PUBLIC DISCLOSURE

August 16, 2021

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Union Bank, Inc.
Certificate Number: 16620

103 Dodd Street
Middlebourne, West Virginia 26149

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Atlanta Regional Office

10 10th Street NE, Suite 800
Atlanta, Georgia 30309-3849

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **<u>Satisfactory.</u>**

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

- The loan-to-deposit ratio is reasonable given the institution's size and financial condition and assessment area's credit needs and the economic conditions within the assessment area.

- The overall majority of loans were originated inside the assessment area.

- No low- or moderate-income census tracts are located within the assessment area, so geographic distribution was not reviewed.

- The borrower profile reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

- The institution has not received any CRA-related complaints since the previous examination; therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

Union Bank, Inc. (Union Bank) is a $331.2 million institution headquartered in Middlebourne, West Virginia and operates as a wholly-owned subsidiary of Hometown Bancshares, Inc., a one-bank holding company also located in Middlebourne. The bank does not have any other affiliates or subsidiaries. The institution received a satisfactory CRA rating at the previous FDIC CRA examination dated May 20, 2019, which was based on the Interagency Small Institution Examination Procedures.

Union Bank operates eight full-service locations in northwestern West Virginia. The bank continues to operate the main office at 103 Dodd Street, Middlebourne, West Virginia. In addition to the main office, one branch location operates in Tyler County. The remaining branches are located throughout Pleasants, Ritchie, and Wetzel Counties. No branches have been opened or closed since the last examination. No mergers or acquisitions have occurred activity since the previous evaluation.

Union Bank offers a variety of deposit products, which include checking, savings, and certificates of deposit. ATM's, internet banking, mobile banking, and telephone banking are offered as alternative systems for delivering retail banking services. Loan products offered include commercial and business purpose loans, residential mortgage loans, home equity lines of credit, and consumer installment loans. Union Bank's primary focus is home mortgage and commercial lending. Lending categories have remained consistent during the review period.

As of the March 31, 2021, Consolidated Reports of Condition and Income the bank had total assets of $331.2 million, total deposits of $290.6 million, and total loans of $ 123.6 million. Since the previous CRA performance evaluation, total assets increased by 30.0 percent. Simultaneously, the bank experienced a 30.2 percent increase in total deposits and an 11.0 percent increase in total loans. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 3/31/2021		
Loan Category	$(000s)	%
Construction, Land Development, and Other Land Loans	3,867	3.1
Secured by Farmland	6,652	5.4
Secured by 1-4 Family Residential Properties	45,485	36.8
Secured by Multifamily (5 or more) Residential Properties	9,516	7.7
Secured by Nonfarm Nonresidential Properties	27,334	22.1
Total Real Estate Loans	**92,854**	**75.1**
Commercial and Industrial Loans	17,679	14.3
Agricultural Production and Other Loans to Farmers	570	0.5
Consumer Loans	6,464	5.2
Obligations of State and Political Subdivisions in the U.S.	6,051	4.9
Other Loans	0	0.0
Less: Unearned Income	0	0.0
Total Loans	**123,618**	**100.0**
Source: Reports of Condition and Income		

As reflected in the above table, the bank's major loan products are residential real estate and commercial loans. The Call Report data shows that residential real estate loans comprise 36.8 percent of the portfolio and commercial loans, including those secured by nonfarm, nonresidential real estate, comprise 36.4 percent.

Examiners did not identify any financial, legal, or other impediments that effect the bank's ability to meet the credit needs of the assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. The FDIC evaluates the bank's CRA performance based on its activity within the defined assessment area(s). The bank has designated a single assessment area comprising Tyler, Pleasants, Ritchie, and Wetzel Counties located in the non-Metropolitan Statistical Area (MSA) of West Virginia. The assessment area has not changed since the previous examination.

Economic and Demographic Data

The assessment area consists of 13 census tracts. All census tracts designated as middle-income according to the 2015 American Community Survey (ACS) data. The tracts in Pleasants and Ritchie Counties are also designated underserved by the Federal Financial Institutions Examination Council (FFIEC). The following table presents select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	13	0.0	0.0	100.0	0.0	0.0
Population by Geography	42,966	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	22,342	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	13,496	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	3,480	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	5,366	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,936	0.0	0.0	100.0	0.0	0.0
Farms by Geography	78	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	11,291	20.6	15.6	21.3	42.5	0.0
Household Distribution by Income Level	16,976	23.9	15.9	17.2	43.0	0.0
Median Family Income Non-MSAs	2020	$54,000	Median Housing Value			$84,904
			Median Gross Rent			$554
			Families Below Poverty Level			14.1%
Source: 2015 ACS and 2020 D&B Data
(*) The NA category consists of geographies that have not been assigned an income classification.						

The Geographic Distribution criteria compares home mortgage loans to the distribution of owner-occupied housing units and compares small business loans to the percentage of businesses located in low-, moderate-, middle-, and upper-income census tracts. As previously mentioned, all of the census tracts are designated as middle-income.

The 2020 FFIEC updated statewide non-MSA median family income (MFI) level is used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents each income category using a 2020 MFI of $54,000.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 ($54,000)	<$27,000	$27,000 to <$43,200	$43,200 to <$64,800	≥$64,800
Source: FFIEC				

The analysis of home mortgage lending by borrower income uses families by income level as a comparison to bank performance. Given the median housing value of $84,904, a low-income individual earning less than $27,000 may have difficulty qualifying for a conventional mortgage loan. Additionally, according the community contact, the housing stock is extremely limited, and prices continue to rise making them unaffordable for low- and moderate-income individuals. Therefore, lending opportunities to low- and moderate-income families are somewhat limited.

The analysis of small business loans under the Borrower Profile compares the distribution of small business lending by gross annual business revenues. The D&B 2019 and 2020 gross annual revenues are listed below.

Gross Annual Revenues		
	2019	2020
<=$1,000,000	74.7	75.9
>1,000,000	5.2	4.8
Revenue Not Available	20.1	19.3
Source: 2019 and 2020 D&B Data		

Service industries represent the largest portion of businesses at 35.8 percent. In addition, approximately 60.5 percent of area businesses have four or fewer employees. The largest employers in the individual counties are as follows.

- Tyler County: Momentive Performance Materials USA, Inc.; Tyler Board of Education; and, the City of Sistersville
- Pleasants County: Pleasants County Board of Education; Cytec Industries, Inc.; and, St Mary's Correctional Center
- Ritchie County: Simonton Industries; Hall Drilling, LLC; and, Ritchie County Board of Education
- Wetzel County: Wetzel County Board of Education; Wal-Mart; and, Wetzel County Hospital

Data obtained from the Bureau of Labor Statistics indicates that the 2020 year-end unemployment rate was 8.4 percent statewide for West Virginia, compared to the United States unemployment rate of 8.1 percent, which is well below the unemployment rates in Tyler, Pleasants, and Wetzel Counties. The unemployment rates in Ritchie County are above the National rate but comparable to the state rate. Unemployment rates spiked in 2020 due to the Covid-19 pandemic but have fallen through the first six months of 2021. The following table shows the unemployment rates in the previous three years.

Unemployment Rates				
Area	2018	2019	2020	2021*
	%	%	%	%
Tyler County	7.2	7.7	10.3	8.3
Pleasants County	6.2	6.8	11.2	7.3
Ritchie County	5.3	5.7	8.4	6.0
Wetzel County	7.1	7.2	9.9	8.5
State – West Virginia	5.2	4.9	8.4	5.8
National Average	3.9	3.7	8.1	4.7
Source: Bureau of Labor Statistics *Year-to-Date 2021				

Competition

The bank operates in a competitive market with 10 other financial institutions operating 25 offices in the assessment area. According to FDIC Deposit Market Share data as of June 30, 2020, Union Bank ranked first with 28.6 percent of total deposits. Several larger banks are headquartered outside of the assessment area but operate branches within the assessment area. The primary competition for deposits includes WesBanco Bank, Inc. (22.2 percent), Peoples Bank (13.7 percent), and West Union Bank (6.7 percent).

The bank is not required to report its home mortgage loan data. Therefore, the analysis of home mortgage loans under the Lending Test does not include comparisons against aggregate data. The aggregate data, however, reflects the level of demand for home mortgage loans and is therefore included. Aggregate data for 2020 shows that 83 institutions reported 545 residential mortgage loans originated or purchased in the assessment area, indicating a high level of competition for this product. The most prominent home mortgage lenders include Bayer Heritage, Quicken Loans, WesBanco Bank, Inc., Prime Lending, and Peoples Bank, which accounted for approximately 52.6 percent of total market share by number of residential mortgage loans originated or purchased. While the bank does not report home mortgage data, it is noted that Union Bank's level of lending is comparable or higher than the leading lenders in 2020.

The bank is also not required to collect or report its small business loan data, and it has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data. The aggregate data, however, reflects the level of demand for small business loans and is therefore included. Aggregate data for 2019 shows that 36 institutions reported 284 small business loans in the assessment area totaling only $10,419,000, indicating a high level of competition for this product. These levels indicate lower demand for business lending in the assessment area. The most prominent small business lenders include JP Morgan Chase, NA; American Express National Bank; Capital One Bank, NA; Synchrony Bank; and WesBanco, which account for approximately 57.1 percent of total market share by number of small business loans originated. By dollar volume, the primary lenders are WesBanco, United Bank VA, Truist Financial, Peoples Bank, and JP Morgan Chase NA with 65.8 percent of the lending. It is noted that while Union Bank, Inc. does not report small business loan data that the bank's level of lending for 2019 was higher than the lending leaders in 2019.

Community Contact(s)

As part of the CRA evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available. An existing community contact interview was referenced with an economic development organization located within the assessment area.

The community contact stated that the major employers and industries including the Federal Government, various types of manufacturing, and the gas and oil industry remain stable but are considerably below peak levels. Finding willing and qualified workers is a challenge. Area demographics are mixed and include a significant number of working and retired elderly.

The contact indicated that housing inventory is very limited resulting in increased prices. Rental properties are also in very short supply as multi-unit projects are typically rented prior to completion and generally have extensive waiting lists. There remains a need for small business loans particularly for working capital. The community contact indicated that financial institutions in the assessment area perform well in meeting the credit needs of the assessment area, and there are no additional programs that would benefit by additional financial institution involvement.

Credit Needs

Considering information from bank management, demographic and economic data, and the community contact, the primary credit needs of the assessment area are access to affordable housing and working capital for small businesses. The limited availability of single-family homes and rental properties in the area is evidence of high demand for housing, as well as the need for additional home construction. Small business loans, particularly those for start-up businesses, are in high demand. The significant percentage of businesses with gross annual revenues of $1 million or less and the large number of businesses with four or fewer employees support this conclusion.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated May 20, 2019, to the current evaluation dated August 16, 2021. Examiners used the Interagency Small Institution Examination Procedures to evaluate Union Bank's CRA Performance.

Activities Reviewed

The CRA evaluation requires examiners to review lending performance with respect to home mortgage, small business, and small farm loans, if significant. Examiners determined the major product lines are home mortgage loans and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. The bank's record of originating home mortgage and small business were weighted equally given the overall level each product within the portfolio and the level of lending during the review period. In addition, no other loan types, such as small farm loans, represent a major product line and are not included in the review. The following table shows the originations from January 1, 2019, through December 31, 2020.

Loans Originated or Purchased				
Loan Category	$(000s)	%	#	%
Construction and Land Development	3,074	3.6	13	1.2
Secured by Farmland	5,290	6.2	41	3.7
Secured by 1-4 Family Residential Properties	30,256	35.2	279	24.9
Multi-Family (5 or more) Residential Properties	6,300	7.3	17	1.5
Commercial Real Estate Loans	13,561	15.8	35	3.1
Commercial and Industrial Loans	15,084	17.5	148	13.2
Agricultural Loans	448	0.5	16	1.4
Consumer Loans	8,407	9.8	559	50.0
Other Loans	3,515	4.1	11	1.0
Total Loans	85,935	100.0	1,119	100.0
Source: Bank Data				

This evaluation considered all home mortgage loans originated in 2020. The bank originated 121 home mortgage loans totaling $7.0 million. Additionally, this evaluation considered small business loans for both 2019 and 2020. The most recent full calendar year of 2020 was not representative of small business loan activity during the evaluation period. Due to the COVID-19 pandemic, small business lending activity was elevated due to the bank's participation in the PPP. As a result, small business lending in 2019 was also reviewed. In 2019, the bank originated 75 small business loans totaling $7.3 million and 101 small business loans totaling $12.6 in 2020.

The universe of loans was used to analyze the assessment area concentration and geographic distribution. A sample of home mortgage and small business loans was selected from the loans within the assessment area for analysis of borrower profile. A sample of 47 home mortgage loans totaling $5.1 originated in 2020 were reviewed. For small business loans, 23 loans totaling $1.8 originated in 2019 and 47 loans totaling $3,281 million in 2020 were sampled.

Demographic data from the 2015 ACS regarding owner-occupied housing levels and family distribution by income was used for comparative analysis for home mortgage loans. D&B data for 2019 and 2020 served as comparisons for the small business lending.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Union Bank demonstrated reasonable performance under the lending test. The reasonable loan-to-deposit ratio and reasonable Borrower Profile performances primarily support this conclusion.

<u>Loan-to-Deposit Ratio</u>

The loan-to-deposit ratio is reasonable given the institution's size and financial condition and the assessment area's credit needs. The loan-to-deposit ratio was calculated from Call Report data and averaged 47.3 percent over the last nine calendar quarters from June 30, 2019, to June 30, 2021. The ratio ranged from a low of 41.7 percent as of March 31, 2021, to a high of 51.3 percent as of June 30,

2019. Increased deposits due to government stimulus and smaller than expected loan growth resulting in a decrease in the loan-to-deposit ratio.

The loan-to-deposit ratio was compared to one similarly-situated institution operating within the assessment area. This institution was selected based on size, portfolio composition, and market area. Union Bank's average loan-to-deposit ratio is comparable to the similarly-situated institution's average of 51.5 percent. Both banks have had a decreasing loan-to-deposit ratio during the review period, with increasing deposits at a much higher rate than loans.

Loan-to-Deposit Ratio Comparison		
Institution Name	Total Assets as of 06/30/2021 $(000s)	Average Net LTD Ratio (%)
Union Bank, Inc., Middlebourne, WV	331,224	47.3
West Union Bank, West Union, WV	227,159	51.5
Source: Consolidated Reports of Condition		

Assessment Area Concentration

A majority of the overall loans by number were originated inside the assessment area, while a majority by dollar were outside of the assessment area.

As discussed under the Description of the Assessment Area, the aggregate lending data indicates somewhat lower demand for home mortgage and small business loans. Aggregate data for home mortgage loans shows 545 loans originated for $72.9 million in 2020 and 284 small business loans totaling $10.4 million in 2019. The aggregate data also reflects significant competition for the overall reduced demand in the assessment area with 83 institutions competing for home mortgage loans, and 36 institutions originating small business loans.

Additionally, the vast majority of home mortgage and small business loans that are outside of the assessment area are in adjacent counties. Adjacent counties accounted for 45 home mortgage loans totaling $7.6 million, 41 small business loans totaling $3.7 million in 2019, and 33 loans in 2020 totaling $6.1 outside the assessment area. The majority of these loans are in Wood County, which is part of the Parkersburg-Vienna, WV Metropolitan Statistical Area. Wood County provides a larger population base and serves as a business center for the surrounding area; thus, providing more opportunity as well as higher loan amounts.

The following table illustrates the distribution of home mortgage loans and small business loans inside and outside the assessment area.

Lending Inside and Outside of the Assessment Area									
	Number of Loans				Total	Dollar Amount of Loans $(000s)				Total
Loan Category	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	$	%	$	%	$(000s)
Home Mortgage	65	53.7	56	46.3	121	7,032	43.4	9,176	56.6	16,208
Small Business										
2019	23	30.7	52	69.3	75	1,790	24.5	5,506	75.5	7,296
2020	61	60.4	40	39.6	101	5,267	41.8	7,322	58.2	12,589
Subtotal	**84**	**47.7**	**92**	**52.3**	**176**	**7,057**	**35.5**	**12,828**	**64.5**	**19,885**
Total	**149**	**50.2**	**148**	**49.8**	**297**	**14,089**	**39.0**	**22,004**	**61.0**	**36,093**
Source: Bank Records.										

Geographic Distribution

There are no low- or moderate-income census tracts within the assessment area; therefore, this criterion will not be reviewed.

Borrower Profile

The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes. This conclusion is supported by the reasonable performance regarding home mortgage loans and small business loans. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers and percentage of small business loans made to businesses with gross annual revenues of $1 million or less. Demographic data for home mortgage loans and D&B data for small business loans were used as comparisons.

Home Mortgage Loans

Distribution of home mortgage loans to borrowers of different income levels is reasonable. Lending to low-income borrowers is significantly lower than demographics. However, families living below the poverty level are 14.1 percent. Additionally, given the median housing value, the noted condition of the available housing, and income level, a low-income borrower would likely have difficulty qualifying for a conventional home mortgage loan. Lending to moderate-income borrowers is comparable to demographics.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	$(000s)	%
Low	20.6	1	2.1	60	1.2
Moderate	15.6	6	12.8	240	4.8
Middle	21.3	10	21.3	1,148	22.7
Upper	42.5	30	63.8	3,602	71.3
Total	100.0	47	100.0	5,050	100.0
Source: 2015 ACS and Bank Records.					

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. For 2019, the percentage by number of small business loans to businesses with revenues of $1 million or less is higher than demographics. As previously mentioned, in 2020, the bank made a large number of loans under the PPP, and revenues were not required. Considering core small business lending to businesses with revenues of $1 million or less, the bank's performance (88.9 percent) was higher than demographics. Additionally, further review of the loans with no revenues, found that the average loan size was $46,931, which indicates the bank's willingness to make smaller loans to meet the credit needs of the assessment area.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	$(000s)	%
<=$1,000,000					
2019	74.7	20	87.0	1,278	71.4
2020	75.9	16	34.0	1,795	54.7
>$1,000,000					
2019	5.2	3	13.0	512	28.6
2020	4.8	2	4.3	125	3.8
Revenue Not Available					
2019	20.1	0	0.0	0	0.0
2020	19.3	29	61.7	1,361	41.5
Totals					
2019	100.0	23	100.0	1,790	100.0
2020	100.0	47	100.0	3,281	100.0
Source: 2019 and 2020 D&B Data and Bank Data.					

Response to Complaints

The bank has not received any CRA-related complaints since the previous CRA evaluation; therefore, this criterion did not affect the Lending Test rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
3) The geographic distribution of the bank's loans;
4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, 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 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.
Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, 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.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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.

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.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.