

PUBLIC DISCLOSURE

December 2, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Methuen Co-operative Bank
Certificate Number: 26512

243 Broadway
Methuen, Massachusetts 01844

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

Federal Deposit Insurance Corporation
350 Fifth Avenue, Suite 1200
New York, New York 10118

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

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INSTITUTION RATING

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

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

- The loan-to-deposit ratio (LTD) is reasonable given the bank's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage loans in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of loans reflects reasonable penetration among individuals of different income levels.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the CRA rating.

DESCRIPTION OF INSTITUTION

Background

Methuen Co-operative Bank is a state-chartered institution headquartered in Methuen, Massachusetts. The bank has no affiliates or subsidiaries relevant to CRA. The bank received a “Satisfactory” rating at its previous joint FDIC and the Division of Bank’s Performance Evaluation, dated August 26, 2013, based on the Interagency Small Institution Examination Procedures.

Operations

The bank’s sole office is located at 243 Broadway in Methuen, which is in a moderate-income census tract. The office has a 24-hour automated teller machine. Since the prior evaluation, the bank’s primary focus continues to be residential lending, including fixed- and adjustable-rate mortgages to purchase, improve, or refinance homes. In addition, the bank offers construction loans, home equity lines of credit, and home equity loans. The bank also offers deposit products including checking accounts, NOW accounts, business checking accounts, passbook accounts, savings accounts, money market investment accounts, term deposit accounts, and retirement accounts. The bank did not open or close any branches, nor have there been any merger or acquisition activities since the prior evaluation.

Ability and Capacity

Assets totaled approximately \$93.2 million as of September 30, 2019, and included total loans of \$50.7 million, representing approximately 54.4 percent of total assets. Since the previous CRA evaluation, assets increased 3.4 percent and the lending portfolio decreased 7.7 percent. The following table illustrates the bank’s loan portfolio.

Loan Portfolio Distribution as of 9/30/2019		
Loan Category	\$(000s)	%
Construction and Land Development	1,098	2.2
1-4 Family Residential including Home Equity Loans	43,021	84.9
Multi-family (5 or more) Residential	1,288	2.5
Commercial Real Estate	3,496	6.9
Total Real Estate Loans	48,903	96.5
Commercial and Industrial	474	0.9
Consumer	1,318	2.6
Other	5	<0.1
Total Loans	50,700	100
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

Economic and Demographic Data

Methuen Co-operative Bank designated three municipalities in Essex County, Massachusetts, containing 35 census tracts, as its assessment area. These municipalities include Methuen (11 tracts), North Andover (6 tracts), and Lawrence (18 tracts). Essex County is part of the Cambridge-Newton-Framingham, MA MD. The bank’s assessment area previously only included Methuen and North Andover. The census tracts reflect the following income designations according to the 2015 United States (U.S.) Census Bureau’s American Community Survey (ACS):

- 18 low-income tracts,
- 5 moderate-income tracts,
- 9 middle-income tracts, and
- 3 upper-income tracts.

One of the low-income census tracts is located in Methuen, while the remaining 17 low-income census tracts are located in Lawrence. In addition, Methuen contains three moderate-income census tracts, while North Andover and Lawrence each contain one. The number of low-income tracts in the bank’s assessment area significantly increased since the prior evaluation when it added Lawrence. The bank’s assessment area includes six census tracts designated as opportunity zones located in Lawrence and Methuen. Opportunity zones are areas of economic need, designated by the State and approved by the U.S. Department of Treasury. There are no underserved or distressed nonmetropolitan middle-income geographies or designated disaster areas in the bank’s assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	35	51.4	14.3	25.7	8.6	0.0
Population by Geography	156,682	48.2	17.6	25.0	9.2	0.0
Housing Units by Geography	57,661	45.8	19.7	25.9	8.5	0.0
Owner-Occupied Units by Geography	27,789	21.9	22.9	39.3	15.9	0.0
Occupied Rental Units by Geography	26,986	69.4	16.8	12.4	1.4	0.0
Vacant Units by Geography	2,886	56.2	16.6	23.4	3.8	0.0
Family Distribution by Income Level	38,669	41.8	17.9	17.4	22.9	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD		\$100,380	Median Housing Value			\$268,861
			Median Gross Rent			\$1,030
			Families Below Poverty Level			15.4%
<i>Source: 2015 ACS Census and 2018 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to the 2015 ACS, the assessment area contains 57,661 housing units, of which 48.2 percent are owner-occupied, 46.8 percent are occupied rental units, and 5.0 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units whereby the median housing value is \$268,861, and the median gross rent is \$1,030. Only 21.9 percent (6,086) of the assessment area’s owner-occupied housing units are located in the assessment area’s low-income geographies. In contrast, 69.4 percent (18,728) of the occupied rental units are located in these geographies. This data suggests that there is a greater opportunity for families to rent than to own housing units in low-income geographies. This limits the opportunities to originate 1-4 family residential mortgage loans in these geographies.

Data from the U.S. Bureau of Labor and Statistics indicates that, as of October 2019, the state of Massachusetts unemployment rate was 2.9 percent, while the unemployment rate in Essex County was 2.6 percent. Unemployment rates have steadily declined throughout the evaluation period, reflecting improved economic conditions and job opportunities. The five largest employers in the County are Harvard University with 18,168 employees, Massachusetts Institute of Technology with 16,117 employees, The TJX Company Incorporated with 15,000 employees, DeMoulas Super Market Incorporated with 14,000 employees, and Lahey Health with 11,979 employees.

Examiners used the 2017 and 2018 FFIEC-updated median family income data to analyze home mortgage loans under the Borrower Profile criterion. The following table shows the low-, moderate-, middle- and upper-income categories for each year.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2017 (\$104,800)	<\$52,400	\$52,400 to <\$83,840	\$83,840 to <\$125,760	≥\$125,760
2018 (\$110,300)	<\$55,150	\$55,150 to <\$88,240	\$88,240 to <\$132,360	≥\$132,360
<i>Source: FFIEC</i>				

Competition

The assessment area is highly competitive for deposit accounts. According to FDIC Deposit Market Share data as of June 30, 2019, there were 15 financial institutions operating 35 full-service branches in the assessment area. Methuen Co-operative Bank ranked 10th with a 2.8 percent deposit market share. The top five institutions operated 22 of the branches within the assessment area, capturing 66.1 percent of deposit market share. These institutions consisted of larger banks with a regional or national presence including TD Bank N.A, Santander Bank N.A, and Bank of America N.A.

There is a high level of competition for home mortgage loans among several banks, including banks with a regional or national presence, credit unions, and non-depository mortgage lenders. The market share data provides additional insight to the level of competition. In 2017, 249 lenders originated or purchased 4,569 residential mortgage loans in the bank’s assessment area. Methuen Co-operative Bank ranked 49th, originating 24 loans with a 0.5 percent market share. The three

lenders with the highest market share were Wells Fargo Bank, N.A., with 7.6 percent; Residential Mortgage Services Inc., with 5.2 percent; and Santander Bank, N.A., with 3.6 percent.

Community Contact

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

Examiners contacted a representative of a community service organization that serves the bank's assessment area. The organization provides opportunities for financial literacy and community development. The contact discussed the need for affordable housing in the assessment area, and innovative loan products to assist low- and moderate-income individuals. The contact also noted the depleted housing stock, often making the cost of home ownership unaffordable for low- and moderate-income individuals.

Furthermore, the contact stated that there is a need for financial education, including home buying and retirement. Finally, the contact indicated that there is opportunity for financial institutions to increase involvement with community service organizations.

Credit Needs

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that affordable housing loans represent a primary credit need for the assessment area. This need exists in the form of home mortgage products accessible to low- and moderate-income borrowers in the assessment area, as well as financing for the construction of affordable housing units to meet the high demand.

SCOPE OF EVALUATION

General Information

This evaluation assessed Methuen Co-operative Bank's CRA performance using Interagency Small Institution Examination Procedures. These procedures include one test: the CRA Small Bank Lending Test. The evaluation considers activities since the prior CRA evaluation, dated August 23, 2013, to the current evaluation, dated December 2, 2019.

Activities Reviewed

Examiners determined the bank's major product line is home mortgage loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. No other loan types such as small business loans, small farm loans, or consumer loans represent a major product line. Therefore, examiners did not present them, as they provided no material support for conclusions or ratings.

The evaluation considered all home mortgage loans reported on the bank's 2017 and 2018 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. In 2017, the bank originated 42 loans totaling \$10.4 million and in 2018, the bank originated 27 loans totaling \$6.4 million. For comparison purposes, examiners reviewed 2017 HMDA aggregate data and 2015 ACS data. Aggregate data for 2018 is not yet available.

While examiners presented the number and dollar volume of loans, 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

Methuen Co-operative Bank demonstrated reasonable performance under the Lending Test. LTD ratio, assessment area concentration, geographic distribution, and borrower profile performance primarily support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable, given the institution’s size, financial condition, and assessment area credit needs. The bank’s LTD ratio, calculated from Call Report data, averaged 65.6 percent over the last 25 calendar quarters from September 30, 2013, to September 30, 2019. The ratio ranged from a low of 60.2 percent as of September 30, 2019, to a high of 69.3 percent as of December 31, 2013. The ratio remained generally stable during the evaluation period. In addition, the ratio remained consistent since the prior evaluation. There is no comparable institution based on the bank’s asset size, geographic location, and lending focus. At the previous evaluation, examiners compared the average LTD ratio against two similarly situated institutions. However, these institutions no longer exist.

Assessment Area Concentration

Overall, the bank made a majority of its loans by number inside the assessment area. The following table shows the number of loans made inside and outside of 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										
2017	24	57.1	18	42.9	42	4,680	44.8	5,767	55.2	10,447
2018	11	40.7	16	59.3	27	2,727	42.6	3,676	57.4	6,402
Total	35	50.7	34	49.3	69	7,407	44.0	9,443	56.0	16,849
<small>Source: Evaluation Period: 1/1/2017 - 12/31/2018 Bank Data Due to rounding, totals may not equal 100.0</small>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. In 2017, the bank’s performance in low-income census tracts was below aggregate lending data. However, the bank’s performance in moderate-income census tracts exceeded both demographics and aggregate performance. Significant competition and the operation of only one branch within the assessment area support the bank’s adequate performance. In addition, the assessment area’s

housing stock consists of 5.0 percent vacant units and 46.8 percent rental units, thus limiting home mortgage lending opportunities.

In 2018, the bank’s performance in low-income census tracts fell slightly below demographics. However, the bank’s performance in moderate-income census tracts was above demographics. These trends and comparisons, also considering competition and the bank’s capacity, reflect reasonable performance.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	21.9	31.7	5	20.8	588	12.6
2018	21.9	--	2	18.2	470	17.2
Moderate						
2017	22.9	21.9	7	29.2	1,314	28.1
2018	22.9	--	3	27.3	307	11.2
Middle						
2017	39.3	34.1	9	37.5	1,808	38.6
2018	39.3	--	6	54.5	1,950	71.5
Upper						
2017	15.9	12.3	3	12.5	970	20.7
2018	15.9	--	0	0.0	0	0.0
Totals						
2017	100.0	100.0	24	100.0	4,680	100.0
2018	100.0	--	11	100.0	2,727	100.0

*Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. In 2017 and 2018, the bank’s home mortgage lending to low-income borrowers compared unfavorably to both the aggregate and area demographics, respectively. However, the bank operates in a highly competitive area with only one branch location. Additionally, 15.4 percent of families are below the poverty level and often cannot afford home ownership. Further, as the median housing value in the assessment area is approximately \$269,000, a low-income family earning less than \$55,150 would have difficulty qualifying for a conventional mortgage.

Additionally in 2017 and 2018, the bank’s home mortgage lending to moderate-income borrowers compared unfavorably to both the aggregate and area demographics, respectively. Further, the

bank's lending to low- and moderate-income borrowers, as well as its overall lending, decreased from 2017 to 2018.

Market share data further supports the bank's reasonable performance. In 2017, the bank ranked 65th out of 107 lenders, with a 0.3 percent market share to low-income borrowers. For moderate-income borrowers, the bank ranked 67th out of 151 lenders, with a 0.3 percent market share. The top lenders to low-income borrowers were Residential Mortgage Services LLC, with 9.0 percent; Santander Bank N.A., with 7.1 percent; Wells Fargo Bank N.A., with 5.9 percent; TD Bank N.A., with 5.5 percent; and Equity Prime Mortgage LLC, with 3.9 percent. The top lenders to moderate-income borrowers were Residential Mortgage Services LLC, with 9.4 percent; Wells Fargo Bank N.A., with 8.8 percent, Santander Bank N.A., with 5.8 percent; Quicken Loans, with 4.1 percent; and Equity Prime Mortgage LLC, with 3.9 percent. The majority of institutions outside the top five banks originated only one or two loans.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	41.8	13.6	2	8.3	305	6.5
2018	41.8	--	0	0.0	0	0.0
Moderate						
2017	17.9	29.2	4	16.7	566	12.1
2018	17.9	--	1	9.1	240	8.8
Middle						
2017	17.4	19.7	10	41.7	1,601	34.2
2018	17.4	--	2	18.2	598	21.9
Upper						
2017	22.9	19.3	8	33.3	2,208	47.2
2018	22.9	--	8	72.7	1,889	69.3
Totals						
2017	100.0	100.0	24	100.0	4,680	100.0
2018	100.0	--	11	100.0	2,727	100.0
<i>Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX

FAIR LENDING POLICIES AND PROCEDURES

The Division of Banks provides comments regarding the institution's fair lending policies and procedure pursuant to Regulatory Bulletin 1.3-106. 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

According to the 2015 ACS Census Data, the bank's assessment area contained a total population of 156,682 individuals of which, 53.7 percent are minorities. The assessment area's minority and ethnic population is 2.2 percent Black/African American, 3.7 percent Asian, 0.0 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 46.6 percent Hispanic or Latino and, 1.2 percent Other.

Examiners compared the bank's rate of applications received with that of the aggregate for the most recent year that data was available, the year 2017. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank receives from minority residential loan applicants.

In 2017, the bank received 28 HMDA reportable loan applications from within its assessment area. Of these applications, 10.7 percent were from minority applicants. The aggregate received 11.2 percent of applications from minorities during 2017. For the same time period, the bank received 10.7 percent of applications from Hispanic/Latino applicants as compared to the aggregate at 28.9 percent.

For 2018, the bank received 12 HMDA applications from within its assessment area, of which 25.0 percent of applications from minorities and no applications from Hispanic/Latino applicants.

Refer to the table below for information on the bank's minority application flow as well as the aggregate in the assessment area.

MINORITY APPLICATION FLOW					
RACE	Bank 2017 HMDA		2017 Aggregate Data	Bank 2018 HMDA	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.4	0	0.0
Asian	1	3.6	3.3	2	16.7
Black/ African American	0	0.0	5.2	0	0.0
Hawaiian/Pacific Islander	0	0.0	0.9	0	0.0
2 or more Minority	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	2	7.1	1.3	1	8.3
Total Minority	3	10.7	11.2	3	25.0
White	22	78.6	63.7	9	75.0
Race Not Available	3	10.7	25.1	0	0.0
Total	28	100.0	100.0	12	100.0
ETHNICITY					
Hispanic or Latino	3	10.7	28.9	0	0.0
Not Hispanic or Latino	22	78.6	47.4	12	100.0
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.2	0	0.0
Ethnicity Not Available	3	10.7	22.5	0	0.0
Total	28	100.0	100.0	12	100.0

Source: ACS Census 2015, HMDA Aggregate Data 2017, HMDA LAR Data 2017 and 2018 *Due to rounding, totals may not equal 100.0 percent.

Considering the assessment area's demographic composition and comparisons to aggregate data, the bank's minority application flow is adequate.

SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

GLOSSARY

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

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

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

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

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

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, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

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

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

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

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.