

PUBLIC DISCLOSURE

September 30, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Shell Lake State Bank
Certificate Number: 14911

102 W 5th Ave
Shell Lake, Wisconsin 54871

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

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA 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 (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The following points summarize the bank's satisfactory Community Reinvestment Act (CRA) performance:

- **Loan-to-Deposit (LTD) Ratio:** The average LTD ratio reflects reasonable performance given the institution's size, financial condition, and the credit needs of the AA.
- **AA Concentration:** The majority of home mortgage and small business loans are in the institution's AA.
- **Geographic Distribution:** The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- **Borrower Profile:** The distribution of borrowers reflects reasonable penetration of loans among businesses of different sizes and individuals of different income levels.
- **Consumer Complaints:** The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DESCRIPTION OF INSTITUTION

Shell Lake State Bank (SLSB) is a full-service financial institution headquartered in Shell Lake, WI, located in Washburn County. The bank is a wholly owned subsidiary of Shell Lake Bancorp, Incorporated, a one-bank holding company also located in Shell Lake, WI. SLSB received a Satisfactory rating at its most recent FDIC CRA Performance Evaluation, dated June 25, 2018, using the Interagency Small Institution Examination Procedures.

SLSB conducts business from five middle-income census tracts (CTs) in Washburn and Sawyer Counties. In addition to the main office, SLSB operates four full-service branches in the Wisconsin communities of Spooner and Minong located in Washburn County, as well as Stone Lake and Hayward located in Sawyer County. SLSB offers drive-up facilities at all locations, ATMs at the Spooner, Minong, and Stone Lake offices, and Saturday hours at all locations except Stone Lake. The bank also has two standalone ATMs at local businesses in Shell Lake, WI and one in Trego, WI. In March 2021, the bank transitioned the former Hayward Loan Production Office into a full-service branch, moving the location elsewhere within the same CT at the same time.

SLSB offers traditional loan products including home mortgage, commercial, agriculture, and consumer loans, with a primary focus on home mortgage and commercial lending activities. The

bank also provides a variety of deposit products including checking, savings, money market deposit accounts, individual retirement accounts, certificates of deposit, and health savings accounts, as well as online and mobile banking services.

As of the June 30, 2024, SLSB maintained total assets of approximately \$334.9 million, total loans of \$221.6 million, and total deposits of \$280.3 million. Total assets have increased \$131.9 million or 65.0 percent since the previous evaluation, generally through organic growth. The composition of the loan portfolio remains consistent with the last evaluation with minimal fluctuations. The following table shows the loan portfolio composition.

Loan Portfolio Distribution as of 6/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	24,075	10.9
Secured by Farmland	2,924	1.3
Secured by 1-4 Family Residential Properties	127,561	57.6
Secured by Multifamily (5 or more) Residential Properties	0	0
Secured by Nonfarm Nonresidential Properties	35,832	16.1
Total Real Estate Loans	190,392	85.9
Commercial and Industrial Loans	10,849	4.9
Agricultural Production and Other Loans to Farmers	812	0.4
Consumer Loans	11,394	5.1
Obligations of states and political subdivisions in the U.S.	8,117	3.7
Other Loans	23	<0.1
Lease Financing Receivable (net of unearned income)	0	0
Total Loans	221,587	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that would limit the bank’s ability to meet the credit needs of its AA.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which examiners evaluate its CRA performance. SLSB has defined one AA consisting of 16 census tracts (CTs) in Washburn (6 CTs), Burnett (2 CTs), Sawyer (6 CTs), and Douglas (2 CTs) Counties. The two CTs in Douglas County are part of the Duluth MN-WI Metropolitan Statistical Area (MSA). However, examiners included these in the Non-MSA AA as the CTs are contiguous and do not extend substantially into the MSA. All other CTs in the AA are part of the WI Non-MSA.

The AA increased from 12 CTs at the previous evaluation to 16 total CTs at the current evaluation due to changes resulting from the 2020 U.S. Census. Additionally, Burnett County CT 9704 and Sawyer County CT 9400 (now 9400.01 and 9400.02) both changed from moderate-income to middle-income as of the 2020 Census. Douglas County CT 303.02 changed from middle-income to moderate-income. Of the 16 current CTs in the AA, 1 is moderate-income and 15 are middle-income.

The AA includes contiguous whole geographies, does not arbitrarily exclude low- or moderate-income areas, and conforms to CRA regulatory requirements. Sources of data used in this section include 2020 U.S. Census data and 2023 D&B data, as well as data from the U.S. Bureau of Labor Statistics, Wisconsin Realtors Association, Wisconsin Department of Workforce Development, and the Federal Financial Institution Examiner Council (FFIEC).

Economic and Demographic Data

The following table illustrates demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	16	0.0	6.3	93.8	0.0	0.0
Population by Geography	43,090	0.0	5.5	94.5	0.0	0.0
Housing Units by Geography	39,083	0.0	5.4	94.6	0.0	0.0
Owner-Occupied Units by Geography	14,859	0.0	5.8	94.2	0.0	0.0
Occupied Rental Units by Geography	3,984	0.0	4.2	95.8	0.0	0.0
Vacant Units by Geography	20,240	0.0	5.3	94.7	0.0	0.0
Businesses by Geography	4,424	0.0	4.8	95.2	0.0	0.0
Farms by Geography	236	0.0	2.5	97.5	0.0	0.0
Family Distribution by Income Level	12,141	21.4	19.3	23.4	36.0	0.0
Household Distribution by Income Level	18,843	24.9	17.3	18.3	39.5	0.0
Median Family Income MSA - 20260 Duluth, MN-WI MSA		\$77,796	Median Housing Value			\$183,756
Median Family Income Non-MSAs - WI		\$71,740	Median Gross Rent			\$661
			Families Below Poverty Level			8.8%
Sources: 2020 U.S. Census and 2023 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

The AA consists of small towns with populations generally less than 4,000 people. Due to the high volume of lakes and forest land, tourism is a significant economic driver for the four counties making up the AA. Approximately 52 percent of housing units in the AA are vacant, which includes second homes and short-term rentals. The high number of vacant units creates challenges for availability of housing in these communities and affordable housing.

Income classifications are based on the median family income, as defined by the FFIEC. The following table shows the 2023 median family income figures for the Non-MSA of Wisconsin as well as the Duluth, MN-WI MSA, where CTs in the bank’s AA are located. Examiners use the median family income and corresponding income levels to analyze home mortgage lending activities in the AA under the Borrower Profile criterion.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Duluth, MN-WI MSA Median Family Income (20260)				
2023 (\$93,900)	<\$46,950	\$46,950 to <\$75,120	\$75,120 to <\$112,680	≥\$112,680
WI NA Median Family Income (99999)				
2023 (\$86,000)	<\$43,000	\$43,000 to <\$68,800	\$68,800 to <\$103,200	≥\$103,200
<i>Source: FFIEC</i>				

Home prices increased significantly in the AA since the previous evaluation in 2018, with the median home sale price in each county of the AA increasing by at least 60 percent. This is due in large part to the high volume of second homes and rental properties in the AA, which tends to drive up home prices. These higher housing costs create barriers to low- and moderate-income applicants in the AA looking for home ownership.

Median Home Sale Price								
Area	2018	2019	2020	2021	2022	2023	YTD 2024	Increase
Burnett County	\$155,000	\$170,000	\$205,000	\$240,000	\$273,000	\$290,000	\$305,000	96.8%
Douglas County	\$140,000	\$155,000	\$165,000	\$180,000	\$200,500	\$219,500	\$227,000	62.1%
Sawyer County	\$205,000	\$212,500	\$265,000	\$240,000	\$293,750	\$320,000	\$350,000	70.7%
Washburn County	\$172,500	\$180,000	\$220,000	\$224,450	\$241,000	\$300,000	\$276,500	60.3%
Wisconsin Statewide	\$184,228	\$198,000	\$220,000	\$241,000	\$265,000	\$285,000	\$309,900	68.2%
<i>Source: Wisconsin Realtors Association</i>								

The following table shows unemployment data from the U.S. Bureau of Labor Statistics since the previous evaluation. The rate significantly increased during the COVID-19 pandemic, peaking in April 2020. However, rates have since improved, returning to pre-pandemic levels.

Annual Unemployment Rates							
Area	2018	2019	2020	2021	2022	2023	July 2024
Burnett County	4.6	5.2	9.2	5.4	4.6	4.6	3.8
Douglas County	3.9	4.0	9.3	4.5	4.1	4.3	3.8
Sawyer County	4.3	4.6	8.0	5.2	4.0	4.2	3.7
Washburn County	3.9	3.9	7.0	4.7	3.7	3.7	3.6
Wisconsin Statewide	3.0	3.2	6.4	3.9	2.9	3.0	2.9
<i>Source: Bureau of Labor Statistics</i>							

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue levels. According to 2023 D&B data, 4,424 businesses operate within the AA, and approximately 92.1 percent employ less than 10 employees. According to the Wisconsin Department of Workforce Development, employment opportunities primarily come from Education and Health Services; Leisure and Hospitality; Trade, Transportation, and Utilities; and Manufacturing. Major employers in the AA include Link Snacks, Spooner Health,

three casinos in Hayward and Danbury, and Grantsburg School District. This data gives insight into the level and types of small business lending opportunities within this AA.

Competition

SLSB operates in a moderately competitive environment where several larger national banks as well as smaller community banks pose the greatest degree of competition for financial services. According to the June 30, 2024, Summary of Deposits compiled by the FDIC, 14 financial institutions conduct business from 29 offices in the AA with \$2.4 billion in total deposits. SLSB ranks second with a deposit market share of 11.9 percent.

SLSB is not required to collect or report small business or home mortgage data, and it has elected not to do so. Therefore, the analysis of loans does not include comparison to aggregate data.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit needs of the community. Examiners contacted a representative from a housing authority, as well as a local business, to discuss the credit needs for this evaluation period. According to the community contacts, financial institutions are active in communities and meeting the credit needs within the AA. The local economy is generally stable; however, there are not a lot of open jobs in the area. Affordable housing is in short supply in the AA, with little future developments planned to improve. More than half of the housing units are either second homes or short-term rentals, which has almost double housing costs in some communities. The demand for housing far exceeds the supply, resulting in limited opportunities for local residents to afford a home. The limited housing supply also impacts the ability of local employers to attract new professionals to the area.

Credit Needs

According to economic and demographic data, as well as community contact information, the primary credit need of the community is affordable housing to attract new, younger residents, which would also spur economic growth. Specifically, one community contact stated more options for first-time home buyers would be valuable, as would financing for long-term rental properties.

SCOPE OF EVALUATION

General Information

Examiners prepared the current CRA Performance Evaluation using the Interagency Small Institution Examination Procedures. In accordance with these procedures, examiners evaluated SLSB's performance based on its LTD Ratio, AA Concentration, Geographic Distribution, Borrower Profile, and Response to CRA-related complaints. This evaluation covers the period from June 25, 2018, the date of the prior evaluation, to the current evaluation dated September 30, 2024.

Activities Reviewed

Home mortgage and small business loans continue to represent the bank’s major product lines. Examiners made this determination in consideration of SLSB’s business strategy, as well as the number and dollar volume of loans originated during the evaluation period. As of June 30, 2024, home mortgage loans represented approximately 57.6 percent of the loan portfolio, while commercial loans represented approximately 21.0 percent. Other loan types, such as agriculture and consumer loans, represent nominal percentages of the loan portfolio and were not analyzed as part of this evaluation.

Examiners reviewed home mortgage and small business loans originated in the twelve-month period of 2023. This lending activity is considered representative of the bank’s lending activity throughout the evaluation period. The following table provides the universe and sample sizes included in this review.

Loan Products Reviewed				
Loan Category	Universe		Sample	
	#	\$(000s)	#	\$(000s)
Home Mortgage	268	31,320	55	5,851
Small Business	147	17,440	51	7,025

Source: Bank Data

Examiners placed greater weight on the bank’s home mortgage performance because they represent the greatest percentage of the loan portfolio and the majority of loan originations. Since SLSB is not required to report lending data under the Home Mortgage Disclosure Act or the Community Reinvestment Act, performance is not compared aggregate home mortgage or small business data. D&B data from 2023 provided a standard of comparison for the bank’s small business lending activity, while 2020 U.S. Census data provided a standard of comparison for the bank’s home mortgage lending activity.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

SLSB demonstrates reasonable performance under the Lending Test. Examiners based this conclusion primarily on the distribution of home mortgage loans among CTs of different income levels, as well as the distribution of home mortgage and small business loans among borrowers of different income levels and businesses of different sizes.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution’s size, financial condition, and AA credit needs and opportunities. The bank’s ratio, calculated from Call Report data, averaged 63.9 percent over the previous 25 quarters from June 30, 2018, to June 30, 2024. This ratio ranged from a low of 49.8 percent on June 30, 2018, to a current high of 78.1 percent on June 30, 2024. The ratio, which is higher than the 54.6 percent at the last evaluation, has been gradually increasing since December 2020.

SLSB maintained an average LTD ratio in line with similarly situated institutions as shown in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan to Deposit Ratio Comparison		
Bank	Total Assets as of June 30, 2024 (000s)	Average Net LTD Ratio (%)
Shell Lake State Bank	334,937	63.9
Sterling Bank	297,227	69.3
Chippewa Valley Bank	696,058	91.5
Community Bank of Cameron	344,037	79.5
Dairy State Bank	740,569	47.4
Northern State Bank	303,476	58.6
Superior Savings Bank	85,991	83.3

Source: Reports of Condition and Income 06/30/2018 – 06/30/2024

Assessment Area Concentration

SLSB originated a substantial majority of home mortgage and small business loans within the AA as demonstrated in the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	50	90.9	5	9.1	55	5,497	93.9	354	6.1	5,851
Small Business	45	88.2	6	11.8	51	6,376	90.8	649	9.2	7,025

*Source: Bank Data
Due to rounding, totals may not equal 100.0%*

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. Although the distribution of small business loans reflects poor dispersion in the AA, examiners based this assessment on the bank’s reasonable dispersion of home mortgage loans, which carries more weight in the overall rating. Examiners focused on the percentage of loans by number in the moderate-income CT as the AA contains no low-income CTs.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA including the moderate-income CT. The following table presents the bank’s performance and includes the percentage of owner-occupied housing units in the AA as a comparison. As noted in the table, SLSB’s level of lending in the moderate-income CT is consistent with demographic data.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	5.8	3	6.0	608	11.1
Middle	94.2	47	94.0	4,889	88.9
Totals	100.0	50	100.0	5,497	100.0

*Sources: 2020 U.S. Census; Bank Data
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The geographic distribution of small business loans reflects poor performance in the AA. As reflected in the following table, SLSB did not originate any small business loans in the single moderate-income CT in Douglas County.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	4.8	0	0.0	0	0.0
Middle	95.2	45	100.0	6,376	100.0
Totals	100.0	45	100.0	6,376	100.0

*Sources: 2023 D&B Data; Bank Data
Due to rounding, totals may not equal 100.0%*

Borrower Profile

Given the demographics of the AA, the distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels (particularly low- and moderate-income) and businesses of different sizes. The reasonable performance for home mortgage and small business loans supports this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable dispersion among individuals of different income levels. While the level of lending to low-income borrowers is slightly below demographic, it is important to note that approximately 8.8 percent of low-income families in the AA earn an income below the poverty level. The limited financial resources of families earning incomes below the poverty level, combined with increased housing values, restricts demand and opportunity for home mortgage loans to low-income families in the AA. After considering the percentage of families earning an income below the poverty level, SLSB's distribution of home mortgage loans to low-income borrowers is reasonable. Further, the bank's level of lending to moderate-income borrowers is slightly higher than the demographic data and is considered reasonable. The following table includes the bank's performance, as well as the percentage of families within each income level to serve as a comparison.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	21.4	9	18.0	571	10.4
Moderate	19.3	10	20.0	845	15.4
Middle	23.4	9	18.0	618	11.2
Upper	36.0	19	38.0	3,331	60.6
Not Available	0.0	3	6.0	132	2.4
Totals	100.0	50	100.0	5,497	100.0

*Sources: 2020 U.S. Census; Bank Data.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The distribution of small business loans reflects reasonable dispersion among businesses of different sizes. While the bank’s performance trails the demographic, performance is reasonable. The demographic data represents the percentage of businesses of different sizes operating within the AA and does not represent the percentage of businesses that are seeking traditional bank financing. Furthermore, many of the smallest businesses finance business needs with credit cards, affecting the demand for bank financing. Lastly, examiners compared the bank’s performance to one similarly situated bank that received a reasonable rating. Performance is comparable to the similarly situated bank.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	87.6	32	71.1	4,257	66.8
>\$1,000,000	2.9	7	15.6	1,455	22.8
Revenue Not Available	9.5	6	13.3	664	10.4
Total	100.0	45	100.0	6,376	100.0

*Sources: 2023 D&B Data, Bank Data.
Due to rounding, totals may not equal 100.0%*

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

SLSB’s compliance with the 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.