

PUBLIC DISCLOSURE

January 19, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

United Southern Bank
Certificate Number: 15465

750 North Central Avenue
Umatilla, Florida 32784

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

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Atlanta, Georgia 30309-3849

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, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment areas' credit needs.
- The bank originated a majority of the loans reviewed within the assessment areas.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment areas.
- The borrower profile distribution reflects, given the demographics of the assessment areas, reasonable penetration among businesses of different sizes and individuals of different income levels.
- The bank has not received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation. Therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

The institution demonstrated an adequate responsiveness to the community development needs of its assessment areas. The institution met those needs through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment areas.

DESCRIPTION OF INSTITUTION

United Southern Bank is a full-service community bank headquartered in Umatilla, Lake County, FL. The institution is wholly owned by UniSouth, Inc., a one-bank holding company, located in Umatilla, Lake County, FL. United Southern Bank has no affiliates or subsidiaries. The bank received a Satisfactory rating at the previous FDIC CRA Performance Evaluation, dated February 25, 2019, based on Interagency Intermediate Small Institution Examination Procedures.

The institution operates 12 full-service and 3 limited-service offices in Lake and Sumter Counties in central Florida. United Southern Bank's main office along with 9 full- and 3 limited-service offices are located in Lake County, and 2 full-service offices are located in Sumter County. Additionally, United Southern Bank has a loan operations office near the main office and 2 remote automated teller machines (ATMs) in Leesburg, Lake County. In August 2019, United Southern Bank opened a full-service office in Wildwood, Sumter County that is located in a moderate-income census tract. Additionally, in September 2019, United Southern Bank opened a limited-service office in Mount Dora, Lake County, located in a middle-income census tract. No other offices have opened or closed since the previous evaluation.

United Southern Bank's primary business focus is commercial lending. Commercial credit products include real estate loans, lines of credit, term loans, accounts receivable, inventory, equipment, and unsecured loans. The bank also offers loans through the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The bank originated 1,235 loans through the PPP totaling \$72.6 million in 2020 and 2021. The loans serve to retain jobs that would otherwise be lost due to business closures because of the COVID-19 national emergency.

Consumer residential loan products include mortgages, for home purchase, improvement, refinance, and construction; as well as mobile home, bridge, and home equity loans; and lines of credit. The bank assists consumers with obtaining long-term, fixed-rate residential mortgage loans, including Veterans Administration, Federal Housing Administration, and United States Department of Agriculture loans, through the secondary market. Consumer credit products offered include personal lines of credit, boat, recreational vehicle, automobile, deposit-secured, and unsecured loans.

Deposit products offered include business and personal checking and savings accounts, money market accounts, certificate of deposits, and individual retirement accounts. Alternative banking services include online banking, bill payment, telephone banking, and mobile banking services.

Loan Portfolio Distribution as of 12/31/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	39,017	12.8
Secured by Farmland	3,406	1.1
Secured by 1-4 Family Residential Properties	94,854	31.1
Secured by Multifamily (5 or more) Residential Properties	5,900	1.9
Secured by Nonfarm Nonresidential Properties	140,703	46.2
Total Real Estate Loans	283,880	93.1
Commercial and Industrial Loans	15,562	5.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	4,776	1.6
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	1,597	0.5
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(986)	(0.3)
Total Loans	304,829	100.0
<i>Source: Reports of Condition and Income</i>		

As shown in the above table, commercial real estate and commercial and industrial loans represent the largest portion of the loan portfolio at 51.3 percent, followed by 1-4 family residential properties at 31.1 percent. As of the December 31, 2021, Consolidated Reports of Condition and Income (Call Report), United Southern Bank had total assets of \$847.8 million, with loans totaling \$304.8 million, or 36.0 percent of total assets, and total deposits equaling \$779.8 million. Examiners did not identify any financial or legal impediments that affect the bank’s ability to meet the assessment areas’ credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires financial institutions to define assessment areas within which its CRA performance will be evaluated. United Southern Bank has defined two assessment areas served by its offices. There has been no changes to the assessment areas since the last evaluation. The following table provides descriptions of the assessment areas. Please refer to the individual assessment areas for additional information.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of CTs	# of Full-Service Branches
Orlando-Kissimmee-Sanford, FL MSA	Lake	56	10
The Villages, FL MSA	Sumter	19	2
<i>Source: Bank Records; and 2015 ACS Census Data</i>			

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation, dated February 25, 2019, to the current evaluation dated January 19, 2022. Examiners used the Intermediate Small Institution CRA Examination Procedures to evaluate United Southern Bank’s CRA performance. As described in the Appendices, these procedures include two tests: Lending Test and Community Development Test.

Examiners evaluate a bank’s lending data, deposit activity, and number of branches to determine which assessment areas will receive the most weight in assigning the overall rating. For this evaluation, the Orlando-Kissimmee-Sanford, FL MSA assessment area contains the most loans and deposits as well as the largest branch network.

Consequently, for the overall conclusions, examiners gave the most weight to the bank’s Orlando-Kissimmee-Sanford, FL MSA assessment area followed by The Villages, FL assessment area. The Orlando-Kissimmee-Sanford, FL MSA assessment area received a full-scope review and The Villages, FL assessment area received a limited-scope review. The following table reflects the loans, deposits, and number of full-service branches for each assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		# of Full-Service Branches	
	\$(000s)	%	\$(000s)	%	#	%
Orlando-Kissimmee-Sanford, FL MSA	52,256	95.9	677,733	95.8	10	83.3
The Villages, FL MSA	2,235	4.1	29,793	4.2	2	16.7
Total	54,491	100.0	707,526	100.0	12	100.0

Source: Bank Records; and FDIC Summary of Deposits (06/30/21)

Activities Reviewed

The CRA regulation requires a review of lending performance with respect to small business, home mortgage, and small farm lending, if significant. Examiners determined the bank’s major product lines were small business and home mortgage loans. Examiners did not evaluate small farm loans because a limited number of small farm loans were originated. Based on volume, examiners gave the bank’s record of originating small business loans the most weight in drawing overall conclusions in the Lending Test.

United Southern Bank is not a CRA reporter and does not collect geographies or revenues for all of its small business loans, as defined in the Glossary. United Southern Bank originated a large number of PPP loans in 2020 and 2021, and examiners determined that the data was not representative of the entire evaluation period. In 2019, the bank originated 162 small business loans totaling \$31.3 million. In 2020, United Southern Bank originated 716 small business loans totaling \$64.4 million; and, in 2021, the institution originated 425 small business loans totaling \$47.0 million. For the Lending Test, examiners reviewed a sample of small business loans for 2019,

2020, and 2021. Examiners reviewed 51 small business loans totaling \$9.4 million in 2019, 67 small business loans totaling \$4.6 million in 2020, and 60 small business loans totaling \$5.1 million in 2021. As a non-reporter, aggregate small business lending data is not used for comparison purposes; therefore, examiners compared the bank's small business lending performance in each year to the respective 2019, 2020, and 2021 D&B business demographic data.

The bank is subject to the Home Mortgage Disclosure Act (HMDA). For the Lending Test, a review of all loans reported pursuant to HMDA for full years of 2019 and 2020 were evaluated for analysis purposes. United Southern Bank's 2021 HMDA data is not yet due or completed. Examiners reviewed 130 home mortgage loans totaling \$23.1 million in 2019, and 162 home mortgage loans totaling \$29.7 million in 2020. Examiners compared the bank's performance in each year to the respective aggregate 2019 and 2020 HMDA data. In addition, examiners compared the bank's home mortgage lending performance to applicable demographic data based on the 2015 American Community Survey (ACS) Census.

For the Lending Test, examiners reviewed the number and dollar volume of small business and home mortgage loans. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans, because the number of loans is a better indicator of the number of individuals and businesses served. For small business loans, 2019, 2020, and 2021 lending performance was analyzed; however, only 2021 data is presented with anomalies in 2019 or 2020 discussed, as applicable. Similarly, for home mortgage loans, 2019 and 2020 lending performance was analyzed; however, only 2020 data is presented with anomalies in 2019 discussed, as applicable.

For the Community Development Test, examiners reviewed community development loans, qualified investments, and community development services provided by the bank since the previous evaluation dated February 25, 2019.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, United Southern Bank demonstrated satisfactory performance under the Lending Test. This rating is supported by a reasonable loan-to-deposit ratio; a majority of the loans originated within the assessment areas; excellent geographic distribution of small business and home mortgage loans; and reasonable distribution of the loans to businesses of different sizes and to individuals of different income levels. Lastly, no CRA-related complaints were received since the previous evaluation.

Loan-to-Deposit Ratio

The bank's net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment areas' credit needs.

The net loan-to-deposit ratio for the previous 12 quarters averaged 56.0 percent. Since the previous evaluation, the bank's net loan-to-deposit ratio has ranged from a high of 64.2 percent on June 30, 2020 to a low of 37.9 percent on December 31, 2021. The net loan-to-deposit ratio has fluctuated, with a

declining trend noted from June 30, 2020 through December 31, 2021. This recent decline is generally due to a decrease in loans with an increase in deposits. The table below presents the average net loan-to-deposit ratio for United Southern Bank as well as for comparable institutions based on lending focus, asset size, and geographic location.

Loan-to-Deposit Ratio Comparison		
Bank Name and Location	Total Assets as of 12/31/21 \$(000s)	Average Net Loan-to-Deposit Ratio (%)
United Southern Bank, Umatilla, FL	847,789	56.0
Drummond Community Bank, Chiefland, FL	985,322	62.6
Citizens Bank & Trust, Frostproof, FL	1,214,010	61.4

Source: Reports of Income and Condition 3/31/2019 through 12/31/2021

Assessment Area Concentration

The bank originated a majority of loans by number, and dollar volume, within the assessment areas. Refer to the following table for details regarding lending inside and outside of the assessment areas.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2019	43	84.3	8	15.7	51	7,318	77.9	2,076	22.1	9,394
2020	53	79.1	14	20.9	67	3,089	67.1	1,515	32.9	4,604
2021	45	75.0	15	25.0	60	3,553	69.4	1,567	30.6	5,120
Subtotal	141	79.2	37	20.8	178	13,960	73.0	5,158	27.0	19,118
Home Mortgage										
2019	103	79.2	27	20.8	130	17,823	77.3	5,242	22.7	23,065
2020	136	84.0	26	16.0	162	22,708	76.5	6,976	23.5	29,684
Subtotal	239	81.8	53	18.2	292	40,531	76.8	12,218	23.2	52,749
Total	380	80.9	90	19.1	470	54,491	75.8	17,376	24.2	71,867

Source: Bank Data and 2019 and 2020 HMDA Data

Geographic Distribution

Overall, the geographic distribution of loans reflects excellent dispersion throughout the assessment areas. Excellent lending performance throughout the Orlando-Kissimmee-Sanford, FL assessment area supports this conclusion. The Villages, FL assessment area had limited activity; therefore, a review of the Geographic Distribution criterion in this area would not result in meaningful conclusions.

Borrower Profile

The distribution of loans reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes and individuals of different income levels. Reasonable lending performance throughout the Orlando-Kissimmee-Sanford, FL assessment area supports this conclusion. The Villages, FL assessment area had limited activity; therefore, a review of the Borrower Profile criterion in this area would not result in meaningful conclusions.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

The institution demonstrated adequate responsiveness to the community development needs of the assessment areas. United Southern Bank met those needs through community development loans, qualified investments, and community development services. The number and dollar amount of the community development loans increased since the previous evaluation due to 439 PPP loans originated in 2020 and 2021 that qualified for community development.

Community Development Activities (All Activities)							
Assessment Area	Activity Type					Totals	
	Loans		Investments		Services		
	#	\$(000s)	#	\$(000s)	#	#	\$(000s)
Orlando-Kissimmee-Sanford, FL MSA	398	39,717	101	461	84	583	40,178
The Villages, FL MSA	12	4,010	1	5	4	17	4,015
Regional Activities	0	0	14	12	8	22	12
Statewide Activities	65	7,635	0	0	0	65	7,635

Source: Bank Records

Community Development Loans

United Southern Bank originated 475 community development loans totaling \$51.4 million during the evaluation period as detailed in the following table. The dollar amount of community development loans equates to 8.3 percent of average total assets and 16.0 percent of average total loans since the previous evaluation. United Southern Bank’s community development lending performance exceeded similarly situated banks.

United Southern Bank significantly increased the number, and dollar volume, of loans since the previous evaluation primarily due to the origination of 439 PPP loans for \$23.6 million in low- and moderate-income census tracts. These 439 PPP loans were excluded from the Lending Test for consideration in the Community Development Test. Refer to the following table for detailed community development lending by year.

Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019*	3	1,640	1	50	4	4,455	3	1,850	11	7,995
2020	5	5,431	5	1,598	1	684	299	19,694	310	27,407
2021	3	1,249	3	1,210	2	2,538	146	10,963	154	15,960
2022 (YTD)	0	0	0	0	0	0	0	0	0	0
Total	11	8,320	9	2,858	7	7,677	448	32,507	475	51,362

Source: Bank Records
*2/25/2019 through 12/31/2019

The community development lending includes 65 loans totaling \$7.6 million originated outside the assessment areas, which will not directly benefit the assessment areas, but will benefit a broader statewide area that includes the assessment areas. As the bank has been responsive to the community development needs of its assessment areas, examiners considered these loans under the Community Development Test. Refer to the following table for details regarding community development lending by assessment area.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Orlando-Kissimmee-Sanford, FL MSA	9	5,957	9	2,858	7	7,677	373	23,225	398	39,717
The Villages, FL MSA	1	1,773	0	0	0	0	11	2,237	12	4,010
Regional	0	0	0	0	0	0	0	0	0	0
Statewide	1	590	0	0	0	0	64	7,045	65	7,635
Total	11	8,320	9	2,858	7	7,677	448	32,507	475	51,362

Source: Bank Records

Below are some examples of the community development loans benefiting the statewide area.

- In 2020, the bank refinanced a \$590,000 loan originally made to purchase two apartment complexes in Port Orange, FL. The two apartment buildings are located in a moderate-income census tract. The complexes are affordable housing as the units' rents are below United States Department of Housing and Urban Development fair market rents for the area.
- In 2021, the bank originated a \$1.6 million revitalization loan for a business located in a moderate-income census tract in Port Orange, FL. The new restaurant will create more than 20 jobs for low- and moderate-income individuals.

Qualified Investments

United Southern Bank made 116 qualified investments and donations totaling \$478,000, which included one prior period investment totaling \$340,000 and 115 new donations totaling \$138,000. This dollar

amount represents 0.1 percent of average total assets and 0.2 percent of average securities since the previous evaluation.

Qualified Investments by Year										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	1	340	1	340
2019*	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022 (YTD)	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	1	340	1	340
Grants & Donations	2	3	93	103	0	0	20	32	115	138
Total	2	3	93	103	0	0	21	372	116	478

Source: Bank Records
*2/25/2019 through 12/31/2019

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Orlando-Kissimmee-Sanford, FL MSA	1	1	79	88	0	0	21	372	101	461
The Villages, FL MSA	0	0	1	5	0	0	0	0	1	5
Regional	1	2	13	10	0	0	0	0	14	12
Statewide	0	0	0	0	0	0	0	0	0	0
Total	2	3	93	103	0	0	21	372	116	478

Source: Bank Records

As shown in the above tables, qualified investments and donations benefited organizations supporting community services, revitalization or stabilization, and affordable housing. These organizations represent hospitals and vital social services, especially for low- and moderate-income individuals, groups that aid with community revitalization or stabilization, and entities that help with affordable housing.

The qualified investments and donations include 14 donations totaling \$12,000 outside the assessment areas, which will not directly benefit the assessment areas, but will benefit a broader regional area that includes the assessment areas. Below are some examples of these donations.

- In 2020 and 2021, the bank made an aggregate total of \$5,000 to the Boys and Girls Club to support after school and summer enriched programs in the regional area where families pay either nothing or a nominal fee for students to attend. The organization’s mission is to inspire and enable young people, especially those from disadvantaged circumstances, to realize their full potential as productive, responsible citizens.
- In 2021, the bank made a donation totaling \$1,500 to Habitat for Humanity to support

affordable housing activities in the regional area. The organization’s mission is to bring people together to build homes, communities, and hope for low- and moderate-income families.

Community Development Services

During the evaluation period, United Southern Bank’s staff provided 96 community development services to 27 organizations. Refer to the following tables below for additional details.

Community Development Services by Year					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2019*	1	19	7	2	29
2020	1	16	7	1	25
2021	2	14	6	1	23
2022 (YTD)	1	13	5	0	19
Total	5	62	25	4	96
<i>Source: Bank Records</i>					
<i>*2/25/2019 through 12/31/2019</i>					

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Orlando-Kissimmee-Sanford, FL MSA	4	51	25	4	84
The Villages, FL MSA	0	4	0	0	4
Regional	1	7	0	0	8
Statewide	0	0	0	0	0
Total	5	62	25	4	96
<i>Source: Bank Records</i>					

The community development services include eight services that will benefit a broader regional area that includes the assessment areas. Below are some examples of these services.

- From 2019 through 2022, three employees served as Board members of various regional non-profit Boys and Girls Clubs. In their capacities, they served to help carry out the organization’s mission by organizational planning, managing financial resources, and serving on committees. Programs include health and wellness, education, after school assistance, and a thrift store for disadvantaged low- and moderate-income families.
- In 2021, an employee served as a Board member for Habitat for Humanity. This organization helps to build and repair affordable homes for low- and moderate-income families in the regional area. In carrying out its mission, the non-profit also helps build a more stable and sustainable community by working together with government, private citizens, public and private companies for the betterment of the entire community.

The bank also offers Interest on Lawyers Trust Accounts (IOLTAs). The interest earned by the law firms on the IOLTAs is used to fund pro bono legal services for low- and moderate-income individuals and is administered by the Florida Bar Foundation. Further, United Southern Bank offered loan deferrals to business and consumer borrowers affected by the COVID-19 Pandemic. In 2020, United Southern Bank granted 104 deferrals for 81 borrowers, and, in 2021, the bank approved 8 deferrals for 7 borrowers.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

ORLANDO-KISSIMMEE-SANFORD, FL MSA ASSESSMENT AREA– Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ORLANDO-KISSIMMEE-SANFORD, FL MSA ASSESSMENT AREA

United Southern Bank defines this assessment area to include all of Lake County, FL, which comprises part of the Orlando-Kissimmee-Sanford, FL MSA. The MSA also includes Orange, Osceola, and Seminole Counties; however, these counties are not included in the assessment area. Ten or 83.3 percent of the bank’s 12 full-service offices are located in this assessment area. The assessment area also accounts for 95.9 percent of the dollar volume of lending and 95.8 percent of deposits.

Economic and Demographic Data

This assessment area includes 56 census tracts, which consists of 18 moderate-, 30 middle-, and 8 upper-income census tracts. The table below outlines select demographic data of this assessment area based on the 2015 ACS data and the 2021 D&B data.

Demographic Information for the Orlando-Kissimmee-Sanford, FL MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts)	56	0.0	32.1	53.6	14.3	0.0
Population by Geography	310,561	0.0	22.8	53.4	23.9	0.0
Housing Units by Geography	146,181	0.0	24.3	55.8	19.8	0.0
Owner-Occupied Units by Geography	89,192	0.0	20.2	55.4	24.3	0.0
Occupied Rental Units by Geography	30,059	0.0	31.6	55.5	12.9	0.0
Vacant Units by Geography	26,930	0.0	29.9	57.5	12.7	0.0
Businesses by Geography	48,465	0.0	23.3	52.3	24.3	0.0
Farms by Geography	2,064	0.0	23.1	56.7	20.2	0.0
Family Distribution by Income Level	82,497	19.7	20.5	20.6	39.1	0.0
Household Distribution by Income Level	119,251	23.6	17.7	19.7	39.1	0.0
Median Family Income Orlando-Kissimmee-Sanford, FL MSA	\$57,304	Median Housing Value				\$132,474
		Median Gross Rent				\$974
		Families Below Poverty Level				9.9%
<i>Source: 2015 ACS and 2021 D&B Data. Due to rounding, totals may not equal 100.0 percent.</i>						

The following table reflects the low-, moderate-, middle-, and upper-income Median Family Income (MFI) categories in the assessment area. As shown, during this timeframe, the maximum MFI for low-income families ranged from \$32,550 to \$35,400, which is low, when considering the median housing value of \$132,474. Further, 9.9 percent of families have incomes below the federal poverty level. These families will likely face difficulty qualifying for conventional home mortgage loans.

Orlando-Kissimmee-Sanford, FL MSA Median Family Income Ranges (36740)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$65,100)	<\$32,550	\$32,550 to <\$52,080	\$52,080 to <\$78,120	≥\$78,120
2020 (\$68,100)	<\$34,050	\$34,050 to <\$54,480	\$54,480 to <\$81,720	≥\$81,720
2021 (\$70,800)	<\$35,400	\$35,400 to <\$56,640	\$56,640 to <\$84,960	≥\$84,960
<i>Source: FFIEC</i>				

As shown in the table below, the annual unemployment rate for Lake County significantly increased from 2019 to 2020 but has generally trended downward since June 2020. In 2019 and 2021, the unemployment rate for the assessment area was similar to the state and national rates. In 2020, Lake County's unemployment rate was above the state and national average rates.

Unemployment Rates			
Area	2019	2020	November 2021
	%	%	%
Lake County	3.4	8.9	3.9
Florida	3.3	7.7	3.6
Nation	3.7	8.1	3.9
<i>Source: Bureau of Labor Statistics</i>			

In terms of businesses and the economy, the 2021 D&B data shows the top industries in the Orlando-Kissimmee-Sanford, FL MSA assessment area were services; retail trade; and finance, insurance and real estate. The Orlando Business Journal notes the largest employers in Lake County are Lake County Schools (5,663 employees), Publix Supermarkets (2,238 employees), UF Health Leesburg Hospital (1,705 employees), AdventHealth Waterman (1,692), and Orlando Health South Lake Hospital (1,431 employees).

Competition

There is a moderate level of competition for deposits in the Orlando-Kissimmee-Sanford, FL MSA assessment area. In addition to competing with large national and regional banks, the bank competes with local banks, credit unions, and finance companies. As of June 30, 2021, 17 FDIC insured institutions operated 76 offices within the assessment area. United Southern Bank ranked 4th in deposit market share with 7.1 percent of the deposits and institutions with over a 10.0 percent deposit market share included include Truist Bank (41.5 percent) and Bank of America, National Association (11.6 percent).

There is a moderate level of competition for small business loans. The bank is not required to collect or report CRA data, and it has elected not to report such data. Therefore, the analysis of small business loans under the Lending Test does not include comparisons to aggregate data. However, aggregate data reflects the level of demand for small business loans and provides context. In 2019, 90 lenders reported 8,328 small business loans. The top five institutions (by number of loans) were American Express National Bank; JPMorgan Chase Bank, National Association; Bank of America, National Association; Capital One Bank (USA), National Association; and Citibank,

National Association. Collectively, these leading institutions accounted for 57.8 percent of the total market share.

There is a high level of competition for home mortgage loans among several financial institutions. In 2020, 610 lenders reported 23,250 originated or purchased home mortgage loans. The top five home mortgage originators (by number of loans) were Quicken Loans, LLC; Freedom Mortgage Corporation; Wells Fargo Bank, National Association; PennyMac Loan Services, LLC; and FBC Mortgage, LLC. Collectively, these leading institutions accounted for 23.4 percent of the total market share. United Southern Bank ranked 46th in home mortgage lending with a market share of 0.6 percent.

Community Contact

As part of the CRA evaluation process, examiners contact third parties in a bank's assessment area to gain additional insight regarding economic conditions and to assist in identifying the credit and community development needs of the assessment area. This information helps determine whether local financial institutions are responsive to these needs. Contacts may also confirm the types of credit and community development opportunities available in the assessment area.

Examiners contacted a representative from an economic development organization serving the Orlando-Kissimmee-Sanford, FL MSA assessment area. The contact indicated that current economic conditions are improving and the area is continuously growing. The contact identified several financial needs of the assessment area. These needs consist of small business and affordable housing loans and community development projects, such as Opportunity Zone Funds and New Market Tax Credit participation. The contact further indicated that there is a strong need for small business financial counseling.

Credit and Community Development Needs and Opportunities

Based on demographic and economic data and information from a community contact, some conclusions regarding the credit and community development needs of the Orlando-Kissimmee-Sanford, FL MSA assessment area can be derived. First, based on information from a community contact and from D&B data, a significant percentage of businesses have gross annual revenues of \$1.0 million or less at 93.4 percent, indicating a need for small business financial counseling and small business loans. Second, a need for assistance with participation in community development projects are needed for the area. Third, the relatively high percentage of low- and moderate-income families, as well as information from the community contact, there is a need for affordable housing. This need is magnified by the high median housing value for this assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE ORLANDO-KISSIMMEE-SANFORD, FL MSA ASSESSMENT AREA

LENDING TEST

Overall, the geographic distribution of loans reflects excellent dispersion throughout the assessment area. Additionally, the distribution of loans reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes and individuals of different income levels.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. Excellent performance for small business loans and home mortgage loans supports this conclusion. There are no low-income census tracts within this assessment area.

Small Business Loans

The geographic distribution of the small business loans reflects excellent dispersion throughout the assessment area. As shown in the following table, in 2021, the percentage of small business loans in moderate-income census tracts was significantly above the percentage of the businesses in these tracts.

Geographic Distribution of Small Business Loans in the Orlando-Kissimmee-Sanford, FL MSA Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	23.4	23	57.5	1,017	35.5
Middle	52.3	10	25.0	1,177	41.0
Upper	24.3	7	17.5	673	23.5
Totals	100.0	40	100.0	2,867	100.0
<i>Source: 2021 D&B Data and Bank Data</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. As illustrated in the following table, in 2020, the bank's home mortgage lending in moderate-income census tracts significantly exceeded aggregate lending and was above the percentage of owner-occupied housing units.

Geographic Distribution of Home Mortgage Loans in the Orlando-Kissimmee-Sanford, FL MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate	20.2	12.9	38	29.5	6,527	30.5
Middle	55.5	55.1	73	56.5	10,792	50.3
Upper	24.3	32.0	18	14.0	4,103	19.2
Totals	100.0	100.0	129	100.0	21,422	100.0

Source: 2015 ACS; 2020 HMDA Aggregate Data; and, 2020 HMDA Data

Borrower Profile

The distribution of loans reflects reasonable penetration among businesses of different sizes and individuals of different incomes.

Small Business Loans

The distribution of loans reflects a reasonable penetration among businesses of different sizes. In 2021, lending performance was significantly lower than demographic data. As the table indicates, there is a significant volume of loans with no revenue data available, which impacts the analysis. Of the loans with no revenue data available, all 17 loans are PPP loans for which revenue data was not required to be collected. Considering the loans for which no revenue is available, the analysis reflects that 17 loans or 73.9 percent of the 23 loans with revenue data were made to small businesses, which is considered reasonable. Additionally, a review of the 17 PPP loans determined that 16 loans or 94.1 percent had origination amounts of \$100,000 or less indicating assistance to small businesses.

Distribution of Small Business Loans by Gross Annual Revenue Category in the Orlando-Kissimmee-Sanford, FL MSA Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	93.4	17	42.5	887	30.9
>\$1,000,000	1.7	6	15.0	1,531	53.4
Revenue Not Available	4.9	17	42.5	449	15.7
Totals	100.0	40	100.0	2,867	100.0

Source: 2021 D&B Data and Bank Data

Home Mortgage Loans

Lending to borrowers of different income levels reflects reasonable penetration in this assessment area. As shown in the following table, lending in 2020 to low-income borrowers was significantly below the demographic data at 19.7 percent. Yet, the bank's lending performance more than doubled HMDA aggregate performance. In 2019, lending performance to low-income borrowers was significantly below demographics but mirrored HMDA aggregate data at 4.0 percent. Lending performance to moderate-income borrowers in 2020 was below both, demographics and aggregate performance.

Distribution of Home Mortgage Loans by Borrower Income Level in the Orlando-Kissimmee-Sanford, FL MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	19.7	3.4	9	7.0	625	2.9
Moderate	20.6	14.7	12	9.3	1,264	5.9
Middle	20.6	22.1	19	14.7	2,591	12.1
Upper	39.1	37.7	57	44.2	11,702	54.6
Not Available	0.0	22.1	32	24.8	5,240	24.5
Totals	100.0	100.0	129	100.0	21,422	100.0

Source: 2015 ACS; 2020 Aggregate HMDA Data; and, 2020 HMDA Data

COMMUNITY DEVELOPMENT TEST

The bank’s community development performance demonstrates adequate responsiveness to the community development needs in the assessment area. The bank met these needs through community development loans, qualified investments, and community development services.

Community Development Loans

United Southern Bank originated 398 community development loans totaling \$39.7 million during the evaluation period in this assessment area. This amount represents 83.8 percent by number and 77.3 percent by dollar volume of the total community development loans.

Listed below are examples of community development loans in the assessment area.

- During 2020 and 2021, United Southern Bank originated 366 SBA PPP loans in moderate-income census tracts totaling \$17.4 million. The loans serve to retain jobs that would otherwise be lost due to business closures because of the COVID-19 emergency.
- In 2020, the bank extended a \$3.0 million loan to a municipality to fund a redevelopment project that has CRA Tax Incremental Financing that will assist with revitalization and stabilization efforts. The redevelopment project is located in a moderate-income census tract in the downtown area of the municipality.
- In 2020, the institution originated a loan for \$2.1 million used to purchase a fully leased retail shopping center that is located in a moderate-income census tract. The loan supported the area by retaining the shopping center that operates with small businesses and helped to retain jobs of low- and moderate-income individuals.

Qualified Investments

United Southern Bank had one prior period investment totaling \$340,000 and 100 donations totaling \$121,000 benefitting this assessment area. This amount represents 87.1 percent by number and 96.4 percent by dollar volume of the total community development qualified investments and donations.

The following are some examples of qualified investments within the assessment area.

- United Southern Bank maintains an investment of \$340,000 that is a water and sewer bond associated with a municipality's capital improvement plan. The project addresses specific infrastructure needs with regard to the city's water and sewer distribution, collection, and treatment systems in moderate-income census tracts. The project helps provide the funds necessary to achieve the city's revitalization and stabilization needs.
- In 2019, 2020, and 2021, the bank donated a total of \$11,000 to a hospital's non-profit foundation unit that provides essential medical services for low- and moderate-income individuals. The hospital is located in a moderate-income census tract.
- In 2019, 2020, and 2021, United Southern Bank provided a total of \$8,250 to a non-profit organization that works with government, businesses, and residents to help revitalize and stabilize an area located in a moderate-income census tract. The local government has approved the organization's community development plan.

Community Development Services

Employees provided 84 community development services by providing financial or technical assistance to organizations in the assessment area. This amount represents 87.5 percent of the total community development services.

Listed below are some examples of community development services in the assessment area.

- In 2019, 2020, 2021, and 2022, an employee served as a Board member of a non-profit organization that serves low- to moderate-income individuals by providing scholarships to students. One of the requirements is that the student must have financial need as per the USDA income guidelines and participate in the free and/or reduced lunch program.
- In 2020, 2021, and 2022, an employee served as a committee member for an affordable housing organization that grants funds and forgives loans for non-profit organizations, municipalities, and developers for affordable housing projects serving households with incomes under 80 percent of the area's median income.
- In 2019, 2020, 2021, and 2022, several employees served on the Board or hold position of treasurer and provide financial assistance for various local chambers of commerce. These organizations have various programs for new and existing small businesses and help with economic development by expanding and attracting business in the area.

Additionally, the bank operates four or 33.3 percent full-service branches in moderate-income census tracts within this assessment area.

THE VILLAGES, FL MSA ASSESSMENT AREA– Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE VILLAGES, FL MSA ASSESSMENT AREA

United Southern Bank defines this assessment area to include all of Sumter County, FL, which comprises The Villages, FL MSA in its entirety. In 2019, the bank opened a new full-service office located in a moderate-income census tract within the assessment area. Two or 16.7 percent of the bank’s 12 full-service offices are located in this assessment area. The assessment area also accounts for 4.1 percent of the dollar volume of lending and 4.2 percent of deposits.

Economic and Demographic Data

This assessment area includes 19 census tracts, which consists of one low-, eight moderate-, seven middle-, no upper-income census tracts and 3 census tracts that do not have income designations. The following table outlines select demographic data of this assessment area based on the 2015 ACS data and the 2021 D&B data.

Demographic Information for The Villages, FL MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	19	5.3	42.1	36.8	0.0	15.8
Population by Geography	108,501	0.9	25.4	65.2	0.0	8.5
Housing Units by Geography	61,171	0.7	26.1	73.2	0.0	0.1
Owner-Occupied Units by Geography	43,312	0.2	23.0	76.8	0.0	0.0
Occupied Rental Units by Geography	4,727	3.5	40.2	55.8	0.0	0.5
Vacant Units by Geography	13,132	1.0	31.4	67.4	0.0	0.2
Businesses by Geography	10,084	1.5	34.4	63.9	0.0	0.2
Farms by Geography	459	1.7	53.8	44.2	0.0	0.2
Family Distribution by Income Level	32,883	15.5	20.8	24.3	39.5	0.0
Household Distribution by Income Level	48,039	21.1	18.1	20.4	40.5	0.0
Median Family Income The Villages, FL MSA	\$60,099	Median Housing Value				\$194,761
		Median Gross Rent				\$819
		Families Below Poverty Level				6.4%

*Source: 2015 ACS and 2021 D&B Data
Due to rounding, totals may not equal 100.0 percent.*

As shown in the following table, the annual unemployment rates for Sumter County increased from 2019 to 2020, and then decreased from 2020 to November 2021. The unemployment rate for the

assessment area was above the state and national rates in 2019 and 2021; yet, it was comparable to the state and national rates in 2020.

Unemployment Rates			
Area	2019	2020	November 2021
	%	%	%
Sumter County	4.9	7.9	5.0
State of Florida	3.3	7.7	3.6
Nation	3.7	8.1	3.9
<i>Source: Bureau of Labor Statistics</i>			

In terms of businesses and the economy, the 2021 D&B data shows the top industries in The Villages, FL MSA assessment area were services; retail trade; and finance, insurance and real estate. The Sumter Business notes the largest employers in Sumter County are CFHA-The Villages Regional Medical Center (1,128 employees), Publix Supermarkets (800 employees), T&D Concrete and Distribution (660 employees), Winn-Dixie (573 employees), and The Villages community (400 employees).

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE VILLAGES, FL MSA ASSESSMENT AREA

LENDING TEST

The bank’s lending performance in The Villages, FL MSA assessment area is consistent with the institution's lending performance overall

Geographic Distribution

Small business loan data reflects United Southern Bank originated five loans totaling \$686,339 in 2021. Of these loans, two totaling \$24,800 were located in moderate-income census tracts. Home mortgage data reflects the bank extended seven loans totaling approximately \$1.3 million in 2020. Of these loans, one totaling \$42,000 was originated in a low-income census tract, and one loan totaling \$220,000 was extended in a moderate-income census tract.

Borrower Profile

Small business loan data reflects the bank originated five loans totaling \$686,339 in 2021. Of these small business loans, zero loans with gross revenue levels of \$1 million or less were originated. However, two small business loans were PPP loans with no revenue data available. Home mortgage loan data reflects the bank extended seven loans totaling approximately \$1.3 million in 2020. Of these home mortgage loans, zero were extended to low-income borrowers, and one loan totaling \$220,000 was extended to moderate-income borrowers.

COMMUNITY DEVELOPMENT TEST

The bank’s community development performance in the assessment area is consistent with the institution's community development performance overall.

Please refer to the Community Development Activities (All Activities) table in the overall analysis for details regarding the community development loans, qualified investments, and community development services within this assessment area.

APPENDICES

INTERMEDIATE 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).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

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.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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.

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

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

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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.