

# **PUBLIC DISCLOSURE**

August 15, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Harvard University Employees Credit Union  
Charter Number: 67696

104 Mount Auburn Street  
Cambridge, MA 02138

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

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

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## **INSTITUTION RATING**

This document is an evaluation of the CRA performance of Harvard University Employees Credit Union (or the credit union), prepared by the Division, the institution's supervisory agency as of August 15, 2022. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

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

An institution in this group has an adequate record of meeting the credit needs of its membership, including low- and moderate-income members, in a manner consistent with its resources and capabilities.

According to CRA regulations, an institution shall delineate one or more assessment areas by which the institution will serve to meet the credit needs and by which the Division will evaluate the institution's CRA performance. Credit unions whose membership by-law provisions are not based upon residence are permitted to designate its membership as its assessment area.

Harvard University Employees Credit Union was evaluated according to Intermediate Small Institution CRA Examination Procedures, which apply to an institution with assets of at least \$330 million as of December 31<sup>st</sup>, of the prior two calendar years, adjusted annually and currently at \$330 million. A summary of the credit union's performance is provided below.

### **The Lending Test is rated Satisfactory.**

- The credit union's average net loan to share (LTS) ratio for the past eight quarters was 101.5 percent and is considered good.
- The credit union's distribution of borrowers reflects, given the characteristics of its membership and area demographics, reasonable penetration of low- and moderate-income borrowers.
- No CRA-related complaints were received during the evaluation period.
- Fair lending policies and procedures are considered reasonable

### **The Community Development Test is rated Satisfactory.**

- The institution's community development performance demonstrates reasonable responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

## **DESCRIPTION OF INSTITUTION**

### **Background**

Harvard University Employee's Credit Union is a state-chartered credit union, serving members since 1939. Membership is open to all Harvard affiliates, including faculty, staff, students, alumni, and retirees of Harvard University, Harvard teaching hospitals, and affiliated organizations. Family members also qualify to be members. Some of the affiliated organizations include Boston Children's Hospital, Mass General Hospital, Brigham and Women's Hospital, VA Boston Healthcare System, and Child Care Centers operating on Harvard property.

As of June 30, 2022, the credit union's membership consists of 52,073 members. Membership has increased from 49,986 since the last examination. Harvard Alumni and graduates, Mass General Hospital and Children's Hospital employees are the primary drivers of growth over the last few years.

The Division and the National Credit Union Administration (NCUA) designate the credit union as a Low-Income Credit Union (LICU). A LICU is one in which 50.1 percent of its membership are classified as low-income members. According to the NCUA, low-income members are defined by those who earn 80 percent or less than the median family income or total median earnings for individuals for the metropolitan area where they live, or the national metropolitan area, whichever is greater.

The credit union received a "Satisfactory" rating at its previous Division of Bank's Performance Evaluation, dated August 24, 2020, based on the Intermediate Small Institution Examination Procedures.

### **Operations**

The credit union makes services available through four locations. The main office is located in Harvard Square at 104 Mount Auburn Street in Cambridge, in an upper-income census tract. There is a location in Boston at Mass. General Hospital in an upper-income tract. Lastly, there are two branch locations in moderate-income census tracts: one in Charlestown at Charlestown Navy Yard and one in Somerville at Mass General Brigham's Assembly Row location.

During the examination period, the credit union closed their low-income branch at 677 Huntington Avenue in Boston, located at the School of Public Health. The closure was due to the School of Public Health needing to occupy this space. The Credit Union found a new branch space in a low-income area which will open in the Fall of 2022.

Main office business hours are from 8:30 AM to 4:30 PM on Monday, Tuesday, Wednesday, and Friday, from 8:30 AM to 6 PM on Thursday, and from 8:30 AM to Noon on Saturdays.

Harvard University Employees Credit Union is a full-service financial institution that offers a wide variety of products and services. Savings and checking accounts offered by the credit union include money market accounts, retirement accounts, club accounts, and certificates of deposit. Home

financing programs include mortgages, refinancing, home equity fixed and lines of credit, and home improvement loans. Consumer loans include personal loans, auto loans, education loans, personal loans, debt consolidation, Mass Save HEAT loans, holiday loans, and vacation loans. Other services offered by the credit union include online banking, online bill payment, Visa debit/ATM cards, credit cards, and overdraft protection. The credit union is a member of the CO-OP Shared Branch Network. This network is a shared financial delivery channel created by credit unions to provide members with convenient hours and locations. The CO-OP Shared Branch Network allows members within its network to access and do limited transactions through a nationwide network of participating credit unions.

**Ability and Capacity**

As of June 30, 2022, assets totaled approximately \$1.1 billion, and shares totaled \$859 million. Total loans were \$933.8 million, representing approximately 86.3 percent of total assets. Since the previous CRA evaluation, assets increased 20.0 percent and the lending portfolio increased 24.6 percent. The following table illustrates the credit union’s loan portfolio.

<b>Loan Portfolio Distribution as of 6/30/2022</b>		
<b>Loan Type</b>	<b>Dollar Amount (\$)</b>	<b>Percent of Total Loans (%)</b>
Unsecured Credit Card Loans	32,747,325	3.5
Non-Federally Guaranteed Student Loans	191,685,112	20.5
All Other Unsecured Loans/LOCs	19,367,407	2.1
New Vehicle Loans	4,218,447	0.5
Used Vehicle Loans	14,606,331	1.6
All Other Secured Non-Real Estate Loans/LOCs	5,243,515	0.6
Total Loans/LOCs Secured by 1 <sup>st</sup> Lien 1-4 Family Residential Properties	61,946,0752	66.3
Total Loans/LOCs Secured by Junior Lien 1-4 Family Residential Properties	46,472,191	5.0
Commercial Loans/Lines of Credit Real Estate Secured	0	0.0
Commercial Loans/Lines of Credit Non-Real Estate Secured	50,321	0.0
<b>Total Loans</b>	<b>933,851,401</b>	<b>100.00%</b>

*Source: Reports of Condition and Income*

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

## DESCRIPTION OF ASSESSMENT AREAS

According to CRA regulations, an institution shall delineate one or more assessment areas within which the institution will meet the credit needs and by which the Division will evaluate the institution’s CRA performance. In accordance with 209 CMR 46.41, Harvard University Employees Credit Union delineates its membership as its assessment area. Credit Unions whose membership by-law provisions are not based upon geography are permitted to designate its membership as its assessment area. Therefore, since the credit union has defined its membership as its assessment area, as opposed to geographic area, an evaluation of credit extended within defined geographic areas was not conducted.

Examiners used the 2020 and 2021 FFIEC estimated median family income levels to analyze home mortgage loans under the Distribution of Credit Among Different Income Levels criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for the Boston, MA MD and the Cambridge-Newton-Framingham, MA MD, within which the majority of the credit union’s field of membership is located.

<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, MA Median Family Income (14454)</b>				
2020 (\$109,800)	<\$54,900	\$54,900 to <\$87,840	\$87,840 to <\$131,760	≥\$131,760
2021 (\$113,700)	<\$56,850	\$56,850 to <\$90,960	\$90,960 to <\$136,440	≥\$136,440
<b>Cambridge-Newton-Framingham, MA Median Family Income (15764)</b>				
2020 (\$118,800)	<\$59,400	\$59,400 to <\$95,040	\$95,040 to <\$142,560	≥\$142,560
2021 (\$120,200)	<\$60,100	\$60,100 to <\$96,160	\$96,160 to <\$144,240	≥\$144,240
<i>Source: FFIEC</i>				

## **SCOPE OF EVALUATION**

### **Activities Reviewed**

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

The evaluation considered all home mortgage loans reported on the credit union's 2020 and 2021 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. In 2020, the credit union originated 984 loans totaling \$427 million and in 2021, the credit union originated 932 loans totaling \$411 million.

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

The Community Development Test considered the number and dollar amount of community development loans, qualified investments, and community development services from August 24, 2020 through August 24, 2022.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

Harvard University Employees Credit Union demonstrated reasonable performance under the Lending Test.

### **Loan-to-Share Ratio**

The average LTS ratio is more than reasonable given the credit union's size, financial condition, and assessment area credit needs. The credit union's LTS ratio, calculated from Call Report data, averaged 101.5 percent over the last eight calendar quarters from September 30, 2020, to June 30, 2022. The ratio ranged from a high of 107.8 percent on June 30, 2022, and a low of 97.8 percent on December 31, 2021.

### **Borrower Profile**

The distribution of home mortgage loans reflects reasonable penetration to individuals of different income levels. In 2020, the credit union originated 2.2 percent of loans to low-income borrowers and 12.0 percent of loans to moderate-income borrowers. In 2021, the level of lending to low-income borrowers was 2.0 percent while lending to moderate-income borrowers increased to 12.3 percent. This performance is similar to the previous evaluation.

While challenges exist in lending to low- and moderate-income borrowers, as previously mentioned, the credit union is designated as a Low-Income Credit Union. Eligibility is based on most of the credit union's membership qualifying as low- and moderate-income. This designation and membership make-up supports the credit union's reasonable lending distribution to these income categories. Please refer to the table below for more information.



<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>				
<b>Borrower Income Level</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>				
2020	22	2.24	3,940	0.92
2021	19	2.04	4,355	1.06
<b>Moderate</b>				
2020	119	12.09	32,185	7.52
2021	115	12.34	31,115	7.56
<b>Middle</b>				
2020	232	23.58	76,070	17.78
2021	236	25.32	83,650	20.33
<b>Upper</b>				
2020	611	62.09	315,525	73.77
2020	561	60.19	292,215	71.02
<b>Income Not Available</b>				
2020	0	0	0	0
2021	1	0.11	105	0.03
<b>Totals</b>				
<b>2020</b>	<b>984</b>	<b>100.0</b>	<b>427,720</b>	<b>100.0</b>
<b>2021</b>	<b>932</b>	<b>100.0</b>	<b>411,440</b>	<b>100.0</b>
<i>Source: 2015 ACS Data</i>				

### **Response to Complaints**

The credit union did receive any CRA-related complaints during the evaluation period.

### **Fair Lending Policies and Procedures**

The Division of Banks provides comments regarding the institution's fair lending policies and practices pursuant to Regulatory Bulletin 1.3-106. Based on a review of the credit union's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

### **COMMUNITY DEVELOPMENT TEST**

Harvard University Employees Credit Union demonstrates reasonable responsiveness to the assessment area's community development needs through qualified development loans, qualified investments, and community development services.

### **Community Development Loans**

The credit union originated 689 community development loans totaling approximately \$5.3 million during the evaluation period.

Over the examination period, the credit union originated 640 Mass Save HEAT Loans totaling approximately \$5.2 million to low and moderate-income borrowers. These community development

loans assisted low and moderate-income borrowers and are responsive to the community development needs. As part of the Mass Save HEAT Loan program, eligible borrowers may obtain an unsecured interest-free HEAT Loan up to \$25,000 with terms up to five years for the installation of energy efficient improvements. To be eligible for the program, borrowers must own a one to four family home and have been approved by Mass Save after completing the Mass Save Home Energy Assessment.

The credit union partners with the Harvard Union of Clerical and Technical Workers (HUCTW) and offers interest-free loan types to help its members with rental housing transition costs, moving expenses, and emergency hardships. During the examination period, the credit union originated 49 loans to low and moderate-income members totaling \$98,906.

### **Qualified Investments**

Over the examination period, the credit union made \$356,496 in donations, of which 38 donations totaling \$197,329 were considered qualified and met the definition of community development. The credit union continues its commitment to some of the same organizations over previous examination cycles. Below is a list of some of the organizations that benefited from these donations.

- Philip Brooks House Association – The Philip Brooks House Association is a student run organization, with more than 80 community-based programs. From housing services to afterschool enrichment, the programs strive to address change across Boston and Cambridge. The Credit Union has formed a unique partnership with Philips Brooks House Association and supports the organization’s mission through charitable contributions that benefit low and moderate-income individuals, most notably supporting PBHA’s Summer Urban Program. The Summer Urban Program has 600 campers from elementary through 9<sup>th</sup> grade. This is one of the many events the credit union supports monetarily and on an outreach component.
- Bridges Homeward formerly Cambridge Family and Children’s Service –Bridges Homeward is a multi-service agency advocating for children, teens and families in the Greater Boston area. The credit union continues its commitment to this organization’s mission through yearly contributions and fundraising opportunities.
- Somerville Homeless Coalition – The mission of the Somerville Homeless Coalition is to provide homeless and near homeless individuals and families with supportive services and tailored housing solutions with a goal of obtaining and maintaining affordable housing. The credit union continues its commitment to this organization’s mission through yearly contributions.

### **Community Development Services**

The credit union designed Thrive, a Personal Finance Education Program and Volunteer Employee Program. This program was created in response to an identified need within the community and field of membership.

These programs are led by a Community Engagement Officer and two specialists, which are newly created roles since the last examination. The Officer and Specialists establish community relationships, identify needs, and connect customers who may not have had access previously with financial services and credit products.

Over the review period, Thrive presented approximately 148 financial education programs presented, all of these are meant to improve and respond to the community. They are not limited to the membership, and nobody is turned away.

Presentations are available for high school students, Harvard University and teaching hospitals, and small organizations that request financial education. A number of presentations are delivered in Spanish to those with limited English proficiency.

Additionally, Greenpath Financial Wellness supplements the Credit Union's Financial Education Program. Greenpath provides free over the phone counseling to members in multiple languages and at no cost.

All financial education is accessible through [huecu.org/thrive](http://huecu.org/thrive) where members and the community can reference a library of financial topics and resources.

In addition to the Financial Education Program, there is the Volunteer Incentive Program- Employees have 7 hours of work time to give back to the community.

## 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.

## 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 104 Mount Auburn Street Cambridge, MA 02138".

[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.