

PUBLIC DISCLOSURE

December 19, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Priority Credit Union

Charter Number: 66593

25 Dorchester Ave
Boston, Massachusetts 02205

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

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the Division of Banks concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

Institution Rating	1
Scope of Evaluation	2
Description of Institution	3
Description of Assessment Area.....	5
Conclusions on Performance Criteria	8
Discriminatory or Other Illegal Credit Practices Review	15
Glossary	16

INSTITUTION RATING

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

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

- The loan-to-share ratio (LTS) is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The credit union made a high percentage of its home mortgage loans in the assessment area.
- The geographic distribution of loans reflects good dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels.
- The credit union needs to improve its fair lending policies and procedures.

SCOPE OF EVALUATION

General Information

This evaluation considered activity from December 30, 2021, to the current evaluation dated December 19, 2022. Examiners used the Interagency Small Institution CRA Examination Procedures to evaluate CRA performance. These procedures include five criteria within the Lending Test:

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

Loan Products Reviewed

Examiners analyzed home mortgage loan originations from January 1, 2021, through December 19, 2022. The institution is not required to collect or report its Home Mortgage data to the CFPB, so examiners sampled home mortgage data for each year to gauge performance. Examiners presented these years of performance in the assessment area concentration, geographic distribution, and borrower profile tables.

Examiners sampled 15 home mortgage loans or lines of credit originated in 2021, and an additional 15 loans or lines of credit originated in 2022. American Community Survey (ACS) demographic data for 2020 became available in 2022. Therefore, examiners compared the institution's home mortgage lending performance to 2015 or 2020 ACS demographic data for 2021 and 2022 data years, respectively. Aggregate lending data was used for additional performance context.

Examiners focused this examination on the institution's home mortgage lending due to its higher share of the loan portfolio (72.5 percent) and its readily available data. Examiners also focused on the number of loans, rather than dollar volume, when assessing the institution's performance, as it is a better indicator of the number of individuals served.

Financial data about the credit union was obtained from the September 30, 2022 Call Report issued to the NCUA.

DESCRIPTION OF INSTITUTION

Background

First Priority Credit Union is a community credit union headquartered in Boston Massachusetts and was established in 1924. The credit union sets its membership to those that live or work in Suffolk or Essex Counties; employees, retirees, and their immediate family members of the United States Postal Service and the United States Government located in Massachusetts; and those that live in a selection of cities and towns in Norfolk and Middlesex Counties. The credit union currently has 5,792 members.

First Priority Credit Union received a “Satisfactory” rating at its previous Division of Banks CRA Performance Evaluation dated May 31, 2016, based on the Interagency Small Institution CRA Examination Procedures and the Division’s CRA Regulation at 209 CMR 46.

Operations

The credit union’s main office location is 25 Dorchester Ave in Boston, MA. The main location is located in a United States Postal Service (USPS) Office. The credit union maintains one other branch location (and its operations office) in East Boston, MA. The main office is in an upper-income census tract, while the operations branch is in a low-income census tract. Hours do not vary substantially between branches; the main branch opens one hour earlier (7am) to serve USPS employees, while the branch in East Boston remains open one hour later (5pm most weekdays and 6pm on Thursday) to better serve the general community. Each branch uses Automated Teller Machines (ATMs) and the East Boston branch also provides drive-thru retail banking services. The credit union also operates a stand-alone branch at the Central Square Post Office in Cambridge.

The credit union offers a variety of loan products, including home mortgage, auto, student, consumer, and commercial loans, along with a range of deposit services including checking and savings options for personal and business purposes. Members have access to financial services through the credit union’s online and mobile banking, and can apply for loans, open new accounts, and make loan payments or deposit transactions. The credit union also participates in the NYCE ATM network, which allows members to conduct surcharge-free transactions at multiple ATMs at other institutions.

Ability and Capacity

First Priority Credit Union’s assets totaled approximately \$122.2 million as of September 30, 2022, including total loans of approximately \$78.6 million and total shares and deposits of \$106.2 million. Residential loans represent the primary credit product with approximately 72.5 percent of the loan portfolio.

Loan Portfolio Distribution as of 9/30/2022		
Loan Category	\$(000)	%
Total 1 st Mortgage Loans/Lines of Credit	46,421	59.1
Total Other Real Estate Loans/Lines of Credit	10,522	13.4
Residential Loans	56,943	72.5
Commercial Loans/Lines of Credit Real Estate Secured	5,645	7.2
Commercial Loans/Lines of Credit (Not RE)	0	0.00
Total Commercial	5,645	7.2
Unsecured Credit Cards	0	0.00
Student Loans	0	0.00
Unsecured Loans/Lines of Credit	1,346	1.7
Secured Loans/ Lines of Credit	16	0.0
New Vehicle Loans	2,447	3.1
Used Vehicle Loans	12,200	15.5
Total Consumer	16,009	20.4
Total Loans	78,597	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF THE ASSESSMENT AREA

The CRA requires financial institutions to define one or more assessment areas within which examiners will evaluate its CRA performance. First Priority Credit Union has designated one single assessment area which includes the Massachusetts counties of Suffolk, Middlesex, Norfolk, Plymouth and Essex. The assessment area, as currently defined, meets the technical requirements of the Division of Bank’s CRA regulation.

The municipalities included in the Assessment Area are listed below.

Assessment Area					
Massachusetts					
Norfolk County					
Braintree	Brookline	Canton	Cohasset	Dedham	Milton
Needham	Norwood	Quincy	Randolph	Wellesley	Westwood
Weymouth					
Middlesex County					
Arlington	Belmont	Cambridge	Everett	Lexington	Malden
Medford	Melrose	Malden	Newton	North Reading	Reading
Somerville	Stoneham	Wakefield	Waltham	Watertown	Winchester
Woburn					
Suffolk County					
Boston	Chelsea	Revere	Winthrop		
Essex County					
Beverly	Danvers	Lynn	Lynnfield	Marblehead	Middleton
Nahant	Peabody	Salem	Saugus	Swampscott	
Plymouth County					
Hingham	Hull				

Economic and Demographic Data

The credit union’s assessment area consists of 627 census tracts that reflect the following income designations according to the 2020 American Community Survey (ACS):

- 69 low-income tracts,
- 131 moderate-income tracts,
- 180 middle-income tracts, and
- 210 upper-income tracts
- 37 tracts with an NA designation

This represents a change from the 2021 assessment area demographics, when examiners used 2015 ACS data. The same municipalities were comprised of 543 census tracts, with a similar distribution of census tracts along income delineations.

Demographic Information of the Assessment Area						
Assessment Area: First Priority CU (2022)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	627	11.0	20.9	28.7	33.5	5.9
Population by Geography	2,543,242	10.7	22.2	31.1	34.0	2.0
Housing Units by Geography	1,036,393	10.3	22.0	31.5	34.4	1.9
Owner-Occupied Units by Geography	502,771	4.5	17.6	34.2	42.5	1.1
Occupied Rental Units by Geography	470,962	16.3	26.8	29.2	25.2	2.6
Vacant Units by Geography	62,660	12.2	21.6	26.4	37.2	2.6
Family Distribution by Income Level	558,574	24.6	16.1	18.8	40.5	0.0
Median Family Income MSA - 14454 Boston, MA		\$112,607	Median Housing Value			\$597,281
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$121,481	Median Gross Rent			\$1,713
			Families Below Poverty Level			7.3%
<i>Source: 2020 ACS, 2022 D&B Data, and FFIEC Estimated Median Family Income;</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The assessment area's lending trends reflect increasing housing prices, in a relatively expensive market. The median housing value based on 2020 ACS data is \$597,281. The average credit extended for a single-family purchase transaction in 2021 was \$640,447. These prices may reflect limited opportunities for low- and moderate-income borrowers to purchase homes.

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

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA Median Family Income (14454)				
2021 (\$113,700)	<\$56,850	\$56,850 to <\$90,960	\$90,960 to <\$136,440	≥\$136,440
2022 (\$129,500)	<\$64,750	\$64,750 to <\$103,600	\$103,600 to <\$155,400	≥\$155,400
Cambridge-Newton-Framingham, MA Median Family Income (15764)				
2021 (\$120,200)	<\$60,100	\$60,100 to <\$96,160	\$96,160 to <\$144,240	≥\$144,240
2022 (\$138,700)	<\$69,350	\$69,350 to <\$110,960	\$110,960 to <\$166,440	≥\$166,440
<i>Source: FFIEC</i>				

In the credit union's counties that primarily comprise the assessment area, unemployment rates fluctuated over the evaluation period. This unemployment rate was 2.8 percent in 2019 and

increased to an average 2020 unemployment rate of 9.3 percent. A drastic increase in the unemployment rate in 2020 was attributed to the worldwide Covid-19 pandemic, which had a significant impact on the assessment area's economy. Unemployment receded in 2021 to an average of 5.5 percent, which may reflect gradual economic improvements. The assessment area's average unemployment rate was comparable to the state's overall unemployment level, at 6.1 percent. Within the assessment area, Suffolk County had the sharpest 2020 increase in unemployment (approximately 10.3 percent) could reflect financially vulnerable segments of the area (i.e. Boston).

Increasing home purchase prices coupled with higher unemployment pose challenges obtaining credit for low- and moderate-income families.

Competition

The assessment area represents a highly competitive market for deposits. According to Peer Deposit Market Share data, 146 financial institutions operated 974 full-service branches within the credit union's assessment area. Of these institutions, First Priority Credit Union ranked 77th with a nominal deposit market share.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. First Priority Credit Union was not a required HMDA reporter.

Community Contact

Examiners also contacted an affordable housing organization based in Boston. The contact noted an increase in the underbanked population that correlates with the number of undocumented immigrants in the area, they also recognized the importance of climate resiliency projects, particularly in at-risk portions of Boston. The contact would like to see additional focus on financial literacy and increasing outreach to the underbanked population, as well as new first-time homebuyer products.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that education and affordable housing represent the primary community development needs in the assessment area. The relatively large population of underbanked and low- or moderate-income individuals supports this need. Affordable housing is also a major concern in the bank's assessment area with limited land opportunities and rapidly rising property values.

CONCLUSIONS ON PERFORMANCE CRITERIA

Loan-to-Share Ratio

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

The credit union’s net LTS ratio, as calculated from the NCUA 5300 Quarterly Call Report data, averaged 77.7 percent over the past eight calendar quarters from December 31, 2020, through September 30, 2022. The ratio ranged from a high of 82.5 percent as of December 31, 2020, to a low of 74.0 percent as of September 30, 2022. The falling trend of the ratio was primarily driven by a decreasing loan portfolio through the eight quarters; Total loans decreased approximately \$3.2 million from December 31, 2020, to September 30, 2022, or a 3.9 percent decline. During the same period shares increased \$7.0 million or 7.1 percent growth.

The credit union’s average net LTS ratio over the previous 8 quarters was compared to that of two similarly situated institutions. The institution selection is based on geographic location, lending focus, and branching structure. First Priority Credit Union’s average net LTS ratio compares favorably to both of the institutions used in this comparison and supports reasonable performance.

Loan-to-Share Ratio Comparison		
Institution	Assets (\$000)	Average LTS Ratio (%)
First Priority Credit Union	122,164	77.7
Community Credit Union of Lynn	156,600	73.7
Brotherhood Credit Union	116,331	72.3
<i>Source: Reports of Income and Condition: 12/31/2020 through 9/30/2022</i>		

Assessment Area Concentration

The institution originated a high percentage of loans within its assessment area. The credit union’s performance for this criterion is reasonable. The table below highlights First Priority Credit Union’s lending inside and outside the assessment area by loan category.

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		
	#	%	#	%		\$	%	\$	%	
Residential Loan Sample										
2021	11	73.3	4	26.7	15	3,105,888	86.7	475,000	13.3	3,580,888
2022	14	93.3	1	6.7	15	2,408,000	97.6	60,000	2.4	2,468,000
Total	25	83.3	5	16.7	30	5,513,888	91.2	535,000	8.8	6,048,888
<i>Source: Credit Union Data</i>										

Geographic Distribution

The geographic distribution of loans reflects good dispersion throughout the assessment area. The credit union's sampled loan performance in low-income census tracts is above the demographic of owner-occupied housing in 2021. The credit union's performance in low-income census tracts fell by percentage but remained above the demographic of owner-occupied housing in the same areas.

In moderate-income census tracts, the credit union's sampled 2021 activity is above the demographic of owner-occupied housing by percentage. The credit union's sample in 2022 was again above the demographic of owner-occupied housing in the moderate-income areas.

More than half of all sampled loans were in low- or moderate-income census tracts, which reflects the institution's trend of lending in low- and moderate-income areas consistent with their resources and abilities.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low					
2021	4.4	2	18.2	516,162	16.6
2022	4.5	2	14.3	300,000	12.5
Moderate					
2021	17.8	5	45.5	2,214,726	71.3
2022	17.6	7	50.0	1,193,000	49.5
Middle					
2021	41.9	3	27.3	350,000	11.3
2022	34.2	4	28.6	565,000	23.5
Upper					
2021	35.8	1	9.1	25,000	0.8
2022	42.5	1	7.1	350,000	14.5
Not Available					
2021	0.2	0	0.0	0	0.0
2022	1.1	0	0.0	0	0.0
Total					
2021	100.0	11	100.0	3,105,888	100.0
2022	100.0	14	100.0	2,408,000	100.0
<i>Source: 2015 & 2020 ACS data; Credit Union Data.</i>					

Borrower Profile

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

The credit union had no loans to low-income borrowers in the 2021 or 2022 loan samples. This performance is far less than the percentage of low-income families and reflects the difficulty for a low-income family to qualify for a mortgage using conventional underwriting standards. A family earning less than \$69,350 would have difficulty in qualifying for an average mortgage purchase price of \$640,000.

The credit union's performance to moderate-income lenders was above demographic data in 2021. The credit union's sampled performance improved in 2022 by percentage, above the demographic comparator.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2021	26.0	0	0.0	0	0.0
2022	24.6	0	0.0	0	0.0
Moderate					
2021	16.2	3	27.3	836,942	26.9
2022	16.1	4	28.6	710,000	29.5
Middle					
2021	18.5	1	9.1	70,000	2.3
2022	18.8	6	42.8	873,000	36.2
Upper					
2021	39.3	7	63.6	2,198,945	70.8
2022	40.5	4	28.6	825,000	34.3
Total					
2021	100.0	11	100.0	3,105,888	100.0
2022	100.0	14	100.0	2,408,000	100.0

Source: 2015 & 2020 ACS data; Credit Union Data.

Response to Complaints

The credit union did not receive any CRA-related complaints during the evaluation period; therefore, this portion of the criterion did not impact the CRA rating.

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 credit union's public comment file indicated the credit union received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures.

Based on these procedures, no evidence of disparate treatment was noted. The credit union needs to improve its fair lending policies and procedures.

The credit union was not required to collect or report its home mortgage data; therefore, lending data regarding minority application flow is limited. However, the credit union's assessment area includes a large proportion of majority-minority census tracts (approximately 30.8 percent) and the majority of the credit union's advertising and marketing is located in Suffolk County, which comprises the largest share of majority-minority census tracts. The credit union also employs several individuals that can assist members with limited English proficiency. Languages spoken at the institution include French, Spanish and Moroccan.

The credit union has acknowledged its need to develop its fair lending program to ensure oversight and monitoring continue to insulate the institution from fair lending risk.

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 credit union's overall CRA rating.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

Assessment Area: A geographic area delineated by the credit union under the requirements of the Community Reinvestment Act.

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

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

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

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

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

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI

facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

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

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

Community Development Loan: A loan that

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the credit union or an affiliate for consideration in the credit union'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 credit union's assessment area(s) or a broader statewide or regional area including the credit union'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 credit union's retail banking services under § 345.24(d).

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

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

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

- (1) an unemployment rate of at least 1.5 times the national average;

- (2) a poverty rate of 20 percent or more; or,
- (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures

are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

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

Underserved middle-income nonmetropolitan geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

- Population size, density, and dispersion indicating the area's population is sufficiently small, thin, and
- Distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 25 Dorchester Ave, Boston MA 02205".

[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.