

PUBLIC DISCLOSURE

June 7, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Metro Credit Union
Certificate Number: 66364

200 Revere Beach Parkway
Chelsea, Massachusetts 02150

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 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

INSTITUTION’S CRA RATING: This institution is rated **Outstanding**. An institution in this group has an outstanding 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.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	X
High Satisfactory	X		
Satisfactory			
Needs to Improve			
Substantial Noncompliance			

** The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating*

The Lending Test is rated High Satisfactory.

- Lending levels reflect good responsiveness to assessment area credit needs.
- The institution originated a majority of loans within its assessment area.
- The geographic distribution of loans reflects good penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the product lines offered by the institution, reasonable penetration among retail customers of different income levels.
- The institution makes extensive use of innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The institution is a leader in originating community development loans.

The Investment Test is rated Outstanding.

- The institution has an excellent level of qualified community development investments and grants.
- The institution exhibits excellent responsiveness to credit and community economic development needs.

- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated Outstanding.

- Delivery systems are readily accessible to all portions of the institution's assessment area.
- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services and business hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies or individuals.
- The institution is a leader in providing community development services.

SCOPE OF EVALUATION

General Information

Metro Credit Union's last evaluation date was January 6, 2016. This evaluation covers the period from January 1, 2019 to the current evaluation dated June 7, 2021. Examiners used the Interagency Large Institution Examination Procedures to evaluate Metro Credit Union's (MCU) performance.

The Lending Test considered the institution's performance according to the following criteria.

- Lending activity
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Innovative and/or flexible lending practices
- Community development loans

The Investment Test considered the following criteria.

- Number and dollar amount of qualified investments
- Responsiveness to credit and community development needs
- Innovativeness or complexity of qualified investments

The Service Test considered the following criteria.

- Accessibility of delivery systems
- Changes in branch locations
- Reasonableness of business hours and services
- Community development services

An institution must achieve a rating of at least Satisfactory on the Lending Test to obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

Loan Products 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 originations during the evaluation period. Moreover, the credit union's record of originating home mortgage loans during the evaluation period contributed the greatest weight to overall conclusions due to its larger portion of the loan portfolio at 53.9 percent. In certain instances, noted within the evaluation, examiners considered consumer loan performance.

Home mortgage lending data analyzed included full-year data from January 1, 2019 through December 31, 2020 as reported on the credit union's 2019 and 2020 Home Mortgage Disclosure

Act (HMDA) Loan Application Registers (LARs). The credit union reported 1,943 loans totaling \$608.7 million in 2019, and 2,500 loans totaling \$883.7 million in 2020. Examiners compared the credit union's 2019 performance under the Geographic Distribution and Borrower Profile criteria to aggregate data. Examiners also compared the credit union's 2019 and 2020 home mortgage performance to the 2015 American Community Survey (ACS) demographic data.

For the Lending Test, examiners reviewed and presented the number and dollar volume of loans. During analysis, examiners emphasized performance by number of loans, as it is a better indicator of the number of businesses and individuals served.

Examiners reviewed community development loans, investments, and services for activity during 2019, 2020 and 2021 year-to-date; and innovative and/or flexible lending practices for 2019 and 2020.

DESCRIPTION OF INSTITUTION

Background

Metro Credit Union is a community credit union originally chartered in 1926 and headquartered in Chelsea, Massachusetts with two affiliated Credit Union Service organizations (CUSO): eDOC Innovations, Incorporated and Metro Insurance Advisors, LLC. Membership is open to persons living, working, having a place of business or attending an educational institution in the Massachusetts counties of Barnstable, Bristol, Essex, Middlesex, Norfolk, Plymouth, Suffolk, and Worcester, as well as the New Hampshire counties of Hillsborough and Rockingham; or family members regardless of location. The credit union is designated a low-income credit union by the National Credit Union Administration.

During the evaluation period, Metro Credit Union acquired Gloucester Municipal Credit Union (March 2021).

The institution received a “High Satisfactory” rating from the Division during its prior evaluation dated January 4, 2016, based on Interagency Large Institution Examination Procedures.

Operations

MCU operates 14 full-service branches throughout eastern MA, including its main office at 200 Revere Beach Parkway, Chelsea, MA, which is located in a moderate-income census tract. Other branches are located in Boston (3), Burlington, Chelsea, Framingham, Lawrence, Lynn, Melrose, Newton, Peabody, Salem, and Tewksbury. The credit union operates four branches in low-income census tracts (Boston, Lawrence, Lynn, Peabody), three in moderate-income census tracts (Chelsea-2, Melrose), six in middle-income census tracts (Boston, Burlington, Framingham, Newton, Salem, Tewksbury), and one in an upper-income census tract (Boston). Six branches have drive-up automated teller machines. The credit union also operates two high school branches, one in Chelsea (in a low-income census tract) and one in Peabody (in a moderate-income census tract). The credit union closed one branch since the prior evaluation located in Boston in a tract with no income level designation.

MCU offers various products and services that serve consumers as well as businesses. Consumer lending products include home mortgage loans including first time homebuyer programs, home equity loans and lines of credit, automobile loans, a variety of personal, and credit-builder installment loans. Also offered are Student loans, Boat and Recreational Vehicle loans, MassSave Heat loans, Manufactured Home loans, Citizenship loans, and VISA and MasterCard credit cards. Consumer deposit services include various checking, savings, money market deposit accounts, certificates of deposit, and individual retirement account savings. Other services include automated phone banking, online banking and bill pay, mobile banking, remote deposit, P2P and bank-to-bank transfers, ACH origination, wire transfers, ATM and debit cards, and free coin counting for members. Business lending includes commercial real estate loans, commercial term loans, commercial equipment loans, commercial lines of credit, business credit cards.

MCU is part of the SUM and NYCE networks, which allow members to perform ATM

transactions, surcharge-free, at over 30,000 participating ATMs.

The credit union offers financial investment services through the CUNA Mutual Group. MCU also offers insurance sales through Metro Insurance Advisors. Homeowners Insurance Discounts are available by Metro Insurance Advisors. The credit union also provides gap insurance, payment protection insurance, debt cancellation, and accidental death and dismemberment insurance.

Ability and Capacity

As of March 31, 2021, the credit union had total assets of \$2.4 billion, total shares and deposits of approximately \$2.0 billion, and total loans of \$1.9 billion. Total assets and loans have increased significantly since the last examination in January 2016. Total assets have increased by \$980.5 million, or, 67.0 percent and total loans have increased by \$674.4 million, or 56.0 percent. Increases are attributable to organic growth. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 3/31/2021		
Loan Category	\$	%
Non-Federally Guaranteed Student Loans	15,017,304	0.8
All Other Unsecured Loan/Lines of Credit	33,121,130	1.8
New Vehicle Loans	268,533,378	14.3
Used Vehicle Loans	294,860,994	15.7
Secured Non-Real Estate Loans/Lines of Credit	1,614,441	0.1
Total Loans/Lines of Credit Secured by 1 st Lien 1-4 Family Residential Properties	846,312,829	45.1
Total Loans/Lines of Credit Secured by Junior Lien 1-4 Family Residential Properties	141,406,412	7.5
All Other Real Estate Loans/Lines of Credit	24,435,723	1.3
Commercial Loans/Lines of Credit Real Estate Secured	244,909,044	13.0
Commercial Loans/Lines of Credit Not Real Estate Secured	7,707,502	0.4
Total Loans	1,877,918,757	100.0
<i>Source: Reports of Income and Condition</i>		

Examiners did not identify and 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 in which examiners will evaluate the institution’s CRA performance. MCU designated a single assessment area in the Boston-Cambridge-Newton, MA-New Hampshire (NH) Metropolitan Statistical Area (Boston MSA). The following sections discuss demographic and economic information relevant to the assessment area (AA).

Economic and Demographic Data

The assessment area includes 709 census tracts located in Essex, Middlesex, Norfolk, Plymouth and Suffolk Counties in MA. The following table details the cities and towns in the credit union’s assessment area.

Assessment Area Cities and Towns		
Essex County, MA		
Andover	Beverly	Danvers
Haverhill	Lawrence	Lynn
Lynnfield	Marblehead	Methuen
Nahant	North Andover	Peabody
Salem	Saugus	Swampscott
Middlesex County, MA		
Arlington	Ashland	Bedford
Belmont	Billerica	Burlington
Cambridge	Everett	Framingham
Lexington	Lowell	Malden
Medford	Melrose	Natick
Newton	North Reading	Somerville
Stoneham	Tewksbury	Wakefield
Waltham	Watertown	Wilmington
Winchester	Woburn	
Norfolk County, MA		
Avon*	Bellingham*	Braintree*
Brookline	Canton*	Cohasset*
Dedham*	Dover*	Foxborough*
Franklin*	Holbrook*	Medfield*
Medway*	Millis*	Milton*
Needham*	Norfolk*	Norwood*
Plainville*	Quincy*	Randolph*
Sharon*	Stoughton*	Walpole*
Wellesley	Westwood*	Weymouth*
Wrentham*		
Plymouth County, MA		
Hingham*	Hull*	
Suffolk County, MA		
Boston	Chelsea	Revere
Winthrop		

* Added since the previous evaluation

The cities and towns in Essex and Middlesex Counties are located in the Cambridge-Newton-Framingham, MA Metropolitan Division (MD). The cities and towns in Norfolk, Plymouth and

Suffolk Counties are located in the Boston, MA MD. Both MDs are part of the greater Boston-Cambridge-Newton, MA-NH MSA. The credit union does not have any branches outside of the Boston-Cambridge-Newton, MA-NH MSA.

The 709 census tracts reflect the following income designations according to the 2015 American Community Survey (ACS) US Census:

- 106 low-income tracts,
- 153 moderate-income tracts,
- 238 middle-income tracts,
- 199 upper-income tracts, and
- 13 census tracts with no income designation.

During the evaluation period, MCU added 28 communities to the AA, an increase of 119 census tracts since the prior evaluation. The percentage of low-income census tracts within the AA increased by 5.1 percent, while the percentage of moderate-income census tracts decreased by 15.5 percent.

The following areas have concentrated numbers of low- and moderate-income census tracts: Boston, Lowell, Lynn, Lawrence, Malden, Revere, Cambridge, Everett, Haverhill, Somerville, Chelsea, Framingham, and Quincy. Fifteen additional communities had five or fewer low- and moderate-income census tracts. The census tracts with no income designation are Harbor Islands, Franklin Park Zoo, Stony Brook Reservation, Arnold Arboretum, Castle Island, Conley Terminal, South End (2), Charles River, Suffolk Downs, Belle Isle Marsh Reservation, Boston Common, and Boston Harbor.

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

Demographic Information of the Assessment Area						
Assessment Area: Metro CU AA 2020						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	709	15.0	21.6	33.6	28.1	1.8
Population by Geography	3,242,800	12.8	22.0	35.6	29.3	0.2
Housing Units by Geography	1,312,552	12.0	22.2	36.6	29.0	0.3
Owner-Occupied Units by Geography	679,677	4.8	16.5	41.2	37.3	0.2
Occupied Rental Units by Geography	555,786	20.3	28.8	31.5	19.0	0.5
Vacant Units by Geography	77,089	14.5	25.6	32.6	26.7	0.5
Businesses by Geography	303,988	8.9	16.6	33.4	40.7	0.5
Farms by Geography	4,277	5.9	14.4	40.0	39.6	0.1
Family Distribution by Income Level	746,950	25.6	16.2	18.9	39.3	0.0
Household Distribution by Income Level	1,235,463	28.4	14.5	16.0	41.1	0.0
Median Family Income MSA - 14454 Boston, MA		\$90,699	Median Housing Value			\$419,512
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$100,380	Median Gross Rent			\$1,308
			Families Below Poverty Level			8.6%

*Source: 2015 ACS and 2020 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.*

Examiners use the Federal Financial Institutions Examination Council (FFIEC)-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories, which are based on the 2019 and 2020 FFIEC-updated median family income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA Median Family Income (14454)				
2019 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
2020 (\$109,800)	<\$54,900	\$54,900 to <\$87,840	\$87,840 to <\$131,760	≥\$131,760
Cambridge-Newton-Framingham, MA Median Family Income (15764)				
2019 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
2020 (\$118,800)	<\$59,400	\$59,400 to <\$95,040	\$95,040 to <\$142,560	≥\$142,560

Source: FFIEC

According to the United States Bureau of Labor Statistics, the average unemployment rate in 2019 was 3.1 percent in Essex County, MA; 2.4 percent in Middlesex County, MA; 2.6 percent in Norfolk County, MA, 3.1 percent in Plymouth County, and 2.7 percent in Suffolk County, MA. These levels were comparable to the MA state average of 3.0 percent and lower than the

national rate of 3.7 percent. The unemployment rates in the assessment area increased during the COVID-19 pandemic in 2020. In April 2020, unemployment rates peaked at a high of 18.1 percent in Essex County, MA; 12.9 percent in Middlesex County, MA; 15.5 percent in Norfolk County, MA, and a high in June of 16.9 percent in Suffolk County, MA. These rates were higher than the national unemployment level of 8.4 percent in August 2020.

Competition

The credit union operates in a competitive market for financial services. According to 2019 peer deposit market share data, 178 financial institutions operated 1,150 offices in the assessment area. Of these, MCU ranked 68th with 0.5 percent deposit market share. The top institutions were Citizens Bank, N.A., Bank of America, N.A., Santander Bank, N.A., TD Bank, N.A., and Eastern Bank with a collective market share of 40.7 percent.

MCU also operates competitively in a highly active market for home mortgage loans. In 2020, 619 lenders originated or purchased 185,986 home mortgage loans in the credit union's assessment area. The top five lenders, Quicken Loans, Inc., Leader Bank, N.A., Guaranteed Rate, Inc., Citizens Bank, N.A., and Wells Fargo Bank, N.A., captured 21.3 percent of the market share. MCU ranked 26th with 1.0 percent of the market share. In 2019, 605 lenders originated or purchased 127,034 home mortgage loans in the credit union's assessment area. The top five lenders, Citizens Bank, (N.A.); Wells Fargo Bank, N.A.; Guaranteed Rate Inc.; Bank of America, N.A.; JPMorgan Chase Bank, N.A. captured 23.2 percent of the market share. MCU ranked 21st with 1.2 percent of the market share.

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 available credit and community development opportunities.

Examiners relied on a recently completed community contact with a non-profit community action organization serving Boston and the Southern Boston areas. The group helps low- and moderate-income people by providing financial education and counseling, workforce training, affordable housing programs including emergency housing assistance, food and nutrition programs, and childcare and early childhood education. The contact described how the COVID-19 pandemic has reshaped and increased demand for food, childcare, and financial education services, as well as resources to aid those re-entering the workforce. The contact further indicated a need for innovative solutions addressing equitable incomes among diverse populations.

Examiners relied on another recently completed community contact with a community development corporation serving the Metro West region. The organization creates and preserves affordable housing units and assists low- and moderate-income individuals to connect with affordable housing options. The most notable observations in the region include the significantly high demand for affordable rental housing and the atypical impact the pandemic had on personal

credit scores. With the inception of the pandemic, a temporary emergency grant program designed to aid income-eligible tenants at-risk of losing their homes, which indirectly benefited landlords and stabilized rental markets during that time. The contact indicated there is opportunity for financial institutions to foster relationships with nonprofit organizations, provide assistance with guidance and funding toward alleviating affordable housing unit deficits, and to develop programs addressing the how individuals can improve their personal credit scores coming out of the pandemic.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, credit union management, and demographic and economic data, examiners determined that financing affordable rental housing and construction projects, participating in affordable housing lending programs, providing community services to low- and moderate-income individuals, and providing financial literacy education, particularly addressing timely topics such as rebuilding credit in the post-pandemic economy, represent primary needs in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The credit union’s Lending Test performance rating is High Satisfactory. The following sections discuss the credit union’s performance under each criterion. This credit union’s performance in geographic distribution, innovative and flexible lending, and community development lending primarily supports the rating.

Lending Activity

The credit union’s lending levels reflect good responsiveness to assessment area credit needs. In 2019 and 2020, MCU originated and purchased 4,443 home mortgage loans totaling approximately \$1.5 billion. Of this total, 3,292 home mortgage loans, totaling approximately \$1.2 billion were inside the assessment area.

MCU’s level of home mortgage originations inside the assessment area increased by number, from 1,470 in 2019 to 1,822 in 2020, and decreased by percentage, from 75.7 percent in 2019 to 72.9 percent in 2020. This decline coincided with a decrease in the assessment area’s market share rankings of 21st and 26th, respectively, as compared to 27th in 2014 during the prior evaluation. As described in the prior section, there is significant competition within MCU’s expanded assessment area for home mortgage lending.

Assessment Area Concentration

The credit union made a majority of home mortgage loans, by number and dollar volume, within its assessment area. The credit union’s performance of home mortgage lending inside the credit union’s assessment area increased since the prior evaluation. See the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2019	1,470	75.7	473	24.3	1,943	477,337	78.4	131,344	21.6	608,681
2020	1,822	72.9	678	27.1	2,500	681,737	77.1	201,956	22.9	883,693
Total	3,292	74.1	1,151	25.9	4,443	1,159,074	77.7	333,300	22.3	1,492,374
<i>Source: Credit union Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the assessment area. The credit union’s good performance of home mortgage lending and market share data support this

conclusion. Examiners focused on the percentage of loans in low- and moderate-income census tracts by number.

In each year analyzed, MCU’s lending performance was above aggregate and demographic data in low- and moderate-income census tracts, although 2020 lending did show a downward trend from 2019.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Metro CU AA 2020						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	4.8	6.1	105	7.1	29,723	6.2
2020	4.8	--	94	5.2	43,738	6.4
Moderate						
2019	16.5	17.5	327	22.2	89,036	18.7
2020	16.5	--	335	18.4	104,536	15.3
Middle						
2019	41.2	40.3	577	39.3	162,633	34.1
2020	41.2	--	759	41.7	238,384	35.0
Upper						
2019	37.3	35.9	461	31.4	195,946	41.1
2020	37.3	--	632	34.7	293,592	43.1
Not Available						
2019	0.2	0.2	0	0.0	0	0.0
2020	0.2	--	2	0.1	1,487	0.2
Totals						
2019	100.0	100.0	1,470	100.0	477,337	100.0
2020	100.0	--	1,822	100.0	681,737	100.0
<i>Source: 2015 ACS; Credit union Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Furthermore, market share data further supports the credit union’s good penetration within low-income geographies. According to most recent market share data, the credit union maintained a 1.0 percent market share and ranked 29th out of 343 lenders that originated or purchased a home mortgage loan to low-income geographies within the assessment area; for moderate-income geographies, the credit union maintained a 1.1 percent market share and ranked 26th out of 457 lenders.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. Examiners focused on home mortgage loans to low- and moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Metro CU AA 2020						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	25.6	5.0	68	4.6	10,442	2.2
2020	25.6	--	78	4.3	13,794	2.0
Moderate						
2019	16.2	16.9	295	20.1	64,693	13.6
2020	16.2	--	339	18.6	86,304	12.7
Middle						
2019	18.9	22.2	382	26.0	101,175	21.2
2020	18.9	--	497	27.3	148,956	21.9
Upper						
2019	39.3	43.1	697	47.4	279,345	58.5
2020	39.3	--	878	48.2	393,373	57.7
Not Available						
2019	0.0	12.8	28	1.9	21,683	4.5
2020	0.0	--	30	1.6	39,310	5.8
Totals						
2019	100.0	100.0	1,470	100.0	477,337	100.0
2020	100.0	--	1,822	100.0	681,737	100.0
<i>Source: 2015 ACS; Credit Union Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

The credit union's lending to low-income borrowers was slightly below the aggregate performance in 2019 and below demographics. In 2020, while performance increased by number, the percentage trend shows a slight decrease. As noted in the Description of Assessment Area section, the percentage of low-income families is not representative of the demand and opportunity for home mortgage loans to this group, considering 8.6 percent of the population in the assessment area is below the poverty level. In addition, the median housing value in the assessment area is \$419,512 and low-income borrowers may have difficulty qualifying for conventional mortgages. Market share data further supports the credit union's reasonable lending performance to low-income borrowers. According to the most recent market share data, the credit union maintained a 0.9 percent market share and ranked 24th out of 325 lenders that

originated or purchased a home mortgage loan to low-income borrowers within the assessment area. This is a slightly higher market position compared with the credit union's overall market share position (26th).

The credit union's lending to moderate-income borrowers was above the aggregate and demographic in 2019. While the 2020 performance trend decreased slightly, it remained above demographic benchmarks. MCU maintained a 1.1 percent market share and ranked 22nd out of 339 lenders to moderate-income borrowers. Top lenders to both low- and moderate-income borrowers are significantly larger institutions.

Innovative and Flexible Lending

The credit union makes extensive use of innovative and flexible lending programs to serve assessment area credit needs. Programs involve government-related subsidies and guarantees. MCU offers various programs designed to assist low- and moderate-income individuals and first-time homebuyers with low minimum down payments, discounted interest rates, down payment assistance opportunities, and no mortgage insurance requirements. The credit union originated 198 innovative and flexible loans, totaling \$65.6 million, to individuals and businesses during the evaluation period. This criterion includes all innovative and flexible lending activities for lending programs during 2019 and 2020.

The following items highlight the various innovative and flexible mortgage loan programs offered by the credit union.

- **Freddie Mac Home Possible (Home Possible)** - Home Possible mortgages offer credit flexibilities to help low- and moderate-income borrowers attain home ownership. The program has a low down payment amount requirement of 3.0 percent. In addition, Home Possible offers flexible options to increase homeownership. MCU originated 51 Home Possible loans for \$14.5 million during the evaluation period.
- **Federal Housing Administration (FHA) Loan Products** - The FHA insures loans for fixed and adjustable rate products with down payments as low as 3.5 percent, low closing costs, and flexible credit standards. During 2019 and 2020, MCU originated 47 FHA mortgage loans for \$20.3 million.
- **Fannie Mae Home Ready** - This program designed for low-income borrowers, is for home purchases, and rate or term refinance transactions, with up to 97.0 percent LTV and 105.0 percent combined LTV (CLTV), low minimum credit score, and other flexible underwriting criteria. During 2019 and 2020, the credit union originated 50 loans for \$15.2 million during the evaluation period under this program.
- **Deed-Restricted Real Estate Loans** – Certain properties contain covenants or restrictions to ensure that they retain their affordable housing status. Refinancing, selling or purchasing such a property often requires additional effort on the part of the lender. The credit union participates in the process of extending credit on behalf of prospective owners of deed-restricted units. During 2019 and 2020, the credit union originated eight

loans totaling \$1.5 million.

Further supporting the credit union’s performance, examiners considered MCU’s consumer loans under this criterion. The credit union originated 1,883 loans under innovative and/or flexible consumer lending programs totaling \$16.7 million.

MCU responded to the COVID-19 pandemic by referring its members to both rounds of the Small Business Administration’s Paycheck Protection Program (PPP) in 2020 and 2021 through a third-party relationship. The PPP incentivized small businesses to keep workers employed during the pandemic related shutdown.

Community Development Lending

MCU is a leader in originating community development loans. The credit union originated 32 community development loans, totaling approximately \$59.0 million during the evaluation period. This represents a 10.3 percent increase by number from the previous evaluation period, which included activity from 2013 through 2015, when the credit union originated 29 loans totaling \$18.7 million. Additionally, the credit union’s performance increase of \$40.7 million by dollar amount was more than double the previous evaluation amount. Current activity level represents 3.1 percent of average total loans and 2.5 percent of average total assets.

Examiners determined that the credit union met the overall needs of the assessment area. Therefore, examiners counted community development loans made outside the assessment area. Of the 32 community development loans, the credit union made 25 loans, totaling \$53.2 million inside the assessment area and seven community development loans totaling \$5.8 million outside the assessment area. The majority of community development loans, 29 totaling approximately \$52.2 million, supported affordable housing, which specifically addressed the assessment area’s primary credit need as identified by the community contact.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	14	6,834	0	0	0	0	0	0	14	6,834
2020	12	27,064	1	2,200	0	0	1	2,070	14	31,334
YTD 2021	3	18,284	0	0	0	0	1	2,569	4	20,853
Total	29	52,182	1	2,200	0	0	2	4,639	32	59,021

Source: Credit Union Data

The following are notable examples of qualified community development loans.

- In 2017, the credit union originated a \$1.24 million loan funding the acquisition of a 21-unit mixed-used property in Lawrence, MA. Ninety-five percent of the residential units were affordable based on HUD Fair Market Rent standards. Additionally, seven of the units are under contract for use by a local affordable housing organization. The qualifying pro-rata amount was \$1.171 million and supported the community

development need of affordable housing.

- In 2020, the credit union refinanced a \$2.2 million loan to a non-profit community service organization in a moderate-income census tract within the assessment area. Enrolled in-patient clients are not required to have income. This loan qualified under the community development need of community service.
- In 2020, the credit union originated a loan for \$13.0 million for the construction of a 72-unit residential condominium property in a low-income census tract in Lynn. After analysis of area economics and demographics, the projected selling prices for the one- and two-bedroom housing units were deemed affordable.
- In 2021, the credit union refinanced a \$2.6 million loan for a multi-unit commercial property in a low-income census tract in Dorchester. The business tenants provided vital neighborhood businesses and job opportunities at low- and moderate-income wage levels. This supported the community development need of revitalization and stabilization.

INVESTMENT TEST

MCU's overall Investment Test performance is Outstanding. The credit union has an excellent level of qualified community development investments and grants. The credit union exhibits excellent responsiveness to credit and community economic development needs. The credit union occasionally uses innovative or complex investments to support community development initiatives.

Investment Activity

The credit union made an excellent level of qualified investments during the evaluation period. The credit made 202 qualified investments totaling \$8.2 million, representing 0.3 percent of total assets and 2.7 percent of total investments as of the March 31, 2021 Call Report. A majority of the investments, by dollar volume, went to support affordable housing for low- and moderate-income individuals, a need that was identified by the community contacts.

Please refer to the following table for the credit union’s qualified equity investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	1	993	0	0	1	993
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
YTD2021	2	6,982	0	0	0	0	0	0	2	6,982
Subtotal	2	6,982	0	0	1	993	0	0	3	7,975
Qualified Grants & Donations	6	22	139	144	38	45	16	22	199	233
Total	8	7,004	139	144	39	1,038	16	22	202	8,208

Source: Credit Union Records

Equity Investments

The credit union maintains three qualified equity investments totaling \$8.0 million. Two equity investments are new, totaling \$7.0 million, and one prior period investment has a current book value of \$1.0 million. Below are examples of the equity investments.

Prior Period Investments

- The credit union continues to hold an investment in a certificate of deposit program targeting minority, women-owned, and/or low-income credit unions. The current book value of this investment is \$1.0 million.

Current Period Investments

- During the evaluation period, the credit union purchased two CRA mortgage backed securities totaling \$7.0 million. Home mortgage loans originated in the credit union’s assessment area secured these investments. A majority of the underlying mortgages in each mortgage-backed security were to low- and moderate-income borrowers.

Qualified Grants and Donations

In total, the credit union made 199 qualified donations for \$0.2 million during the evaluation period. A majority of donations went to support community services for low- and moderate-income individuals.

Below are some examples of organizations that received donations from the credit union.

- **Chelsea Collaborative Inc.** - based in Chelsea MA, the mission of this organization is to empower immigrants to enhance social and economic health of the community and its people. Services offered include youth employment, workforce development, foreclosure and eviction protection, language classes, and voter initiatives.

- **Citizens for Adequate Housing-** this organization provides a temporary home for homeless families and permanent affordable housing to low-income families. Housing programs include emergency shelter, the Inn Between; sober living transitional housing shelter, the Inn Transition; and affordable housing apartments offered through Communities Land Trust.
- **HarborCov-** Founded in 1998, HarborCOV provides free safety and support services, along with housing and economic opportunities, that promote long-term stability for people affected by violence and abuse.
- **MA Coalition for the Homeless-** the Coalition’s mission is to find concrete solutions to housing, income, health and education inequalities in all parts of the Commonwealth. The organization serves a greater statewide area that includes the assessment area.
- **Food Pantries-** during the evaluation period, the credit union donated to several food pantries that serve the assessment area. Pantries include Merrimack Valley Food Bank, Chelsea Food Bank, and My Brother’s Table.

Responsiveness to Credit and Community Development Needs

The credit union exhibits excellent responsiveness to credit and community economic development needs. The credit union provided donations to organizations that focus on the needs of low- and moderate-income individuals and families, as well as low- and moderate-income areas. Of the credit union’s donations and grants, 61.8 percent were to organizations that provided community services to low- and moderate-income individuals in the assessment area.

In addition, the credit union has responded effectively to the Covid-19 pandemic. In addition to monetary donations to community development organizations that serve vulnerable populations affected by the pandemic, the credit union has provided in-kind donations such as masks to first responders and healthcare professionals.

The credit union’s equity investments had a primary focus of affordable housing within the assessment area. This was noted as a primary community development need within the assessment area by the community contacts. The mortgage-backed securities purchased during the current evaluation period specifically targeted the assessment area.

Innovativeness or Complexity of Qualified Investments

The credit union occasionally uses innovative or complex investments to support community development initiatives. CRA investment activity consisted of CRA mortgage backed securities, certificates of deposit with minority, women-owned, and/or low-income credit unions, and donations.

SERVICE TEST

The Service Test is rated Outstanding. The sections below discuss the credit union's performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the institution's assessment area. Alternative delivery systems supplement the credit union's branches.

Distribution of Branches

The credit union maintains 14 full-service branches, including its main office, in the following towns and cities: Boston (3), Burlington, Chelsea (2), Framingham, Lawrence, Lynn, Melrose, Newton, Peabody, Salem, and Tewksbury. In addition, there are two training branches located at Peabody Veteran's Memorial High School in Peabody, and Chelsea High School in Chelsea. These training branches are for student and staff and not open to the public.

The following table shows the full-service branch and distribution by census tract income level.

Branch Distribution by Geography Income Level						
Tract Income Level	Census Tracts		Population		Branches	
	#	%	#	%	#	%
Low	106	15.0	415,431	12.8	4	28.6
Moderate	153	21.6	713,314	22.0	3	21.4
Middle	238	33.6	1,155,925	35.6	6	42.9
Upper	199	28.1	950,029	29.3	1	7.1
NA	13	1.7	8,101	0.3	0	0.0
Total	709	100.0	3,242,800	100.0	14	100.0

Source: 2015 ACS Data & Credit Union Records

All branches maintain an ATM. Alternate delivery systems include free electronic banking services such as online banking and bill pay services, mobile banking, and telephone banking. The credit union employs a number of bilingual employees to serve the community. With the variety of services, consumers and businesses can access their accounts 24 hours a day to perform various transactions.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

During the evaluation period beginning January 1, 2019, the credit union closed one branch in a tract with no income designation located in Boston, MA.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies or individuals. Branch hours are generally consistent at each location. All branches offer the same products and services. Mobile and online banking are available 24 hours a day, 7 days a week.

Community Development Services

The institution is a leader in providing community development services. Employee involvement consisted primarily of board involvement and/or providing banking and technical expertise to local community development organizations. In addition, the credit union collaborates with local community development organizations to provide financial literacy and education seminars.

Below are notable examples of the credit union's community development services.

Employee Involvement

Bank On Boston- organized through the Mayor's Office of Financial Empowerment, this program connects underbanked and unbanked Boston residents with reliable financial products and services that can help them save, grow, and access their money. A SVP serves on several committees at this organization. In addition, Metro Credit Union has designed a Bank On Checking account that was rolled out in April 2021.

Inversant- this organization's mission is to ensure that through parental engagement every low-to-moderate income family has the resources and understanding they need to achieve their goals for higher education. Inversant provides knowledge, resources, connections, and financial incentives to empower low-and-moderate-income families to invest and succeed in higher education. The credit union's President and CEO serves on the organization's board.

Casa Myrna- this organization is Boston's largest provider of services to survivors of domestic violence. Casa Myrna offers shelter, provides tools to recover from trauma and abuse, helps build self-sufficiency, and delivers services in both English and Spanish. A VP serves on the organization's board.

CONNECT- a partnership with several community development organizations and Metro Credit Union, this program has co-located resources to integrate financial, work skill development, housing and asset development resources focused on moving low-income households towards economic stability. A SVP represents the credit union as a managing partner, and a branch manager provides their financial and technical expertise to the organization.

Massachusetts Community and Banking Council (MCBC) - MCBC advocates ensuring the availability of credit and financial services in traditionally underserved communities across Massachusetts. A VP serves on the organization's mortgage lending committee. MCU's checking account product meets the Basic Banking for Massachusetts guidelines, denoting it is accessible to low- and moderate-income borrowers.

North Shore Community Development Corporation- The organization uses a community-focused development model to invest resources into low-income or distressed neighborhoods.

This model includes affordable housing, economic and youth development, community engagement, and urban art. An AVP services on the organization's board.

The Neighborhood Developers Community Development Corporation- this organization's mission is to create strong neighborhoods enabling community members to secure a stable home, achieve economic mobility, and determine their own future. A SVP serves on various committees and as director on the organization's board.

Financial Education and Support

- The credit union partners with community development organizations to offer financial education to members and nonmembers. Topics include home buying, money management, basics to credit, and retirement planning. Examples of community development organizations that the credit union has partnered with include Lynn Housing Families, Catholic Charities, Chelsea Collaborative, La Alianza Hispana, and Boston Home Center.
- The credit union offers financial education classes to employees of businesses through its Metro@Work program. Topics include saving and spending strategies, basic personal finance, and retirement planning. Though demographic data of participants cannot be established, some classes were offered to individuals working in occupations where the average wage is considered low- or moderate-income.
- MCU operates two training branches located in two area high schools. One of the participating high schools is located in Chelsea, and primarily serves students from low- or moderate-income families. The students work at the credit union as part of a finance or accounting class, providing real world experience in concert with financial literacy. Topics include finance, money management, retail, and marketing.
- In addition to the training branches, MCU provide financial education to students via a partnership with Everfi. Online modules covering a variety of financial literacy topics are used at several school districts in which a majority of the population is low- and moderate-income.

Other Services

- The credit union provided support to members affected by the pandemic. This included providing forbearances on mortgage and business loans, administering a Paycheck Protection Program (PPP) loan referral program, waiving certain service fees, and establishing alternate access to in-person services.
- The credit union serves as a custodian for deposit accounts in partnership with several community development organizations. These types of accounts include Individual Development Accounts, which assist low- and moderate-income individuals to save for education, home buying, and other large purchases. Partners include Economic Mobility Pathways, Lawrence Community Works, and Inversant. In addition, the credit union has been selected by the City of Boston as the financial institution of choice for its Boston

Saves program, which supports the un- and under-banked families of Boston Public School students.

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 CRA rating.

FAIR LENDING POLICIES AND PROCEDURES

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the credit union's public comment file indicated the credit union received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

Minority Application Flow

The Division reviewed the credit union's 2019 and 2020 HMDA data to determine if the credit union's application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to the 2015 ACS Census data, the assessment area contains a population of 3,242,800 individuals, of which 33.4 percent are minorities. The assessment area's minority population is 8.6 percent Black/African American, 9.0 percent Asian, 0.1 percent American Indian, 13.0 percent Hispanic or Latino, and 2.7 percent Other.

In 2019, the credit union received 2,258 HMDA-reportable loan applications from within its assessment area. Of these applications, the credit union received 333, or 14.7 percent, from racial minorities. This was below aggregate data, which indicates 15.5 percent of applications were received from racial minorities. For the same period the credit union received 240 applications, or 10.6 percent, from ethnic minority applicants. This performance was above aggregate data which indicates 8.2 percent of applications were received from the same demographic.

In 2020, the credit union received 2,745 HMDA-reportable loan applications from within its assessment area for that year. The credit union received 387 applications, or 14.3 percent, from racial minorities, which is similar to the percentage in 2019. The credit union received 171 applications from ethnic minority applicants, or 6.3 percent, which is a decrease from the percentage in 2019.

The minority application flow is considered reasonable.

The following table details the credit union's minority application flow and aggregate data in its assessment area.

MINORITY APPLICATION FLOW					
RACE	Credit Union 2019		2019 Aggregate Data	Credit Union 2020	
	#	%	%	#	%
American Indian/ Alaska Native	1	0.0	0.2	2	0.1
Asian	119	5.3	8.7	186	6.8
Black/ African American	172	7.6	4.6	144	5.3
Hawaiian/Pacific Islander	0	0.0	0.2	4	0.2
2 or more Minority	1	0.0	0.1	3	0.1
Joint Race (White/Minority)	40	1.8	1.7	48	1.8
Total Racial Minority	333	14.7	15.5	387	14.3
White	1,438	63.7	60.6	1,631	59.3
Race Not Available	487	21.6	23.9	727	26.4
Total	2,258	100.0	100.0	2,745	100.0
ETHNICITY					
Hispanic or Latino	212	9.4	7.0	142	5.2
Joint (Hisp/Lat /Not Hisp/Lat)	28	1.2	1.2	29	1.1
Total Ethnic Minority	240	10.6	8.2	171	6.3
Not Hispanic or Latino	1,519	67.3	68.3	1,845	67.2
Ethnicity Not Available	499	22.1	23.5	729	26.5
Total	2,258	100.0	100.0	2,745	100.0

Source: 2015 ACS; Credit Union Data, 2019 HMDA Aggregate Data, "--" data not available.

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

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

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

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

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

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

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

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

Community Development Loan: A loan that

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

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

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

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

- (1) an unemployment rate of at least 1.5 times the national average;
- (2) a poverty rate of 20 percent or more; or,
- (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

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

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

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

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

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations requires 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 200 Revere Beach Parkway, Chelsea, MA 02150."

[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.