

# **PUBLIC DISCLOSURE**

August 2, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

MutualOne Bank  
Certificate Number: 26395

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Framingham, Massachusetts 01701

Division of Banks  
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Boston, Massachusetts 02118

Federal Deposit Insurance Corporation  
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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**.

MutualOne Bank's (MutualOne) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance.

**The Lending Test is rated Satisfactory.**

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

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

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

## SCOPE OF EVALUATION

### **General Information**

This evaluation covers the period from the prior evaluation dated August 6, 2018, to the current evaluation dated August 2, 2021. Examiners used the Interagency Intermediate Small Institution (ISI) Examination Procedures to evaluate MutualOne's CRA performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test. The evaluation references demographic and economic information from the 2015 American Community Survey (ACS) Census, 2019 and 2020 D&B Data, and the United States (U.S.) Bureau of Labor Statistics. Bank financial data reflects the June 30, 2021, Consolidated Reports of Condition and Income (Call Report).

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

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The Community Development Test considered the following factors.

- Number and dollar amount of community development loans, qualified investments, and community development services
- The responsiveness of such activities to the community development needs of the assessment area

Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

### **Loan Products Reviewed**

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of originations during the evaluation period. According to the bank's loan portfolio as of June 30, 2021, the bank is primarily a commercial lender. Collectively, loans secured by commercial real estate and commercial and industrial loans account for the largest portion of the loan portfolio at 52 percent. Residential loans secured by 1-4 family and multi-family properties are the second largest portion of the portfolio at 28.6 percent.

The bank's record of originating home mortgage and small business loans contributed equal weight to overall conclusions. Although the bank originated a slightly higher volume of home mortgage loans, the bank's primary business focus is commercial lending. No other loan types, such as small farm or consumer loans, represent a major product line. Therefore, they provide no material support for conclusions or ratings and are not presented. In evaluating the bank's

performance under the Lending Test, examiners considered all home mortgage loan originations reported on the bank's 2018, 2019, and 2020 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank reported 114 originations totaling \$72.2 million in 2018, 118 originations totaling \$80.8 million in 2019, and 181 originations totaling approximately \$95.2 million in 2020. Examiners compared the bank's 2018, 2019, and 2020 performance under the Geographic Distribution and Borrower Profile criteria to aggregate lending data and 2015 ACS demographic data.

MutualOne was not required to collect or report small business lending data during the review period based on its asset size. Nevertheless, the bank collected small business lending data for its own purposes and examiners considered all small business loans originated in 2018, 2019, and 2020. The bank originated 85 small business loans totaling \$24.1 million in 2018, 100 small business loans totaling \$29.9 million in 2019, and 233 small business loans totaling \$44.3 million in 2020. The large increase in volume in 2020 resulted from the bank's participation in the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP is a federal loan program created to assist businesses in keeping their workforce employed during the COVID-19 pandemic. Examiners compared the bank's 2018, 2019, and 2020 small business lending performance to D&B demographic data.

For the Lending Test, the Assessment Area Concentration criterion includes loan data for each of the three years analyzed; however, the other rating criteria only includes loan data for 2019 and 2020, as the bank's lending performance in 2018 was generally consistent with the years presented.

For the Lending Test, examiners reviewed the number and dollar volume of loans. Although number and dollar volume are presented, examiners emphasized performance by number of loans as it is a better indicator of the number of businesses and individuals served. For the Community Development Test, bank management provided data on community development loans, investments, and services since the prior evaluation date of August 6, 2018.

## DESCRIPTION OF INSTITUTION

### **Background**

MutualOne Bank is a state-chartered mutual bank headquartered in Framingham, Massachusetts (MA). The bank has three subsidiaries: MOECO, Inc. and ROMECO, Inc. hold securities and Cheriton Road Realty Corporation holds, manages, and sells other real estate properties. None of the bank's subsidiaries offer credit products. MutualOne Bank also operates the MutualOne Charitable Foundation, a non-operating, tax-exempt 501(c)3 entity organized in June 1998 to provide gifts, grants, or loans to charitable causes. MutualOne primarily operates in Middlesex County to the west of Boston, MA. The bank received a "Satisfactory" rating from the FDIC and a "High Satisfactory" rating from the Massachusetts Division of Banks at its previous joint evaluation dated August 6, 2018 using ISI Examination Procedures.

### **Operations**

The bank operates three full-service branches in Middlesex County. In addition to the main office in Framingham, MA, the bank operates one additional branch in Framingham and one branch in Natick, MA. Both branches in Framingham are located in moderate-income census tracts and the Natick branch is located in an upper-income census tract. There were no changes in branch structure, and no merger or acquisition activities occurred since the previous evaluation.

MutualOne offers various consumer and business financial products. Consumer loan products include residential mortgages, construction loans, home equity loans and lines of credit, personal loans, automobile loans, collateral loans, and HEAT loans which are energy efficient home improvement loans through Mass Save. The bank also offers a first time homebuyer program. Commercial lending products include commercial real estate loans, construction loans, lines of credit, term loans, SBA loans, and small business advantage loans. Consumer and business deposit services include checking, savings, money market deposit accounts, and certificates of deposit. Alternative banking services include online and mobile banking, electronic bill pay, person-to-person payments, and automated teller machines (ATMs).

### **Ability and Capacity**

As of June 30, 2021, MutualOne had total assets of approximately \$1.0 billion, including total deposit of approximately \$797.4 million, total loans of approximately \$810.1 million and total securities of approximately \$66.4 million. The bank is primarily a commercial lender with a focus on medium and larger sized businesses. The loan portfolio distribution is similar to the previous evaluation. The following table illustrates the loan portfolio.

<b>Loan Portfolio Distribution as of 06/30/2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	150,790	18.6
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	167,826	20.7
Secured by Multifamily (5 or more) Residential Properties	64,216	7.9
Secured by Nonfarm Nonresidential Properties	211,591	26.1
<b>Total Real Estate Loans</b>	<b>594,423</b>	<b>73.4</b>
Commercial and Industrial Loans	209,962	25.9
Agricultural Production and Other Loans to Farmers	202	0.0
Consumer Loans	6,198	0.8
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	11	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	719	0.1
<b>Total Loans</b>	<b>810,077</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any significant financial or legal impediments that limit the bank's ability to help meet the credit or community development needs of its assessment area.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. MutualOne designated a single assessment area primarily in Middlesex and Norfolk Counties in eastern MA. The assessment area includes Ashland, Framingham, Holliston, Hopkinton, Marlborough, Natick, Sherborn, Sudbury, Wayland, and Weston in Middlesex County; Dover, Needham, and Wellesley in Norfolk County; and Southborough in Worcester County. Since the previous evaluation, the bank expanded the assessment area to include Hudson, Stow, and Maynard in Middlesex County and Medway, Medfield, and Millis in Norfolk County.

Middlesex County is in the Cambridge-Newton-Framingham, MA Metropolitan Division (MD) (15764). Norfolk County is in the Boston, MA MD (14454). Both MDs are located in the Boston-Cambridge-Newton MA-New Hampshire (NH) Metropolitan Statistical Area (MSA) (14460) (Multistate MSA). Southborough is in Worcester County in the Worcester, MA-Connecticut (CT) MSA (49340). The bank does not have any branches in the Worcester, MA-CT MSA; however, the portion of the assessment area in the MSA (2 census tracts) does not extend substantially beyond the boundaries of the Multistate MSA. Therefore, examiners evaluated MutualOne's CRA performance within one overall assessment area.

### **Economic and Demographic Data**

The assessment area contains 72 census tracts with the following income designations:

- 2 low-income census tracts,
- 8 moderate-income census tracts,
- 18 middle-income census tracts,
- 43 upper-income census tracts, and
- 1 census tract with no income designation.

The low-income census tracts are located in Framingham. The moderate-income census tracts are located in Framingham (5), Marlborough (2), and Ashland (1). Further, the U.S. Treasury designated the low-income census tracts in Framingham as opportunity zones under the Opportunity Zone Program. The program provides incentives for investment in low-income communities by offering favorable tax treatment. There are no underserved or distressed non-metropolitan middle-income geographies within the assessment area.

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



<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	72	2.8	11.1	25.0	59.7	1.4
Population by Geography	384,879	2.3	11.1	24.5	62.1	0.0
Housing Units by Geography	146,297	2.2	12.2	26.6	58.9	0.0
Owner-Occupied Units by Geography	104,441	0.5	7.4	24.6	67.6	0.0
Occupied Rental Units by Geography	36,212	7.5	25.5	32.3	34.6	0.0
Vacant Units by Geography	5,644	1.2	16.0	27.4	55.5	0.0
Businesses by Geography	42,307	1.7	12.4	20.6	65.3	0.0
Farms by Geography	1,046	2.5	13.8	21.7	62.0	0.0
Family Distribution by Income Level	100,006	15.0	12.2	17.4	55.3	0.0
Household Distribution by Income Level	140,653	20.2	11.5	13.8	54.5	0.0
Median Family Income MSA - 14454 Boston, MA		\$90,699	Median Housing Value			\$492,129
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$100,380	Median Gross Rent			\$1,180
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$81,137	Families Below Poverty Level			3.8%
Sources: 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.						

The small business loan analysis under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. According to 2020 D&B data, 42,037 non-farm businesses operate in the assessment area. GARs for these businesses are below.

- 87.7 percent have \$1 million or less
- 5.1 percent have more than \$1 million
- 7.2 percent have unknown revenues

Service industries represent the largest portion of businesses at 41.5 percent; followed by non-classifiable establishments (19.5 percent); finance, insurance, and real estate (10.1 percent); retail trade (9.1 percent); and construction (8.5 percent). In addition, 64 percent of the area businesses have four or fewer employees, and 91.5 percent operate from a single location. These factors suggest that the majority of businesses in the assessment area are very small.

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Houses are expensive in the assessment area as demonstrated by a median housing value of \$492,129.

Examiners used the Federal Financial Institutions Examination Council’s (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.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Boston, MA MD Median Family Income (14454)</b>				
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
<b>Cambridge-Newton-Framingham, MA MD Median Family Income (15764)</b>				
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
<b>Worcester, MA-CT MSA Median Family Income (49340)</b>				
2019 (\$95,300)	<\$47,650	\$47,650 to <\$76,240	\$76,240 to <\$114,360	≥\$114,360
2020 (\$95,300)	<\$47,650	\$47,650 to <\$76,240	\$76,240 to <\$114,360	≥\$114,360
<i>Source: FFIEC</i>				

According to the U. S. Bureau of Labor Statistics, the average unemployment rate in 2019 was 2.4 percent in Middlesex County and 2.6 percent in Norfolk County, in which the majority of the assessment area is located. The unemployment rates in these counties were lower than the MA state average of 3.0 percent and the national rate of 3.7 percent. The unemployment rates in the assessment area declined slowly throughout the evaluation period, but began increasing rapidly in March 2020 due to the COVID-19 pandemic. The average unemployment rate in 2020 was 7.3 percent in Middlesex County and 8.3 percent in Norfolk County, which was lower than the MA state average of 8.9 percent and the national rate of 8.1 percent.

### **Competition**

The bank operates in a highly competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2020, 27 institutions operated 134 full-service branches within the bank’s assessment area. Of these institutions, MutualOne ranked 8<sup>th</sup> with a 3.7 percent deposit market share. Middlesex Savings Bank and Needham Bank represent the bank’s primary state-chartered competitors. Middlesex Savings Bank ranked 2<sup>nd</sup> with a 13.7 percent deposit market share and Needham Bank ranked 5<sup>th</sup> with an 8.2 percent deposit market share.

Additionally, there is significant competition for home mortgage loans among banks, credit unions, and non-depository lenders. In 2018, 391 lenders originated or purchased 14,094 residential mortgage loans in the assessment area. MutualOne had 0.4 percent of the market share, ranking 49<sup>th</sup>. In 2018, the top five lenders accounted for 25.1 percent of the total market. In 2019, 413 lenders originated or purchased 18,281 residential mortgage loans in the assessment area. MutualOne had 0.4 percent of market share, ranking 55<sup>th</sup>. The top five lenders accounted for 25.2 percent of the total market in 2019. In 2020, 439 lenders originated or purchased 28,968

loans in the assessment area. MutualOne had 0.3 percent of the market share, ranking 76<sup>th</sup>. The top five lenders captured 22.1 percent of the total market in 2020.

The bank is not required to report small business loan data and elected not to do so. Therefore, the small business analysis under the Lending Test does not include comparisons to aggregate data. However, aggregate data reflects the competition level for small business loans and is included for performance context. In 2018, 153 institutions reported 62,722 small business loans in Middlesex and Norfolk Counties, indicating significant competition for small business loans. Similarly, in 2019, aggregate data showed 156 institutions reported 68,538 small business loans in Middlesex and Norfolk Counties. Aggregate small business data for 2020 was not available as of the evaluation date.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the 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 development corporation that creates and preserves affordable rental housing in the assessment area. The contact described the significant demands on affordable rental housing. In addition, the contact expressed how the COVID-19 pandemic has negatively affected consumer credit scores and the ability to qualify for lending products. The contact identified an opportunity for institutions to be involved with innovative products and financial education to assist customers in rebuilding credit scores. Overall, the contact indicated that financial institutions have been responsive to the credit and community development needs in the assessment area.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that innovative loan products for low- and moderate-income individuals, affordable housing, and financial education represent primary credit and community development needs in the assessment area.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

MutualOne demonstrated reasonable performance under the Lending Test. Assessment Area Concentration and Borrower Profile performance primarily support this conclusion.

### Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 102.4 percent over the last 12 calendar quarters from September 30, 2018 to June 30, 2021. The ratio ranged from a low of 96.1 percent as of September 30, 2019, to a high of 109.6 percent as of September 30, 2018. The ratio fluctuated slightly during the evaluation period. MutualOne maintained a ratio similar to those of comparable institutions based on its asset size, geographic location, and lending focus.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 06/30/2021 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>MutualOne Bank</b>	<b>1,040</b>	<b>102.2</b>
Walpole Co-Operative Bank	574	111.0
Main Street Bank	1,296	93.7

*Source: Reports of Condition and Income 9/30/2018 – 6/30/2021*

### Assessment Area Concentration

Overall, the bank made a majority of its HMDA and small business loans inside the assessment area. Conversely, in 2020, the bank originated a majority of its HMDA loans outside the assessment area. Due to the COVID-19 pandemic and individuals from all areas of Massachusetts searching for lenders online, the bank received more HMDA applications online and these were from areas outside the assessment area. Additionally, the bank originated a majority of HMDA loans by dollar volume outside the assessment area in 2018 and 2020. This is partially due to the bank originating HMDA-reportable commercial investment properties with larger loan amounts outside the assessment area. The bank also originated a majority of small business loans outside the assessment area in 2018 and 2019. Bank management acknowledged this is due, in part, to the bank's existing and established customer base which may reside in or outside the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	62	54.4	52	45.6	114	29,700	41.1	42,520	58.9	72,220
2019	65	55.1	53	44.9	118	40,365	50.0	40,445	50.0	80,810
2020	73	40.3	108	59.7	181	37,745	39.6	57,460	60.4	95,205
<b>Subtotal</b>	<b>200</b>	<b>48.4</b>	<b>213</b>	<b>51.6</b>	<b>413</b>	<b>107,810</b>	<b>43.4</b>	<b>140,425</b>	<b>56.6</b>	<b>248,235</b>
Small Business										
2018	41	48.2	44	51.8	85	10,807	44.9	13,254	55.1	24,061
2019	40	40.0	60	60.0	100	11,015	36.9	18,869	63.1	29,884
2020	143	61.4	90	38.6	233	23,329	52.7	20,939	47.3	44,268
<b>Subtotal</b>	<b>224</b>	<b>53.6</b>	<b>194</b>	<b>46.4</b>	<b>418</b>	<b>45,151</b>	<b>46.0</b>	<b>53,062</b>	<b>54.0</b>	<b>98,213</b>
<b>Total</b>	<b>424</b>	<b>51.0</b>	<b>407</b>	<b>49.0</b>	<b>831</b>	<b>152,961</b>	<b>44.2</b>	<b>193,487</b>	<b>55.8</b>	<b>346,448</b>
<i>Source: Bank Data</i>										
<i>Due to rounding, totals may not equal 100.0</i>										

### Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The bank's excellent performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

#### *Home Mortgage Loans*

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. As shown in following table, the bank's lending performance in low-income census tracts exceeded the demographics and aggregate performance in 2019 and 2020. Similarly, the bank's lending performance in moderate-income census tracts significantly exceeded the demographics and aggregate performance in 2019 and 2020. This performance reflects excellent dispersion.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner- Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2019	0.5	0.5	2	3.1	50	0.1
2020	0.5	0.5	3	4.1	1,285	3.4
Moderate						
2019	7.4	7.6	11	16.9	7,685	19.0
2020	7.4	6.2	14	19.2	4,370	11.6
Middle						
2019	24.6	22.2	13	20.0	3,895	9.6
2020	24.6	20.7	14	19.2	5,620	14.9
Upper						
2019	67.6	69.7	39	60.0	28,735	71.2
2020	67.6	72.6	42	57.5	26,470	70.1
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>65</b>	<b>100.0</b>	<b>40,365</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>73</b>	<b>100.0</b>	<b>37,745</b>	<b>100.0</b>
<i>Sources: 2015 ACS; Bank Data, 2019 &amp; 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### ***Small Business Loans***

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. As shown in the following table, the bank's lending performance in low- and moderate-income census tracts significantly exceeded the percentage of businesses in these tracts in 2019 and 2020.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Tract Income Level</b>		<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
	2019	1.6	7	17.5	1,857	16.9
	2020	1.7	15	10.5	2,912	12.5
Moderate						
	2019	12.0	13	32.5	3,472	31.5
	2020	12.4	51	35.7	6,717	28.8
Middle						
	2019	20.5	4	10.0	1,611	14.6
	2020	20.6	30	21.0	3,453	14.8
Upper						
	2019	65.9	16	40.0	4,075	37.0
	2020	65.3	47	32.9	10,247	43.9
Not Available						
	2019	0.0	0	0.0	0	0.0
	2020	0.0	0	0.0	0	0.0
<b>Totals</b>						
	<b>2019</b>	<b>100.0</b>	<b>40</b>	<b>100.0</b>	<b>11,015</b>	<b>100.0</b>
	<b>2020</b>	<b>100.0</b>	<b>143</b>	<b>100.0</b>	<b>23,329</b>	<b>100.0</b>
<i>Sources: 2019 &amp; 2020 D&amp;B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

## **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The bank's reasonable performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate -income borrowers, as well as the percentage by number of small business loans to businesses with GARs of \$1 million or less.

### ***Home Mortgage Loans***

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. As shown in the following table, the bank's lending to low-income borrowers exceeded aggregate performance, but fell below the percentage of low-income families in 2019 and 2020. A low-income family in the assessment area, earning less than \$59,400, may have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$492,129. Additionally, 3.8 percent of families in the assessment area are below the poverty level. These factors help explain the disparity between lending to low-income families and the percentage of low-income families.

In 2019, the bank's lending to moderate-income borrowers was below aggregate performance and the percentage of moderate-income families in the assessment area. In 2020, the bank's lending to moderate-income families increased slightly and slightly exceeded aggregate performance and demographics.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2019	15.0	3.5	8	12.3	1,180	2.9
2020	15.0	2.6	4	5.5	390	1.0
Moderate						
2019	12.2	12.3	7	10.8	865	2.1
2020	12.2	11.1	9	12.3	2,135	5.7
Middle						
2019	17.4	19.8	12	18.5	2,760	6.8
2020	17.4	19.8	11	15.1	3,575	9.5
Upper						
2019	55.3	53.8	9	13.8	2,885	7.1
2020	55.3	57.4	24	32.9	8,530	22.6
Not Available						
2019	0.0	10.7	29	44.6	32,675	80.9
2020	0.0	9.1	25	34.2	23,115	61.2
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>65</b>	<b>100.0</b>	<b>40,365</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>73</b>	<b>100.0</b>	<b>37,745</b>	<b>100.0</b>
<i>Sources: 2015 ACS; Bank Data, 2019 &amp; 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1.0 million or less. As shown in the following table, the bank's lending performance was below the percentage of businesses in 2019. According to 2019 aggregate lending data, which is an indicator of demand and opportunity for lending to small businesses, 43.0 percent of small business loans were to businesses with gross annual revenues of \$1.0 million or less. Similar to the bank's lending performance, the aggregate performance was also significantly below the percent of businesses in the assessment area. Further, as explained in the level of competition discussion, there is significant competition in the area. Specifically, 2019 aggregate data showed 156 institutions reported 68,538 small business loans in Middlesex and Norfolk Counties. Therefore, although the bank's lending performance is below the demographics, the aggregate data provides additional context for the demand in the assessment area. Considering these factors, the bank's 2019 performance is reasonable.



In 2020, the bank’s small business lending increased significantly because of the bank’s participation in the PPP. Most notably, a large number of these loans are categorized as “Revenue Not Available” in the following table. Under the PPP, banks were not required to collect revenue information on PPP loans. The unique number of loans with “Revenue Not Available” in 2020 reduces the percentage of loans made to businesses with GARs of \$1.0 million or less, but does not indicate adverse bank performance. Specifically, when excluding PPP loans, the bank originated 11 of 25 small business loans or 44 percent to business with GARs of \$1 million or less. Considering these factors, the bank’s 2020 performance is reasonable.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000					
2019	86.6	13	32.5	3,749	34.0
2020	87.7	11	7.7	3,076	13.2
>\$1,000,000					
2019	5.7	27	67.5	7,266	66.0
2020	5.1	14	9.8	3,149	13.5
Revenue Not Available					
2019	7.7	0	0.0	0	0.0
2020	7.2	118	82.5	17,104	73.3
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>40</b>	<b>100.0</b>	<b>11,015</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>143</b>	<b>100.0</b>	<b>23,329</b>	<b>100.0</b>
<i>Sources: 2019 &amp; 2020 D&amp;B Data; Bank 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.

### **COMMUNITY DEVELOPMENT TEST**

MutualOne demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

### **Community Development Loans**

The bank originated seven community development loans totaling approximately \$4.2 million during the evaluation period within the assessment area. This is a decrease by number and dollar

volume from the previous evaluation period, during which the bank originated 14 community development loans totaling \$12.8 million. The current level of activity represents 0.4 percent of average total assets and 0.5 percent of average total loans since the prior CRA evaluation. Similarly-situated institutions originated between 6 and 20 community development loans during their evaluation periods. MutualOne’s performance compared reasonably to the similarly-situated institutions.

The bank’s community development lending primarily financed activities that help promote affordable housing, which is consistent with one of the identified community development needs of the assessment area. The following table illustrates the community development lending activity by year and purpose.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2018	3	1,839	0	0	0	0	0	0	3	1,839
2019	1	456	1	80	0	0	0	0	2	536
2020	0	0	0	0	0	0	0	0	0	0
YTD 2021	2	1,850	0	0	0	0	0	0	2	1,850
<b>Total</b>	<b>6</b>	<b>4,145</b>	<b>1</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>4,225</b>

*Sources: Bank Records*

The following are notable examples of the bank’s community development loans.

- In 2018, the bank originated a \$2.4 million loan for a six-unit condominium building in Natick, MA. Of the six units, one unit is affordable. The pro-rated share that the bank receives CRA credit for is \$401,333.
- In 2019, the bank originated a \$456,000 loan to a community development organization that provides a various social services to low- and moderate-income individuals.
- In 2021, the bank originated a \$4.9 million loan for a 17-unit residential building in Wellesley, MA. Of the 17 units, five provide affordable housing for low- and moderate-income families. The pro-rated share that the bank receives CRA credit for is \$1.4 million.

### **Qualified Investments**

The bank made 88 qualified investments totaling approximately \$1.0 million. This includes one prior period equity investment totaling approximately \$500,000 and 87 donations totaling approximately \$500,000. The dollar amount of equity investments equals 0.1 percent of average total assets and 0.7 percent of average total securities. The number and dollar volume of investments is similar to the previous evaluation, at which time the bank made 80 qualified

investments totaling approximately \$1.0 million. In addition, similarly-situated institutions made qualified investments ranging from \$181,000 to \$2.7 million during their evaluation periods. MutualOne’s performance compared reasonably to similarly situated institutions.

By dollar amount, a majority of the qualified investments promoted affordable housing for low- and moderate-income individuals. This demonstrates the bank’s responsiveness to the identified community development need for affordable housing in the assessment area. The following table illustrates the bank’s community development investments by year and purpose.

<b>Qualified Investments</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	1	464	0	0	0	0	0	0	<b>1</b>	<b>464</b>
2018	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
YTD 2021	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>1</b>	<b>464</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>464</b>
Qualified Grants & Donations	14	77	70	494	3	7	0	0	87	578
<b>Total</b>	<b>15</b>	<b>541</b>	<b>70</b>	<b>494</b>	<b>3</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>88</b>	<b>1,042</b>

*Source: Bank Records*

### ***Qualified Equity Investments***

The bank continues to hold one prior period investment with a book value totaling \$464,323. The following is information related to the equity investment.

- **Access Capital Strategies Community Investment Fund, Inc.** – The bank continues to hold a qualified equity investment in the Access Capital Strategies Community Investment Fund, Inc. The fund’s primary purpose is to support community development activities, such as affordable housing, education, and small business lending targeted to low- and moderate-income geographies.

### ***Qualified Donations***

Qualified donations through both the bank and the charitable foundation totaled \$578,000 during the evaluation period. The following are notable examples of the bank’s charitable donations.

- **MetroWest Legal Services** – This organization advocates to protect and advance the rights of poor, elderly, disabled and other disenfranchised people in the MetroWest area of MA and assists in obtaining legal, social, and economic justice.

- **Project Just Because Inc.** – This organization provides various resources to low- and moderate-income families including food, clothing, and furniture. The organization also supports individuals experiencing domestic abuse and other crises.
- **Bethany Hill Place** – This organization provides affordable housing and learning opportunities for children and adults who are homeless or with low incomes and living with mental illness, substance use disorders, food insecurity, and/or chronic health conditions.
- **Natick Service Council** – This organization serves the most economically disadvantaged individuals in Natick, MA. The organization helps clients meet basic needs for food, housing, utilities, and children’s programs with the goal of promoting self-sufficiency.

**Community Development Services**

During the evaluation period, bank employees provided 23 instances of financial expertise or technical assistance to seven different community development-related organizations. This level of service activity is consistent with the prior evaluation. The majority of activity benefited organizations that provide community services to low- and moderate-income individuals. Similarly-situated institutions provided between 20 and 74 instances of community development services during their evaluation periods. MutualOne’s performance compared reasonably to similarly-situated institutions. The following table illustrates the bank’s community development services by year and purpose.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	#	#	#	#	#
2018	1	2	2	0	<b>5</b>
2019	3	4	2	0	<b>9</b>
2020	0	2	2	0	<b>4</b>
YTD 2021	1	2	2	0	<b>5</b>
<b>Total</b>	<b>5</b>	<b>10</b>	<b>8</b>	<b>0</b>	<b>23</b>
<i>Source: Bank Records</i>					

The following are notable examples of the bank’s community development services.

- **Southern Middlesex Opportunity Council Microloan Fund** – This community loan fund provides low-interest microloans to underserved small businesses. Many of these small businesses would not qualify for traditional financing. A bank executive vice president serves on the loan committee.
- **Family Promise MetroWest** – This organization offers assistance to homeless families with children through transitional shelters, meals, and supportive case management as

they seek permanent housing. A bank vice president serves on the organization's Board.

- **United Way of Tri-County** – This organization serves low- and moderate-income individuals by funding after school programs, affordable day care, job training, transportation for the elderly, as well as programs providing for basic needs. A bank vice president serves on the organization's Board.
- **Credit for Life Fairs** – Bank employees presented at Credit for Life fairs at Framingham High School. These events prepare students in making financial decisions in their future. A majority of students in the school district are low- or moderate-income.

### *Other Services*

- The bank maintains Interest on Lawyers' Trust Accounts (IOLTA) and facilitates fundraising for CRA-qualified community organizations. Interest earned on the accounts assists in delivering critical legal aid to low-income Massachusetts residents. The bank is a Massachusetts IOLTA Safe Harbor Institution, ensuring their rate maintains a minimum level at all times and increases with other market rates.
- MutualOne's deposit products meet Massachusetts Community & Banking Council's Basic Banking in Massachusetts guidelines. This statewide program not only offers low-cost checking and savings accounts, but also provides access to financial services for low- and moderate-income individuals.

In addition, MutualOne operates two branches and two ATMs in moderate-income census tracts in Framingham. The branches and ATM dispersion demonstrates the availability of banking services to low- and moderate-income individuals.

## **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 procedures pursuant to Regulatory Bulletin 1.3-106. 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**

Examiners reviewed the bank's 2019 and 2020 HMDA LARs to determine if the application flow from the different racial groups within the bank's assessment area reflected assessment area's demographics.

Examiners compared the bank's 2019 loan data to 2019 aggregate loan data. This data comparison assists in deriving reasonable expectations for the application rate the bank received from minority home mortgage loan applicants. Refer to the following table for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW					
RACE	Bank 2019 HMDA		2019 Aggregate Data	Bank 2020 HMDA	
	#	%	%	#	%
American Indian/Alaska Native	0	0.0	0.2	1	0.8
Asian	0	0.0	9.0	7	6.0
Black/African American	0	0.0	1.3	1	0.8
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0
2 or more Minority	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	0	0.0	1.8	7	6.0
<b>Total Racial Minority</b>	<b>0</b>	<b>0.0</b>	<b>12.5</b>	<b>16</b>	<b>13.6</b>
White	39	54.9	64.7	67	57.3
Race Not Available	32	45.1	22.8	34	29.1
<b>Total</b>	<b>71</b>	<b>100.0</b>	<b>100.0</b>	<b>117</b>	<b>100.0</b>
<b>ETHNICITY</b>					
Hispanic or Latino	4	5.6	4.3	5	4.3
Joint (Hispanic/Latino /Not Hispanic/Latino)	0	0.0	1.1	2	1.7
<b>Total Ethnic Minority</b>	<b>4</b>	<b>5.6</b>	<b>5.4</b>	<b>7</b>	<b>6.0</b>
Not Hispanic or Latino	34	47.9	71.6	74	63.3
Ethnicity Not Available	33	46.5	23.0	36	30.7
<b>Total</b>	<b>71</b>	<b>100.0</b>	<b>100.0</b>	<b>117</b>	<b>100.0</b>

Sources ACS Census 2015, HMDA Aggregate Data 2019, HMDA LAR Data 2019 and 2020

In 2019, the bank received 71 HMDA reportable loan applications within its assessment area and received no applications from racial minority applicants. The aggregate received 12.5 percent of its applications from racial minority applicants. Mitigating factors include a low loan volume, with only 71 applications received during the year and a high proportion of loans in which race was not available or not reported. For the same time period, the bank received 4 or 5.6 percent of all applications from ethnic groups of Hispanic origin within its assessment area, compared to the aggregate at 5.4 percent.

In 2020, the bank received 117 HMDA reportable loan applications within its assessment area. Of these applications, the bank received 16 or 13.6 percent from minority applicants. The bank also received 7 or 6.0 percent of applications from ethnic groups of Hispanic origin within its assessment area.

Considering the assessment area's demographic composition and comparisons to 2019 aggregate data, the bank's minority application flow is adequate.

## 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, 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.