

# **PUBLIC DISCLOSURE**

September 17, 2018

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

North Brookfield Savings Bank  
Certification Number: 90258

35 Summer Street  
North Brookfield, Massachusetts 01535

Division of Banks  
1000 Washington Street, 10<sup>th</sup> Floor  
Boston, Massachusetts 02118

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

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the Bank's performance.

- The average loan-to-deposit (LTD) ratio of 81.5 percent is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank's assessment area concentration is less than reasonable.
- The geographic distribution of loans reflects adequate dispersion throughout the assessment area, including low- and moderate-income geographies.
- The distribution of borrowers reflects adequate penetration of loans among individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the CRA rating.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated August 11, 2014 to the current evaluation dated September 17, 2018. Examiners used Small Bank Examination Procedures established by the Federal Financial Institutions Examination Council (FFIEC) to evaluate the bank's CRA Performance.

Examiners evaluated 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

### **Loan Products Reviewed**

This evaluation focuses on home mortgage lending activity from January 1, 2016 to December 31, 2017. The bank's most recent Call Report as of June 30, 2018 shows that 79.6 percent of the bank's portfolio is residential real estate loans. The bank originated 492 home mortgage loans totaling \$53.2 million in 2016, and originated 152 home mortgage loans totaling \$34.8 million in 2017.

Information related to home mortgage lending was derived from the Loan Application Registers (LARs) maintained by the bank, pursuant to the Home Mortgage Disclosure Act (HMDA). The LARs contain data about home purchase and home improvement loans, including refinancing, of 1-4 family and multi-family properties (five or more units).

The bank's home mortgage lending performance is compared with aggregate HMDA. Aggregate lending data reflects the lending activity of all HMDA reporting lenders that originated at least a single home mortgage in the bank's designated assessment area. The bank's home mortgage lending performance is also compared with demographic data.

Examiners considered both the number and dollar volume of home mortgage loan originations; however, the evaluation emphasized the number of loans to limit the influence by factors including applicant income or housing value. The number of loans better indicates the number of individuals served by the institution.

## **DESCRIPTION OF INSTITUTION**

### **Background**

North Brookfield Savings Bank (NBSB) is a state-chartered mutual savings financial institution with headquarters located at 35 Summer Street in North Brookfield, Massachusetts. The bank received a “Satisfactory” rating at its previous CRA evaluation conducted by the Division, dated August 11, 2014, based on Interagency Small Institution Examination Procedures.

### **Operations**

The bank’s main office, located in a middle-income census tract, operates as the corporate headquarters and includes a loan center and operations center. NBSB maintains seven full-service branches. The bank operates one branch (Ware) in a moderate-income census tract, five branches (East Brookfield, North Brookfield, Palmer, Three Rivers, and West Brookfield) in middle-income census tracts, and one branch (Belchertown) in an upper-income census tract. The bank has not opened nor closed any branches during the evaluation period. Branch hours of operation are reasonable and convenient. Many branches have drive-up teller services, and each branch has a 24-hour drive-up ATM and two branches (including the branch in a moderate-income census tract) have 24-hour walk-up ATMs.

NBSB offers a variety of loan products and services for individuals and businesses. Loan products include the savings secured credit builder loan which is designed to help customers build or rebuild credit. Loan amounts can range from \$300 to \$2,500. In addition, the bank participated in the Mass Solar Program in 2016. Participating lenders offer fixed-rate loans ranging from \$3,000 to \$35,000 for the installation of solar panels. Other services include free online banking, bill payment, Popmoney, NBSB’s free mobile app with check deposit, and 24-hour telephone banking.

### **Ability and Capacity**

As of June 30, 2018, the bank had total assets of \$303.7 million and total deposits of \$241.8 million. Loans totaled \$218.3 million and represented 71.9 percent of total assets. The bank is primarily a residential lender with a majority of the loan portfolio secured by residential properties. As noted in the following table, 71.6 percent of the bank’s loan portfolio is loans secured by one-to-four family properties.

<b>Loan Portfolio Distribution as of 6/30/2018</b>		
<b>Loan Category</b>	<b>Dollar Amount \$(000s)</b>	<b>% of Total Loans</b>
Construction, Land Development, and Other Land Loans	5,561	2.5
Secured by Farmland	2,008	0.9
Secured by 1-4 Family Residential Properties	156,256	71.6
Secured by Multi-Family (5 or more) Residential Properties	17,422	8.0
Secured by Non-farm Non-residential Properties	28,329	13.0
Agricultural Production and Other Loans to Farmers	0	0.0
Commercial and Industrial Loans	2,182	1.0
Consumer	6,536	3.0
Obligations of States and Political Subdivisions in the United States	0	0.0
Other Loans	34	0.0
Lease Financing Receivables (net of unearned income)	0	0.0
<b>Total Loans</b>	<b>218,328</b>	<b>100.0</b>
<i>Source: 06/30/2018 Call Report</i>		

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

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. North Brookfield Savings Bank designated a single contiguous assessment area that includes 32 census tracts. The assessment area consists of 20 cities and towns located in the Worcester MA-CT Metropolitan Statistical Area (MSA); Athol, Barre, Brookfield, Charlton, East Brookfield, Hardwick, Hubbardston, Leicester, New Braintree, North Brookfield, Oakham, Paxton, Petersham, Phillipston, Sturbridge, Rutland, Spencer, Templeton, Warren, and West Brookfield. In addition, the assessment area includes four towns located in the Springfield MA MSA; Brimfield, Palmer, Belchertown and Ware.

The bank expanded its assessment area since the prior evaluation to include a total of 24 cities and towns. The bank determined a need to expand the assessment area due to multiple factors including changes in its customer and deposit base, loan volume, and marketing presence in those additional towns. The added towns included Athol, Barre, Brimfield, Charlton, Hubbardston, Leicester, Paxton, Petersham, Phillipston, Sturbridge, Spencer and Templeton.

### **Economic and Demographic Data**

The bank's assessment area consists of 32 census tracts that reflect the following income designations according to the 2015 ACS Census Data: 0 low-income tracts, 5 moderate-income tracts, 21 middle-income tracts, and 6 upper-income tracts. The five moderate-income census tracts

are located in Athol (2), Spencer, Ware and Warren.

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)	32	0.0	15.6	65.6	18.8	0.0
Population by Geography	157,161	0.0	14.1	60.9	25.0	0.0
Housing Units by Geography	66,390	0.0	16.1	61.4	22.5	0.0
Owner-Occupied Units by Geography	46,023	0.0	11.9	62.6	25.5	0.0
Occupied Rental Units by Geography	14,192	0.0	26.2	58.0	15.8	0.0
Vacant Units by Geography	6,175	0.0	23.9	60.7	15.4	0.0
Businesses by Geography	8,490	0.0	11.1	60.5	28.4	0.0
Farms by Geography	446	0.0	4.3	69.1	26.7	0.0
Family Distribution by Income Level	41,313	18.4	16.6	21.5	43.4	0.0
Household Distribution by Income Level	60,215	22.7	14.5	17.6	45.2	0.0
Median Family Income MSA - 44140 Springfield, MA MSA		\$67,381	Median Housing Value			\$227,090
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$81,137	Median Gross Rent			\$819
			Families Below Poverty Level			5.7%
<i>Source: 2010 U.S. Census &amp; 2015 ACS Census and 2017 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

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

<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>Springfield, MA MSA Median Family Income (44140)</b>				
2016 (\$68,000)	<\$34,000	\$34,000 to <\$54,400	\$54,400 to <\$81,600	≥\$81,600
2017 (\$66,600)	<\$33,300	\$33,300 to <\$53,280	\$53,280 to <\$79,920	≥\$79,920
<b>Worcester, MA-CT MSA Median Family Income (49340)</b>				
2016 (\$78,500)	<\$39,250	\$39,250 to <\$62,800	\$62,800 to <\$94,200	≥\$94,200
2017 (\$84,000)	<\$42,000	\$42,000 to <\$67,200	\$67,200 to <\$100,800	≥\$100,800
<i>Source: FFIEC; Due to rounding, totals may not equal 100.0</i>				

There are 66,390 housing units in the assessment area. Of these, 69.3 percent are owner-occupied, 21.4 percent are occupied rental units, and 9.3 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Data obtained from the U.S. Bureau of Labor and Statistics indicates that the June 2018 unemployment rate was 3.5 percent for Massachusetts statewide, 4.1 percent for the Worcester MA-CT Metropolitan area, and 4.8 percent for the Springfield MA-CT Metropolitan area. Over the evaluation period, the state unemployment rate, as well as the rates for the Worcester MA-CT MSA and Springfield MA MSA, have shown a decreasing trend which reflects improving economic conditions.

### **Competition**

The bank faces strong competition from other financial institutions that originated loans within the assessment area. In 2017, 281 lenders reported 5,054 home mortgage loans. North Brookfield Savings Bank ranked 11th, reporting 90 home mortgage loans totaling \$18.7 million. This represents 1.8 percent market share by number and 2.0 percent by dollar amount. The majority of top ranked lenders are large financial institutions and mortgage companies such as Wells Fargo Bank, Quicken Loans, and Fairway Independent Mortgage Corporation.

### **Community Contact**

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

A community contact was conducted with the executive director of a local non-profit that works to strengthen neighborhoods in Central Worcester County by providing affordable housing and homeownership services. The contact stated that the area the organization serves is predominantly rural, and some of the challenges for low-income individuals are limited employment in the area and lack of public transportation. Although local home prices are affordable, due to the remote location of some area towns - away from major highways and distant from major cities and lack of employment opportunities - low-income individuals still struggle. Local banks are involved in the communities, sponsoring most of the community activities and providing financial literacy in local schools and through first time homebuyer seminars.

A second community contact was conducted with the director of business development of a local non-profit organization serving adults, youth and families in central Massachusetts. Programs include housing services, a food pantry, emergency relief services, clothing assistance, day and extended day programs, and employment training and placement. The contact stated that the area, a former mill area historically relying on a manufacturing economy, struggles economically today. Some of the challenges for low-income individuals in the area are limited public transportation, limited employment opportunities, and the high cost of rent creating an obstacle to saving a down payment for a home purchase. Home prices in the area have declined and are considered affordable but the need to travel long distances for employment is a hurdle for low-income individuals and families. The contact identified needs for flexible lending products, particularly those with a low



down payment and a higher loan-to-value ratio to obtain a mortgage, as well as lower credit scores. Local banks dominate the financial landscape of the community and they provide financial literacy and sponsorship of local community events.

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

Considering information from the community contact, and demographic and economic information, examiners determined that availability of flexible lending products permitting low-income individuals opportunities to obtain mortgages, the need for additional affordable housing, employment opportunities coupled with commuting and transportation limitations are the assessment area's primary community development needs. Small business loans geared toward redeveloping underutilized downtown commercial real estate represents another potential opportunity.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### Loan to Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio averaged 81.5 percent over the past 17 quarters from June 30, 2014 to June 30, 2018. Over this period, the LTD ratio showed a consistently increasing trend. The LTD ratio was lowest during this time period on June 30, 2014 at 67.3 percent, and highest on September 30, 2017 at 90.7 percent.

The bank sells mortgage loans to the Federal Home Loan Bank (FHLB). Over the evaluation period, the bank sold 74 loans totaling \$14.4 million.

Examiners selected comparable institutions based on asset size, geographic location, and lending focus. North Brookfield Savings Bank maintained an average LTD ratio similar to those of comparable institutions.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Institution</b>	<b>Total Assets as of 6/30/18 \$(000s)</b>	<b>Average LTD Ratio (%)</b>
Monson Savings Bank	392,833	87.2
Millbury Savings Bank	231,487	86.6
<b>North Brookfield Savings Bank</b>	<b>303,711</b>	<b>81.5</b>
Athol Savings Bank	427,361	77.4

*Source: Call Report data*

### Assessment Area Concentration

The bank's assessment area concentration is less than reasonable with 47.7 percent of home mortgage loans made inside the assessment area. By dollar amount, the bank made 52.4 percent of loans inside the assessment area.

The bank's relatively large lending volume in 2016 was due to its participation in the Mass Solar Program offered by the Massachusetts Clean Energy Center (MassCEC). MassCEC's mission is to grow the state's clean energy economy while helping to meet the Commonwealth's clean energy, climate and economic development goals. In total, the bank originated 253 Mass Solar Loans which were reported on the HMDA LARs as home improvement loans. With the end of the program in October 2016, the bank's lending volume returned to historic levels in 2017.

The bank's participation in the solar loan program, as well as loan purchases from Avidia Bank, were the primary reasons for the large number of loans originated outside the assessment area in 2016. Of the 326 home improvement loans originated in 2016, 212 or 65.0 percent were originated outside the assessment area. In the same year, the bank purchased mortgages from Avidia Bank. Of the 37 loans purchased in 2016, 36 or 97.3 percent were located outside the assessment area.

The bank's lending increased to 59.2 percent inside the assessment area in 2017.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage										
2016	217	44.1	275	55.9	492	27,406	51.5	25,795	48.5	53,201
2017	90	59.2	62	40.8	152	18,689	53.7	16,085	46.3	34,774
<b>Total</b>	<b>307</b>	<b>47.7</b>	<b>337</b>	<b>52.3</b>	<b>644</b>	<b>46,095</b>	<b>52.4</b>	<b>41,880</b>	<b>47.6</b>	<b>87,975</b>
<i>Source: Evaluation Period: 1/1/2016 - 12/31/2017 Bank Data Due to rounding, totals may not equal 100.0</i>										

### **Geographic Distribution**

The geographic distribution of home mortgage loans reflects adequate dispersion throughout the assessment area. The bank does not have any low-income tracts in its assessment area. In 2016, the bank originated 2.3 percent of loans in moderate-income tracts, which is lower than the aggregate and demographics. In 2017, the bank's performance in moderate-income tracts improved to 13.3 percent, as compared to the aggregate at 13.2 percent and percentage of owner-occupied housing units at 11.9 percent.

Market Share Reports from 2017 further support the bank's adequate performance. The bank ranked 17<sup>th</sup> out of 147 lenders in lending to moderate-income tracts with a 1.8 percent market share.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	0.0	0.0	0	0.0	0	0.0
2017	0.0	0.0	0	0.0	0	0.0
Moderate						
2016	9.4	7.6	5	2.3	504	1.8
2017	11.9	13.2	12	13.3	1,609	8.6
Middle						
2016	60.7	57.9	167	77.0	23,070	84.2
2017	62.6	57.4	62	68.9	13,460	72.0
Upper						
2016	29.9	34.4	45	20.7	3,832	14.0
2017	25.5	29.4	16	17.8	3,620	19.4
Not Available						
2016	0.0	0.0	0	0.0	0	0.0
2017	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>						
<b>2016</b>	<b>100.0</b>	<b>100.0</b>	<b>217</b>	<b>100.0</b>	<b>27,406</b>	<b>100.0</b>
<b>2017</b>	<b>100.0</b>	<b>100.0</b>	<b>90</b>	<b>100.0</b>	<b>18,689</b>	<b>100.0</b>
<i>Source: 2010 U.S. Census &amp; 2015 ACS Census; 1/1/2016 - 12/31/2017 Bank Data, 2016 &amp; 2017 HMDA Aggregate Data, "--" data not available.            Due to rounding, totals may not equal 100.0</i>						

**Borrower Profile**

The distribution of borrowers reflects adequate penetration of loans among individuals of different income levels, including low- and moderate-income individuals. In 2016, the bank originated 6.0 percent of home mortgage loans to low-income borrowers, which is similar to the aggregate at 6.0 percent and lower than the demographics at 16.8 percent. In 2017, the bank’s performance to low-income borrowers was 4.4 percent, which is 2.8 percent lower than the aggregate and significant lower than the demographics. However, the bank’s performance compared to the demographics is mitigated by the fact that 8.8 percent of households and 5.7 percent of families have incomes below poverty level and would have a difficulty qualifying for financing. Market share data shows the bank ranked 28<sup>th</sup> out of 104 lenders in lending to low-income borrowers with a 1.1 percent of market share.

In 2016, the bank’s lending to moderate-income borrowers was lower than the aggregate by 3.5 percent, and lower than the demographics by 3.0 percent. In 2017, the bank’s lending was slightly

lower than the aggregate and similar to the demographics. Market share data shows the bank ranked 16<sup>th</sup> out of 161 lenders in lending to moderate-income borrowers with 1.5 percent of market share.

<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>
<b>Low</b>						
2016	16.8	6.0	13	6.0	578	2.1
2017	18.4	7.2	4	4.4	334	1.8
<b>Moderate</b>						
2016	16.8	17.3	30	13.8	2,444	8.9
2017	16.6	20.1	15	16.7	1,398	7.5
<b>Middle</b>						
2016	24.0	23.2	45	20.7	5,260	19.2
2017	21.5	26.0	26	28.9	3,378	18.1
<b>Upper</b>						
2016	42.4	36.5	115	53.0	16,573	60.5
2017	43.4	31.9	42	46.7	8,219	44.0
<b>Not Available</b>						
2016	0.0	16.9	14	6.5	2,551	9.3
2017	0.0	14.8	3	3.3	5,360	28.7
<b>Totals</b>						
<b>2016</b>	<b>100.0</b>	<b>100.0</b>	<b>217</b>	<b>100.0</b>	<b>27,406</b>	<b>100.0</b>
<b>2017</b>	<b>100.0</b>	<b>100.0</b>	<b>90</b>	<b>100.0</b>	<b>18,689</b>	<b>100.0</b>
<i>Source: 2010 U.S. Census &amp; 2015 ACS Census; 1/1/2016 - 12/31/2017 Bank Data, 2016 &amp; 2017 HMDA Aggregate Data, "--" data not available.            Due to rounding, totals may not equal 100.0</i>						

### **Response to CRA Complaints**

The bank received no complaints pertaining to the institution's CRA performance since the previous examination. This factor did not affect the CRA rating.

### **Fair Lending Policies and Procedures**

The Division reviewed the bank's fair lending performance to determine how it relates to the guidelines established by Regulatory Bulletin 1.3-106, the Division's Community Reinvestment and Fair Lending Policy. Based upon the review of the bank's public comment file and its

performance relative to fair lending policies and practices, examiners did not identify any violations of anti-discrimination laws and regulations.

### Minority Application Flow

Examiners reviewed the bank’s HMDA LARs for 2016 and 2017 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 as well as aggregate. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority residential loan applicants.

According to the 2015 ACS Data, the bank’s combined assessment area contained a total population of 157,161 individuals of which 5.5 percent are minorities. The assessment area’s minority and ethnic population is 0.7 percent Black/African American, 0.9 percent Asian, 0.1 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 2.8 percent Hispanic or Latino and 1.0 percent other.

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.

<b>MINORITY APPLICATION FLOW</b>						
<b>RACE</b>	<b>Bank 2016</b>		<b>2016 Aggregate Data</b>	<b>Bank 2017</b>		<b>2017 Aggregate Data</b>
	<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>%</b>
American Indian/ Alaska Native	0	0.0	0.4	0	0.0	0.4
Asian	0	0.0	0.7	0	0.0	0.8
Black/ African American	0	0.0	0.9	0	0.0	1.0
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.2
2 or more Minority	0	0.0	0.0	0	0.0	0.1
Joint Race (White/Minority)	1	0.3	0.9	2	1.5	1.1
<b>Total Minority</b>	<b>1</b>	<b>0.3</b>	<b>3.0</b>	<b>2</b>	<b>1.5</b>	<b>3.6</b>
White	270	84.4	77.6	108	80.6	75.4
Race Not Available	49	15.3	19.4	24	17.9	21.0
<b>Total</b>	<b>320</b>	<b>100.0</b>	<b>100.0</b>	<b>134</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	<b>1</b>	<b>0.3</b>	<b>2.1</b>	<b>1</b>	<b>0.8</b>	<b>2.3</b>
Not Hispanic or Latino	264	82.5	77.5	106	79.1	75.4
Joint (Hisp/Lat /Not Hisp/Lat)	<b>1</b>	<b>0.3</b>	<b>0.9</b>	<b>0</b>	<b>0.0</b>	<b>1.4</b>
Ethnicity Not Available	54	16.9	19.5	27	20.2	20.9
<b>Total</b>	<b>320</b>	<b>100.0</b>	<b>100.0</b>	<b>134</b>	<b>100.0</b>	<b>100.0</b>
<i>Source: US Census 2010, HMDA Aggregate Data 2016, HMDA LAR Data 2016 and 2017 *Due to rounding, totals may not equal 100.0 percent.</i>						

In 2016, the bank received 320 HMDA reportable loan applications from within its assessment area. Of these applications, 0.3 percent were received from minority applicants. The aggregate received 3.0 percent of applications from minority applicants. For the same time period, the bank also received 0.6 percent of applications from ethnic groups of Hispanic origin within its assessment area versus the aggregate that receive 3.0 percent of applications.

For 2017, the bank received 134 HMDA reportable loan applications from within its assessment area. Of these applications, 1.5 percent were received from minority applicants, as compared to the aggregate at 3.6 percent. For the same time period, the bank received 0.8 percent of applications from ethnic groups of Hispanic origin within its assessment area, as compared to the aggregate at 2.3 percent.

Considering the demographic composition of the assessment area and comparisons to aggregate data in 2016 and 2017, 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 non-metropolitan 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.

**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.

**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 non-metropolitan 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.

**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 refinancing 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.

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

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

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

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

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

**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.

**Non-metropolitan Area:** All areas outside of metropolitan areas. The definition of non-metropolitan 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 non-metropolitan areas.

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

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

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

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

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

**Upper-Income:** Individual income that is 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 35 Summer Street, North Brookfield, MA 01535."

[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.