



PUBLIC DISCLOSURE

September 16, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Western Bank
RSSD# 982151**

**307 West Aztec
Gallup, New Mexico 87301**

**Federal Reserve Bank of Kansas City
925 Grand Boulevard
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.

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GENERAL INFORMATION

INSTITUTION'S CRA RATING: *This institution is rated "**Satisfactory**"*

The bank continues to have a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income families, in a manner consistent with its resources, management philosophy, and the credit needs of the community. Four of the five criteria used in evaluating small bank lending performance are relevant to this review and are as follows:

- Loan-to-Deposit Ratio (LTD)
- Lending Inside the Assessment Area
- Lending to Borrowers of Different Income Levels and Businesses of Different Revenue Sizes
- Lending by Income Level of Geography

The fifth evaluation criteria, responsiveness to consumer complaints, was not reviewed because the bank had not received any complaints about its Community Reinvestment Act (CRA) performance since the previous examination.

Conclusions about the four performance criteria were based on data compiled from a statistically selected sample of loan files from the three major products, motor vehicle, commercial, and residential real estate loans. The products combined represented 96 percent of the bank's loan portfolio.

The analysis indicated that the bank's net LTD ratio was reasonable given the credit needs of the assessment area and competition from area financial institutions. A majority of the loans were originated to borrowers located inside the bank's assessment area. The bank's distribution of loans among borrowers of different incomes and businesses of different revenue sizes was adequate. In addition, the bank's record of lending to geographies of different income levels reflected an adequate dispersion.

DESCRIPTION OF INSTITUTION

Western Bank is located in Gallup, New Mexico, a community of 19,154 according to 1990 census data. The bank has two locations. The main branch, which is located at 307 West Aztec in the central business district, includes a drive-through facility, an automated teller machine (ATM), and is readily accessible to the entire community. The bank also has a branch location with an ATM in Wal-Mart at 1650 Maloney and two additional ATM locations in the town of Gallup.

The bank's performance under the CRA was last evaluated by the Federal Deposit Insurance Corporation (FDIC) as of June 29, 1998. At that time, the bank had a satisfactory CRA performance record.

The bank has the ability to meet the credit needs of its assessment area based on its size, financial condition, and resources. According to the June 30, 2002 Consolidated Condition and Income Report (Call Report), the bank's assets totaled \$89,772M, of which gross loans constituted \$37,425M or 42 percent. The bank is primarily a commercial and residential real estate lender, but offers a variety of loan products to meet the credit needs of the assessment area. The types of credit offered by the bank, as listed in its CRA public file, include commercial, consumer, real estate, and agricultural loans.

Table 1 illustrates the loan distribution expressed as a percentage of the bank's gross loans and leases. The table is based on the bank's June 30, 2002 Call Report.

Table 1 FIRST STATE BANK'S LOAN PORTFOLIO (As of June 30, 2002)		
Loan Type	Amount (\$000)	Percent of Total
Commercial	23,583	63.1
Real Estate	7,908	21.2
Consumer	4,443	11.9
Agricultural	1,365	3.7
Other	55	.1
Total Gross Loans	37,354	100.0

No legal or financial factors exist that would significantly hinder the bank's ability to meet the credit needs of its assessment area.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA

The bank's assessment area is McKinley County, a rural area in northwestern New Mexico. The area meets the requirements of the CRA as it contains all of the bank's offices, includes whole geographies, and does not unreasonably exclude low- or moderate-income block numbering areas (BNAs). A large portion of the area contains parts of the Navajo and Zuni Pueblo Reservations, which both extend over county lines.

Local and federal governments, retail trade and health care services were the area's largest industries. (Source: New Mexico Economic Development Department-NMEDD). Its largest employers were the following: Navajo Nation Tribal Government, Wal-Mart Stores, Gallup Indian Medical Center, Pittsburg Midway Coal Mining, Inc., Department of Health and Human Services, Rehoboth McKinley Christian Health Center, and University of New Mexico-Gallup Campus. (Source: FDIC Regional Economic Conditions (RECON))

Low job growth and high unemployment reflected a sluggish economy. Following a 4.0 percent increase in 1997, area job growth was sluggish, and grew by only 0.1 percent from 2000 to 2002 compared to 0.7 percent growth in the state as a whole. Area unemployment decreased annually over the past five years but remained high compared with that in the state. Its 2001 annualized unemployment rate was 6.1 percent compared to 4.7 percent in the state. Despite its weak economy, the area population expanded over the past decade. From 1990 to 2000, it increased by 23.3 percent and in 2000 the area population totaled 74,798. Statewide, the population increased by 20.1 percent over that period.

Preliminary May 2002 New Mexico Department of Labor (NMDOL) data showed that, as in the state, the area's unemployment rate is increasing. In May 2002 the area unemployment rate was 6.1 percent compared to 5.5 percent in May 2001. In the state as a whole, the unemployment rate was 4.6 percent in May 2001 and 5.9 percent in May 2002. In 1990, the rate of unemployment was 8.2 for the bank's assessment area.

A declining housing market also reflected poorly on the area economy. Single-family housing permits steadily decreased in number from 1999 to 2001 and only 15 permits were issued in 2001. However, in 2000, a relatively large number of multifamily housing unit permits were issued, indicating potential housing development, possibly on the community-wide level.

The area contained a smaller concentration of businesses with revenues under \$1 million than in rural New Mexico. Dun & Bradstreet 2001 data (D&B data) showed that 86.7 percent of area non-farm businesses had gross revenues under \$1 million, compared to 88.6 percent in statewide rural areas.

The area contained a large concentration of young, traditional families with children. In 1990, 80.0 percent of area households were families compared to a 76.0 percent in statewide rural areas. By 2000, the area's family population had decreased somewhat, and 77.7 percent of households were families. Of the total population, 38.5 percent were children, which was comparable to statewide rural areas where 31.9 percent of the total population were children. The area also contained a larger concentration of individuals 18-24 years old, 10.6 percent, than in statewide rural areas at 9.2 percent. As a result, the area contained relatively small concentrations of middle-age individuals and senior citizens. Of its total population, 44.6 percent was 25-64 years old and

6.3 percent was over 64 years old. In statewide rural areas 47.4 percent of the population was 25-64 years old and 11.5 percent was over 64 years old. By 2000, the area's population over 64 years old had increased only slightly and was 6.9 percent of the total population. The area contained no institutions or group quarters that would significantly effect its age distribution or other demographics. In 2000, only 0.8 percent of the total area population was institutionalized and 0.4 percent lived in group quarters. The area's largest institutions were nursing homes and its largest group quarters were homeless shelters.

Overall, the area was a lower middle-income area in 1990 with a median family income (\$19,187) that was 82.8 percent that of statewide rural areas (\$23,165).¹ It contained substantially higher concentrations of low-income families and families living below the poverty level than in statewide rural areas. This may challenge financial institution lending and shows a need for small-dollar consumer loans. Rural New Mexico had the following family income distribution in 1990: 23.2 percent low-income, 16.5 percent moderate-income, 19.0 percent middle-income, 41.3 percent upper-income. In addition, 21.4 percent of rural New Mexico families lived in poverty.

More recent median family income information indicated that the area's overall income level has decreased since 1990 and that it continues to hold a large low-income population. The area's median family income in 2002 (\$27,000) was 80.1 percent that of statewide rural areas. (Sources: FDIC RECON)

Area housing stock growth surpassed its population growth from 1990 to 2000. The number of area housing units increased by 27.6 percent. In 1990, area housing stock composition and characteristics indicated that financial institutions would be challenged in their ability to effectively meet housing needs. Most significant was the area's large concentration of "other housing units."² These units comprised 8.2 percent of the total housing stock compared to 1.9 percent in rural New Mexico. These types of housing units show a strong need for affordable housing development, but also indicate that area residents may be unable to afford and would lack adequate collateral to justify substantial housing or consumer credit absent special credit programs.

Despite its large concentration of families, the area contained a relatively small concentration of single-family housing units (57.7 percent of total units) compared with statewide rural areas where 64.5 percent of housing stock was single-family units. The area did contain a larger concentration of 2- to 4-family housing units (10.4 percent of housing stock) than in rural New Mexico where 8.0 percent of housing stock was 2- to 4-

¹ The 2002 and 2001 HUD-adjusted median family incomes for rural New Mexico that would be used for borrower income analyses were \$33,700 and \$33,000, respectively.

² "Other housing units" consist of railway cars, trailers, vans and any other structure used for housing but not designed to be a residence.

family units. The area's housing affordability rate³ was high (96.8 percent) due to the value of area housing stock. In statewide rural areas the housing affordability rate was 42.0 percent. Additionally, 32.0 percent of the area's specified owner-occupied housing units⁴ were valued under \$15,000. The median housing value in statewide rural areas (\$48,466) was 156.7 percent higher than the area's median housing value (\$18,880).

Because of the area's large concentration of "other housing units," its housing stock was substantially younger than that in statewide rural areas. In 1990, the median age of area housing stock was 14 years and 9.6 percent of housing units were built before 1950. In rural New Mexico, the median age of housing stock was 37 years and 19.0 percent of housing stock was built before 1950. "Other housing units" have shorter use cycles than more traditional housing stock.

Recent housing data indicated that the area contained a large tourist industry or seasonal population. In 2000, 19.6 percent of housing units were vacant. Of those vacant units, 7.0 percent were for seasonal, recreational, or occasional use. When seasonal units are taken into consideration, the area's housing unit vacancy rate was 12.6 percent. A substantial volume of the area's families, owner-occupied housing units, and businesses were in low- and moderate-income BNAs. All of the area's middle- and upper-income BNAs were in the town of Gallup. In addition, both of the bank's offices were in the town of Gallup and in middle-income BNAs. Besides the substantially larger concentrations of low- and moderate-income families and higher family poverty rate in the low- and moderate-income BNAs, the housing stock characteristics in the low-income BNAs, in particular, may also effect credit demand. Low- and moderate-income BNA housing stock contained large concentrations of vacant housing units that would affect overall housing demand in these BNAs. While this may indicate housing dilapidation, it could show a large seasonal, migrant, or tourist population.

Affordable housing development may be a more pressing need in low-income BNAs than home purchase or improvement loans. In 1990, 21.8 percent of low-income BNA housing stock was "other units" that may not be usable for home loan collateral. Middle-income BNAs contained the area's largest concentrations of rental and multifamily housing units. In 1990, 11.3 percent of the housing stock in these BNAs was multifamily units.

³ Affordability ratio is calculated by dividing the area's median household income by its median housing value.

⁴ Specified owner-occupied housing units exclude mobile homes, homes on more than 10 acres and homes also used as business properties.

Table 2 illustrates the characteristics of the bank's assessment area.

TABLE 2	
BANK ASSESSMENT AREA CHARACTERISTICS*	
Tract Summary	Assessment Area
Total Number of BNAs	13
Number of Low-Income BNAs	4
Number of Moderate-Income BNAs	5
Number of Middle-Income BNAs	2
Number of Upper-Income BNAs	2
Income Summary	
Median-Family Income	\$19,187
Percent Low-Income Families	25.3
Percent Moderate-Income Families	35.6
Percent Middle-Income Families	20.0
Percent Upper-Income Families	19.1
Unemployment Summary	
Labor Force Population	22,878
Percent Unemployment	8.2
Miscellaneous Information	
Total Population	60,686
Percentage of Families Below Poverty Level	38.0
Total Housing Units	20,933
Percentage Owner-Occupied Units to Total Units	55.9
Percentage Occupied Rental Units to Total Units	23.4
Percentage Vacant Units to Total Units	20.8
*All information based on 1990 census data.	

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The following factors were considered in evaluating the bank's CRA performance: a review of the bank's level of lending in relation to its deposits and that of other comparable financial institutions; the percentage of loans originated by the bank within its assessment area; lending to borrowers of different income levels and businesses of different revenue sizes; and lending to geographies of different income levels. The bank has not received any complaints regarding its CRA activities; therefore, an evaluation of the bank's response to CRA complaints was not performed.

Two individuals from the community representing the two Native American Reservations included in the bank's assessment area were interviewed to obtain insight about the credit needs of the community and the bank's response to those credit needs. The interviewees both commended the local financial institutions on meeting the credit needs of the community. In addition, both contacts discussed the need for business credit and affordable housing in the area and on the Indian reservations.

The bank's performance under the CRA is considered satisfactory based on the following assessment criteria analysis.

Loan-to-Deposit Ratio

Western Bank's net LTD ratio is considered reasonable. The bank's average net LTD ratio equaled 49.2 percent during the 16 quarters since its previous CRA assessment beginning September 30, 1998 through June 30, 2002. While the bank's LTD ratio has experienced some fluctuation over the sixteen-quarter period, it has consistently fallen within the range of performances of other local competitors.

An eight-quarter period was utilized for comparison with local, state, and national peer group averages. In addition to the subject bank, there were three similarly situated banks located in nearby San Juan and Cibola Counties. An analysis of these similarly situated area banks revealed that average LTD ratios ranged from 46.2 to 54.8 percent during the previous eight quarters. While the bank's average LTD ratio was less than that of its state and national peer groups, it was comparable to its local peers. All four banks fell behind the state and national peer group banks. The bank's LTD ratio has fluctuated over the previous eight quarters from a high of 52.3 percent to a low of 41.0 percent. In summary, the bank's LTD ratio reasonably reflects the assessment area demand for loans and the bank's ability to make loans.

Loans Inside the Assessment Area

A substantial majority of the bank's lending occurred within its assessment area. Table 3 summarizes the percentage of loans reviewed during this examination by product type that were located inside the bank's area. A review of 77 motor vehicle, commercial, and residential real estate loans revealed that 97 percent were made to borrowers inside the bank's assessment area. Furthermore, the loans originated inside the bank's assessment area represented 99 percent of the dollar volume of the combined loan sample.

Table 3				
LOANS INSIDE THE BANK'S ASSESSMENT AREA				
Loan Type	Number	Percent	\$ Volume (000)	Percent
Motor Vehicle (26)	24	92	339	90
Commercial (26)	26	100	5,297	100
Residential Real Estate (25)	25	100	1,873	100
All Loans Reviewed (77)	75	97	7,509	99

Distribution of Loans by Borrower Income Levels and Businesses of Different Revenue Sizes

Motor Vehicle

The bank's distribution of motor vehicle loans to borrowers of different income levels is reasonable, given the economic and demographic conditions of the assessment area. Conclusions about the bank's lending to borrowers of different income levels is based on a comparison of the motor vehicle loan sample with the percentage of families in the assessment area that are designated as low-, moderate-, middle-, and upper-income.

As Table 4 illustrates, the sample contained no motor vehicle loan originations to low-income individuals while 5.0 percent of the bank's motor vehicle loans were made to moderate-income individuals, compared to 25.0 percent and 36.0 percent of the assessment area families categorized as low- and moderate-income, respectively. However, demographic data of the area indicates that almost 38.0 percent of all families within the assessment area are living below the poverty level and are less likely to have sufficient economic viability to obtain motor vehicle loans. Furthermore, a large portion of the assessment area contains parts of the Navajo and Zuni Pueblo Reservations, which contain a large percentage of low- and moderate-income individuals. Bank management and community contacts stated that primary financing sources of tribal members include pawn shops and payday loan finance companies. In addition, the community contacts stated that tribal members use local banks primarily for check cashing services. The bank's performance is adequate considering these mitigating circumstances.

Table 4
DISTRIBUTION OF MOTOR VEHICLE LOANS INSIDE THE BANK'S ASSESSMENT AREA
BY INCOME LEVEL OF BORROWERS

Area Median Family Income *		\$33,700
Income Level of Borrower	Percentage of Motor Vehicle Loans Reviewed	Percentage of Families In Bank's AA **
Low (Less Than 50 percent of Median Income)	0	25
Moderate (50 to 80 percent of Median Income)	5	36
Middle (80 to 120 percent of Median Income)	25	20
Upper (Greater than 120 percent of Median Income)	70	19
Totals	100	100

* Area Median Family Income is based on the 2002 HUD-adjusted median family income.

** The Percentage of Families in Assessment Area is based on 1990 census data.

Residential Real Estate

The bank's distribution of real estate loans to borrowers of different income levels is reasonable, given the economic and demographic conditions of the assessment area. Conclusions about the bank's lending to borrowers of different income levels is based on a comparison of the residential real estate loan sample with the percentage of families in the assessment area that are designated as low-, moderate-, middle-, and upper-income.

As Table 5 illustrates, the sample contained no real estate loan originations to low-income individuals and only 4.0 percent of residential real estate loans were made to moderate-income individuals, compared to 25.0 percent and 36.0 percent of the assessment area families categorized as low- and moderate-income, respectively. However, as mentioned before, almost 38.0 percent of all families within the assessment area are living below the poverty level and are less likely to have sufficient economic viability to obtain residential real estate loans. Bank management stated that there is a strong need for affordable housing development in the assessment area. In addition, interviews with bank management revealed that there are many housing units for sale at prices that do not accommodate low- and moderate-income individuals.

Conversations with community contacts located on the Indian reservations revealed that tribal governmental laws are stringent and do not permit tribal members to own land on the reservations. Therefore, financial institutions are not able to originate real estate-secured loans and perfect liens for property located on tribal lands.

The bank's performance is adequate considering the percentage of area families living below the poverty level and the high percentage of other housing units such as railway cars, trailers, and vans, as previously discussed.

Table 5		
DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS INSIDE THE BANK'S ASSESSMENT AREA BY INCOME LEVEL OF BORROWERS		
Area Median Family Income *		\$33,700
Income Level of Borrower	Percentage of Residential Real Estate Loans Reviewed	Percentage of Families In Bank's AA **
Low (Less Than 50 percent of Median Income)	0	25
Moderate (50 to 80 percent of Median Income)	4	36
Middle (80 to 120 percent of Median Income)	36	20
Upper (Greater than 120 percent of Median Income)	60	19
Totals	100	100
* Area Median Family Income is based on the 2002 HUD-adjusted median family income.		
** The Percentage of Families in Assessment Area is based on 1990 census data.		

Small Business Loans

Based on the sample of small business loans reviewed, the bank's distribution of loans to businesses of different revenue sizes is adequate and generally reflects the small business demographics of the assessment area. Under the CRA, small businesses are defined as those operations with gross annual revenues of \$1 million or less. A review of 26 business loans originated inside the bank's assessment area showed that 19 of those loans were made to small businesses. Assessment area demographics indicate that 87 percent of the businesses in the area have revenues of less than \$1 million. Of the 19 small business loans reviewed, 17 loans or 90 percent were for amounts of \$100M or less. In addition, 70 percent of the total dollar amount of small business loans were for

amounts of \$250M or less. These figures indicate that the bank is responsive to the credit needs of small businesses within the assessment area. Table 6 illustrates the bank's lending activity by loan amount.

Table 6 DISTRIBUTION OF SMALL BUSINESS LOANS INSIDE THE BANK'S ASSESSMENT AREA BY LOAN SIZE		
Loan Size	Small Businesses (Revenue of \$1MM and under)	
	Percentage of Loans Reviewed	Percentage of Total Dollar Amount
Less than or equal to \$100,000	90	53
Greater than \$100,000 and less than or equal to \$250,000	5	17
Greater than \$250,000 and not exceeding \$1,000,000	5	30
Total Loan Sample inside Assessment Area	100	100

Distribution of Loans by Income Level of Geography

The bank's lending performance to geographies of different income levels is considered reasonable. As previously mentioned, the assessment area has four low-income, five moderate-income, two middle-income and two upper-income BNAs.

Table 7 illustrates the bank's pattern of lending compared with the percentage of geographies designated as low-, moderate-, middle-, or upper-income and with the percentage of families residing in each BNA income category. The table shows that the bank's record of lending for each loan product in the low- or moderate-income BNAs is well below the percentage of assessment area BNAs that are low- or moderate-income and the percentage of families that reside in those BNAs.

A large portion of the assessment area contains parts of the Navajo and Zuni Pueblo Reservations, which are located in low- and moderate-income tracts. As previously mentioned, community contacts in these areas revealed that tribal governmental laws do not permit tribal members to own land on the reservations. The interviews indicated that a financial institution is unable to take real estate located on tribal land as collateral, therefore making it impossible to originate a real estate-secured loan and perfect a lien for that property. Overall, bank management and community contacts stated that tribal members do not typically utilize traditional banking services. Their primary sources of

financing include pawn shops and payday loan finance companies, utilizing banks primarily for check cashing services.

As previously discussed, the assessment area contains substantially higher concentrations of low-income families and families living below the poverty level, which could make financial institution lending difficult and show a need for small-dollar consumer loans. In the low- and moderate-income geographies, this is even more pronounced with 61.3 percent of families living below the poverty level in the low-income geographies, and 40.8 percent in the moderate-income geographies.

Table 7 DISTRIBUTION OF LOANS REVIEWED IN THE BANK'S ASSESSMENT AREA BY INCOME LEVEL OF BNA					
Area Median Family Income *					\$33,700
Income Level of Block Numbering Area	Percent of Business Loans Reviewed	Percent of Residential Real Estate Loans Reviewed	Percent of Motor Vehicle Loans Reviewed	Percent of Geographies within Assessment Area	Percent of Families within Assessment Area
Low (< 50 percent of median)	12	8	17	31	25
Moderate (50 to 80 percent of Median Income)	0	12	13	39	36
Middle (80 to 120 percent of Median Income)	50	20	20	15	20
Upper (= > 120 percent of median)	38	60	50	15	19
Totals	100	100	100	100	100

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND PRACTICES

The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. Although minor issues with the technical requirements of Regulation B arose during the examination, they were easily resolved. A review of bank policies, credit applications, loans, and interview procedures revealed no prohibited practices designed to discourage loan applicants.

GLOSSARY OF COMMON CRA TERMS

(For additional information, please see the Definitions section of Regulation BB at 12 CFR 228.12.)

Assessment Area – The geographic area(s) delineated by the bank and used in evaluating the bank’s record of helping to meet the credit needs of its community. The assessment area must include the geographies where the main office, branches, and deposit-taking automated tellers machines are located. The assessment area must consist only of whole geographies, may not reflect illegal discrimination, and may not arbitrarily exclude low- or moderate-income geographies.

Block Numbering Areas (BNAs) – BNAs are geographic entities similar to census tracts. Metropolitan areas are most often delineated into census tracts, while rural areas are delineated into BNAs.

Census Tracts – Census tracts are small, relatively permanent geographic entities within counties delineated by a committee of local data users. Generally, census tracts have between 2,500 and 8,000 residents and boundaries that follow visible features.

Community Development – Includes affordable housing (including multifamily rental housing) for low- and moderate-income individuals, community services targeted to low- and moderate-income individuals, activities that promote economic development by financing businesses or farms that have gross annual revenues of \$1 million or less, or activities that revitalize or stabilize low- or moderate-income geographies.

Community Development Loan – A loan that has community development as its primary purpose and (except in the case of a wholesale or limited-purpose bank). Has not been reported or collected by the bank or an affiliate as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan and Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s)

Community Development Service – A service that has as its primary purpose community development, is related to the provision of financial services, has not been considered in the evaluation of the bank’s retail banking services, benefits the banks assessment area(s) or a broader statewide or regional area

that includes the bank's assessment area and has not been claimed by other affiliated institutions.

Consumer Loans – Loans to individuals for household, family and other personal expenditures. These loans do not include real estate-secured loans.

Dun & Bradstreet Data – Data collected by Dun & Bradstreet regarding types of businesses and their respective gross annual revenues. The data can be sorted by geographies.

Geography – A census tract or a block numbering area.

Income Level – Both geographies and individuals can be described in terms of their income levels. In MSAs, the level is based on the MSA median income. In nonMSA areas, the level is based on the statewide, nonMSA median income.

Low-Income – Less than 50 percent of the area median income

Moderate-Income – At least 50 percent and less than 80 percent of the area median income

Middle-Income – At least 80 percent and less than 120 percent of the area median income

Upper-Income – At least 120 percent or more of the area median income

Metropolitan Statistical Area (MSA) - The general concept of an MSA is that of a core area containing a large population nucleus, together with adjacent communities having a high degree of economic and social integration with that core. Generally, a single city with at least 50,000 inhabitants or an urbanized area with a total population of at least 100,000 would meet the definition of an MSA.

Qualified Investment – A lawful investment, deposit, membership share or grant that has as its primary purpose community development.

Small Business – A business with gross annual revenues of \$1 million or less.

Small Business Loan – A loan with an original amount of \$1 million or less that has been reported in the Consolidated Report of Condition and Income in the category "Loans secured by nonfarm nonresidential properties" or "Commercial and industrial loans."

Small Farm – A farm with gross annual revenues of \$1 million or less.

Small Farm Loan – A loan with an original amount of \$500,000 or less that has been reported in the Consolidated Report of Condition and Income in the category “Loans secured by farmland” or “Loans to finance agricultural production and other loans to farmers.”