

# **PUBLIC DISCLOSURE**

January 11, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Medallion Bank  
Certificate Number: 57449

1100 East 6600 South, Suite 510  
Salt Lake City, Utah 84121

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

25 Jessie Street at Ecker Square, Suite 2300  
San Francisco, California 94105

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 **Outstanding**.

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

Medallion Bank (MB) operated under an FDIC-approved Community Reinvestment Act (CRA) Strategic Plan (Plan) during the evaluation period. The evaluation covers Plan years 2018 and 2019, from April 1, 2018 to March 31, 2020. MB has not received any complaints related to its CRA performance.

- New community development (CD) lending and qualified investments met the bank's established goals for outstanding performance in Plan years 2018 and 2019.
- Combined new CD lending and new and prior period qualified investments met the bank's established goals for outstanding performance in Plan years 2018 and 2019.
- CD service hours met the bank's established goals for outstanding performance in Plan years 2018 and 2019.

## DESCRIPTION OF INSTITUTION

MB is an industrial bank located in Salt Lake City, Utah. MB is chartered by the State of Utah and operates a single office located at 1100 East 6600 South, Suite 510, Salt Lake City, Utah, and a loan production office located in Bothell, Washington. MB is wholly-owned by Medallion Financial Corporation (MFC), a publicly-held financial company located in New York City, New York. MB is the only subsidiary of MFC. MB received an outstanding rating at its previous FDIC CRA Performance Evaluation dated April 2, 2018, and was based on Interagency Strategic Plan Examination Procedures.

MB does not directly market loans to consumers. Instead, loan products originated through MB are offered through dealers and independent contractors nationwide. The bank specializes in offering loans for the purchase of recreation products and home improvement projects. Since the previous examination, the bank also began originating unsecured, consumer loans through a third-party lending relationship. All of MB's deposits are obtained through brokers and internet listing services. No merger activity occurred, and no branches were opened or closed during the review period. MB does not have any traditional banking services, including branches, tellers, or automated teller machines.

As of the September 30, 2020 Consolidated Reports of Condition and Income (Call Report), assets totaled \$1.3 billion, deposits totaled \$1.1 billion, and loans and leases net of unearned income totaled \$1.2 billion. Of the bank's total loans, consumer loans represent 93.3 percent or \$1.1 billion and commercial loans represent 6.8 percent or \$81.3 million.

The following table illustrates MB's loan portfolio distribution as of September 30, 2020, Reports of Condition and Income (Call Report).

<b>Loan Portfolio Distribution as of 9/30/2020</b>		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	0	0.0
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	0	0.0
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	1,824	0.2
Total Real Estate Loans	1,824	0.2
Commercial and Industrial Loans	79,456	6.6
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	1,125,501	93.2
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	1,206,781	100.0
<i>Source: Call Reports. Due to rounding, totals may not equal 100.0 percent.</i>		

## DESCRIPTION OF ASSESSMENT AREA

MB has defined its AA as the entirety of Salt Lake County, which is part of the Salt Lake City Metropolitan Statistical Area (MSA) #41620. The AA remains unchanged since the previous evaluation. The bank’s AA meets the technical requirements of the CRA regulation and does not reflect any illegal discrimination or arbitrary exclusion of LMI areas.

To establish the bank’s performance context, examiners relied on the bank’s records, financial information, demographic data from the 2015 American Community Survey (ACS), D&B Data, and other public sources, as well as information obtained from a community contact.

### Economic and Demographic Data

The AA consists of 212 census tracts: 7 low-, 51 moderate-, 86 middle-, 65 upper-income, and 3 census tracts where income information was not available. There are no distressed or underserved non-metropolitan middle-income census tracts within the AA. The following table shows select demographic, housing, and business information of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	212	3.3	24.1	40.6	30.7	1.3
Population by Geography	1,078,958	3.2	22.8	43.1	30.0	0.9
Housing Units by Geography	372,990	3.1	24.3	42.6	29.2	0.7
Owner-Occupied Units by Geography	233,092	1.5	17.5	44.9	35.6	0.5
Occupied Rental Units by Geography	118,800	6.4	36.9	39.4	16.1	1.2
Vacant Units by Geography	21,098	2.3	28.9	35.3	33.3	0.2
Businesses by Geography	109,968	2.9	21.2	39.3	35.8	0.9
Farms by Geography	1,703	2.2	19.8	40.2	37.3	0.4
Family Distribution by Income Level	247,693	19.9	17.6	22.0	40.5	0.0
Household Distribution by Income Level	351,892	22.3	16.6	20.4	40.6	0.0
Median Family Income MSA - #41620 Salt Lake City, UT MSA		\$71,849	Median Housing Value			\$247,942
			Median Gross Rent			\$966
			Families Below Poverty Level			9.2%
<i>Source: 2015 ACS and 2019 D&amp;B Data.            Due to rounding, totals may not equal 100.0 percent.            (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The following table shows unemployment trends in the AA in comparison with the state and national unemployment levels. As shown in the table, the unemployment rates increased during

2020 as a result of the global pandemic, referred to as COVID-19. Salt Lake County has seen a significant increase in unemployment due to COVID-19, but at a lesser rate in comparison to the national level.

Unemployment Rates				
Area	January 2018	January 2019	January 2020	April 2020
	%	%	%	%
Salt Lake County	3.1	2.8	2.6	11.2
State of Utah	3.3	3.1	2.8	10.4
National Average	4.5	4.4	4.0	14.4
<i>Source: Bureau of Labor Statistics</i>				

According to the July 2020 Moody’s Analytics, the Salt Lake City MSA had a strong economy, robust job growth and low unemployment during a majority of the evaluation period. However, Salt Lake County was significantly impacted by COVID-19 and was exposed to a sudden drop in economic activity. Retail, leisure, and hospitality jobs were impacted the most in the bank’s AA. The AA is experiencing an appreciation of residential real estate values, the technology industry is expanding in Salt Lake County, and the AA has below-average business costs in comparison to national levels. Major employers include the University of Utah, Intermountain Health Care Inc., Walmart, and Delta Airlines.

**Competition**

Competition within the bank’s AA is very strong for banking services and lending. According to the June 30, 2020 FDIC Deposit Market Share Report, 41 financial institutions operate 209 offices and share \$684.6 billion in deposits. A number of large industrial and commercial banks operate in the AA, with five financial institutions accounting for approximately 73.1 percent of the AA’s deposit market share. MB operates one office and ranks 20<sup>th</sup> with a deposit share of 0.2 percent.

**Community Contact**

As part of the evaluation process, examiners reviewed a recent community contact with an organization serving Salt Lake County that provides entrepreneurial development counseling, training, and financing to small businesses. The contact noted that financial institutions have been active in participating in the Small Business Administration’s (SBA) Paycheck Protection Program (PPP); however, there continues to be more opportunities for local financial institutions to provide further assistance to businesses affected by the economic impact of COVID-19. The contact specifically mentioned the proposed second round of PPP loans as a means of support for local small businesses, as well as the SBA’s Economic Injury Disaster Loan program, which is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue.

## **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that the most significant CD needs in the AA are small business lending, affordable housing, and activities targeted to LMI individuals and families. MB's management also conducted a needs assessment survey of several key community service providers to identify the needs and opportunities that can be met through the bank's resources and expertise. The Plan identified challenges facing LMI populations and opportunities for bank activities, such as community services, affordable housing, economic development, and financial education.

## **SCOPE OF EVALUATION**

### **General Information**

Examiners used Interagency Strategic Plan Examination Procedures to evaluate MB's CRA performance. As previously mentioned, the current evaluation covers Plan years 2018 and 2019, from April 1, 2018 to March 31, 2020, as part of the Plan approved for the period of April 1, 2015 to March 31, 2020. The Plan creates measurable goals for each one-year period for the following: new CD lending and investments, prior period investments plus current lending and investments, and CD service hours.

Plan year 2020, which covers the period from April 1, 2020 to March 31, 2021, was not reviewed as the Plan's full one-year period had not yet been completed at the start of the current evaluation.

### **Activities Reviewed**

The evaluation reflects MB's CRA performance from April 1 2018 through March 31, 2020. The following bank activities were reviewed under the three Plan years:

- CD loans;
- Qualified investments (including grants and donations); and
- CD services.

This evaluation was performed remotely due to safety measures taken in response to the COVID-19 pandemic. Examiners relied upon records provided by MB. Examiners evaluated MB's CRA performance with the consideration of the following factors:

- Current economic environment;
- Demographic characteristics of the bank's AA;
- CD needs and opportunities for lending, investments, and services;
- MB's products, services, market and business strategies; and
- MB's financial resources and constraints.

For purposes of evaluating the Plan's measurable goals, management provided data on CD loans, qualified investments, and CD services from April 1, 2018 through March 31, 2020.

## CONCLUSIONS ON PERFORMANCE CRITERIA

MB's CRA performance reflects outstanding performance in helping to meet the credit needs in its AA in a manner consistent with the established goals in the Plan. The bank performance met the threshold for outstanding performance for all goals established. The following information summarizes the goals delineated in the Plan compared to the bank's actual performance from April 1, 2018 to March 31, 2020, for Plan years 2018 and 2019.

### CD Loans and Investments, Grants and Donations

The bank established two measureable goals for CD loans and qualified investments. The first measureable goal is for new CD loans and qualified investments divided by the average assets for the four quarters within the Plan year. The bank's average assets is calculated by using line 9 of Schedule RC-K (Quarterly Averages) in the Call Report for the bank's four quarters in that Plan year. MB met its goal for outstanding performance each year. The following tables shows MB's actual performance compared to each measurable goal.

New CD Loans and Investments, Grants and Donations					
Plan Year	Bank Established Goals		Bank Performance		
	<i>Satisfactory</i>	<i>Outstanding</i>	Investments Total (000s)	*Average Assets (000s)	Actual Performance
2018	0.40%	0.60%	\$10,474	\$1,069,686	0.98%
2019	0.40%	0.60%	\$7,111	\$1,141,353	0.62%

*Source: MB Records, MB's Plan, and Call Reports.*  
*\*Quarterly Average Assets RC-K for the current Plan year.*

In Plan year 2018, MB purchased an affordable housing bond totaling \$3.0 million. Furthermore, MB originated a \$1.0 million loan in Plan year 2018 and a \$2.0 million loan in Plan year 2019 to a non-profit affordable housing organization serving the AA. In Plan year 2019, MB originated two loans totaling \$20,000 to a non-profit organization that creates affordable housing in the AA. MB also made 4 donations totaling \$14,000 in each Plan year to various organizations that provide essential goods and services to LMI individuals and families.

The second measurable goal is the total of all new loans and investments plus any prior period CD investments that are still outstanding at year-end for the Plan year. MB met its goal for outstanding performance each year. The following table shows MB's performance compared to each measurable goal.

New CD Lending and New/Prior Period Qualified Investments					
Plan Year	Bank Established Goals		Bank Performance		
	<i>Satisfactory</i>	<i>Outstanding</i>	*Investments Total (000s)	**Average Assets (000s)	Actual Performance
2018	1.30%	1.75%	\$26,920	\$1,069,686	2.52%
2019	1.30%	1.75%	\$28,655	\$1,141,353	2.51%

*Source: MB Records, MB's Plan, and Call Reports.*  
*\*Includes prior period investments outstanding at year-end; \*\*Quarterly Average Assets RC-K for current year*



Prior period investments include Utah Housing bonds that are secured by a majority of mortgages to LMI borrowers totaling \$9.2 million in Plan year 2018 and \$10.2 million in 2019.

**CD Services**

MB established a goal of 176 CD service hours for satisfactory and 216 hours for outstanding performance. MB met its goal for outstanding performance during 2018 and 2019. The following table shows MB’s actual performance compared to the goals established in the Plan.

<b>CD Service Hours</b>			
<b>Plan Year</b>	<b>Bank Established Goals</b>		<b>Bank Performance: Qualified Service Hours</b>
	<i>Satisfactory</i>	<i>Outstanding</i>	
2018	176	216	490
2019	176	216	342

*Source: MB Records and MB’s Plan.*

During Plan year 2018, service hours include 358 hours teaching financial education to LMI students in schools where the majority of students are eligible for free or reduced-priced lunch. During Plan year 2019, service hours include 205 hours for the same financial education program. Specifically, bank employees taught LMI students about earning, spending, and saving money, as well as how banks operate. A member of senior management served 16 hours in Plan year 2018 and 22 hours in Plan year 2019 on the Board of Directors and committees of an organization that provides affordable housing to LMI individuals and families in the AA.

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of discriminatory or other illegal credit practices inconsistent with helping community credit needs was identified.

## 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.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**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.