, counties, or other political subdivisions where its branches are located and a substantial portion of its loans are made. Assessment area(s) must consist of one or more geographies defined by census tracts, which are statistical subdivisions of a county. 2000 U.S. Bureau of Census data is used in this evaluation, unless stated otherwise.*

Bank Iowa's assessment area, shown in Appendix B, includes Mahaska County in its entirety, the western portions of Keokuk County and the northern portion Wapello County. The entire assessment area consists of 11 census tracts, all of which are middle-income. Both offices are located in Mahaska County with the Fremont branch nearest to the adjoining county census tracts. The assessment area remains unchanged from the previous evaluation.

## Population Changes

The population change of Bank Iowa's assessment area is depicted in Exhibit 2.

Exhibit 2		
Population Estimates		
County	2007 Population Estimate	2000 Census Figures
Mahaska	22,280	22,335
Wapello	35,551	36,051
Keokuk	10,770	11,400
<b>Totals</b>	<b>68,601</b>	<b>69,786</b>

Source: U.S. Census Bureau Population Estimates

The counties making up the assessment area have all exhibited a population decline since the previous evaluation. Overall, the population has declined 1.7% since the 2000 census was taken. Mahaska County, where the charter office is located has experienced the least decline in population. Overall, the decline has not had an adverse affect on the bank.

### Income Characteristics

Exhibit 3 compares the income levels for the bank’s assessment area to each individual county within the assessment area and the state of Iowa based on 2000 U.S. Census Bureau data. In contrast to the 2000 data, the 2007 HUD-adjusted median family income for Keokuk, Mahaska and Wapello Counties is \$49,700, \$52,700 and \$47,900 respectively, while the adjusted median family income for Non-Metropolitan Iowa is \$53,100.

Exhibit 3						
Distribution of Families by Income Level						
Location	Median Family Income(\$)	Percent of Families				
		Low	Moderate	Middle	Upper	Below Poverty Level
Assessment Area	43,034	18.0	19.7	26.3	36.0	7.5
Keokuk County	41,818	19.9	19.9	27.2	33.0	7.6
Mahaska County	43,557	17.1	19.8	25.9	37.2	7.5
Wapello County	39,224	20.8	21.9	25.1	32.2	9.4
Non-Metropolitan Iowa	43,887	16.4	19.5	26.3	37.8	6.4

*Low-income is defined as less than 50% of median family income; moderate-income as 50% to less than 80% of median family income; middle-income as 80% to less than 120% of median family income; and upper-income as 120% or more of median family income.*

### Housing Characteristics and Affordability

The assessment area has 14,844 housing units of which 68.0% are owner-occupied, 24.1% are rental units, and 7.9% are vacant. In comparison, in Non-Metropolitan Iowa, 68.6% of the housing units are owner-occupied, 22.7% are rental units and 8.7% are vacant. The median age of housing stock in the assessment area and Non-Metropolitan Iowa is fairly similar at 50 and 48 years, respectively, while the median housing value is \$63,955 and \$69,296.

*Affordability ratios, developed by dividing the median household income by the median housing value for a given area or groups of geographies, are helpful in comparing costs for different areas. An area with a high ratio generally has more affordable housing than an area with a low ratio.*

The affordability ratios for the assessment area and Non-Metropolitan Iowa are .57 and .52, respectively, indicating that housing is more affordable in the assessment area.

### Labor and Employment

According to the Iowa Workforce Development the unemployment rate for all three counties that are included in the assessment area are higher than the State of Iowa. All three counties saw a slight improvement in the unemployment figures over a 12-month period as shown in Exhibit 4. Community representatives stated that the unemployment rate in Mahaska County has been fairly

stable for years and rarely fluctuates as there is a diverse mix of industry with businesses that are well established and community development minded.

<b>Exhibit 4</b>		
<b>Unemployment Figures</b>		
<b>Location</b>	<b>March 2008</b>	<b>March 2007</b>
Keokuk County	4.6%	5.3%
Mahaska County	4.0%	4.1%
Wapello County	4.5%	4.6%
State of Iowa	3.4%	3.7%

The major employers within the assessment area are depicted in Exhibit 5. The medical and surgical industry, service industry and local community school districts are among the top employers in the assessment area. William Penn University, a four-year college, is also located in Oskaloosa, Iowa.

<b>Exhibit 5</b>			
<b>Major Employers in the Assessment Area</b>			
<b>Company</b>	<b>Location</b>	<b># of Employees</b>	<b>Description of Industry</b>
Regional Ventures Inc.	Wapello County	1,050	General Medical & Surgical Hospitals
Ottumwa Regional Heal Center, Inc.	Wapello County	950	General Medical & Surgical Hospitals
Clow Valve Company	Mahaska County	600	Chemical Preparations
One Source Heating and Air Conditioning	Mahaska County	500	Plumbing, Heating and Air Conditioning
Musco Sports Lighting LLC	Mahaska County	365	MFG Lighting Equipment
Oskaloosa Community School District	Mahaska County	350	Elementary & Secondary Schools
Sigourney Independent School District	Keokuk County	122	Elementary & Secondary Schools
County of Keokuk	Keokuk County	120	County Government
Farmers Cooperative Association	Keokuk County	80	Wholesale Farm Supplies/ Petroleum Bulk Station
Bender Foundry Service Inc.	Keokuk County	80	MFG Industrial Patterns

Source: Hoovers.com

## Community Representatives

Information obtained through two community representatives was considered for this evaluation. The individuals contacted included representatives of affordable housing agencies and the agricultural industry. The community representatives had positive things to say about the economy in Mahaska County and the surrounding areas, stating that the economy has been fairly stable as there is a good mix of industries and well established companies in the area. Housing prices remain stable and there is an adequate supply of affordable housing.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

*Performance standards for small banks consist of the following, as applicable: the bank's LTD ratio, the percentage of loans located in the bank's assessment area, the record of lending to borrowers of different income levels and businesses of different sizes, the geographic distribution of loans, and the record of taking action in response to written complaints. To determine CRA performance, the preceding standards are analyzed and evaluated within the assessment area context, which includes, but is not limited to, comparative analyses of the assessment area and the state, demographic data on median income, nature of housing stock, housing costs, and other relevant data pertaining to the bank's assessment area.*

### Loan-to-Deposit Ratio

*The bank's average LTD ratio, calculated from data contained in the Consolidated Reports of Condition, was evaluated giving consideration to its capacity to lend, competitor and peer loan-to-deposit ratios, as well as demographic factors, economic conditions and lending opportunities present in the assessment area.*

As shown in Exhibit 6, the bank's LTD ratio relative to its peer group and a sample of competitors meets the standards for satisfactory performance under this criterion. The average LTD ratio for the previous eight quarters is slightly above that of its peer group, but is low when compared with two of the larger, local area competitors.

Exhibit 6									
LTD Ratios for Local Competitors									
Bank Name, City, 03/08 Assets \$(Millions)	03/08 (%)	12/07 (%)	09/07 (%)	06/07 (%)	03/07 (%)	12/06 (%)	09/06 (%)	06/06 (%)	Avg. (%)
Bank Iowa, Oskaloosa, IA, \$101.3	69.5	68.7	71.2	72.3	74.6	74.6	80.8	75.3	73.4
Peer Group	69.4	70.9	72.6	72.2	70.5	70.8	73.2	72.8	71.6
First National Bank Midwest, Oskaloosa, IA, \$131.5	94.9	89.1	95.7	100.8	94.7	91.0	97.7	103.2	95.9
Midwest One Bank and Trust, Oskaloosa, IA, \$778.0	104.2	107.5	107.6	104.0	104.6	105.3	108.7	108.9	106.4
State Bank of Bussey, Bussey, IA, \$45.2	72.6	73.9	78.5	74.2	67.7	69.4	74.4	73.3	73.0



### **Lending in the Assessment Area**

*To assess the extent of lending within the assessment area, the following were reviewed: commercial, consumer, and residential real estate loans. The sample period for commercial, consumer, residential real estate and consumer loan products reviewed was March 1, 2007 through February 29, 2008. Information from the performance context, such as economic conditions present within the assessment area, loan demand, bank size, financial condition, branching network, and business strategies, were considered when evaluating the bank's performance.*

Lending within the assessment area meets the standards for satisfactory performance under this criterion as a majority of loans are originated within the area. The distribution of a sample of the bank's primary loan products is illustrated in Exhibit 7. Overall lending in the assessment area was 87.4%, showing that Bank Iowa is committed to actively lending within the chosen assessment area.

<b>Exhibit 7</b>			
<b>Distribution of Loans in Assessment Area (AA)</b>			
<b>Loan Type</b>	<b>Number of Loans</b>		
	<b># in Sample</b>	<b># in AA</b>	<b>% in AA</b>
Commercial	173	151	87.3
Consumer	286	246	86.0
Residential RE	82	73	89.0
Agricultural	340	300	88.2
<b>Totals</b>	<b>881</b>	<b>770</b>	<b>87.4</b>

### **Lending to Borrowers of Different Incomes and to Businesses and Farms of Different Sizes**

*The distribution of loans among borrowers of different income levels was determined by reviewing residential real estate loans originated between March 1, 2007 through February 29, 2008. The June 30, 2007 Consolidated Report of Condition was used to determine the distribution of loans to businesses and farms of different sizes. Information from the performance context, such as economic conditions present within the assessment area, demographics, loan demand, bank size, financial condition, branching network, and business strategies, were considered when evaluating the bank's performance.*

Given the demographics of the assessment area, the distribution of Bank Iowa's loans reflects a reasonable level of lending to borrowers of different income as reflected in a review of the residential real estate loans. A review of commercial and agricultural loan data reveals an excellent penetration to small businesses and farms of different revenue levels. Overall, lending to borrowers of different income levels and to businesses and farms of different sizes meets the standards for satisfactory performance.

## Residential Real Estate Loans

Exhibit 8 shows the distribution of residential real estate loans by income level. As shown, the percentage penetration of loans to low- and moderate-income borrowers is slightly below the income demographics of the assessment area. While the performance is slightly below demographics, the bank is very active with lending in the secondary market and provides customers access to first-time homebuyers and down-payment assistance loan programs, many of which are attractive to low- and moderate-income borrowers.

<b>Exhibit 8</b>			
<b>Loan Distribution of Residential Real Estate Loans by Income Level</b>			
<b>Income Level</b>	<b>#</b>	<b>%</b>	<b>Percent of Families in Assessment Area</b>
Low	6	10.7	18.0
Moderate	13	23.2	19.7
<i>Low and Moderate</i>	19	33.9	37.7
Middle	14	25.0	26.3
Upper	23	41.1	36.0
Totals	56	100.0	100.0

## Loans to Small Businesses and Small Farms

Bank Iowa's commercial and agricultural loan portfolios reflect an excellent penetration in loans to small businesses and farms. The distributions, based on information from the Consolidated Report of Condition as of June 30, 2007, are shown in Exhibits 9 and 10.

<b>Exhibit 9</b>		
<b>Distribution of Small Business Loans</b>		
<b>Original Dollar Amount</b>	<b>Outstanding Number</b>	<b>Outstanding Dollar Amount (000's)</b>
<b>Loans Secured by Non-Farm Nonresidential Properties</b>		
Less than or equal to \$100,000	25	\$892
Greater than \$100,000 through \$250,000	7	1,100
Greater than \$250,000 through \$1 million	3	476
Total	35	\$2,468
<b>Commercial and Industrial Loans</b>		
Less than or equal to \$100,000	171	\$2,679
Greater than \$100,000 through \$250,000	29	3,153
Greater than \$250,000 through \$1 million	10	3,259
Total	210	\$9,091
<b>Loans Secured by Non-Farm Nonresidential Properties and Commercial and Industrial Loans</b>		
Grand totals	245	\$11,559

Exhibit 9 shows that small business loan originations in the \$100,000 or less category represent

80.0% of the number and 30.9% of the dollar amount of all small business loans. Emphasis is placed on this category as these loans strongly encourage small business and economic development within the assessment area. Small business loans represent 84.8% of the bank's overall commercial loan portfolio volume.

<b>Exhibit 10</b>		
<b>Distribution of Small Farm Loans</b>		
<b>Original Dollar Amount</b>	<b>Outstanding Number</b>	<b>Outstanding Dollar Amount (000's)</b>
<b>Loans Secured by Farmland</b>		
Less than or equal to \$100,000	62	\$2,533
Greater than \$100,000 through \$250,000	40	5,542
Greater than \$250,000 through \$1 million	13	4,036
Total	115	\$12,111
<b>Loans to Finance Agricultural Production and Other Loans to Farmers</b>		
Less than or equal to \$100,000	337	\$5,361
Greater than \$100,000 through \$250,000	26	2,712
Greater than \$250,000 through \$1 million	6	1,572
Total	369	\$9,645
<b>Loans Secured by Farmland and Loans to Finance Agricultural Production and Other Loans to Farmers</b>		
Grand totals	484	\$21,756

As reflected in the Exhibit 10 above, small farm loan originations in the \$100,000 or less category represent 82.4% of the number and 36.3% of the dollar amount of all small farm loans. Emphasis is placed on this category as these loans are most beneficial to small farms. Small farm loans represent 95.8% of the bank's overall agricultural loan portfolio. An agricultural industry representative contacted as part of this evaluation stated that small farmers are having a more difficult time in dealing with the increased costs of doing business. According to the representative, local financial institutions generally do a good job of working with its farm customers that might be encountering financial problems.

### **Other Lending Related Activities**

Bank Iowa participates in several flexible lending programs that are attractive to first time homebuyers such as the City of Oskaloosa's First Time Homebuyers Program, Iowa Finance Authority (IFA) First Home Program, and Fannie Mae's My Community Mortgage Program that provides down payment options and/or assistance. USDA Rural Development provides lower interest, guaranteed loans to those borrowers who might not qualify for conventional financing. IFA also has a small business lending program in which the bank participates. This program allows qualified small businesses to obtain loans at below market rates through tax-exempt financing. The bank's activity in these lending programs since the prior CRA evaluation is reflected in Exhibit 11. In addition to these lending programs, 72 loans totaling \$7.5 million have been originated and sold to secondary market vendors.

Exhibit 11		
Flexible Lending Programs		
Program	Number	Dollar Amount
City of Oskaloosa 1 <sup>st</sup> Time Homebuyers	6	\$408,250
IFA First Home Program	6	368,500
My Community Mortgage (Fannie Mae)	1	77,000
USDA Rural Development	4	365,786
IFA Small Business Lending	5	57,519
<b>Totals</b>	<b>22</b>	<b>\$1,277,055</b>

### Geographic Distribution of Loans

The distribution of lending among geographies of different income levels within the assessment area, particularly those areas defined as low- and moderate-income, was reviewed. To assess the bank's performance, the following loans were reviewed: commercial, consumer, and residential real estate. The sample period for commercial and consumer loan products reviewed was March 1, 2007 through February 28, 2008. Demographic characteristics of census tracts, such as housing types and income level, were considered in the evaluation.

The assessment area is comprised of 11 census tracts, none of which are low or moderate-income. A review of the geographic distribution of lending within assessment area tracts shows that loans of all types are reasonably dispersed. The distribution these of loans is illustrated in Exhibit 12.

Exhibit 12										
Geographic Distribution of Lending										
County/ Census Tract	Agriculture		Commercial		Consumer		Residential Real Estate		Totals	
	#	%	#	%	#	%	#	%	#	%
<b>Mahaska County</b>										
9501	125	43.0	54	36.2	72	31.4	16	21.9	<b>267</b>	<b>36.0</b>
9502	7	2.4	1	0.7	5	2.2	3	4.1	<b>16</b>	<b>2.1</b>
9503	61	21.0	19	12.8	30	13.1	4	5.5	<b>114</b>	<b>15.4</b>
9504	3	1.0	13	8.7	20	8.7	8	11.0	<b>44</b>	<b>5.9</b>
9505	2	0.7	17	11.4	23	11.9	17	23.3	<b>59</b>	<b>8.0</b>
9506	1	0.3	11	7.4	22	11.3	2	2.7	<b>36</b>	<b>4.9</b>
9607	6	2.1	8	5.4	22	11.3	9	12.3	<b>45</b>	<b>6.1</b>
<b>Wapello County</b>										
9601	19	6.5	5	3.3	13	5.7	5	6.9	<b>42</b>	<b>5.6</b>
<b>Keokuk County</b>										
9802	16	5.5	8	5.4	12	5.2	1	1.4	<b>37</b>	<b>5.0</b>
9803	12	4.1	10	6.7	2	0.9	6	8.2	<b>30</b>	<b>4.0</b>
9804	39	13.4	3	2.0	8	3.5	2	2.7	<b>52</b>	<b>7.0</b>
<b>Totals</b>	<b>291</b>	<b>100.0</b>	<b>149</b>	<b>100.0</b>	<b>229</b>	<b>100.0</b>	<b>73</b>	<b>100.0</b>	<b>742</b>	<b>100.0</b>

\*Based on 2000 U.S. Census Information

### Complaints

Neither Bank Iowa nor this Reserve Bank has received any CRA-related complaints since the previous examination.

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

Bank Iowa is in compliance with the substantive portions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts. A review of loan policies and procedures, articulated lending standards, forms, denied loan applications, and a sample of loans originated since the previous examination revealed no evidence of patterns or practices of discriminatory treatment or other illegal credit practices on a prohibited basis.

## Appendix A

### GLOSSARY

**Aggregate lending:** *The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.*

**Census tract:** *Small subdivisions 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. They 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 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.*

**Consumer loan:** *A loan 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 of loans: motor vehicle, credit card, home equity, other secured loan, and other unsecured loan.*

**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, which is further classified into "male householder" (a family with a male household and no wife present) or "female householder" (a family with a female householder and no husband present).*

**Geography:** *A census tract area delineated by the U.S. 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 (e.g., approved, denied, and withdrawn).*

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

**Household:** *Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.*

**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 lenders in the MSA/assessment area.*

**Metropolitan area:** *Any primary metropolitan statistical area ("PMSA"), metropolitan statistical area ("MSA"), or consolidated metropolitan area ("CMSA"), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.*

**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.*

**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.*

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

**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.*

**Small loans to business:** *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 non-farm non-residential properties or are classified as commercial and industrial loans.*

**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.*

### Appendix B

#### Bank Iowa's Assessment Area

