

PUBLIC DISCLOSURE

September 19, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Luso-American Credit Union
Certificate Number: 67890
37 Tremont Street
Peabody, MA 01960

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
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREA.....	3
SCOPE OF EVALUATION.....	5
CONCLUSIONS ON PERFORMANCE CRITERIA	6
SMALL INSTITUTION PERFORMANCE CRITERIA	11
GLOSSARY	12

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 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 substantial majority 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 did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.
- The credit union has a reasonable record relative to its fair lending policies and procedures.

DESCRIPTION OF INSTITUTION

Background

Established on November 30, 1960, as a wholly co-operative, state-chartered credit union, Luso-American Credit Union was originally formed to serve Portuguese immigrants and people of Portuguese descent residing or working in the City of Peabody. Today, membership includes anyone working or residing in Essex County, and anyone eligible to join Portuguese organizations within the city of Peabody who also reside or work in Essex County. As of June 30, 2022, the credit union's membership totaled 8,409.

The credit union received a "Satisfactory" rating at its previous Division of Bank's Performance Evaluation, dated July 9, 2018, based on the Small Institution Examination Procedures.

Operations

The headquarters of the credit union is located at 37 Tremont Street in Peabody. There is an additional full-service location at 79 Lynnfield Street in Peabody. Both locations are open from 9 AM to 5 PM Monday through Wednesday, from 9 AM to 6 PM Thursday and Friday, and from 8:30 AM to 1 PM on Saturdays. Both locations are equipped with an ATM. The headquarters has drive-up and walk-up ATMs. The headquarters is located in a moderate-income census tract. There have been no branch openings or closings since the previous examination.

Luso-American 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 construction loans. Consumer loans include personal loans, new and used auto loans, and recreational vehicle loans. Other services offered by the credit union include online banking, Visa debit/ATM cards, and credit cards. The credit union is a member of the SUM Network, which is comprised of an alliance of financial institutions that waive ATM surcharge fees.

Ability and Capacity

As of June 30, 2022, assets totaled approximately \$132 million, and shares totaled \$116 million. Total loans were \$ 79.3 million, representing approximately 60.0 percent of total assets. Since the previous CRA evaluation, assets increased 42.5 percent and the lending portfolio increased 21.3 percent. The following table illustrates the credit union's loan portfolio.

Loan Portfolio Distribution as of 6/30/2022		
Loan Type	Dollar Amount	Percent of Total Loans (%)
Unsecured Credit Card Loans	1,688,284	2.1
Non-Federally Guaranteed Student Loans	0	0.0
All Other Unsecured Loans/LOCs	1,410,966	1.8
New Vehicle Loans	513,165	0.6
Used Vehicle Loans	3,536,663	4.5
All Other Secured Non-Real Estate Loans/LOCs	1,045,555	1.3
Total Loans/LOCs Secured by 1 st Lien 1-4 Family Residential	40,460,903	51.0
Total Loans/LOCs Secured by Junior Lien 1-4 Family Residential	14,227,502	17.9
Commercial Loans/Lines of Credit Real Estate Secured	16,403,877	20.7
Commercial Loans/Lines of Credit Non-Real Estate Secured	0	0.0
Total Loans	79,266,915	100.00%
<i>Source: Reports of Condition and Income</i>		

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 AREA

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Luso-American Credit Union has designated a single contiguous assessment area encompassing the entirety of Essex County, MA which is within the Cambridge-Newton-Framingham Metropolitan Statistical Area (MSA). The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The assessment area includes 163 census tracts within Essex County, MA. These census tracts reflect the following income designations according to the 2015 ACS U.S. Census:

- 37 low-income tracts
- 31 moderate-income tracts
- 68 middle-income tracts
- 26 upper-income tracts
- 1 tract without an income designation.

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	163	22.7	19.0	41.7	16.0	0.6
Population by Geography	763,849	19.7	19.1	42.8	18.5	0.0
Housing Units by Geography	307,894	18.6	20.3	44.6	16.5	0.0
Owner-Occupied Units by Geography	181,293	7.5	17.3	52.3	22.9	0.0
Occupied Rental Units by Geography	106,619	37.3	24.6	31.6	6.5	0.0
Vacant Units by Geography	19,982	19.5	25.0	44.4	11.1	0.0
Businesses by Geography	64,215	15.0	17.4	44.8	22.9	0.0
Farms by Geography	1,521	9.1	14.3	53.8	22.9	0.0
Family Distribution by Income Level	192,381	28.3	18.0	20.2	33.5	0.0
Household Distribution by Income Level	287,912	31.0	15.5	17.3	36.2	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$100,380	Median Housing Value			\$347,478
Families Below Poverty Level		8.6%	Median Gross Rent			\$1,069
<i>Source: 2015 ACS and 2020 D&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>						

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

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA Median Family Income (15764)				
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>				

Competition

There is significant competition for home mortgage loans within the assessment area. Aggregate HMDA data for 2021 shows 508 competing lenders, comprised of banks, credit unions, and non-depository mortgage lenders. A total of 68,116 of reportable residential mortgage loans were originated or purchased within the assessment area, with the three most prominent home mortgage lenders (Rocket Mortgage, LLC., Guaranteed Rate, Inc., and Citizens Bank N.A.) accounting for 12.9 percent of the total market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to help assess the credit and community development needs. The information obtained helps examiners determine whether local financial institutions are responsive to these needs and what credit and community development opportunities, if any, are available.

A community contact was conducted with a representative from a community development corporation that serves the assessment area. The organization's programs include affordable housing, workforce development, including financial wellness and coaching, and small business assistance for low-income individuals and families. The contact stated that one-way financial institutions can better engage low-income individuals in the community is to offer financial literacy, primarily focusing on topics such as opening a bank account, budget balancing, and establishing credit, as many low-income residents in the community, are not in a position to obtain a mortgage.

Examiners identified the primary credit needs of the assessment area based on demographic and economic information, discussions with management, and the conversation with the community contact. Examiners determined the primary credit need of the community to be affordable housing and financial literacy.

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 Loan Application Registers. In 2020, the credit union originated 102 loans totaling \$23.3 million and in 2021, the credit union originated 71 loans totaling \$17.0 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.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Luso-American Credit Union demonstrated reasonable performance under the Lending Test.

Loan-to-Share (LTS) Ratio

This performance criterion determines what percentage of the credit union’s share base is reinvested in the form of loans. The average net loan-to-share ratio for the last twelve 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, averages 81.6 percent over the past 12 calendar quarters from September 30, 2019, through June 30, 2022. The ratio varied over the course of the assessment period, from a high of 92.2 percent as of December 31, 2019, to a low of 68.3 percent as of June 30, 2022.

The credit union’s average LTS ratio over the previous twelve quarters was compared to three similarly situated institutions. The institutions were selected based on asset size, geographic location, and lending focus. Luso-American Credit Union’s LTS ratio was higher than three similarly situated institutions for the same period.

Loan-to-Share (LTD) Ratio Comparison		
Institution	Total Assets as of 06/01/2022 (\$000s)	Average Net LTD Ratio (%)
Luso-American Credit Union	132,205	81.6
Community Credit Union of Lynn	154,730	80.8
River Works Credit Union	115,942	69.8
Brotherhood Credit Union	114,619	69.3

Source: Reports of Condition and Income 09/30/2019 - 06/30/2022

Assessment Area Concentration

The credit union originated a substantial majority of loans within its assessment area. The credit union originated 94.8 percent of its loans inside of the assessment area. The table below highlights the credit union’s lending inside and outside the assessment area.

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										
2020	96	94.1	6	5.9	102	21,160	90.9	2,110	9.1	23,270
2021	68	95.8	3	4.2	71	15,990	93.9	1,035	6.1	17,025
Total	164	94.8	9	5.2	173	37,150	92.2	3,145	7.8	40,295

Source: Credit Union Data; Due to rounding, totals may not equal 100.0%

Geographic Distribution

The distribution of home mortgage loans reflects good dispersion among low- and moderate-income census tracts. In 2020, the credit union originated 16.7 percent of its home mortgage loans within low-income census tracts. This is above both the aggregate performance and assessment area demographics. The credit union's performance in 2021 declined to 4.4 percent. This trailed both the aggregate performance and assessment area demographics. In 2020, the credit union originated 31.3 percent of its home mortgage loans within moderate-income census tracts. This is above both the aggregate performance and assessment area demographics. In 2021, the credit union's lending in moderate-income census tracts increased to 42.7 percent. This continued to lead both the aggregate performance and assessment area demographics. The following table illustrates the credit union's dispersion of home mortgage loans by census tract income level within the assessment area.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Essex County						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	7.5	8.1	16	16.7	3,470	16.4
2021	7.5	9.7	3	4.4	705	4.4
Moderate						
2020	17.3	17.1	30	31.3	6,170	29.2
2021	17.3	17.6	29	42.7	7,145	44.7
Middle						
2020	52.3	50.0	39	40.6	9,345	44.2
2021	52.3	49.4	32	47.1	7,250	45.3
Upper						
2020	22.9	24.8	11	11.5	2,175	10.3
2021	22.9	23.3	4	5.9	890	5.6
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
Totals						
2020	100.0	100.0	96	100.0	21,160	100.0
2021	100.0	100.0	68	100.0	15,990	100.0
<i>Source: 2015 ACS; Credit Union Data, 2020 & 2021 Aggregate data Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of home mortgage loans reflects reasonable dispersion among low- and moderate-income census borrowers. In 2020, the credit union originated 19.8 percent of its home mortgage

loans within the assessment area to low-income borrowers. This is above the aggregate performance but trails assessment area demographics. Similarly, the credit union’s 13.2 percent performance in 2021 is above aggregate performance but trails assessment area demographics. Several factors explain the credit union’s performance trailing area demographics among low-income borrowers. The median housing value in the assessment area is \$347,478. Low-income borrowers would likely not be able to qualify for such a mortgage under conventional underwriting standards. In addition, 8.6% of families within the assessment area are classified as being below the poverty level. In 2020, the credit union originated 32.3 percent of its home mortgage loans within the assessment area to moderate-income borrowers. This is above both the aggregate performance and assessment area demographics. In 2021, the credit union’s lending in moderate-income census tracts decreased to 22.1 percent. This is comparable to both aggregate performance and assessment area demographics. The following table illustrates the credit union’s dispersion of home mortgage loans by borrower income level within the assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Essex County						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	28.3	6.9	18	19.8	3,245	15.3
2021	28.3	7.9	9	13.2	2,175	13.6
Moderate						
2020	18.0	22.7	31	32.3	6,875	32.5
2021	18.0	22.7	15	22.1	3,835	24.0
Middle						
2020	20.2	24.0	33	34.4	8,055	38.1
2021	20.2	22.9	21	30.9	4,455	27.9
Upper						
2020	33.5	32.9	13	13.5	2,985	14.1
2021	33.5	31.2	23	33.8	5,525	34.6
Not Available						
2020	0.0	13.5	0	0.0	0	0.0
2021	0.0	15.3	0	0.0	0	0.0
Totals						
2020	100.0	100.0	96	100.0	21,160	100.0
2021	100.0	100.0	68	100.0	15,990	100.0
<i>Source: 2015 ACS; Credit Union Data, 2020 & 2021 Aggregate Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

Response to Complaints

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

Fair Lending Policies and Procedures

Examiners conducted the fair lending review in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, examiners noted no evidence of disparate treatment.

Minority Application Flow

Examiners reviewed the credit union's 2020 and 2021 LARs to determine if the application flow from the different racial groups within the credit union's assessment area reflected the assessment area's demographics.

According to the 2015 ACS Census Data, the assessment area contained a total population of 763,849 individuals of which 26.3 percent are minorities. The assessment area's minority and ethnic population is 18.2 percent Hispanic or Latino, 2.9 percent Black/African American, 3.4 percent Asian, 0.1 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, and 1.7 percent other.

Examiner compared the credit union's lending level to the aggregate for 2020 and 2021. This comparison assists in deriving reasonable expectations for the rate of applications the credit union received from minority residential loan applicants. Refer to the following table for information on the credit union's minority application flow as well as the aggregate lenders in the credit union's assessment area.

MINORITY APPLICATION FLOW						
RACE	Credit Union 2020		2020 Aggregate Data	Credit Union 2020		2021 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0	0.3
Asian	0	0.0	2.9	0	0.0	3.3
Black/ African American	7	6.4	2.4	1	1.4	3.2
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0	0.1
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	1	0.9	1.2	1	1.4	1.3
Total Racial Minority	8	7.3	7.0	2	2.7	8.1
White	99	90.0	70.0	70	95.9	65.8
Race Not Available	3	2.7	23.0	1	1.4	26.0
Total	110	100.0	100.0	73	100.0	100.0
ETHNICITY						
Hispanic or Latino	21	19.1	9.6	9	12.3	11.9
Joint (Hisp/Lat /Not Hisp/Lat)	4	3.6	1.2	3	4.1	1.3
Total Ethnic Minority	25	22.7	10.8	12	16.4	13.2
Not Hispanic or Latino	82	74.6	66.3	60	82.2	62.4
Ethnicity Not Available	3	2.7	23.0	1	1.4	24.4
Total	110	100.0	100.0	73	100.0	100.0

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

In 2020, the credit union received 110 home mortgage loan applications from within its assessment area. Of these applications, 8 or 7.3 percent were received from racial minority applicants, of which

6 or 75.0 percent were originated. The aggregate received 7.0 percent from minority applicants and 60.0 percent were originated. For the same time period, the credit union received 25 applications or 22.7 percent from ethnic groups of Hispanic origin within its assessment area, of which 19 or 76.0 percent were originated versus the aggregate that received 10.8 percent from Hispanic applicants and 58.5 percent were originated.

In 2021, the credit union received 73 home mortgage loan applications from within its assessment area. Of these applications, 2 or 2.7 percent were received from racial minority applicants, of which 2 or 100.0 percent were originated. The aggregate received 8.1 percent from minority applicants and 59.2 percent were originated. For the same time period, the credit union received 12 applications or 16.4 percent from ethnic groups of Hispanic origin within its assessment area, of which 12 or 100.0 percent were originated. The aggregate received 10.8 percent from Hispanic applicants and 60.5 percent were originated.

SMALL INSTITUTION PERFORMANCE CRITERIA

Lending Test

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

- 1) The credit union's loan-to-share 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 credit union's loans;
- 4) The credit union'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 credit union'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).

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.

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.

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.

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.

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

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

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

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

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 37 Tremont Street, Peabody, MA 01960".

[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.