

PUBLIC DISCLOSURE

July 25, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Piggott State Bank
RSSD #173342**

**212 West Cherry Street
Piggott, Arkansas 72454**

Federal Reserve Bank of St. Louis

**P.O. Box 442
St. Louis, Missouri 63166-0442**

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 the 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.

Piggott State Bank meets the criteria for a Satisfactory rating based on the evaluation of the bank’s lending activity. The factors supporting the institution’s rating are as follows:

- The loan-to-deposit (LTD) ratio is less than reasonable given the institution’s size, financial condition, and assessment area credit needs.
- A majority of loans and other lending-related activities are in the assessment area.
- The borrower’s profile analysis reveals reasonable penetration among individuals of different income levels, including low- and moderate - income (LMI) levels and businesses of different revenue sizes.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

SCOPE OF EXAMINATION

The bank’s CRA performance was evaluated using the Federal Financial Institutions Examination Council’s (FFIEC’s) Examination Procedures for Small Institutions. Residential real estate and small business loans were used to evaluate the bank’s lending performance, as these loan categories are considered the bank’s core business lines based on lending volume and the bank’s stated business strategy.¹ Therefore, the loan activity represented by these credit products is deemed indicative of the bank’s overall lending performance. However, greater significance was placed on 1–4 family residential real estate loans when making overall performance conclusions, as this loan category has the highest concentration in the bank’s loan portfolio. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	September 30, 2017 – June 30, 2022
Assessment Area Concentration	January 1, 2019 – December 31, 2020
Loan Distribution by Borrower’s Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	August 28, 2017 – July 24, 2022

¹ 1–4 family residential real estate and small business loans were sampled for this review according to CA Letter 01-8, “CRA Sampling Procedures.”

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Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 American Community Survey (ACS) data, and certain business demographics are based on Dun & Bradstreet data applicable for the year of loan data being reviewed. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from \$95.3 million to \$157.5 million as of June 30, 2022.

To augment this evaluation, one community contact interview was conducted with a member of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment area. Information from this interview also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from this community contact interview are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Piggott State Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Piggott Bankstock, Inc., a single bank holding company headquartered in Piggott, Arkansas. The bank's branch network consists of three offices (including the main office), two of which are full-service offices. Additionally, located across the street from the main office is a limited-service branch providing drive-through services and a cash-dispensing automated teller machine (ATM). The bank's main office and limited-service branch are located in Piggott, Arkansas, and the other full-service office is located in Rector, Arkansas, which is about 14 miles south of Piggott and also offers a cash-dispensing ATM. The bank did not open or close any branch offices during this review period. Based on this branch network and other service delivery systems, such as full-service online banking capabilities, the bank is well positioned to deliver financial services to its entire assessment area.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of June 30, 2022, the bank reported total assets of \$119.1 million. As of the same date, loans and leases outstanding were \$57.0 million (47.8 percent of total assets), and deposits totaled \$114.2 million. The bank's loan portfolio composition by credit category is displayed in the following table.

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Distribution of Total Loans as of June 30, 2022		
Credit Category	Amount (\$000s)	Percentage of Total Loans
Construction and Development	\$2,001	3.5%
Commercial Real Estate	\$6,044	10.6%
1-4 Family Residential	\$21,794	38.3%
Farmland	\$7,309	12.8%
Farm Loans	\$4,939	8.7%
Commercial and Industrial	\$8,428	14.8%
Loans to Individuals	\$6,106	10.7%
Total Other Loans	\$343	0.6%
TOTAL	\$56,964	100%

As indicated by the table above, a significant portion of the bank's lending resources is directed to loans secured by 1-4 family residential properties and to commercial lending, including both commercial real estate and commercial and industrial loans.

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on August 28, 2017.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area, which has a population of 8,188, is located in a nonmetropolitan statistical area (nonMSA) portion of northeastern Arkansas and includes three of the six census tracts located in Clay County, Arkansas. During the review period, all three census tracts in the area were classified as distressed due to poverty.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2022, there are four FDIC-insured depository institutions in Clay County that operate seven offices. Piggott State Bank (operating three offices in Clay County) ranked second in terms of deposit market share, with 32.1 percent of the total assessment area deposit dollars.

General credit needs in the assessment area include 1-4 family residential real estate loans and a standard blend of commercial loan products.

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Income and Wealth Demographics

The assessment area contains no LMI census tracts. All three census tracts are middle-income and, as previously mentioned, were designated as distressed due to poverty during the review period. In total, 2,180 families reside in these middle-income census tracts.

Based on 2015 ACS data, the median family income for the assessment area was \$45,984. At the same time, the median family income for nonMSA Arkansas was \$45,047. More recently, the FFIEC estimates the 2020 median family income for nonMSA Arkansas to be \$50,800. The following table displays population percentages of assessment area families by income level compared to the nonMSA Arkansas family population as a whole.

Family Population by Income Level						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown-	TOTAL
Assessment Area	428	483	356	913	0	2,180
	19.6%	22.2%	16.3%	41.9%	0.0%	100%
NonMSA Arkansas	63,831	53,700	58,267	123,066	0	298,864
	21.4%	18.0%	19.5%	41.2%	0.0%	100%

As shown in the table above, 41.8 percent of families within the assessment area were considered LMI, which is slightly higher than the LMI family percentage of 39.4 percent in nonMSA Arkansas. The percentage of families living below the poverty threshold in the assessment area (18.4 percent) is also higher than the level in nonMSA Arkansas (16.6 percent). Considering these factors, the assessment area appears slightly less affluent than nonMSA Arkansas as a whole.

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be more affordable than in nonMSA Arkansas. The median housing value for the assessment area is \$69,018, which is less than the value of \$85,869 for nonMSA Arkansas. The assessment area housing affordability ratio of 48.3 percent is above the nonMSA Arkansas figure of 41.0 percent, indicating greater affordability when considering income levels. Additionally, the median gross rent for the assessment area of \$520 per month is lower than the \$588 per month for nonMSA Arkansas.

Industry and Employment Demographics

County business patterns indicate that there are 3,030 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are government (28.5 percent), followed by healthcare and social assistance (14.5 percent), and retail trade (11.4 percent). The following table details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to nonMSA Arkansas as a whole.

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Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	Assessment Area	NonMSA Arkansas
2018	4.3%	4.3%
2019	4.8%	4.2%
2020	6.1%	6.4%
2021	4.0%	4.5%

As shown in the table above, unemployment levels for the assessment area, as well as nonMSA Arkansas, rose significantly in 2020—this was likely driven by the COVID-19-related disruption of local and state economies. Unemployment levels in the assessment area improved in 2021 and were also lower than nonMSA Arkansas.

Community Contact Information

Information from one community contact was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. The individual specializes in small business and economic development, providing a range of services for both new and experienced business owners. The community contact categorized the economy as stagnant for small business development due to the lack of new small businesses starting up and/or moving into the area, a decline in manufacturing employers, and an aging population. The community contact did, however, state that commercial lending in the area is available and named Piggott State Bank for its willingness to lend to small businesses.

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CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The chart below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 20-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	Headquarters	Asset Size (\$000s) as of June 30, 2022	Average LTD Ratio
Piggott State Bank	Piggott, Arkansas	\$119,128	51.0%
Regional Banks	Senath, Missouri	\$95,271	63.5%
	Kennett, Missouri	\$127,501	73.0%
	Cave City, Arkansas	\$157,464	77.2%

Based on data from the previous table, the bank's level of lending is below that of other banks in the region. During the review period, the LTD ratio experienced a fluctuating trend with a 20-quarter average of 51.0 percent. In comparison, the average LTD ratios for the regional peers were higher and had generally decreasing trends. Therefore, compared to data from regional banks, the bank's average LTD ratio is less than reasonable given the bank's size and financial condition.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment area.

Lending Inside and Outside of Assessment Area January 1, 2019 through December 31, 2020						
Loan Type	Inside Assessment Area		Outside Assessment Area		TOTAL	
	1-4 Family Residential Real Estate	47	78.3%	13	21.7%	60
\$3,812		72.9%	\$1,420	27.1%	\$5,232	100%
Small Business	31	54.4%	26	45.6%	57	100%
	\$2,396	58.8%	\$1,680	41.2%	\$4,076	100%
TOTAL LOANS	78	66.7%	39	33.3%	117	100%
	\$6,209	66.7%	\$3,100	33.3%	\$9,308	100%

A majority of loans and other lending-related activities were made in the bank's assessment area. As shown above, 66.7 percent of the total loans were made inside the assessment area, accounting for 66.7 percent of the dollar volume of total loans.

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Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from both loan categories reviewed.

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC (\$50,800 for nonMSA Arkansas in 2020). The following table shows the distribution of 2019 and 2020 1–4 family residential real estate loans by borrower income level in comparison to family population income demographics for the assessment area and the average 1–4 family residential real estate aggregate data over the review period.

Distribution of 2019–2020 Home Mortgage Lending By Borrower Income Level							
Borrower Income Level	Bank Loans				Families by Family Income %	Aggregate HMDA Data	
	#	# %	\$	\$ %		# %	\$ %
Low	9	19.1%	269	7.1%	19.6%	7.3%	3.7%
Moderate	11	23.4%	527	13.8%	22.2%	16.8%	12.5%
Middle	9	19.1%	296	7.8%	16.3%	14.3%	11.6%
Upper	18	38.3%	2,720	71.3%	41.9%	37.8%	45.1%
Unknown	0	0.0%	0	0.0%	0.0%	23.8%	27.1%
TOTAL	47	100.0%	3,812	100.0%	100.0%	100.0%	100.0%

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (19.1 percent) is similar to the low-income family population figure (19.6 percent) and compares favorably to the aggregate lending level to low-income borrowers (7.3 percent), reflecting reasonable performance. Similarly, the bank's level of lending to moderate-income borrowers (23.4 percent) is similar to the moderate-income family population percentage (22.2 percent) and compares favorably to the aggregate lending level to moderate-income borrowers (16.8 percent), reflecting reasonable performance. Therefore, considering performance to both income categories, the bank's overall distribution of loans by borrower's profile is reasonable.

Next, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2019 and 2020 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and average small business aggregate data over the same period.

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Small Business Loans by Revenue and Loan Size								
Business Revenue and Loan Size		2019–2020						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Business Revenue	\$1 Million or Less	22	71.0%	53.8%	\$982	41.0%	45.6%	89.1%
	Over \$1 Million/ Unknown	9	29.0%	46.2%	\$1,413	59.0%	54.4%	10.9%
	TOTAL	31	100.0%	100.0%	\$2,395	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	22	71.0%	89.3%	\$631	26.3%	38.8%	
	\$100,001–\$250,000	8	25.8%	7.3%	\$1,337	55.8%	26.0%	
	\$250,001–\$1 Million	1	3.2%	3.4%	\$427	17.8%	35.2%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	TOTAL	31	100.0%	100.0%	\$2,395	100.0%	100.0%	
Loan Size	Revenue \$1 Million or Less	\$100,000 or Less	18	81.8%		\$377	38.4%	
		\$100,001–\$250,000	4	18.2%		\$605	61.6%	
		\$250,001–\$1 Million	0	0.0%		\$0	0.0%	
		Over \$1 Million	0	0.0%		\$0	0.0%	
		TOTAL	22	100.0%		\$982	100.0%	

The bank's level of lending to small businesses is reasonable. The bank originated the majority of its small business loans (71.0 percent) to businesses with revenues of \$1 million or less. In comparison, assessment area demographics estimate that 89.1 percent of businesses in the assessment area had annual revenues of \$1 million or less, and the aggregate lending level to small businesses is 53.8 percent.

Geographic Distribution of Loans

Under the geographic distribution of loans analysis, emphasis is normally placed on the bank's performance in LMI geographies. However, the bank's assessment area does not contain any LMI census tracts. Therefore, a detailed geographic distribution of loans analysis would not prove meaningful and was not performed as part of this evaluation. Nevertheless, the bank's loan dispersion was reviewed, and loan activity was adequately dispersed throughout the assessment

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area, consistent with demographics and branch structure, with loans in all three census tracts. Therefore, the bank's geographic distribution of loans is reasonable, and no conspicuous lending gaps were noted.

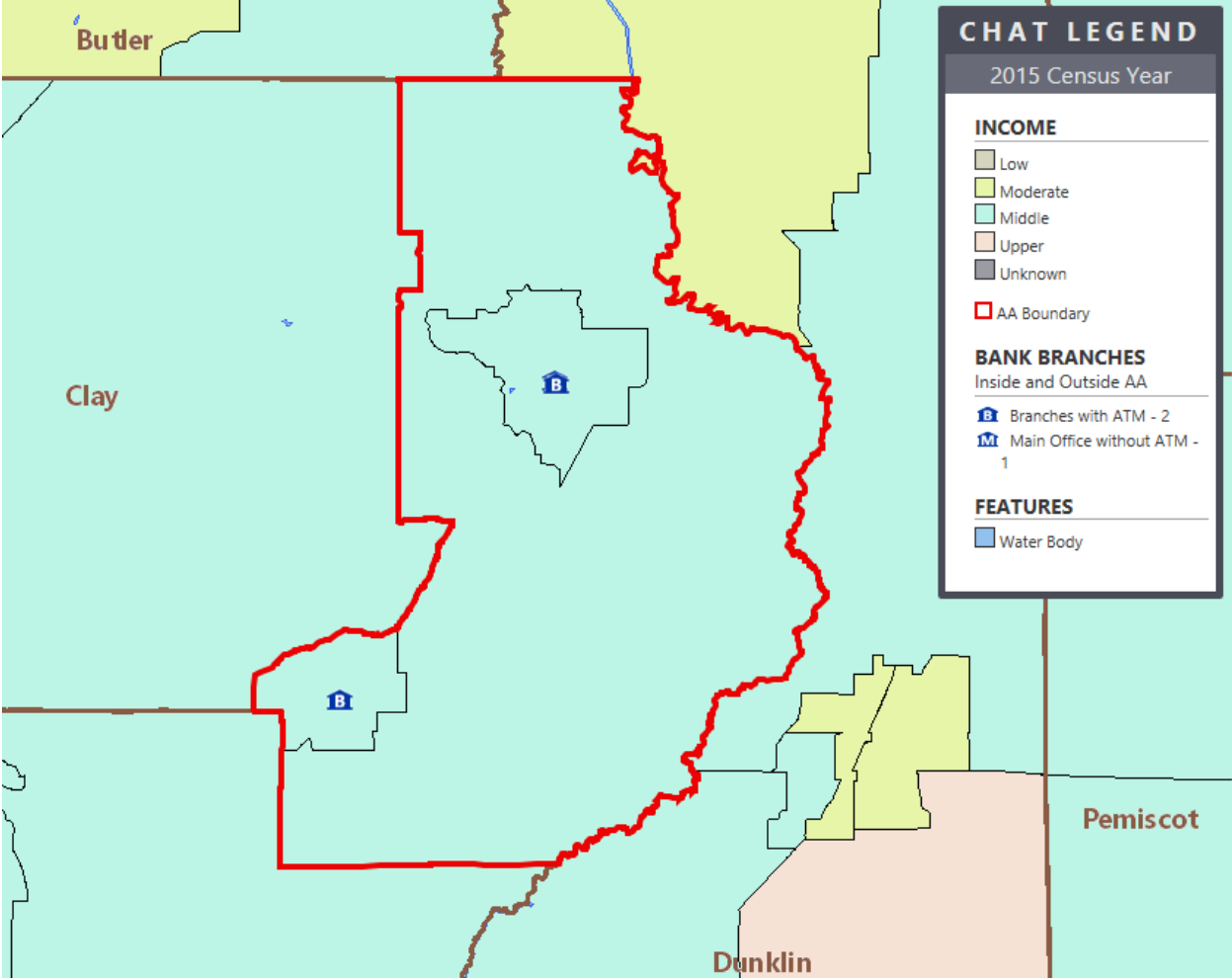
Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (August 28, 2017 through July 24, 2022).

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

ASSESSMENT AREA DETAIL



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.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan 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 on 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 contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily 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 low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and 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.

Demographics: The statistical characteristics of human populations (e.g., age, race, sex, and income) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following

Appendix B (continued)

triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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 under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 who 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 applicants; the amount of loan requested; and the disposition of the application (e.g., approved, denied, and withdrawn).

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

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Appendix B (continued)

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.

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An 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. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an 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.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Appendix B (continued)

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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 businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports 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 secured by either 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): That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be 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 that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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