

# **PUBLIC DISCLOSURE**

September 30, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

OneUnited Bank  
Certificate Number: 23966

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

OneUnited Bank's (OUB) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development (CD) 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 CD Test performance.

### **The Lending Test is rated Satisfactory.**

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and AA's credit needs.
- A majority of loans and other lending-related activities are in the institution's AA. OUB made a majority of its home mortgage loans inside of the AAs and a substantial majority of its consumer loans outside of the AAs. Based on the greater weight applied to home mortgage lending, this criterion is considered reasonable.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- The distribution of borrowers reflects reasonable penetration of home mortgage and consumer 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 Lending Test rating.

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

- The institution demonstrated adequate responsiveness to the CD needs of the AAs through CD loans, qualified investments, and CD services. Examiners considered the institution's capacity and the need and availability of such opportunities for CD in the AAs.

## SCOPE OF EVALUATION

### ***General Information***

This evaluation covers the period from the prior evaluation dated October 18, 2016, to the current evaluation dated September 30, 2019. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate OUB's CRA performance. These procedures include two tests: the CRA Small Bank Lending Test and the CD Test.

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

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

The CD Test considered the following factors.

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

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.

OUB has three AAs that include one in Southern California (Los Angeles County), one in eastern Massachusetts (Suffolk County), and one in southern Florida (Miami-Dade County). Examiners used full scope procedures to review the bank's CRA performance assigning separate ratings for each state. Examiners gave greater weight to loan and CD activities in the Los Angeles AA in the state of California, as it contains more deposit and lending activity than the other AAs.

### ***Loan Products Reviewed***

Examiners determined through a review of loan origination reports and discussions with bank management that the bank's major product lines are home mortgage and consumer loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. Bank records indicated that the lending focus and product mix remained consistent throughout the evaluation period. The bank did not originate small business, small farm, or any other loan types that represent a major product line. Home mortgage loans are analyzed and presented separately by property type (multi-family and 1 to 4 family residential) given the volume of each type in California.

Examiners analyzed the universe of home mortgage and Unity Visa secured consumer credit card loans originated in the period January 1, 2017, through December 31, 2018. During the review period, OUB originated or purchased 151 home mortgage loans totaling \$166.2 million and 5,096 consumer loans totaling \$2.3 million. Based on the bank's business strategy and volume of originations during the review period, home mortgage loans, specifically multi-family

residential loans are given more weight, followed by 1 to 4 family residential loans and consumer loans in the state of California. For the states of Massachusetts and Florida, more weight is given to 1 to 4 family home mortgage loans, followed by consumer loans and multi-family residential loans. While multi-family loans are offered in all AAs, the bank places a greater focus on that loan type in the Los Angeles AA.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and consumer credit card loans. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans under the geographic and borrower profile criterion as they are a better indicator of the number of individuals served. The bank's multi-family home mortgage lending performance is compared to 2017 and 2018 aggregate data and percentage of multi-family housing units. The bank's 1 to 4 family home mortgage lending performance is compared to 2017 and 2018 aggregate data, percentage of families (borrower profile), and percentage of owner-occupied housing units (geographic distribution). The bank's consumer lending performance is compared to percentage of households.

It is noted that multi-family mortgage loans data will not be analyzed under the Borrower Profile criterion since revenue information is not collected and reported.

For the CD Test, bank management provided data on CD loans, qualified investments, and CD services since the prior CRA Evaluation dated October 18, 2016. The evaluation of the bank's CD activities is limited to those loans, investments, and services for which management could demonstrate compliance with the CRA eligibility requirements. The evaluation of qualified investments includes prior-period investments remaining on the bank's books as of the evaluation date.

Examiners compared the bank's current performance against its previous CRA Performance Evaluation (PE), noting any differences, as well as similarly situated banks (SSB), as appropriate.

## DESCRIPTION OF INSTITUTION

### **Background**

OUB is a minority-owned, full service commercial bank headquartered in Boston, Massachusetts, and operates in Suffolk County in Massachusetts, Los Angeles County in California, and Miami-Dade County in Florida. OUB is a certified Community Development Financial Institution (CDFI). The institution received a Satisfactory CRA Rating at its previous joint FDIC and Division of Bank's PE based on Interagency Intermediate Small Institution Examination Procedures.

### **Operations**

OUB operates six full-service branch offices, including its headquarters location within its AA, of which three are in Massachusetts, two are in California, and one in Florida. The bank has no branch openings or closings and no merger or acquisition activities since the previous evaluation.

OUB offers a variety of personal and business banking products that includes deposit and loans. On the lending side, the bank offers residential single-family (1 to 4) and multi-family loans, and commercial real estate loans. The bank also offers the Unity Visa secured credit card, a loan product intended to help customers rebuild or strengthen their credit. The product includes a financial education component. On the deposit side, the bank offers personal and business checking, savings, and time certificate of deposit accounts. Alternative banking services include internet online banking with bill pay, mobile banking, mobile remote capture, night depository, and bank operated ATMs. In addition, the bank participates in the MoneyPass network, which provides bank customers with access to over 30,000 nationwide ATMs.

### **Ability and Capacity**

Assets totaled \$667.1 million as of June 30, 2019, and included total loans of \$508.8 million and securities totaling \$107.3 million. The loan portfolio is illustrated in the following table.

<b>Loan Portfolio Distribution as of 6/30/2019</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	0	0.0
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	32,678	6.4
Secured by Multifamily (5 or more) Residential Properties	466,103	91.6
Secured by Nonfarm Nonresidential Properties	7,491	1.5
<b>Total Real Estate Loans</b>	<b>506,272</b>	<b>99.5</b>
Commercial and Industrial Loans	23	0.0
Agricultural Loans	0	0.0
Consumer Loans	2,503	0.5
Other Loans	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>508,798</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

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

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. OUB designated three AAs comprised of three counties in the states of California, Massachusetts, and Florida. No AA changes have occurred since the previous PE. Listed below is a brief description of each AA.

- Los Angeles AA comprises the entirety of Los Angeles County. This county comprises the Los Angeles-Long Beach-Glendale, California Metropolitan Division (MD) #31084, which is in turn part of the Los Angeles-Long Beach-Anaheim, California Metropolitan Statistical Area (MSA) #31080.
- Suffolk AA comprises the entirety of Suffolk County. This county comprises part of the Boston, Massachusetts MD #14454, which is in turn part of the Boston-Cambridge-Newton, MA-NH MSA #14460.
- Miami AA comprises the entirety of Miami-Dade County. This county comprises the Miami-Miami Beach-Kendall, Florida MD #33124, which is in turn part of the Miami-Ft. Lauderdale-Pompano Beach, Florida MSA #33100.

The AAs comply with all of the technical requirements of the CRA regulation by containing whole geographies, not arbitrarily exclude any LMI areas, and not extending beyond an MSA boundary. The bank selected these geographies based on the location of the bank’s offices and the expectation of attracting and retaining a customer base within these geographies.

The following table details the bank’s AA composition and branches.

<b>AA Composition and Branches</b>				
<b>AA</b>	<b>MSA or MD</b>	<b>MSA or MD #</b>	<b>Counties</b>	<b>Branches</b>
Los Angeles	Los Angeles-Long Beach-Glendale, California	31084	Los Angeles	2
Boston	Boston, Massachusetts	14454	Suffolk	3
Miami	Miami-Miami Beach-Kendall, Florida	33124	Miami-Dade	1
<b>Total</b>				<b>6</b>
<i>Source: Bank Records</i>				

Refer to the individual states and AAs for additional information.



### ***Community Contact***

Examiners contact third parties active within the bank's defined AAs to assist in identifying the credit and CD needs. This information helps examiners determine whether local financial institutions are being responsive to identified needs. It also shows what credit and CD opportunities are available. Examiners reviewed five recent community contacts to assist in identifying the credit and CD needs. A summary of the community contacts is discussed within each full-scope AA analysis.

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

Refer to each individual AA for specific information on identified credit and CD needs and opportunities.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

OUB demonstrated reasonable 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 AA credit needs. The institution's LTD ratio, calculated from Call Report data, averaged 129.9 percent over the past 11 calendar quarters from December 31, 2016 to June 30, 2019. The ratio ranged from a low of 126.1 percent as of June 30, 2017 to a high of 134.9 percent as of September 30, 2017. The ratio was relatively consistent fluctuating no more than 7.0 percent in a quarter. Net loans increased 5.2 percent with a deposit increase of 0.4 percent over the evaluation period. OUB relies on Federal Home Loan Bank (FHLB) borrowings to help fund its lending activity. Specifically, OUB's FHLB borrowings have averaged \$234 million representing 35.0 percent during the review period.

Examiners identified two SSBs to compare the bank's LTD performance. The following table shows that OUB's average net LTD ratio compares favorably to two SSBs of similar asset size, AA demographics, and lending products.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 06/30/2019 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>OneUnited Bank</b>	<b>667,068</b>	<b>129.9</b>
Similarly-Situated Institution #1	427,516	128.4
Similarly-Situated Institution #2	403,075	93.6

*Source: Reports of Condition and Income 12/31/2016 through 06/30/2019*

### Assessment Area Concentration

A majority of OUB's home mortgage loans by both number and dollar volume were extended to borrowers inside of the bank's AA, while a substantial majority of consumer loans by both number and dollar volume, were originated outside of the AA. The bank's performance is similar to its performance at the previous evaluation. Examiners attributed more weight to the bank's home mortgage lending performance as it was the bank's primary loan product offered within the AAs during the review period.

### Home Mortgage Loans

The bank originated or purchased a majority of multi-family mortgages, by number and dollar volume, inside the combined AA. Multi-family mortgage lending, by number, within the combined AA averaged 63.7 percent.

The bank originated or purchased a majority of single family mortgages, by number and dollar volume, inside the combined AA. Single family mortgage lending, by number, within the combined AA averaged 85.7 percent.

### Consumer Loans

OUB originated a substantial majority of consumer loans by number and dollar volume outside the combined AA. The bank considers this a national loan product and primarily advertises and processes credit applications through its internet website. While by number of loans it represents a substantial majority of the bank's lending, by dollar volume, it represents a minor percentage.

The following table illustrates home mortgage and consumer loans inside and outside the combined AA during the evaluation period.

<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>	
Multifamily										
2017	33	70.2	14	29.8	47	55,510	68.6	25,393	31.4	80,903
2018	32	58.2	23	41.8	55	29,193	39.7	44,312	60.3	73,504
<b>Total</b>	<b>65</b>	<b>63.7</b>	<b>37</b>	<b>36.3</b>	<b>102</b>	<b>84,703</b>	<b>54.9</b>	<b>69,705</b>	<b>45.1</b>	<b>154,407</b>
One to Four Family										
2017	23	95.8	1	4.2	24	5,445	97.6	133	2.4	5,578
2018	19	76.0	6	24.0	25	4,133	65.9	2,135	34.1	6,268
<b>Total</b>	<b>42</b>	<b>85.7</b>	<b>7</b>	<b>14.3</b>	<b>49</b>	<b>9,578</b>	<b>80.9</b>	<b>2,268</b>	<b>19.1</b>	<b>11,846</b>
Consumer										
2017	349	11.4	2,723	88.6	3,072	161	11.6	1,223	88.4	1,384
2018	224	11.1	1,800	88.9	2,024	113	11.8	838	88.2	951
<b>Total</b>	<b>573</b>	<b>11.2</b>	<b>4,523</b>	<b>88.8</b>	<b>5,096</b>	<b>274</b>	<b>11.7</b>	<b>2,061</b>	<b>88.3</b>	<b>2,335</b>

Source: Evaluation Period: 1/1/2017 - 12/31/2018 Bank Data

### Geographic Distribution

Overall, OUB's geographic distribution of loans reflects reasonable dispersion throughout the AAs. The bank's performance was generally consistent across the AAs and the bank's percentage of lending in LMI census tracts (CT) generally exceeded demographic and aggregate data. Examiners focused on the percentage of loans located in LMI CTs. Refer to each respective full-scope analysis for further details.

## **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels in the AA. The bank's reasonable performance of home mortgage and consumer lending supports this conclusion. Examiners focused on the percentage by number of loans to loans to LMI borrowers. Performance was generally consistent across AAs. Refer to each respective full-scope analysis for further details.

## **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**

OUB demonstrated adequate responsiveness to the CD needs of the AAs through CD loans, qualified investments, and CD services. Examiners considered the institution's capacity and the need and availability of such opportunities in the AAs, as well as the performance of SSBs in determining the overall assessment.

### **Community Development Loans**

OUB originated 40 CD Loans totaling \$46.2 million during the evaluation period. All qualified CD lending activities were multi-family affordable housing originations in California. This activity level represents 7.0 percent of average assets and 9.4 percent of average total loans. The bank's volume of CD loans has decreased by both number and dollar since the previous evaluation where the bank originated 104 CD loans totaling \$96.7 million. This represented 15.5 percent of average total assets and 22.5 percent of average total loans. While the volume of CD loans has declined, the bank continues to meet the important need for affordable housing.

Refer to the CD loan section of each full-scope AA for specific details of CD lending activity during the review period.

### **Qualified Investments**

OUB made or continues to hold 110 qualified equity investments and donations totaling approximately \$1.9 million. The bank made one new equity investment totaling \$100,000 and continues to hold 7 prior period qualified equity investments totaling \$1.6 million. The bank provided 102 qualified donations totaling \$184,822. These qualified equity investments and donations address affordable housing, community service, and economic development activities within the bank's AAs.

The majority of the equity investments are certificates of deposits at CD or minority-owned financial institutions located throughout the country, including two CDFIs located in California. The dollar amount of investments equals 0.30 percent of average total assets and 1.4 percent of

average total investments since the previous evaluation. The table details the bank’s CD investments and donations by AA and purpose.

<b>Qualified Investments by Assessment Area</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	0	0	7	1,491	0	0	0	0	7	1,491
Los Angeles AA	0	0	0	0	0	0	0	0	0	0
Boston AA	0	0	0	0	0	0	0	0	0	0
Miami AA	0	0	0	0	0	0	0	0	0	0
Nationwide Activities	0	0	1	100	0	0	0	0	1	100
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>1,591</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>1,591</b>
Qualified Grants & Donations	7	5	61	99	32	71	2	10	102	185
<b>Total</b>	<b>7</b>	<b>5</b>	<b>69</b>	<b>1,690</b>	<b>32</b>	<b>71</b>	<b>2</b>	<b>10</b>	<b>110</b>	<b>1,776</b>

*Source: Bank Records*

Refer to the CD investment section of each full-scope AA for specific details of CD investment and donation activity during the review period.

**Community Development Services**

During the evaluation period, employees provided 112 instances of financial expertise or technical assistance to more than 28 different CD organizations for a total of 968 hours in the bank’s AAs. The volume of instances of CD service is comparable to CD service instances provided during the previous evaluation, where the bank provided 112 instances of CD services. The following table shows the bank’s CD services by State and purpose.

<b>Community Development Services by State</b>					
<b>Rated Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
California	0	32	2	0	<b>34</b>
Massachusetts	0	21	8	0	<b>29</b>
Florida	0	35	6	0	<b>41</b>
Nationwide Activities	0	8	0	0	<b>8</b>
<b>Total</b>	<b>0</b>	<b>96</b>	<b>16</b>	<b>0</b>	<b>112</b>
<i>Source: Bank Records</i>					

Refer to the CD service section of each full-scope AA for details regarding the bank’s CD service activities during the review period.

## **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.

## STATE OF CALIFORNIA

**CRA RATING FOR CALIFORNIA FROM THE FDIC: Satisfactory**

**CRA RATING FOR CALIFORNIA FROM THE DIVISION: High Satisfactory**

### **FDIC RATINGS:**

**The Lending Test is rated: Satisfactory**

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

### **DIVISION OF BANKS RATINGS:**

**The Lending Test is rated: High Satisfactory**

**The Community Development Test is rated: High Satisfactory**

### **SCOPE OF EVALUATION**

The state of California's CRA Rating is based on a full-scope evaluation of the bank's performance in the Los Angeles AA. During the evaluation period, OUB originated 92 home mortgage loans totaling \$116.7 million within the state of California, 71 of which were within the bank's Los Angeles AA totaling \$81.8 million. The bank originated 836 consumer loans totaling \$405,565 in the state of California, of which 382 were within the bank's Los Angeles AA totaling \$177,140.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN CALIFORNIA**

OUB operates two branches in the state of California. No branches were opened or closed in California during the review period.

### **CONCLUSIONS ON PERFORMANCE CRITERIA IN CALIFORNIA**

The bank's performance in the State of California is "Satisfactory" for both the Lending Test and CD Test. Refer to the full-scope review of the Los Angeles AA for details.

## **METROPOLITAN AREAS USING FULL-SCOPE EXAMINATION PROCEDURES**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN LOS ANGELES ASSESSMENT AREA**

The Los Angeles AA includes the entire county of Los Angeles. OUB operates two branches in this AA. The Compton Branch is in a moderate-income CT and the Los Angeles (Crenshaw) Branch is in an upper-income CT. The largest percentage of OUB's AA CTs, lending, and deposit activities are contained within this AA, which is consistent with the bank's footprint and resources.

The Los Angeles AA accounts for the following:

- 33.3 percent of the bank's branch network
- 79.5 percent of total deposits
- 76.4 percent of combined CTs
- 66.4 percent of residential loans by number and 86.9 percent of residential loans by dollar amount
- 66.7 percent and 64.7 percent of consumer loans by number and dollar amount, respectively
- 100.0 percent by number and by dollar volume of CD loans
- 15.3 percent by dollar of qualified investments
- 34.4 percent of CD service activity instances and 15.5 percent of CD service hours

### **Economic and Demographic Data**

The Los Angeles AA contains 2,346 CTs, of which 221 are low-, 674 are moderate-, 583 are middle-, 817 are upper-income, and 51 CTs have no income designation. The following table provides a summary of the AA demographics, and housing information.



<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Los Angeles</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)	2,346	9.4	28.7	24.9	34.8	2.2
Population by Geography	10,038,388	8.6	29.3	26.3	35.1	0.8
Housing Units by Geography	3,476,718	7.8	26.3	24.8	40.6	0.5
Owner-Occupied Units by Geography	1,499,879	2.4	17.2	26.6	53.7	0.1
Occupied Rental Units by Geography	1,763,190	12.2	34.2	23.6	29.2	0.9
Vacant Units by Geography	213,649	8.7	25.4	22.8	42.2	1.0
Family Distribution by Income Level	2,186,485	24.5	16.3	16.7	42.4	0.0
Household Distribution by Income Level	3,263,069	25.9	15.4	15.8	43.0	0.0
Median Family Income MSA - 31084 Los Angeles-Long Beach- Glendale, CA MD		\$62,703	Median Housing Value			\$495,540
			Median Gross Rent			\$1,292
			Families Below Poverty Level			14.3%
<i>Source: 2010 U.S. Census &amp; 2015 ACS Census and 2018 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 following economic data was obtained from Moody's Analytics as of September 2019.

Los Angeles County's economy is an advanced stage of expansion that is growing at a slower rate than in previous years. The area's job growth is less than the national average and well below its cyclical peak reached in 2016. Los Angeles continues to have a tight labor market with rising wages; however, wage growth is less than the growth in California's other large economies. Home sales have increased significantly from January to July 2019 while the unemployment rate continues to remain low at 4.7 percent since October 2018. The area's strengths include a strong healthcare base and a growing tech presence that create well-paying jobs; global links through entertainment, tourism, and fashion; and the San Pedro Harbor that enables the area to handle megaships that other ports cannot accommodate. Los Angeles's weaknesses include high costs that hinder net migration gains and susceptibility to disasters including drought, wildfires, and earthquakes. The top employers in Los Angeles County are the University of California Los Angeles, Kaiser Permanente, and the University of Southern California.

The 2018 FFIEC-updated 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.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Los Angeles-Long Beach-Glendale, CA MD Median Family Income (31084)				
2018 (\$69,300)	<\$34,650	\$34,650 to <\$55,440	\$55,440 to <\$83,160	≥\$83,160
<i>Source FFIEC</i>				

### **Competition**

OUB operates in a highly competitive market that includes a number of large national and regional financial institutions within the Los Angeles AA. According to the June 30, 2019 Deposit Market Share Report, the AA had 101 financial institutions with \$440.2 billion in deposits operating 1,715 branches. The top 4 institutions control approximately 50.0 percent of the Los Angeles AA’s deposit market share with \$232.5 billion in deposits. OUB operates 2 branches that maintain \$304.7 million in deposits representing 0.1 percent of the AA’s deposits.

OUB operates in a competitive market for home mortgage loans in its Los Angeles AA. Based on 2018 aggregate data, 844 lenders originated and purchased 209,249 loans for \$108.7 billion. Large nationwide banks and mortgage lenders rank at the top of the mortgage lender market share and included JP Morgan Chase NA, Wells Fargo Bank NA, Bank of America NA, and Quicken Loans. The top four lenders originated or purchased approximately 23.3 percent and 25.5 percent of home mortgage loans by number and dollar, respectively. OUB shares a rank of 363<sup>rd</sup> with a nominal market share.

### **Community Contacts**

Examiners reviewed three recent community contacts in conjunction with the evaluation of the Los Angeles AA. One of the contacts is an economic development organization whose mission is to address the needs of the community through affordable housing, leadership development, and small business support. The contact indicated that affordable housing represents the largest needs, as the population of homeless individuals or families at-risk of homelessness is growing. Unskilled immigrants in Los Angeles have difficulty obtaining substantive employment to meet basic housing needs. There is a need for affordable housing support, job training, and financial education. Low-cost small dollar loans between \$500 and \$10,000 for startup businesses is an opportunity that can be pursued by local institutions.

The second community contact is a nonprofit counseling agency that provides financial guidance and education to Los Angeles Residents. Services include foreclosure prevention, first time home buying, and credit counseling in coordination with local schools and organizations. Hispanic individuals with limited English proficiency have difficulty obtaining employment and building credit. Limited housing stock has reduced affordability in the area. The contact believes that financial institutions can better serve the community by providing bilingual financial education.

The third community contact is a community-based development corporation whose mission is to help sustain, coordinate, and improve local planning, development, and community services that address the needs of low-income and working-class residents and small businesses. The contact indicated that there is a need for small business loans for start-up businesses, especially those that lack a two-year business operations history. There is also a need for affordable credit products to help individuals rebuild credit at a more reasonable cost. The contact also noted that affordable housing continues to be a primary need in Los Angeles. While there are many first time homebuyer workshops, the contact stated that having follow-up workshops would be beneficial for many first-time homebuyers.

### **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 loans and financial education are primary needs in the AA. The rising home costs and population of housing-insecure families support this conclusion. Low-income families and individuals with limited English proficiency are in need of workforce development and financial education to build credit.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN LOS ANGELES ASSESSMENT AREA**

### **LENDING TEST**

OUB demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile primarily support this conclusion.

#### **Geographic Distribution**

The bank's geographic distribution of home mortgage and consumer loans reflects excellent dispersion throughout the AA. Examiners focused on the percentage by number of loans in LMI CTs. This conclusion was supported by an excellent volume of home mortgage and consumer loans within the LMI geographies of the AA.

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

The bank's geographic distribution of home mortgage lending reflects excellent penetration throughout the AA. This conclusion is primarily supported by the excellent distribution of multi-family mortgage loans and reasonable distribution of 1 to 4 family residential mortgage loans. While both the bank's multi-family and 1 to 4 family residential lending support this conclusion, more weight is placed on multi-family lending as this is the bank's primary loan product in this AA.

#### **Multi-family Mortgage Loans**

The bank's geographic distribution of multi-family mortgage lending reflects excellent dispersion throughout the AA. More weight was placed on lending in moderate-income CTs as

demographics show more opportunities to lend in those tracts. Refer to the following table for details.

<b>Geographic Distribution of Home Mortgage Loans - Multifamily</b>						
<b>Assessment Area: Los Angeles AA</b>						
<b>Tract Income Level</b>	<b>% of Multifamily Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2017	12.7	16.1	8	25.8	14,124	27.4
2018	12.7	14.3	3	12.0	1,785	6.6
<b>Moderate</b>						
2017	31.2	38.4	15	48.4	16,470	32.0
2018	31.2	37.6	14	56.0	15,550	57.4
<b>Middle</b>						
2017	22.2	21.0	5	16.1	13,771	26.7
2018	22.2	22.2	6	24.0	6,920	25.5
<b>Upper</b>						
2017	33.9	24.1	3	9.7	7,158	13.9
2018	33.9	23.9	2	8.0	2,850	10.5
<b>Not Available</b>						
2017	0.0	0.4	0	0.0	0	0.0
2018	0.0	2.0	0	0.0	0	0.0
<b>Totals</b>						
<b>2017</b>	<b>100.0</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>51,523</b>	<b>100.0</b>
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>	<b>27,105</b>	<b>100.0</b>

*Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 & 2018 HMDA Aggregate Data, "--" data not available.*

The bank's 2017 lending exceeded both aggregate lending as well as the demographic of multi-family housing units in LMI CTs. Specifically, the bank's lending in low-income CT's exceeded aggregate lending by nearly 10.0 percentage points. Lending in moderate-income CT's exceeded aggregate by 10.0 percentage points as well.

The bank's 2018 multi-family lending in low-income CT's by both number and percentage of loans decreased significantly. Specifically, originations in low-income CTs decreased by 5 loans (62.5 percent) and was slightly below aggregate lending by 2.3 percentage points. The number of multi-family loans in moderate-income CTs decreased by 1 loan; however, the percentage of lending was nearly 20.0 percentage points above aggregate lending. Overall, the bank's LMI multi-family lending performance reflects very favorably on the bank.

### 1 to 4 Unit Residential Mortgage Loans

The bank's geographic distribution of home mortgage loans reflects reasonable dispersion in this AA. When comparing the bank's performance to aggregate data, the bank's low lending volume limits the statistical performance results.

In 2017, OUB originated or purchased seven 1 to 4 family mortgage loans in the AA of which 1 loan was in a low-income CT (14.3 percent) and 5 loans in moderate-income CT's (71.4 percent). Aggregate lending performance shows that 3.0 percent and 19.0 percent of loans were made in LMI CTs, respectively. While the percentage of loans originated in LMI CTs were 11.3 percent and 52.4 percentage points higher than aggregate lending respectively, the low lending volume minimizes the significance of the percentages providing limited material support for conclusions.

The bank's 2018 1 to 4 family lending shows similar results with only eight loans originated or purchased. Of these 8 loans, 2 are in low-income CT's (25.0 percent) and 2 in moderate-income CT's (25.0 percent). Aggregate lending performance shows that 3.2 percent and 18.5 percent of loans were made in LMI CTs, respectively. Lending performance in LMI CT's is approximately 22.0 percentage points and 7.0 percentage points greater than aggregate; however, similar to 2017 lending, the low lending volume minimizes the significance of the percentages providing limited material support for conclusions.

### ***Consumer Loans***

The bank's geographic distribution of consumer lending reflects excellent penetration. The bank's consumer lending in LMI CTs supports this conclusion. See the following table for details.

<b>Geographic Distribution of Consumer Loans</b>					
<b>Assessment Area: Los Angeles AA</b>					
<b>Tract Income Level</b>	<b>% of Households</b>	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<b>Low</b>					
2017	7.7	31	13.0	22,050	19.2
2018	7.7	24	16.7	7,650	12.3
<b>Moderate</b>					
2017	26.4	93	39.1	33,500	29.1
2018	26.4	63	32.6	22,900	36.9
<b>Middle</b>					
2017	24.9	57	24.0	28,200	24.5
2018	24.9	31	21.5	18,790	30.3
<b>Upper</b>					
2017	40.5	56	23.5	28,850	25.1
2018	40.5	24	16.7	11,500	18.5
<b>Not Available</b>					
2017	0.5	1	0.4	2,500	2.2
2018	0.5	2	1.4	1,200	1.9
<b>Totals</b>					
<b>2017</b>	<b>0.0</b>	<b>238</b>	<b>100.0</b>	<b>115,100</b>	<b>100.0</b>
<b>2018</b>	<b>0.0</b>	<b>144</b>	<b>100.0</b>	<b>62,040</b>	<b>100.0</b>
<i>Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0</i>					

The bank's 2017 lending exceeded demographic data in both LMI CTs. The number of loans originated in LMI CTs is 5.3 percentage points and 12.7 percentage points greater than the percentage of households, respectively. This reflects favorably on the bank's consumer lending performance in LMI CTs.

The bank's 2018 lending decreased over 39.0 percent from 2017 lending, which resulted partly from a decline in marketing efforts. As a result, the number of consumer loan originations decreased in both LMI CTs by approximately 23.0 percent and 32.0 percent, respectively. Despite the decline in the number of originations, lending by percentage of loans in LMI CT's was similar to 2017 lending performance remaining above demographic data by 9.0 percentage points and 6.2 percentage points, respectively. Overall, lending trends reflect favorably on the bank's consumer lending performance in LMI CTs.

### **Borrower Profile**

The distribution of loans reflects reasonable penetration among individuals of different income levels. This conclusion is primarily supported by an adequate level of home mortgage and an

excellent level of consumer loans to LMI individuals in this AA. Examiners placed greater weight on home mortgage loans.

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

OUB's distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels. This conclusion is primarily supported by an adequate level of home mortgage and an excellent level of consumer loans to LMI individuals in this AA. Examiners placed greater weight on home mortgage loans.

The bank's distribution of 1 to 4 family residential mortgage loans exhibits reasonable penetration among individuals of different income levels. Examiners focused on the bank's loans to LMI borrowers. When compared to aggregate data, the bank's statistical performance was limited by the low lending volume.

In 2017, the bank made seven 1 to 4 family residential mortgage loans of which one loan (14.3 percent) was originated to a low-income borrower and no loans to moderate-income borrowers. Aggregate performance to LMI borrowers was low at 2.0 percent and 5.8 percent, respectively.

In 2018, the bank made eight 1 to 4 family residential mortgage loans. One loan was originated to a low- and 1 loan to a moderate-income borrower, each accounting for 12.5 percent of originations. In both cases the bank exceeded the aggregate performance by 9.2 percent among low-income borrowers and 6.6 percent among moderate-income borrowers. While this reflects positively on the bank's performance, the low volume of loans minimizes the significance of the percentages providing limited material support for conclusions.

While the bank's lending to low-income borrowers is far below the percentage of families, it is understandable given the high median housing value at nearly \$500,000. A family making less than \$34,650 would have difficulty qualifying for most homes in the AA, as reflected by the aggregate lending trends. The high percentage of families that live below poverty (14.7 percent) in the AA, further reflects challenges in home mortgage lending to low-income borrowers.

### ***Consumer Loans***

OUB's consumer lending shows excellent penetration among individuals of different income levels. Examiners compared the bank's activity to the percentage of households by income level. The following table shows the distribution of consumer loans by borrower income level for both 2017 and 2018.

<b>Distribution of Consumer Loans by Borrower Income Level</b>					
<b>Assessment Area: Los Angeles AA</b>					
<b>Borrower Income Level</b>	<b>% of Households</b>	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<b>Low</b>					
2017	25.9	86	36.1	33,050	28.7
2018	25.9	49	34.0	16,740	27.0
<b>Moderate</b>					
2017	15.4	76	31.9	35,700	31.0
2018	15.4	47	32.6	18,250	29.4
<b>Middle</b>					
2017	15.8	46	19.3	21,850	19.0
2018	15.8	29	20.1	12,750	20.6
<b>Upper</b>					
2017	43.0	30	12.6	24,500	21.3
2018	43.0	19	13.2	14,300	23.1
<b>Totals</b>					
<b>2017</b>	<b>0.0</b>	<b>238</b>	<b>100.0</b>	<b>115,100</b>	<b>100.0</b>
<b>2018</b>	<b>0.0</b>	<b>144</b>	<b>100.0</b>	<b>62,040</b>	<b>100.0</b>

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

In 2017, the bank’s lending to LMI borrowers exceeded the percentage of households approximately by 10.0 percentage points and 17.0 percentage points, respectively. These percentages reflect very favorably on the bank’s lending performance.

In 2018, the number of consumer loan originations declined by nearly 40.0 percent. While the number of consumer loans declined, the bank’s lending to LMI borrowers again exceeded the percentage of households by approximately 8.0 percentage points and 17.0 percentage points, respectively. The reason for the decline is partly due to a reduction in the bank’s marketing efforts for its secured credit card product. Despite this change, the overall number, dollar, and percentage of consumer lending demonstrates the bank’s efforts to extend credit in this AA, especially to LMI borrowers reflecting very favorably on performance.

### **COMMUNITY DEVELOPMENT TEST**

OUB demonstrated adequate responsiveness to the CD needs of the Los Angeles AA through CD loans, qualified investments, and CD services. Examiners determined that the bank’s responsiveness to the CD needs of its Los Angeles AA allows for the consideration of CD activities that benefit the broader statewide area. Examiners considered the bank’s capacity and the need and availability of such opportunities in the AA, as well as the performance of five SSBs in determining the overall assessment.



## Community Development Loans

OUB originated 40 CD loans totaling approximately \$46.1 million during the evaluation period, which accounts for 100.0 percent by number and dollar of total CD loans. The volume of CD loans reflects a significant decline since the previous evaluation where the bank originated 98 CD loans totaling \$92.8 million. The bank's current CD loan activity represents 9.4 percent of average total loans compared to 22.5 percent at the previous evaluation. While the number and dollar volume of qualified CD lending activity has declined from the previous CRA Evaluation, the performance remains comparable to AA SSBs. These SSBs had CD loans to average total loans ranging from 2.9 percent to 61.3 percent. OUB exceeded the performance of three of the five SSB's by percentage of average total loans. The following table shows the number and dollar volume of CD loans originated in the Los Angeles AA by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
10/19/16-12/31/16	7	7,573	0	0	0	0	0	0	7	7,573
2017	15	20,363	0	0	0	0	0	0	15	20,363
2018	12	12,542	0	0	0	0	0	0	12	12,542
Year-to-date (YTD) 2019	6	5,696	0	0	0	0	0	0	6	5,696
<b>Total</b>	<b>40</b>	<b>46,174</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>46,174</b>

*Source: Bank Records*

As shown in the table, all of the bank's CD loans addressed affordable housing, which is an identified need in the AA. However, none of the loans made provided any new affordable housing units or made improvements to existing affordable housing in the AA. In addition to the loans in the table, statewide activity includes an additional 17 loans totaling \$23.9 million that promotes similar affordable housing loans. Below are three notable examples of the bank's AA CD lending:

- In 2019, OUB originated a \$2.1 million real estate secured loan to refinance an existing 20-unit apartment building in a low-income CT. All units rent below fair market rent and would likely benefit LMI individuals.
- In 2018, OUB originated a \$1.1 million real estate secured loan to finance the purchase of an existing 6-unit multi-family apartment building in a moderate-income CT. All units rent below fair market rents and would likely benefit LMI individuals.
- In 2017, OUB originated a \$740,000 real estate secured loan to finance the purchase of an existing 9-unit multi-family apartment building in a low-income CT. All units rent below fair market rent and would likely benefit LMI individuals.

## **Community Development Investments**

OUB made or held 27 qualified equity investments and donations totaling \$271,550 within the Los Angeles AA during the review period. This represents a 15.6 percent by number and 22.4 percent by dollar volume. OUB's qualified investment and donations decrease from the previous evaluation where the bank made 32 qualified investments for approximately \$349,805. The one prior-period equity investment is a municipal bond with a balance of \$245,000 to support the Los Angeles Unified School District where more than 50.0 percent of the students receive free or reduced lunch. The bank also granted 25 donations totaling \$26,550 during the review period; 2 for \$1,250 in 2016, 6 for \$4,750 in 2017, 9 for \$14,100 in 2018, and 8 for \$6,450 in YTD 2019. The donations provided include organizations serving community service and economic development needs.

The bank's current qualified investment activity represents only 0.2 percent of average total investments compared to 22.5 percent at the previous evaluation. The current average qualified investment percentage is far below the previous evaluation percentage. The 5 identified SSBs had total qualified investments to average total investments ranging from 0.1 percent to 8.5 percent. The bank's performance was similar to two of the five SSBs.

Listed below are two notable examples of AA grants provided by the bank during the review period.

- During the review period, the bank provided 3 donations totaling \$4,000 to non-profit organizations that focus on food distribution to LMI individuals.
- During the review period, the bank provided 2 donations totaling \$3,000 to a community development financial institution. Funds will assist in providing financial and educational services to underserved small business persons and communities.

## **Community Development Services**

During the review period, employees provided 34 instances of financial expertise or technical assistance to 10 organizations for a total of 150 hours of qualified CD services in the AA. The volume of CD service instances has decreased by 19.0 percent since the previous evaluation, where the bank provided 42 instances of CD services in the AA. However, the bank's performance is similar to a couple of SSBs in the AA. Specifically, 3 of the 5 SSBs had CD service instances ranging 9 to 103 with the bank exceeding 2 of the SSBs. The remaining 2 SSBs only reported community service hours with 1 showing 225 hours and the 2<sup>nd</sup> showing 1,811 hours. The following table presents qualified CD activities by year and CD purpose.

<b>Community Development Services- Los Angeles AA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
10/19/16-12/31/16	0	0	0	0	<b>0</b>
2017	0	16	1	0	<b>17</b>
2018	0	16	1	0	<b>17</b>
YTD 2019	0	0	0	0	<b>0</b>
<b>Total</b>	<b>0</b>	<b>32</b>	<b>2</b>	<b>0</b>	<b>34</b>
<i>Source: Bank Records</i>					

Listed below are notable examples of CD services provided in the Los Angeles AA during the evaluation period:

- In all years since the previous evaluation, one bank officer contributed financial oversight and expertise to a non-profit organization that provides community services to LMI youth and homeless in the bank's AA. The employee serves on the board of the organization.
- In all years since the previous evaluation, a bank officer served on the loan review committee of a small business development corporation that offers programs designed to help small businesses including financial literacy, educational services, loans, and consulting services.

In addition, OUB operates one branch in a moderate-income CT. This branch location demonstrates the availability of banking services to LMI individuals.

## STATE OF MASSACHUSETTS

**CRA RATING FOR MASSACHUSETTS: Satisfactory**

**The Lending Test is rated: Satisfactory**

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

### SCOPE OF EVALUATION

The State of Massachusetts CRA Rating is based on a full-scope evaluation of the bank's performance in the Boston AA. During the evaluation period, OUB originated 25 home mortgage loans totaling \$7.4 million within the State of Massachusetts, 20 of which were within the bank's Boston AA totaling \$5.6 million. The bank originated 141 consumer loans totaling \$84,375 in the State of Massachusetts, 76 of which were within the bank's Boston AA totaling \$38,300.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN MASSACHUSETTS

OUB operates three branches in the state of Massachusetts. The bank operates one branch each in a low-, moderate-, and upper-income CTs. No branches were opened or closed in Massachusetts during the review period.

### CONCLUSIONS ON PERFORMANCE CRITERIA IN MASSACHUSETTS

The bank's performance in the State of Massachusetts is "Satisfactory" for the Lending Test and "Satisfactory" for the CD Test. Refer to the full-scope review of the Boston AA for details.

## **METROPOLITAN AREAS USING FULL-SCOPE EXAMINATION PROCEDURES**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN BOSTON ASSESSMENT AREA**

The Boston AA consists of the entire county of Suffolk. OUB operates two branches and its headquarters in this AA. The Roxbury branch is in a low- and the Dorchester branch is in a moderate-income CT. The bank's Boston Headquarters location is in an upper-income CT with no cash transactions occurring at this location.

The Boston AA accounts for the following:

- 50.0 percent of the bank's branch network
- 6.7 percent of total deposits
- 6.6 percent of combined CTs
- 18.7 percent by number and 5.9 percent by dollar amount of residential loans
- 13.3 percent by number and 14.0 percent by dollar amount of consumer loans
- 0.0 by number and by dollar volume of CD loans
- 4.2 percent by dollar of qualified investments
- 25.9 percent of CD service activity instances and 41.5 percent of CD service hours

### **Economic and Demographic Data**

The Boston AA contains 204 CTs, of which 47 are low-, 64 are moderate-, 45 are middle-, 35 are upper-income, and 13 CTs have no income designation. The following table provides a summary of relevant AA demographic information.

Demographic Information of the Assessment Area						
Assessment Area: Boston AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	204	23.0	31.4	22.1	17.2	6.4
Population by Geography	758,919	22.2	38.0	23.8	14.9	1.1
Housing Units by Geography	321,386	19.4	36.0	24.1	19.2	1.3
Owner-Occupied Units by Geography	105,671	9.8	33.6	32.6	23.0	1.0
Occupied Rental Units by Geography	191,001	24.6	37.4	20.1	16.6	1.3
Vacant Units by Geography	24,714	20.6	35.4	19.0	23.3	1.7
Family Distribution by Income Level	147,054	38.1	17.6	15.9	28.4	0.0
Household Distribution by Income Level	296,672	35.9	14.9	15.1	34.1	0.0
Median Family Income MSA - 14454 Boston, MA MD		\$90,699	Median Housing Value			\$406,607
			Median Gross Rent			\$1,312
			Families Below Poverty Level			16.3%
<i>Source: 2010 U.S. Census &amp; 2015 ACS Census and 2018 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 following economic data was obtained from Moody's Analytics as of June 2019.

Boston is experiencing a tight labor market. Employment growth has decelerated steadily over the past two years to 0.8 percent, which is less than half of the nation's employment growth rate. Similarly, the housing market is also tight with the rental vacancy rate at an all-time low. Multi-family construction has significantly decreased from its cyclical peak in early 2018. Many domestic residents have migrated out of Suffolk County due to elevated house prices and low rental affordability. The unemployment rate has decreased from 3.4 percent in September 2018 to 2.8 percent in February 2019. Boston's strengths include access to a skilled labor force and venture capital for emerging companies, dynamic high-tech and biomedical research industries, and labor market stability due to education and healthcare. The area's weaknesses include high business and living costs and a heightened exposure to cyclical finance and tech. The top employers in Suffolk County include Partners HealthCare, the University of Massachusetts, and Stop & Shop Supermarket Company.

The 2018 FFIEC-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The following table shows the AA low-, moderate-, middle- and upper-income categories.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Boston, MA MD Median Family Income (14454)</b>				
2018 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160
<i>Source FFIEC</i>				

### **Competition**

OUB operates in a competitive market that includes a number of large national and regional financial institutions within the Boston AA. According to the June 30, 2019 Deposit Market Share Report, the AA had 41 financial institutions with \$214.2 billion in deposits operating 238 branches. The top 4 institutions control approximately 87.1 percent of the Boston AA’s deposit market share with \$186.5 billion in deposits. OUB operates 3 branches that maintain \$25.5 million in deposits representing 0.01 percent of the AA’s deposits.

OUB operates in a competitive market for home mortgage loans in its Boston AA. Based on 2018 aggregate data, 429 lenders originated and purchased 18,181 loans for \$9.6 billion. Large nationwide banks and mortgage lenders rank at the top of the mortgage lender market share and include Citizens Bank NA, Wells Fargo Bank NA, First Republic Bank, and Guaranteed Rate, Incorporated. The top 4 lenders originated or purchased approximately 19.3 percent of the loans by number and 21.1 percent by dollar. OUB shares a rank of 175<sup>th</sup> with a 0.1 percent market share.

### **Community Contacts**

Examiners reviewed a recent community contact in conjunction with the evaluation of the Boston AA. One of the contacts is an economic development organization focused on collaborating with local programs to increase investment and equity. The contact indicated that the AA has a significant affordable housing shortfall due to high living costs coupled with large populations of unskilled labor working at minimum wage in the area. There has been a reduction of bank branches in the AA due to fintech and online banking advancements which disproportionately impacts LMI individuals. The contact noted a need for financial education for small businesses and a need for affordable housing programs to increase the volume of units in the area.

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

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that home mortgage loans and workforce development are primary needs in the AA. The affordable housing shortfall coupled with the migration of individuals out of the Boston area support this conclusion. In addition, low-income families are in need of financial resources in the area of credit building and finding descent affordable housing.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN BOSTON ASSESSMENT AREA**

### **LENDING TEST**

OUB demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile primarily support this conclusion. The bank originated no multi-family loans in the AA and it is not weighted heavily.

#### **Geographic Distribution**

The bank's geographic distribution of home mortgage and consumer loans reflects reasonable dispersion throughout the AA. Examiners focused on the percentage by number of loans in LMI CTs. This conclusion was supported by an adequate volume of home mortgage and consumer loans within the LMI geographies of the AA.

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

The bank's geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. This conclusion is primarily supported by the reasonable distribution of 1 to 4 family residential mortgage loans and a poor distribution of multi-family loans. Examiners placed more weight on the bank's 1 to 4 family residential mortgage performance.

#### **Multi-family Loans**

The bank originated no multi-family loans in 2017 or 2018. This performance is considered poor. Demographic data from 2018 shows over 131,930 multi-family housing units in the AA of which 26,290 units are in low- and 40,354 units are in moderate-income CTs. Further, 2018 aggregate lending data shows 18.4 percent and 39.4 percent of multi-family housing loans were originated in low- and moderate-income geographies, respectively.

#### **1 to 4 Family Residential Mortgage Loans**

The bank's geographic distribution of home mortgage lending reflects reasonable dispersion in this AA. When comparing the bank's performance to aggregate data, the bank's low lending volume limits the statistical performance results.

OUB made 10 loans for \$2.8 million in 2017, of which 4 loans for \$1.1 million and 5 loans for \$1.6 million were in LMI CTs. Lending in low-income CTs by number of loans at 40.0 percent greatly exceeds aggregate performance by 28.4 percentage points. Similarly, the bank's performance in moderate-income CTs at 50.0 percent also exceeds aggregate data by 15.2 percentage points.

In 2018, the bank originated or purchased 10 loans for \$2.8 million, of which 1 loan for \$161,000 and 7 loans for \$2.1 million were in LMI CTs. While lending in low-income CTs declined significantly by both number and percentage of loans, the bank's performance at 10.0 percent nearly mirrors aggregate performance at 10.9 percent. Lending in moderate-income CTs



increased by both number and percentage of loans. The bank's performance at 70.0 percent of loans significantly exceeds aggregate performance at 34.9 percent.

The bank's performance by percentage of loans in LMI CTs in 2017 and in moderate-income CTs in 2018 reflects favorably on home mortgage lending in LMI areas; however, the overall low volume of loans minimizes the significance of the percentages and helps to explain the reasonable conclusion.

### ***Consumer Loans***

The bank's geographic distribution of consumer lending reflects reasonable dispersion. The bank's consumer loan originations in LMI CTs supports this conclusion. See the following table for details.

<b>Geographic Distribution of Consumer Loans</b>					
<b>Assessment Area: Boston AA</b>					
<b>Tract Income Level</b>	<b>% of Households</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2017	19.3	15	38.5	5,050	31.0
2018	19.3	19	51.4	13,650	62.0
<b>Moderate</b>					
2017	36.1	18	46.2	7,550	46.3
2018	36.1	9	24.3	3,400	15.5
<b>Middle</b>					
2017	24.5	5	12.8	3,200	19.6
2018	24.5	9	24.3	4,950	22.5
<b>Upper</b>					
2017	18.8	1	2.6	500	3.1
2018	18.8	0	0.0	0	0.0
<b>Not Available</b>					
2017	1.2	0	0.0	0	0.0
2018	1.2	0	0.0	0	0.0
<b>Totals</b>					
<b>2017</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>16,300</b>	<b>100.0</b>
<b>2018</b>	<b>100.0</b>	<b>37</b>	<b>100.0</b>	<b>22,000</b>	<b>100.0</b>

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

The bank's 2017 lending exceeded the percentage of households in both LMI CTs. Specifically, the bank's lending in low-income CTs was 19.2 percentage points greater than the percentage of households reflecting excellent performance. Similarly, the bank's performance exceeded the demographic of percentage of households in moderate-income CTs by 10.1 percent points.

The bank's 2018 consumer lending increased in low-income CTs by both number of originations and percentage of lending. Specifically, lending in low-income CT's is 32.1 percent greater than the percentage of households reflecting excellent performance. Conversely, lending in moderate-income CTs shows a significant decline by both number of loans and percentage of lending. Specifically, lending in moderate-income CTs declined by 9 loans and is nearly 12.0 percent below the percentage of households. This performance does not reflect favorably on the bank's lending performance.

While the bank's performance in low-income CTs is favorable, the greater percentage of households occupy moderate-income CTs. Further, the significant decline in lending in moderate-income tracts in 2018 prevents a more favorable overall conclusion.

### **Borrower Profile**

The distribution of loans reflects reasonable penetration among individuals of different income levels. This conclusion is primarily supported by an adequate level of home mortgage and an excellent level of consumer loans to LMI individuals in this AA. Examiners placed greater weight on home mortgage loans.

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

OUB's distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels. Examiners compared the bank's activity to aggregate performance and the percentage of families by income level. When comparing the bank's performance to aggregate data, the bank's low lending volume limits the statistical performance results.

OUB made ten 1 to 4 family home mortgage loans in 2017. While none of the ten loans were originated to low-income borrowers, aggregate performance was only 3.2 percent. The bank originated 3 loans to moderate-income borrowers, exceeding aggregate performance by 16.6 percent and the percentage of families by 12.4 percent. While the origination volume is low, the performance reflects positively when compared with aggregate data.

In 2018, the bank made ten 1 to 4 family home mortgage loans of which 1 origination was to a low-income borrower representing 10 percent of all originations. This percentage reflects favorable compared to aggregate performance at 3.9 percent. The bank increased its lending volume to moderate-income borrowers at 5 loans representing 50.0 percent of its loan originations. This compares favorably to both aggregate performance and the percentage of families. The bank's lending exceeded both comparables by 37.2 percent and 32.4 percent, respectively.

The bank's lending is far below the demographic of low-income families, which is understandable in comparing the median housing value (\$406,607) to the income of a low-income family in the AA (\$45,350). A family making less than \$45,350 would have difficulty qualifying for most homes in the AA, as reflected by the aggregate lending trends. Additionally,

the AA has a high percentage of families that live below the AA’s poverty level of 16.3 percent, which further supports the challenges of home mortgage lending to low-income borrowers.

### **Consumer Loans**

OUB’s consumer lending shows excellent penetration among individuals of different income levels. Examiners compared the bank’s activity to the percentage of households by income level. The following table shows the distribution of consumer loans by borrower income level for both 2017 and 2018.

<b>Distribution of Consumer Loans by Borrower Income Level</b>					
<b>Assessment Area: Boston AA</b>					
<b>Borrower Income Level</b>	<b>% of Households</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2017	35.9	29	74.4	12,300	75.5
2018	35.9	27	73.0	11,750	53.4
<b>Moderate</b>					
2017	14.9	7	17.9	3,000	18.4
2018	14.9	9	24.3	5,250	23.9
<b>Middle</b>					
2017	15.1	2	5.1	750	4.6
2018	15.1	1	2.7	5,000	22.7
<b>Upper</b>					
2017	34.1	1	2.6	250	1.5
2018	34.1	0	0.0	0	0.0
<b>Totals</b>					
<b>2017</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>16,300</b>	<b>100.0</b>
<b>2018</b>	<b>100.0</b>	<b>37</b>	<b>100.0</b>	<b>22,000</b>	<b>100.0</b>

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

OUB originated a significant majority of its consumer loans to low-income households in 2017. The bank’s performance more than doubled low-income households, reflecting very favorably on lending to low-income borrowers. Lending to moderate-income borrowers was slightly greater (3.0 percentage points) than the percentage of moderate-income households.

The bank’s 2018 lending to low-income borrowers was consistent with the previous year, exceeding the percentage of households by 37.1 percentage points. The performance more than doubled the percentage of households reflecting very favorably for low-income borrowers. Consumer loans to moderate-income borrowers increased 6.4 percentage points from 2017 and exceeded the percentage of households by 9.4 percent. The numbers, percentages, and trends of consumer loans all reflect very favorably on the bank’s performance.

## **COMMUNITY DEVELOPMENT TEST**

OUB demonstrated adequate responsiveness to the CD needs of the Boston AA through qualified investments and CD services. Examiners considered the bank's capacity as well as the need and availability of such opportunities in the AA. Examiners did not identify any SSBs for comparison within the AA.

### **Community Development Loans**

OUB did not originate or purchase any CD loans within the Boston AA during the review period. The bank's volume of CD loans reflects a decrease since the previous evaluation where the bank originated 3 CD loans totaling \$1.9 million. The bank has faced challenges in originating CD loans in the Boston AA largely due to competition from larger financial institutions in the AA, who out bid OUB offering borrowers better rates and terms.

### **Community Development Investments**

OUB does not maintain any CRA qualified equity investments in the Boston AA. The bank made 48 qualified AA donations totaling \$74,672 during the review period of which 4 for \$4,950 were made in 2016, 26 for \$30,482 in 2017, 10 for \$8,490 in 2018, and 8 for \$30,750 in YTD 2019. While this represents a decrease in dollar volume since the previous evaluation where donations totaled \$124,781, the type of donations made benefited community organizations providing affordable housing, community service, and economic development needs to LMI individuals and families. A community contact stated that both economic development and affordable housing were identified assessment area needs, which the bank made efforts to address. Listed below are three notable examples of grants provided by the bank in this AA during the review period.

- In 2019, the bank donated \$10,000 to a nonprofit organization providing services to LMI at risk youth. Funds will assist in providing community services including financial education.
- In 2019, the bank donated \$15,000 to a non-profit organization that provides workforce development programs for LMI individuals in the AA.
- In 2018, the bank donated \$2,500 to an affordable housing program.

### **Community Development Services**

During the review period, bank employees provided 27 instances of financial expertise or technical assistance to 7 organizations totaling 402 hours of qualified CD services in the AA. The number of CD instances has increased approximately 42.0 percent since the previous evaluation when the bank provided 19 instances of CD services. CD service hours were not captured at the previous evaluation. The following table presents qualified CD service activities by year and CD purpose.

<b>Community Development Services- Boston AA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
10/19/16-12/31/16	0	0	1	0	<b>1</b>
2017	0	10	2	0	<b>12</b>
2018	0	10	2	0	<b>12</b>
YTD 2019	0	1	1	0	<b>2</b>
<b>Total</b>	<b>0</b>	<b>21</b>	<b>6</b>	<b>0</b>	<b>27</b>
<i>Source: Bank Records</i>					

Listed below are two notable examples of CD services provided in the Boston AA during the evaluation period:

- During the review period, the bank president provided four instances of CD technical service assistance to a small business organization that supports minority-owned small businesses. She served as the organization’s Treasurer for three years and the board chairman for one year.
- During the review period, 6 bank officers provided 13 instances of financial education targeted to LMI individuals and families in the Boston AA. Topics included homebuyer workshops, Money Talks seminars, and Gift of Money-Understanding Financial Education.

In addition, OUB operates one branch in a low income CT and one in moderate-income CT. These branch locations demonstrate the availability of banking services to LMI individuals.

## **STATE OF FLORIDA**

### **CRA RATING FOR FLORIDA: NEEDS TO IMPROVE**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Needs to Improve**

### **SCOPE OF EVALUATION**

The state of Florida's CRA Rating is based on a full-scope evaluation of the bank's performance in the Miami AA. During the evaluation period, OUB originated 24 home mortgage loans totaling \$13.3 million within the state of Florida, 16 of which were located within the bank's Miami AA totaling \$6.7 million. The bank originated 559 consumer loans totaling \$254,754 in the state of Florida, 115 of which were located within the bank's Miami AA totaling \$58,414.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN FLORIDA**

OUB operates one branch in Florida. No branches were opened or closed in the AA during the review period.

### **CONCLUSIONS ON PERFORMANCE CRITERIA IN FLORIDA**

The bank's performance in the state of Florida is "Satisfactory" for the Lending Test and "Needs to Improve" for the CD Test. Refer to the full-scope review of the Miami AA for details.

## **METROPOLITAN AREAS USING FULL-SCOPE EXAMINATION PROCEDURES**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN MIAMI ASSESSMENT AREA**

The Miami AA includes the entire county of Miami-Dade. OUB operates one branch in this AA. The Miami branch is located in a moderate-income CT.

The Miami AA accounts for the following:

- 16.7 percent of the bank's branch network
- 13.8 percent of total deposits
- 16.9 percent of combined CTs
- 14.9 percent by number and 7.1 percent by dollar amount of residential loans
- 20.1 percent by number and 21.3 percent by dollar amount of consumer loans
- 0.0 by number and by dollar volume of CD loans
- 18.5 percent by dollar of qualified investments
- 36.6 percent of CD service activity instances and 43.0 percent of CD service hours

### **Economic and Demographic Data**

The Miami AA contains 519 CTs, of which 30 are low-, 144 are moderate-, 150 are middle-, 177 are upper-income, and 18 CTs have no income designation. The following table provides a summary of the AA demographics, and housing information.

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Miami AA</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)	519	5.8	27.7	28.9	34.1	3.5
Population by Geography	2,639,042	5.5	29.7	30.9	33.2	0.7
Housing Units by Geography	998,833	5.3	27.5	29.3	37.2	0.6
Owner-Occupied Units by Geography	452,826	2.0	21.4	31.9	44.4	0.2
Occupied Rental Units by Geography	389,327	9.6	37.8	28.2	23.5	0.8
Vacant Units by Geography	156,680	4.3	19.4	24.6	50.4	1.3
Family Distribution by Income Level	572,388	24.0	16.6	16.9	42.5	0.0
Household Distribution by Income Level	842,153	26.1	15.1	15.9	42.9	0.0
Median Family Income MSA - 33124 Miami-Miami Beach- Kendall, FL MD		\$49,264	Median Housing Value			\$244,010
			Median Gross Rent			\$1,155
			Families Below Poverty Level			16.9%
<i>Source: 2010 U.S. Census &amp; 2015 ACS Census and 2018 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 following economic data was obtained from Moody's Analytics as of September 2019.

The economic expansion in Miami-Dade County has slowed. Although average hourly wages reached an all-time high, wage growth is less than half the statewide and national rates. House price growth also slowed during the first half of 2019. The area's homebuilding is comprised primarily of multi-family dwellings with 80.0 percent of all permits issued in 2019 comprised of permits for apartments and condominiums. The unemployment rate remained low and steady at 3.5 percent from October 2018 to March 2019. The area's strengths include strong ties to Latin America and a well-developed shipping and distribution infrastructure. Weaknesses include high household debt burden and an industrial structure that leaves the local economy susceptible to business cycle downturns. The top employers in Miami are the University of Miami, Jackson Health Systems, and Publix Super Markets Incorporated.

The 2018 FFIEC-updated 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.



Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Miami-Miami Beach-Kendall, FL MD Median Family Income (33124)</b>				
2018 (\$52,300)	<\$26,150	\$26,150 to <\$41,840	\$41,840 to <\$62,760	≥\$62,760
<i>Source FFIEC</i>				

### **Competition**

OUB operates in a competitive market that includes a number of large national and regional financial institutions within the Miami AA. According to the June 30, 2019 Deposit Market Share Report, the AA had 60 financial institutions with \$131.4 billion in deposits operating 628 branches. The top 4 institutions control approximately 45 percent of the Miami AA’s deposit market share with \$59.1 billion in deposits. OUB operates 1 branch that maintains \$53.4 million in deposits representing 0.04 percent of the AA’s deposits.

OUB operates in a competitive market for home mortgage loans in its Miami AA. Based on 2018 aggregate data, 639 lenders originated and purchased 54,171 loans for \$17.2 billion. Large nationwide banks and mortgage lenders rank at the top of the mortgage lender market share and included Wells Fargo Bank NA, Paramount Residential Mortgage Group, Caliber Home Loans, and Quicken Loans. The top 4 lenders originated or purchased 21.7 percent of the loans by number and 17.4 percent by dollar. OUB shares a rank of 303<sup>rd</sup> with a nominal market share.

### **Community Contacts**

Examiners reviewed three recent community contacts in conjunction with the evaluation of the Miami AA. One of the contacts is a community-development organization focused on meeting the needs of the LMI and minority communities through homeownership and credit building opportunities. The contact indicated that affordable housing represents the largest need, as rising home prices in South Florida have crowded out LMI households from pursuing homeownership and provides financial pressure on renters. Approximately 40.0 percent of homeowners and 53.0 percent of renters are classified as “cost-burdened” by housing. The contact noted that lenders work hard in the area, but down payment assistance programs would be beneficial for individuals pursuing housing opportunities. In addition, payday loans with high interest rates (over 300.0 percent in some cases) were noted by the contact as a risky source of funds pursued by low-income individuals, and additional options from CDFIs would be helpful.

The second community contact is a financial education agency that provides programs and support to Miami Residents, specifically young people. The contact noted limited financial education resources offered by local banks in the area, as the City of Miami provides most financial education without an institution partner. This is a potential opportunity for local institutions to bolster their activity. Additionally, there is a strong need for affordable housing programs. Some groups have responded to this need by rehabilitating existing multi-family projects to maintain affordable housing in the area. Small dollar loans (less than \$10,000) are

another helpful credit product in the AA, for small business needs or even some consumer needs (i.e. tax refund anticipation loan).

The final community contact is an article detailing the Miami Housing crisis. The article explains that even moderate- and middle-income individuals struggle to pay for housing. Housing price growth has outstripped wage growth at 66.0 to 14.7 percent, respectively. The article also notes that outside investment has only exacerbated the situation by replacing low-rent units with market-rate housing. Low rent units have decreased by 39.0 percent since 2011, and there is over a 134,295-unit shortfall in affordable housing.

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

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that home mortgage loans and emergency credit resources are primary needs in the AA. The high percentage of individuals “cost-burdened” by housing support this conclusion. Low-income families would benefit from down payment assistance programs in the area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN MIAMI ASSESSMENT AREA**

### **LENDING TEST**

OUB demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile primarily support this conclusion.

#### **Geographic Distribution**

The bank’s geographic distribution of home mortgage and consumer loans reflects reasonable dispersion throughout the AA. Examiners focused on the percentage by number of loans in LMI CTs. This conclusion was supported by an adequate volume of home mortgage and consumer loans within the LMI geographies of the AA.

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

The bank’s geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. This conclusion is primarily supported by the reasonable distribution of 1 to 4 family residential mortgage loans and a poor distribution of multi-family loans. Examiners placed more weight on the bank’s 1 to 4 family residential mortgage performance.

#### **Multi-family Mortgage Loans**

The bank’s geographic distribution of multi-family mortgage lending reflects poor dispersion throughout the AA. The bank only made two multi-family loans during the evaluation period, both in 2017. One loan was in a low-income CT, the other in a middle-income CT. Demographic data from 2018 shows over 424,000 multi-family housing units in the AA of which 28,380 are in low- and 118,879 are in moderate-income CTs. Further, 2018 aggregate data

shows that 13.8 percent and 46.2 percent of multi-family loans were originated in low- and moderate-income CT's respectively. The low volume of loans made provides limited material support for conclusions.

#### 1 to 4 Unit Residential Mortgage Loans

The bank's geographic distribution of 1 to 4 family residential mortgage lending reflects reasonable dispersion throughout the AA. The bank made 6 and 8 loans in 2017 and 2018, respectively. When comparing the bank's performance to aggregate data, the bank's low lending volume limits the statistical performance results.

The bank made no loans in low-income CTs and 5 loans in moderate-income CTs in 2017. The performance in low-income CTs is explained by a limited volume of owner-occupied housing units at 2.0 percent and corroborated by the low level of aggregate lending at 1.4 percent. The five loans in moderate-income CTs exceeded aggregate lending by nearly 65.0 percent and the percentage of owner-occupied housing by approximately 62.0 percent.

In 2018, the bank made no loans in low- and 7 loans in moderate-income CTs. Lending in moderate-income CTs was similar to 2017 lending performance, exceeding aggregate by nearly 88.0 percent. The lack of lending in low-income CTs is mitigated by the minimal percentage of owner occupied housing units at 2.0 percent and further supported by a low level of aggregate lending at 1.6 percent.

While the bank has a high percentage of loans made in moderate-income CTs, the low volume of lending provides limited material support for conclusions.

#### *Consumer Loans*

The bank's geographic distribution of consumer lending reflects reasonable dispersion. The bank's consumer loan originations in LMI CTs support this conclusion. See the following table for details.

<b>Geographic Distribution of Consumer Loans</b>					
<b>Assessment Area: Miami AA</b>					
<b>Tract Income Level</b>	<b>% of Households</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2017	5.5	9	12.5	3,150	10.6
2018	5.5	2	4.7	5,500	19.2
<b>Moderate</b>					
2017	29.0	26	36.1	12,150	40.9
2018	29.0	18	41.9	6,550	22.8
<b>Middle</b>					
2017	30.2	21	29.2	8,514	28.7
2018	30.2	14	32.6	10,200	35.5
<b>Upper</b>					
2017	34.8	16	22.2	5,900	19.8
2018	34.8	6	13.9	4,350	15.2
<b>Not Available</b>					
2017	0.5	0	0.0	0	0.0
2018	0.5	3	7.0	2,100	7.3
<b>Totals</b>					
<b>2017</b>	<b>0.0</b>	<b>72</b>	<b>100.0</b>	<b>29,714</b>	<b>100.0</b>
<b>2018</b>	<b>0.0</b>	<b>43</b>	<b>100.0</b>	<b>28,700</b>	<b>100.0</b>

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

The bank's 2017 consumer lending exceeded the percentage of households in both LMI CTs. Specifically, the bank's lending in both LMI CTs exceeded the percentage of households by seven percent.

The bank's 2018 consumer lending decreased by approximately 40.0 percent. As a result, the number of consumer loan originations decreased in both LMI CTs by 77.8 percent and 30.8 percent, respectively. Lending in low-income CTs, was approximately 1.0 percentage point below the percentage of low-income households. The number of consumer loans originated in moderate-income CTs decreased by approximately 31.0 percent. However, the percentage of loans compared to the percentage of households increased approximately 6.0 percentage points from 2017 and exceeded the percentage of households by approximately 13.0 percentage points. This reflects favorably on the bank's performance.

Overall, this demonstrates the bank has maintained a reasonable dispersion of consumer loans, especially in LMI CTs in this AA during the review period.

## **Borrower Profile**

The distribution of loans reflects reasonable penetration among individuals of different income levels. This conclusion is primarily supported by an adequate level of home mortgage and consumer loans to LMI individuals in this AA. Examiners placed greater weight on home mortgage loans.

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

OUB's distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels. Examiners compared the bank's activity to aggregate performance and the percentage of families by income level. When comparing the bank's performance to aggregate data, the bank's low lending volume limits the statistical performance results.

#### **1 to 4 Family Residential Mortgage Loans**

The bank's distribution of 1 to 4 family loans exhibits reasonable penetration among individuals of different income levels. Examiners focused on the bank's lending to LMI borrowers.

OUB made six 1 to 4 family mortgage loans in 2017 with no loans to low- and 1 loan to a moderate-income borrower. Aggregate data shows a very low percentage of loans made to low-income borrowers at 1.3 percent, while the percentage of families is 24.0 percent. The bank's performance in moderate-income CTs at 16.7 percent mirrored the percentage of families at 16.6 percent and greatly exceeded aggregate data by 11.1 percentage points. While this performance reflects favorably on the bank, the extremely low volume of loans to moderate-income borrowers minimizes the performance.

In 2018, OUB made eight 1 to 4 family home mortgage loans, none of which were to a low-income borrower. Similar to 2017 lending, aggregate data shows that only 1.8 percent of home mortgage loans were originated to low-income borrowers. Lending to moderate-income borrowers increased to 2 loans representing 25.0 percent of total home mortgage lending in the AA. This compares favorably to both aggregate performance and the percentage of families at 4.9 percent and 16.6 percent, respectively. Specifically, the bank's lending exceeded both comparables by approximately 10.0 and 8.0 percentage points, respectively. Again, the extremely low volume of loans minimizes the bank's lending performance to moderate-income borrowers.

It is recognized that the bank's home mortgage lending is far below the low-income family demographic. It is further recognized that the AA has a high poverty rate at nearly 17.0 percent. The median housing price of \$244,010 is out of reach for many low-income families, especially those that live below the poverty level. This is further supported by aggregate lending performance with less than 2.0 percent of home mortgage loans originated to low-income borrowers. These facts help mitigate the bank's lack of lending to low-income borrowers.

## Consumer Loans

OUB's consumer lending shows reasonable penetration among individuals of different income levels. Examiners compared the bank's activity to the percentage of households by income level. The following table shows the distribution of consumer loans by borrower income level for both 2017 and 2018.

<b>Distribution of Consumer Loans by Borrower Income Level</b>					
<b>Assessment Area: Miami AA</b>					
<b>Borrower Income Level</b>	<b>% of Households</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2017	26.1	17	23.6	5,214	17.5
2018	26.1	11	25.6	2,850	9.9
<b>Moderate</b>					
2017	15.1	25	34.7	10,700	36.0
2018	15.1	12	27.9	9,150	31.9
<b>Middle</b>					
2017	15.9	17	23.6	8,750	29.4
2018	15.9	9	20.9	3,200	11.2
<b>Upper</b>					
2017	42.9	13	18.1	5,050	17.0
2018	42.9	11	25.6	13,500	47.0
<b>Totals</b>					
<b>2017</b>	<b>0.0</b>	<b>72</b>	<b>100.0</b>	<b>29,714</b>	<b>100.0</b>
<b>2018</b>	<b>0.0</b>	<b>43</b>	<b>100.0</b>	<b>28,700</b>	<b>100.0</b>

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

As shown in the above table, the bank originated a majority of its consumer loans to LMI borrowers in 2017. Lending to low-income borrowers was slightly below the percentage of households by number of loans. Consumer loan originations to moderate-income borrowers was nearly 20.0 percentage points greater than the percentage of households. This performance reflects positively on the bank.

Lending to low-income borrowers in 2018 showed some improvement by percentage of loans nearly mirroring the percentage of households. However, the table shows a decline in the number of consumer loans originated to low-income borrowers. Specifically, the bank originated 35.0 percent fewer consumer loans to low-income borrowers in 2018. Consumer lending to moderate-income borrowers shows that the bank's performance exceeded the percentage of households by approximately 13.0 percentage points. This reflects positively on the bank's performance. However, similar to lending to low-income borrowers, the bank saw a decline in the number of consumer loans made to moderate-income borrowers. Specifically, the

bank originated 52.0 percent fewer loans to moderate income borrowers in 2018. This reduction in the number and dollar volume of 2018 consumer loan originations can be partly attributed to the bank's decline in its marketing efforts.

## **COMMUNITY DEVELOPMENT TEST**

OUB demonstrated poor responsiveness to the CD needs of the Miami AA through CD loans, qualified investments, and CD services. Examiners considered the bank's capacity as well as the need and availability of such opportunities in the AA, as well as the performance of five SSB's in the AA in determining the overall assessment.

### **Community Development Loans**

OUB did not originate or purchase any CD loans within the Miami AA during the review period. The bank's volume of CD loans reflects a significant decrease since the previous evaluation where the bank originated 3 CD loans totaling \$1.9 million. The community contact indicates a need for affordable housing to LMI, financial education, and small business micro-loans. Of the five identified SSB's only one was similar to OUB making no CD loans. The remaining four SSBs had CD loans to average total loans ranging from 0.2 percent to 7.2 percent. Despite the need for affordable housing, the bank made no CD loans in the Miami AA during the review period.

### **Community Development Investments**

OUB made or continued to hold 30 qualified equity investments and donations totaling \$328,600 within the Miami AA. The bank continues to maintain a certificate of deposit for \$245,000 in a minority-owned financial institution in Doral, Florida. OUB made 29 donations totaling \$83,600 during the review period of which 2 for \$6,100 were in 2016, 14 for \$33,800 in 2017, 10 for \$22,200 in 2018, and 3 for \$21,500 in YTD 2019. These donations represent a 50.0 percent and 23.0 percent decrease by both number and dollar volume, respectively from the previous evaluation where the bank made 60 qualified donations for \$108,710.

OUB's qualified investments represents 0.2 percent of average total investments. The five identified SSBs in the AA had total investments to average total investments ranging from 2.2 percent to 22.1 percent. The bank's performance is below all five AA SSBs. Listed below are notable examples of grants provided by the bank in this AA during the review period.

- In 2017, the bank donated \$10,000 to a non-profit organization serving LMI youth in the AA. Funds will support the creation a courtroom in a middle school that more than 93 percent of the student's served are LMI. It will introduce LMI middle school students to careers in law.
- During the review period, the bank provided 7 grants totaling \$16,600 to an economic development organization. Funds will support technical assistance workshops targeted to start-ups and new businesses. Workshops include financial education, marketing and public relations, IT, and other activities.

## Community Development Services

During the review period, employees provided 41 instances of financial expertise or technical assistance to 7 organizations for a total of 416 hours of CD service activities within the AA. The volume of CD instances has decreased approximately 19.0 percent since the previous evaluation when the bank provided 51 instances of CD services in the AA. Nonetheless, OUB's performance is similar to identified SSBs in the AA. Specifically, the five SSBs had CD service instances ranging from a low of 2 to a high of 50 instances. The bank's CD service activities exceeded four of the five SSBs, which reflects favorably on OUB. It is noted that the bank only provided one CD activity during the first three quarters of 2019, which is far below the number of activities provided in both 2017 and 2018. The following table presents qualified CD service activities by year and CD purpose.

<b>Community Development Services- Miami AA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
10/19/16-12/31/16	0	0	0	0	<b>0</b>
2017	0	16	3	0	<b>19</b>
2018	0	18	3	0	<b>21</b>
YTD 2019	0	1	0	0	<b>1</b>
<b>Total</b>	<b>0</b>	<b>35</b>	<b>6</b>	<b>0</b>	<b>41</b>

*Source: Bank Records*

Listed below are two notable examples of CD services provided in the Miami AA during the evaluation period:

- During the review period, the bank's president served on the board of a non-profit organization created to revitalize Miami-Dade County's 79<sup>th</sup> Street area and, through economic development, expand benefits and opportunities targeted to LMI individuals and families.
- During the review period, 3 bank officers provided 20 instances of teaching financial education targeted to LMI individuals and families in the Miami AA. Topics included homebuyer workshops and financial education.

In addition, the bank operates the single branch in a moderate-income CT. This branch location demonstrates the availability of banking services to LMI individuals.



# **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

## **APPENDIX A**

### **DIVISION OF BANKS - FAIR LENDING POLICIES AND PROCEDURES**

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

### **MINORITY APPLICATION FLOW**

The bank's HMDA LARs for 2017 and 2018 were reviewed to determine if the application flow from the different racial groups within the Boston AA was reflective of the AA's demographics.

According to the 2015 ACS Census Data, the Boston AA contained a total population of 406,225 individuals of which 53.5 percent are minorities. The minority population represented is 20.0 percent Black/African American, 8.6 percent Asian/Pacific Islander, 0.2 percent American Indian, 21.3 percent Hispanic or Latino, and 3.4 percent other.

The bank's level of lending in 2017 and 2018 was compared with that of each year's aggregate lending performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information on the bank's minority application flow as well as the aggregate lenders in the Boston AA.

Minority Application Flow						
RACE	Bank 2017		2017 Aggregate Data	Bank 2018		2018 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	1	5.9	0.2	0	0.0	0.4
Asian	2	11.7	7.5	1	7.1	8.3
Black/ African American	11	64.7	10.7	6	42.9	11.3
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0	0.3
2 or more Minority	0	0.0	0.1	0	0.0	0.3
Joint Race (White/Minority)	0	0.0	1.5	0	0.6	1.7
<b>Total Racial Minority</b>	<b>14</b>	<b>83.3</b>	<b>20.2</b>	<b>7</b>	<b>50.0</b>	<b>22.3</b>
White	3	17.7	55.1	6	42.9	52.6
Race Not Available	0	0.0	24.7	1	7.1	25.1
<b>Total</b>	<b>17</b>	<b>100.0</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	3	17.7	8.5	2	14.3	8.9
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.2	0	0.0	1.3
<b>Total Ethnic Minority</b>	<b>3</b>	<b>17.7</b>	<b>9.7</b>	<b>2</b>	<b>14.3</b>	<b>10.2</b>
Not Hispanic or Latino	14	82.3	66.4	11	78.6	65.2
Ethnicity Not Available	0	0.0	23.9	1	7.1	24.6
<b>Total</b>	<b>17</b>	<b>100.0</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>100.0</b>

In 2017, the bank received 17 HMDA reportable loan applications within its AA. Of these applications, 14 or 83.3 percent were received from racial minority applicants. The aggregate received 20.2 percent of its applications from racial minority applicants. For the same time period, the bank received 3 or 17.7 percent of all applications from ethnic groups of Hispanic origin within its AA, compared to an aggregate ethnic minority application rate of 9.7 percent.

In 2018, the bank received 14 HMDA reportable loan applications within its AA. Of these applications, 7 or 50.0 percent were received from minority applicants, exceeding performance in racial minority applications, which amounted to 22.3 percent of applications. The bank also received 2 or 14.3 percent of applications from ethnic groups of Hispanic origin within its AA, compared to an aggregate ethnic minority application rate of 10.2 percent.

The bank's lending in 2017 and 2018 reflect a strong racial minority application flow in its Boston AA. The bank's affirmative advertising and resources for individuals with limited English proficiency further support good performance. Additionally, the bank displayed strong performance in minority application flow and majority-minority CTs in its combined AA. Considering the demographic composition of the AA and comparisons to aggregate data, the bank's minority application flow is adequate.

## APPENDIX B

### SCOPE OF EVALUATION

<b>OneUnited Bank</b>	
<b>Scope of Examination:</b> Examiners utilized Intermediate Small Institution CRA examination procedures and performed full scope reviews on each AA: Los Angeles AA Boston AA Miami AA	
<b>Time Period Reviewed:</b> Loan Analysis: January 1, 2017 through December 31, 2018 CD Activities: October 19, 2016 through September 30, 2019	
<b>Products Reviewed:</b> Multi-Family Mortgage Loans: January 1, 2017 through December 31, 2018 1-4 Mortgage Loans: January 1, 2017 through December 31, 2018 Consumer Loans: January 1, 2017 through December 31, 2018	

LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
<b>Los Angeles</b>	<b>Full-Scope</b>	<b>205 E. Compton Blvd, Compton, CA 90220</b>  <b>3683 Crenshaw Blvd, Los Angeles, CA 90016</b>	<b>None</b>
<b>Boston</b>	<b>Full-Scope</b>	<b>648 Warren St, Dorchester, MA 02121</b>	<b>None</b>
<b>Miami</b>	<b>Full-Scope</b>	<b>None</b>	<b>None</b>

## SUMMARY OF STATE RATINGS

<b>SUMMARY OF STATE RATINGS</b>			
<b>STATE NAME:</b>	<b>LENDING TEST RATING:</b>	<b>COMMUNITY DEVELOPMENT TEST RATING:</b>	<b>OVERALL STATE RATING:</b>
California	Satisfactory	Satisfactory	Satisfactory
Massachusetts	Satisfactory	Satisfactory	Satisfactory
Florida	Satisfactory	Needs to Improve	Needs to Improve

## 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 PE 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 PE, 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 PE, 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.