

PUBLIC DISCLOSURE

June 13, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American Bank of the North
Certificate Number: 5216

117 Central Avenue
Nashwauk, Minnesota 55769

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Kansas City Region

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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

American Bank of the North's (ABN) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and credit needs of its assessment areas.
- The bank made a majority of its small business and home mortgage loans in the assessment areas.
- The geographic distribution of loans reflects excellent distribution throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration of loans among businesses of different revenue sizes and individuals of different income levels.
- The institution did not receive any 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 adequate responsiveness to the community development needs of its assessment areas 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.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated March 25, 2013, to the current evaluation dated June 13, 2016. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate ABN's CRA performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test.

The Lending Test considered the institution's performance according to the following criteria: LTD Ratio, Assessment Area Concentration, Geographic Distribution, Borrower Profile, and Response to CRA-related complaints. The Community Development Test considered the following factors: number and dollar amount of community development loans, qualified investments, and community development services; and the responsiveness of such activities to the community development needs of the assessment areas.

Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

ABN has two contiguous assessment areas, which have not changed since the previous evaluation. The St. Louis County Assessment Area (AA) consists of portions of St. Louis County in northern Minnesota. St. Louis County is included in the Duluth MN-WI Metropolitan Statistical Area (MSA). The second assessment area, Non-Metropolitan MN AA, consists of all of Itasca County and one census tract in Aitkin County in northern Minnesota. Both assessment areas will receive full-scope reviews. Additionally, both assessment areas are given equal weight as the volume of lending activity for the products reviewed in each assessment area were similar.

Loan Products Reviewed

This evaluation includes reviews of the bank's small business and home mortgage loans. These are considered to be the bank's major product lines based on business strategy and the number and dollar volume of loans originated during the evaluation period.

The bank's record of originating small business loans contributed more weight to overall conclusions, as it comprises a larger portion of the bank's loan portfolio when compared to home mortgage lending as of March 31, 2016. Small farm loans and consumer loans were not considered as part of this evaluation, as they do not make up a significant portion of the bank's loan portfolio and are not considered major product lines for the bank.

Examiners selected a sample of small business loans originated between January 1, 2015, and December 31, 2015, for each of the bank's assessment areas. These samples were considered representative of the bank's performance during the entire evaluation period. The following table depicts the universe and sample size of small business loans during the noted timeframe. D&B data for 2015 provided a standard of comparison for the sampled small business loans. In addition, this evaluation considered all home mortgage loans reported on the bank's 2014 and 2015 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The following table depicts the number and dollar volume of home mortgage loans considered for

each year. Examiners did not identify any trends between 2014 and 2015 HMDA data that materially affect conclusions. Therefore, this evaluation presents information for 2014, the most recent year for which aggregate data is available.

Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Home Mortgage - 2014	334	44,050	334	44,050
Home Mortgage - 2015	362	50,828	362	50,828
Small Business	268	38,895	66	8,388

Source: Bank Records from 01/01/2015 through 12/31/2015, 2014 and 2015 HMDA LARs

For the Lending Test, examiners reviewed the number and dollar volume of small business and home mortgage loans. While the number and dollar volume of loans are presented, examiners focused on the number of loans, as it is a better indicator of the number of businesses and individuals served. Loans originated during the same time period and paid off were not considered, as information on these loans was not readily available. For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior evaluation dated March 25, 2013.

DESCRIPTION OF INSTITUTION

Background

ABN is headquartered in Nashwauk, Minnesota and is owned by Mesaba Bancshares, Inc., a two-bank holding company, that also owns The Lake Bank, Two Harbors, Minnesota. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated March 25, 2013, based on Interagency Intermediate Small Bank Examination Procedures.

Operations

ABN operates nine full-service and three limited-service offices. The full service offices are located in Nashwauk, Chisholm, Orr, Mountain Iron, Grand Rapids (three), Cook, and Hibbing, Minnesota. Limited-service offices are located in Hibbing, Biwabik, and Calumet, Minnesota. Additionally, there is a center for credit card operations in Hibbing, Minnesota; a data center in Nashwauk, Minnesota; and an administrative office in Grand Rapids, Minnesota. No branches have opened or closed since the prior examination. However, in 2014, the bank purchased Tacet Resources, Inc., a mortgage brokerage company. It became Tacet Mortgage, LLC, a fully-owned subsidiary of the bank. In 2016, ABN absorbed Tacet Mortgage, LLC, into its operations.

ABN offers loan products including commercial, home mortgage, and consumer loans, primarily focusing on commercial lending. The bank also offers loans through special programs with the Small Business Administration and the Iron Range Resource & Rehabilitation Board. The bank provides a variety of deposit services including checking, savings, certificate of deposit, and Individual Retirement Accounts. In addition, the bank offers correspondent banking services. Services offered through correspondent banking include bank stock loans; participation loans; merchant card services; excess liquidity accounts; and secondary market, rural housing, Home

Affordable Refinance Program (HARP), Federal Housing Administration (FHA), and niche loans. Alternative banking services include Internet and mobile banking, remote deposit, electronic bill pay, prepaid cards, and ten bank-owned automated teller machines (ATMs).

Ability and Capacity

Based on the March 31, 2016, Reports of Condition and Income (Call Report), assets totaled approximately \$573.3 million and included total loans of approximately \$459.2 million and total deposits of approximately \$496.4 million. The bank’s loan portfolio distribution is illustrated in the following table. Home loans originated and sold into the secondary market are not reflected in the loan portfolio distribution table.

Table 2 - Loan Portfolio Distribution as of March 31, 2016		
Loan Category	\$(000s)	%
Construction and Land Development	41,344	9.0
Secured by Farmland	838	0.2
1-4 Family Residential	130,918	28.5
Multi-family (5 or more) Residential	10,087	2.2
Commercial Real Estate	144,865	31.5
Total Real Estate Loans	328,052	71.4
Commercial and Industrial	69,263	15.1
Agricultural	748	0.2
Consumer	11,155	2.4
Other	50,033	10.9
Less: Unearned Income	0	0.0
Total Loans	459,251	100.0
<i>Source: Call Report</i>		

Examiners did not identify any financial, legal, or their impediments that affect the bank’s ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. ABN designated two contiguous assessment areas: the St. Louis County AA and the Non-Metropolitan MN AA. The following sections discuss demographic and economic information for the assessment areas.

St. Louis County AA

Economic and Demographic Data

The St. Louis County AA includes 27 census tracts in northwestern St. Louis County, Minnesota. The tracts have the following designations according to the 2010 U.S. Census:

- 7 moderate-income tracts
- 20 middle-income tracts

In addition, the following table illustrates select demographic characteristics of the assessment area.

Table 3 – Demographic Information of the Assessment Area						
Assessment Area: St. Louis County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts)	27	0.0	25.9	74.1	0.0	0.0
Population by Geography	78,686	0.0	21.7	78.3	0.0	0.0
Housing Units by Geography	48,275	0.0	19.5	80.5	0.0	0.0
Owner-Occupied Units by Geography	28,791	0.0	18.0	82.0	0.0	0.0
Occupied Rental Units by Geography	7,640	0.0	40.0	60.0	0.0	0.0
Vacant Units by Geography	11,844	0.0	10.0	90.0	0.0	0.0
Businesses by Geography	5,736	0.0	21.8	78.2	0.0	0.0
Farms by Geography	240	0.0	10.0	90.0	0.0	0.0
Family Distribution by Income Level	22,197	22.4	20.9	23.1	33.6	0.0
Household Distribution by Income Level	36,431	28.1	15.8	18.8	37.3	0.0
Median Family Income MSA - 20260 Duluth, MN-WI MSA	\$59,812	Median Housing Value		\$129,780		
		Median Gross Rent		\$494		
		Families Below Poverty Level		8.7%		

Source: 2010 U.S. Census and 2015 D&B Data

According to 2015 D&B data, there were 5,736 businesses in the assessment area. Gross annual revenues for these businesses are detailed below.

- 78.0 percent have \$1 million or less.
- 4.8 percent have more than \$1 million.
- 17.2 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue level. Service industries represent the largest portion of businesses at 46.6 percent, followed by retail trade at 13.5 percent, and construction at 9.3 percent. In addition, 71.0 percent of businesses have four or fewer employees, and 87.0 percent operate from a single location.

The 2014 FFIEC-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table.

Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2014 (\$64,300)	<\$32,150	\$32,150 to <\$51,440	\$51,440 to <\$77,160	≥\$77,160
<i>Source: FFIEC</i>				

2010 U.S. Census data shows 48,275 housing units. Of these, 59.7 percent are owner-occupied, 15.8 percent are occupied rental units, and 24.5 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Data obtained from Moody’s Analytics indicates that the year-end 2015 unemployment rate was 3.6 percent for the State of Minnesota and 5.0 percent for the United States. St. Louis County, Minnesota had an unemployment rate of 5.3 percent for the same timeframe.

Competition

St. Louis County in Minnesota is somewhat competitive for financial services. According to the FDIC Deposit Market Share data as of June 30, 2015, there were 22 financial institutions that operated 72 branches within the county. Of these institutions, ABN ranked 3rd with 8.5 percent deposit market share.

There is competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders within the St. Louis County AA. In 2014, 188 lenders reported a total of 2,544 residential mortgage loans originated or purchased. ABN ranked 3rd out of this group of lenders, with a market share of 9.3 percent. The two most prominent home mortgage lenders accounted for 23.7 percent of total market share.

Community Contact

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

Examiners contacted a representative of an economic development organization in the St. Louis County AA. The contact indicated that mining and mining-related industries, as well as support and customer contact industries dominate the area. The contact indicated that the mining industries, which have struggled in recent years, have hit bottom and are improving. In addition, it was noted that customer service industries are doing well. The contact indicated that the primary credit need in the assessment area is small business lending. While the contact did not identify any specific community development opportunities, it was noted that local financial institutions are doing a good job in meeting area credit needs.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business loans represent a primary credit need for the St. Louis County AA. Both bank management and the community contact identified

small business lending, as a primary credit need. In addition, demographic data indicated a significant percentage of businesses within the assessment area have gross annual revenues of \$1 million or less and a large number of businesses have four or fewer employees, which further supports this conclusion. As noted earlier, the community contact did not identify any specific community development opportunities within the assessment area.

Non-Metropolitan MN AA

Economic and Demographic Data

The Non-Metropolitan MN AA includes all 11 census tracts in Itasca County, Minnesota and census tract 7702 in Aitkin County, Minnesota. These tracts reflect the following income designations according to the 2010 U.S. Census:

- 4 moderate-income tracts,
- 6 middle-income tracts, and
- 2 upper-income tracts.

In addition, the following table illustrates select demographic characteristics of the assessment area.

Table 5 – Demographic Information of the Assessment Area						
Assessment Area: Non-Metropolitan MN AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts)	12	0.0	33.3	50.0	16.7	0.0
Population by Geography	47,394	0.0	21.4	62.8	15.8	0.0
Housing Units by Geography	28,878	0.0	24.8	61.8	13.4	0.0
Owner-Occupied Units by Geography	16,340	0.0	21.1	62.4	16.5	0.0
Occupied Rental Units by Geography	3,716	0.0	22.6	71.0	6.4	0.0
Vacant Units by Geography	8,822	0.0	32.6	56.9	10.5	0.0
Businesses by Geography	3,350	0.0	19.2	67.8	13.0	0.0
Farms by Geography	156	0.0	16.0	58.3	25.7	0.0
Family Distribution by Income Level	13,739	20.4	19.8	22.6	37.2	0.0
Household Distribution by Income Level	20,056	24.8	16.6	19.0	39.6	0.0
Median Family Income Non-Metropolitan - MN	\$57,683	Median Housing Value		\$149,701		
		Median Gross Rent		\$573		
		Families Below Poverty Level		8.1%		

Source: 2010 U.S. Census and 2015 D&B Data

According to 2015 D&B data, there were 3,350 businesses in the assessment area. Gross annual revenues for these businesses are detailed below.

- 81.9 percent have \$1 million or less.
- 4.3 percent have more than \$1 million.
- 13.8 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue level. Service industries represent the largest portion of businesses at 47.7 percent; followed by retail trade at 12.9 percent; and construction at 10.5 percent. In addition, 74.6 percent of businesses have four or fewer employees, and 90.3 percent operate from a single location.

The 2014 FFIEC-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table.

Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2014 (\$61,700)	<\$30,850	\$30,850 to <\$49,360	\$49,360 to <\$74,040	≥\$74,040
<i>Source: FFIEC</i>				

There are 28,878 housing units. Of these, 56.6 percent are owner-occupied, 12.9 percent are occupied rental units, and 30.5 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Data obtained from Moody’s Analytics indicates that the year-end 2015 unemployment rate was 3.6 percent for the State of Minnesota and 5.0 percent for the United States. Itasca and Aitkin counties in Minnesota had unemployment rates of 6.5 and 5.9 percent, respectively for the same timeframe.

Competition

Itasca and Aitkin counties in Minnesota are moderately competitive for financial services. According to the FDIC Deposit Market Share data as of June 30, 2015, 13 financial institutions operated 25 branches within the counties. Of these institutions, ABN ranked 1st with 21.5 percent deposit market share.

There is competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders within the Non-Metropolitan MN AA. In 2014, 156 lenders reported a total of 1,670 residential mortgage loans originated or purchased. ABN ranked 3rd out of this group of lenders, with a market share of 9.2 percent. The two most prominent home mortgage lenders accounted for 32.8 percent of total market share.

Community Contact

Examiners relied upon two previously conducted contacts: one was a representative of an economic development organization and the other was a representative of a housing organization. The contacts both indicated that there as a need for affordable housing in the area. A contact noted that there is construction activity taking place in tax increment financing districts, several of which are housing districts to create more market- and income-based rental housing. One contact noted that area bankers have been active in providing financial education by making presentations on financial literacy topics. In addition, a contact noted significant competition among financial institutions in the area.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that home mortgage loans represent a primary credit need for the assessment area. Both bank management and the community contacts identified home mortgage loans as a credit need in the area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Lending Test performance is reasonable. Performance under the LTD Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and assessment areas' credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 89.0 percent over the last 13 quarters from March 31, 2013, to March 31, 2016. The ratio ranged from a low of 84.8 percent on September 30, 2013, to a high of 92.0 percent on June 30, 2015. ABN maintained a ratio that is higher than those of comparable institutions, as shown in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus. The bank also originates and sells a significant volume of home mortgage loans to secondary market investors. These home mortgage loans are not reflected in the LTD ratio.

Bank	Total Assets as of 03/31/2016 \$(000s)	Average Net LTD Ratio (%)
The First National Bank of Bemidji Bemidji, MN	643,654	67.8
Deerwood Bank Deerwood, MN	497,370	80.4
American Bank of the North Nashwauk, MN	573,301	89.0
First National Bank North Walker, MN	486,789	68.0

Source: Call Reports 03/31/13 through 03/31/16

Assessment Area Concentration

The bank made a majority of small business and home mortgage loans, by number and dollar volume, within its assessment areas. The loans located within the bank’s assessment areas will be carried forward in this evaluation for further analysis. However, of the 56 small business loans located within the bank’s assessment areas, only 50 of them are included in the Geographic Distribution and Borrower Profile reviews. Six of the loans sampled within the assessment areas were originated by a branch located in a different assessment area than the property securing the loan was located in. Therefore, while those loans are still considered to be within one of the bank’s assessment areas, they were not located in the assessment area for which they were sampled and are not reviewed going forward. Refer to the following table for additional information. The previously discussed merger and absorption of Tacet Mortgage, LLC also has an effect on home mortgage lending outside of the assessment area due to Tacet Mortgages, LLC’s existing relationships located elsewhere.

Table 8 - Lending Inside and Outside of the Assessment Area

Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business*	56	84.8	10	15.2	66	6,226	74.2	2,162	25.8	8,388
Home Mortgage	262	78.4	72	21.6	334	28,642	65.0	15,408	35.0	44,050

Source: 2014 HMDA Reported Data, (*)2015 Bank Records

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the bank’s assessment areas. The bank’s excellent performance of small business and home mortgage lending supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts. As stated previously, small business lending performance received more weight in the overall analysis and both assessment areas received equal weight.

Small Business Loans

St. Louis County AA

The geographic distribution of sampled small business loans in the St. Louis County AA reflects reasonable dispersion. The following table shows that the bank’s performance in the moderate-income geographies at 16.0 percent is below comparable D&B data at 21.8 percent. While examiners focus on the number of loans rather than the dollar volume, it was also noted that a majority of the dollar volume of sampled loans were in the moderate-income geographies, demonstrating that the bank is willing to lend to those geographies. While lower than demographic data, the bank’s performance is still deemed reasonable.

Table 9 - Geographic Distribution of Small Business Loans St. Louis County AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	21.8	4	16.0	1,205	51.7
Middle	78.2	21	84.0	1,124	48.3
Total	100.0	25	100.0	2,329	100.0

Source: 2015 D&B Data, 2015 Bank Records

Non-Metropolitan MN AA

The geographic distribution of sampled small business loans in the Non-Metropolitan MN AA reflects excellent dispersion. The following table shows that the bank's performance in the moderate-income tracts greatly exceeds comparable D&B data.

Table 10 - Geographic Distribution of Small Business Loans Non-Metropolitan MN AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	19.2	10	40.0	1,244	39.9
Middle	67.8	12	48.0	1,124	36.1
Upper	13.0	3	12.0	747	24.0
Total	100.0	25	100.0	3,115	100.0

Source: 2015 D&B Data, 2015 Bank Records

Overall, the geographic distribution of small business loans reflects excellent dispersion throughout the assessment areas.

Home Mortgage Loans

St. Louis County AA

The geographic distribution of home mortgage loans in the St. Louis County AA reflects reasonable dispersion throughout the assessment area. Examiners focused on the comparison to aggregate lending data. The following table shows that the bank's performance in moderate-income geographies exceeds comparable aggregate lending data.

Table 11 - Geographic Distribution of Home Mortgage Loans St. Louis County AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate	18.0	19.6	33	20.2	1,997	14.0
Middle	82.0	80.4	130	79.8	12,226	86.0
Totals	100.0	100.0	163	100.0	14,223	100.0

Source: 2010 U.S. Census, 2014 HMDA Reported Data, 2014 HMDA Aggregate Data

Market share data further supported the bank's reasonable performance. In 2014, the bank ranked third in lending in moderate-income census tracts with 9.6 percent market share in the St. Louis County AA. This is consistent with the bank's overall market rank of third with 9.3 percent market share within the assessment area in 2014.

Non-Metropolitan MN AA

The geographic distribution of home mortgage loans in the Non-Metropolitan MN AA reflects excellent dispersion throughout the assessment area. Examiners focused on the comparison to aggregate lending data. The following table shows that the bank's performance in moderate-income geographies significantly exceeds comparable aggregate lending data.

Tract Income Level	% of Owner- Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate	21.1	17.3	27	27.3	2,637	18.3
Middle	62.4	66.1	64	64.6	10,575	73.3
Upper	16.5	16.6	8	8.1	1,207	8.4
Total	100.0	100.0	99	100.0	14,419	100.0

Source: 2010 U.S. Census, 2014 HMDA Reported Data, 2014 HMDA Aggregate Data

Market share data further supported the bank's excellent performance. In 2014, the bank was tied with two other financial institutions for the most loans originated in moderate-income census tracts within the Non-Metropolitan MN AA, each with 12.1 percent of the loans originated in those census tracts. This is consistent with the bank's overall market rank of third with 9.2 percent market share within the assessment area in 2014. Overall, the geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment areas.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses of different revenue sizes and individuals of different income levels in the assessment areas. The bank's reasonable performance of small business and home mortgage lending supports this conclusion. Examiners focused on the percentage by number of small business loans to businesses with gross annual revenues of \$1 million or less. They also focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. As stated previously, small business lending performance received more weight in the overall analysis and both assessment areas received equal weight.

Small Business Loans

St. Louis County AA

The distribution of small business loans in the St. Louis County AA reflects reasonable penetration of loans to businesses with gross annual revenues of \$1 million or less. The following table shows that 64.0 percent of the sampled loans were originated to businesses with

gross annual revenues of \$1 million or less. This number is less than comparable D&B data, but still reflects a reasonable performance.

Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	78.0	16	64.0	497	21.3
> \$1,000,000	4.8	9	36.0	1,832	78.7
Revenue Not Available	17.2	0	0.0	0	0.0
Total	100.0	25	100.0	2,329	100.0

Source: 2015 D&B Data, 2015 Bank Records

Non-Metropolitan MN AA

The distribution of small business loans in the Non-Metropolitan MN AA reflects reasonable penetration of loans to businesses with gross annual revenues of \$1 million or less. The following table shows that 56.0 percent of the sampled loans were originated to businesses with gross annual revenues of \$1 million or less. This number is less than comparable D&B data, but still reflects a reasonable performance. In addition, the dollar volume of loans to businesses with gross annual revenues of \$1 million or less is higher than the bank's lending percentage by number. This performance is not typical as smaller businesses typically have smaller loan requests and indicates the bank is serving the credit needs of smaller businesses. Overall, the distribution of small business loans reflects reasonable penetration to businesses of different revenue sizes.

Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	81.9	14	56.0	1,991	63.9
> \$1,000,000	4.3	11	44.0	1,124	36.1
Revenue Not Available	13.8	0	0.0	0	0.0
Total	100.0	25	100.0	3,115	100.0

Source: 2015 D&B Data, 2015 Bank Records

Home Mortgage Loans

The distribution of home mortgage loans in the St. Louis County AA to individuals of different income levels, including low-and moderate-income borrowers, is reasonable. Examiners focused on the comparison to aggregate lending data.

St. Louis County AA

Home mortgage lending in the St. Louis County AA to low- and moderate-income borrowers is reasonable and generally consistent with aggregate lending data. While the bank's performance is well below 2010 U. S. Census data for low-income families, a low-income family within the assessment area would have an income of \$32,150 or less and would not likely qualify for a

mortgage under conventional underwriting standards. Therefore, the demand and opportunity for lending to low-income families are relatively limited. This is reflected in the aggregate data showing only 12.5 percent of loans were to low-income borrowers in 2014.

Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	22.4	12.5	19	11.7	747	5.2
Moderate	20.9	19.0	30	18.4	2,027	14.2
Middle	23.1	23.9	35	21.5	3,395	23.9
Upper	33.6	33.3	62	38.0	6,380	44.9
Income Not Available	0.0	11.3	17	10.4	1,674	11.8
Total	100.0	100.0	163	100.0	14,223	100.0

Source: 2010 U.S. Census, 2014 HMDA Reported Data, 2014 HMDA Aggregate Data

Market share data further supported the bank’s performance within the St. Louis County AA under this criterion. In 2014, the bank ranked third in lending to low-income borrowers with a 9.3 percent market share. Similarly, it ranked third in lending to moderate-income borrowers within the assessment area with a 9.7 percent market share. These rankings are consistent with the bank’s overall market rank of third in the assessment area in 2014.

Non-Metropolitan MN AA

The distribution of home mortgage loans in the Non-Metropolitan MN AA to individuals of different income levels, including low-and moderate-income borrowers, is excellent. Examiners focused on the comparison to aggregate lending data.

Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	20.4	7.7	16	16.2	716	5.0
Moderate	19.8	21.8	24	24.2	1,965	13.6
Middle	22.6	24.6	18	18.2	1,704	11.8
Upper	37.2	32.1	31	31.3	3,986	27.7
Income Not Available	0.0	13.8	10	10.1	6,048	41.9
Total	100.0	100.0	99	100.0	14,419	100.0

Source: 2010 U.S. Census, 2014 HMDA Reported Data, 2014 HMDA Aggregate Data

Home mortgage lending in the Non-Metropolitan MN AA to low- and moderate-income borrowers is excellent and exceeds aggregate lending data, particularly for lending to low-income borrowers. While the bank’s performance is below 2010 U. S. Census data for low-

income families, a low-income family within the assessment area would have an income of \$30,850 or less and would not likely qualify for a mortgage under conventional underwriting standards. Therefore, the demand and opportunity for lending to low-income families are relatively limited.

Market share data further supported the bank's performance within the Non-Metropolitan MN AA under this criterion. In 2014, the bank ranked second in lending to low-income borrowers with a 16.8 percent market share. Similarly, it ranked third in lending to moderate-income borrowers within the assessment area with a 9.4 percent market share. These rankings are consistent with the bank's overall market rank of third in the assessment area in 2014.

Overall, the distribution of home mortgage loans reflects reasonable penetration to borrowers of different income levels.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

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

Community Development Loans

ABN originated 35 community development loans totaling approximately \$23.7 million during the evaluation period. This level of activity represents 4.1 percent of total assets and 5.3 percent of net loans as of the March 31, 2016, Call Report. Of the 35 community development loans, 24 totaling approximately \$19.2 million related to affordable housing within the assessment areas, which demonstrate responsiveness to a need identified within the Non-Metropolitan MN AA by community contacts and bank management.

The bank's community development lending includes one loan totaling \$702,000 that serves a broader statewide area that includes the bank's assessment area. In addition, 10 loans totaling approximately \$12.5 million were considered that serve a regional area that includes the bank's assessment areas, but the loans do not necessarily directly benefit the bank's assessment areas.

Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
St. Louis County AA	7	1,321	4	1,630	0	0	3	2,323	0	0	14	5,274
Non-Metropolitan MN AA	6	4,675	4	556	0	0	0	0	0	0	10	5,231
Statewide Activities	1	702	0	0	0	0	0	0	0	0	1	702
Regional Activities	10	12,500	0	0	0	0	0	0	0	0	10	12,500
Total	24	19,198	8	2,186	0	0	3	2,323	0	0	35	23,707

Source: Bank Records

Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
3/26/13 to 12/31/13	6	5,628	3	962	0	0	2	2,197	0	0	11	8,787
2014	4	2,587	2	630	0	0	0	0	0	0	6	3,217
2015	9	5,953	3	594	0	0	1	126	0	0	13	6,673
YTD 2016	5	5,030	0	0	0	0	0	0	0	0	5	5,030
Total	24	19,198	8	2,186	0	0	3	2,323	0	0	35	23,707

Source: Bank Records

Below are some notable examples of the bank's community development loans:

- In 2015, the bank originated an affordable housing loan for a 48-unit apartment complex. The development loan has a stated purpose of providing affordable housing within the bank's Non-Metropolitan MN AA.
- In 2015, three affordable housing loans totaling \$309,000 were originated to three non-profit organizations with the stated purpose of providing affordable housing to low- and moderate-income people. Two of the loans benefited the St. Louis County AA and one benefited the Non-Metropolitan MN AA.
- In 2013 and 2015, the bank extended two loans totaling \$21,000 to an assisted living facility located in the Non-Metropolitan MN AA where a majority of the residents receives public assistance.

Qualified Investments

ABN made 141 qualified investments totaling approximately \$267,000. This included one qualified investment totaling \$205,000 and 140 donations totaling approximately \$62,000. The one qualified investment is a prior period investment and it was noted that no new qualified investments have been purchased during the evaluation period. The dollar amount of equity investments equates to 0.05 percent of total assets and 0.41 percent of securities as of the March 31, 2016, Call Report.

Table 19 - Qualified Investments by Assessment Area

Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
St. Louis County AA	0	0	51	28	59	214	0	0	0	0	110	242
Non-Metropolitan MN AA	0	0	27	9	4	16	0	0	0	0	31	25
Total	0	0	78	37	63	230	0	0	0	0	141	267

Source: Bank Records

Table 20 - Qualified Investments

Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	1	205	0	0	0	0	1	205
3/26/13 to 12/31/13	0	0	0	0	0	0	0	0	0	0	0	0
2014	0	0	0	0	0	0	0	0	0	0	0	0
2015	0	0	0	0	0	0	0	0	0	0	0	0
YTD 2016	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	1	205	0	0	0	0	1	205
Qualified Grants & Donations	0	0	78	37	62	25	0	0	0	0	140	62
Total	0	0	78	37	63	230	0	0	0	0	141	267

Source: Bank Records

Below are notable examples of the bank's qualified investment activities:

- The bank maintains one prior period bond, which is a school bond for a school in the St. Louis County AA where a majority of the students qualifies for the free or reduced lunch program.
- The bank made several donations totaling approximately \$9,500 throughout the review period to local agencies that provide food and/or emergency services to low- and moderate-income people.
- The bank made several donations totaling approximately \$500 to area shelters.

Community Development Services

During the evaluation period, bank employees provided 56 instances of financial expertise or technical assistance to various community development-related organizations in the bank's assessment areas.

Table 21 – Community Development Services by Assessment Area

Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
St. Louis County AA	7	4	26	0	0	37
Non-Metropolitan MN AA	4	10	5	0	0	19
Total	11	14	31	0	0	56

Source: Bank Records

Table 22 – Community Development Services

Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
3/26/13 to 12/31/13	3	1	6	0	0	10
2014	3	4	6	0	0	13
2015	2	5	10	0	0	17
YTD 2016	3	4	9	0	0	16
Total	11	14	31	0	0	56

Source: Bank Records

Below are notable examples of the bank's community development services:

- In 2014 and 2015, a bank employee served as a Board member on the Iron Range Resources and Rehabilitation Board Technical Advisory Committee. The IRRRB's mission is to promote and invest in business, community, and workforce development for the betterment of Northeastern Minnesota. This includes providing low- or no-interest loans, grants, and loan guarantees for businesses relocating for expanding into the region. Additionally, a variety of grants is available to local government, educational institutions, and nonprofits that promote workforce development and sustainable communities.
- Throughout the evaluation period, a bank employee served as a Board member for Grand Rapids Housing & Redevelopment Authority, which has a stated purpose of providing affordable housing for those in need.
- In 2015, a bank employee served as the Board president for Second Harvest North Central Food, which provides food to those in need in the bank's assessment areas and the surrounding areas.

In addition, ABN operates one branch and one ATM in a moderate-income census tract within the assessment areas. The bank also offers alternative banking services such as Internet and mobile banking, which serve consumers throughout the assessment area, including low- and moderate-income geographies. This demonstrates the availability of banking services to low- and moderate-income individuals.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

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.

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;
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

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).

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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 (for example, 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: 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.