

# **PUBLIC DISCLOSURE**

June 21, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Citizens State Bank  
RSSD #356752

501 River Street  
Ontonagon, Michigan 49953

Federal Reserve Bank of Minneapolis  
90 Hennepin Avenue  
P.O. Box 291  
Minneapolis, Minnesota 55480

**NOTE:** This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

**TABLE OF CONTENTS**

Institution’s CRA Rating..... 2  
Scope of Examination ..... 2  
Description of Institution..... 2  
Description of Assessment Area..... 3  
Conclusions with Respect to Performance Criteria..... 5  
Fair Lending or Other Illegal Credit Practices Review..... 11  
Appendix A – Map of the Assessment Area ..... 12  
Appendix B – Demographic Information..... 14  
Appendix C – Glossary ..... 15

*Definitions for many of the terms used in this performance evaluation can be found in section 228.12 of Regulation BB. For additional convenience, a Glossary of Common CRA Terms is attached as Appendix C at the end of this performance evaluation.*

## INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

Citizens State Bank (the bank) is rated **Satisfactory**. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit (NLTD) ratio is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside the AA.
- An excellent distribution and dispersion of loans occurs throughout the bank's AA.
- Lending reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI), and businesses of different sizes.
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

### SCOPE OF EXAMINATION

Examiners used the Federal Financial Institutions Examination Council's (FFIEC's) Interagency Examination Procedures for Small Institutions to evaluate the bank's CRA performance. The evaluation considered the CRA performance context, including the bank's asset size, financial condition, business strategy, and market competition, as well as AA demographic and economic characteristics and credit needs. Lending performance was assessed within the bank's Ontonagon County AA. The following data was reviewed:

- The bank's 19-quarter average NLTD ratio.
- Statistical sample of 124 consumer loans originated between July 1, 2020, and December 31, 2020; 47 residential real estate loans originated between January 1, 2020, and December 31, 2020; and 44 small business loans originated between January 1, 2020, and December 31, 2020.

Of the five core performance criteria, examiners placed the greatest weight on borrower distribution, followed by geographic distribution and dispersion of loans. Examiners placed the least weight on the NLTD ratio and lending inside the AA. The bank and the Reserve Bank have not received any complaints since the previous evaluation.

### DESCRIPTION OF INSTITUTION

Citizens State Bank is a community bank headquartered in Ontonagon, Michigan. The bank's characteristics include the following:

- The bank is a wholly owned subsidiary of Citizens Bancshares, Inc.
- The bank has total assets of \$68.4 million as of March 31, 2021. Total assets increased 25.9% since the previous evaluation.

- The bank’s only office is in Ontonagon in the AA’s only moderate-income tract. The bank offers drive-up services and operates a cash-dispensing-only ATM here.
- The bank’s primary business focus is residential real estate lending. The bank also offers closed-end consumer and commercial loans.
- The overall composition of the loan portfolio has changed minimally since the previous evaluation. However, since the previous evaluation total gross loans have increased 12.6%.

<b>Table 1</b>		
<b>Composition of Loan Portfolio as of March 31, 2021</b>		
<b>Loan Type</b>	<b>\$(000s)</b>	<b>%</b>
Agricultural	13	0.1
Commercial	4,455	28.2
Residential Real Estate	8,286	52.5
Consumer	3,015	19.1
Other	22	0.1
Gross Loans	15,791	100.0
<i>Note: Percentages may not total 100.0 due to rounding</i>		

The bank was rated Satisfactory under the CRA at its September 20, 2016, performance evaluation. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

**DESCRIPTION OF ASSESSMENT AREA**

The bank’s AA consists of Ontonagon County (see Appendix A for an AA map and Appendix B for additional demographic data).

- The bank has not changed its AA since the previous evaluation.
- The bank’s AA consists of four census tracts: one moderate income, two middle income, and one unknown. The unknown income census tract contains a portion of Lake Superior.
- According to the June 30, 2020, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranks first out of three FDIC-insured institutions with offices in Ontonagon County and holds 47.9% of the deposits.
- Examiners spoke with community contacts who specialize in economic development and the local real estate market.

<b>Table 2</b>			
<b>Total Population</b>			
<b>Area</b>	<b>2010 Population</b>	<b>2015 Population</b>	<b>% Change</b>
2020 Ontonagon AA	6,780	6,298	-7.1
Michigan	9,883,640	9,900,571	0.2
<i>Source: 2010 U.S. Census Bureau Decennial Census 2011-2015 U.S. Census Bureau: American Community Survey</i>			

- The population in Ontonagon County has decreased slightly since the 2010 census, as shown in Table 2.
- Community contacts and bank management indicated that there has been a recent uptick in people relocating to Ontonagon. As a result of the COVID-19 pandemic and employers offering permanent remote-work options to their employees, people from larger metropolitan areas are choosing to relocate to Ontonagon due to its low cost of living.

<b>Table 3</b>			
<b>Median Family Income</b>			
<b>Area</b>	<b>2010 Median Family Income</b>	<b>2015 Median Family Income</b>	<b>% Change</b>
2020 Ontonagon AA	\$51,540	\$45,585	-11.6
Michigan	\$65,708	\$62,247	-5.3

*Source: 2006-2010 U.S. Census Bureau: American Community Survey  
 2011-2015 U.S. Census Bureau: American Community Survey  
 Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars*

- The median family income in Ontonagon County decreased since the 2010 census and is now significantly below the median family income for the state of Michigan (see Table 3).
- Based on 2020 FFIEC adjusted census data, low- and moderate-income households make up 50.4% of all households in Ontonagon County.
- The same data indicates that 15.3% of households in Ontonagon County live below the poverty line, which is consistent with the percentage for the state.

<b>Table 4</b>						
<b>Housing Cost Burden</b>						
<b>Area</b>	<b>Cost Burden - Renters</b>			<b>Cost Burden - Owners</b>		
	<b>Low Income</b>	<b>Moderate Income</b>	<b>All Renters</b>	<b>Low Income</b>	<b>Moderate Income</b>	<b>All Owners</b>
2020 Ontonagon AA	62.6%	12.5%	41.2%	59.7%	28.8%	23.2%
Michigan	76.3%	40.3%	46.7%	68.0%	35.9%	22.5%

*Cost Burden is housing cost that equals 30 percent or more of household income  
 Source: 2011-2015 U.S. Census Bureau: American Community Survey*

- The cost of housing is less burdensome, in general, to renters and owners in Ontonagon County than to renters and low- and moderate-income owners in the state of Michigan as a whole.
- Low-income renters in Ontonagon County experience an average housing cost burden of 62.6% of household income versus 76.3% statewide. Low-income owners experience an average housing cost burden of 59.7% of household income versus 68.0% statewide.
- Moderate-income renters in Ontonagon County experience an average housing cost burden of 12.5% of household income versus 40.3% statewide. Moderate-income owners in Ontonagon County experience an average housing cost burden of 28.8% of household income versus 35.9% statewide.

- A community contact indicated that affordable housing options are available; however, inventory is incredibly low, and homes in these lower price points sell very quickly. Housing prices in the area are increasing.
- According to census data, the median housing value was \$68,851 for the AA. However, a community contact noted that since mid-2020, prices for homes have gone up 40.0-50.0%.

Table 5 Unemployment Rates					
Area	2016	2017	2018	2019	2020
2020 Ontonagon County AA	8.6%	8.7%	7.8%	6.7%	10.3%
Michigan	5.0%	4.6%	4.2%	4.1%	9.9%

*Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics*

- The unemployment rates in Ontonagon County and in the state had been generally decreasing since the previous evaluation but increased sharply in 2020. As Table 5 shows, Ontonagon County’s unemployment rate continues to be slightly higher than the statewide rate.
- As of February 2021, the non-seasonally adjusted unemployment rate for Ontonagon County decreased to 7.4% and the unemployment rate for the state of Michigan fell to 5.1%.
- A community contact stated that unemployment rates remain high because many individuals have not returned to work because they are receiving enhanced unemployment benefits related to the COVID-19 pandemic.
- Community contacts and bank management noted that the major employer in Ontonagon County is Aspirus Ontonagon Hospital. Many residents commute to Houghton County and Baraga County, where there are more employment opportunities.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**Net Loan-to-Deposit Ratio**

This performance criterion evaluates the bank’s average NLTD ratio to determine the reasonableness of lending in light of the performance context, such as the bank’s capacity to lend, the availability of lending opportunities, and the demographic and economic factors present in the AA. There are no similarly situated FDIC-insured institutions operating in the bank’s AA for comparison purposes. The bank’s NLTD ratio is reasonable.

The bank’s average NLTD ratio for the past 19 quarters is 28.9%. At the previous evaluation, the bank’s 17-quarter average NLTD ratio was 30.8%. Since then, the bank’s quarterly NLTD ratio has ranged from a low of 26.5% to a high of 32.7%. During the evaluation period, the bank’s ratio was at its lowest levels during three of the four most recent four quarters. Bank management indicated that they are hopeful that loan demand will increase as the bank continues to expand its product offerings.

For the most recent quarter ending March 31, 2021, the NLTD ratio was 27.0%, which is lower than the national peer group’s average NLTD ratio of 58.6% for the same period. The bank’s peer group includes

insured commercial banks having assets between \$50 million and \$100 million, with two or fewer full-service banking offices, and not located in a metropolitan statistical area.

### Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. A majority of the bank's loans, by number and dollar, are originated inside the AA (see Table 6).

Table 6 Lending Inside and Outside the AA								
Loan Type	Inside				Outside			
	#	#%	\$(000s)	%	#	#%	\$(000s)	%
Consumer Loans	110	88.7	670	77.8	14	11.3	191	22.2
Small Business Loans	39	88.6	2,117	79.3	5	11.4	552	20.7
Residential Loans	32	68.1	1,904	73.5	15	31.9	686	26.5
<b>Total Loans</b>	<b>181</b>	<b>84.2</b>	<b>4,691</b>	<b>76.7</b>	<b>34</b>	<b>15.8</b>	<b>1,429</b>	<b>23.3</b>

*Note: Percentages may not total 100.0 percent due to rounding.*

### Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its AA by income level of census tracts, with consideration given to the dispersion of loans throughout the AA. The bank's geographic distribution of loans reflects excellent dispersion among the different census tracts and dispersion throughout the AA. As noted previously, the bank's office is in the moderate-income tract; most of the bank's lending for each product occurs in that tract. The bank did not make loans in the unknown-income census tract, which is expected since the tract is comprised solely of water. The northeastern part of the AA has limited lending opportunities because it is primarily wilderness. Additionally, the southeastern part of the AA is also served by another financial institution with strong community relationships.

### Residential Mortgage Lending

The geographic distribution of home mortgage lending is excellent. The bank's geographic distribution of residential real estate loans is shown in Table 7.

Table 7 Distribution of 2020 Residential Lending By Income Level of Geography Assessment Area: Ontonagon AA					
Geographic Income Level	Bank Loans				Owner Occupied Units %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	24	75.0	1,386	72.8	40.5
Middle	8	25.0	518	27.2	59.5

Table 7 Distribution of 2020 Residential Lending By Income Level of Geography Assessment Area: Ontonagon AA					
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract Unknown	0	0.0	0	0.0	
<b>Total</b>	32	100.0	1,904	100.0	100.0
<i>Source: 2020 FFIEC Census Data                      2011-2015 U.S. Census Bureau: American Community Survey                      Note: Percentages may not total 100.0 percent due to rounding.</i>					

In 2020, the bank originated 75.0% of its residential real estate loans in the moderate-income tract, which is significantly above demographics that show 40.5% of owner-occupied units are in this tract. The bank’s residential real estate loans are reasonably dispersed throughout its assessment area.

Small Business Lending

The geographic distribution of small business lending is reasonable. The bank’s geographic distribution of small business loans is shown in Table 8.

Table 8 Distribution of 2020 Small Business Lending By Income Level of Geography Assessment Area: Ontonagon AA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	20	51.3	968	45.7	49.5
Middle	19	48.7	1,149	54.3	50.5
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unknown	0	0.0	0	0.0	
<b>Total</b>	39	100.0	2,117	100.0	100.0
<i>Source: 2020 FFIEC Census Data                      2020 Dun &amp; Bradstreet Data                      2011-2015 U.S. Census Bureau: American Community Survey                      Note: Percentages may not total 100.0 percent due to rounding.</i>					

The bank originated 51.3% of its small business loans in the moderate-income tract, which is comparable to demographics at 49.5%. The bank extended small business loans in all moderate- and middle-income census tracts, and small business lending is reasonably dispersed throughout the AA.



Consumer Lending

The geographic distribution of consumer lending is excellent. The bank’s geographic distribution of consumer loans is shown in Table 9.

Table 9 Distribution of 2020 Consumer Lending By Income Level of Geography Assessment Area: Ontonagon AA					
Geographic Income Level	Bank Loans				Households
	#	%	\$(000)	%	%
Low	0	0.0	0	0.0	0.0
Moderate	75	68.2	577	86.1	43.0
Middle	35	31.8	93	13.9	57.0
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract Unknown	0	0.0	0	0.0	
<b>Total</b>	110	100.0	670	100.0	100.0

*Source: 2020 FFIEC Census Data  
 2011-2015 U.S. Census Bureau: American Community Survey  
 Note: Percentages may not total 100.0 percent due to rounding.*

The bank originated 68.2% of its consumer loans in the moderate-income tract, which exceeds the percentage of households in moderate-income tract (43.0%). The bank’s consumer loans are reasonably dispersed throughout its AA.

**Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes**

This performance criterion evaluates the bank’s lending to borrowers of different income levels and businesses of different revenue sizes. The bank’s lending has a reasonable penetration among individuals of different income levels and businesses of different sizes.

Residential Mortgage Lending

The borrower distribution of home mortgage lending is excellent. Table 10 shows the bank’s residential real estate loans by borrower income levels.

Table 10 Distribution of 2020 Residential Lending By Borrower Income Level Assessment Area: Ontonagon AA					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	#%	\$(000)	%	
Low	9	28.1	285	15.0	21.6
Moderate	6	18.8	385	20.2	24.7
Middle	9	28.1	442	23.2	22.8
Upper	7	21.9	702	36.9	30.9
Unknown	1	3.1	90	4.7	0.0
<b>Total</b>	<b>32</b>	<b>100.0</b>	<b>1,904</b>	<b>100.0</b>	<b>100.0</b>

Source: 2020 FFIEC Census Data  
2011-2015 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

The bank extended 28.1% and 18.8% of residential real estate loans to low- and moderate-income borrowers, respectively. The bank’s lending is above the percentage of low-income families (21.6%) in the AA and below the percentage of moderate-income families (24.7%).

The bank’s lending serves the LMI borrowers in the community, even as housing prices increase. As mentioned, a community contact noted that home prices have increased significantly in the last year, and homes at lower price points are selling very quickly. Bank management stated that people from larger metropolitan areas are moving to Ontonagon and continuing to work remotely, which is putting upward pressure on housing prices.

### Small Business Lending

The borrower distribution of small business lending is reasonable. Table 11 shows the bank’s small business lending by business revenue.

Table 11 Distribution of 2020 Small Business Lending By Revenue Size of Businesses Assessment Area: Ontonagon AA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
<b>By Revenue</b>					
\$1 Million or Less	39	100.0	2,117	100.0	88.5
Over \$1 Million	0	0.0	0	0.0	7.3
Revenue Unknown	0	0.0	0	0.0	4.2
<b>Total</b>	<b>39</b>	<b>100.0</b>	<b>2,117</b>	<b>100.0</b>	<b>100.0</b>

Table 11 Distribution of 2020 Small Business Lending By Revenue Size of Businesses Assessment Area: Ontonagon AA					
By Loan Size					
\$100,000 or Less	32	82.1	661	31.2	
\$100,001 - \$250,000	4	10.3	569	26.9	
\$250,001 - \$1 Million	3	7.7	887	41.9	
Total	39	100.0	2,117	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	32	82.1	661	31.2	
\$100,001 - \$250,000	4	10.3	569	26.9	
\$250,001 - \$1 Million	3	7.7	887	41.9	
Total	39	100.0	2,117	100.0	
Source: 2020 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

The bank extended 100.0% of its business loans to businesses with gross annual revenues of \$1 million or less, which is consistent with the limited number of large companies in the assessment area. Demographics show that 88.5% of businesses in the assessment area are small businesses. Of the bank's small business loans to small businesses, 82.1% were for \$100,000 or less, which indicates a willingness to serve the needs of small businesses in the AA.

### Consumer Lending

The borrower distribution of consumer lending is reasonable. Table 12 shows the bank's consumer lending by borrower income levels.

Table 12 Distribution of 2020 Consumer Lending By Borrower Income Level Assessment Area: Ontonagon AA					
Borrower Income Level	Bank Loans				Households by Household Income %
	#	%	\$(000)	%	
Low	14	12.7	108	16.1	28.1
Moderate	22	20.0	243	36.3	22.3
Middle	10	9.1	111	16.6	18.3

Table 12 Distribution of 2020 Consumer Lending By Borrower Income Level Assessment Area: Ontonagon AA					
<b>Upper</b>	2	1.8	85	12.7	31.3
<b>Unknown</b>	62	56.4	124	18.5	0.0
<b>Total</b>	110	100.0	670	100.0	100.0
<i>Source: 2020 FFIEC Census Data            2011-2015 U.S. Census Bureau: American Community Survey            Note: Percentages may not total 100.0 percent due to rounding.</i>					

Overall, 32.7% of the bank’s consumer loans were made to LMI borrowers. The bank’s lending to low-income borrowers (12.7%) is below demographics, which indicates that 28.1% of households in the AA are low income. The bank’s lending to moderate-income borrowers (20.0%) is comparable to demographics at 22.3%. By loan dollars, the bank’s lending to moderate-income borrowers exceeded demographics. Despite the lower level of lending to low-income borrowers, the overall income distribution of the bank’s consumer loans is reasonable. Most of the consumer loans in the sample were made to borrowers with unknown incomes. The majority of those unknown-income loans are for amounts of \$2,000 or less. Smaller dollar loans typically help meet the needs of LMI borrowers.

**Response to Complaints**

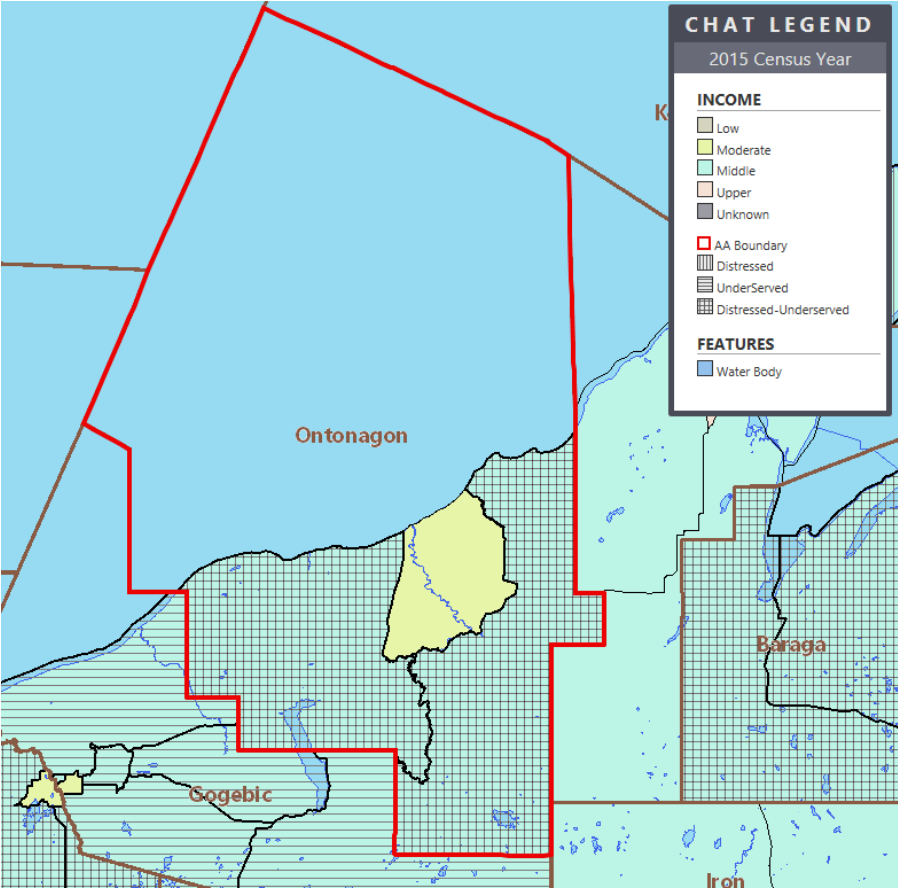
Neither the bank nor the Reserve Bank has received any CRA-related complaints concerning the bank since the previous evaluation.

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

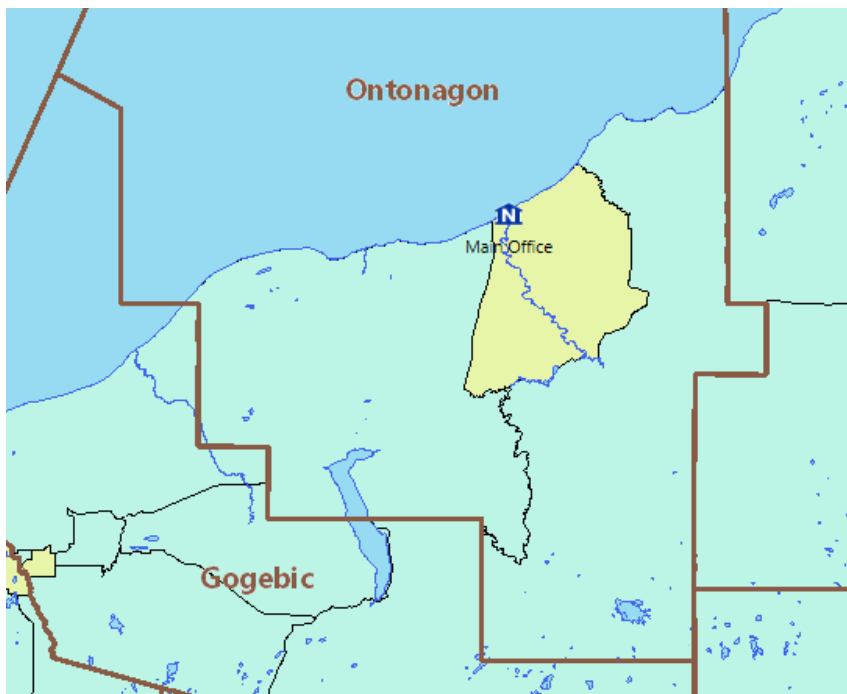
An evaluation of the bank’s fair lending activities was conducted during the examination to determine compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – MAP OF THE ASSESSMENT AREA

AA Boundary  
Citizens State Bank



### Office and ATM Locations



The bank's main office provides drive-up services and a cash-dispensing-only ATM.

**APPENDIX B – DEMOGRAPHIC INFORMATION**

ONTONAGON COUNTY AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	376	21.6
Moderate	1	25.0	729	41.9	76	10.4	429	24.7
Middle	2	50.0	1,011	58.1	97	9.6	397	22.8
Upper	0	0.0	0	0.0	0	0.0	538	30.9
Unknown	1	25.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>4</b>	<b>100.0</b>	<b>1,740</b>	<b>100.0</b>	<b>173</b>	<b>9.9</b>	<b>1,740</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,862	1,097	40.5	58.9	229	12.3	536	28.8
Middle	3,790	1,612	59.5	42.5	146	3.9	2,032	53.6
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>5,652</b>	<b>2,709</b>	<b>100.0</b>	<b>47.9</b>	<b>375</b>	<b>6.6</b>	<b>2,568</b>	<b>45.4</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	164	49.5	146	49.8	14	58.3	0	28.6
Middle	167	50.5	147	50.2	10	41.7	8	71.4
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>331</b>	<b>100.0</b>	<b>293</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>88.5</b>		<b>7.3</b>		<b>4.2</b>
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	9	23.1	9	23.7	0	0.0	0	0.0
Middle	30	76.9	29	76.3	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>39</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>97.4</b>		<b>2.6</b>		<b>0.0</b>

Source: 2020 FFIEC Census Data and 2020 D & B Information  
NOTE: Percentages may not add up to 100.0 due to rounding.

## APPENDIX C – GLOSSARY

**Aggregate lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

**Consumer loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full-scope review:** Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of



applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

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

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

**Limited-scope review:** Performance is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. 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. A 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.

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

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

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

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

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

**Small loan(s) to farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated 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.

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