

PUBLIC DISCLOSURE

August 6, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MutualOne Bank
Certificate Number: 26395

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Framingham, Massachusetts 01701

Division of Banks
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Federal Deposit Insurance Corporation
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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** by the Federal Deposit Insurance Corporation (FDIC).

This institution is rated **High Satisfactory*** by the Massachusetts Division of Banks.

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

MutualOne Bank's (MutualOne) outstanding Community Reinvestment Act (CRA) performance under the Lending Test and satisfactory performance under the 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 **Outstanding**.

- 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 excellent penetration of loans 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.

The Massachusetts Division of Banks rated this institution **High Satisfactory for the overall rating. The FDIC's CRA regulation does not have separate categories within the Satisfactory rating, whereas the Division's CRA regulation allows for either a High Satisfactory or Satisfactory rating.*

SCOPE OF EVALUATION

General Information

The evaluation covers the period from the prior evaluation dated June 15, 2015, to the current evaluation dated August 6, 2018. 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 2010 United States (U.S.) Census, 2015 American Community Survey (ACS) Census, Dun & Bradstreet (D&B), Warren Group Housing Statistics, Massachusetts Executive Office of Labor and Workforce Development Data, and U.S. Bureau of Labor Statistics (BLS). Bank financial data reflects the June 30, 2018, 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.

The bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the larger number of loans and dollar amount of loans originated when compared to small business lending during the evaluation period. In addition, no other loan types such as small farm or consumer loans represent a major product line. Therefore, as they provide no material support for conclusions or ratings, they are not presented in this evaluation. In evaluating the bank's performance under the Lending Test, examiners considered all home mortgage loan originations reported on the bank's 2016 and 2017 Home Mortgage Disclosure

Act (HMDA) Loan Application Registers (LARs). In 2016, the bank reported 318 originations totaling approximately \$67.3 million. In 2017, the bank reported 286 originations totaling approximately \$86.7 million.

In addition, examiners validated, analyzed and considered all small business loans originated in 2016 and 2017. As an ISI, the bank is not required to, and did not, report small business loans. Nevertheless, the bank collected 2016 and 2017 small business lending data for its own purposes. The bank has yet to collect 2018 small business loan data, thus examiners did not review 2018 data. A small business loan has an original loan amount of \$1 million or less and is secured by nonfarm nonresidential properties or is classified as a commercial and industrial loan. In 2016, the bank originated 105 small business loans totaling approximately \$26.5 million. In 2017, the bank originated 72 small business loans totaling approximately \$17.7 million.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. Although the evaluation presents the number and dollar volume of loans, examiners emphasized performance by number of loans. The number of loans is a better indicator of the number of individuals and businesses served. The geographic distribution and borrower profile criteria only include analysis of loans extended within the bank's assessment area.

For the Community Development Test, bank management provided data on qualified community development loans, qualified investments, and community development services since the prior CRA evaluation dated June 15, 2015.

DESCRIPTION OF INSTITUTION

Background

MutualOne is a state-chartered mutual cooperative bank headquartered in Framingham, Massachusetts (MA). The bank has three subsidiaries: MOECO, Inc. and ROMECO, Inc. are security companies that hold securities for income tax purposes, and Cheriton Road Realty Corporation is a domestic profit corporation that holds, manages, and sells other real estate properties. MutualOne primarily operates in the MetroWest part of Massachusetts in Middlesex, Norfolk, and Worcester Counties. The bank received a Satisfactory rating from the FDIC and the Division during the prior joint evaluation 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 a 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. The bank did not open or close any branches since the last evaluation.

MutualOne offers a variety of consumer and business banking products. Consumer lending products include conventional fixed-rate mortgages, jumbo mortgages, adjustable-rate mortgages, construction loans, home equity loans and lines of credit, personal loans, and automobile loans. The bank also offers a first time homebuyer program. The bank offers energy efficiency home improvement loans through the “Mass Save HEAT” loan program. Business lending products include commercial real estate loans, construction loans, Small Business Administration loans, Small Business Advantage loans, term loans, and lines of credit.

MutualOne also offers checking, savings, certificates of deposit, and individual retirement accounts (IRAs) for consumers and businesses. Alternative banking services include online banking and bill pay, mobile banking and mobile deposit, business online banking, and automated teller machines (ATMs). ATMs are located at each branch and the Natick Community Senior Center in Natick, MA. No merger or acquisition activities occurred since the previous evaluation.

Ability and Capacity

As of June 30, 2018, MutualOne had total assets of approximately \$827.4 million, which included total loans of approximately \$713.3 million and total securities of approximately \$39.7 million. The bank is primarily a commercial lender with a focus on medium and larger sized businesses. Collectively, loans secured by commercial real estate and commercial and industrial loans account for the largest portion of the loan portfolio at 48.6 percent. Residential loans, including multi-family loans, account for 33.2 percent of the loan portfolio. However, the Call Report does not capture those loans that MutualOne sells on the secondary market. The loan portfolio distribution has remained relatively stable since the last evaluation. The following table

illustrates the loan portfolio.

Loan Portfolio Distribution as of 06/30/2018		
Loan Category	\$(000s)	%
Construction and Land Development	123,702	17.3
Secured by Farmland	-	0.0
Secured by 1-4 Family Residential Properties	168,260	23.6
Secured by Multifamily (5 or more) Residential Properties	68,139	9.6
Secured by Nonfarm Nonresidential Properties	186,749	26.2
Total Real Estate Loans	546,850	76.7
Commercial and Industrial Loans	160,042	22.4
Agricultural Loans	450	0.1
Consumer Loans	6,986	1.0
Other Loans	-	0.0
Less: Unearned Income	(984)	(0.1)
Total Loans	713,344	100.0
<i>Source: Reports of Condition and Income</i> <i>Due to rounding, totals may not equal 100.0</i>		

There are no significant financial or legal impediments identified 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. The majority of the assessment area is located in Middlesex and Norfolk Counties, which are part of the Boston-Cambridge-Newton MA-NH Metropolitan Statistical Area (MSA) (14460). MSA 14460 is comprised of three Metropolitan Divisions (MD). Middlesex County is located in MD 15764 and Norfolk County is located in MD 14454. Two census tracts representing the town of Southborough are located in Worcester County, which is part of the Worcester MA-CT MSA (49340). The assessment area is contiguous and does not extend substantially beyond the Boston-Cambridge-Newton MA-NH MSA boundary; therefore, examiners evaluated MutualOne's CRA performance within one overall assessment area. The following sections discuss economic and demographic information for the assessment area.

Economic and Demographic Data

The assessment area includes 59 census tracts representing the towns of Ashland, Dover, Framingham, Hopkinton, Holliston, Marlborough, Natick, Needham, Sherborn, Southborough, Sudbury, Wayland, Wellesley, and Weston. The towns of Dover, Sherborn, Needham, Sudbury, Wayland, Wellesley, and Weston are new to the assessment area since the last evaluation. These census tracts reflect the following income designations according to the 2015 ACS Census:

- 2 low-income tracts,
- 8 moderate-income tracts,
- 12 middle-income tracts, and
- 37 upper-income tracts.

The ten low- and moderate-income census tracts are located in Framingham, Marlborough and Ashland. There are two low- and five moderate-income census tracts in Framingham, two moderate-income census tracts in Marlborough, and one moderate-income census tract in Ashland. The 2015 ACS Census adjusted the income designation of some census tracts within the assessment area when compared to the 2010 U.S. Census data. The number of low-income tracts increased by one, moderate-income tracts increased by three, middle-income tracts decreased by two, and upper-income tracts decreased by two. These changes did not have a significant impact on the overall evaluation. The following table illustrates select demographic characteristics of the assessment area according to ACS Census data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	59	3.4	13.6	20.3	62.7	0.0
Population by Geography	314,373	2.8	13.5	20.5	63.2	0.0
Housing Units by Geography	119,098	2.7	15.0	22.2	60.1	0.0
Owner-Occupied Units by Geography	83,411	0.6	9.2	20.3	69.9	0.0
Occupied Rental Units by Geography	31,061	8.8	29.7	27.5	34.0	0.0
Vacant Units by Geography	4,626	1.4	19.5	21.1	58.0	0.0
Businesses by Geography	28,195	1.7	14.3	17.0	66.9	0.0
Farms by Geography	660	2.0	13.0	18.5	66.5	0.0
Family Distribution by Income Level	81,043	15.2	12.1	16.9	55.8	0.0
Household Distribution by Income Level	114,472	20.3	11.4	13.7	54.6	0.0
Median Family Income MSA - 14454 Boston, MA MD		\$90,699	Median Housing Value			\$515,772
Median Family Income MSA - 15764 Cambridge-Newton- Framingham, MA MD		\$100,380	Median Gross Rent			\$1,197
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$81,137	Families Below Poverty Level			3.8%
Source: 2010 U.S. Census & 2015 ACS Census and 2017 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 used the FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA MD Median Family Income (14454)				
2016 (\$90,800)	<\$45,400	\$45,400 to <\$72,640	\$72,640 to <\$108,960	≥\$108,960
2017 (\$94,300)	<\$47,150	\$47,150 to <\$75,440	\$75,440 to <\$113,160	≥\$113,160
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2016 (\$98,600)	<\$49,300	\$49,300 to <\$78,880	\$78,880 to <\$118,320	≥\$118,320
2017 (\$104,800)	<\$52,400	\$52,400 to <\$83,840	\$83,840 to <\$125,760	≥\$125,760
Worcester, MA-CT MSA Median Family Income (49340)				
2016 (\$78,500)	<\$39,250	\$39,250 to <\$62,800	\$62,800 to <\$94,200	≥\$94,200
2017 (\$85,700)	<\$42,850	\$42,850 to <\$68,560	\$68,560 to <\$102,840	≥\$102,840
<i>Source: FFIEC</i>				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are 119,098 housing units in the assessment area. Of these units, 70.0 percent were owner occupied, 26.1 percent were occupied rental units, and 3.9 percent were vacant. ACS data reflects a rental unit increase of 3,481 units compared to an owner-occupied housing stock increase of only 500 units. This shift in housing demographics may impact lending opportunities.

The median home sales price was \$515,772. Warren Group Housing statistics provided further insight into the price of homes in the area. From 2015 to 2018, the average median home sales price of the assessment area was \$700,078. Marlborough was the least expensive area with a median average sales price of \$319,577, while Weston had the most expensive sales price of \$1,370,477. The expensive housing in the assessment area presents challenges for low- and moderate-income families wanting to purchase homes.

According to 2017 D&B data, there were 28,195 businesses operating in the assessment area. Gross annual revenues (GARs) for these businesses are as follows. Note, due to rounding, totals may not equal 100.0.

- 84.4 percent have \$1 million or less.
- 6.9 percent have more than \$1 million.
- 8.8 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Service industries represent the largest portion of businesses (50.9 percent); followed by retail trade (10.5 percent); and finance, insurance, and real estate (9.9 percent). In addition, 71.8 percent of area businesses have four or fewer employees, and 89.4 percent operate from a single location.

Per BLS, unemployment rates in Middlesex and Norfolk Counties, in which the majority of the assessment area is located, were slightly below state and national averages throughout the review

period. The Massachusetts Executive Office of Labor and Workforce Development reports the largest employers in the assessment area include the following: Dell EMC Corporation, TJX Co. Inc., Boston Scientific Corporation, Globalfoundries Inc., Raytheon Civil Communications, and Math Works Inc. The table below illustrates unemployment rates for the counties comprising the assessment area and state and national averages.

Unemployment Rates				
Area	2015	2016	2017	June 2018
	%	%	%	%
Middlesex County	3.9	3.2	3.0	3.3
Norfolk County	4.2	3.4	3.3	3.5
Worcester County	5.1	4.1	3.9	4.1
Massachusetts	4.8	3.9	3.7	3.9
National Average	5.3	4.9	4.4	4.2
<i>Source: BLS</i>				

Competition

MutualOne operates in a competitive environment. According to the FDIC Deposit Market Share data as of June 30, 2017, 29 financial institutions operated 116 full-service branches within the bank's assessment area. Of these institutions, MutualOne ranked seventh with a 4.3 percent deposit market share. Middlesex Savings Bank and Needham Bank represent the bank's primary state-chartered competitors. Middlesex Savings Bank ranked 2nd with a 13.6 percent deposit market share, and Needham Bank ranked 5th with a 7.0 percent deposit market share.

Additionally, there is a high level of competition for home mortgage loans among banks, credit unions, and non-depository lenders. In 2016, 437 lenders originated or purchased 18,918 residential mortgage loans in the assessment area. MutualOne had 1.6 percent of market share, ranking 13th. The bank was the third highest-ranked state-chartered bank in the assessment area. In 2016, the top five lenders accounted for 24.9 percent of the total market. In 2017, 412 lenders originated or purchased 13,780 residential mortgage loans in the assessment area. MutualOne had 1.7 percent of market share, ranking 14th. The bank was the second highest-ranked state-chartered bank in the assessment area. The top five lenders accounted for 21.8 percent of the total market in 2017.

Community Contact

As part of the evaluation process, examiners contacted a third party active in the assessment area to assist in assessing the community credit and community development needs. The information obtained helps to determine whether local financial institutions are responsive to the credit and community development needs of the communities, and what credit and community development opportunities, if any, are available.

Examiners contacted a local organization that promotes economic development within the assessment area. The community contact observed that that the area currently has need for new commercial and residential zoning in areas that manufacturing businesses once occupied. As a

result, there are fewer opportunities for commercial and housing development projects. The contact saw a need for small business loan flexibility as current conventional guidelines pose a challenge for small- and medium-size businesses, in particular those seeking loans larger than the micro-loan programs allow. Also, the community contact noted that banks are supportive in local micro-lending initiatives and through charitable work. Lastly, the contact mentioned that MutualOne is the most visible community bank in the area with its established business relationships.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that affordable housing and small business support are primary community development needs. Home mortgage lending to low- and moderate-income borrowers is a challenge in such an affluent area. Finally, there are small businesses that may not qualify for micro-loans or traditional credit, and thus there is a lending need for those small businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

MutualOne demonstrated excellent performance under the Lending Test. Geographic Distribution 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 107.2 percent over the last 12 calendar quarters from June 30, 2015 to June 30, 2018. The ratio ranged from a low of 101.6 percent as of September 30, 2016, to a high of 112.4 percent as of December 31, 2017. The ratio remained generally stable during the evaluation period. MutualOne maintained a ratio similar to those of comparable institutions based on its asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 06/30/2018 (\$000s)	Average Net LTD Ratio (%)
MutualOne Bank	827,376	107.2
Wellesley Bank	829,319	110.3
Webster Five Cent Savings Bank	823,022	105.4
Source: Reports of Condition and Income 06/30/2015 through 06/30/2018		

Assessment Area Concentration

The bank made a majority of its home mortgage and small business loans in the assessment area. While the majority of loans, by dollar volume, are outside of the assessment area, examiners emphasized the number of loans originated. The number of loans is a better indicator of the number of individuals and businesses served. Notably, a majority of the home mortgage loans were energy efficiency home improvement loans which by nature are smaller by dollar volume. See the following table for additional details.

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										
2016	253	79.6	65	20.4	318	35,753	53.1	31,565	46.9	67,318
2017	203	71.0	83	29.0	286	34,999	40.4	51,694	59.6	86,693
Subtotal	456	75.5	148	24.5	604	70,752	45.9	83,259	54.1	154,011
Small Business										
2016	57	54.3	48	45.7	105	13,309	50.3	13,154	49.7	26,463
2017	41	56.9	31	43.1	72	9,391	53.0	8,326	47.0	17,717
Subtotal	98	55.4	79	44.6	177	22,700	51.4	21,480	48.6	44,180
Total	554	70.9	227	29.1	781	93,452	47.2	104,739	52.8	198,191
Source: Evaluation Period: 1/1/2016 - 12/31/2017 Bank Data										

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. Examiners focused on the comparison to aggregate data. The bank's performance in low-income census tracts compares reasonably to the aggregate level in 2016, at 0.6 percentage points higher. The bank originated no loans in the two low-income census tracts in 2017. The low owner-occupancy rate in these census tracts reflects limited lending opportunities, which prevents meaningful conclusions from being drawn from this aspect of performance.

With regard to moderate-income census tracts, the bank performed consistently above the aggregate lenders and area demographics. In 2016, the bank performed above the aggregate by 3.7 percentage points and demographics by 3.8 percentage points. The bank's performance increased in 2017, as the bank performed significantly above the aggregate and demographic levels by 5.9 and 7.5 percentage points, respectively. In addition, the number of loans in moderate-income census tracts increased by 12 loans, despite the fact the total number of loans decreased in 2017.

Market share data further supports the bank's excellent performance. The bank was 4th in loans originated in low-income census tracts in 2016 with 3.9 percent of the market share. The bank ranked 6th in lending in moderate-income census tracts with a 2.7 percent market share. This compares favorably to the bank's overall market share rank of 13th.

In 2017, while no loans were originated in low-income census tracts, the bank ranked 8th in lending in moderate-income census tracts with a 2.8 percent market share. This market rank in moderate-income census tracts compares favorably to the bank's overall market rank of 14th in the assessment area, and exhibits a concentration of lending in moderate-income census tracts. The bank was the top ranked state-chartered bank for lending in moderate-income census tracts in the assessment area.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	0.3	0.2	2	0.8	464	1.3
2017	0.6	0.7	0	0.0	0	0.0
Moderate						
2016	4.9	5.0	22	8.7	4,236	11.8
2017	9.2	10.8	34	16.7	6,765	19.3
Middle						
2016	24.9	23.6	98	38.7	10,864	30.4
2017	20.3	21.2	50	24.6	2,727	7.8
Upper						
2016	69.8	71.2	131	51.8	20,189	56.5
2017	69.9	67.2	119	58.6	25,507	72.9
Not Available						
2016	0.0	0.0	0	0.0	0	0.0
2017	0.0	0.0	0	0.0	0	0.0
Totals						
2016	100.0	100.0	253	100.0	35,753	100.0
2017	100.0	100.0	203	100.0	34,999	100.0
Source: 2010 U.S. Census & 2015 ACS Census; 1/1/2016 - 12/31/2017 Bank Data, 2016 & 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0						

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion. The following table shows that the bank's performance in low-income census tracts exceeded business demographics in both 2016 and 2017. In 2017, the bank far exceeded the demographic of businesses in low-income census tracts, 17.1 percent compared to 1.7 percent. Furthermore, the bank significantly increased the level of lending to small businesses in low-income census tracts from 2016 to 2017. While the level of lending in moderate-income census tracts decreased from 2016 to 2017, the bank's level of lending in moderate-income areas was significantly above the business demographic data. The bank's lending in moderate-income areas was 25.4 percentage points above the demographic data in 2016 and 10.6 percentage points above the demographic data in 2017.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2016	0.6	1	1.8	259	1.9
2017	1.7	7	17.1	672	7.2
Moderate					
2016	7.9	19	33.3	3,491	26.2
2017	14.3	10	24.4	1,680	17.9
Middle					
2016	20.4	17	29.8	3,855	29.0
2017	17.0	6	14.6	1,253	13.3
Upper					
2016	71.1	20	35.1	5,704	42.9
2017	66.9	18	43.9	5,786	61.6
Not Available					
2016	0.0	0	0.0	0	0.0
2017	0.0	0	0.0	0	0.0
Totals					
2016	100.0	57	100.0	13,309	100.0
2017	100.0	41	100.0	9,391	100.0
Source: 2016 & 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Data Due to rounding, totals may not equal 100.0					

Borrower Profile

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes in the assessment area. The bank's excellent performance of home mortgage and reasonable performance of small business lending support 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 excellent. Examiners focused on the comparison to aggregate data. As shown in the table below, in 2016, home mortgage lending to low-income borrowers, at 5.5 percent, was higher than aggregate data by 3.0 percentage points. In 2017, the bank's lending to low-income borrowers again exceeded the aggregate level of lending, this time by 4.0 percentage points. Also, the expensive housing in the assessment area presents challenges for low- and moderate-income families wanting to purchase homes. Thus, the opportunity for lending to low- and moderate-income families is limited as the median home sales price was

\$515,722 for the assessment area. This condition helps explain the difference between bank performance of lending to low-income borrowers and the percentage of low-income families in the assessment area.

The bank's performance of lending to moderate-income borrowers is consistently above aggregate lenders and area demographics. In 2016, the bank's level of lending to moderate-income borrowers almost doubled the aggregate lenders, at 18.2 percent compared to 9.2 percent. In 2017, the bank continued to perform above aggregate lending data, at 15.8 percent compared to 11.7 percent.

Market share data further supports the bank's excellent performance under this criterion. In 2016, the bank ranked 4th in lending to low-income borrowers with a 3.5 percent market share. The bank was tied for the top-ranked state-chartered bank making loans to low-income borrowers. The bank ranked 6th in lending to moderate-income borrowers with a 3.0 percent market share. These market rankings are above the bank's overall market rank of 13th in the assessment area in 2016.

In 2017, the bank ranked 6th in lending to low-income borrowers with a 3.3 percent market share. Again, the bank was the top-ranked state-chartered bank making loans to low-income borrowers. The bank ranked 12th in lending to moderate-income borrowers with a 2.1 percent market share. These market rankings are above the bank's overall market rank of 14th in the assessment area in 2017. The following table details bank and aggregate lending by borrower income level for home mortgage loans.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	14.4	2.5	14	5.5	345	1.0
2017	15.2	3.4	15	7.4	864	2.5
Moderate						
2016	11.8	9.2	46	18.2	3,441	9.6
2017	12.1	11.7	32	15.8	1,442	4.1
Middle						
2016	16.5	17.7	57	22.5	4,581	12.8
2017	16.9	18.7	40	19.7	2,597	7.4
Upper						
2016	57.2	59.4	118	46.6	12,380	34.6
2017	55.8	55.7	89	43.8	8,454	24.2
Not Available						
2016	0.0	11.3	18	7.1	15,006	42.0
2017	0.0	10.4	27	13.3	21,642	61.8
Totals						
2016	100.0	100.0	253	100.0	35,753	100.0
2017	100.0	100.0	203	100.0	34,999	100.0
Source: 2010 U.S. Census & 2015 ACS Census; 1/1/2016 - 12/31/2017 Bank Data, 2016 & 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0						

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. The following table shows the bank originated 29.8 percent of small business loans to businesses with GARs of \$1 million or less in 2016 and 26.8 percent of small business loans to the same category in 2017. Although MutualOne's lending performance in 2016 and 2017 was below business demographics at 83.9 percent and 84.4 percent respectively, the performance is considered reasonable based on the high level of competition from large national lenders. Weight was also given to the small business loan products developed and offered by the bank to meet the credit needs of smaller businesses in the assessment area.

Although the bank does not report small business data, as it is not required to do so, market share data for small business reporters shows that the top five lenders were national banks and credit card companies. American Express, CitiBank, N.A., Bank of America, N.A., Capital One Bank, NA, and US Bank represented 82.6 percent of the market share, with an average loan size of \$10,200. This indicates a significant level of business credit card lending, a product that is not offered by the bank.

While the bank's business strategy has focused on larger commercial relationships, it also offers products that are specifically tailored to meet the credit needs of smaller businesses operating in the assessment area. For example, the bank has a Small Business Advantage Loan Program, offering loans up to \$150,000 to businesses with GARs of \$1 million or less. The bank also continues to be a preferred Small Business Administration lender. Finally, in 2017 the bank organized the Framingham Business Association to help identify and meet the credit needs of small businesses. This association meets ten times a year and hosts local public officials to discuss community activities.

As previously referenced, the community contact identified a credit need for business loans that are in amounts greater than most micro-loan programs allow. A further review of the bank's small business loan data reveals that the bank has helped to meet this important credit need. Specifically, in 2016 approximately 53 percent of the bank's small business loans were in amounts of \$250,000 or less and this percentage increased to approximately 64 percent in 2017.

The following table shows the bank's distribution of small business loans by revenue category for 2016 and 2017.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2016	83.9	17	29.8	4,674	35.1
2017	84.4	11	26.8	2,256	24.0
>1,000,000					
2016	6.9	33	57.9	8,301	62.4
2017	6.9	29	70.7	7,126	75.9
Revenue Not Available					
2016	9.2	7	12.3	334	2.5
2017	8.8	1	2.4	9	0.1
Totals					
2016	100.0	57	100.0	13,309	100.0
2017	100.0	41	100.0	9,391	100.0
Source: 2016 & 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0					

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.

Community Development Loans

MutualOne originated 14 community development loans totaling approximately \$12.8 million during the evaluation period. This is an increase by number and dollar volume from the previous evaluation period, during which the bank originated six community development loans totaling \$3.9 million. Of the 14 community development loans, 13 loans totaling \$12.7 million provided affordable housing, specifically addressing a community development need identified by the community contact. Because there were limited opportunities within the assessment area, nine community development loans totaling \$11.1 million, are outside and do not directly benefit the bank's assessment area. Examiners considered these loans in the Community Development Test analysis, as the bank has been responsive to the community development needs of its assessment area overall. The bank's activity level is comparable to similarly situated banks. The current level of activity represents 1.8 percent of average total assets and 2.1 percent of average total loans since the prior CRA evaluation.

The following table illustrates the bank's community development lending activity by year and purpose.

Community Development Lending												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
06/15/2015-12/31/2015	1	594	0	0	0	0	0	0	0	0	1	594
2016	4	3,010	0	0	1	100	0	0	0	0	5	3,110
2017	7	7,675	0	0	0	0	0	0	0	0	7	7,675
YTD 2018	1	1,464	0	0	0	0	0	0	0	0	1	1,464
Total	13	12,743	0	0	1	100	0	0	0	0	14	12,843
<i>Source: Bank Records</i>												

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

- MutualOne originated a \$5.0 million loan to refinance a 38-unit residential property in Jamaica Plain, MA in 2017. Of the 38 units, 29 rent below Housing and Urban Development (HUD) fair market rents, benefiting low- and moderate-income individuals.

- MutualOne originated a \$1.3 million loan for the purchase of a 25-unit residential property in Milford, MA in 2016. All 25 units rent below HUD fair market rents and are affordable housing for low- and moderate-income individuals.
- MutualOne originated a \$100,000 loan to an organization that provides funding for micro-loans and technical assistance to low- and moderate-income entrepreneurs in the MetroWest area.

Qualified Investments

MutualOne made 80 qualified investments totaling approximately \$1.0 million. This dollar amount is comprised of one prior period equity investment, which has a book value of \$447,774, and 79 grants and donations totaling \$570,630. The bank increased donations by 46.0 percent since the last evaluation. The qualified equity investment total represents less than one-tenth of one percent of average total assets and 1.3 percent of average total securities for the evaluation period. The following table illustrates the bank's qualified investment activity 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	1	448	0	0	0	0	0	0	1	448
06/15/2015-12/31/2015	0	0	0	0	0	0	0	0	0	0
2016	0	0	0	0	0	0	0	0	0	0
2017	0	0	0	0	0	0	0	0	0	0
YTD 2018	0	0	0	0	0	0	0	0	0	0
Subtotal	1	448	0	0	0	0	0	0	0	448
Qualified Grants & Donations	3	25	76	546	0	0	0	0	79	571
Total	4	473	76	546	0	0	0	0	80	1,019
<i>Source: Bank Records</i>										

The following are notable examples of the bank's qualified investment activities.

Prior Period

- ***Access Capital Strategies Community Investment Fund, Inc.*** - The bank continues to hold a qualified equity investment made in July 2004, in the Access Capital Strategies Community Investment Fund, Inc. The primary purpose of the fund is to support community development activities, such as affordable housing, education, and small business lending targeted to low- and moderate-income geographies.

Grants and Donations

- **MetroWest Legal Services (MLS)** - MLS provides legal advocacy to protect and advance the rights of low- and moderate-income individuals and to assist them in obtaining legal, social, and economic justice.
- **Project Just Because Inc. (PJB)** - PJB provides low-income families in Framingham, Natick and the MetroWest area of Boston with basic needs, such as clothing, food, and household essentials.
- **South Middlesex Opportunity Council (SMOC)** - SMOC is a community-based anti-poverty agency whose mission is to improve the quality of life for low-income and disadvantaged individuals and families. The organization offers five programs: Family and Nutrition, Employment and Education, Behavioral Health Services, Comprehensive Housing Services, and Energy and Financial Assistance.

Community Development Services

During the evaluation period, MutualOne's management provided 23 instances of financial expertise or technical assistance to 7 different community development related organizations in the assessment area. The following table illustrates the bank's community development services by year and purpose.

Community Development Services						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
04/06/2015- 12/31/2015	0	2	0	0	0	2
2016	0	7	0	0	0	7
2017	0	7	0	0	0	7
YTD 2018	0	7	0	0	0	7
Total	0	23	0	0	0	23
Source: Bank Records						

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

- **Family Promise of MetroWest** – This organization offers assistance to homeless families with children through transitional shelters, meals, and supportive case management as they seek permanent housing. An assistant vice president of the bank serves on the 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 Director serves on the Advisory Board.

- ***Big Brothers Big Sisters of MetroWest*** – This organization provides individualized mentoring programs for children facing adversity. The majority served by this organization are low- and moderate-income individuals. A bank Assistant Vice President serves on the Board.

Other Services

- MutualOne, in collaboration with SMOC, participates in first time homebuyer education workshops that target low- and moderate-income homebuyers.
- 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.
- MutualOne also participates in the Interest on Lawyer's Trust Accounts (IOLTA) program. The IOLTA interest helps fund improvements in administering justice and delivering legal services to low-income clients. The bank reported \$67,695.72 in IOLTA interest during the evaluation period.

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

The bank's HMDA LARs for 2016 and 2017 were reviewed to determine if the application flow from the different racial groups within the bank's assessment area was reflective of the assessment area's demographics.

According to the 2015 ACS Census Data, the bank's assessment area contained a total population of 314,373 individuals of which 21.2 percent are minorities. The assessment area's minority and ethnic population is 2.6 percent Black/African American, 8.0 percent Asian/Pacific Islander, 0.1 percent American Indian, 7.3 percent Hispanic or Latino and 3.2 percent other.

The bank's level of lending was compared with that of the aggregate's lending performance level for the years that data was available, 2016 and 2017. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority residential loan applicants. Refer to the table below 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 2016		2016 Aggregate Data	Bank 2017		2017 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	1	0.3	0.1	1	0.4	0.2
Asian	11	3.6	10.1	11	4.8	10.5
Black/ African American	6	2.0	1.2	4	1.8	1.2
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.1
2 or more Minority	0	0.0	0.1	1	0.4	0.1
Joint Race (White/Minority)	5	1.6	2.0	3	1.3	2.1
Total Minority	23	7.5	13.6	20	8.8	14.2
White	209	68.3	65.9	140	61.4	64.7
Race Not Available	74	24.1	20.5	68	29.8	21.1
Total	306	100.0	100.0	228	100.0	100.0
ETHNICITY						
Hispanic or Latino	10	3.3	3.4	11	4.8	4.9
Not Hispanic or Latino	179	58.5	74.7	125	54.8	73.0
Joint (Hisp/Lat /Not Hisp/Lat)	4	1.3	1.4	0	0.0	1.3
Ethnicity Not Available	113	36.9	20.4	92	40.4	20.9
Total	306	100.0	100.0	228	100.0	100.0

In 2016, the bank received 306 HMDA reportable loan applications from within its assessment area. Of these applications, 23 or 7.5 percent were received from minority applicants, of which 16 or 70.0 percent resulted in originations. Approximately 13.6 percent of aggregate lender applications were received from racial minority applicants 74.4 percent of which were originated. For the same time period, the bank also received 14 or 4.6 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 8 or 57.1 percent were originated versus the aggregate ethnic minority application rate of 4.8 percent and a corresponding origination rate of 63.0 percent.

In 2017, the bank received 228 HMDA reportable loan applications from within its assessment area. Of these applications, 20 or 8.8 percent were received from minority applicants, of which 18 or 90.0 percent resulted in originations. The aggregate racial minority application rate was 14.2 percent and 73.9 percent of these applications were originated. For the same time period, the bank received 11 or 4.8 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 5 or 45.5 percent were originated compared to the aggregate ethnic minority application flow of 6.2 percent of which 69.9 percent were originated.

A review of the application and underwriting process exhibited controls that mitigate any potential fair lending concerns. The bank will continue to utilize fair lending controls and enhance its analysis of lending to identify trends going forward. Considering the demographic composition of the assessment area and current fair lending controls, 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.