



## **PUBLIC DISCLOSURE**

June 28, 2021

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

Union State Bank  
RSSD# 865759

701 Fifth Street  
Clay Center, Kansas 67432

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

**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**

	Page
Institution’s Community Reinvestment Act 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.....	9
Appendix A – Map of the Assessment Area.....	10
Appendix B – Demographic Information .....	11
Appendix C – Glossary .....	12

## **INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING**

Union State Bank (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 (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.
- The geographic distribution of loans reflects a reasonable dispersion throughout the bank's AA.
- Lending reflects a reasonable penetration among businesses and farms of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City (Reserve Bank) received any Community Reinvestment Act (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 Clay County AA. For this evaluation, equal weight was placed on the bank's small business and small farm lending. Additionally, more consideration was given to the volume of loan originations than the dollar amount, as this better represents the number of entities served by the bank. The following data was reviewed:

- The bank's 19-quarter average NLTD ratio.
- A statistical sample of 48 small business loans from a universe of 63 loans, and a statistical sample of 57 small farm loans from a universe of 79 loans. All loans were originated between January 1, 2020 and December 31, 2020.

## **DESCRIPTION OF INSTITUTION**

The bank is a community bank headquartered in Clay Center, Kansas. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Union State Banc Holding Corporation, Clay Center, Kansas.
- As of December 31, 2020, the bank reported total assets of \$155.6 million.
- In addition to its main office, the bank also operates a limited-service, drive-up facility located in Clay Center, Kansas.
- Both banking locations provide a cash dispensing-only automated teller machine.
- The bank's primary business focus is agricultural and commercial lending.

**TABLE 1  
COMPOSITION OF LOAN PORTFOLIO  
AS OF DECEMBER 31, 2020**

<b>Loan Type</b>	<b>\$(000)</b>	<b>%</b>
Agricultural	31,137	38.0
Commercial	25,028	30.5
Residential Real Estate	18,484	22.6
Other	5,898	7.2
Consumer	1,438	1.8
<b>Gross Loans</b>	<b>81,985</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 July 18, 2016 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 ASSESSMENT AREA**

The bank’s AA is comprised of Clay County in its entirety. Refer to Appendix A for a map of the AA.

- The delineated AA is comprised of one middle- and one upper-income census tract. This represents a change from the prior performance evaluation where the AA was comprised of two middle-income census tracts.
- According to the June 30, 2020 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank had a 37.1 percent deposit market share, ranking first out of five FDIC-insured depository institutions operating within the AA.
- One interview was conducted with a community member within the AA to gain additional insight into the credit needs of the communities, the responsiveness of area banks in meeting those credit needs, and the local economic conditions. The community member represented a local economic development organization.

**TABLE 2  
POPULATION CHANGE**

<b>Area</b>	<b>2010 Population</b>	<b>2015 Population</b>	<b>Percent Change</b>
Clay County, KS	8,535	8,421	(1.3)
State of Kansas	2,853,118	2,892,987	1.4

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

- The city of Clay Center is the county seat of Clay County, Kansas, and contains over half of the county’s total population.
- Area demographics reflect a significant elderly population. Individuals aged 65 years and older comprise 21.3 percent of the AA’s total population, compared to the state of Kansas figure of 14.0 percent and the nonmetropolitan Kansas figure of 17.1 percent.

<b>TABLE 3 MEDIAN FAMILY INCOME CHANGE</b>			
<b>Area</b>	<b>2010 Median Family Income</b>	<b>2015 Median Family Income</b>	<b>Percent Change</b>
Clay County, KS	56,146	62,665	11.6
State of Kansas	62,424	66,389	6.4

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

- According to the 2015 American Community Survey, 30.5 percent of the families living in the AA are considered low- and moderate-income, which is lower than the statewide average of 36.5 percent. Comparatively, the numbers of families living below poverty in the AA, at 9.8 percent, is consistent with the statewide average of 9.1 percent.

<b>TABLE 4 HOUSING COSTS CHANGE</b>						
<b>Area</b>	<b>Median Housing Value</b>		<b>Percent Change</b>	<b>Median Gross Rent</b>		<b>Percent Change</b>
	<b>2010</b>	<b>2015</b>		<b>2010</b>	<b>2015</b>	
Clay County, KS	86,500	96,500	11.6	610	613	0.5
State of Kansas	122,600	132,000	7.7	671	757	12.8

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

- The AA’s affordability ratio<sup>5</sup> of 53.8 percent is above the statewide ratio of 39.6 percent, which indicates more affordable housing in the AA.
- The median age of housing stock in the AA is 61 years, compared to the state of Kansas at 43 years. A community member stated there is a lack of homes for sale in Clay County and home prices have continued to steadily increase. Additionally, the community member indicated new home construction is occurring AA, but most new homes are located in rural areas surrounding the city of Clay Center.

<sup>5</sup> The housing affordability ratio is calculated by dividing the median household income by the median housing value. A lower ratio is generally indicative of less affordable housing.

<b>TABLE 5 UNEMPLOYMENT RATES</b>					
<b>Region</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Clay County, KS	4.1	3.7	3.2	3.2	4.5
State of Kansas	4.0	3.6	3.3	3.2	5.9

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- The largest employment industries in Clay County, Kansas, are educational services, retail trade, and manufacturing.
- A community member stated the largest employers in the AA are the Clay County School District, Clay County Medical Center, AGI – Hutchinson Mayrath, and GT Manufacturing, Inc.

**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 similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, and loan portfolio composition. Overall, the bank’s NLTD ratio is reasonable, as it falls within the range of two other similarly situated banks.

<b>TABLE 6 COMPARATIVE NLTD RATIOS</b>			
<b>Institution</b>	<b>Location</b>	<b>Asset Size (\$000s)</b>	<b>NLTD Ratio (%)</b>
			<b>19-Quarter Average</b>
Union State Bank	Clay Center, KS	155,572	76.5
The Riley State Bank of Riley Kansas	Riley, KS	105,876	78.0
The Citizens National Bank	Greenleaf, KS	207,688	43.4

**Assessment Area Concentration**

This performance criterion evaluates the percentage of lending extended inside and outside of the bank’s AA. Overall, a majority of the bank’s loans, by number and dollar, are originated inside its AA.

TABLE 7 LENDING INSIDE AND OUTSIDE THE AA								
Loan Type	Inside				Outside			
	#	\$(000s)	# %	\$ %	#	\$(000s)	# %	\$ %
Small Business	39	2,616	81.3	79.9	9	659	18.8	20.1
Small Farm	47	4,064	82.5	83.2	10	823	17.5	16.8
<b>Total Loans</b>	<b>86</b>	<b>6,680</b>	<b>81.9</b>	<b>81.8</b>	<b>19</b>	<b>1,482</b>	<b>18.1</b>	<b>18.2</b>

**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 its AA.

Small Business Lending

The geographic distribution of small business lending is reasonable. The bank’s lending within the AA’s middle- and upper-income census tracts is comparable to the percentage of small businesses by number in each respective census tract. When evaluating loan dispersion within the AA, no significant gaps or lapses in lending were identified.

TABLE 8 DISTRIBUTION OF 2020 SMALL BUSINESS LENDING BY INCOME LEVEL OF GEOGRAPHY					
Census Tract Income Level	Bank Small Business Loans				% of Businesses
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	0.0
Middle	28	2,301	71.8	87.9	61.3
Upper	11	315	28.2	12.1	38.7
Unknown	0	0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0

Source: 2020 FFIEC Census Data  
2020 Dun & Bradstreet Data  
2011 - 2015 U.S. Census Bureau: American Community Survey  
NOTE: Percentages may not add up to 100.0 percent due to rounding.

Small Farm Lending

The geographic distribution of small farm lending is reasonable. The bank made no loans within the AA’s middle-income census tract, which is below the percentage of small farms by number. Comparatively, the bank’s lending within the AA’s upper-income census tract is above the percentage of small farms by number. When evaluating loan dispersion, gaps were noted as no small farm loans were originated within the AA’s middle-income census tract. However, the lack of lending is considered

reasonable and is indicative of reduced farm lending opportunities given the middle-income census tract is in the city of Clay Center, Kansas, where fewer farms are located.

<b>TABLE 9 DISTRIBUTION OF 2020 SMALL FARM LENDING BY INCOME LEVEL OF GEOGRAPHY</b>					
Census Tract Income Level	Bank Small Farm Loans				% of Farms
	#	\$(000)	#%	\$%	
<b>Low</b>	0	0	0.0	0.0	0.0
<b>Moderate</b>	0	0	0.0	0.0	0.0
<b>Middle</b>	0	0	0.0	0.0	13.5
<b>Upper</b>	47	4,064	100.0	100.0	86.5
<b>Unknown</b>	0	0	0.0	0.0	0.0
<b>Not Reported</b>	0	0	0	0.0	0.0

Source: 2020 FFIEC Census Data  
2020 Dun & Bradstreet Data  
2011 – 2015 U.S. Census Bureau: American Community Survey  
NOTE: Percentages may not add up to 100.0 percent due to rounding.

**Lending to Businesses and Farms of Different Sizes**

This performance criterion evaluates the bank’s lending to businesses and farms of different revenue sizes. Overall, the bank’s lending has a reasonable penetration among businesses and farms of different sizes.

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank’s lending to businesses with revenues of \$1 million or less is comparable to the percentage of small businesses operating in the AA.



**TABLE 10  
DISTRIBUTION OF 2020 SMALL BUSINESS LENDING  
BY REVENUE SIZE OF BUSINESSES**

	Bank Loans				Total Businesses
	#	\$(000)	#%	\$%	%
<b>By Revenue</b>					
\$1 Million or Less	30	2,026	76.9	77.4	88.7
Over \$1 Million	3	336	7.7	12.9	8.4
Not Known	6	254	15.4	9.7	2.9
<b>Total</b>	<b>39</b>	<b>2,616</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
\$100,000 or less	32	1,049	82.1	40.1	
\$100,001 – \$250,000	5	890	12.8	34.0	
\$250,001 – \$1 Million	2	678	5.1	25.9	
<b>Total</b>	<b>39</b>	<b>2,616</b>	<b>100.0</b>	<b>100.0</b>	
<b>By Loan Size and Revenue \$1 Million or Less</b>					
\$100,000 or less	26	936	86.7	46.2	
\$100,001 – \$250,000	2	413	6.7	20.4	
\$250,001 – \$1 Million	2	678	6.7	33.4	
<b>Total</b>	<b>30</b>	<b>2,026</b>	<b>100.0</b>	<b>100.0</b>	
<i>Source: 2020 FFIEC Census Data 2020 Dun &amp; Bradstreet Data 2011 – 2015 U.S. Census Bureau: American Community Survey</i> <b>NOTE:</b> Percentages may not add up to 100.0 percent due to rounding.					

Small Farm Lending

The borrower distribution of small farm lending is reasonable. The bank's lending to farms with revenues of \$1 million or less is comparable to the percentage of small farms operating in the AA.

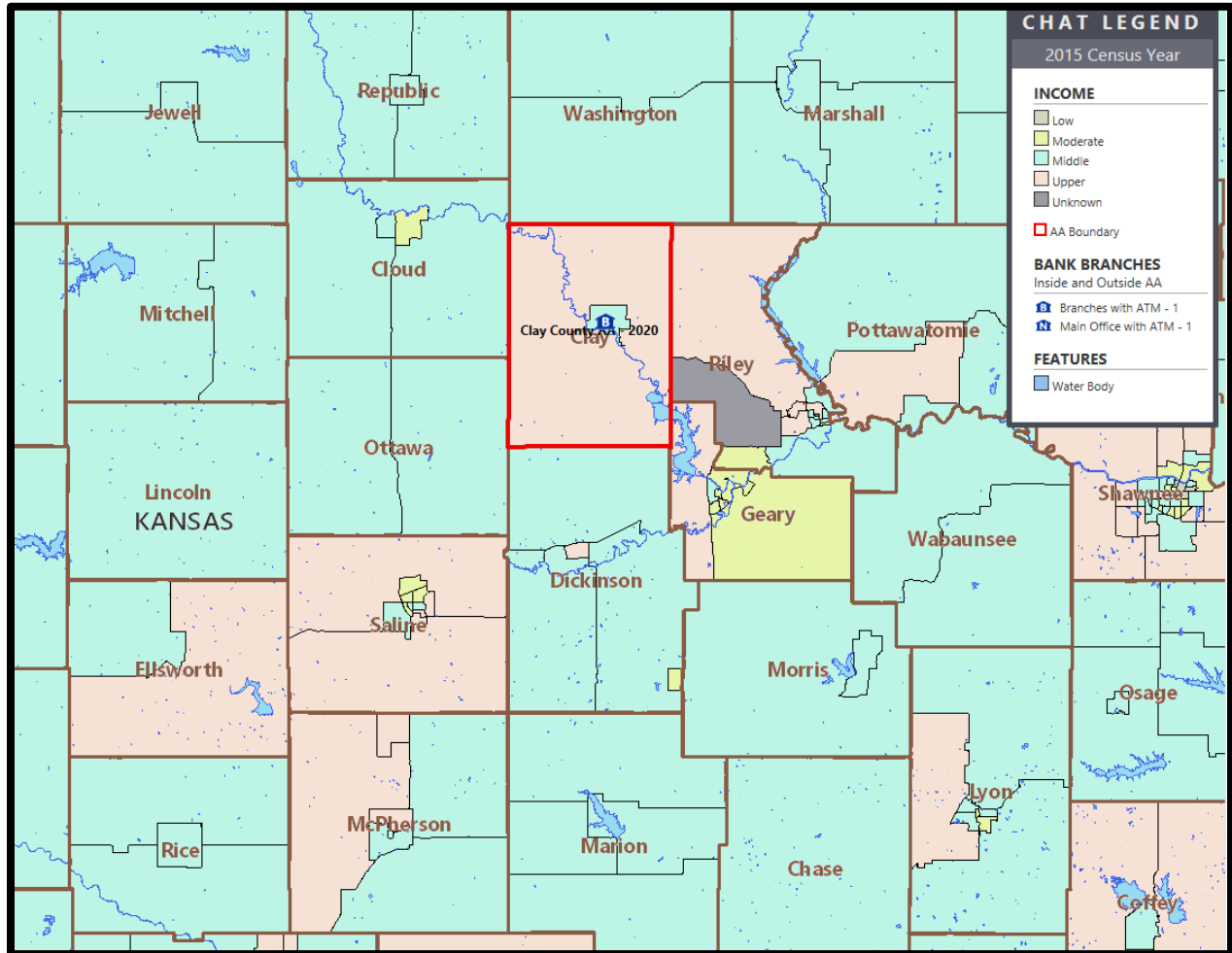
**TABLE 11  
DISTRIBUTION OF 2020 SMALL FARM LENDING  
BY REVENUE SIZE OF FARMS**

	Bank Loans				Total Farms
	#	\$(000)	#%	\$%	%
<b>By Revenue</b>					
\$1 Million or Less	43	3,052	91.5	75.1	97.0
Over \$1 Million	3	1,000	6.4	24.6	3.0
Not Known	1	12	2.1	0.3	0.0
<b>Total</b>	<b>47</b>	<b>4,064</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
\$100,000 or less	34	1,034	72.3	25.4	
\$100,001 – \$250,000	10	1,844	21.3	45.4	
\$250,001 – \$500,000	3	1,186	6.4	29.2	
<b>Total</b>	<b>47</b>	<b>4,064</b>	<b>100.0</b>	<b>100.0</b>	
<b>By Loan Size and Revenue \$1 Million or Less</b>					
\$100,000 or less	33	1,022	76.7	33.5	
\$100,001 – \$250,000	8	1,344	18.6	44.0	
\$250,001 – \$500,000	2	686	4.7	22.5	
<b>Total</b>	<b>43</b>	<b>3,052</b>	<b>100.0</b>	<b>100.0</b>	
<i>Source: 2020 FFIEC Census Data 2020 Dun &amp; Bradstreet Data 2011 – 2015 U.S. Census Bureau: American Community Survey</i> <b>NOTE:</b> Percentages may not add up to 100.0 percent due to rounding.					

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

An evaluation of the bank’s fair lending activities was conducted during the examination 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 other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – MAP OF THE ASSESSMENT AREA



APPENDIX B – DEMOGRAPHIC INFORMATION

TABLE B-1 CLAY COUNTY AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	327	13.6
Moderate	0	0.0	0	0.0	0	0.0	408	16.9
Middle	1	50.0	1,240	51.4	163	13.1	611	25.3
Upper	1	50.0	1,171	48.6	72	6.1	1,065	44.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>2</b>	<b>100.0</b>	<b>2,411</b>	<b>100.0</b>	<b>235</b>	<b>9.7</b>	<b>2,411</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	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	2,327	1,474	53.6	63.3	351	15.1	502	21.6
Upper	1,725	1,275	46.4	73.9	277	16.1	173	10.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>4,052</b>	<b>2,749</b>	<b>100.0</b>	<b>67.8</b>	<b>628</b>	<b>15.5</b>	<b>675</b>	<b>16.7</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	233	61.3	204	60.5	26	81.3	3	27.3
Upper	147	38.7	133	39.5	6	18.8	8	72.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>380</b>	<b>100.0</b>	<b>337</b>	<b>100.0</b>	<b>32</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>88.7</b>		<b>8.4</b>		<b>2.9</b>
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	18	13.5	18	14.0	0	0.0	0	0.0
Upper	115	86.5	111	86.0	4	100.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>133</b>	<b>100.0</b>	<b>129</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>97.0</b>		<b>3.0</b>		<b>0.0</b>
Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet Data 2011 – 2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 percent 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 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 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.

**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 Report 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.