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1ST STATE BANK

BROWNSBORO, TEXAS

PLEASE DIRECT ANY CRA RELATED COMMENTS OR COMPLAINTS TO:

FIRST STATE BANK
ATTN: CINDY GAGE
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BROWNSBORO, TX 75756
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PUBLIC DISCLOSURE

January 6, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First State Bank of Brownsboro
Certificate Number: 11181

14225 State Highway 31 East
Brownsboro, Texas 75756

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

600 North Pearl Street, Suite 700
Dallas, Texas 75201

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INSTITUTION RATING

INSTITUTION'S CR) RATING: This institution is rated **Satisfactory.**

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 (LTD) ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs.

- A majority of loans and other lending related activites are in the institution's assessment area.

- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.

- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not impact the rating.

DESCRIPTION OF INSTITUTION

First State Bank of Brownsboro (FSBB), established in 1917, is a locally-owned and operated community bank headquartered in Brownsboro, Texas. FSBB is wholly-owned by Brownsboro Bancshares, Inc., a one-bank holding company. The bank received a Satisfactory rating at the previous FDIC performance evaluation, dated December 17, 2018, based on the Federal Financial Institutions Examination Council (FFIEC) Small Institution CRA Examination Procedures.

In addition to its main office, FSBB operates two full-service branches in the cities of Athens and Murchison, all situated within Henderson County. The bank has not opened or closed any branches or participated in any merger or acquisition activities since the previous evaluation. There are no subsidiaries or affiliates that offer credit products or services. FSBB offers traditional banking products and services. Deposit products include consumer and business checking and savings accounts, money market and individual retirement accounts, and certificates of deposit. Loan products include a variety of commercial, agricultural, real estate, and consumer loans with a focus on commercial and home mortgage lending. Alternative systems for delivering retail banking services include online banking, mobile banking, and automated teller machines at each branch location.

As of the September 30, 2024, Reports of Condition and Income, the bank reported total assets of $123.6 million, total loans of $59.8 million, and total deposits of $116.7 million. Since the prior evaluation, total assets increased by 23.2 percent, total loans increased by 2.6 percent, and total deposits increased by 28.6 percent.

As illustrated in the following table, home mortgage loans (secured by 1-4 family residential properties) compose the majority of the bank's outstanding loan portfolio at 40.1 percent, followed by commercial loans (commercial real estate and commercial and industrial loans) at 24.5 percent, and consumer loans at 14.5 percent.

Loan Portfolio Distribution as of 9/30/2024		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	2,840	4.7
Secured by Farmland	5,495	9.2
Secured by 1-4 Family Residential Properties	23,964	40.1
Secured by Multifamily (5 or more) Residential Properties	-	-
Secured by Commercial Real Estate	5,593	9.3
Total Real Estate Loans	**37,892**	**63.3**
Commercial and Industrial Loans	9,101	15.2
Agricultural Production and Other Loans to Farmers	2,225	3.7
Consumer Loans	8,673	14.5
Obligations of State and Political Subdivisions in the U.S.	1,927	3.2
Other Loans	3	<0.1
Lease Financing Receivable (net of unearned income)	-	-
Less: Unearned Income	-	-
Total Loans	**59,821**	**100.0**
Source: Reports of Condition and Income		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to delineate one or more assessment areas within which its CRA performance will be evaluated. FSBB has defined its assessment area as a portion of Henderson County in the Texas Non-Metropolitan Statistical Area (Texas Non-MSA). The assessment area conforms to CRA regulatory requirements. While there have been no changes to the assessment area delineation since the previous evaluation, the area has changed slightly over the evaluation period with the 2020 U.S. Census data, which resulted in an increased number of census tracts and revised income designations. At the previous evaluation, based on the 2015 American Community Survey data, the assessment area consisted of eight census tracts: one moderate-, six middle-, and one upper-income. Based on the 2020 U.S. Census data, the assessment area consists of 16 census tracts: 1 low-, 8 middle-, and 7 upper-income.

Economic and Demographic Data

The following table details 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)	16	6.3	0.0	50.0	43.8	0.0
Population by Geography	48,881	5.8	0.0	51.2	43.1	0.0
Housing Units by Geography	22,261	3.8	0.0	52.6	43.6	0.0
Owner-Occupied Units by Geography	13,191	3.5	0.0	55.9	40.6	0.0
Occupied Rental Units by Geography	4,350	5.0	0.0	43.3	51.7	0.0
Vacant Units by Geography	4,720	3.4	0.0	51.8	44.8	0.0
Businesses by Geography	4,713	4.2	0.0	41.5	54.2	0.0
Farms by Geography	224	4.5	0.0	53.1	42.4	0.0
Family Distribution by Income Level	12,606	20.8	18.0	17.9	43.3	0.0
Household Distribution by Income Level	17,541	25.1	14.8	16.4	43.6	0.0
Median Family Income Non-MSAs - TX		$61,785	Median Housing Value			$126,970
			Median Gross Rent			$794
			Families Below Poverty Level			12.1%

Source: 2020 U.S. Census Data and 2023 D&B Data; Due to rounding, totals may not equal 100.0 percent
(*) The NA category consists of geographies that have not been assigned an income classification.

Examiners used the applicable FFIEC-updated median family income level to analyze home mortgage and consumer loans under the borrower profile criterion. The following table presents the low-, moderate-, middle-, and upper-income ranges based on the 2023 FFIEC-updated median family income of $73,200 for the Texas Non-MSA.

Median Family Income Ranges – Texas Non-MSA				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
2023 ($73,200)	<$36,600	$36,600 to <$58,560	$58,560 to <$87,840	≥$87,840

Source: FFIEC

According to 2020 U.S. Census data, there are 22,261 housing units in the assessment area, of which 59.3 percent are owner-occupied, 19.5 percent are occupied rental until, and 21.2 percent are vacant. The median housing value of $126,970 reflects a moderately-priced area. According to a 2024 economic report published by the University of Texas at Tyler, the largest major occupation group in Henderson County is management operations, followed by office and administrative support operations, and food preparation and serving related occupations. The largest employers in the assessment area include UT Health, Athens Independent School District, and Wal-Mart.

The following table shows annual unemployment rates for Henderson County, the State of Texas, and nationwide. The data shows Henderson County was consistent with that of the State of Texas over the previous three years.

Unemployment Rates			
Area	**2022**	**2023**	**2024***
	%	**%**	**%**
Henderson County	3.9	4.1	4.0
State of Texas	3.9	4.0	4.0
National Average	3.6	3.6	4.0
*Source: Bureau of Labor Statistics; *Average rate as of November 2024, the most recent data available*			

Competition

There is a moderate level of competition for financial services in the assessment area. According to the June 30, 2024, FDIC Deposit Market Share report, 9 institutions operate 26 branches within Henderson County, sharing $1.6 billion in total deposits. Of these, FSBB ranks 6th in deposit market share with 7.7 percent of the area's deposits. Additionally, credit unions and mortgage companies compete for loans in the area, increasing the level of competition and restricting lending opportunities.

Community Contact

As part of the evaluation process, examiners contact third-parties active in the assessment area to assist in identifying credit needs and opportunities in the community. This information helps determine whether local financial institutions are responsive to these needs. It also identifies what credit opportunities are available.

Examiners conducted a community contact with a representative of an economic development organization located in the assessment area. The contact noted that there is a particular need and opportunity to extend credit to new and startup businesses, as well as existing small businesses that wish to expand. The need for business credit extends to revitalization and stabilization efforts to renovate building façades, particularly those around the City of Athens. Overall, the contact indicated financial institutions demonstrate community involvement and responsiveness to the credit needs of the area.

Credit Needs

Based on discussions with management, area demographics, and the community contact, examiners determined that small business lending is the primary credit need in the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated December 17, 2018, to the current evaluation dated January 6, 2025. Examiners evaluated FSBB's performance using the Interagency Small Institution CRA Examination Procedures, which consists of the Lending Test. Refer to the appendices for a description of the Lending Test's criteria.

Activities Reviewed

For the Lending Test, Small Institution CRA Examination Procedures require examiners to determine the bank's major product lines for review. As an initial matter, examiners may select from the same categories used for CRA Large Bank Evaluations: home mortgage, small business, small farm, and consumer loans. Examiners evaluated the bank's lending performance in 2023, the most recent calendar year with data available for analysis. Management confirmed that the bank's lending in 2023 is representative of the entire evaluation period.

Examiners determined that FSBB's primary product lines are home mortgage, commercial, and consumer loans. As noted under the Description of Institution section, home mortgage, commercial, and consumer loans compose the majority of the bank's outstanding loan portfolio. As illustrated in the following table, lending activity in 2023 was driven by commercial loans at 20.8 percent by number and 25.2 percent by dollar, consumer loans at 56.7 percent by number and 20.5 percent by dollar, and home mortgage loans at 9.5 percent by number and 31.6 percent by dollar. While agricultural loans (secured by farmland and agricultural loans) comprise 11.3 percent of loans by number, they only make up 14.5 percent of loans by dollar. Additionally, agricultural loans are not a focus of the bank's business strategy. Therefore, agricultural loans do not represent a major product line that would materially affect conclusions and are excluded from this evaluation.

Loans Originated or Purchased				
Loan Category	**$(000s)**	**%**	**#**	**%**
Construction and Land Development	105	0.6	1	0.4
Secured by Farmland	1,607	8.9	4	1.4
Secured by 1-4 Family Residential Properties	5,727	31.6	27	9.5
Multi-Family (5 or more) Residential Properties	-	-	-	-
Commercial Real Estate Loans	902	5.0	10	3.5
Commercial and Industrial Loans	3,660	20.2	49	17.3
Agricultural Loans	1,021	5.6	28	9.9
Consumer Loans	3,720	20.5	161	56.7
Other Loans	1,387	7.7	4	1.4
Total Loans	18,129	100.0	284	100.0
Source: Bank Data (1/1/23 – 12/31/23); Due to rounding, totals may not equal 100.0 percent				

All 59 commercial loans totaling $4.6 million originated in 2023 qualify as small business loans, as defined in the CRA. The following table details the universe and sample sizes of each loan product reviewed. Examiners selected random samples in accordance with CRA sampling guidelines based on a 90 percent confidence level and 10 percent precision level. Based on the number and dollar volume of loans originated in 2023 as well as management's stated business strategy, FSBB's small business lending performance contributed the greatest weight in determining overall conclusions, followed by home mortgage lending, then consumer lending. D&B data serves as the standard of comparison for FSBB's small business lending, and applicable demographic information from the 2020 U.S. Census data is the performance standard for the bank's home mortgage and consumer lending. While the evaluation presents both the number and dollar volume of lending activity, examiners emphasized performance by number, which is a better indicator of the number of businesses and individuals served.

Loan Products Reviewed				
Loan Category	**Universe**		**Reviewed**	
	#	**$(000s)**	**#**	**$(000s)**
Small Business	59	4,562	36	2,963
Home Mortgage	27	5,727	27	5,727
Consumer	161	3,720	51	794
Source: Bank Data 1/1/23 – 12/31/23				

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FSBB demonstrated satisfactory performance under the Lending Test. A reasonable LTD ratio, a majority of loans originated inside the assessment area, and reasonable records regarding the geographic distribution and borrower profile primarily supports this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs. The bank's net LTD ratio, calculated from Call Report data, averaged 51.8 percent over the 24 calendar quarters from December 31, 2018 through September 30, 2024, which is a decline from the previous evaluation's average net LTD ratio of 59.3 percent. The net LTD ratio has trended downwards over the evaluation period, ranging from a high of 64.0 percent as of June 30, 2019, to a low of 43.0 percent as of March 31, 2022. The decline is due to the fact that FSBB's volume of net loans has remained generally consistent over the review period, while there was a signifant increase in deposits as a result of federal economic impact payments provided to consumers in 2020 and 2021 in response to the COVID-19 pandemic.

As detailed in the following table, FSBB's average net LTD ratio falls in between the ratios of two similarly-situated institutions, further supporting reasonable performance. Examiners selected the comparison institutions based on their operating in or near FSBB's assessment area and reflecting similar asset sizes and lending emphases.

LTD Ratio Comparison		
Bank	**Total Assets as of 9/30/2024 ($000s)**	**Average Net LTD Ratio (%)**
First State Bank of Brownsboro, Brownsboro, Texas	**123,565**	**51.8**
First State Bank of Ben Wheeler, Ben Wheeler, Texas	185,828	46.7
First State Bank, Athens, Texas	700,781	67.6
Source: Reports of Condition and Income 12/31/2018 – 9/30/2024		

Assessment Area Concentration

A majority of loans and other lending related activities are in the institution's assessment area. As detailed in the following table, a majority of small business, home mortgage, and consumer loans by both number and dollar volume were originated within the assessment area.

Lending Inside and Outside of the Assessment Area										
	Number of Loans					**Dollar Amount of Loans**				
Loan Category	**Inside**		**Outside**		**Total**	**Inside**		**Outside**		**Total**
	#	**%**	**#**	**%**	**#**	**$**	**%**	**$**	**%**	**$**
Small Business	25	69.4	11	30.6	36	1,705	57.5	1,258	42.5	2,963
Home Mortgage	22	81.5	5	18.5	27	4,112	71.8	1,615	28.2	5,727
Consumer	41	80.4	10	19.6	51	672	84.6	122	15.3	794
Source: Bank Data 1/1/2023 – 12/31/2023; Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. This conclusion is supported by a reasonable geographic distribution of small business, home mortgage, and consumer loans. The assessment area does not include any moderate-income census tracts; therefore, examiners focused on the bank's distribution of loans to the area's one low-income geography.

Small Business Loans

FSBB's geographic distribution of small business loans reflects reasonable performance. At 8.0 percent, FSBB's dispersion of small business loans to the assessment area's low-income census tract exceeds the percentage of businesses reported in that area by 3.8 percentage points, thereby reflecting reasonable performance.

Geographic Distribution of Small Business Loans					
Tract Income Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
Low	4.2	2	8.0	250	14.7
Moderate	0.0	0	0.0	0	0.0
Middle	41.5	17	68.0	1,234	72.4
Upper	54.2	6	24.0	221	13.0
Not Available	0.0	0	0.0	0	0.0
Totals	**100.0**	**25**	**100.0**	**1,705**	**100.0**
Source: 2023 D&B Data; Bank Data 1/1/2023 – 12/31/2023; Due to rounding, totals may not equal 100.0%					

Home Mortgage Loans

FSBB's geographic distribution of home mortgage loans reflects reasonable performance. At 4.5 percent, the bank's dispersion of loans to the low-income census tract exceeds the percentage of owner-occupied housing units in that geography by 1.0 percentage point, thereby reflecting reasonable performance.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	**% of Owner-Occupied Housing Units**	**#**	**%**	**$(000s)**	**%**
Low	3.5	1	4.5	30	0.7
Moderate	0.0	0	0.0	0	0.0
Middle	55.9	12	54.5	2,076	50.5
Upper	40.6	9	40.9	2,006	48.8
Not Available	0.0	0	0.0	0	0.0
Total	**100.0**	**22**	**100.0**	**4,112**	**100.0**
Source: 2020 U.S. Census, Bank Data 1/1/2023 – 12/31/2023; Due to rounding, totals may not equal 100.0%					

Consumer Loans

FSBB's geographic distribution of consumer loans reflects reasonable performance. At 7.3 percent, the bank's dispersion of loans to the low-income census tract exceeds the percentage of households in that geography by 3.4 percentage points, thereby reflecting reasonable performance.

Geographic Distribution of Consumer Loans					
Tract Income Level	**% of Households**	**#**	**%**	**$(000s)**	**%**
Low	3.9	3	7.3	27	4.0
Moderate	0.0	0	0.0	0	0.0
Middle	52.8	25	61.0	311	46.3
Upper	43.3	13	31.7	334	49.7
Not Available	0.0	0	0.0	0	0.0
Total	**100.0**	**41**	**100.0**	**672**	**100.0**
Source: 2020 U.S. Census, Bank Data 1/1/2023 – 12/31/2023					

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. This conclusion is supported by the bank's reasonable performance in small business, home mortgage, and consumer lending.

Small Business Loans

FSBB demonstrated a reasonable record of lending to businesses of different sizes. Examiners focused on the bank's level of lending to businesses with gross annual revenues of $1 million or less to arrive at this conclusion. The following table shows the bank originated 88.0 percent or more than eight out of ten small business loans to businesses with gross annual revenues of $1 million or less, evidencing reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenues					
Gross Revenue Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
< $100,000	64.7	8	32.0	299	17.5
$100,000 - $249,999	18.5	8	32.0	593	34.8
$250,000 - $499,999	4.4	4	16.0	428	25.1
$500,000 - $1,000,000	2.4	2	8.0	135	7.9
Subtotal <= $1,000,000	**90.0**	**22**	**88.0**	**1,455**	**85.3**
>$1,000,000	2.4	3	12.0	250	14.7
Revenue Not Available	7.6	-	-	-	-
Total	**100.0**	**25**	**100.0**	**1,705**	**100.0**
Source: 2023 D&B Data, Bank Data 1/1/2023 – 12/31/2023					

Home Mortgage Loans

The borrower profile distribution of home mortgage loans reflects reasonable performance. Reasonable performance to low- and moderate-income borrowers supports this conclusion. The following table shows the bank's level of lending to low-income borrowers falls 11.7 percentage points below demographic data, typically reflective of poor performance. However, part of the performance context for this bank involves families reporting incomes below the poverty level. Notably greater challenges exist for these families when trying to qualify for home mortgage loans, typically higher dollar volume and longer-term loans. While low-income families represent 20.8 percent of the area's families, 12.1 percent of the area's total families reported incomes below the poverty level. Considering this performance context information, examiners determined that the bank demonstrated reasonable performance to low-income borrowers. As also reflected in the table, the bank's level of lending to moderate-income borrowers rises 0.2 percentage points above demographic data, also reflecting reasonable performance.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	**% of Families**	**#**	**%**	**$(000s)**	**%**
Low	20.8	2	9.1	241	5.9
Moderate	18.0	4	18.2	384	9.3
Middle	17.9	0	0.0	0	0.0
Upper	43.3	16	72.7	3,487	84.8
Not Available	0.0	0	0.0	0	0.0
Total	**100.0**	**22**	**100.0**	**4,112**	**100.0**
Source: 2020 U.S. Census; Bank Data 1/1/2023 – 12/31/2023					

Consumer Loans

The borrower profile distribution of consumer loans reflects reasonable performance. Reasonable performance to low- and moderate-income borrowers supports this conclusion. The following table shows the bank's level of lending to low-income borrowers falls 12.9 percentage points below demographic data, typically reflective of poor performance. However, part of the performance context for this bank involves households reporting incomes below the poverty level. Notably greater challenges exist for these individuals when trying to qualify for consumer loans. While low-income households represent 25.1 percent of the area's households, 12.1 percent of the area's total families reported incomes below the poverty level. Considering this performance context information, examiners determined that the bank demonstrated reasonable performance to low-income borrowers. As also reflected in the table, the bank's level of lending to moderate-income borrowers rises 7.2 percentage points above demographic data, also reflecting reasonable performance.

Distribution of Consumer Loans by Borrower Income Level					
Borrower Income Level	**% of Households**	**#**	**%**	**$(000s)**	**%**
Low	25.1	5	12.2	43	6.4
Moderate	14.8	9	22.0	86	12.8
Middle	16.4	11	26.8	153	22.8
Upper	43.6	11	26.8	330	49.1
Not Available	0.0	5	12.2	60	8.9
Total	**100.0**	**41**	**100.0**	**672**	**100.0**
Source: 2020 U.S. Census; Bank Data 1/1/2023 – 12/31/2023					

Response to Complaints

The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

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.