

PUBLIC DISCLOSURE

FEBRUARY 12, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FRAMINGHAM CO-OPERATIVE BANK

CERT # 26395

828 CONCORD STREET

FRAMINGHAM, MA 01701

**Division of Banks
One South Station
Boston, MA 02110**

**Federal Deposit Insurance Corporation
15 Braintree Hill Office Park
Braintree, MA 02184**

NOTE: 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 Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") and the Federal Deposit Insurance Corporation ("FDIC") to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Framingham Co-operative Bank (or the "Bank")**, prepared by the Division and FDIC, the institution's supervisory agencies. The agencies evaluate performance in the assessment area(s), as they are defined by the institution, rather than individual branches. The Division and FDIC rate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and Part 345 of the FDIC's Rules and Regulations.

INSTITUTION'S CRA RATING:

This institution is rated: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory.

The following is a summary of the Bank's performance.

Lending Test

- The Bank's average quarterly net loan-to-deposit ratio of 94.2 percent is more than reasonable given the institution's size and assessment area credit needs.
- The majority of the Bank's residential loans were inside the assessment area. The majority of the small business loans were outside the assessment area.
- The geographic distribution of the Bank's home loans and small business loans reflects a reasonable dispersion throughout the assessment area.
- The distribution of residential and small business loans by borrower characteristics reflects a reasonable penetration among borrowers of all income levels and businesses of different sizes.
- The Bank did not receive any CRA-related complaints during the evaluation period.

Community Development Test

The level of Framingham Co-operative Bank's community development activities, including loans, investments, and services, reflects an adequate responsiveness to the community development needs of its assessment area.

- During the period under review, the Bank made five qualified community development loans totaling \$1,794,200.
- Total qualified investments for this evaluation period amounted to \$838,155.
- The Bank provides a wide range of community development services that have resulted in a better-educated community, increased awareness of community needs, and contributions to the overall revitalization of the communities served.

SCOPE OF EXAMINATION

This evaluation was conducted jointly between the Division and FDIC. The Federal Financial Institution Examination Council (“FFIEC”) Interagency Intermediate Small Institution Examination Procedures were used, which include a Lending Test and a Community Development Test. The Lending Test includes the following criteria: (1) the Bank’s loan-to-deposit ratio; (2) the percentage of loans, and, as appropriate, other lending-related activities located in the Bank’s assessment area(s); (3) 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; (4) the geographic distribution of the Bank’s loans; 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).

Through a review of the Bank’s loan portfolio composition and discussions with management, it was noted that the Bank has departed from traditional consumer loans and residential mortgages by focusing its lending efforts on commercial real estate and construction lending. The Bank did not originate any small farm loans, and consumer loans represent only 0.7 percent of the Bank’s loan portfolio. Therefore, neither product line is considered in this analysis. This evaluation focuses on residential and commercial lending activities.

The Lending Test focuses on home mortgage and small business lending. Home mortgage and small business data analyzed included full-year data from January 1, 2007 through December 31, 2008. Information concerning the home mortgage lending was derived from the Loan Application Registers (LARs) maintained by the Bank, pursuant to the Home Mortgage Disclosure Act (“HMDA”). The LARs contain data about home purchase and home improvement loans, including refinancings of one- to four-family and multi-family (five or more units) properties.

This evaluation also considers small business loans. Information concerning small business lending was derived from CRA small business loan registers maintained by the Bank.¹ The registers contain information on commercial real estate and commercial and industrial loans originated with original balances of \$1 million or less.

The Bank’s home mortgage lending data for both 2007 and 2008 are presented in the tables throughout this evaluation. However, the evaluation focuses on the Bank’s lending performance in 2007, as this is the most recent year for which aggregate HMDA lending data is available (aggregate lending data). The aggregate lending data are used for comparison purposes within the evaluation and are a measure of loan demand. This includes lending information from all HMDA reporting lenders that originated loans in the Bank’s assessment area.

The Bank’s small business lending data for 2007 and 2008 are presented in the tables throughout this evaluation. As an Intermediate Small Bank, the Bank is not required to collect and report small business loan data; however, Framingham Co-operative Bank has opted to do so. Thus, the Bank’s 2007 activity is compared to the 2007 aggregate small business lending data throughout the evaluation. The aggregate small business data includes the loans reported by all lenders who are required to report the data under the CRA, as well as those who opt to report the information. It should be noted, however, that aggregate small business data is only available at the county level. Thus, the data used for the purposes of this evaluation include all small business loans made in Middlesex and Worcester Counties. The Bank’s small business lending performance is also compared to pertinent demographic information.

¹ While not subject to formal CRA data reporting, given its asset size, the Bank still collects the data.

The Community Development Test includes the following criteria: (1) the number and the amount of community development loans; (2) the number and the amount of qualified investments; (3) the extent to which the Bank provides community development services; and (4) the Bank's responsiveness through such activities as community development lending, investment, and services needs. The Community Development Test includes all community development activities in which the Bank was involved between January 18, 2006 and February 12, 2009.

Demographic information is from the 2000 U.S. Census unless otherwise noted. Financial data were derived from the December 31, 2008 Report of Condition and Income (Call Reports).

PERFORMANCE CONTEXT

Description of Institution

Founded in 1889, Framingham Co-operative Bank is a Massachusetts state-chartered, mutual co-operative bank headquartered at 828 Concord Street in Framingham, Massachusetts. The Bank operates a main office, one full-service branch, and a loan operations center, all located in Framingham. The loan operations center is used by the lending staff and for mortgage closings. The main office and the loan operations center are located in the same middle-income census tract, and the branch office is located in a moderate-income census tract. Framingham Co-operative Bank has three wholly-owned subsidiaries, MOECO, Incorporated and ROMEKO, Incorporated, which were formed to hold securities and Cheriton Road which was formed to hold real estate.

All banking offices are equipped with Automated Teller Machines (ATMs). The Bank is a member of the SUM Program and the NYCE Deposit Sharing Program.

Framingham Co-operative Bank is a full-service financial institution that offers a wide variety of products and services. Savings and checking accounts offered by the Bank include statement savings, passbook savings, ultimate free checking and interest checking accounts. Home financing programs include adjustable and fixed rate options for the purchase, refinance, improvement and construction of residential property, and home equity loans. The Bank offers a Community Loan Program to first time homebuyers as well as a Framingham Connections Loan Program. Car loans and collateral loans are also offered. Other services offered by the Bank include online banking and bill payment, 24 hour ATM banking and telephone banking.

The Bank offers a variety of business banking services. Some of the services offered are: business checking accounts, commercial checking accounts, online banking, remote check deposit service, commercial lines of credit, term loans, Small Business Administration (SBA) loans, commercial real estate loans, telephone banking, and business debit cards.

As of December 31, 2008, the Bank's total assets were \$346,484,000. Net loans totaled \$255,988,000, representing 73.9 percent of total assets. Assets increased approximately \$40,079,000 or 13.1 percent since March 31, 2006, the Call Report date used for the previous examination. Since March 31, 2006, net loans have increased 14.8 percent, deposits have increased 13.1 percent, and gross loans have increased 14.4 percent. Table 1 illustrates the current distribution of the Bank's loan portfolio.

Table 1

Loan Portfolio Distribution as of December 31, 2008		
Loan Type	Dollar Amount (000s)	Percent of Total Loans (%)
Construction, Land Development and other Land Loans	54,543	20.9
1-4 Family Residential	78,210	30.0
Multi-Family (5 or more) Residential	23,105	8.9
Commercial	73,738	28.3
Total Real Estate Loans	229,596	88.1
Commercial and Industrial	29,389	11.3
Consumer	1,751	0.7
Less – Unearned Income	(195)	(0.1)
Total Loans	260,541	100.00

Source: Consolidated Report of Condition and Income (Call Report)

As depicted in Table 1, the Bank's loans are primarily concentrated in residential real estate, commercial real estate, and construction, land development and other land loans.

Framingham Co-operative Bank operates in a competitive market area in terms of financial services. The Bank ranked 37th out of 322 lenders of all HMDA-reporting lenders, and the vast majority of lenders that ranked higher were either mortgage companies or large national or regional banks.

There are no apparent financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area. Based upon the Bank's asset size, product offerings, and branch network, its ability to meet the community's credit needs remains strong.

Prior Regulatory Evaluations

The FDIC last evaluated the Bank's CRA performance on January 17, 2006, and assigned a rating of "Outstanding." The Division last evaluated the Bank as of October 19, 2004 and assigned a rating of "High Satisfactory."

Description of Assessment Area

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. An assessment area should consist of whole geographies such as counties, cities, or towns. Further, an assessment area may not reflect illegal discrimination and may not arbitrarily exclude any low- or moderate-income area(s), taking into account the institution's size and financial condition.

Geographies

Framingham Co-operative Bank's assessment area is composed of the towns of Ashland, Framingham, Holliston, Hopkinton, Marlborough, Natick and Southborough. With the exception of Southborough, the towns are located within Middlesex County, which is part of the Cambridge-Newton-Framingham, MA Metropolitan Division (MD), #15764. Southborough is located in Worcester County, which is part of the Worcester, Massachusetts Metropolitan Statistical Area (MSA)/MD # 49340.

The assessment area consists of 32 census tracts, of which 1 is designated as low-income, 5 are designated as moderate-income, 18 as middle-income, and 8 as upper-income. The low-income tract is located in Framingham and the moderate-income census tracts are located in Framingham and Marlborough.

Population, Households, and Families

According to 2000 US Census data, the population of the assessment area is 185,937. Households total 71,645, of which 19.4 percent are low-income; 14.2 percent are moderate-income; 17.9 percent are middle-income; and 48.5 percent are upper-income. A sub-set of low-income households, those with income below the poverty level, constitute 5.9 percent of total households.

To analyze residential lending by borrower income, the CRA defines four income categories (low, moderate, middle, and upper), which are based on the Department of Housing and Urban Development (HUD) Median Family Income (MFI) figures. These figures are estimates based on the 2000 U.S. Census data that have been adjusted annually for inflation and other economic events. Low-income is defined as less than 50% of MFI, moderate-income is 50% to 80% of the MFI, middle-income is 80% to 120% of the MFI, and upper-income is 120% and over the MFI of the assessment area.

Based on 2000 US Census data, there are 48,597 families in the assessment area, of which 17.1 percent are low-income; 17.0 percent are moderate-income; 23.4 percent are middle-income; and 42.5 percent are upper-income. Additionally, 3.7 percent of total families have incomes below the poverty level.

Housing

There are 73,212 housing units in the assessment area, of which 65.6 percent are owner-occupied, 32.3 percent are rental units, and 2.1 percent are vacant units. Table 2 illustrates additional housing-related statistics for the Bank's assessment area broken down by census tract income level.

Table 2

Selected Housing Characteristics by Income Category of the Geography							
Geographic Income Category	Percentage						Median Home Value
	Census Tracts	Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	
Low	3.1	19.4	4.2	1.2	10.3	2.9	144,800
Moderate	15.6	14.2	15.4	11.2	23.6	22.5	173,732
Middle	56.3	17.9	58.4	58.2	59.0	56.1	214,263
Upper	25.0	48.5	22.0	29.4	7.1	18.5	292,029
Total / Median	100.0	100.0	100.0	100.0	100.0	100.0	234,717

Source: 2000 U.S. Census

As displayed in Table 2, the median housing value in the assessment area according to the 2000 Census is \$234,717. More recent data obtained from The Warren Group, publisher of *Banker and Tradesman*, indicate that the median home prices in the assessment area have increased since the time the 2000 Census was taken. In 2007, the median home prices for the communities in the assessment area ranged from a low of \$315,000 in Marlborough to a high of \$500,341 in Hopkinton. In 2008, the median home prices decreased in five out of six of the communities and ranged from a low of \$250,000 in Marlborough to a high of \$515,000 in Hopkinton. While median prices and home values have been declining across the United States over the past two years, the median sales prices within the Bank's assessment area, particularly in Hopkinton and Southborough, indicate that attaining homeownership would still be difficult for low- and moderate-income residents. Table 3 illustrates these median home prices.

Table 3

Median Sales Prices		
City or Town	2007	2008
Ashland	\$345,000	\$330,000
Framingham	\$342,750	\$297,000
Holliston	\$398,750	\$350,000
Hopkinton	\$500,341	\$515,000
Marlborough	\$315,000	\$250,000
Natick	\$398,000	\$377,200
Southborough	\$500,000	\$473,750

Source: The Warren Group

Unemployment

Information on unemployment rates within the assessment area was obtained from the Massachusetts Executive Office of Labor and Workforce Development. The 2007 annual unemployment rates ranged from a low of 3.0 percent in Natick to a high of 3.6 percent in Marlborough. The unemployment rates had a significant increase in 2008 and ranged from a low of 3.8 percent in Southborough to a high of 4.8 percent in Framingham. Nonetheless, the unemployment rates within the assessment area are lower than the unemployment rate for Massachusetts as a whole. The Commonwealth of Massachusetts annual unemployment rate for 2007 was 4.3 percent, and for 2008 the annual unemployment rate was 6.9 percent as compared to the overall U.S. annual unemployment rate of 5.0 percent in 2007 and 7.2 percent in 2008.

Business Demographics

Data obtained from the 2007 Business Geo-demographic Data show that there are 18,298 businesses in the assessment area, of which 64.2 percent have gross annual revenues of \$1 million or less, 6.5 percent have gross annual revenues greater than \$1 million, and the remaining 29.3 percent have unknown revenues. Of total businesses in the assessment area, 2.9 percent are in low-income census tracts, 14.8 percent are in moderate-income census tracts, 58.2 percent are in middle-income tracts, and 24.1 percent are in upper-income tracts.

Community Contact

A community contact was conducted with an organization that provides economic development and supports the civic and social welfare of the Metro-West area, which generally includes the communities in the Bank's assessment area. The contact specifically mentioned that a majority of local financial institutions contribute to the organization's efforts by making financing available, serving on its board, and assisting with fundraising activities. The contact also stated they would like to see more financial institutions involved in SBA guaranteed loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

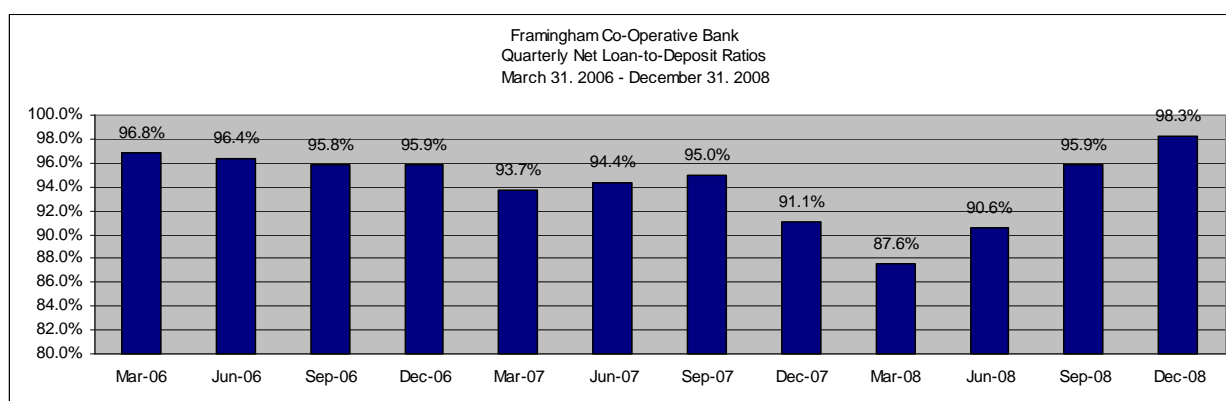
LENDING TEST

Framingham Co-operative Bank's lending performance demonstrates a reasonable responsiveness to the credit needs of the assessment area.

LOAN-TO-DEPOSIT ANALYSIS

This performance criterion determines what percentage of the Bank's deposit base is reinvested in the form of loans. A comparative analysis of Framingham Co-operative Bank's quarterly net loan-to-deposit (LTD) ratios for the last 12 quarters since the prior FDIC CRA evaluation was conducted. The quarters reviewed include those ending March 31, 2006 through December 31, 2008. These ratios are based on total loans, net of unearned income and net of the allowance for loan and lease losses, as a percentage of total deposits.

The Bank's average quarterly net LTD ratio over the period reviewed was 94.2 percent and is considered more than reasonable. The net LTD ratio for this period has fluctuated slightly over the last 12 quarters from a low of 87.6 percent (March 2008) to a high of 98.3 percent (December 2008). During this timeframe, net loans have increased 14.8 percent and deposits have increased 13.1 percent.



Additionally, the Bank's average quarterly net LTD ratio was compared to that of three similarly situated institutions. The institutions selected are all headquartered in Middlesex County, Massachusetts, have assets between \$317 million and \$386 million, and are primarily residential lenders. Table 4 illustrates the comparison.

Table 4

INSTITUTION	Total Assets (000s) As of 12/31/08	AVERAGE NET LTD RATIO 3/31/06 – 12/31/08
Strata Bank	\$385,809	123.3
Milford National Bank	\$317,266	98.7
Framingham Co-operative Bank	\$346,484	94.2
Marlborough Savings Bank	\$349,189	76.4

Source: Call Report Data

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREA

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area. The analysis includes both residential lending and small business lending.

Although the majority of the Bank's residential loans were inside the designated assessment area, a majority of the small business loans were outside the designated assessment area. The Bank's performance is less than reasonable for this criterion and it needs to improve its small business lending inside the assessment area.

Table 5 illustrates the Bank's record of extending residential mortgage loans and small business loans inside and outside the assessment area by number and dollar amount over the period reviewed.

Table 5

Distribution of Loans Inside and Outside of Assessment Area										
Loan Type	Number Loans					Dollar Volume (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2007										
Home Purchase	17	60.7	11	39.3	28	4,357	34.2	8,368	65.8	12,725
Home Improvement	13	68.4	6	31.6	19	2,385	73.6	856	26.4	3,241
Refinance	17	45.9	20	54.1	37	2,968	22.1	10,452	77.9	13,420
Total	47	56.0	37	44.0	84	9,710	33.0	19,676	67.0	29,386
2008										
Home Purchase	14	42.4	19	57.6	33	3,743	15.5	20,464	84.6	24,207
Home Improvement	5	45.5	6	54.6	11	246	21.9	875	78.1	1,121
Refinance	20	60.6	13	39.4	33	6,264	64.0	3,528	36.0	9,792
Total	39	50.6	38	49.4	77	10,253	29.2	24,867	70.8	35,120
Total Home Loans	86	53.4	75	46.6	161	19,963	30.9	44,543	69.1	64,506
Small Business 2007	37	35.6	67	64.4	104	5,308	30.9	11,848	69.1	17,156
Small Business 2008	30	30.9	67	69.1	97	8,441	34.0	16,403	66.0	24,844
Total Small Business	67	33.3	134	66.7	201	13,749	32.7	28,251	67.3	42,000
Total HMDA/Small Business Loans	153	42.3	209	57.7	362	33,712	31.7	72,794	68.3	106,506
Other Lines/Loans for Small Business 2008	7	77.8	2	22.2	9	865	58.7	609	41.3	1,474
Grand Total	160	43.1	211	56.9	371	34,577	32.0	73,403	68.0	107,980

Source: 2007 and 2008 HMDA LAR Data and 2007 and 2008 Small Business Data

Residential Lending

As shown in the table above, the Bank originated 161 residential mortgage loans totaling \$64,506,000 over the period reviewed. The majority, or 53.4 percent by number, of these loans were inside the assessment area. The distribution of loans by number bears more weight on the Bank's rating than the distribution by dollar amount, as the number of loans correlates more closely to the number of individuals or families that were able to obtain home mortgage loans.

While only a slight majority of residential loans by number were originated inside the assessment area, the Bank's performance under this criterion is considered reasonable based on the high level of competition from other lenders.

An analysis of residential loans inside and outside the assessment area by loan purpose revealed some fluctuation from year to year during the evaluation period, with home purchase and home improvement loans decreasing and refinancing loans increasing in the assessment area over the period. The Bank's lending data by purpose for the two years combined is not shown in the table above, but the total in-area percentages by purpose over the entire period were 50.8 percent for home purchase loans, 60.0 percent for home improvement loans, and 52.3 percent for refinances.

Small Business Lending

The Bank originated 201 small business loans totaling \$42,000,000 over the period reviewed, and less than the majority, or 33.3 percent by number, were inside the assessment area. As noted in the table above, the total number of small business loans decreased slightly from 2007 to 2008. Over the same time period, the percentage of small business loans inside the assessment area decreased from 35.6 percent to 30.9 percent, while the dollar amount inside the assessment area increased from 30.9 percent to 34.0 percent.

As stated by management, the Bank is currently focusing its lending on commercial real estate and construction loans. A review of the Bank's lending patterns shows that its small business lending was widely dispersed and occurred in cities such as Worcester, Boston, and Brookline, but the loans were not concentrated in any one community. Management indicated that a large portion of the small business loans outside the assessment area were made to three individual borrowers.

Nonetheless, with less than a majority of small business loans by number and by dollar amount originated inside the assessment area, the Bank's performance is less than reasonable for this criterion.

Other Lines/Loans for Small Business

As noted in the table above, in 2008 the Bank originated nine other lines/loans for small businesses that do not meet the criteria for HMDA or small business loans. Of these loans, 7 or 77.8 percent by number and 58.7 percent by dollar amount were originated inside the Bank's assessment area.

Also noted in Table 5, the total HMDA, small business loans and other lines/loans for small business inside the assessment area for the evaluation period is 43.1 percent by number and 32.0 percent by dollar amount. As noted previously, the distribution by number bears more weight on the Bank's rating than the distribution by dollar amount.

GEOGRAPHIC DISTRIBUTION OF LOANS

This criterion evaluates the distribution of the Bank's loans within the assessment area by census tract income level, with emphasis on lending in low- and moderate-income census tracts. As mentioned previously under the Description of Assessment Area, the Bank's assessment area comprises 32 census tracts: 1 (3.1 percent) low-income; 5 (15.6 percent) moderate-income; 18 (56.3 percent) middle-income; and 8 (25.0 percent) upper-income tract.

The distribution of the Bank's residential mortgage and small business loans combined reflects a reasonable dispersion throughout the assessment area.

Residential Lending

The Bank originated at least one residential loan in each of the 32 census tracts in the assessment area over the period reviewed. Table 6 illustrates the geographic distribution of the Bank's 2007 and 2008 residential mortgage lending within the assessment area by number. For comparison purposes, the table includes the percentage of owner-occupied housing units within each income category and the aggregate market lending data for 2007.

Table 6

Distribution of Residential Mortgage Loans by Income Category of the Census Tract by Number						
Census Tract Income Level	% Total Owner-Occupied Housing Units	2007 Aggregate Data	2007 Bank Data		2008 Bank Data	
			% of #	#	% of #	#
Low	1.2	1.9	1	2.1	2	5.1
Moderate	11.2	11.4	7	14.9	11	28.2
Middle	58.2	58.1	27	57.5	15	38.5
Upper	29.4	28.6	12	25.5	11	28.2
Total	100.0	100.0	47	100.0	39	100.0

Source: 2000 US Census Data, 2007 and 2008 HMDA LAR Data, and 2007 Aggregate HMDA Data

Table 7 illustrates the geographic distribution of the Bank's 2007 and 2008 residential mortgage lending within the assessment area by dollar volume.

Table 7

Distribution of Residential Mortgage Loans by Income Category of the Census Tract by Dollar						
Census Tract Income Level	% Total Owner-Occupied Housing Units	2007 Aggregate Data	2007 Bank Data		2008 Bank Data	
			% of \$	\$	% of #	\$
Low	1.2	1.4	77	0.8	373	3.6
Moderate	11.2	9.6	1,282	13.2	1,822	17.8
Middle	58.2	54.2	5,342	55.0	3,542	34.6
Upper	29.4	34.8	3,009	31.0	4,516	44.0
Total	100.0	100.0	9,710	100.0	10,253	100.0

Source: 2000 US Census Data, 2007 and 2008 HMDA LAR Data, and 2007 Aggregate HMDA Data

During 2007, the Bank's lending in the low-income census tracts by number, at 2.1 percent, is higher than the aggregate market lending performance at 1.9 percent. Within the moderate-income census tracts, the Bank's 2007 lending activity, at 14.9 percent by number and 13.2 percent by dollar amount, exceeds the aggregate market performance of 11.4 percent by number and 9.6 percent by dollar amount. The Bank's percentages are also well above the percentage of owner-occupied housing units in those geographies (2.1 percent and 14.9 percent). Furthermore, market data for 2007 indicate that the Bank ranked 37th out of 151 lenders that reported at least one loan in the assessment area's low- and moderate-income tracts.

A review of the Bank's 2008 HMDA data revealed an increase in the percentage of loans in low-income census tracts, to 5.1 percent by number and 3.6 percent by dollar amount. The Bank's percentage by number in moderate-income census tracts rose to 28.2 percent by number and 17.8 percent by dollar amount. However, the low volume of loans is such that a small change in numbers has a significant impact on the percentages noted above.

While not shown in the tables above, the distribution of the Bank's residential loans was also analyzed by loan purpose. In 2007 for home purchase loans, 5.9 percent were in the low-income census tracts and 17.7 percent were in the moderate-income census. For refinance loans, 23.5 percent were in the moderate-income census tracts. In 2008, these percentages increased to 7.1 percent for home purchase loans in low-income census tracts and 35.7 percent in moderate-income census tracts. Home refinance loans also increased in the low-income census tracts to 5.0 percent and 25.0 percent in moderate-income census tracts. Home improvement loans were 20.0 percent in the moderate-income census tracts.

Small Business Lending

The distribution of the Bank's small business loans reflects reasonable dispersion throughout the assessment area. Table 8 illustrates the geographic distribution of the Bank's 2007 and 2008 small business loans within the assessment area by number. For comparison purposes, the table includes the percentage of businesses and aggregate data within each census tract income category.

Table 8

Distribution of Small Business Loans by Income Category of Census Tract by Number						
Census Tract Income Level	% Total Businesses	2007 Aggregate Data*	2007 Bank Data		2008 Bank Data	
			% of #	#	% of #	#
Low	2.9	2.5	1	2.7	2	6.7
Moderate	14.8	12.2	10	27.0	15	50.0
Middle	58.2	58.0	21	56.8	11	36.6
Upper	24.1	27.3	5	13.5	2	6.7
Total	100.0	100.0	37	100.0	30	100.0

*Data is available only by county, thus, these figures include all loans made in Middlesex and Worcester County.
Source: 2000 US Census Data, 2007 Small Business Data Aggregate, Small Business Data 2007 and 2008

Table 9 illustrates the geographic distribution of the Bank's 2007 and 2008 small business lending within the assessment area by dollar volume.

Table 9

Distribution of Small Business Loans by Income Category of Census Tract by Dollar						
Census Tract Income Level	% Total Businesses	2007 Aggregate Data*	2007 Bank Data		2008 Bank Data	
		% of \$	\$	% of \$	\$	% of \$
Low	2.9	3.9	150	2.8	650	7.7
Moderate	14.8	12.0	1,827	34.4	3,400	40.3
Middle	58.2	57.4	2,621	49.4	3,931	46.6
Upper	24.1	26.7	710	13.4	460	5.4
Total	100.0	100.0	5,308	100.0	8,441	100.0

*Data is available only by county, thus, these figures include all loans made in Middlesex and Worcester Counties.
Source: 2000 US Census Data, 2007 Small Business Data Aggregate, Small Business Data 2007 and 2008

As shown in Tables 8 and 9, the Bank made 2.7 percent by number and 2.8 percent by dollar amount of all small business loans in the low-income census tracts in 2007. The distribution by number is slightly lower than the percentage of total businesses but is higher than the aggregate data in the low-income census tracts. In the moderate-income census tracts, the Bank made 27.0 percent by number and 34.4 percent by dollar amount. The distribution by number in the moderate-income census tracts is considerably higher in both the percentage of total businesses and the aggregate data.

In 2008, the Bank's percentage by number and dollars amount increased significantly in both the low- and moderate income census tracts while decreasing in the middle- and upper-income census tracts. The low-income census tracts increased to 6.7 percent in number and 7.7 percent for dollar amount. The moderate-income tracts increased to 50.0 percent by number and 40.3 percent for dollar amount. However, the low volume of loans is such that a small change in numbers has a significant impact on the percentages noted above.

Other Lines/Loans for Small Business

The Bank made 7 other lines/loans for small business purposes, of which 2 or 28.6 percent were in low-income census tracts, and 4 or 57.1 percent were in moderate-income census tracts. The distribution by dollar amount for low-income census tract was \$88,000 or 10.2 percent, and for moderate-income census tracts the dollar amount was \$727,000 or 84.0 percent.

BORROWER PROFILE

This performance criterion evaluates the distribution of a Bank's residential and small business loans based on borrower characteristics. Analyses were conducted of the Bank's residential mortgage loans inside the assessment area based on borrower income and the Bank's small business loans inside the assessment area based on size of business. For residential lending, emphasis is placed on loans to low- and moderate-income borrowers, and for small business lending, emphasis is placed on loans to businesses with gross annual revenues (GAR) of \$1 million or less.

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

Residential Lending

To analyze residential lending by borrower income, the CRA defines four income categories (low, moderate, middle, and upper), which are based on the HUD MFI figures. These figures are estimates based on the 2000 U.S. Census data that have been adjusted annually for inflation and other economic events. Table 10 illustrates the MFI figures for the Cambridge-Newton-Framingham, MA MD and Table 11 illustrates the MFI figures for the Worcester, MA MD for 2007 and 2008, along with the income ranges for each category.

Table 10

Cambridge-Newton-Framingham, MA MD Income Ranges		
Income Level	2007 (HUD-adjusted MFI = \$88,900)	2008 (HUD-adjusted MFI = \$93,000)
Low	Less than \$44,449	Less than \$46,499
Moderate	\$44,450 - \$71,119	\$46,500 - \$74,399
Middle	\$71,120 - \$106,679	\$74,400 - \$111,599
Upper	\$106,680 or greater	\$111,600 or greater

Source: FFIEC

Table 11

Worcester, MA MD Income Ranges		
Income Level	2007 (HUD-adjusted MFI = \$72,800)	2008 (HUD-adjusted MFI = \$76,900)
Low	Less than \$36,399	Less than \$38,449
Moderate	\$36,400 - \$58,239	\$38,450 - \$61,519
Middle	\$58,240 - \$87,359	\$61,520 - \$92,279
Upper	\$87,360 or greater	\$92,280 or greater

Source: FFIEC

The distribution of borrowers for residential loans reflects a reasonable penetration among individuals of different income levels. Table 12 details the distribution, by number, of the Bank's 2007 and 2008 residential mortgage loans inside the assessment area by borrower income level. For comparison purposes, the table includes the percentage of the assessment area's families by income level and the aggregate market lending data for 2007.

Table 12

Borrower Profile: 2007 and 2008 Residential Loans by Number						
Borrower Income Level	% of Total Families*	2007 Aggregate Data	2007 Bank Data		2008 Bank Data	
		% of #	#	%	#	%
Low	17.1	4.1	5	10.6	3	7.7
Moderate	17.0	15.5	9	19.1	5	12.8
Middle	23.4	26.3	17	36.2	12	30.8
Upper	42.5	39.1	14	29.8	12	30.8
NA	N/A	15.0	2	4.3	7	17.9
Total	100.0	100.0	47	100.0	39	100.0

Source: 2000 US Census Data, 2007 and 2008 HMDA LAR Data, and 2007 Aggregate HMDA Data

Table 12 shows that the Bank extended 5 loans to low-income borrowers in 2007 and 3 loans to low-income borrowers in 2008, representing 10.6 percent and 7.7 percent of total loans in each year, respectively. The Bank's percentage to low-income borrowers in each year was below the percentage of low-income families (17.1 percent) in the assessment area, but it should be noted that 3.7 percent of all families in the assessment area are living below the poverty level and would most definitely not qualify for home mortgage loans. In addition, as mentioned earlier, the historically high median housing prices in the assessment area indicate that it would be very difficult for most low- and moderate-income people to afford to purchase homes in the assessment area.

Table 12 also shows that the Bank's percentage (10.6 percent) of loans to low-income borrowers in 2007 greatly exceeded the 2007 aggregate percentage of 4.1 percent. It is noted that the Bank's percentage of loans to low-income borrowers decreased between 2007 and 2008, but the decrease is primarily attributable to the overall decline in HMDA lending.

In 2007, the Bank extended 19.1 percent of total loans to moderate-income borrowers, which compares favorably to the percentage of moderate-income families (17.0 percent) and exceeds the 2007 aggregate market percentage of 15.5 percent. In 2008, the Bank's percentage decreased to 12.8 percent of total loans to moderate-income borrowers, which again is attributable to the overall decline in lending.

The following table illustrates the distribution, by dollar amount, of the Bank's 2007 and 2008 residential mortgage loans inside the assessment area by borrower income level.

Table 13

Borrower Profile: 2007 and 2008 Residential Loans by Dollar Amount						
Borrower Income Level	% of Total Families	2007 Aggregate Data	2007 Bank Data		2008 Bank Data	
		% of \$	\$	%	\$	%
Low	17.1	2.0	539	5.6	516	5.0
Moderate	17.0	11.1	1,494	15.4	856	8.4
Middle	23.4	23.1	3,164	32.6	2,454	23.9
Upper	42.5	46.6	3,016	31.1	3,896	38.0
NA	N/A	17.2	1,497	15.3	2,531	24.7
Total	100.0	100.0	9,710	100.0	10,253	100.0

Source: 2000 US Census Data, 2007 and 2008 HMDA LAR Data, and 2007 Aggregate HMDA Data

The analysis of loans by dollar amount to borrowers of different incomes shows similar results as the analysis by number of loans. The Bank performed better than the aggregate in 2007 in both the low- and moderate-income categories, but fell short of the percentages of low- and moderate-income families in the assessment area. The Bank's percentage to both low-income borrowers and moderate-income borrowers fell in 2008.

The Bank's market rank for lending to low- and moderate-income borrowers is noteworthy. An analysis of the Bank's market rank for lending to low-income borrowers in 2007 showed that the Bank ranked 20th out of 96 lenders in the assessment area. The Bank's market rank for lending to moderate-income borrowers was 34th out of 158 lenders. Furthermore, market data for 2007 indicate that the Bank ranked 28th out of 173 lenders that reported at least one loan to low- and moderate-income borrowers in the assessment area.

The Bank's HMDA loans were also analyzed by purpose and borrower income. In 2007, the Bank's percentages of home purchase (17.7 percent) and refinance loans (12.5 percent) to low-income applicants were considerably higher than the aggregate percentages (3.7 percent and 6.2 percent), but the Bank did not make any home improvement loans to low-income applicants. The Bank's percentage of home purchase loans (23.5 percent) and refinance loans (25.0 percent) to moderate-income borrowers were higher than the aggregate (15.0 percent and 18.8 percent), but their percentage of home improvement loans (8.3 percent) to moderate-income borrowers was lower than the aggregate (19.7 percent). As the Bank's HMDA lending volume dropped in 2008, and they made only 8 loans to low- and moderate-income borrowers combined, an analyses by loan purpose would not be meaningful. With emphasis on the 2007 data, the analyses by product illustrate that the Bank is making loans for each purpose to low- and moderate-income borrowers.

Small Business Lending

The distribution of borrowers for small business loans reflects reasonable penetration among businesses of different sizes. Table 14 illustrates the distribution of the Bank's 2007 and 2008 small business loans within the assessment area by size of business. For comparison purposes, the table includes the percentage of businesses in the assessment area by gross annual revenue (GAR) category.

Table 14

Distribution of Small Business Loans by Business Size: 2007 and 2008											
Gross Annual Revenues (000s)	% of Businesses	2007 Aggregate Data*		2007				2008			
		% by #	% by \$	#	%	\$	%	#	%	\$	%
≤ \$1,000	64.2	35.3	33.1	15	40.5	1,989	37.5	15	50.0	3,414	40.4
> \$1,000	6.5	**	**	21	56.8	3,119	58.8	14	46.7	4,454	52.8
Unknown	29.3	**	**	1	2.7	200	3.7	1	3.3	573	6.8
Total	100.0	100.0	100.0	37	100.0	5,308	100.0	30	100.0	8,441	100.0

*Data is available only by county, thus, these figures include all loans made in Middlesex and Worcester Counties.

**Breakout between businesses with GAR > \$1 million and unknown GAR is not available

Source: Business Geo-demographics Data, Small Business Data 2007 and 2008

As shown in Table 14, the Bank made 40.5 percent of all small business loans to businesses with GAR of \$1 million or less in 2007, which is lower than the percentage of business in that size category (64.2 percent), but higher than the percentage made by the aggregate market. The Bank's percentage jumped to 50.0 percent in 2008, but as previously noted, a small change in numbers would have a significant impact on the percentages due to the low total number of loans made.

Additionally, an analysis was performed by dollar amount of the loan. Loan amount is used as a proxy for business size based on the assumption that the smaller the loan amount, the smaller the business receiving credit. Refer to Table 15 for further information regarding this analysis.

Table 15

Distribution of Small Business Loans by Loan Size: 2007 and 2008										
Loan Size (000s)	2007 Aggregate Data*		2007				2008			
	% by #	% by \$	#	%	\$	%	#	%	\$	%
≤ \$100	97.1	48.0	26	70.3	1,754	33.0	13	43.3	642	7.6
> \$100 and ≤ \$250	1.5	13.3	5	13.5	854	16.1	4	13.4	532	6.3
> \$250 and ≤ \$1,000	1.4	38.7	6	16.2	2,700	50.9	13	43.3	7,267	86.1
Total	100.0	100.0	37	100.0	5,308	100.0	30	100.0	8,441	100.0

*Data is available only by county, thus, these figures include all loans made in Middlesex and Worcester Counties.
Source: Small Business Data 2007 and 2008

During 2007, a majority of the Bank's small business loans (70.3 percent) were in amounts of \$100,000 or less, which is good. Of the remainder, 13.5 percent were between \$100,000 and \$250,000, and 16.2 percent were between \$250,000 and \$1 million. In 2008, the percentage of loans in amounts of \$100,000 or less dropped to 43.3 percent, while the percentage of loans between \$100,000 and \$250,000 remained stable, and the percentage of loans between \$250,000 and \$1 million increased to 43.3 percent. When compared to the aggregate, the Bank made a lower percentage of loans in amounts of \$100,000 or less (70.3 percent versus 97.1 percent); however, the aggregate data is skewed by large lenders that offer business credit cards for relatively small amounts.

Other Lines/Loans for Small Business

The majority of other lines/loans for small business (71.4 percent) were in amounts less than \$100,000. The remaining 28.6 percent were in amounts between \$250,000 and \$1 million.

Overall, the distribution of the Bank's HMDA and small business loans by borrower characteristics reflects reasonable penetration among borrowers of all income levels and businesses of different sizes.

Response to CRA Complaints

The Bank did not receive any CRA-related complaints during the evaluation period. As a result, this performance criterion is not applicable.

COMMUNITY DEVELOPMENT TEST

Overall, Framingham Co-operative Bank's community development performance demonstrates an adequate performance related to the community development needs of its assessment area.

The Bank has helped meet community development needs within the assessment area through community development loans, qualified investments and grants, and community development services.

Community Development Loans

For the purpose of this evaluation, a community development loan is defined as a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the Bank for consideration under small business or home mortgage lending (unless it is a multifamily dwelling loan), and (3) benefits the Bank's assessment area or a broader statewide or regional area that includes the Bank's assessment area.

The level of the Bank's community development lending is adequate. During the period under review, the Bank made five qualified community development loans totaling \$1,794,200. Three of these loans represent renewals of existing loans to entities that develop single room occupancy housing for low- and moderate-income segments of the community. These three loans helped to create 45 single-room-occupancy units for area residents. Another loan to the same entities is "new" but represents a restructuring and consolidation of the above loans, releasing some of the collateral, and providing further funding to complete the same projects.

The fifth qualified loan represents a renewal of a \$500,000 second mortgage made to a private investor for the development of a 40B condominium project. The project was deemed qualified under the Federal Home Loan Bank of Boston's (FHLBB) New England Fund (NEF), which provides member financial institutions with advances to support housing and community development initiatives that benefit moderate-income households and neighborhoods. The NEF provides special flexibility for mixed-income residential development. When fully complete, the project will have a total of 44 units, of which 11, or 25 percent, will be designated for low- and moderate-income families.

Community Development Investments

A qualified investment, for the purposes of this CRA evaluation, is a lawful investment, deposit, membership share, or grant that has community development as its primary purpose.

The level of the Bank's community development investments is adequate overall. Total qualified investments for this evaluation period amounted to \$838,155. This figure includes the current book value of an existing qualified investment and grants made to qualified organizations during the time period of the examination.

Qualified Equity Investments

The Bank continues to hold an investment made in July 2004, in the **Access Capital Strategies Community Investment Fund, Inc.**, an SEC-registered fund structured as a business development company. The primary purpose of the fund is to invest in private placement debt securities designed to support community development activities, such as affordable housing, education, and small business lending, targeted toward low- and moderate-income geographies specified by the investing institution. The fund invests primarily in single- and multi-family

housing mortgage backed securities and other credit enhanced securities that are made up of CRA loans, and the fund occasionally invests in CRA eligible securities that meet the appropriate credit, return, and geographic requirements. Framingham Co-operative Bank has designated four low- and moderate-income census tracts in Framingham as its target geographies. As of December 31, 2008, the book value of the Bank's investment was \$488,625. The amount of this investment represents 0.7% of the Bank's total investment portfolio at year-end 2008.

Qualified Grant Investments

Total qualified donations for this evaluation period amounted to \$349,530. Annual levels of qualified donations were \$104,200 in 2006, \$110,520 in 2007, and \$134,810 in 2008. Grants in this range demonstrate a good level of commitment to investing in community development activities through donations. The increasing trend in the dollar amount qualified is also noted.

The Bank's qualified donations include numerous grants to area non-profits that help meet the needs of low- and moderate-income families and individuals by providing services such as affordable housing, health care, family support and counseling, food pantries, and childcare services. The organizations include The United Way of Tri-County, The Salvation Army, The Boys and Girls Clubs of Metrowest, Project Just Because, Resiliency for Life, and South Middlesex Legal Services.

All of the Bank's donations were made through the Framingham Co-operative Bank Charitable Foundation, a 501(c)(3) tax exempt charitable corporation, established in June 1998. The foundation was created as a means of addressing the larger requests for donations and/or multi-year commitments in support of various charitable, educational, and civic purposes in the greater Framingham area. The foundation was initially funded with the sale of \$1.5 million in Framingham Co-operative Bank's highly appreciated equity securities, and funds are periodically replenished in the same manner. The foundation maintains its own Board of Directors that meets quarterly to review and approve grant requests.

Community Development Services

The CRA defines a community development service as an activity having community development as its primary purpose and related to the provision of financial services.

Overall, the Bank's qualified community development services demonstrate a good level of dedication to assisting organizations in providing services to low- and moderate-income residents of the assessment area.

Framingham Co-operative Bank provides a wide range of community development services that have resulted in access to financial education for the community, increased awareness of community needs, and contributions to the overall revitalization of the communities served. The Bank's officers and staff members provide qualified services, in the form of financial or other bank-related expertise, to a number of area organizations. The following are a few examples of how the Bank's participation with various organizations has benefited the community.

South Middlesex Opportunity Council, Inc. (SMOC) is a regional non-profit organization based in Framingham that provides an array of programs supporting low- and moderate-income individuals and families. SMOC and its affiliates provide affordable housing, mental health care and sobriety programs, child care and a Head Start program, work readiness programs, energy assistance and financial and life skills education programs. A senior officer of the Bank serves on SMOC's Board of Directors.

South Middlesex Legal Services, Inc., a non-profit corporation, provides legal representation to low-income people. This representation is provided in matters involving necessities such as housing, disability benefits, health care access and special education. A senior officer of the Bank serves on this organization's annual fundraising campaign committee.

Homeowner Options for Massachusetts Elders (H.O.M.E) is a statewide non-profit agency, which provides needed financial counseling to senior citizens, assisting low- and moderate-income elder homeowners to remain in their homes. H.O.M.E. has also developed loan products, such as reverse mortgages, to assist elderly homeowners. A loan officer of the Bank serves on this organization's lender's advisory committee, which works on developing new products. In addition, this officer continues to serve as a presenter at various H.O.M.E. seminars for area elders.

Framingham Resource Center, an affiliate of SMOC, regularly sponsors homebuyer education classes for low- and moderate-income individuals. The Bank's residential lending officer serves as a presenter for these classes, providing the mortgage application process module. This credit education class is provided two to three times each year.

Framingham Fair Housing Committee promotes fair and open access to housing opportunities for all segments of the community. An officer of the Bank is currently assisting in developing the lending section of the committee's web page as a resource for the community.

APPENDIX A

Fair Lending Policies and Practices

FAIR LENDING REVIEW

The Bank has a written Fair Lending Policy. It is the policy of the Bank to make its credit products available to all qualified applicants.

All employees are provided with training appropriate to their job description and their responsibilities in fair lending issues.

All rejected loan applications receive a second review. The second review process insures that the Bank's application procedures are followed and that any compensating factors considered were applied fairly and consistently. The Bank's Security Committee reviews all rejected residential, commercial real estate and commercial, including small business loan applications. Rejected consumer loan applications are reviewed by the Senior Loan Officer.

Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

MINORITY APPLICATION FLOW

The Bank's LARs for 2007 and 2008 were reviewed to determine if the application flow from the different racial groups within the Bank's assessment area was reflective of the assessment area's demographics.

According to the 2000 U.S. Census Data, the Bank's assessment area contained a total population of 185,937 individuals of which 15.2 percent are minorities. The assessment areas minority and ethnic population is 2.5 percent Black/African American, 3.9 percent Asian, 0.1 percent American Indian, 5.9 percent Hispanic or Latino and 2.8 percent other.

For 2007 and 2008, the Bank received 129 HMDA reportable loan applications from within its assessment area. Of these applications, 12 or 9.3 percent were received from minority applicants, of which 8 or 66.7 percent resulted in originations. The Bank also received 10 applications from ethnic groups of Hispanic origin within its assessment area of which 3 or 30.0 percent were originated.

The Bank's level of lending was compared with that of the aggregate's lending performance levels for the most recent year that data was available, the year 2007. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to the table below for information on the Bank's minority application flow as well as the aggregate lenders (excluding the Bank) in the Bank's assessment area.

MINORITY APPLICATION FLOW								
RACE	Bank 2007		2007 Aggregate Data		Bank 2008		Bank TOTAL	
	#	%	#	%	#	%	#	%
<i>American Indian/ Alaska Native</i>	0	0.0	34	0.2	0	0.0	0	0.0
<i>Asian</i>	6	8.7	545	3.7	1	1.7	7	5.4
<i>Black/ African American</i>	1	1.4	241	1.6	2	3.3	3	2.3
<i>Hawaiian/Pac Isl.</i>	0	0.0	50	0.3	0	0.0	0	0.0
<i>2 or more Minority</i>	0	0.0	10	0.1	0	0.0	0	0.0
<i>Joint Race (White/Minority)</i>	1	1.5	139	1.0	1	1.7	2	1.6
Total Minority	8	11.6	1,019	6.9	4	6.7	12	9.3
<i>White</i>	55	79.7	9,747	66.4	50	83.3	105	81.4
<i>Race Not Available</i>	6	8.7	3,911	26.6	6	10.0	12	9.3
Total	69	100.0	14,677	100.0	60	100.0	129	100.0
ETHNICITY								
<i>Hispanic or Latino</i>	4	5.8	1,050	7.1	5	8.3	9	7.0
<i>Not Hispanic or Latino</i>	59	85.5	9,571	65.2	46	76.7	105	81.4
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	0	0.0	127	0.9	1	1.7	1	0.7
<i>Ethnicity Not Available</i>	6	8.7	3,929	26.8	8	13.3	14	10.9
Total	69	100.0	14,677	100.0	60	100.0	129	100.0

Source: US Census, 2007 and 2008 HMDA LAR, 2007 HMDA Aggregate Data

The Bank's performance was above the 2007 aggregate's performance level for minority but was below the aggregate for ethnicity. The Bank received 11.6 percent for minorities while the aggregate was lower at 6.9 percent. The percentage of Hispanic applications was 5.8 percent while the aggregate was 7.1 percent.

The Bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is deemed to be reasonable.

APPENDIX B

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

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) but excluding 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.

HOUSING TERMS

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 which 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).

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.

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.

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.

INCOME TERMS

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.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

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

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 consist of only one person, median household income is usually less than median family income.

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.

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.

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.

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

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

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.

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.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 828 Concord Street, Framingham, MA 01701"

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.