PUBLIC DISCLOSURE

March 11, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Everett Co-operative Bank
Certificate Number: 26444

419 Broadway
Everett, Massachusetts 02149

Division of Banks	Federal Deposit Insurance Corporation
1000 Washington Street, 10th Floor	350 Fifth Avenue, Suite 1200
Boston, Massachusetts 02118	New York, New York 10118

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 or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

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

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.

- The bank made a majority of its home mortgage, small business, and home equity originations 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 and businesses of different sizes.

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

The Community Development Test is rated Satisfactory.

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

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated February 1, 2016, to the current evaluation dated March 11, 2019. Examiners used the Interagency Intermediate Small Institution (ISI) Examination Procedures to evaluate Everett Co-operative Bank's CRA performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test.

The evaluation references demographic and economic information from the 2010 United States (U.S.) Census, 2015 American Community Survey (ACS), D&B, the U.S. Bureau of Labor Statistics (BLS), and Moody's Analytics Inc. (Moody's). Bank financial data reflects the December 31, 2018 Consolidated Reports of Condition and Income (Call Report).

The Lending Test considered the institution's performance according to the following criteria.

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The Community Development Test considered the following factors.

- Number and dollar amount of community development loans, qualified investments, and community development services
- The responsiveness of such activities to the community development needs of the assessment area

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

Loan Products Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of originations during the evaluation period. At the request of the institution, the CRA evaluation included home equity lines of credit (HELOCs). No other loan types, such as small farm loans represent a major product line; therefore, they provide no material support for conclusions or ratings and are not presented.

The bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the bank's business strategy and larger loan volume when compared to small business and home equity lending during the evaluation period. Examiners weighted small business and consumer lending equally, but these products contributed less weight to overall conclusions compared to home mortgage lending.

Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period. Examiners considered all home mortgage loans reported on the bank's 2016 and 2017 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). In 2016, the bank reported 169 loans totaling approximately $82.3 million, and in 2017, the bank reported 144 loans totaling approximately $76.7 million. Examiners used the 2016 and 2017 aggregate data as well as demographic information as standards of comparison for the bank's home mortgage lending in each respective year.

As an ISI, the bank is not required to collect or report small business data; however, the bank collected the information in a form that examiners could use in the evaluation. As such, examiners considered all small business loans on the bank's 2016, 2017 and 2018 CRA Loan Registers. The bank elected not to report small business loan information; accordingly, examiners will not compare the bank's performance to aggregate lending data. In 2016, the bank originated 40 loans totaling approximately $8.7 million and in 2017, the bank originated 40 loans totaling approximately $14.5 million. In 2018, the bank originated 47 loans totaling approximately $14.6 million. Demographic information provided a standard of comparison for the bank's small business loans.

During the evaluation period, the bank collected information on HELOCs to be included in the evaluation. Examiners considered all HELOCs on the bank's 2016, 2017, and 2018 CRA Loan Registers for the evaluation. In 2016, the bank originated 124 loans totaling approximately $14.8 million and in 2017, the bank originated 104 loans totaling approximately $12.6 million. In 2018, the bank originated 74 loans totaling approximately $11.1 million. Demographic information provided a standard of comparison for the bank's consumer loans.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage, small business, and consumer loans. While the evaluation presents the number and dollar volume of loans, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses served.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation dated February 1, 2016.

DESCRIPTION OF INSTITUTION

Background

Everett Co-operative Bank is headquartered in Everett, Massachusetts (MA) and operates in the eastern part of MA, in Middlesex, Essex, and Suffolk Counties. The institution received a Satisfactory rating from the Federal Deposit Insurance Corporation and the Division of Banks during its prior joint evaluation, dated February 1, 2016, based on ISI Procedures.

Operations

In addition to its main office located at 419 Broadway in Everett, the bank operates one full-service branch in Lynnfield. In addition, the bank operates a loan production office also located on Broadway in Everett. Everett Co-operative Bank offers loan products including home mortgage, commercial, and consumer loans, primarily focusing on home mortgage lending. The institution provides a variety of deposit services including checking, savings, money market, individual retirement accounts, and certificates of deposit. Alternative banking services include internet and mobile banking, telephone banking, and automated teller machines. The bank did not open or close any branches and no merger or acquisition activities occurred since the previous evaluation.

Ability and Capacity

As of December 31, 2018, the bank had total assets of $497.9 million including total loans of $429.2 million. The following table illustrates the bank's loan portfolio.

Loan Portfolio Distribution as of 12/31/2018		
Loan Category	**$(000s)**	**%**
Construction and Land Development	47,876	11.2
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	242,293	56.5
Secured by Multifamily (5 or more) Residential Properties	41,150	9.6
Secured by Nonfarm Nonresidential Properties	92,686	21.6
Total Real Estate Loans	**424,005**	**98.9**
Commercial and Industrial Loans	4,410	1.0
Agricultural Loans	0	0.0
Consumer Loans	759	0.2
Other Loans	8	0.0
Less: Unearned Income	0	0.0
Total Loans	**429,182**	**100.0**

Source: Reports of Condition and Income. Due to rounding, totals may not equal 100.0

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

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. Everett Co-operative Bank designated a single assessment area, which includes 128 census tracts, all of which are located in the Cambridge-Newton-Framingham, MA Metropolitan Division (MD) (#15764), and the Boston, MA MD (#14454). Both MDs are part of the larger Boston-Cambridge-Newton, MA – New Hampshire Metropolitan Statistical Area (MSA) (#14460). The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The assessment area includes 128 census tracts that make up the cities and towns of Lynn, Lynnfield, Peabody, and Saugus located in Essex County, and Everett, Malden, Medford, Melrose, and Somerville located in Middlesex County. Within Suffolk County, the bank's assessment area includes the cities of Chelsea, Revere, and Winthrop and the East Boston neighborhood of Boston.

These census tracts reflect the following income designations according to the 2015 ACS data.

- 25 low-income census tracts,
- 58 moderate-income census tracts,
- 36 middle-income census tracts,
- 7 upper-income census tracts,
- 2 census tracts with no income designation.

The low- and moderate-income census tracts are primarily located in Chelsea, East Boston, Everett, Lynn, Malden, Medford, Peabody, Somerville, and Revere. The census tracts with no income-designation include the Suffolk Downs racetrack and Belle Isle Marsh Reservation. There are no underserved or distressed nonmetropolitan middle-income geographies or designated disaster areas within the bank's assessment area. However, there are several opportunity zones. The governor of Massachusetts recommends these areas and the U.S. Department of Treasury approves them. The opportunity zones are areas of economic need, with many opportunity zones having the lowest median family income within MA. Within the bank's assessment area, there are 18 census tracts designated as opportunity zones in Chelsea, Everett, Lynn, Malden, Medford, Peabody, Revere, Saugus, Somerville, and Winthrop.

Per the 2010 U.S. Census, the assessment area previously included 22 low-income census tracts, 53 moderate-income census tracts, 46 middle-income census tracts, 5 upper-income census tracts and 2 non-income designated census tracts. The 2015 ACS data reflects a change in census tract income designations, including 3 additional low-income census tracts, 5 additional moderate-income census tracts, 10 fewer middle-income census tracts, and 2 additional upper-income census tracts. Examiners evaluated the bank's lending performance given the demographic data applicable in each year.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	128	19.5	45.3	28.1	5.5	1.6
Population by Geography	604,631	17.5	47.4	29.5	5.6	0.0
Housing Units by Geography	241,389	17.6	46.2	30.8	5.4	0.0
Owner-Occupied Units by Geography	108,191	9.9	42.2	39.8	8.1	0.0
Occupied Rental Units by Geography	120,405	24.1	49.6	23.2	3.1	0.0
Vacant Units by Geography	12,793	20.8	48.4	25.5	5.3	0.0
Businesses by Geography	32,079	20.0	41.0	31.0	7.8	0.2
Farms by Geography	433	16.9	37.4	39.0	6.7	0.0
Family Distribution by Income Level	137,232	34.3	20.2	20.5	25.1	0.0
Household Distribution by Income Level	228,596	32.8	18.2	17.7	31.3	0.0
Median Family Income MSA - 14454 Boston, MA MD		$90,699	Median Housing Value			$345,692
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD		$100,380	Median Gross Rent			$1,240
			Families Below Poverty Level			10.9%

Source: 2010 U.S. Census & 2015 ACS Census and 2018 D&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.

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Opportunities for home mortgage lending in the assessment area are somewhat limited, as only 44.8 percent of the housing units are owner-occupied. The remaining units are occupied rental units (49.9 percent) and vacant units (5.3 percent).

Data obtained from the U.S. BLS indicates that in December 2018, the annual average unemployment rate was 3.3 percent statewide. The unemployment rate in Middlesex, Essex, and Suffolk Counties slightly declined throughout the evaluation period.

Examiners used the 2016 and 2017 Federal Financial Institutions Examination Council (FFIEC)-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Boston, MA MD Median Family Income (14454)				
2016 ($90,800)	<$45,400	$45,400 to <$72,640	$72,640 to <$108,960	≥$108,960
2017 ($94,300)	<$47,150	$47,150 to <$75,440	$75,440 to <$113,160	≥$113,160
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2016 ($98,600)	<$49,300	$49,300 to <$78,880	$78,880 to <$118,320	≥$118,320
2017 ($104,800)	<$52,400	$52,400 to <$83,840	$83,840 to <$125,760	≥$125,760
Source: FFIEC *Due to rounding, totals may not equal 100.0*				

The small business loan analysis under the Borrower Profile criterion compares the distribution of businesses by Gross Annual Revenue (GAR) level. According to 2018 D&B data, there were 32,079 non-farm businesses in the assessment area. The GARs for those businesses are below.

- 86.7 percent have $1 million or less.
- 5.0 percent have more than $1 million.
- 8.3 percent have unknown revenues.

Further, 82.8 percent of all businesses in the assessment area have GARs of less than $500,000, 69.0 percent of businesses have four or less employees, and 90.7 percent of businesses operate from a single location. These factors indicate that the majority of businesses are very small. Service industries represent the largest portion of businesses at 41.5 percent; followed by retail trade at 15.5 percent; non-classifiable establishments at 11.7 percent; and construction at 10.1 percent.

According to Moody's as of December 2018, the major employers in the Cambridge-Newton-Framingham, MA MD include Harvard University, Massachusetts Institute of Technology, and the TJX Company, Inc. In the Boston, MA MD, the top employers include Partners Healthcare, University of Massachusetts, and Stop & Shop Supermarket Company.

Competition

The assessment area is highly competitive in the market for financial services. According to the 2018 peer deposit data, 47 financial institutions operated 162 full-service branches within the bank's assessment area. Of these institutions, Everett Co-operative Bank ranked 15th with a 1.2 percent deposit market share, ranking higher than similarly situated institutions.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders in the assessment area. In 2016, 403 lenders reported 19,893 originated or purchased residential mortgage loans in the assessment area. Everett Co-operative Bank ranked 46th out of this group originating 90 loans for a market share of 0.5 percent in the assessment area. In 2016, Everett Co-operative Bank was the highest ranked community bank when compared to similarly situated institutions. In 2017, 402 lenders reported 16,075 originated or purchased residential mortgage loans in the assessment area.

Everett Co-operative Bank ranked 51st by originating 73 loans for a market share of 0.5 percent. Everett Co-operative Bank was again the highest ranked community bank when compared to other similarly situated institutions.

The analysis of small business loans under the Lending Test does not include comparisons to aggregate data, as the bank does not report this type of data. The aggregate data, however, reflects the level of demand for small business loans and is therefore included. The 2016 aggregate CRA data shows that 163 institutions reported 76,169 small business loans in the counties of the bank's assessment area, indicating a high degree of competition for this product. The competition level remained steady in 2017 with 167 institutions reporting 73,632 loans in the counties of the bank's assessment area.

Community Contact

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

Examiners contacted a representative of a housing and community service organization serving the bank's assessment area. The organization provides emergency shelter and affordable housing for homeless and low-income individuals and families. The contact cited a need for affordable housing and affordable rental housing in the bank's assessment area. The contact indicated there is a need for banks to invest in low-income housing development. The contact stated that area real estate prices are exorbitantly high, making home ownership for low-income individuals very difficult. Further, it resulted in property owners increasing area rents.

The contact also noted that the new casino opening in Everett caused further increases in the cost of real estate. The contact noted needs for financial literacy, credit counseling, and product offerings that would allow individuals to build and repair their credit history. In addition, the contact stated there is a need for larger grant donations to community service organizations, bank involvement on fundraising committees, and bank sponsorship of fundraising events.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and affordable rental housing represent a primary community development need for the assessment area. The shortage of affordable housing units and limited affordability supports this need. Additionally, there is a need for financial literacy and credit counseling for low-income individuals. There is also a need for products that help individuals establish, build, and repair credit.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Everett Co-operative Bank demonstrated reasonable performance under the Lending Test. Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance primarily support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 100.7 percent over the past 12 calendar quarters from March 31, 2016, to December 31, 2018. The ratio ranged from a low of 95.1 percent as of June 30, 2016, to a high of 106.0 percent as of September 30, 2018. The ratio steadily increased over the evaluation period.

The bank sells a portion of its residential loans to the secondary market, which further supports the bank's more than reasonable ratio. The bank sold 113 loans totaling approximately $36.3 million since the last evaluation. Everett Co-operative Bank's LTD ratio compared favorably to similarly situated institutions, as shown in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	**Total Assets as of 12/31/2018 ($000s)**	**Average Net LTD Ratio (%)**
Everett Co-operative Bank	**497,897**	**100.7**
Beverly Bank	486,825	98.1
Eagle Bank	447,540	81.1
Northmark Bank	372,260	100.3
Reading Co-operative Bank	570,447	104.8
Source: Reports of Condition and Income 3/31/16 through 12/31/18		

Assessment Area Concentration

The bank originated a majority of home mortgage, small business, and HELOCs by number and dollar amount within the assessment area. Home mortgage and HELOC lending volume declined over the evaluation period, primarily due to a rising rate environment and declining demand for these products in the area. See the following table for further information.

Lending Inside and Outside of the Assessment Area										
Loan Category	**Number of Loans**				**Total**	**Dollar Amount of Loans $(000s)**				**Total**
	Inside		**Outside**			**Inside**		**Outside**		
	#	**%**	**#**	**%**	**#**	**$**	**%**	**$**	**%**	**$(000s)**
Home Mortgage										
2016	90	53.3	79	46.7	169	43,102	52.4	39,205	47.6	82,307
2017	73	50.7	71	49.3	144	38,822	50.6	37,845	49.4	76,667
Subtotal	**163**	**52.1**	**150**	**47.9**	**313**	**81,924**	**51.5**	**77,050**	**48.5**	**158,974**
Small Business										
2016	29	72.5	11	27.5	40	6,039	69.1	2,703	30.9	8,742
2017	27	67.5	13	32.5	40	7,812	53.7	6,729	46.3	14,541
2018	33	70.2	14	29.8	47	11,098	76.0	3,510	24.0	14,608
Subtotal	**89**	**70.1**	**38**	**29.9**	**127**	**24,949**	**65.8**	**12,942**	**34.2**	**37,891**
HELOCs										
2016	83	66.9	41	33.1	124	10,184	68.9	4,588	31.1	14,772
2017	60	57.7	44	42.3	104	5,832	46.2	6,784	53.8	12,616
2018	46	62.2	28	37.8	74	7,037	63.4	4,059	36.6	11,096
Subtotal	**189**	**62.6**	**113**	**37.4**	**302**	**23,053**	**59.9**	**15,431**	**40.1**	**38,484**
Total	**441**	**59.4**	**301**	**40.6**	**742**	**129,926**	**55.2**	**105,423**	**44.8**	**235,349**

Source: Evaluation Period: 1/1/2016 - 12/31/2018
HMDA Evaluation Period: 1/1/2016 - 12/31/2017
Small Business Evaluation Period: 1/1/2016 - 12/31/2018
HELOCs Evaluation Period: 1/1/2016 - 12/31/2018
Due to rounding, totals may not equal 100.0

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank’s reasonable dispersion of home mortgage, small business, and HELOCs supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Examiners focused on the comparison to aggregate data as well to demographics. In 2016, the bank’s lending in low-income census tracts was less than the aggregate; however, lending was consistent with demographics. In 2017, despite a decline in overall home mortgage lending, lending in low-income tracts increased from the previous year, exceeding aggregate performance and demographics. Due to the ACS changes, the assessment area gained three low-income tracts in 2017.

In 2016, the bank's lending in moderate-income census tracts was significantly higher than aggregate and demographics. In 2017, the bank's lending declined by 8.6 percentage points from the previous year and was slightly below the aggregate, but was in line with the demographics.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2016	7.5	9.2	7	7.8	10,641	24.7
2017	9.9	12.7	13	17.8	4,657	12.0
Moderate						
2016	36.0	35.5	46	51.1	15,616	36.2
2017	42.2	44.5	31	42.5	20,041	51.6
Middle						
2016	50.3	49.1	25	27.8	10,455	24.3
2017	39.9	36.2	19	26.0	8,239	21.2
Upper						
2016	6.1	6.1	12	13.3	6,390	14.8
2017	8.1	6.6	10	13.7	5,885	15.2
Totals						
2016	**100.0**	**100.0**	**90**	**100.0**	**43,102**	**100.0**
2017	**100.0**	**100.0**	**73**	**100.0**	**38,822**	**100.0**
Source: 2010 U.S. Census & 2015 ACS Census; 1/1/2016 - 12/31/2017 Bank Data, 2016 & 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion. Examiners compared the bank's lending activity to the percent of area businesses. In 2016, the bank's lending in low-income census tracts significantly trailed demographics. However, the bank's performance improved in 2017, exceeding demographics by 9.6 percent. In 2018, the bank's lending increased by 6.8 percent and was significantly above demographics. As noted previously, the bank's assessment area in 2017 gained three low-income census tracts given the ACS changes.

In 2016, the bank's lending in moderate-income census tracts outperformed demographics by 31.2 percent. In 2017, the bank's performance declined significantly from the prior year and fell well below demographics. Bank management stated the decline was partly due to an increase in commercial loan originations with loan amounts over $1.0 million in 2017. Nevertheless, in 2018, small business lending increased and was in line with demographics, indicating a positive trend.

Geographic Distribution of Small Business Loans					
Tract Income Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
Low					
2016	13.8	2	6.9	345	5.7
2017	20.0	8	29.6	2,101	26.9
2018	20.0	12	36.4	3,658	33.0
Moderate					
2016	37.8	20	69.0	3,198	53.0
2017	41.1	7	25.9	1,932	24.7
2018	41.0	13	39.4	3,435	31.0
Middle					
2016	42.9	7	24.1	2,496	41.3
2017	30.8	9	33.3	2,629	33.7
2018	31.0	6	18.2	2,405	21.7
Upper					
2016	5.3	0	0.0	0	0.0
2017	7.9	2	7.4	400	5.1
2018	7.8	2	6.1	1,600	14.4
Not Available					
2016	0.2	0	0.0	0	0.0
2017	0.2	1	3.7	750	9.6
2018	0.2	0	0.0	0	0.0
Totals					
2016	**100.0**	**29**	**100.0**	**6,039**	**100.0**
2017	**100.0**	**27**	**100.0**	**7,812**	**100.0**
2018	**100.0**	**33**	**100.0**	**11,098**	**100.0**
Source: 2016, 2017 & 2018 D&B Data; 1/1/2016 - 12/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0					

HELOCs

The geographic distribution of HELOCs reflects reasonable dispersion. Examiners compared the bank's lending activity to the percent of owner-occupied housing units. In 2016, lending in low-income census tracts was significantly below demographics. Bank management explained that the bank did not have competitive equity product in 2016. The bank conducted a market evaluation and offered promotions in 2017 to generate more lending business. In 2017, the bank's lending performance increased in low-income tracts and exceeded demographics by 20.1 percent. In 2018, lending performance declined slightly; however, remained above the demographics.

The bank's lending activity in moderate-income census tracts further supports the bank's reasonable performance. In 2016, the bank's lending activity in moderate-income census tracts exceeded demographics by 9.8 percent. In 2017, lending activity declined by 7.5 percent from prior year and fell below area demographics. In 2018, the bank's lending remained below demographics.

Geographic Distribution of HELOCs					
Tract Income Level	**% of Owner-Occupied Housing Units**	**#**	**%**	**$(000s)**	**%**
Low					
2016	7.5	1	1.2	97	1.0
2017	9.9	18	30.0	1,989	34.1
2018	9.9	11	23.9	1,076	15.3
Moderate					
2016	36.0	38	45.8	4,791	47.0
2017	42.2	23	38.3	1,759	30.2
2018	42.2	18	39.1	2,728	38.8
Middle					
2016	50.3	33	39.8	4,033	39.6
2017	39.9	14	23.3	1,464	25.1
2018	39.9	11	23.9	2,423	34.4
Upper					
2016	6.1	11	13.3	1,263	12.4
2017	8.1	5	8.3	620	10.6
2018	8.1	6	13.0	810	11.5
Totals					
2016	**100.0**	**83**	**100.0**	**10,184**	**100.0**
2017	**100.0**	**60**	**100.0**	**5,832**	**100.0**
2018	**100.0**	**46**	**100.0**	**7,037**	**100.0**
Source: 2010 U.S. Census & 2015 ACS Census; 1/1/2016 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes in the assessment area. The bank's reasonable performance of home mortgage, small business, and home equity lending supports this conclusion. Examiners focused on the percentage by number of home mortgage and HELOCs to low- and moderate-income borrowers. Examiners also focused on the percentage, by number, of small business loans to businesses with GARs of $1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. Examiners focused on the comparison to aggregate lending performance and demographics.

In 2016, home mortgage lending to low-income borrowers exceeded aggregate lending performance by 1.7 percent. Although the bank's performance was less than the 33.7 percent of families in the low-income category, the demand and opportunity for lending to low-income families was relatively limited. A low-income family in the assessment area, earning less than $49,300, would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of $345,692. In 2017, lending decreased, falling behind aggregate lending performance by 3.4 percent.

Bank lending to moderate-income borrowers trailed aggregate performance in 2016. Despite a decline in overall lending in 2017, the percentage of lending to moderate-income borrowers increased as a percent of overall lending. The bank's lending remained below demographics in the assessment area in both years.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2016	33.7	5.0	6	6.7	1,065	2.5
2017	34.3	6.1	2	2.7	332	0.9
Moderate						
2016	19.7	19.9	11	12.2	2,536	5.9
2017	20.2	22.0	11	15.1	3,159	8.1
Middle						
2016	21.3	28.0	21	23.3	6,468	15.0
2017	20.5	28.3	14	19.2	4,107	10.6
Upper						
2016	25.3	32.5	28	31.1	14,037	32.6
2017	25.1	30.0	23	31.5	10,538	27.1
Not Available						
2016	0.0	14.6	24	26.7	18,996	44.1
2017	0.0	13.5	23	31.5	20,686	53.3
Totals						
2016	**100.0**	**100.0**	**90**	**100.0**	**43,102**	**100.0**
2017	**100.0**	**100.0**	**73**	**100.0**	**38,822**	**100.0**
Source: 2010 U.S. Census & 2015 ACS Census; 1/1/2016 - 12/31/2017 Bank Data, 2016 & 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0						

Small Business Loans

The distribution of small business loans reflects reasonable penetration to businesses with GARs of $1.0 million or less. As shown in the following table, a majority of small business loans were to those businesses. Even though the bank's performance fluctuated over the evaluation period, the vast majority of loans were to businesses with GARs of $1.0 million or less each year.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000					
2016	86.1	23	79.3	5,399	89.4
2017	86.7	19	70.4	6,084	77.9
2018	86.7	28	84.8	9,422	84.9
>$1,000,000					
2016	5.4	6	20.7	640	10.6
2017	5.1	8	29.6	1,728	22.1
2018	5.0	5	15.2	1,676	15.1
Revenue Not Available					
2016	8.5	0	0.0	0	0.0
2017	8.1	0	0.0	0	0.0
2018	8.3	0	0.0	0	0.0
Totals					
2016	**100.0**	**29**	**100.0**	**6,039**	**100.0**
2017	**100.0**	**27**	**100.0**	**7,812**	**100.0**
2018	**100.0**	**33**	**100.0**	**11,098**	**100.0**
Source: 2016, 2017 & 2018 D&B Data; 1/1/2016 - 12/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0					

HELOCs

The distribution of HELOCs to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. Examiners compared the bank's lending activity to the percent of families in the area.

The bank's lending to low-income borrowers was less than demographics in 2016, 2017, and 2018. In addition, lending declined over the evaluation period. Although lending fell below demographics, approximately 10.9 percent of families are below the poverty level, a sub-set of the low-income category. This would present challenges for borrowers to qualify for a loan under traditional underwriting standards.

In 2016, the bank's lending to moderate-income borrowers was less than demographics. In 2017, lending increased 8.1 percent from the prior year and was greater than demographics. Although lending activity slightly declined in 2018, the bank's lending remained above demographics.

Distribution of Consumer Loans by Borrower Income Level					
Borrower Income Level	**% of Families**	**#**	**%**	**$(000s)**	**%**
Low					
2016	33.7	10	12.0	669	6.6
2017	34.3	7	11.7	407	7.0
2018	34.3	5	10.9	560	8.0
Moderate					
2016	19.7	14	16.9	1,855	18.2
2017	20.2	15	25.0	990	17.0
2018	20.2	10	21.7	830	11.8
Middle					
2016	21.3	19	22.9	1,791	17.6
2017	20.5	15	25.0	1,119	19.2
2018	20.5	11	23.9	1,289	18.3
Upper					
2016	25.3	38	45.8	5,796	56.9
2017	25.1	23	38.3	3,316	56.9
2018	25.1	18	39.1	4,200	59.7
Not Available					
2016	0.0	2	2.4	73	0.7
2017	0.0	0	0.0	0	0.0
2018	0.0	2	4.3	158	2.2
Totals					
2016	**100.0**	**83**	**100.0**	**10,184**	**100.0**
2017	**100.0**	**60**	**100.0**	**5,832**	**100.0**
2018	**100.0**	**46**	**100.0**	**7,037**	**100.0**
Source: 2010 U.S. Census & 2015 ACS Census; 1/1/2016 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0					

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

Everett Co-operative Bank demonstrated adequate responsiveness to community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities.

Community Development Loans

Everett Co-operative Bank originated nine community development loans totaling $8.4 million during the evaluation period. This level of community development lending represents 1.8 percent of average total assets and 2.1 percent of average total loans since the prior CRA evaluation. The bank's community development lending, in number and dollar volume, slightly decreased since the last evaluation. The bank originated 12 community development loans totaling $9.5 million during the last evaluation. Nevertheless, the bank's performance is consistent with similarly situated institutions.

The following table illustrates the bank's community development lending activity by year and purpose. All loans supported affordable housing, a primary need in the bank's assessment area.

Community Development Lending										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
02/02/2016 - 12/31/2016	4	1,636	0	0	0	0	0	0	**4**	**1,636**
2017	0	0	0	0	0	0	0	0	**0**	**0**
2018	4	4,627	0	0	0	0	0	0	**4**	**4,627**
YTD 2019	1	2,100	0	0	0	0	0	0	**1**	**2,100**
Total	**9**	**8,363**	**0**	**0**	**0**	**0**	**0**	**0**	**9**	**8,363**
Source: Bank Records										

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

- In 2016, the bank made a $525,000 loan to refinance an existing 6-unit property in the bank's assessment area. Four units are rented at rates below fair market value and provide affordable housing to low- and moderate-income individuals. This loan supports the assessment area's identified need of affordable housing.

- In 2018, the bank refinanced a $2.0 million loan on a 26-unit property in the assessment area that supports affordable housing. The organization that uses the property provides emergency, transitional, and permanent housing and support services to low-income, homeless, and formerly homeless families and individuals.

- In 2019, the bank made a $2.1 million loan for the construction of an affordable housing complex consisting of 19 micro units in the assessment area. Loan proceeds will be used to convert a former rooming house to the micro unit complex. Of the 19 units, 16 will be below fair market rental rates and 3 will be deed restricted affordable housing units in accordance with the city of Everett's zoning ordinance. All rents are affordable for low- and moderate-income individuals. This loan supports the assessment area's identified need of affordable housing.

Qualified Investments

Everett Co-operative Bank made 51 qualified investments totaling $58,241. The dollar amount of donations equates to 1 percent of pre-tax net operating income since the last evaluation. This dollar amount consists solely of grants and donations to local organizations benefitting low- and moderate-income individuals within the assessment area. The dollar volume of donations decreased since the last evaluation, where the bank made 50 donations totaling $71,777. Nevertheless, the bank's performance is consistent with similarly situated institutions. The following table illustrates the bank’s community development investments by year and purpose.

Qualified Investments										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$**	**#**	**$**	**#**	**$**	**#**	**$**	**#**	**$**
02/02/2016 - 12/31/2016	1	200	11	18,050	1	800	0	0	**13**	**19,050**
2017	1	450	7	9,965	0	0	0	0	**8**	**10,415**
2018	2	1,750	22	18,139	2	2,887	0	0	**26**	**22,776**
YTD 2019	0	0	4	6,000	0	0	0	0	**4**	**6,000**
Total	**4**	**2,400**	**44**	**52,154**	**3**	**3,687**	**0**	**0**	**51**	**58,241**
Source: Bank Records										

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

Grants and Donations

- ***Habitat PLUS Inc***. – The organization provides affordable housing services to homeless disabled veterans. The organization currently offers a group home and a Cooperative Apartment Program to ensure homeless veterans have access to stable housing.

- ***The City of Everett*** – Everett Co-operative Bank donated to the City of Everett’s Community Development Block Grant Program. The program ensures that the city can meet the affordable housing, business development, revitalization, and public social service needs of the city. The program supports economic development in Everett through small business development efforts.

- ***Portal to Hope*** – Portal to Hope is a non-profit organization committed to providing community services to helping victims of domestic violence, sexual assault, and stalking crimes. The organization provides an emergency shelter, housing and job placement assistance, and legal services to low- and moderate-income individuals. Everett Co-operative Bank’s donations to this organization during the evaluation period supported community services for low- and moderate-income individuals.

- ***Joint Committee for Children’s Health Care*** – The organization provides community services to low- and moderate-income individuals and families, and helps them gain access to health insurance coverage. Everett Co-operative Bank made several donations to this organization during the evaluation period.

Community Development Services

During the evaluation period, bank employees provided 39 instances of financial expertise or technical assistance to 7 different community development-related organizations in the assessment area. The bank's level of community development services remained consistent from that provided during the last evaluation. The bank's provision of services is comparable to similarly situated institutions. The following table illustrates the bank's community development services by year and purpose.

Community Development Services					
Activity Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	**#**	**#**	**#**	**#**
02/02/2016-12/31/2016	0	13	0	0	**13**
2017	0	13	1	0	**14**
2018	0	12	0	0	**12**
YTD 2019	0	0	0	0	**0**
Total	**0**	**38**	**1**	**0**	**39**
Source: Bank Records					

Bank employees are involved in local community development organizations in multiple capacities. The employees provide service through membership and participation in and providing financial expertise to the organizations they serve. The following are some organizations that benefited from the employees' dedicated service.

- ***Family Service of Greater Boston*** (FSGB) – A Board of Director serves as a FSGB Board member. FSGB provides community services to low- and moderate-income children and families. FSGB's mission is to promote self-sufficiency and well-being for at-risk urban children, youth, and families. This organization serves Boston, including portions of the bank's assessment area.

- ***Everett Development and Finance Corporation (EDFC)* –** The EDFC's primary objective is to improve the living conditions in Everett through revitalization, employment, and new business opportunities. EDFC provides direct financing for small businesses that may not meet traditional underwriting standards. The EDFC primarily services small businesses in Everett and supports economic development. An executive president served as the Director of the EDFC in 2017 and 2018.

- ***Everett High School Mock Interviews*** – A bank management member conducted mock interviews at Everett High School, providing community services to low- and moderate-income students. The mock interviews helped prepare students for future job interviews. A majority of the students at Everett High School are low- and moderate income.

- ***Savings Makes Cents –*** In 2016, 2017, and 2018, the branch manager and teller supervisor presented the Savings Makes Cents program to students at the Lafayette School in Everett. Bank employees present materials to students for one hour a week from September through May. A majority of the students at the Lafayette School are low- and moderate-income.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A

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. 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. Examiners conducted the fair lending review in accordance with the FFIEC Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

MINORITY APPLICATION FLOW

Examiners reviewed the bank's 2016 and 2017 HMDA LARs to determine if the application flow from the different racial groups within the bank's assessment area reflected the assessment area's demographics.

According to the 2015 ACS Census Data, the bank's assessment area contained a population of 601,599 individuals of which 39.9 percent are minorities. The assessment area's minority and ethnic population is 7.5 percent Black/African American, 7.6 percent Asian/Pacific Islander, 0.1 percent American Indian, 21.6 percent Hispanic or Latino and 3.1 percent other.

In 2016, the bank received 101 HMDA reportable loan applications from within its assessment area. Of these applications, the bank received 8 or 7.9 percent from minority applicants, of which 7 or 87.5 percent resulted in originations. The bank also received 6 or 6.0 percent of applications from ethnic groups of Hispanic origin within its assessment area of which it originated 5 or 83.3 percent.

In 2017, the bank received 87 HMDA reportable loan applications from within its assessment area. Of these applications, the bank 3 or 3.4 percent from minority applicants, of which 2 or 66.6 percent resulted in originations. For the same period, the bank also received 3 or 3.4 percent of applications from ethnic groups of Hispanic origin within its assessment area of which it originated 2 or 66.6 percent.

Examiners compare the bank's level of lending to that of the aggregate lending performance level for the most recent year that data was available, the year 2017. 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 following table for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW					
RACE	**Bank 2016 HMDA**		**Bank 2017 HMDA**		**2017 Aggregate Data**
	#	%	#	%	%
American Indian/ Alaska Native	0	0.0	0	0.0	0.3
Asian	4	3.9	2	2.3	7.6
Black/ African American	3	3.0	0	0.0	4.8
Hawaiian/Pacific Islander	0	0.0	0	0.0	0.1
2 or more Minority	0	0.0	0	0.0	0.1
Joint Race (White/Minority)	1	1.0	1	1.1	1.6
Total Minority	**8**	**7.9**	**3**	**3.4**	**14.5**
White	65	64.4	60	69.0	62.5
Race Not Available	28	27.7	24	27.6	23.0
Total	**101**	**100.0**	**87**	**100.0**	**100.0**
ETHNICITY					
Hispanic or Latino	**4**	**4.0**	**3**	**3.5**	**13.3**
Not Hispanic or Latino	68	67.3	59	67.8	63.3
Joint (Hisp/Lat /Not Hisp/Lat)	**2**	**2.0**	**0**	**0.0**	**1.4**
Ethnicity Not Available	27	26.7	25	28.7	22.0
Total	**101**	**100.0**	**87**	**100.0**	**100.0**

*Source: ACS Census 2015, HMDA Aggregate Data 2017, HMDA LAR Data 2016 and 2017 *Due to rounding, totals may not equal 100.0 percent.*

Considering the demographic composition of the assessment area and comparisons to aggregate data in 2017, the bank'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 or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

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

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

(1) Support affordable housing for low- and moderate-income individuals;
(2) Target community services toward low- and moderate-income individuals;
(3) Promote economic development by financing small businesses or farms;
(4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
(5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that
(1) Has as its primary purpose community development; and
(2) Except in the case of a wholesale or limited purpose bank:
(i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
(ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that
(1) Has as its primary purpose community development;
(2) Is related to the provision of financial services; and
(3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

(1) An unemployment rate of at least 1.5 times the national average;
(2) A poverty rate of 20 percent or more; or
(3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

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

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

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

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

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

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

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, at (Address at main office)."

   "You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (Address at main office)."

   [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.