

# **PUBLIC DISCLOSURE**

May 9, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Everett Co-operative Bank  
Certificate Number: 26444

419 Broadway  
Everett, Massachusetts 02149

Division of Banks  
1000 Washington Street, 10<sup>th</sup> Floor  
Boston, Massachusetts 02118

Federal Deposit Insurance Corporation  
350 Fifth Avenue, Suite 1200  
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.

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**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 loans in the assessment area.
- The geographic distribution of loans reflects excellent 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 demonstrates adequate responsiveness to assessment area community development needs through community development loans, qualified investments, and community development services.

## DESCRIPTION OF INSTITUTION

### **Background**

Everett Co-operative Bank (Everett Co-operative) is a state-chartered financial institution chartered in 1880 and headquartered in Everett, Massachusetts (MA). The bank operates in the eastern portion of MA, in Middlesex, Essex, and Suffolk Counties. The bank maintains First Everett Security Corporation as its sole subsidiary.

The bank received a “Satisfactory” rating from the Federal Deposit Insurance Corporation and the Massachusetts Division of Banks (Division) during its prior joint CRA Performance Evaluation, dated March 11, 2019. Examiners evaluated the bank’s performance based on Interagency Intermediate Small Institution Procedures.

### **Operations**

In addition to its main office at 419 Broadway, Everett, located in a low-income census tract, the bank operates another full-service branch at 771 Salem Street, Lynnfield located in an upper-income census tract. The bank also operates a loan production office at 391 Broadway, Everett. Both locations are open 8:30 a.m. - 4:00 p.m. Monday through Wednesday and Friday, 8:30 a.m. - 5:00 p.m. on Thursday, and 9:00 a.m. - 12:00 p.m. on Saturday. Deposit-taking automated teller machines (ATMs) are available at both locations.

Everett Co-Operative offers loan products including home mortgage, commercial, and consumer loans, home equity loans and lines of credit, primarily focusing on home mortgage lending. Consumer lending includes automobile and student loans and reserve lines of credit. The institution provides various deposit services including, checking, savings, money market, individual retirement accounts, and certificates of deposit. Business products include checking and money market accounts as well as loans for commercial purpose, construction, commercial real estate, and Small Business Administration (SBA) loans. Alternative banking services include internet and mobile banking, remote deposit capture, 24/7 telephone banking, and ATMs. The bank participates in the surcharge-free SUM ATM network. The bank did not open nor close any branches, and no merger or acquisition activities occurred since the previous evaluation.

### **Ability and Capacity**

As of March 31, 2022, Everett Co-operative had total assets of \$688.6 million, consisting primarily of loans and securities. Loans totaled \$539.5 million and account for 85.9 percent of total assets. Securities totaled \$70,560 million. Total assets increased 38.4 percent since the most recent CRA evaluation. Total deposits were \$591.5 million. The following table illustrates the distribution of the bank’s loan portfolio.

<b>Loan Portfolio Distribution as of 03/31/2022</b>		
<b>Loan Category</b>	<b>\$ (000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	71,302	13.2
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	295,173	54.7
Secured by Multifamily (5 or more) Residential Properties	65,254	12.1
Secured by Nonfarm Nonresidential Properties	103,276	19.1
<b>Total Real Estate Loans</b>	<b>535,005</b>	<b>99.2</b>
Commercial and Industrial Loans	4,181	0.8
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	355	0.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	5	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>539,546</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

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

## **DESCRIPTION OF ASSESSMENT AREA**

Everett Co-operative's assessment area includes Danvers, Lynn, Lynnfield, Middleton, Peabody, and Saugus in Essex County and Everett, Malden, Medford, Melrose, North Reading, Somerville, Stoneham, and Wakefield in Middlesex County. The assessment area also includes Chelsea, Revere, Winthrop, and East Boston in Suffolk County. These three counties are included in the Boston-Cambridge-Newton, MA-New Hampshire (NH) Metropolitan Statistical Area (MSA) and are part of the broader Boston-Worcester-Providence Combined Statistical Area (CSA). Since the prior evaluation, the bank expanded the assessment area to include Danvers, Middleton, North Reading, Stoneham, and Wakefield. Examiners conducted a full-scope review of the bank's performance within the assessment area.

### **Economic and Demographic Data**

The 147 census tracts in the MSA assessment area, based on 2015 American Community Survey (ACS), reflect the following income designations

- 25 low-income census tracts,
- 59 moderate-income census tracts,
- 50 middle-income census tract,
- 11 upper-income census tracts, and
- 2 census tracts with no income designation.

The low- and moderate-income census tracts are primarily located in Chelsea, East Boston, Everett, Lynn, and Malden, Peabody, and Revere. The census tracts with no income designation include the Suffolk Downs racetrack, Belle Isle Marsh Reservation, and Logan Airport. 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 opportunity zones are areas of economic need recommended by the Governor and approved by the United States (U.S.) Department of Treasury. Many zones have the lowest median family income within MA. Within the bank's assessment area, 13 census tracts are designated as opportunity zones. They are in Everett (one), Lynn (four), Malden (two), Medford (one), Peabody (two), Saugus (one), and Somerville (two).

The following table illustrates further 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)	147	17.0	40.1	34.0	7.5	1.4
Population by Geography	705,258	15.0	40.7	35.5	8.8	0.0
Housing Units by Geography	280,969	15.1	39.8	37.0	8.1	0.0
Owner-Occupied Units by Geography	135,586	7.9	33.8	46.2	12.1	0.0
Occupied Rental Units by Geography	130,715	22.2	45.7	28.1	4.0	0.0
Vacant Units by Geography	14,668	18.1	42.3	31.9	7.7	0.0
Businesses by Geography	59,492	15.6	34.1	38.6	11.6	0.1
Farms by Geography	872	17.9	27.6	41.6	12.8	0.0
Family Distribution by Income Level	162,599	31.4	19.7	20.8	28.2	0.0
Household Distribution by Income Level	266,301	31.3	17.7	17.7	33.4	0.0
Median Family Income MSA - 14454 Boston-Cambridge-Newton, MA-NH		\$95,539	Median Housing Value			\$352,919
			Median Gross Rent			\$1,244
			Families Below Poverty Level			9.6%
<i>Source: ACS and 2021 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2021 D&B data, 89.3 percent of assessment area's non-farm businesses have gross annual revenues of \$1.0 million or less, and 3.8 percent have gross annual revenues greater than \$1.0 million. The highest proportion of businesses falls within the services industry (36.8 percent), followed by non-classifiable establishments (20.2 percent), retail trade (12.3 percent), and construction (11.1 percent). In terms of employees, 65.5 percent of the area's businesses employ four or fewer people. Further, according to the Bureau of Labor Statistics, the MA annual average unemployment rate was 9.4 percent for 2020 and decreased to 5.7 percent for 2021 as the number of reported COVID-19 pandemic cases eased. Similarly, unemployment rates in Essex County were 10.4 percent for 2020 and 6.4 percent for 2021. Unemployment rates in Middlesex County were 7.7 percent in 2020 and 4.6 percent in 2021. Unemployment rates in Suffolk County were 10.3 percent in 2020 and 6.0 percent in 2021. In response to the COVID-19 pandemic, the MA governor

declared a state of emergency on March 10, 2020. All non-essential businesses temporarily closed and MA issued a stay-at-home order for its residents. The COVID-19 pandemic significantly affected unemployment figures in 2020, with the highest figures occurring between April and June of 2020.

Examiners used the following table’s updated Federal Financial Institutions Examination Council (FFIEC) median income information to analyze the bank’s level of lending to home mortgage borrowers of different income levels under the borrower profile criterion. The following table presents the low- moderate-, middle-, and upper-income categories.

<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>Boston-Cambridge-Newton, MA-NH Median Family Income (14454)</b>				
2020 (\$93,587)	<\$46,793	\$46,793 to <\$74,870	\$74,870 to <\$112,304	≥\$112,304
2021 (\$94,430)	<\$47,215	\$47,215 to <\$75,544	\$75,544 to <\$113,316	≥\$113,316
<i>Source: FFIEC</i>				

The median housing value in the assessment area, at \$352,919, is relatively high when compared to the median family incomes. Additionally, 9.6 percent of families in the assessment area live below the poverty level. These factors may limit the number of low- and moderate-income families that qualify for a mortgage under conventional underwriting standards.

**Competition**

Everett Co-operative’s assessment area is competitive for financial services. According to 2021 peer deposit data, 55 financial institutions operated 206 branches in the assessment area. Everett Co-operative ranked 19<sup>th</sup> for deposit market share at 0.97 percent.

Everett Co-operative’s assessment area is also competitive for home mortgage loans. In 2020, 444 lenders originated or purchased 38,778 home mortgage loans, of which Everett Co-operative originated 126. The top five area lenders representing 21.6 percent of area market share consisted of national banks and mortgage companies and included Quicken Loans, LLC; Crosscountry Mortgage, LLC; Guaranteed Loans, LLC; Leader Bank, N.A.; and Citizens Bank, N.A.

The small business loan analysis under the Lending Test does not include comparisons to aggregate data. As an Intermediate Small Institution (ISI), the bank is not required to collect and report small business loan data. Thus the bank did not report the data; however, it collected small business data. County level aggregate data for small business lending is the only available dataset that reflects the demand level for small business loans and the 2020 small business aggregate data provides insight to the high competition within Essex, Middlesex, and Suffolk Counties. In 2020, 241 small business lenders originated or purchased 100,356 small business loans. The top three small business lenders were American Express National Bank (15.9 percent market share); Bank of America, N.A. (13.9 percent market share); and Citizens Bank, N.A. (8.5 percent market share),

representing 38.2 percent of market share. The presence of large national lenders operating in the assessment area presents high competition for smaller lenders to originate small business loans.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to understand the area's credit and community development needs. This information provides insight regarding responsiveness of financial institutions and identifying current and ongoing needs and opportunities in the assessment area.

Examiners contacted representatives of an economic development agency located in the Middlesex County. The agency manages public works improvement projects, oversees development in urban renewal areas, and helps create employment and affordable housing opportunities for residents. The agency also administers various programs and grants, such as the city's Federal Community Development Block Grant (CDBG). The CDBG provides funding for activities that benefit low-and-moderate-income individuals and neighborhoods and the HOME Program, which funds the rehabilitation, creation, and preservation of affordable housing. The contact discussed the need for more affordable housing in the area. Many residents face the risk of eviction or foreclosure, especially as rent and housing prices have increased since the COVID-19 pandemic. The contact also noted the challenge to find properties for low-income housing due to acquisition costs and market conditions. The contact further discussed the language barrier challenges in the area, noting that banks should provide additional multi-language services to reach the area's diverse populations. This includes multi-lingual first-time homebuyer courses. The contact further noted the large opportunities for small businesses in the area, and the need for local financial institutions to provide financing to aspiring small business owners.

### **Credit and Community Development Needs and Opportunities**

Examiners determined that affordable housing for low- and moderate-income individuals and families and economic development for local small businesses; specifically, start-up financing, represent the assessment area's primary community development needs. Economic, demographic, and community information drove this determination. Affordable housing loans and small business loans for start-ups are needed.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the previous evaluation dated March 11, 2019, to the current evaluation dated May 9, 2022. Examiners used the ISI Examination Procedures to evaluate Everett Co-operative's performance. The procedures include two tests: The Lending Test and the Community Development Test.

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 donations, 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.

### **Activities 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 loans originated during the evaluation period. The bank does not originate small farm loans; as such, they were not included in the analysis of the bank's CRA performance. However, at the institution's request, examiners evaluated the bank's home equity lines of credit (HELOCs), consistent with the last evaluation dated March 11, 2019.

Examiners reviewed all home mortgage loans reported on the bank's 2018, 2019, and 2020 Home Mortgage Disclosure Act (HMDA) Loan Application Registers to evaluate the bank's performance. In 2019, the bank reported 103 home mortgage originations totaling \$73.5 million. In 2020, the bank reported 242 originations totaling \$195.1 million. Lastly, in 2021, the bank reported 229 originations totaling \$187.2 million. Examiners compared Everett Co-operative's 2020 home mortgage lending performance to 2020 aggregate data and to 2015 ACS demographic data. Examiners compared 2021 lending data to demographics.

As an ISI, the bank is not required to collect or report small business data. Although the bank did not report this data, they collected it. Small business loan data includes commercial real estate and commercial and industrial loans with original loan amounts of \$1 million or less, as reported on the bank's Call Report. In 2019, the bank originated 35 small business loans totaling \$9.3 million. In 2020, the bank had 127 originations totaling \$13.5 million. Lastly, in 2021, the bank had 96 originations totaling \$15.1 million. Examiners compared Everett Co-operative's 2020 small business lending performance to 2020 D&B data and 2021 data to 2021 D&B data. The bank's small business loans also include the SBA Paycheck Protection Program (PPP) loans. PPP loans are SBA-backed loans that helped small businesses keep their workforce employed during the COVID-19 pandemic. PPP loans did not require documented revenue and significantly contributed to the NA revenue loans within the analysis.

The bank is not required to report HELOCs on their HMDA Loan Application Register (LAR) as established under HMDA data reporting exceptions. Although the bank did not report its HELOCs, it collected the data in a form usable for CRA analysis. HELOC data includes open-end lines of credit collateralized by residential real estate. In 2019, the bank originated 73 HELOCs totaling \$8.2 million. In 2020, the bank had 54 HELOC originations totaling \$8.3 million. Lastly, in 2021, the bank had 51 HELOC originations totaling \$8.8 million. Examiners compared Everett Co-operative's HELOC lending performance to 2015 ACS demographic data.

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 overall when compared to small business and home equity lending during the evaluation period. Examiners weighted small business and home equity lending equally, although these products contributed less weight to overall conclusions compared to home mortgage lending.

For the Lending Test, examiners reviewed the number and dollar volume of originations. Although examiners presented the number and dollar volume of loans, examiners emphasized performance by number of loans, as it is a better indicator of the number of individuals and businesses served. For the Lending Test, examiners analyzed the number and dollar volume of home mortgage and small business loans and HELOCs originated in 2019, 2020, and 2021. Although the Assessment Area Concentration table presents this lending activity for all three years, examiners did not include 2019 data under the geographic distribution or borrower profile criteria, as examiners did not identify any trends between 2019 and 2020 that materially affect conclusions.

For the Community Development Test, examiners reviewed community development loans, investments and donations, and community development services since the prior CRA evaluation dated March 11, 2019 to the current evaluation date of May 9, 2022.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The bank demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

### **Loan-to-Deposit Ratio**

The bank's 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 96.2 percent over the past 12 calendar quarters from March 31, 2019, to December 31, 2021. The ratio ranged from a low of 80.5 percent as of December 31, 2021 to a high of 98.3 percent as of June 30, 2020. The average ratio decreased from 100.7 percent at the previous evaluation; however, the bank continues to outperform similarly situated institutions in its area as illustrated 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 12/31/2021 (\$000s)	Average Net LTD Ratio (%)
Everett Co-operative	666,492	96.2
Reading Co-operative Bank	722,463	91.2
Eagle Bank	551,705	81.4
The Savings Bank	722,476	85.8
<i>Source: Reports of Condition and Income 3/31/2019 - 12/31/20/21</i>		

### Assessment Area Concentration

The bank made a majority by number and dollar of its loans, within its assessment area. As the following table illustrates, home mortgage lending by both number and dollar in 2020 and 2021 declined from that in 2019. This is attributed to jumbo refinance loans originated outside the assessment area during a period of declining interest rates. See the following table for further details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2019	85	68.0	40	32.0	125	55,775	67.3	27,060	32.7	82,835
2020	126	52.1	116	47.9	242	88,675	45.5	106,412	54.5	195,087
2021	125	54.6	104	45.4	229	87,379	46.7	99,821	53.3	187,200
<b>Subtotal</b>	<b>336</b>	<b>58.2</b>	<b>260</b>	<b>41.8</b>	<b>596</b>	<b>231,829</b>	<b>53.2</b>	<b>233,293</b>	<b>46.8</b>	<b>465,122</b>
Small Business										
2019	39	69.6	17	30.4	56	7,998	70.6	3,325	29.4	11,323
2020	99	78.6	27	21.4	126	10,162	75.0	3,394	25.0	13,556
2021	74	77.1	22	22.9	96	11,221	74.4	3,854	25.6	15,075
<b>Subtotal</b>	<b>212</b>	<b>75.1</b>	<b>66</b>	<b>24.9</b>	<b>278</b>	<b>29,381</b>	<b>73.3</b>	<b>10,573</b>	<b>26.7</b>	<b>39,954</b>
Home Equity Lines of Credit										
2019	46	63.0	23	37	73	5,853	71.5	2,334	28.5	8,187
2020	39	72.2	15	27.8	54	5,538	66.6	2,776	33.4	8,314
2021	32	62.7	19	37.3	51	4,979	56.4	3,846	43.6	8,825
<b>Subtotal</b>	<b>117</b>	<b>65.9</b>	<b>57</b>	<b>34.1</b>	<b>178</b>	<b>16,370</b>	<b>64.8</b>	<b>8,956</b>	<b>35.2</b>	<b>25,326</b>
<b>Total</b>	<b>665</b>	<b>66.4</b>	<b>383</b>	<b>33.6</b>	<b>1,052</b>	<b>277,580</b>	<b>63.8</b>	<b>252,822</b>	<b>36.2</b>	<b>530,402</b>
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

## Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The bank's excellent performance in home mortgage and adequate performance of both small business and HELOC lending 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 excellent dispersion throughout the assessment area. Examiners focused on the comparison to aggregate data. As illustrated in the following table, the bank's lending in the low-income census tracts surpassed aggregate lending in 2020 and exceeded the percentage of owner-occupied housing units in both 2020 and 2021.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2020	7.9	7.9	15	11.9	16,961	19.1
2021	7.9	--	16	12.8	17,366	19.9
Moderate						
2020	33.8	31.7	49	38.9	34,512	38.9
2021	33.8	--	49	39.2	34,512	39.5
Middle						
2020	46.2	46.8	41	32.5	25,995	29.3
2021	46.2	--	41	32.8	25,995	29.8
Upper						
2020	12.1	13.6	21	16.7	11,207	12.6
2021	12.1	--	19	15.2	9,506	10.9
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>126</b>	<b>100.0</b>	<b>88,675</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>--</b>	<b>125</b>	<b>100.0</b>	<b>87,379</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### *Small Business Loans*

The geographic distribution of small business loans reflects reasonable dispersion. In 2020 and 2021, the bank exceeded demographic percentages in low-income areas. Conversely, in 2020 and 2021, the bank's lending was than demographics in moderate-income areas. The following table

includes further information regarding the bank’s geographic small business lending within its assessment area.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Low					
2020	15.5	33	33.3	2,732	26.9
2021	15.6	27	36.5	4,399	39.2
Moderate					
2020	33.8	30	30.3	4,766	46.9
2021	33.8	21	28.4	2,161	19.3
Middle					
2020	46.2	24	24.2	1,728	17.0
2021	46.2	21	28.4	3,814	34.0
Upper					
2020	12.1	12	12.1	936	9.2
2021	12.1	5	6.8	847	7.5
Not Available					
2020	0.0	0	0.0	0	0.0
2021	0.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2020</b>	<b>100.0</b>	<b>99</b>	<b>100.0</b>	<b>10,162</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>74</b>	<b>100.0</b>	<b>11,221</b>	<b>100.0</b>
<i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

***Home Equity Lines of Credit***

The geographic distribution of HELOCs reflects reasonable dispersion. In 2020 and 2021, the bank exceeded demographic percentages in low-income census tracts. In 2020 and 2021, the bank’s lending was less than demographics in the moderate-income census tracts with a declining trend. The following table includes further information regarding the bank’s geographic lending within their assessment area.

<b>Geographic Distribution of Home Equity Lines of Credit</b>					
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
2020	7.9	7	17.9	925	16.7
2021	7.9	8	25.0	913	18.3
Moderate					
2020	39.6	11	28.2	1,110	20.0
2021	39.6	8	25.0	1,316	26.4
Middle					
2020	37.3	14	35.9	2,511	45.3
2021	37.3	6	18.8	1,130	22.7
Upper					
2020	8.1	7	17.9	992	17.9
2021	8.1	10	31.3	1,620	32.5
Not Available					
2020	0.0	0	0.0	0	0.0
2021	0.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2020</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>5,538</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>32</b>	<b>100.0</b>	<b>4,979</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

## **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 and small business lending supports this conclusion. Examiners focused on the percentage of home mortgage loans and HELOCs originated to low- and moderate-income borrowers and the percentage of small business loans extended to businesses with gross annual revenues (GARs) of \$1 million or less.

### ***Home Mortgage Loans***

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. Examiners emphasized performance compared to the aggregate data.

In 2020, lending to low-income individuals exceeded aggregate, but was significantly below demographics. The percentage of families living below the poverty level partially explains this discrepancy. In 2021, the bank's performance was again less than demographics.

In 2020 and 2021, lending to moderate-income borrowers significantly lagged aggregate lending and demographics.

The following table illustrates the bank’s lending by borrower income level.

<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>
Low						
2020	31.4	5.3	12	9.5	2,580	2.9
2021	31.4	--	12	9.6	2,580	3.0
Moderate						
2020	19.7	21.5	12	9.5	3,072	3.5
2021	19.7	--	13	10.4	3,477	4.0
Middle						
2020	20.8	25.5	30	23.8	13,858	15.6
2021	20.8	--	32	25.6	14,873	17.0
Upper						
2020	28.2	34.5	42	33.3	22,477	25.3
2021	28.2	--	38	30.4	19,761	22.6
Not Available						
2020	0.0	13.1	30	23.8	46,688	52.7
2021	0.0	--	30	24.0	46,688	53.4
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>126</b>	<b>100.0</b>	<b>88,675</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>--</b>	<b>125</b>	<b>100.0</b>	<b>87,379</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

***Small Business Loans***

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. As shown in the following table, the bank’s performance is below the percentage of businesses in 2019 and 2020. Although performance was less than demographics, there is a high level of competition in the assessment area. Thus, the bank’s small business lending performance is reasonable.

The following table illustrates the bank’s lending by GAR.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000					
2020	88.5	12	12.1	3,937	38.7
2021	89.3	16	21.6	6,032	53.8
>\$1,000,000					
2020	4.3	0	0.0	0	0.0
2021	3.8	2	2.7	610	5.4
Revenue Not Available					
2020	7.1	87	87.9	6,225	61.3
2021	6.9	56	75.7	4,579	40.8
<b>Totals</b>					
<b>2020</b>	<b>100.0</b>	<b>99</b>	<b>100.0</b>	<b>10,162</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>74</b>	<b>100.0</b>	<b>11,221</b>	<b>100.0</b>
<i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

### ***Home Equity Lines of Credit***

The distribution of borrowers reflects poor penetration among families of different income levels.

As illustrated in the following table, in 2020 and 2021, the bank's lending to low-income individuals was significantly below demographics. Conversely, in 2020, lending to moderate-income individuals was greater than demographics; whereas, in 2021, lending declined and was than demographics.



<b>Distribution of Home Equity Lines of Credit by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
2020	31.4	3	7.7	285	5.1
2021	31.4	3	9.4	140	2.8
Moderate					
2020	19.7	10	25.6	1,240	22.4
2021	19.7	6	18.8	890	17.9
Middle					
2020	20.8	14	35.9	1,921	34.7
2021	20.8	10	31.3	1,554	31.2
Upper					
2020	28.2	11	28.2	1,942	35.1
2021	28.2	13	40.6	2,395	48.1
Not Available					
2020	0.0	1	2.6	150	2.7
2021	0.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2020</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>5,538</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>32</b>	<b>100.0</b>	<b>4,979</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

### **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 demonstrated adequate responsiveness to the assessment area's community development needs through qualified community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area. As the bank was responsive to the community development needs and opportunities within its assessment area, examiners considered community development activities outside the assessment area.

### **Community Development Loans**

The bank is responsive to assessment area's community development needs and originated 12 community development loans totaling \$14.9 million during the evaluation period. This activity

level represents approximately 2.6 percent of average total assets and 3.2 percent of average total loans during the review period. The percentage of community development loans to average total assets and to average total loans was above that of similarly situated institutions.

Since the prior CRA evaluation, the bank’s community development lending activity increased by number and dollar amount. One loan totaling \$1.0 million benefited the broader statewide or regional area including the bank’s assessment area. Examiners noted the bank’s community development activity was strictly PPP loans.

The following table illustrates the bank’s community development loans by year and purpose.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>
2019	3	1,459	0	0	0	0	0	0	<b>3</b>	<b>1,459</b>
2020	2	1,512	0	0	0	0	0	0	<b>2</b>	<b>1,512</b>
2021	2	940	1	1,190	0	0	0	0	<b>3</b>	<b>2,130</b>
YTD 2022	4	9,830	0	0	0	0	0	0	<b>4</b>	<b>9,830</b>
<b>Total</b>	<b>11</b>	<b>13,741</b>	<b>1</b>	<b>1,190</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>14,931</b>

*Source: Bank Data*

The following are notable examples of the bank’s qualified community development loans:

- In 2022, the bank refinanced a \$6 million loan secured by a 31 unit mixed-use building in a moderate-income census tract in Revere. Twenty-six of the units are residential. The building's residential units consist of 11 two-bedroom units, 8 one-bedroom units, and 7 studio apartments, all of which are rented below the Housing and Urban Development (HUD)’s Fair Market Rental rates for Revere. The building’s ground-floor commercial space consists of restaurant and retail space. This loan helped address affordable housing needs.
- In 2022, the bank originated a construction loan in participation with another financial institution. Everett Co-operative was the lead institution and had a participation portion of \$9.2 million, of which \$1.8 million was qualified for affordable housing. The project, located in a moderate-income census tract in Somerville, contains 45 apartment units, 9 of which are set aside for affordable housing. Of the nine affordable housing units, two are three-bedroom units and seven are studio apartments. This loan helped address affordable housing needs.
- In 2022, the bank refinanced a \$1.5 million loan secured by a 10-unit residential building in a low-income census tract in Everett. The building's residential units consist of eight two-bedroom units, one three-bedroom unit, and one four-bedroom unit, all of which are rented below the HUD’s Fair Market Rental rates for Everett. This loan helped address affordable housing needs.

## Qualified Investments

Everett Co-operative is responsive to the opportunities for qualified investments and made 42 qualified investments totaling \$288,184. Of these investments, 2 are current period investments for \$200,000 and 40 are donations totaling \$88,184. The dollar amount of qualified investments equates to less than 0.1 percent of average total assets and 0.6 percent of average total securities. Though the number of qualified donations decreased since the prior CRA evaluation, the dollar amount increased. By dollar amount, the bank’s qualified investments are in line with that of similarly situated institutions.

The following table illustrates community development investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
Prior Period	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
YTD 2022	0	0	2	200,000	0	0	0	0	2	200,000
Qualified Grants & Donations	6	3,675	34	84,509	0	0	0	0	40	88,184
<b>Total</b>	<b>6</b>	<b>3,675</b>	<b>36</b>	<b>284,509</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>42</b>	<b>288,184</b>
<i>Source: Bank Data</i>										

The following are notable examples of the bank’s qualified investment and donations:

### *Investments:*

- **Low-Income Credit Union Certificate of Deposit (CD)** – The bank purchased a \$100,000 one-year CD with a low-income credit union located outside of the bank’s assessment area. The bank purchased the CD in 2022 and plans to renew the deposit annually.
- **Minority-Owned Financial Institution CD** – The bank purchased a \$100,000 one-year CD with a minority-owned financial institution located outside of the bank’s assessment area. The bank purchased this investment in 2022 and plans to renew the deposit annually

### *Donations:*

- **Everett Public School District** – The bank provided multiple donations to support students throughout the school district. The Everett Public School District consists of nine schools, all of which have a majority of students receiving free or reduced lunch. Multiple donations in 2019 and 2020 benefited student programs and after-school programs for low- and moderate-income students. In response to the COVID-19 pandemic, the bank provided donations to eight of the district’s schools in 2020. These donations equipped students

without the means to afford materials and supplies for remote learning.

- **Joint Committee for Children’s Health Care** – This organization serves low- and moderate-income individuals and families in Everett and surrounding communities by providing access to affordable health care, particularly through obtaining health insurance. Other referral partners include access to housing, food, clothing, and legal assistance; language translation; and other services.
- **Northeast ARC** – This medical organization serves disabled individuals throughout the Greater Boston area, including the bank’s assessment area. The organization has various programs available in partnership with MassHealth. MassHealth requires individuals to receive their health insurance through MassHealth or Medicaid, which recipients must meet income eligibility to receive. The organization provides various services including adult family care, day programs, job placement, clinical services, 24-hour residential support, assistive technology, and several other programs. The bank’s donations help provide community services to low- and moderate-income individuals within the assessment area.

**Community Development Services**

The bank is responsive to the opportunities for community development services. During the evaluation period, employees, officers, and directors provided 17 instances of financial expertise or technical assistance to 9 community development-related organizations that benefited low- and moderate-income individuals, affordable housing, and small businesses. This service level was less than that of similarly-situated institutions. Since the prior evaluation, the bank’s level of community development services declined by instances, while the number of organizations increased. This decline is attributed to the fact that a majority of the bank’s community development service activities had been previously performed at local public schools prior to the COVID-19 pandemic closures.

In addition, the bank’s main office is in a low-income tract which provides banking services to low- and moderate-income individuals.

The following table illustrates the bank’s community development services by year and purpose.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2019	1	6	0	0	<b>7</b>
2020	0	2	0	0	<b>2</b>
2021	1	3	0	0	<b>4</b>
YTD 2022	1	3	0	0	<b>4</b>
<b>Totals</b>	<b>3</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>17</b>

*Source: Bank Data*

The following are notable examples of the bank’s community development services:

- **East Boston Community Development Corporation (EBCDC)** – EBCDC develops and maintains affordable housing developments in East Boston. The organization also works on economic development projects to help retain and create jobs in the neighborhood. An executive vice president served on the organization’s Board in 2021 and 2022.
- **St. Francis House** - This non-profit community service organization serves low- and moderate-income adults experiencing homelessness and poverty within the Greater Boston area. The St. Francis House provides access to food, clothing, medical services, emergency shelter, long-term affordable housing, workforce development, and addiction recovery programs. A Director served on the organization’s Board in 2020, 2021, and 2022.
- **Family Service of Greater Boston (FSGB)** – FSGB serves low- and moderate-income children and families within the Greater Boston area by providing family emergency shelter and a teen living program. A Director served on the FSGB Board in 2019, 2020, 2021, and 2022.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## **APPENDICES**

### **DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES**

The Division 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 that 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, examiners did not note any evidence of disparate treatment.

### **MINORITY APPLICATION FLOW**

Examiners reviewed the bank's 2020 and 2021 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 total population of 382,342 individuals of which 28.6 percent are minorities. The minority population represented is 1.4 percent Black/African American, 2.5 percent Asian, 0.1 percent American Indian, 23.3 percent Hispanic or Latino, and 1.3 percent other.

Examiners compared the bank's 2020 lending to 2020 aggregate lending. This data comparison assists in deriving reasonable expectations for the application rate the bank received from minority home mortgage 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.

<b>MINORITY APPLICATION FLOW</b>					
<b>RACE</b>	<b>Bank 2020 HMDA</b>		<b>2020 Aggregate Data</b>	<b>Bank 2021 HMDA</b>	
	<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>
American Indian/ Alaska Native	0	0	0.3	0	0
Asian	7	2	2.2	7	2.1
Black/ African American	9	2.5	2.6	10	2.9
Hawaiian/Pacific Islander	1	0.3	0.2	0	0
2 or more Minority	0	0	0.1	0	0
Joint Race (White/Minority)	1	0.3	1.1	3	0.9
<b>Total Racial Minority</b>	<b>18</b>	<b>5.1</b>	<b>6.5</b>	<b>20</b>	<b>5.9</b>
White	321	90.9	70.7	298	87.1
Race Not Available	14	4	22.8	24	7
<b>Total</b>	<b>353</b>	<b>100</b>	<b>100</b>	<b>342</b>	<b>100</b>
<b>ETHNICITY</b>					
Hispanic or Latino	17	4.8	12	21	6.1
Joint (Hisp/Lat /Not Hisp/Lat)	3	0.9	1.2	4	1.2
<b>Total Ethnic Minority</b>	<b>20</b>	<b>5.7</b>	<b>13.2</b>	<b>25</b>	<b>7.3</b>
Not Hispanic or Latino	312	88.3	64.7	291	85.1
Ethnicity Not Available	21	6	22.1	26	7.6
<b>Total</b>	<b>321</b>	<b>100</b>	<b>100</b>	<b>342</b>	<b>100</b>

Source: ACS Census 2015, HMDA Aggregate Data 2020, HMDA LAR Data 2020 and 2021

## **INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA**

### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to the area's community development needs considering the amount and combination of these activities, along with their qualitative aspects.



## 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.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**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; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution 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 institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution'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 institution's assessment area(s) or a broader statewide or regional area including the institution'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 institution'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).

**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 (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, 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 Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**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 (e.g, 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.

**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 (also known as non-MSA):** 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.