

PUBLIC DISCLOSURE

November 17, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Bank of Muleshoe
RSSD # 946461

202 South First Street
Muleshoe, Texas 79347

Federal Reserve Bank of Dallas
2200 North Pearl Street
Dallas, Texas 75201

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.

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INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

First Bank of Muleshoe's (bank) CRA rating meet the standards for Satisfactory performance under the assessment criteria for small bank CRA performance based on the following criteria:

- A substantial majority of small business and consumer loans, 90.7% of the number and 92.1% of the dollar volume, originated inside the bank's assessment area.
- A reasonable net loan-to-deposit ratio (LTD) of 21.8%% as of September 30, 2014 with a quarterly average of 26.0% since the previous Community Reinvestment Act (CRA) evaluation, given the institution's resources and competition in the assessment area.
- An excellent penetration of loans among individuals of different income levels and businesses of different sizes.
- A reasonable geographic dispersion of loans throughout the institution's assessment area.

SCOPE OF EXAMINATION

The bank's lending performance with respect to the CRA was assessed by analyzing a sample of 59 small business loans totaling \$1.7 million originated between February 1, 2014 and July 31, 2014. In addition, 59 unsecured consumer loans totaling \$149 thousand, originated between February 1, 2014 and July 31, 2014, were reviewed. These two products represent the bank's major product lines. Although agricultural loans are traditionally a significant product for the bank, this product line was not selected for review because of the decreasing volume as a percentage of the total loan portfolio since the prior evaluation. Additionally, the bank is not a HMDA reporter and residential real estate loans are not a significant product at this institution.

The evaluation was conducted using the CRA small bank performance standards. Small bank CRA performance standards evaluate the following criteria:

- Average net loan-to-deposit ratio since the last CRA evaluation.
- The overall level of lending within the assessment area.
- The bank's lending to borrowers of different income levels and businesses and farms of different sizes.
- The bank's geographic distribution of loans within its assessment area.
- The bank's response to written complaints with respect to CRA performance in the assessment area.

Each performance criteria is assessed to determine the bank's overall performance in meeting the credit needs of its delineated assessment area. Throughout this evaluation, the analyses of distribution for borrower and geography considers all income levels; however, the discussion focuses on performance to low- and moderate-income borrowers

and geographies. Unless specifically commented, the performance to middle- and upper-income borrowers and geographies did not impact the conclusions made in this evaluation. No CRA related complaints were received during the evaluation period; therefore, this criterion did not factor into the rating.

DESCRIPTION OF INSTITUTION

The bank is a community bank headquartered in Muleshoe, Texas. The bank has two other branches, one is located north of Muleshoe, in Bovina, Texas, and the other is located northeast of Muleshoe in Dimmitt, Texas. Standard, non-complex loan and deposit products are offered at all offices. The bank’s core business focus is agricultural and small business related customers. Further, the bank originates a large number of consumer non-real estate loans. The lending products offered are secured and unsecured consumer, agricultural, and commercial loans. Muleshoe Bancshares, Inc. owns 96% of the bank’s common stock. Danny Management, Inc. is the parent company and controls Muleshoe Bancshares, Inc.

The bank maintains a website at www.fbmulshoe.com. Electronic banking operations available through the website include account information access, periodic statements for deposit and loans products, e-mail access, and e-mail alerts (i.e. notification that account may be overdrawn, etc.). The bank does not accept loan applications through its website. The bank does not provide, or plan to offer, automatic teller machines (ATMs), mobile banking or remote deposit capture.

Retail Locations				
NAME ADDRESS	TRACT INCOME LEVEL COUNTY	ATM (Yes/No)/	LOBBY HOURS	DRIVE-THRU HOURS
Main Branch Muleshoe 202 South First Street Muleshoe, TX 79347	9501.00 Middle Bailey	No	Monday – Friday 9am -3pm	Monday-Friday: 9 am – 3pm Saturday: 9 am – 12 noon
Bovina Branch 101 North Third St Bovina, TX 79009	9503.00 Middle Parmer	No	Monday – Thursday: 9 am – 3 pm Friday: 9 am – 4 pm	Monday – Thursday: 9 am –3 pm Friday: 9 am – 4 pm
Dimmitt Branch 215 W Bedford Dimmitt, TX 79027	9502.00 Moderate Castro	No	Monday-Friday: 9 am – 3 pm	Monday – Thursday: 9 am –3 pm Friday: 9 am – 4 pm

As of September 30, 2014, the bank reported total assets of approximately \$102.9 million, gross loans of \$19.7 million, total deposits of \$88.3 million, and a net loan-to-deposit ratio of 21.8%. The following table reflects the loan portfolio mix:

PRODUCT	9/30/2014 \$(000's)	% OF LOANS
<u>Real Estate</u>		
Farm Land	2,412	12.2
1-4 Family Residential Secured by First Liens	904	4.6
Multifamily	116	0.6
Nonfarm Nonresidential		
Loans Secured by Owner Occupied Nonfarm Nonresidential	2,590	13.1
Loans Secured by Other Nonfarm Nonresidential	528	2.7
Total Real Estate	6,550	33.2
Agricultural	6,474	32.8
Commercial and Industrial	4,984	25.2
Consumer	1,662	8.4
Other	73	0.4
Gross Loans	19,743	100.0

The bank's ability to meet various credit needs of the community has not been hampered by its capacity to lend, its financial condition and size, product offerings, prior performance, legal impediments or other factors. The bank received a Satisfactory rating on its previous CRA performance evaluation, dated October 5, 2009, performed by the Federal Reserve Bank of Dallas.

DESCRIPTION OF MULESHOE ASSESSMENT AREA

The bank's assessment area consist of Bailey, Castro, Lamb, and Parmer counties These four contiguous counties are located in the western portion of the Panhandle region of the state and are not part of a Metropolitan Statistical Area (MSA).

The following table provides further information on the counties in the assessment area.

County	2013 Population Estimate	% Change Since 2010	Major Cities
Bailey	7,114	-0.7%	Muleshoe
Castro	8,030	-0.4%	Dimmitt, Hart, Nazareth
Lamb	13,775	-1.4%	Amherst, Earth, Littlefield, Sudan
Parmer	9,965	-3.0%	Bovina, Farwell, Friona

According to the Federal Financial Institutions Examination Council (FFIEC), for 2013 and 2014 census tracts 9501.00 and 9503.00 in Castro County and census tracts 9501.00, 9502.00, and 9503.00 in Lamb County contain nonmetropolitan middle-income census tracts that are designated as "distressed" based on poverty levels. In addition, for 2013,

census tract 9506.00 in Lamb County was considered distressed based on poverty. A nonmetropolitan middle-income geography is designated as distressed if it is in a county that meets certain unemployment, poverty, or population loss triggers.

For 2013 but not 2014, the FFIEC designated census tract 9501.00 in Baily County as “underserved.” A nonmetropolitan middle-income census tract is designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area’s population is sufficiently small, thin, and distant from a population center and that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

As of the evaluation date, the bank operated three retail branches in the assessment area. The branches contained \$87.0 million in deposits at June 30, 2013. According to the FDIC, the bank ranks fourth in deposit market share out of 15 FDIC insured financial institutions, with 25 branches holding total deposits of approximately \$823 million. The deposits in the bank’s three branches represented 10.7% of the total deposits in FDIC-insured financial institutions. First United Bank dominates the market with 20.5% of total deposits, followed by Security State Bank (12.1%) and Muleshoe State Bank (11.4%).

Demographic and economic information impacting the bank’s performance context are discussed below. Information was obtained from publicly available sources including the U.S. Department of Commerce’s Bureau of the Census, 2010; the U.S. Department of Labor; the U.S. Department of Housing and Urban Development (HUD); Dun & Bradstreet (D&B); and the Texas Workforce Commission.

The following table details selected characteristics of the assessment area.

Combined Demographics Report

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0	0	0	0	0	2,267	22.5
Moderate-income	2	18.2	1,983	19.7	453	22.8	2,154	21.4
Middle-income	8	72.7	7,142	71	931	13	2,051	20.4
Upper-income	1	9.1	932	9.3	79	8.5	3,585	35.6
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	11	100.0	10,057	100.0	1,463	14.5	10,057	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	3,375	1,945	19.8	57.6	709	21	721	21.4
Middle-income	11,137	6,999	71.1	62.8	2,269	20.4	1,869	16.8
Upper-income	1,533	897	9.1	58.5	341	22.2	295	19.2
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	16,045	9,841	100.0	61.3	3,319	20.7	2,885	18.0
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0	0	0	0	0	0	0
Moderate-income	345	24.1	315	24.6	12	13.5	18	28.1
Middle-income	953	66.5	841	65.7	69	77.5	43	67.2
Upper-income	135	9.4	124	9.7	8	9	3	4.7
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	1,433	100.0	1,280	100.0	89	100.0	64	100.0
Percentage of Total Businesses:			89.3		6.2		4.5	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0	0	0	0	0	0	0
Moderate-income	81	12.1	80	12.7	1	2.5	0	0
Middle-income	547	81.5	508	80.8	38	95	1	50
Upper-income	43	6.4	41	6.5	1	2.5	1	50
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	671	100.0	629	100.0	40	100.0	2	100.0
Percentage of Total Farms:			93.7		6.0		.3	

Income Characteristics: According to the 2010 FFIEC census tract designations, the assessment area contains 11 census tracts. Approximately, 18.2% are moderate-income (2), 72.7% are middle-income (8), and 9.1% are upper-income census tracts (1). There are no low-income census tracts in the assessment area. Of the households in the assessment area, 20.2% reside in the moderate-income census tracts. Approximately 23.1% of the households are low-income, 18.5% are moderate-income, 18.7% are middle-income, and 39.7% are upper-income. The number of households living below poverty status was 2,172 or 16.5%, which is higher than the statewide household poverty level of 15%.

The estimated 2014 median family incomes for the Texas Non-MSAs are depicted in the table below:

INCOME LEVEL	2014 TEXAS NON-MSA
Median Income	\$51,600
Low-income	\$0 < \$25,800
Moderate-income	\$25,800 < \$41,280
Middle-income	\$41,280 < \$61,920
Upper-income	≥ \$61,920

Housing: According to 2010 ACS information, there were approximately 16,045 housing units in the assessment area with a median age of 48 years. The median housing value was \$64,734. Owner-occupied housing units comprised 61.3% of the housing stock, which was above the state average of 57.0%. Of the housing units, 20.7% were rental properties and 18% vacant units. The distribution of owner-occupied housing units was 19.8% in moderate-income census tracts, 71.1% in middle-income census tracts, and 9.1% in upper-income census tracts. Approximately 21.0% of all housing stock was located in the moderate-income census tracts.

Labor, Employment, and Economic Characteristics: Business conditions in the area appear improved since the droughts that the agriculture market faced in 2008 through 2010. The local economic base is concentrated in agribusiness, with farm supply manufacturing, feed processing plants, cattle ranching, dairy farming, and cotton. The largest employers are dairies, local school districts and government, and processing plants. Lamb and Castro counties contain distressed non-metropolitan middle-income geographies.

According to the Texas Workforce Commission, the unemployment rate in the assessment area was slightly less than the state of Texas for 2012 and 2013. The unemployment rate in Lamb County is above the state average. Contributing to the unemployment is the decrease in farms. According to the U.S. Department of Agriculture, the number of farms in Lamb County decreased by 5% between 2007 and 2012. Also contributing to the unemployment rate is the closing of the American Cotton Growers Denim Plan in Littlefield.

The following table provides unemployment rates for the assessment area and the state of Texas.

ANNUAL AVERAGE UNEMPLOYMENT RATE		
AREA	2012	2013
Bailey County	6.6	6.9
Castro County	5.1	5.5
Lamb County	7.7	6.8
Parmer County	4.7	4.6
State of Texas	6.8	6.3

Community Contacts and Credit Needs: Community leaders working in economic development and local government in the bank's assessment area were contacted. These contacts stated that the most important banking needs in the community include the development of small businesses and smaller dollar business loans. Educational opportunities, to provide new skills specifically to low- and moderate-income individuals are also needed. The contacts recognized the involvement of area banks within the community. The contacts stated there are opportunities in the assessment area for the banks to assist in small business development.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's overall performance is rated Satisfactory. The bank's net loan-to-deposit (LTD) ratio is reasonable. A substantial majority of loans were extended inside the assessment area. The distribution of loans to low- and moderate-income borrowers and to businesses of different sizes was excellent. The geographic dispersion of the bank's lending was excellent given the performance context.

LOAN-TO-DEPOSIT RATIO

The general purpose of the CRA is to encourage banks to meet the credit needs in their assessment area while operating in a safe and sound manner. To gain an understanding of the bank's lending activity, the net LTD ratio is reviewed. The LTD ratio compares the institution's aggregate loan balances outstanding to its total deposits outstanding. The ratio is a measure of an institution's lending volume relative to its capacity to lend.

The net LTD ratio is reasonable given the bank's size and financial condition, its business strategy, the credit needs of the assessment area, and the local banking environment. As of September 30, 2014, the net LTD ratio was 21.8%, and the quarterly average since the previous evaluation was 26.0%.

Consideration was given to performance context factors including, but not limited to the changes in agricultural conditions, and business conditions when assessing the bank's LTD. In light of this, the LTD is reasonable given the bank's focus on making small dollar

consumer loans which have a smaller impact on the LTD than larger commercial or agricultural loans, consideration of credit needs and comparison to one similarly situated local bank.

The similarly situated bank was chosen for analysis based on its proximity and similar size and structure. The similarly situated bank had a net LTD ratio of 47.6%, as of September 30, 2014. Its quarterly average net LTD ratios was 47.6%. The LTD ratios of First Bank of Muleshoe are lower than the similarly situated bank; however, based on the above performance context factors noted above, the bank's efforts to meet the credit needs of its community are comparable.

LENDING IN ASSESSMENT AREA

A substantial majority of the bank's loans were originated inside its assessment area. As shown in the table below, the bank extended 107 of the sampled loans or 90.7% by number inside its assessment area. These loans represent \$1.7 million or 92.1% by amount.

ASSESSMENT AREA CONCENTRATION								
Bank Loans	Inside Assessment Area				Outside Assessment Area			
	#	\$(000)	#%	\$%	#	\$(000)	#%	\$%
Unsecured Consumer	55	142	93.2	95.2	4	7	6.8	4.8
Small Business	52	1,533	88.1	91.8	7	136	11.9	8.2
Total	107	1,675	90.7	92.1	11	143	9.3	7.9

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

Consistent with the performance standards for a small bank, conclusions about the bank's distribution of lending within its assessment area considers; 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 revenue sizes; and, the geographic distribution of the bank's loans.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The bank's distribution of lending to borrowers of different incomes and businesses of different sizes reflects an excellent penetration among low- and moderate-income individuals and businesses of different sizes. The distribution of the remainder of bank lending to middle- and upper-income borrowers did not impact conclusions about the bank's performance considering its lending to low- and moderate-income borrowers.

Consumer Unsecured Loans:

Lending to low-income borrowers was approximately twice the percentage of low-income households based on the number and dollar amount of originations. Lending to moderate-income borrowers also materially exceeded the demographic based on the number and dollar of originations. Detailed information concerning the lending pattern can be found in the table below.

Small Business Lending

To determine the bank's performance, small business lending is compared to the number of small businesses located in the assessment area. The CRA defines a small business as one with annual gross revenue of \$1 million or less.

As shown in the following table, the bank exceeds the most current data available from D&B. The bank made 98.1% of the sampled loans by number and 99.5% by dollar volume to small businesses. In the assessment area, 89.3% of businesses had revenues less than \$1 million. This level of lending is particularly responsive to the credit needs as community contacts indicated the need for loans to encourage small business development.

DISTRIBUTION BY INCOME LEVEL OF BORROWER AND REVENUE SIZE OF BUSINESSES					
Borrower Income Level	Unsecured Consumer Loans				% of Households¹
	#	\$(000)	#%	\$%	
Low	26	60	47.3	42.3	23.1
Moderate	18	38	32.7	26.8	18.5
Middle	5	13	9.1	9.2	18.7
Upper	6	30	10.9	21.1	39.7
Business Revenue	Small Business Loans				% of Businesses by Revenue²
	#	\$(000)	#%	\$%	
\$1MM or less	51	1,525	98.1	99.5	89.3
Over \$1MM	1	8	1.9	0.5	6.2
Income Not Known	0	0	0.0	0.0	4.5

¹ Based on 2010 ACS 5-year estimate data.
² Based on 2014 D&B data.

The community contacts indicated that the assessment area needs smaller dollar loans to help facilitate the development of small businesses. The bank is responsive to this identified credit need as 37 or 71.1% of the small business loans sampled in the assessment area were in amounts of \$25,000 or less.

GEOGRAPHIC DISTRIBUTION OF LOANS

The distribution of the institution's loans among moderate-income geographies reflects an excellent dispersion throughout the assessment area. 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 the lending in middle- and upper- income geographies did not affect conclusions about the bank's performance considering its lending in moderate-income geographies.

The bank's lending compared favorably to available demographic trends given the location of the branches, and there were no conspicuous gaps or anomalies in the lending patterns. The bank's assessment area does not include any low- or upper-income census tracts.

Consumer Unsecured Loans

Of the sampled consumer loans, 16 of the 55 loans, or 29.1%, were originated in the moderate-income census tracts compared to the 20.2% of households located in these geography. These loans totaled \$35 thousand.

Small Business Loans

The bank's small business lending performance, in the moderate-income census tracts is comparable the percentage of small businesses located in the tracts. The bank originated 12 of the 52 sampled loans, or 23.0%, in these census tracts, compared to the 24.1 % of businesses located in these tracts. These loans totaled \$142 thousand.

The following table depicts the bank's distribution of consumer and small business loans by census tract.

DISTRIBUTION OF LOANS BY INCOME LEVEL OF GEOGRAPHY					
Census Tract Income Level	Unsecured Consumer Loans				% of Households ¹
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	16	35	29.1	24.6	20.2
Middle	39	107	70.9	75.4	70.4
Upper	0	0	0.0	0.0	9.4
Census Tract Income Level	Small Business Loans				% of Businesses ²
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	12	142	23.1	9.3	24.1
Middle	40	1,391	76.9	90.7	66.5
Upper	0	0	0.0	0.0	9.4

¹ Based on the 2010 ACS 5-year estimate data and 2010 FFIEC census tract designations.
² Based on 2014 D&B.

RESPONSE TO COMPLAINTS

There were no complaints related to the CRA during the review period. Consequently, the bank's performance in responding to complaints was not considered in evaluating its overall CRA performance.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

During the Consumer Affairs examination conducted concurrent with this CRA evaluation, a substantive violation of Section 5 of the Federal Trade Commission Act ("FTC Act"), which prohibits unfair or deceptive practices, was found. The violation did not cause the rating to be downgraded.

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, relatively permanent statistical subdivision of a county. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts average about 4,000 inhabitants, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to the population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language:

1. Affordable housing (including multi-family rental housing) for low- or moderate-income individuals.
2. Community services targeted to low- or moderate-income individuals.
3. 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.
4. Activities that revitalize or stabilize –
 - a. Low- or moderate-income geographies.
 - b. Designated disaster areas.
 - c. Distressed or underserved Non-MSA middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - i. Rates of poverty, unemployment, and population loss.
 - ii. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.
5. Loans, investments, and services by financial institutions that-
 - a. Support, enable or facilitate projects or activities that meet the "eligible uses" criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program (NSP).
 - b. Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees.

- c. Benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or areas outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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 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 householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

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 income of the applicants; the amount of loan requested; and the disposition of the application (for example, approved, denied, or 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 % tabulations, the count of households always equals the count of occupied housing units.

Low-income: Individual income that is less than 50 % of the area median income, or a median family income that is less than 50 %, 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 % and less than 120 % of the area median income, or a median family income that is at least 80 % and less than 120 %, in the case of a geography.

Moderate-income: Individual income that is at least 50 % and less than 80 % of the area median income, or a median family income that is at least 50 % and less than 80 %, in the case of a geography.

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

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

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

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