

# **PUBLIC DISCLOSURE**

September 7, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Brotherhood Credit Union  
Certificate Number: 65350  
75 Market Street  
Lynn, Massachusetts 01901

Division of Banks  
1000 Washington Street, 10<sup>th</sup> 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 financial supervisory agency concerning the safety and soundness of this financial institution.

## INSTITUTION RATING

This document is an evaluation of the CRA performance of Brotherhood Credit Union (credit union) prepared by the Massachusetts Division of Banks (Division), the institution's supervisory agency as of September 7, 2021. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

**INSTITUTION'S CRA RATING:** This institution is rated "**Satisfactory.**" An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. Brotherhood Credit Union's performance under this test is summarized below:

- Brotherhood Credit Union's average net loan-to-share ratio is reasonable given the institution's size, financial condition, and credit needs of its AA.
- A majority of the credit union's residential loans are inside the AA.
- The geographic distribution of loans reflects adequate dispersion throughout the AA.
- The distribution of borrowers reflects, given the demographics of the AA, adequate penetration among individuals of different income levels (including low- and moderate-income).
- The credit union has not received any CRA-related complaints since the last CRA evaluation.

## SCOPE OF EVALUATION

### General Information

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

This evaluation covers the period from January 1, 2019 to the current evaluation date September 7, 2021. Examiners used the Interagency Small Institution Examination Procedures to evaluate Brotherhood Credit Union's performance. The following criteria were considered: Loan-to-Share Analysis, Lending Inside and Outside of the Assessment Area, Geographic Distribution, Borrower Profile and Response to CRA Complaints.

The evaluation references demographic and economic information from the 2015 American Community Survey (ACS) and the U.S. Bureau of Labor Statistics (BLS). Credit Union financial data reflects the June 30, 2021 Call Reports.

## **Activities Reviewed**

Examiners determined the credit union's major product line is home mortgage loans. This conclusion considered the credit union's business strategy and the number and dollar volume of loans originated during the evaluation period.

The evaluation considered home mortgage loans collected on the credit union's 2019 and 2020 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LAR). In 2019, the credit union originated or purchased 21 loans totaling \$3.7 million and, in 2020, the credit union had 33 loans totaling \$10.0 million. For comparison purposes, examiners reviewed 2019 and 2020 aggregate data and 2015 ACS data.

Examiners reviewed the number and dollar volume of home mortgage loans. While the number and dollar volume of loans are presented, examiners emphasized performance by the number of loans because the number of loans is a better indicator of the number of individuals served.

## **DESCRIPTION OF INSTITUTION**

### **Background**

Chartered by the Commonwealth of Massachusetts in 1934, Brotherhood Credit Union is a wholly cooperative, member-owned organization established in Lynn, Massachusetts for the promotion of thrift amongst its members. Membership is available to any individual living or working, or has a place of business, in Essex, Middlesex, Suffolk or Norfolk counties.

Brotherhood Credit Union received a "low-income credit union" designation from the NCUA and the Division of Banks on March 7, 2013.

The credit union has 5,143 members as of June 30, 2021. Brotherhood Credit Union received a Satisfactory rating from the Massachusetts Division of Banks during its prior evaluation using the Small Institution Examination Procedures.

### **Operations**

The credit union is headquartered at its main branch 75 Market Street, Lynn, MA, located in a low-income census tract. Brotherhood Credit Union operates one other full-service branch located at 254 Humphrey Street, Marblehead, located in an upper-income census tract. Since the last exam, the credit union has not opened, nor closed, any branches.

The credit union's business hours are readily accessible to all members, with extended hours on Thursday and Friday. Both branches include Saturday hours. The credit union offers deposit-taking automated teller machines (ATMs) at each branch and a drive-up teller at the main branch in Lynn. During the COVID-19 pandemic closure, the credit union arranged for contact-free teller access at the Marblehead branch. The credit union is a member of the SUM network providing surcharge-free cash withdrawal access to members nationwide.

The credit union offers a variety of real estate-secured and consumer loan products to its members. These include new and used vehicle loans, unsecured personal loans, passbook loans, vacation loans, overdraft/line of credit, home equity loans and lines of credit, MassSave HEAT loans, and fixed and adjustable rate mortgages. Deposit products offered include checking and NOW accounts, savings accounts, money market accounts, share certificates, individual retirement accounts and MasterMoney™ debit cards. Business products include checking accounts, bill pay, online banking, 24-hour telephone banking, and no fees for non-profits organizations. Other services include online banking with eStatements and bill pay, mobile banking, mobile deposit, online loan application, Popmoney personal payment service.

### **Ability and Capacity**

As of June 30, 2021, assets totaled approximately \$116.4 million and shares totaled \$71.8 million. Total loans were \$47.3 million, representing approximately 40.6 percent of total assets. Since the previous CRA evaluation, assets increased 9.1 percent and the lending portfolio increased 11.6 percent. The following table illustrates the credit union's loan portfolio.

<b>Loan Portfolio Distribution as of 6/30/2021</b>		
<b>Loan Category</b>	<b>\$</b>	<b>%</b>
Unsecured Credit Card Loans	0	0.0
Payday Alternative Loans	0	0.0
Non-Federally Guaranteed Student Loans	0	0.0
Unsecured Loans/Lines of Credit	340,005	0.7
New Vehicle Loans	1,640,442	3.5
Used Vehicle Loans	2,954,713	6.2
Secured Non-Real Estate Loans/Lines of Credit	552,415	1.2
Total Loans/Lines of Credit Secured by 1 <sup>st</sup> Lien 1-4 Family Residential	36,990,416	78.2
Total Loans/Lines of Credit Secured by Junior Lien 1-4 Family Residential	4,806,748	10.2
All Other Real Estate Loans/Lines of Credit	0	0.0
Commercial Loans/Lines of Credit Real Estate Secured	0	0.0
Commercial Loans/Lines of Credit Not Real Estate Secured	0	0.0
<b>Total Loans</b>	<b>47,284,739</b>	<b>100.0</b>
<i>Source: Reports of Income and Condition</i>		

Examiners did not identify any financial, legal, or other impediments that affect the credit union's ability to meet AA credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. Brotherhood Credit Union has designated a single AA consisting of the seven Essex County municipalities of Lynn, Marblehead, Nahant, Peabody, Salem, Saugus

and Swampscott which are under the Cambridge-Newton-Framingham, MA Metropolitan Division (MD). The AA delineation did not change since the previous CRA examination.

The following sections discuss demographic and economic information for the AA.

**Economic and Demographic Data**

The AA includes 53 census tract. These tracts reflect the following income designations according to the 2015 ACS U.S. Census:

- 14 Low-income tracts,
- 16 moderate-income tracts,
- 19 middle-income tracts,
- 4 upper-income tracts,
- 0 tracts without an income designation.

The following table illustrates select demographic characteristics of the AA.

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Brotherhood CU 2020 AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	53	26.4	30.2	35.8	7.5	0.0
Population by Geography	251,570	21.4	30.9	39.9	7.8	0.0
Housing Units by Geography	103,444	21.0	31.0	40.6	7.4	0.0
Owner-Occupied Units by Geography	56,727	9.4	27.9	51.2	11.4	0.0
Occupied Rental Units by Geography	40,722	37.0	34.7	26.3	2.0	0.0
Vacant Units by Geography	5,995	22.3	34.8	37.7	5.2	0.0
Businesses by Geography	19,352	19.2	27.4	42.5	10.9	0.0
Farms by Geography	408	22.1	27.0	42.6	8.3	0.0
Family Distribution by Income Level	62,238	31.5	19.2	21.2	28.0	0.0
Household Distribution by Income Level	97,449	33.7	16.5	17.7	32.0	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$100,380	Median Housing Value			\$322,412
			Median Gross Rent			\$1,081
			Families Below Poverty Level			10.1%
<small>Source: 2015 ACS and 2020 D&amp;B Data. Due to rounding, totals may not equal 100.0%            (*) The NA category consists of geographies that have not been assigned an income classification.</small>						

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

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Cambridge-Newton-Framingham, MA Median Family Income (15764)</b>				
2019 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
2020 (\$118,800)	<\$59,400	\$59,400 to <\$95,040	\$95,040 to <\$142,560	≥\$142,560
<i>Source: FFIEC</i>				

**Competition**

The AA is located in a competitive market for home mortgage loans. There is a high level of competition for home mortgage loans among credit unions, banks, and non-depository lenders. In 2019, Brotherhood Credit Union held 0.18 percent market share. The largest three lenders by market share included Eastern Bank, Wells Fargo, N.A., and Quicken Loans, LLC.

**Community Contacts**

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

Examiners relied on a recent community contact with a non-profit organization in the assessment area that provides affordable housing, financial education, and economic opportunity. The contact was complimentary about the community-minded response and good communication of local financial institutions in reaction to the pandemic. These things, along with a renewed focus on small businesses and the economy, had an overall beneficial impact, therefore area credit needs shifted. The contact indicated that low- and moderate-income individuals and families encounter difficulties in obtaining residential mortgage financing. There is also a need for increased affordable housing units. Additionally, the demand for financial literacy presently exceeds the delivery capacity.

**Credit and Community Development Needs and Opportunities**

Based on demographic and economic information, discussions with credit union management, and information from community contacts, examiners identified the assessment area’s primary needs. These needs include affordable housing, community services for low- and moderate-income individuals, and economic development. There is an increased need for affordable housing due to a decrease in supply, high housing costs compared to area wages, and an increase in the homeless population. Furthermore, the COVID-19 pandemic exacerbated the need for affordable housing, food insecurity, and job losses as many families experienced layoffs.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### Loan-to-Share (LTS) Ratio

This performance criterion determines what percentage of the credit union’s share base is reinvested in the form of loans. The average net loan-to-share ratio for the last eight quarters is reasonable given the institutions size, financial condition, and AA credit needs.

The credit union’s net LTS ratio, as calculated from the NCUA 5300 Quarterly Call Report data, average 67.7 percent over the past eight calendar quarters from September 30, 2019 through June 30, 2021. The ratio ranged from a low of 63.8 percent as of June 30, 2020 to a high of 73.4 percent as of September 30, 2019. The ratio average was 70.8 percent for the three-month period prior to the onset of the COVID-19 pandemic when total deposits increased due to pandemic-related payments to members. Following the onset of the pandemic, the LTS ratio averaged 65.8 percent as loan amounts began to increase and member job confidence decreased.

The credit union’s average LTS ratio over the previous eight quarters was compared to that of two similarly situated institutions. The institution selection is based on geographic location, lending focus and branching structure. Brotherhood Credit Union’s average LTS ratio is below those of the two institutions.

<b>Loan-to-Share Ratio Comparison</b>		
<b>Credit Union</b>	<b>Total Assets as of 6/30/2021 (\$000s)</b>	<b>Average Net LTS Ratio (%)</b>
Community Credit Union of Lynn	164,164,850	85.5
River Works Credit Union	116,721,079	70.4
<b>Brotherhood Credit Union</b>	<b>116,388,976</b>	<b>67.7</b>
<i>Source: Reports of Income and Condition 6/30/2020 through 3/31/2021</i>		

### Assessment Area Concentration

The credit union made a majority of home mortgage loans within its AA. Please refer to the following table.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2019	21	63.6	12	36.4	33	3,706	59.9	2,477	40.1	6,183
2020	33	68.8	15	31.3	48	10,026	67.6	4,804	32.4	14,829
<b>Total</b>	<b>54</b>	<b>66.7</b>	<b>27</b>	<b>33.3</b>	<b>81</b>	<b>13,732</b>	<b>65.4</b>	<b>7,281</b>	<b>34.7</b>	<b>21,012</b>
<i>Source: Evaluated Period: 1/1/2019 – 12/31/2020 Credit Union Data</i>										

## **Geographic Distribution**

Considering the credit union's AA demographics, aggregate data, and performance context factors, the distribution of home mortgage loans reflects adequate dispersion throughout the AA in low- and moderate-income geographies.

The credit union originated or purchased 9.5 percent of its home mortgage loans within low-income census tracts in 2019. This performance is below the aggregate of 11.8 percent and in-line with the demographic benchmark of Owner-occupied Housing of 9.4 percent. The credit union's lending in low-income census tracts in 2020 increased to 24.2 percent, which was well above the aggregate of 9.9 percent and Owner-occupied Housing of 9.4 percent.

The credit union originated or purchased 9.5 percent of home mortgage loans within moderate-income census tracts in 2019. This is below the aggregate performance of 29.6 percent and the Owner-occupied Housing percentage of 27.9 percent. The credit union's number of home mortgage loans increased to 15.2 percent in moderate-income census tracts in 2020 which was below the aggregate performance of 27.9 percent and the Owner-occupied Housing.

Market share data supports the credit union's adequate performance. In 2019, Brotherhood Credit Union held 0.2 percent market share in 2019 in low- and moderate-income tracts, representing a steady rate compared with the credit union's overall market share.



Refer to the table below for more information.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	9.4	11.8	2	9.5	426	11.5
2020	9.4	9.9	8	24.2	1,944	19.4
Moderate						
2019	27.9	29.6	2	9.5	398	10.7
2020	27.9	27.9	5	15.2	1,327	13.2
Middle						
2019	51.2	48.2	11	52.4	1,040	28.1
2020	51.2	50.5	14	42.4	3,821	38.1
Upper						
2019	11.4	10.4	6	28.6	1,842	49.7
2020	11.4	11.7	6	18.2	2,934	29.3
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>21</b>	<b>100.0</b>	<b>3,706</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>10,026</b>	<b>100.0</b>

*Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

### **Borrower Profile**

The distribution of home mortgage loans reflects adequate penetration to individuals of different income levels. Examiners focused on percentage, by number, of home mortgage loans to low- and moderate-income borrowers.

In 2019, the credit union's lending to low- and moderate-income borrowers was below aggregate data. Brotherhood Credit Union originated 4.8 percent of loans in the AA to low-income borrowers, below both the aggregate of 7.5 percent and the Percentage of Families at 31.5 percent. The credit union originated 23.8 percent of loans to moderate-income borrowers, below the aggregate performance of 27.1 percent however above the Percentage of Families at 19.2 percent.

In 2020, the credit union's lending to low- and moderate-income borrowers was above aggregate performance. Lending to low-income borrowers was slightly increased over 2019 at 9.1 percent and was above the aggregate of 7.9 percent and below the Percentage Families at 31.5 percent.

Lending to moderate-income borrowers at 27.3 percent was slightly above both aggregate data of 26.6 percent and Percentage of Families at 26.6 percent.

The percentage of low-income families is typically higher than lending to these families, as a low-income family in the assessment area, earning less than \$57,750 in the Cambridge-Newton-Framingham, MA MD in 2019, may have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$322,412.

Refer to the table below for more information.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2019	31.5	7.5	1	4.8	60	1.6
2020	31.5	7.9	3	9.1	630	6.3
<b>Moderate</b>						
2019	19.2	27.1	5	23.8	345	9.3
2020	19.2	26.6	9	27.3	2,176	21.7
<b>Middle</b>						
2019	21.2	26.2	4	19.0	591	15.9
2020	21.2	25.2	9	27.3	2,600	25.9
<b>Upper</b>						
2019	28.0	25.2	11	52.4	2,710	73.1
2020	28.0	26.4	12	36.4	4,620	46.1
<b>Not Available</b>						
2019	0.0	14.1	0	0.0	0	0.0
2020	0.0	13.9	0	0.0	0	0.0
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>21</b>	<b>100.0</b>	<b>3,706</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>10,026</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

During the evaluation period, Brotherhood Credit Union loan increased loan offerings with particular benefit to low- and moderate-income borrowers. The credit union introduced the MassSave HEAT loan product designed to make energy efficiency more affordable to Massachusetts residents by qualifying for interest-free loans up to \$25,000 toward energy efficient home improvements. Through a third party broker, the credit union instituted FHA and VA loan programs allowing for lower down payments.

## **Response to Complaints**

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the credit union's public comment file indicated the credit union received no complaints pertaining to the institution's CRA performance since the previous examination. 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.

## **Discriminatory or Other Illegal Credit Practices**

### *Fair Lending Policies and Procedures*

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, examiners did not identify any violations of anti-discrimination laws and regulations.

### *Minority Application Flow*

Examiners reviewed the credit union's 2019 and 2020 HMDA LARs to determine if the credit union's application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to ACS U.S Census data, the credit union's assessment area contained a total population of 2.5 million individuals of which 31.2 percent are minorities. The assessment area's minority and ethnic population is 18.6 percent Hispanic or Latino, 5.8 percent Black/African American, 4.1 percent Asian, 0.2 percent American Indian, and 2.5 percent other.

In 2019, the credit union received 28 home mortgage loan applications from within its assessment area. Of these applications, two or 7.1 percent were received from racial minority applicants, one of which was originated by the credit union. The aggregate received 9.3 percent from minority applicants and 51.7 percent were originated. For the same time period, the credit union received one application or 3.6 percent from ethnic groups of Hispanic origin within its assessment area, which was not originated, versus the aggregate that received 13.7 percent from Hispanic applicants and 55.6 percent were originated.

In 2020, the credit union received 39 home mortgage loan applications from within its assessment area. Of these applications, three or 7.7 percent were received from racial minority applicants, one of which was originated by the credit union. The aggregate received 8.3 percent from minority applicants and 56.9 percent were originated. For the same time period, the credit union received two applications or 5.1 percent from ethnic groups of Hispanic origin within its assessment area, one of which was originated, versus the aggregate that received 12.3 percent from Hispanic applicants and 57.9 percent were originated.

<b>MINORITY APPLICATION FLOW</b>						
<b>RACE</b>	<b>2019</b>		<b>2019 Aggregate Data</b>	<b>2020</b>		<b>2020 Aggregate Data</b>
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0	0.3
Asian	0	0.0	3.2	0	0.0	3.1
Black/ African American	1	3.6	4.3	2	5.1	3.1
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0	0.2
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	1	3.6	1.3	1	2.6	1.3
<b>Total Racial Minority</b>	<b>2</b>	<b>7.1</b>	<b>9.3</b>	<b>3</b>	<b>7.7</b>	<b>8.3</b>
White	23	82.1	68.1	33	84.6	67.8
Race Not Available	3	10.7	22.8	3	7.7	23.9
<b>Total</b>	<b>28</b>	<b>100.0</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	<b>1</b>	<b>3.6</b>	<b>12.9</b>	<b>1</b>	<b>2.6</b>	<b>11.0</b>
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.3	1	2.6	1.4
<b>Total Ethnic Minority</b>	<b>1</b>	<b>3.6</b>	<b>14.2</b>	<b>2</b>	<b>5.1</b>	<b>12.3</b>
Not Hispanic or Latino	24	85.7	64.1	33	84.6	64.5
Ethnicity Not Available	3	10.7	21.7	4	10.3	23.1
<b>Total</b>	<b>28</b>	<b>100.0</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>100.0</b>
<i>Source: HMDA Aggregate Data (2019 and 2020), HMDA LAR Data (2019) and (2020)</i>						

Considering the demographic composition of the assessment area and comparisons to aggregate data in 2019 and 2020, the credit union's minority application flow is adequate.

## 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.

**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.

**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).

**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.

**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 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, requires 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 75 Market Street, Lynn, Massachusetts 01901."

[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.