

PUBLIC DISCLOSURE

May 15, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Easton
Certificate Number: 26554

275 Washington St.
North Easton, Massachusetts 02356

Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118

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 Division of Banks 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 an adequate record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The following points summarize the bank's performance under Small Institution Standards.

- The loan-to-deposit ratio (LTD) is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage loans in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.
- The bank has a reasonable record relative to its fair lending policies and procedures.

SCOPE OF EVALUATION

General Information

This evaluation considered activity from January 1, 2020, to the current evaluation dated May 15, 2023. Examiners used the Interagency Small Institution CRA Examination Procedures to evaluate CRA performance. These procedures include six criteria within the Lending Test:

- LTD ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints and Fair Lending

Loan Products Reviewed

Examiners analyzed home mortgage loan originations from January 1, 2020, through December 31, 2022, collected through the institution's 2020, 2021 and 2022 Home Mortgage Loan Application Registers (LARs). Examiners presented these years of performance in the assessment area concentration, geographic distribution, and borrower profile tables.

Bank of Easton originated 78 home mortgage loans totaling \$24.4 million in 2020, 62 loans totaling \$21.7 million in 2021, and 43 loans totaling \$16.7 million in 2022. Examiners compared the institution's home mortgage lending performance to 2015 and 2020 American Community Survey (ACS) demographic data as appropriate.

Examiners focused this examination on the institution's home mortgage lending due to its higher share of the loan portfolio (96.3 percent) and its readily available data. Examiners also focused on the number of loans, rather than dollar volume, when assessing the institution's performance, as it is a better indicator of the number of individuals served.

Financial data about the bank was obtained from the March 31, 2023 Call Report issued to the FFIEC.

DESCRIPTION OF INSTITUTION

Background

Bank of Easton, A Co-operative Bank (Bank of Easton or the Bank) is a Massachusetts state-chartered mutual cooperative financial institution founded in 1889 and headquartered in North Easton, Massachusetts. The Bank operates in the southeastern part of Massachusetts, in Bristol and Norfolk counties.

Bank of Easton received a “Satisfactory” rating at its previous Division of Banks CRA Performance Evaluation dated February 4, 2019, based on the Interagency Small Institution CRA Examination Procedures and the Division’s CRA Regulation at 209 CMR 46.

Operations

In addition to the main office located in North Easton, the bank operates a full-service branch in South Easton. Both branches are in upper-income census tracts. No branch changes and no merger or acquisition activities have occurred since the last examination. Hours do not vary substantially between branches. Each branch uses Automated Teller Machines (ATMs) and drive-thru retail banking services.

Bank of Easton offers a wide variety of products and services to consumers and businesses. The bank offers loan products including commercial, home mortgage, and consumer loans, with a primary focus on residential lending. The bank also provides various deposit services such as checking, savings, certificates of deposit, and individual retirement accounts. Alternative banking services include online banking, mobile banking, and electronic bill pay.

Ability and Capacity

Bank of Easton’s assets totaled approximately \$192.9 million as of March 31, 2023, including total loans of approximately \$99.6 million and total deposits of \$171.9 million. Residential loans represent the primary credit product with approximately 96.3 percent of the loan portfolio.

Loan Portfolio Distribution as of 12/31/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	1,291	1.3
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	94,634	95.0
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Total Residential Loans	95,925	96.3
Secured by Nonfarm Nonresidential Properties	2,849	2.9
Commercial and Industrial Loans	119	0.1
Total Commercial Loans	2,968	3.0
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	728	0.7
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	5	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	99,626	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF THE ASSESSMENT AREA

The CRA requires financial institutions to define one or more assessment areas within which examiners will evaluate its CRA performance. Bank of Easton has designated one single assessment area which includes the towns of Easton, Mansfield, Norton and Stoughton. The towns of Easton, Mansfield, and Norton are in the Providence-Warwick, RI-MA Metropolitan Statistical Area (MSA) (39300) while Stoughton is located in the Boston, MA Metropolitan District (MD) (14454). The assessment area, as currently defined, meets the technical requirements of the Division of Bank's CRA regulation.

Economic and Demographic Data

The bank's assessment area consists of 20 census tracts that reflect the following income designations according to the 2020 American Community Survey (ACS):

- 3 moderate-income tracts,
- 4 middle-income tracts, and
- 13 upper-income tracts

The three moderate-income tracts are located in Stoughton. In 2021 there was one moderate-income tract, also located in Stoughton. The bank's 2020 and 2021 home mortgage lending performance was compared to 2015 ACS demographic data, while 2022 home mortgage lending performance was compared to the 2020 ACS data. The most relevant differences between 2021 and 2022 demographic information are as follows:

- The number of moderate-income tracts increased from one to three;
- The number of middle-income tracts decreased from six to four;
- The percentage of owner-occupied housing units in moderate income tracts increased from 1.3 percent to 12.2 percent.

ACS 2022 Demographic information for the assessment area is displayed in the chart below.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	20	0.0	15.0	20.0	65.0	0.0
Population by Geography	97,401	0.0	13.0	17.0	69.9	0.0
Housing Units by Geography	37,015	0.0	15.1	16.4	68.6	0.0
Owner-Occupied Units by Geography	27,634	0.0	12.2	17.6	70.2	0.0
Occupied Rental Units by Geography	8,124	0.0	24.1	10.4	65.4	0.0
Vacant Units by Geography	1,257	0.0	19.8	26.7	53.5	0.0
Family Distribution by Income Level	25,575	13.8	13.0	19.0	54.2	0.0
Household Distribution by Income Level	35,758	15.7	13.0	15.9	55.4	0.0
Median Family Income MSA - 14454 Boston, MA		\$112,607	Median Housing Value			\$395,714
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$89,555	Median Gross Rent			\$1,490
			Families Below Poverty Level			3.5%
<i>Source: 2020 ACS, 2022 D&B Data, and FFIEC Estimated Median Family Income;</i>						

The assessment area’s lending trends reflect increasing housing prices, in a moderately priced market. The median housing value based on ACS data is \$395,714. The average loan extended for a single-family purchase transaction was \$415,245 in 2021 and increased to \$442,555 in 2022. These increasing prices reflect possible challenges for low- and moderate-income borrowers to qualify for home mortgage loans in the assessment area.

The FFIEC Median Family Income level is used to analyze home mortgage loans under the Borrower Profile criterion. The following table displays the low-, moderate-, middle-, and upper-income categories for each year during the review period.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA Median Family Income (14454)				
2020 (\$109,800)	<\$54,900	\$54,900 to <\$87,840	\$87,840 to <\$131,760	≥\$131,760
2021 (\$113,700)	<\$56,850	\$56,850 to <\$90,960	\$90,960 to <\$136,440	≥\$136,440
2022 (\$129,500)	<\$64,750	\$64,750 to <\$103,600	\$103,600 to <\$155,400	≥\$155,400
Providence-Warwick, RI-MA MSA Median Family Income (39300)				
2020 (\$89,000)	<\$44,500	\$44,500 to <\$71,200	\$71,200 to <\$106,800	≥\$106,800
2021 (\$87,500)	<\$43,750	\$43,750 to <\$70,000	\$70,000 to <\$105,000	≥\$105,000
2022 (\$99,600)	<\$49,800	\$49,800 to <\$79,680	\$79,680 to <\$119,520	≥\$119,520
<i>Source: FFIEC</i>				

In the bank’s municipalities that comprise the assessment area, unemployment rates fluctuated over the evaluation period. This unemployment rate was 8.8 percent in 2020 and fell to an unemployment rate of 3.5 percent in 2022. A drastic increase in the unemployment rate in 2020 was attributed to the worldwide Covid-19 pandemic, which had a significant impact on the assessment area’s economy. Receding unemployment may reflect gradual economic improvements. The assessment area’s average unemployment rate was comparable to the state’s overall unemployment level, at 6.1 percent. Within the assessment area, Stoughton had the highest unemployment during the evaluation period which may reflect more financially vulnerable segments of the area.

Increasing home purchase prices coupled with higher unemployment may reflect difficulty in obtaining credit for low- and moderate-income families.

Competition

The assessment area represents a relatively small market for deposits. According to Peer Deposit Market Share data, 16 financial institutions operated 34 full-service branches within the bank’s assessment area. Of these institutions, Bank of Easton ranked 8th with a 4.2 percent deposit market share. Bank of America NA, North Easton Savings Bank, Citizens Bank NA, and HarborOne Bank are the largest institutions based on Deposit Market Share, comprising approximately 65.6 percent of the market.

There is a high level of competition for home mortgage loans. In 2022, 255 lenders reported 2,235 residential mortgage loans originated or purchased in the bank’s assessment area. The highest ranked institutions in the assessment area are mortgage companies and national banks, including Rocket Mortgage LLC, Guaranteed Rate Inc., and Citizens Bank NA, totaling approximately 17.4 percent of the market.

Community Contact

As part of the evaluation process, examiners contact organizations active in the assessment area to identify credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs.

Examiners contacted a representative from a non-profit organization serving Southeastern Massachusetts. The organization is a housing counseling agency providing education and technical assistance for low- and moderate-income residents. The contact noted an affordability gap as rising prices exceed even First Time Homebuyer (FTHB) grant and financial assistance opportunities. Housed individuals face homelessness risks including foreclosures, increasing rent prices, and utility bill increases. The contact mentioned that more support for shelters will be helpful in the current economy. There is a limit on financial institutions ability to close this affordability gap, and it is expanding to include middle-income families (that do not usually qualify for foreclosure or FTHB assistance). The contact relies heavily on financial institution donations and financial institutions work with counseling agencies to prepare buyers and ensure they have requisite financial literacy.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contact, The bank, and available economic data to determine the primary credit needs of the assessment area. Based on this information, examiners determined that the community's primary credit need is affordable housing for low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

This performance criterion determines what percentage of the bank’s deposit base is reinvested in the form of loans and evaluates its appropriateness. The average net loan-to-deposit ratio since the previous examination is reasonable given the institution’s size, financial condition, and assessment area credit needs.

The bank’s net LTD ratio, as calculated from the Quarterly Call Report data, averaged 60.3 percent over the past eighteen calendar quarters from March 31, 2019, through March 31, 2023. The ratio ranged from a high of 70.4 percent as of March 31, 2019, to a low of 54.5 percent as of March 31, 2021. The falling trend of the ratio was primarily driven by growing shares through the eight quarters; Total deposits increased approximately \$49.5 million over the evaluation period, or 40.4 percent growth. During the same period, loans increased \$12.9 million or 14.9 percent growth.

The bank’s average net LTD ratio over the evaluation period was compared to that of three similarly situated institutions. The institution selection is based on geographic location, lending focus, and branching structure. Bank of Easton’s average net LTD ratio is comparable to two of the three the institutions used in this comparison and supports reasonable performance.

Loan-to-Deposit Ratio Comparison		
Institution	Assets (\$000)	Average LTS Ratio (%)
Bank of Easton	192,895	60.3
Canton Co-Operative Bank	146,710	66.4
Wrentham Co-Operative Bank	154,531	65.7
Stoughton Co-Operative Bank	120,027	83.0
<i>Source: Reports of Income and Condition 3/31/2019 through 3/31/2023</i>		

Assessment Area Concentration

The institution originated a majority of loans within its assessment area. The table below highlights Bank of Easton’s lending inside and outside the assessment area. The performance in 2022 fell below 50 percent in the assessment area primarily due to the rate environment and competition.

Further analysis of 2022 lending (specifically home equity lines of credit) reflects regular bank monitoring and improvement of the assessment area concentration to approximately 52 percent. Similarly, the bank provided year-to-date information for 2023 lending activity which reflects a majority of mortgage loans and lines of credit originating within the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	41	52.6	37	47.4	78	12,354	50.7	12,001	49.3	24,355
2021	34	54.8	28	45.2	62	9,781	45.1	11,913	54.9	21,694
2022	19	44.2	24	55.8	43	7,084	42.5	9,591	57.5	16,675
Total	94	51.4	89	48.6	183	29,219	46.6	33,505	53.4	62,724

Source: Bank Data

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's assessment area contains no low-income census tracts.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%	
Moderate						
2020	1.3	0	0.0	0	0.0	
2021	1.3	1	2.9	214	2.2	
2022	12.2	0	0.0	0	0.0	
Middle						
2020	28.2	4	9.8	841	6.8	
2021	28.2	8	23.5	2,122	21.7	
2022	17.6	1	5.3	460	6.5	
Upper						
2020	70.6	37	90.2	11,513	93.2	
2021	70.6	25	73.5	7,445	76.1	
2022	70.2	18	94.7	6,624	93.5	
Total						
2020	100.0	41	100.0	12,354	100.0	
2021	100.0	34	100.0	9,781	100.0	
2022	100.0	19	100.0	7,084	100.0	

Source: 2015 & 2020 ACS; Bank Data,

The bank originated one loan in a moderate-income census tract in 2021. The percentage of owner-occupied housing in the lone moderate-income census tract during 2020 and 2021 was very low. The percentage of owner-occupied homes in 2022 increased to 12.2 percent, as a result of the increase in the number of moderate-income census tracts.

Performance context reflects challenges of lending in the moderate-income census tracts in Stoughton. In 2022, there were 144 lenders distributing applications in the moderate-income tracts within the assessment area. The top lenders in these tracts were all large financial institutions with mortgage originator lending structures. The resources and structures of Bank of Easton is commensurate with limited lending opportunities in the area. The bank is actively engaged in pursuing applications in Stoughton.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels. Examiners focused on activity among low- and moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2020	12.4	0	0.0	0	0.0
2021	12.4	1	2.9	55	0.6
2022	13.8	0	0.0	0	0.0
Moderate					
2020	12.5	5	12.2	816	6.6
2021	12.5	3	8.8	396	4.0
2022	13.0	1	5.3	365	5.2
Middle					
2020	17.5	7	17.1	1,431	11.6
2021	17.5	7	20.6	1,194	12.2
2022	19.0	5	26.3	1,280	18.1
Upper					
2020	57.6	27	65.9	9,369	75.8
2021	57.6	20	58.8	7,129	72.9
2022	54.2	11	57.9	4,761	67.2
Not Available					
2020	0.0	2	4.9	738	6.0
2021	0.0	3	8.8	1,007	10.3
2022	0.0	2	10.5	679	9.6
Total					
2020	100.0	41	100.0	12,354	100.0
2021	100.0	34	100.0	9,781	100.0
2022	100.0	19	100.0	7,084	100.0

Source: 2015 & 2020 ACS; Bank Data.

Home mortgage lending to low-income borrowers was below the demographic for all years analyzed. The percentage of loans to low-income borrowers is less than the percentage of low-income families, which reflects the difficulty for a low-income family to qualify for a mortgage using conventional underwriting standards. The borrowers earning \$64,750 would have difficulty qualifying for \$442,555 of credit.

The bank's performance among moderate-income lenders fell by number over the evaluation period. However, due to the low lending volume in 2022, even one more loan in the most recent year would bring the performance to a comparable percentage with the demographic of moderate-income families.

Lending Related Activities

Additional context mitigates the limited low- and moderate-income borrower distribution. The bank participates in FHLB Equity Builder loans with its customers, which reflects a willingness to lend to low- and moderate-income borrowers. While limited lending volume has continued into 2023, the bank continues to receive and prequalify applications from low- or moderate-income, reflecting their continued efforts to make credit available to these borrowers.

Response to Complaints and Fair Lending Policies and Procedures

A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous examination. This portion of the criterion did not impact the CRA rating.

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures.

Based on these procedures, no evidence of disparate treatment was noted. The bank has a reasonable record relative to its fair lending policies and procedures.

Minority Application Flow

Examiners reviewed the bank's 2021 and 2022 home mortgage data to determine if the application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to 2020 ACS data, the bank's assessment area contained a total population of 97,401 individuals of which 22.7 percent are minorities. The assessment area's minority and ethnic population is 4.4 percent Hispanic or Latino, 8.2 percent Black/African American, 8.2 percent Asian, 0.1 percent American Indian, and 2.6 percent other.

The bank received one application from an individual categorized as a racial minority in 2021 and one application from an ethnic minority applicant in the same year. The bank's performance

in 2022 was similar with only one application received from an ethnic minority consumer. This performance is below the demographics of the area.

Performance is explained by the demographic composition of the assessment area. Of the 22,127 individuals identified in the census as the minorities, approximately 51.6 percent of the population are in Stoughton. Stoughton has several large lenders with a branch presence in the city. Conversely, the bank's marketing primarily surrounds the two branches in Easton. When coupled with the resources and capabilities of the bank, the performance is reasonable.

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 bank'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. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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

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

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.

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 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, at 275 Washington St North Easton MA, 02356".

[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.