

PUBLIC DISCLOSURE

October 18, 2016

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 areas, including low- and moderate-income neighborhoods.

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

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio (LTD) is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made less than a majority of its home mortgages and consumer loans inside the combined assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the combined assessment area.
- The distribution of borrowers reflects reasonable penetration 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 community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the combined assessment area.

SCOPE OF EVALUATION

General Information

The Division of Banks (Division) and the Federal Deposit Insurance Corporation (FDIC) jointly conducted this evaluation. The evaluation covers the period from the prior evaluation dated November 5, 2013, to the current evaluation dated October 18, 2016. Examiners used the Interagency Intermediate Small Institution (ISI) Examination Procedures to evaluate OneUnited Bank's CRA performance.

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

- Loan-to-Deposit Ratio
- Assessment Area Concentration
- Geographic Distribution
- Borrower Profile
- Response to CRA-Related Complaints

The Community Development Test considered the following factors:

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

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

Loan Products Reviewed

Examiners determined that the bank's major product line is Home Mortgage Disclosure Act (HMDA) reportable residential mortgage loans, specifically, multi-family (5 or more) loans. This evaluation considered home mortgage loans reported on the bank's 2014, 2015, and 2016 (year-to-date June 30) HMDA Loan Application Registers (LARs). For 2014, the bank reported 78 originated or purchased loans totaling \$47.4 million; for 2015, the bank reported 158 originated or purchased loans totaling \$132.9 million; and for 2016 (year-to-date June 30), the bank reported 47 originated or purchased loans totaling \$48.7 million. Examiners did not identify any trends between 2014 and 2016 (year-to-date June 30) that materially affect conclusions.

This evaluation also considered consumer loans. Specifically, examiners considered UNITY Visa secured consumer credit card loans originated in 2014, 2015, and 2016 (year-to-date June 30). Examiners used the bank's origination records to conduct the analysis. For 2014, the bank originated 2,497 loans totaling \$1.7 million; for 2015, the bank originated 2,887 loans totaling \$1.6 million; and for 2016 (year-to-date June 30), the bank originated 1,703 loans totaling \$910,000.

Considering the bank’s primary strategy to finance and service multi-family loans (90 percent of loan portfolio) examiners assigned greater weight to home mortgage lending than consumer loans (0.4 percent of loan portfolio) when arriving at overall conclusions. Examiners did not evaluate small business loans given the limited number of originations during the evaluation period and a decline in the loan portfolio. Analyzing this loan type provided no material support for conclusions or ratings and this evaluation does not present them. Examiners also did not consider small farm loans as the bank does not originate or purchase these loan types.

The evaluation assigned greater weight to the 2014 lending performance to arrive at Lending Test conclusions, as this is the most recent year for which aggregate lending data is available. Comparisons to aggregate data lending data refers to the bank’s HMDA Loan Application Register (LAR) information as it compared to all home mortgage loans reported (originated and purchased) within a particular geographic area. Aggregate 2015 HMDA lending data is not available. Additionally, examiners compared lending activity from 2015 and the first two quarters of 2016 (YTD 2016) to relevant demographic information for particular geographies. For consumer loans, examiners also used demographic information for comparisons.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgages and UNITY secured consumer credit card loans. Although the evaluation presents number and dollar volume of loans, examiners weighed performance by number of loans as it better indicates the number of individuals served.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation dated November 5, 2013.

Interstate Banking and Branch Efficiency Act (IBBEA)

The bank operates branches in California, Massachusetts, and Florida. Examiners used full scope procedures to review the bank’s CRA performance and assigned separate ratings for each state.

The following table illustrates the distribution of loans, deposits, and branch offices by each state. The number of deposits, branches, and lending volume influenced the assigned weight of the ratings.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
California	385,957	91.0	305,821	82.8	2 *	40.0
Massachusetts	20,881	4.9	26,458	7.2	2**	40.0
Florida	17,301	4.1	37,076	10.0	1	20.0
Total	\$424,139***	100.0	369,355	100.0	5	100.0

Source: Bank Records; FDIC Summary of Deposits and Call Report (06/30/2016)
**In June 2016, the bank closed three California branch office locations. Two branches remain in California.*
*** Headquarters in Boston not included in this total as not a full service location.*
**** Approximately \$20 million secured by collateral located in Arizona, Colorado, and Washington.*

As of June 30, 2016, California branches maintain 82.8 percent of deposits, followed by the Florida branch at 10.0 percent, and the Massachusetts branches at 7.2 percent. Unlike the majority of deposits residing in California, the preceding table noted an equal branch distribution in California and Massachusetts. However, for a majority of the evaluation period, the bank maintained 62.5 percent of its branches in California. Considering that a majority of full-service branches and deposits are in California, the evaluation weighted performance in this state more heavily than the bank's performance in Florida and Massachusetts. Examiners weighted performance in Florida and Massachusetts equally.

The following table further breaks out the bank's home mortgage and consumer loan volume during the evaluation period by state.

Lending Distribution by State								
Loan Category or Type	California		Florida		Massachusetts		Combined Assessment Area Total	
	# of loans	%	# of loans	%	# of loans	%	# of loans	%
Home Mortgage (2014)	47	79.7	3	5.0	9	15.3	59	100.0
Home Mortgage (2015)	81	76.4	14	13.2	11	10.4	106	100.0
Home Mortgage (YTD 2016)	30	83.3	5	13.9	1	2.8	36	100.0
Subtotal	158	78.6	22	11.0	21	10.4	201	100.0
Consumer (2014)	189	68.0	59	21.2	30	10.8	278	100.0
Consumer (2015)	124	56.9	60	27.5	34	15.6	218	100.0
Consumer (YTD 2016)	106	62.7	41	24.3	22	13.0	169	100.0
Subtotal	419	63.0	160	24.1	86	12.9	665	100.0
Total	577	66.6	182	21.0	107	12.4	866	100.0

Source: HMDA LARs (2014, 2015, and the first 2 quarters of 2016) and Bank Data for Consumer Loans (2014, 2015, and the first 2 quarters of 2016)

As the table illustrates, the California lending activity represents the largest share of total home mortgage and consumer loan activity within the combined area at 66.6 percent. Home mortgage and consumer lending activity with Florida and Massachusetts are significantly less at 21.0 percent and 12.4 percent, respectively. Consumer lending in Florida is particularly noteworthy as it represented 87.9 percent of all lending activity in Florida.

DESCRIPTION OF INSTITUTION

Background

OneUnited Bank is a minority-owned, commercially chartered financial institution headquartered in Boston, Massachusetts, and operates in Suffolk County in Massachusetts, Los Angeles County in California, and Miami-Dade County in Florida. Since 1997, the institution has been a certified Community Development Financial Institution (CDFI). CDFIs are certified by the U.S. Department of Treasury's Community Development Financial Institutions Fund (CDFI Fund). The CDFI Fund provides funds to expand credit availability, investment capital, and financial services in distressed urban and rural communities. Investments target economic strategies, job and occupational training, and entrepreneurial and business support and assistance. The institution received an overall rating of "Needs to Improve" at the previous FDIC and Division evaluation, dated November 5, 2013, based on Interagency Intermediate Small Institution Examination Procedures. The "Substantial Noncompliance" rating in Florida and the "Needs to Improve" rating in Massachusetts contributed to this rating.

Operations

OneUnited Bank operates five full service branch offices in its combined assessment area (California, Massachusetts, and Florida). The branch offices are located in Roxbury, Massachusetts; Dorchester, Massachusetts; Miami, Florida; Compton, California; and Los Angeles, California. In June 2016, the institution closed three California branch offices. Two offices were located in Los Angeles (one in low-income tract), and one in Pasadena, California (moderate-income tract).

OneUnited Bank continues to operate two full service branch offices in California. Both California branch offices are located in moderate-income census tracts. Of the remaining branches, the Miami, Florida and Dorchester, Massachusetts offices are located in moderate-income census tracts. The Roxbury, Massachusetts branch is located in a low-income census tract. The main office in Boston, Massachusetts is located in an upper-income census tract; however, it is not a full-service retail branch.

OneUnited Bank offers various personal and business products. For lending, the bank offers fixed-rate single-family residential and variable-rate multi-family loans with a primary focus on residential multi-family mortgages. In addition, the bank offers variable-rate commercial real estate loans. Purchased multi-family and single-family residential loans supplement the originated loans and help augment the loan portfolio. In 2014, the bank originated 66 loans for \$40.9 million and purchased 12 for \$6.5 million. In 2015, the bank originated 71 loans for \$59.5 million and purchased 87 for \$73.4 million. From January 1, 2016 through June 30, 2016, the bank originated 23 loans for \$19.1 million and purchased 13 for \$12.4 million.

In 2014, the bank introduced the Unity Visa secured credit card, a loan product intended to help customers rebuild or strengthen their credit. Credit limits for the secured card range from \$250 to \$10,000. The product includes a financial literacy component. OneUnited Bank also provides personal and business deposit products that include checking and savings accounts. Alternative banking services include internet, bill, and online mobile banking; mobile deposit remote capture; direct deposit; person-to-person payments; and automated teller machines (ATMs).

Ability and Capacity

Assets totaled approximately \$632.4 million as of June 30, 2016. Total loans of approximately \$443.8 million, represented 70.2 percent of total assets, and total securities were approximately \$109.3 million. The Loan Portfolio Distribution table depicts the loan portfolio as of June 30, 2016 and highlights the bank's multi-family residential lending focus. Consumer loans increased slightly since the previous CRA evaluation, reflecting the recently introduced secured credit card program.

Loan Portfolio Distribution as of 06/30/2016		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	2,817	0.6
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	30,674	6.9
Secured by Multi-Family (5 or more) Residential Properties	397,514	89.6
Secured by Non-farm Non-residential Properties	10,759	2.4
Agricultural Production and Other Loans to Farmers	0	0.0
Commercial and Industrial Loans	238	0.1
Consumer	1,859	0.4
Obligations of States and Political Subdivisions in the United	0	0.0
Other Loans	0	0.0
Lease Financing Receivables (net of unearned income)	0	0.0
Gross Loans	443,861	100.0
Less: Unearned Income	(0)	(0)
Total Loans and Leases	443,861	100.0

Source: 06/30/2016 Call Report

Examiners did not identify any financial or legal impediments that would limit the bank's ability to meet the credit needs of its assessment areas.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. OneUnited Bank delineated three distinct assessment areas in three states. Examiners evaluated the bank's performance in all three assessment areas combined, hereafter referred to as the combined assessment area. The assessment areas are comprised of the following Metropolitan Divisions (MDs):

California: Los Angeles-Long Beach-Glendale, California MD (Los Angeles County)
Massachusetts: Boston, Massachusetts MD (Suffolk County)
Florida: Miami-Miami Dade-Kendall, MD Florida (Miami-Dade County)

This *Description of the Assessment Areas* section provides demographic and competition information based on the combined assessment area.

Economic and Demographic Data

The assessment area includes 3,068 census tracts. These tracts reflect the following income designations according to the 2010 U.S. Census data:

- 295 low-income tracts,
- 861 moderate-income tracts,
- 840 middle-income tracts,
- 1,006 upper-income tracts, and
- 66 census tracts with no income designation

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

Demographic Information of the Assessment Area						
Combined Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3,068	9.6	28.1	27.4	32.8	2.1
Population by Geography	13,037,063	8.5	29.2	29.2	32.7	0.4
Housing Units by Geography	4,718,210	8.2	26.8	28.4	36.5	0.1
Owner-Occupied Units by Geography	2,136,285	2.6	18.0	30.3	49.1	0.0
Occupied Rental Units by Geography	2,193,114	13.5	35.5	26.6	24.3	0.1
Vacant Units by Geography	388,811	9.3	25.7	27.4	37.5	0.1
Family Distribution by Income Level	2,881,536	24.6	16.6	17.7	41.1	0.0
Household Distribution by Income Level	4,329,399	26.0	15.6	16.6	41.8	0.0
Median Family Income - Boston, MA MD	83,664	Median Housing Value				470,644
Median Family Income - Los Angeles-Long Beach-Glendale, CA MD	61,622	Median Gross Rent				1,139
		Families Below Poverty Level				13.0%
Median Family Income - Miami-Miami Beach-Kendall, FL MD	50,065	Households Below Poverty Level				15.3%
<i>Source: 2010 U.S. Census</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

There are 4,718,210 housing units in the combined assessment area, of which 2,136,285, or 45.3 percent, are owner-occupied dwellings. Approximately 20.6 percent or 440,075 owner-occupied housing units are located in low- and moderate-income geographies. Approximately 41.2 percent of the families are low- and moderate-income.

Examiners used the 2014, 2015, and 2016 FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, Massachusetts MD Median Family Income				
2014 (\$87,200)	<\$43,600	\$43,600 to <\$69,760	\$69,760 to <\$104,640	≥\$104,640
2015 (\$90,000)	<\$45,000	\$45,000 to <\$72,000	\$72,000 to <\$108,000	≥\$108,000
2016 (\$90,800)	<\$45,400	\$45,400 to <\$72,640	\$72,640 to <\$108,960	≥\$108,960
Los Angeles-Long Beach-Glendale, California MD Median Family Income				
2014 (\$60,600)	<\$30,300	\$30,300 to <\$48,480	\$48,480 to <\$72,720	≥\$72,720
2015 (\$63,000)	<\$31,500	\$31,500 to <\$50,400	\$50,400 to <\$75,600	≥\$75,600
2016 (\$62,400)	<\$31,200	\$31,200 to <\$49,920	\$49,920 to <\$74,880	≥\$74,880
Miami-Miami Beach-Kendall, Florida MD Median Family Income				
2014 (\$48,400)	<\$24,200	\$24,200 to <\$38,720	\$38,720 to <\$58,080	≥\$58,080
2015 (\$49,900)	<\$24,950	\$24,950 to <\$39,920	\$39,920 to <\$59,880	≥\$59,880
2016 (\$48,100)	<\$24,050	\$24,050 to <\$38,480	\$38,480 to <\$57,720	≥\$57,720
<i>Source: FFIEC</i>				

Competition

OneUnited Bank competes with large national banks, regional financial institutions, credit unions, mortgage companies, and small community banks. 2014 HMDA LAR aggregate market share data reflects 1,215 reporting lenders originating or purchasing 244,672 residential mortgage loans. The bank ranked 338th and captured .02 percent of the market share. As the bank is heavily involved in multi-family lending, examiners’ further analysis of this product revealed that in 2014, the bank ranked 20th of 225 lenders with 37 loans capturing .62 percent of the market share in the combined assessment area. The aggregate extended 5,959 loans. Aggregate lending data for 2015 is not available for comparison.

According to the FDIC’s June 30, 2016 Deposit Market Share Report, OneUnited Bank competes with 192 other FDIC-insured financial institutions for deposits within its combined assessment area. These institutions operate 2,677 offices and hold nearly \$688 billion in deposits inside the assessment area. OneUnited Bank ranked 91st by deposit market share, holding approximately .05 percent of total FDIC-insured deposits.

Community Contacts

As part of the CRA evaluation process, examiners contact third parties that provide community development services to determine credit and community development needs within the institution’s assessment areas. Relevant information from the contacts assist in determining whether financial institutions are responsive to the credit needs of the community, and what community development opportunities, if any, are available.

Examiners used three community contacts in conjunction with this evaluation, one from each state.

California

A south Los Angeles-based non-profit economic development corporation noted several community credit needs. These include affordable housing and redeveloping foreclosed and abandoned dwellings and multi-family units in low- and moderate-income communities.

Massachusetts

A Boston area non-profit organization that focuses on funding, financing, and providing technical assistance to Community Development Corporations, non-profit developers, and policy and advocacy organizations indicated several community credit and development needs. These include affordable housing, economic development, and first time homebuyer and homeownership education.

Florida

A North Miami community planning and development department that focuses on collaborating with residents, businesses, and community partners to attract economic development investments and to eliminate blight and deterioration also noted several needs. These include affordable housing, redevelopment of aging housing stock, and rehabilitation and renovation of existing residential dwellings. In addition, residents could benefit from first time homebuyer and homeowner assistance programs.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contacts, the bank, and demographics. Accessibility and sustainability of affordable housing emerged as a primary credit need in all three assessment areas. Contacts also noted a need for rehabilitating and renovating existing housing stock. Lastly, contacts felt that residents could benefit from homeownership education skills and training and homeowner assistance programs and first time homebuyer programs.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

OneUnited Bank demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance primarily supported this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The institution's LTD ratio, calculated from Call Report data, averaged 110.8 percent over the past 11 calendar quarters from December 31, 2013 to June 30, 2016. The ratio ranged from a low of 98.3 percent as of December 31, 2014 to a high of 120.9 percent as of June 30, 2015. Net loans increased 25.1 percent from \$341.9 million as of December 31, 2014 to \$427.7 million as of March 31, 2015. As a result, the loan-to-deposit ratio increased significantly over the three-month period from 98.3 percent to 118.7 percent.

Per ISI procedures, examiners are required to compare the bank's LTD ratio to other banks. However, due to the bank maintaining three large, diverse, and geographically dispersed assessment areas; its stated mission of serving low- and moderate-income census tracts and urban communities; and its focus on multi-family lending, there are no similarly situated banks for comparison.

Assessment Area Concentration

Overall, at 11.8 percent, the bank extended less than a majority of its loans by number inside the combined assessment area. Conversely, by dollar at 60.0 percent, the bank extended a majority of loans inside the combined assessment area. The significant number of credit cards approved from outside the assessment area is driving the total low lending volume by number inside the assessment area. The bank considers this a national product and primarily advertises and processes credit applications through its internet website. By dollar, the significant volume did not have the same impact, given smaller loan amounts of \$250 to \$10,000.

By product, the bank originated or purchased a majority of home mortgages, by number and dollar volume, inside the combined assessment area. Home mortgage lending, by number, within the combined assessment area was 71.0 percent. However, total loan originations or purchases within the combined assessment area declined from 281 loans during the previous evaluation to 201 at the current evaluation (28.5 percent decrease). California realized the largest decline with home mortgage loan originations or purchases down by 89 loans. Massachusetts is down by 5 home mortgage loan originations or purchases, while the bank improved lending in Florida by 14 loan originations or purchases at the current evaluation.

For consumer loans, the bank originated a majority of consumer loans, by number and dollar volume at 9.4 percent and 10.0 percent, respectively, outside the combined assessment area.

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

Lending Inside and Outside Combined Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2014	59	75.6	19	24.4	78	32,468	68.5	14,941	31.5	47,409
2015	106	67.1	52	32.9	158	76,471	57.5	56,415	42.5	132,886
YTD 2016	36	76.6	11	23.4	47	31,471	64.6	17,245	35.4	48,716
Total Home Mortgage	201	71.0	82	29.0	283	140,410	61.3	88,601	38.7	229,011
Consumer										
2014	278	11.1	2,219	88.9	2,497	189	11.4	1,473	88.6	1,662
2015	218	7.6	2,669	92.4	2,887	120	7.7	1,440	92.3	1,560
YTD 2016	169	10.0	1,534	90.0	1,703	106	11.6	804	88.4	910
Total Consumer	665	9.4	6,422	90.6	7,087	415	10.0	3,717	90.0	4,132
Total	866	11.8	6,504	88.2	7,370	140,825	60.4	92,318	39.6	233,143

Source: 2014, 2015, and 2 quarters of 2016 HMDA and Bank Records

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the combined assessment area. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the combined assessment area. The following table shows that in 2014, the bank originated or purchased the majority (57.6 percent) of home mortgage loans in moderate-income census tracts and exceeded aggregate by 40.1 percent. The bank's performance in low-income census tracts in 2014 also exceeded the aggregate by 10.4 percent. In 2015, the bank's overall lending increased by number and dollar volume and although it increased in the low-income tracts, it declined in the moderate-income tracts. During the first six months of 2016, the bank is on pace to generate a similar volume of home mortgage loans in moderate-income census tracts; however, the bank has only originated two home mortgage loans in low-income census tracts.

The bank's lending for all three years compares well to the distribution of owner-occupied housing in the low- and moderate-income tracts. Given that the percentage of owner-occupied housing units in low-income tracts is less than 2.6 percent, opportunities are limited. Owner-occupied housing units in moderate-income tracts at 18.0 percent presented stronger lending opportunities.

Home mortgage market share data for 2014 provides additional insight. In the low-income geographies, the bank ranked 151st out of 562 lenders. This represented 8 loans and a market share of 0.1 percent. In the moderate-income geographies, the bank ranked 169th out of 819 lenders with 34 loans.

Examiners analyzed market share data further to identify the bank's performance in multi-family lending in low- and moderate-income geographies. The bank ranked 23rd out of 118 lenders with 7 loans and a market share of 0.8 percent market share in the low-income geographies. The bank ranked 17th out of 149 lenders with 26 loans and a market share of 1.1 percent in the moderate-income geographies.

Geographic Distribution of Home Mortgage Loans						
Combined Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	2.6	3.2	8	13.6	5,836	18.0
2015	2.6	--	16	15.1	16,914	22.1
YTD 2016	2.6	--	2	5.6	562	1.8
Moderate						
2014	18.0	17.5	34	57.6	20,836	64.4
2015	18.0	--	52	49.1	38,657	50.6
YTD 2016	18.0	--	24	66.7	19,692	62.6
Middle						
2014	30.3	28.9	12	20.3	4,371	13.5
2015	30.3	--	29	27.4	15,627	20.4
YTD 2016	30.3	--	6	16.7	6,219	19.8
Upper						
2014	49.1	50.3	5	8.5	1,367	4.2
2015	49.1	--	9	8.5	5,273	6.9
YTD 2016	49.1	--	4	11.1	4,998	15.9
Not Available						
2014	0.0	0.1	0	0.0	0	0.0
2015	0.0	--	0	0.0	0	0.0
YTD 2016	0.0	--	0	0.0	0	0.0
Totals						
2014	100.0	100.0	59	100.0	32,468	100.0
2015	100.0	--	106	100.0	76,471	100.0
YTD 2016	100.0	--	36	100.0	31,471	100.0

Source: 2010 U.S. Census; 1/1/2014 - 6/30/2016 Bank Data, 2014 HMDA Aggregate Data, "--" data not available.

Consumer Loans

The geographic distribution of consumer loans reflects reasonable dispersion throughout the combined assessment area. The following table shows that the bank's performance in the low- and moderate-income census tracts exceeds the percent of households in those geographies. During 2014, the bank's lending in the low- and moderate-income census tracts at 13.0 percent and 30.2 percent, exceeded demographics at 8.1 percent and 26.9 percent, respectively. During 2015 and the first six months of 2016, the number of loans in the low- and moderate-income census tracts declined; however, increased by percentage and remained above demographics. Given the overall low level of consumer lending activity within the combined assessment area at 9.4 percent, examiners placed more weight on home mortgage lending activity.

Geographic Distribution of Consumer Loans					
Combined Assessment Area					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2014	8.1	36	13.0	22	11.4
2015	8.1	30	13.8	18	14.7
2016	8.1	26	15.4	20	19.0
Moderate					
2014	26.9	84	30.2	66	34.7
2015	26.9	75	34.4	43	35.4
2016	26.9	55	32.5	39	36.9
Middle					
2014	28.5	88	31.7	58	30.5
2015	28.5	59	27.1	32	26.8
2016	28.5	56	33.1	28	26.6
Upper					
2014	36.5	70	25.2	44	23.4
2015	36.5	54	24.8	28	23.0
2016	36.5	32	18.9	19	17.5
Totals					
2014	100.0	278	100.0	189	100.0
2015	100.0	218	100.0	120	100.0
2016	100.0	169	100.0	106	100.0

Source: 2010 U.S. Census; 1/1/2014 - 6/30/2016 Bank Data

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels in the combined assessment area. Examiners focused on the percentage by number of home mortgage loans and consumer loans to low- and moderate-income borrowers.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. With residential multi-family loans, the bank is more likely to rely upon rental income to analyze loan repayment ability and may not necessarily consider nor collect individual borrower income. As the table illustrates, 75.0 percent of total loans noted reported income of not applicable. Consequently, the borrower income criterion received less weight in this evaluation due to the majority of loans reporting no income.

In 2014, the bank's home mortgage lending to one low-income borrower at 1.7 percent, was below aggregate performance and demographic data. The bank's lending in 2015 and the first six months of 2016, notes 1 additional loan to a low-income borrower in 2015 and no loans to low-income borrowers in 2016.

Lending to moderate-income borrowers in 2014, at 1.7 percent is significantly below aggregate; however, the following table indicates a positive trend in 2015. In 2015, the bank made or purchased 9 loans to moderate-income borrowers. Despite the increase, the bank's lending remained less than demographics. In 2016, the bank's lending declined as it made one loan to a moderate-income borrower.

Market share data provides additional insight. The bank ranked 296th out of 383 lenders with a market share of .02 percent in lending to low-income borrowers. The bank's lending to moderate-income borrowers was similar, as the bank ranked 471st out of 590 lenders with a market share of 0.01 percent.

Distribution of Home Mortgage Loans by Borrower Income Level						
Combined Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	24.6	2.4	1	1.7	108	0.3
2015	24.6	--	2	1.9	170	0.2
YTD 2016	24.6	--	0	0.0	0	0.0
Moderate						
2014	16.6	7.1	1	1.7	220	0.7
2015	16.6	--	9	8.5	1,474	1.9
YTD 2016	16.6	--	1	2.8	136	0.4
Middle						
2014	17.8	15.2	7	11.9	1,234	3.8
2015	17.8	--	8	7.5	1,753	2.3
YTD 2016	17.8	--	3	8.3	607	1.9
Upper						
2014	41.0	58.8	12	20.3	3,403	10.5
2015	41.0	--	15	14.2	3,910	5.1
YTD 2016	41.0	--	5	13.9	789	2.5
Not Available						
2014	0.0	16.5	38	64.4	27,503	84.7
2015	0.0	--	72	67.9	69,164	90.4
YTD 2016	0.0	--	27	75.0	29,939	95.1
Totals						
2014	100.0	100.0	59	100.0	32,468	100.0
2015	100.0	--	106	100.0	76,471	100.0
YTD 2016	100.0	--	36	100.0	31,471	100.0

Source: 2010 U.S. Census; 1/1/2014 - 6/30/2016 Bank Data, 2014 HMDA Aggregate Data, "--" data not available

Consumer Loans

The distribution of consumer loan borrowers reflects excellent penetration among individuals of different income levels in the combined assessment area.

In 2014, the following table indicates that the bank originated 33.5 percent and 32.0 percent, respectively of its consumer loans to low- and moderate-income borrowers. This compares favorably to the 26.0 percent and 15.6 percent, respectively of low-and moderate-income households represented in the combined assessment area.

In 2015, the bank’s lending to low-income borrowers at 31.2 percent declined slightly; but remained above demographic data. Similarly, lending to moderate-income borrowers at 36.7 percent declined slightly by number, but remained above demographics.

During the first six months of 2016, despite a decrease in the total number of consumer loan originations, the bank originated 64 loans or 37.9 percent of its consumer loans to low-income borrowers. This represents an increase from the two prior years and compared favorably to demographic data. Conversely, lending to moderate-income borrowers declined to 54 loans or 32.0 percent and remained above demographic data. Given the overall low level of consumer lending activity within the combined assessment area at 9.4 percent, examiners placed more weight on home mortgage lending activity.

Distribution of Consumer Loans by Borrower Income Level					
Combined Assessment Area					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2014	26.0	93	33.5	74	38.9
2015	26.0	68	31.2	27	22.7
2016	26.0	64	37.9	29	27.5
Moderate					
2014	15.5	89	32.0	48	25.2
2015	15.5	80	36.7	41	33.9
2016	15.5	54	32.0	35	32.8
Middle					
2014	16.6	64	23.0	44	23.4
2015	16.6	41	18.8	30	24.7
2016	16.6	30	17.8	21	19.6
Upper					
2014	41.9	30	10.8	23	12.2
2015	41.9	29	13.3	22	18.7
2016	41.9	21	12.4	21	20.1
Not Available					
2014	0.0	2	0.7	1	0.3
2015	0.0	0	0.0	0	0.0
2016	0.0	0	0.0	0	0.0
Totals					
2014	100.0	278	100.0	189	100.0
2015	100.0	218	100.0	120	100.0
2016	100.0	169	100.0	106	100.0

Source: 2010 U.S. Census; 1/1/2014 - 6/30/2016 Bank Data

Response to Complaints

The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

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

Community Development Loans

OneUnited Bank originated 104 community development loans totaling approximately \$97 million throughout the evaluation period in the combined assessment area. These loans were all multi-family loans, with a significant majority originated in California. This activity level represents 15.5 percent of average total assets and 22.5 percent of average total loans.

Community development lending increased since the previous evaluation by both number and dollar volume. Previously, the bank made 62 qualified community development loans totaling \$51 million. This represented 8.4 percent of average total assets and 15.8 percent of average total loans. As the table illustrates, all of the community development loans were for affordable housing.

Community Development Lending												
Combined Assessment Area												
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
California	98	92,847	0	0	0	0	0	0	0	0	98	92,847
Massachusetts	3	1,970	0	0	0	0	0	0	0	0	3	1,970
Florida	3	1,950	0	0	0	0	0	0	0	0	3	1,950
Total	104	96,767	0	0	0	0	0	0	0	0	104	96,767

Source: Bank Records

Qualified Investments

OneUnited Bank made 157 qualified investments and donations totaling approximately \$1.6 million during the evaluation period. The total includes qualified equity investments of approximately \$1.3 million and donations of \$261,376. All of the CRA qualified equity investments were prior period investments. The new period qualified investments are donations. Investments represent 0.25 percent of average total assets and 0.97 percent of average total securities.

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

Qualified Investments

Combined Assessment Area

Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	7	1,317	0	0	0	0	0	0	7	1,317
11/6/2013-12/31/2013	0	0	0	0	0	0	0	0	0	0	0	0
2014	0	0	0	0	0	0	0	0	0	0	0	0
2015	0	0	0	0	0	0	0	0	0	0	0	0
YTD 2016	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	7	1,317	0	0	0	0	0	0	7	1,317
Qualified Grants & Donations	8	18	100	169	41	74	1	1	0	0	150	262
Total	8	18	107	1,486	41	74	1	1	0	0	157	1,579

Source: Bank Records

Equity Investments

The bank maintains six certificates of deposit (CDs) at CDFIs located throughout the country. As of June 30, 2016, the bank maintains a combined book value of \$996,000. Of the six CDs, two are to CDFIs located in the Florida and California assessment areas. The remaining four CDs are from nationwide minority- and women-owned financial institutions.¹

In 2012, the bank issued a municipal bond to a California school district where more than 50 percent of the students receive a free or reduced lunch. As of June 30, 2016, the market value is approximately \$321,920.

Donations

From November 6, 2013, through October 18, 2016, the bank made 150 qualified community development donations totaling \$261,376, which represent 0.04 percent of assets. Of the bank's total qualified donations, 65 percent benefit organizations that provide qualified community development services and 28 percent benefit organizations that provide economic development to small businesses. The remaining donations promote affordable housing and activities that revitalize and stabilize geographies. During the current evaluation period, the bank made 32 or \$27,885 in donations in California, 60 or \$108,710 in donations in Florida, and 58 or \$124,781 in Massachusetts.

The number and dollar volume of donations increased since the previous evaluation. During the previous evaluation, the bank made 75 donations totaling approximately \$99,000 representing .02 percent of assets. At that time, the majority benefitted the Massachusetts and California assessment areas. The current distribution by dollar volume and assessment area shifted as the majority of donations are now in the Florida and Massachusetts assessment areas.

¹ Interagency guidance permits consideration for these investments, if the activities help meet the credit needs of local communities where the minority- and women-owned financial institutions are chartered. Examiners confirmed that the investments helped meet the local communities' credit needs.

The following is a sample of organizations that received donations.

Miami Children’s Initiative (Florida) – The Miami Children’s Initiative provides support, education, and care to children and families in low-and moderate-income communities.

The 79th Street Corridor Initiative (Florida) – Three local community-based development organizations work to revitalize Miami-Dade County's 79th Street area and, through economic development, expand opportunities to benefit low- and moderate-income individuals and families.

Habitat for Humanity (California) – This statewide coalition of at least 45 independent Habitat affiliates serve communities across California. The coalition works to advocate for affordable homeownership opportunities for families with limited-incomes and help families transition from multi-generational renting to ownership. Habitat for Humanity California also works with housing advocates statewide to advocate for increased emergency shelters, supportive housing, rentals, and homeownership.

Project RIGHT (Massachusetts) – Project RIGHT promotes involvement in neighborhood stabilization and economic development within Roxbury and Dorchester.

Freedom House Inc. (Massachusetts) – The organization’s mission is to transform the economic and culture of low- and moderate-income communities through education and leadership development.

Community Development Services

During the evaluation period, employees provided 112 instances of financial expertise or technical assistance to more than 40 different community development-related organizations in the combined assessment area. The majority of qualified community development activities were within the Florida assessment area with 51 activities. The California assessment area had 42 activities and the Massachusetts assessment area had 19 activities. This represents an overall increase since previous evaluation. The table reflects qualified community development activities by year and community development purpose.

Community Development Services						
Combined Assessment Area						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
11/6/2013 – 12/31/2013	0	0	0	0	0	0
2014	0	41	0	0	0	41
2015	0	25	0	0	0	25
YTD 2016	0	46	0	0	0	46
Total	0	112	0	0	0	112
<i>Source: Bank Records</i>						

A majority of the community development activities promote financial literacy among adults and children. As noted under the community contacts section, financial education is a need within the assessment areas. The bank also sponsored seminars and collaborated with organizations to promote financial literacy. Bank representatives informed attendees about the bank's products and services and educated their communities about basic banking skills. The bank has also been actively involved in providing financial education within schools. Within the combined assessment area, most of the bank's educational efforts target low- and moderate-income areas and primarily benefit low- and moderate-income individuals.

The following list highlights qualified organizations or school systems that received financial literacy training from bank officers and employees.

- Urban Youth Empowerment Program (California)
- Neighbors and Neighbors Association (Florida)
- Los Angeles Mesa Elementary School (California)
- Roxbury Senior Elder Center (Massachusetts)
- FDIC Money Smart Workshop (California, Florida, and Massachusetts)
- Hope Less to Hope Filled (Florida)
- Ella's Foundation (California)
- Holland Community Center (Massachusetts)
- Edison Middle School (Massachusetts)
- Communities in Schools (Florida)
- Madison Park High School (Massachusetts)
- Miami Children's Initiative (Florida)
- Brooke Charter School (Massachusetts)
- H2H Homebuyer Club (Florida)

The following highlight community development activities where bank personnel provided their financial expertise.

The Beacon Council (Florida) – The Beacon Council supports business and promotes investment in the community through assistance to companies, advocacy, and job creation. The President serves as committee Chair.

The 79th Street Corridor Initiative (Florida) – As previously mentioned, this initiative revitalizes the Miami-Dade County's 79th Street area. The President serves on the Board.

Black Economic Council of Massachusetts – The organization supports the economic advancement of the Black community by supporting minority owned small businesses. The President is a cofounder and treasurer.

Pacific Coast Regional Small Business Development Corporation (PCR) (California) – PCR assists small business owners in becoming successful Southern California business community members. Through contracts with the federal government, the State of California, and partnerships with private institutions, PCR provides financial, educational, and consulting services. The U.S. Treasury certified PCR as a CDFI with the primary goal of helping small businesses succeed. The chief retail officer serves on the Loan Committee.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's CRA rating.

STATE RATING - CALIFORNIA

<i>CRA RATING FOR California:</i>	<i>SATISFACTORY</i>
<i>The Lending Test is rated:</i>	<i>Satisfactory</i>
<i>The Community Development Test is rated:</i>	<i>Satisfactory</i>

Performance in California is similar to overall performance. The geographic distribution of loans reflects reasonable dispersion throughout the area. The distribution of borrowers reflects adequate penetration among retail customers of different income levels. The bank demonstrated adequate responsiveness to community development needs of this area through community development loans, qualified investments, and community development services.

SCOPE OF THE EVALUATION

Examiners performed a full-scope review to evaluate and rate the bank's CRA performance in California in accordance with the IBBEA's requirements. The products and timeframes noted in the scope section for the combined assessment area are applicable to this state-level analysis, except only qualified loans, investments, and services in the state of California are considered.

The bank's Lending Test performance in California included a review of the HMDA data and originated consumer loans for 2014, 2015, and YTD 2016. The Community Development Test considered community development lending, qualified investments, and community development services from November 5, 2013 through October 18, 2016. All demographic data is from the 2010 U.S. Census.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CALIFORNIA

OneUnited Bank's assessment area is the Los Angeles-Long Beach-Glendale, California MD (California Assessment Area), situated entirely in Los Angeles County. For the majority of the evaluation, the bank maintained five branches in this state. In June 2016, the bank closed a branch in Pasadena and two in Los Angeles.

Economic and Demographic Data

The assessment area has 2,346 census tracts of the following income designations according to 2010 U.S. Census data.

- 211 low-income tracts,
- 672 moderate-income tracts,
- 628 middle-income tracts,
- 798 upper-income tracts, and
- 37 tracts with no income designation.

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

Demographic Information of the California Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,346	9.0	28.6	26.8	34.0	1.6
Population by Geography	9,818,605	8.0	29.4	28.3	33.9	0.4
Housing Units by Geography	3,425,736	7.5	26.4	27.2	38.8	0.1
Owner-Occupied Units by Geography	1,552,091	2.1	16.6	28.6	52.6	0.0
Occupied Rental Units by Geography	1,665,798	12.2	35.4	26.2	26.2	0.1
Vacant Units by Geography	207,847	10.0	28.1	24.8	37.0	0.1
Household Distribution by Income Level	3,217,889	25.2	15.6	16.6	42.5	0.0
Family Distribution by Income Level	2,170,227	24.1	16.4	17.6	41.9	0.0
Median Family Income - Los Angeles-Long Beach-Glendale, California MD	61,622	Median Housing Value				526,439
		Median Gross Rent				1,157
		Families Below Poverty Level				12.6%
		Households Below Poverty Level				14.1%

Source: 2010 U.S. Census
 (*) The NA category consists of geographies that have not been assigned an income classification.

Multi-family units represent approximately 34.0 percent of total housing and 1-4 family units approximately 65.0 percent. Approximately 33.9 percent of total housing units are located in low- and moderate-income geographies. Of the 207,847 total vacant units in the assessment area, there are 79,189, or 38.1 percent, located in the low-and moderate-income census tracts. As noted above, 37.4 percent of the population is located in low-and moderate-income geographies. Of the total families in the assessment area, 24.1 percent are low-income. Approximately 52.3 percent of those low-income families are below the poverty level.

Examiners used the 2014, 2015, and 2016 FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle- and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Los Angeles-Long Beach-Glendale, California MD Median Family Income				
2014 (\$60,600)	<\$30,300	\$30,300 to <\$48,480	\$48,480 to <\$72,720	≥\$72,720
2015 (\$63,000)	<\$31,500	\$31,500 to <\$50,400	\$50,400 to <\$75,600	≥\$75,600
2016 (\$62,400)	<\$31,200	\$31,200 to <\$49,920	\$49,920 to <\$74,880	≥\$74,880

Source: FFIEC

Competition

The assessment area is highly competitive in the market of financial services. According to FDIC Deposit Market Share data as of June 30, 2016, 108 financial institutions operated 1,783 offices within Los Angeles County. Of these institutions, OneUnited Bank ranked 54th with a 0.08 percent deposit market share.

There is a high competition level for home mortgage loans among several banks, credit unions, and mortgage companies in the assessment area. Of the total lenders, OneUnited Bank ranked 283rd, originating 47 home mortgage loans with a market share of approximately 0.02 percent. The top 10 lenders, JPMorgan Chase, Wells Fargo Bank NA, Bank of America, CitiMortgage, Inc., Citibank, N.A., Flagstar Bank, Quicken Loans, MUFG Union Bank, N.A., Stearns Lending, and Broker Solutions, Inc. cumulatively held 40.1 percent of the market share.

The major employers in Los Angeles County are in government, healthcare, and education. Significant employers include the City of Los Angeles, Los Angeles Unified School District, Kaiser Permanente, and University of California – Los Angeles.

CONCLUSIONS ON PERFORMANCE CRITERIA IN CALIFORNIA

LENDING TEST

During the evaluation period, the bank originated or purchased 78.6 percent of total home mortgage loans within the California assessment area. This represents 158 originated or purchased home mortgages, totaling approximately \$126.9 million. Lending activity since the previous evaluation decreased 36.0 percent (from 247 to 158 home mortgage loans, or 89 loans). Dollar volume also decreased 20.6 percent (from \$160.4 million to \$126.9 million, or \$33.5 million). According to management, the purchased market weakened.

In 2014, the bank originated or purchased 47 loans totaling \$27.7 million. Among the 793 lenders that originated or purchased 193,743 home mortgage loans within this area, OneUnited Bank ranked 283 with a .02 percent market share. Of the bank's 47 home mortgage loans, 34 or 72.3 percent were multi-family loans. According to 2014 aggregate lending data for multi-family loans, the bank's ranking is 20th out of 118th lenders with a .63 percent market share.

In 2015, the bank's home mortgage lending increased to 81 loans totaling approximately \$68.8 million. Of these loans, 68, or 83.9 percent, were multi-family loans. The 2015 aggregate lending data is not available for comparison. During the first six months of 2016, the bank originated or purchased 30 loans.

The bank also originated 63.0 percent of its consumer credit cards within this area during the evaluation period. However, only 665, or 9.4 percent, of the 7,087 total consumer loans the bank made during the evaluation period were within the combined assessment area. Due to the bank's strategic focus regarding multi-family financing, lending history, and the loan portfolio concentration, examiners placed more weight on the bank's home mortgage lending performance than consumer lending when reaching conclusions.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion. Examiners focused on the percentage of number of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area.

The following table shows that the bank's 2014 performance in low-income tracts exceeded both aggregate lending data and the percentage of owner-occupied housing units. The bank originated or purchased 7 loans for 14.9 percent. This compares well to aggregate at 2.7 percent and the percent of owner-occupied housing units at 2.1 percent. The bank's performance in the moderate-income tracts was similar as the bank exceeded the aggregate and demographics.

In 2015, lending increased slightly in the low-income tracts to 16.0 percent. This again compared favorably to the percentage of owner-occupied housing units. In the moderate-income tracts, total loans increased; however, as a percentage, the number decreased, but remained well above demographics.

During the first six months of 2016, the bank did not originate or purchase any loans secured by a property in a low-income census tract. In the moderate-income tracts, despite a decline in the number of originations or purchases, the bank extended or purchased 70.0 percent of its loans in the moderate-income tracts. This compared favorably to demographics.

Market share data provides additional insight into the bank's lending. In 2014, the bank ranked 106th out of 329 financial institutions in the low-income census tracts. In the moderate-income census tracts, the bank ranked 144th out of 536 financial institutions.

Geographic Distribution of Home Mortgage Loans						
California Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	2.1	2.7	7	14.9	5,637	21.1
2015	2.1	--	13	16.0	15,630	22.7
YTD 2016	2.1	--	0	0.0	0	0.0
Moderate						
2014	16.6	17.4	27	57.5	17,723	25.8
2015	16.6	--	39	48.1	34,129	49.6
YTD 2016	16.6	--	21	70.0	19,352	63.6
Middle						
2014	28.6	27.8	9	19.1	3,246	12.2
2015	28.6	--	21	25.9	13,933	20.3
YTD 2016	28.6	--	5	16.7	6,083	20.0
Upper						
2014	52.6	52.1	4	8.5	1,064	4.0
2015	52.6	--	8	9.9	5,085	7.4
YTD 2016	52.6	--	4	13.3	4,998	16.4
Totals						
2014	100.0	100.0	47	100.0	26,670	100.0
2015	100.0	--	81	100.0	68,777	100.0
YTD 2016	100.0	--	30	100.0	30,433	100.0
<i>Source: 2010 U.S. Census; 1/1/2014 - 6/30/2016 Bank Data, 2014 HMDA Aggregate Data, "--" data not available.</i>						

As stated earlier, the bank focuses on originating or purchasing residential mortgage multi-family dwellings. In terms of geographic distribution, all 7 loans originated or purchased in 2014 in the low-income census tracts were multi-family. The bank ranked 20th out of 69 financial institutions that reported multi-family loans in low-income census tracts that year. In addition, of the 27 HMDA loans located in moderate-income census tracts, 23 were multi-family. The bank ranked 18th out of 84 financial institutions reporting these loans in moderate-income tracts in 2014.

Consumer Loans

The geographic distribution of consumer loans reflects reasonable dispersion throughout the assessment area. The following table shows the bank’s performance in low- and moderate-income census tracts exceeds the percentage of households for each year of the evaluation period. However, given the overall low level of consumer lending activity within the combined assessment area at 9.4 percent, examiners placed more weight on home mortgage lending activity.

Geographic Distribution of Consumer Loans					
California Assessment Area					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2014	7.3	19	10.1	12	9.4
2015	7.3	12	9.7	10	12.3
2016	7.3	13	12.3	10	14.5
Moderate					
2014	26.3	58	30.7	44	33.0
2015	26.3	44	35.5	30	37.6
2016	26.3	35	33.0	31	44.1
Middle					
2014	27.4	56	29.6	38	28.9
2015	27.4	30	24.2	21	25.8
2016	27.4	33	31.1	15	21.5
Upper					
2014	38.9	56	29.6	38	28.8
2015	38.9	38	30.6	19	24.3
2016	38.9	25	23.6	14	19.9
Not Available					
2014	0.1	0	0.0	0	0.0
2015	0.1	0	0.0	0	0.0
2016	0.1	0	0.0	0	0.0
Totals					
2014	100.0	189	100.0	132	100.0
2015	100.0	124	100.0	80	100.0
2016	100.0	106	100.0	70	100.0
<i>Source: 2010 U.S. Census; 1/1/2014 - 6/30/2016 Bank Data.</i>					

Borrower Profile

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

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers is reasonable. The following table provides detailed information. As previously noted, with multi-family mortgage lending, the bank does not typically obtain and record individual borrower income. Consequently, at 82.9 percent of total lending, the income not available column reflects a majority of the bank's lending.

Distribution of Home Mortgage Loans by Borrower Income Level						
California Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	24.1	2.3	1	2.1	108	0.4
2015	24.1	--	1	1.2	82	0.1
YTD 2016	24.1	--	0	0.0	0	0.0
Moderate						
2014	16.4	6.5	1	2.1	220	0.8
2015	16.4	--	4	4.9	772	1.1
YTD 2016	16.4	--	0	0.0	0	0.0
Middle						
2014	17.6	14.6	4	8.5	489	1.8
2015	17.6	--	5	6.2	918	1.3
YTD 2016	17.6	--	2	6.7	244	0.8
Upper						
2014	41.9	60.4	6	12.8	1,500	5.4
2015	41.9	--	2	2.5	261	0.4
YTD 2016	41.9	--	1	3.3	250	0.8
Not Available						
2014	0.0	16.2	35	74.5	25,353	91.6
2015	0.0	--	69	85.2	66,744	97.0
YTD 2016	0.0	--	27	90.0	29,939	98.4
Totals						
2014	100.0	100.0	47	100.0	27,670	100.0
2015	100.0	--	81	100.0	68,777	100.0
YTD 2016	100.0	--	30	100.0	30,433	100.0
Source: 2010 U.S. Census; 1/1/2014 - 6/30/2016 Bank Data, 2014 HMDA Aggregate Data, "--" data not available.						

Given this high percentage, the bank's performance does not compare well to the percentage of low- or moderate-income families that reside in the California assessment area. Consequently, examiners assigned less weight to this criterion.

Consumer Loans

In 2014, the following table indicates that the bank originated 34.9 percent and 31.7 percent, respectively, of its consumer loans to low- and moderate-income households. This compares favorably to the 25.2 percent low- and 15.6 percent moderate-income households. In addition, according to U.S. Census data, 14.1 percent of households in the MD are below the poverty level.

In 2015, the bank's lending to low-income households declined to 26.6 percent; however, the bank remained slightly above demographics at 25.2 percent. Lending to moderate-income households also declined by number to 39.5 percent, but remained above the 15.6 percent moderate-income households.

During the first six months of 2016, the bank originated 34.0 percent of its consumer loans to low-income borrowers. This represents an increasing trend from 2015 and compared favorably to demographic data. In comparison, loans to moderate-income borrowers declined to 33.0 percent with 35 loans originated to moderate-income borrowers. Despite the decline, lending remained well above demographic data. However, given the overall low level of consumer lending activity within the combined assessment area at 9.4 percent, examiners placed more weight on home mortgage lending activity.

Distribution of Consumer Loans by Borrower Income Level					
California Assessment Area					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2014	25.2	66	34.9	55	41.5
2015	25.2	33	26.6	12	14.8
2016	25.2	36	34.0	14	19.4
Moderate					
2014	15.6	60	31.7	34	25.4
2015	15.6	49	39.5	28	35.1
2016	15.6	35	33.0	23	32.8
Middle					
2014	16.6	45	23.8	35	26.3
2015	16.6	26	21.0	25	30.9
2016	16.6	24	22.6	18	25.9
Upper					
2014	42.5	18	9.5	9	6.8
2015	42.5	16	12.9	15	19.1
2016	42.5	11	10.4	15	21.9
Not Available					
2014	0.0	0	0.0	0	0.0
2015	0.0	0	0.0	0	0.0
2016	0.0	0	0.0	0	0.0
Totals					
2014	100.0	189	100.0	132	100.0
2015	100.0	124	100.0	80	100.0
2016	100.0	106	100.0	70	100.0
<i>Source: 2010 U.S. Census; 1/1/2014 - 6/30/2016 Bank Data.</i>					

COMMUNITY DEVELOPMENT TEST

Community development performance demonstrated adequate responsiveness to the needs of the California assessment area based on the bank's capacity and the availability of the area's opportunities.

Community Development Loans

The bank made 98 community development loans totaling approximately \$92.8 million in the California assessment area. Refer to the Community Development Loans section of the combined assessment area for details.

Qualified Investments

OneUnited Bank made 32 qualified investments in the California assessment area totaling approximately \$349,805. One was a municipal bond totaling \$321,920 that provided funds to a school system where 50 percent or more of students receive free or reduced lunch. The remaining \$27,885 represents donations to local community service organizations that focus on education, youth programs, and other health and human services primarily for low- and moderate-income individuals and families. Refer to the Community Development Investments section of the combined assessment area for details.

Community Development Services

Employees provided 42 instances of community development services to organizations in the California assessment area, including the Vermont Slauson Economic Development Corporation, Ella's Foundation, and Cabrillo Economic Development Corporation. For more information, refer to the Community Development Services section of the combined assessment area.

STATE RATING - MASSACHUSETTS

<i>CRA RATING FOR Massachusetts:</i>	<i>NEEDS TO IMPROVE</i>
<i>The Lending Test is rated:</i>	<i>Needs to Improve</i>
<i>The Community Development Test is rated:</i>	<i>Satisfactory</i>

Performance in Massachusetts is not consistent with overall performance. The geographic distribution of loans reflects poor dispersion throughout the area. The distribution of borrowers reflects poor penetration among retail customers of different income levels. The bank demonstrated adequate responsiveness to community development needs of this area through community development loans, qualified investments, and community development services.

SCOPE OF THE EVALUATION

Examiners performed a full-scope review to evaluate and rate the bank's CRA performance in Massachusetts in accordance with the IBBEA's requirements. The products and timeframes noted in the scope section for the combined assessment area are applicable to this state-level analysis, except only qualified loans, investments, and services in the state of Massachusetts are considered.

The bank's Lending Test performance in Massachusetts included a review of the HMDA data and originated consumer loans for 2014, 2015, and YTD 2016. The Community Development Test considered community development lending, qualified investments, and community development services from November 5, 2013 through October 18, 2016. All demographic data is from the 2010 U.S. Census.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MASSACHUSETTS

OneUnited Bank's assessment area is the Boston, Massachusetts MD (Massachusetts Assessment Area), situated entirely in Suffolk County. The bank maintains two branches and its headquarters (not a full-service branch) in this state.

Economic and Demographic Data

The assessment area has 204 census tracts of the following income designations according to 2010 U.S. Census data.

- 53 low-income tracts,
- 57 moderate-income tracts,
- 46 middle-income tracts,
- 36 upper-income tracts, and
- 12 tracts with no income designation

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

Demographic Information of the Massachusetts Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	204	26.0	27.9	22.5	17.6	5.9
Population by Geography	722,023	27.0	33.2	23.6	15.9	0.2
Housing Units by Geography	311,894	23.5	32.0	25.3	19.1	0.0
Owner-Occupied Units by Geography	103,662	12.9	30.6	30.9	25.5	0.1
Occupied Rental Units by Geography	180,292	29.6	32.7	22.2	15.6	0.0
Vacant Units by Geography	27,940	23.8	33.5	24.5	18.3	0.0
Family Distribution by Income Level	139,420	37.7	17.6	17.2	27.5	0.0
Household Distribution by Income Level	283,954	36.2	15.4	16.3	32.1	0.0
Median Family Income - Boston, Massachusetts MD	83,664	Median Housing Value		407,700		
		Median Gross Rent		1,170		
		Families Below Poverty Level		15.7%		
		Households Below Poverty Level		20.5%		
<i>Source: 2010 U.S. Census and 2015 D&B Data</i> (*) The NA category consists of geographies that have not been assigned an income classification.						

Multi-family units represent approximately 41.0 percent of total housing and 1-4 family units represent approximately 59.0 percent. As noted above, the majority of the population (60.2 percent) and housing units (55.5 percent) are located in low- and moderate-income geographies. Of the total 27,940 vacant units in the assessment area, approximately 16,009, or 57.3 percent, are located in the low-and moderate-income census tracts. Of the total families in the assessment area, approximately 37.7 percent are low-income families. Of those low-income families, approximately 15.7 percent are below the poverty level.

Examiners used the 2014, 2015, and 2016 FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents low-, moderate-, middle- and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, Massachusetts MD Median Family Income				
2014 (\$87,200)	<\$43,600	\$43,600 to <\$69,760	\$69,760 to <\$104,640	≥\$104,640
2015 (\$90,000)	<\$45,000	\$45,000 to <\$72,000	\$72,000 to <\$108,000	≥\$108,000
2016 (\$90,800)	<\$45,400	\$45,400 to <\$72,640	\$72,640 to <\$108,960	≥\$108,960
<i>Source: FFIEC</i>				

Competition

The assessment area is moderately competitive in the market of financial services. According to FDIC Deposit Market Share data as of June 30, 2016, 44 financial institutions operated 227 offices within Suffolk County. Of these institutions, OneUnited Bank ranked 34th with a 0.01 percent deposit market share.

There is a high competition level for home mortgage loans among several banks, credit unions, and mortgage companies in the assessment area. In 2014, 407 lenders reported 15,556 originated or purchased residential mortgages. The top 10 lenders, JPMorgan Chase, Wells Fargo Bank NA, Mortgage Master, Guaranteed Rate Inc., Bank of America, First Republic Bank, Quicken Loans, Leader Bank, US Bank, N.A., and Santander Bank N.A., cumulatively held 34.1 percent of the market share.

Most major employers in the Boston area are healthcare and education-related. Partners Healthcare, Massachusetts General Hospital, University of Massachusetts, and Harvard University employ numerous individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MASSACHUSETTS

LENDING TEST

During the evaluation period, the bank originated or purchased 10.4 percent of total home mortgage loans within the Massachusetts assessment area. This represents 21 originated or purchased home mortgages, totaling approximately \$8.8 million. Lending activity since the previous evaluation decreased 23.8 percent (from 26 to 21 home mortgage loans, or 5 loans). However, dollar volume increased 39.4 percent (from \$6.3 million to \$8.8 million, or \$2.5 million).

In 2014, the bank originated or purchased 9 loans totaling \$15.3 million. Among the 407 lenders that originated or purchased 15,556 home mortgage loans (272 multi-family) within this area, OneUnited Bank ranked 182nd with a .06 percent market share. Of these 9 loans, 2 or 22.2 percent were multi-family. When examiners filtered multi-family loans for market ranking and share, the bank's ranking is 41st out of 73 lenders reporting with a .74 percent market share. Although these figures indicate a highly competitive lending environment, these numbers also illustrate demand and opportunities to make or purchase home mortgages in Massachusetts. Further, with the low loan volume, an additional loan or two can significantly affect the outcome of the analysis.

In 2015, the bank's home mortgage lending increased to 11 loans totaling approximately \$4.8 million. Of these loans, 2 or 18.2 percent were multi-family loans. The 2015 aggregate lending data is not available for comparison. During the first six months of 2016, the bank originated or purchased 1 loan.

The bank also originated 12.9 percent of its consumer loans within this area during the evaluation period. However, only 665, or 9.4 percent, of the 7,087 total consumer loans the bank made during the evaluation period were within the combined assessment area. Due to the bank's strategic focus regarding multi-family financing, lending history, and the loan portfolio concentration, examiners placed more weight on the bank's home mortgage lending performance than consumer lending when reaching conclusions in this area.

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the assessment area. The low volume of residential loans and the percentage of consumer loans located outside the combined assessment area affected the bank's performance under this criterion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor dispersion throughout the assessment area. Although examiners noted that lending slightly improved in 2015, the bank originated or purchased 4 loans in the low-income census tracts and 11 in the moderate-income census tracts during the 30-month evaluation period. Given opportunities and demand, these low numbers illustrate that the bank has not met the lending needs of its assessment area.

In 2014, the bank originated or purchased 9 loans in this assessment area, of which 1 was in a low-income tract and 5 were in moderate-income tracts. In 2015, the bank's lending increased to 2 loans in low-income tracts and 6 in moderate-income tracts. Lending declined during the first six months of 2016 to 1 loan in low-income tracts and none in the moderate-income tracts. Although the bank's lending is better than aggregate data in 2014 and is comparable to or better than demographics in some years, it is important to point out that with the low volume, a loan in either tract type can significantly affect the outcome of the analysis.

In 2014, the aggregate originated or purchased 2,011 loans in low- and 4,384 loans in moderate-income census tracts. In 2014, the bank ranked 221st out of 243 financial institutions reporting at least one home mortgage loan in the low-income census tracts. In the moderate-income census tracts, the bank ranked 121st out of 296 lenders reporting HMDA data.

Geographic Distribution of Home Mortgage Loans						
Massachusetts Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	12.9	12.9	1	11.1	199	5.6
2015	12.9	--	2	18.2	584	12.0
2016	12.9	--	1	100.0	363	100.0
Moderate						
2014	30.6	28.2	5	55.6	2,357	66.0
2015	30.6	--	6	54.5	3,201	65.7
2016	30.6	--	0	0.0	0	0.0
Middle						
2014	30.9	30.2	2	22.2	710	19.9
2015	30.9	--	3	27.3	1,086	22.3
2016	30.9	--	0	0.0	0	0.0
Upper						
2014	25.5	28.5	1	11.1	303	8.5
2015	25.5	--	0	0.0	0	0.0
2016	25.5	--	0	0.0	0	0.0
Totals						
2014	100.0	100.0	9	100.0	3,569	100.0
2015	100.0	--	11	100.0	4,871	100.0
2016	100.0	--	1	100.0	363	100.0

Source: 2010 U.S. Census; 1/1/2014 - 6/30/2016 Bank Data, 2014 HMDA Aggregate Data, "--" data not available.

Consumer Loans

The geographic distribution reflects reasonable dispersion. The bank's performance in low- and moderate-income census tracts exceeds the percentage of households for each year of the evaluation period. However, given the overall low level of consumer lending activity within the combined assessment area at 9.4 percent, examiners placed more weight on home mortgage lending activity.

Geographic Distribution of Consumer Loans					
Massachusetts Assessment Area					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2014	23.5	14	46.7	7	35.3
2015	23.5	13	38.2	6	38.6
2016	23.5	11	50.0	8	62.4
Moderate					
2014	31.9	10	33.3	4	19.3
2015	31.9	16	47.1	8	51.0
2016	31.9	9	40.9	4	29.0
Middle					
2014	25.4	6	20.0	9	45.4
2015	25.4	5	14.7	2	10.4
2016	25.4	2	9.1	1	8.6
Upper					
2014	19.2	0	0.0	0	0.0
2015	19.2	0	0.0	0	0.0
2016	19.2	0	0.0	0	0.0
Not Available					
2014	0.0	0	0.0	0	0.0
2015	0.0	0	0.0	0	0.0
2016	0.0	0	0.0	0	0.0
Totals					
2014	100.0	30	100.0	20	100.0
2015	100.0	34	100.0	15	100.0
2016	100.0	22	100.0	12	100.0
<i>Source: 2010 U.S. Census; 1/1/2014 - 10/19/2016 Bank Data.</i>					

Borrower Profile

The distribution of borrowers reflects poor penetration among individuals of different income levels. The low volume of residential loans and the percentage of consumer loans located outside the combined assessment area affected the bank’s performance under this criterion.

Home Mortgage Loans

The bank's performance in the assessment area reflects poor penetration among individuals of different income levels including low- and moderate-income individuals. The following table provides detailed information. Of the 21 home mortgage loans made or purchased during the evaluation period, the bank made 1 loan to a moderate-income borrower in 2015. The bank did not originate or purchase a home mortgage loan to a low-income borrower during the evaluation period. The bank made 76.1 percent of home mortgage loans to middle- and upper-income borrowers. Again, as the loan volume is low, an additional loan or two can significantly affect the outcome of the analysis. In 2014, the aggregate originated or purchased 561 loans to low- and 4,389 loans to moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level						
Massachusetts Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	37.7	3.6	0	0.0	0	0.0
2015	37.7	--	0	0.0	0	0.0
2016	37.7	--	0	0.0	0	0.0
Moderate						
2014	17.6	12.6	0	0.0	0	0.0
2015	17.6	--	1	9.1	176	3.6
2016	17.6	--	0	0.0	0	0.0
Middle						
2014	17.2	21.3	3	33.3	745	20.9
2015	17.2	--	3	27.3	835	17.1
2016	17.2	--	1	100.0	363	100.0
Upper						
2014	27.5	42.0	4	44.5	1,424	39.9
2015	27.5	--	5	45.5	2,140	43.9
2016	27.5	--	0	0.0	0	0.0
Not Available						
2014	0.0	20.5	2	22.2	1,400	39.2
2015	0.0	--	2	18.2	1,720	35.3
2016	0.0	--	0	0.0	0	0.0
Totals						
2014	100.0	100.0	9	100.0	3,569	100.0
2015	100.0	--	11	100.0	4,871	100.0
2016	100.0	--	1	100.0	363	100.0

Source: 2010 U.S. Census; 1/1/2014 - 6/30/2016 Bank Data, 2014 HMDA Aggregate Data, "--" data not available.

Consumer Loans

The distribution of borrowers reflects excellent penetration among individuals of different income levels. In each year, the bank's lending to low- and moderate-income households exceeded demographics. However, given the overall low level of consumer lending activity within the combined assessment area at 9.4 percent, examiners placed more weight on home mortgage lending activity.

Distribution of Consumer Loans by Borrower Income Level					
Massachusetts Assessment Area					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2014	36.2	17	56.7	14	67.4
2015	36.2	23	67.6	11	73.2
2016	36.2	18	81.8	10	82.4
Moderate					
2014	15.4	9	30.0	6	27.4
2015	15.4	10	29.4	4	23.5
2016	15.4	3	13.6	2	14.3
Middle					
2014	16.3	0	0.0	0	0.0
2015	16.3	1	2.9	1	3.4
2016	16.3	1	4.5	0	3.3
Upper					
2014	32.1	2	6.7	1	2.5
2015	32.1	0	0.0	0	0.0
2016	32.1	0	0.0	0	0.0
Not Available					
2014	0.0	2	6.7	1	2.7
2015	0.0	0	0.0	0	0.0
2016	0.0	0	0.0	0	0.0
Totals					
2014	100.0	30	100.0	20	100.0
2015	100.0	34	100.0	15	100.0
2016	100.0	22	100.0	12	100.0
<i>Source: 2010 U.S. Census; 1/1/2014 - 6/30/2016 Bank Data.</i>					

COMMUNITY DEVELOPMENT TEST

Community development performance demonstrates adequate responsiveness to the community development needs of the Massachusetts assessment area through qualified donations and community development services, with an emphasis on financial literacy.

Community Development Loans

Three of the 104 community development loans originated during the evaluation period benefited the Massachusetts assessment area. Each loan was a multi-family loan that promoted affordable housing. This is an increase since the previous evaluation, as the bank did not previously originate any community development loans in Massachusetts. For more information regarding the bank's community development lending performance, refer to the Community Development Loans section of the combined assessment area.

Qualified Investments

OneUnited Bank made 58 qualified donations in the Massachusetts assessment area totaling approximately \$124,781. This is an increase since the previous evaluation where donations totaled \$58,745 in the Massachusetts assessment area. These donations primarily benefited community service organizations that provide services to low- and moderate-income individuals and families. For more information, refer to the Community Development Investments section of the combined assessment area.

Community Development Services

Employees provided 19 instances of community development services benefitting individuals residing in the Massachusetts assessment area during the evaluation period. For more information regarding the bank's community development service activities, refer to the Community Development Services section of the combined assessment area.

STATE RATING - FLORIDA

<i>CRA RATING FOR Florida:</i>	<i>Needs to Improve</i>
<i>The Lending Test is rated:</i>	<i>Needs to Improve</i>
<i>The Community Development Test is rated:</i>	<i>Satisfactory</i>

Performance in Florida is not consistent with overall performance. The geographic distribution of loans reflects poor dispersion throughout the area. The distribution of borrowers reflects poor penetration among retail customers of different income levels. The bank demonstrated adequate responsiveness to community development needs of this area through community development loans, qualified investments, and community development services.

SCOPE OF THE EVALUATION

Examiners performed a full-scope review to evaluate and rate the bank's CRA performance in Florida in accordance with the IBBEA's requirements. The products and timeframes noted in the scope section for the combined assessment area are applicable to this state-level analysis, except for only qualified loans, investments, and services in the state of Florida are considered.

The bank's Lending Test performance in Florida included a review of the HMDA data and originated consumer loans for 2014, 2015, and YTD 2016. The Community Development Test considered community development lending, qualified investments, and community development services from November 5, 2013 through October 18, 2016. All demographic data is from the 2010 U.S. Census.

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN FLORIDA

OneUnited Bank's assessment area is the Miami-Miami Beach-Kendall, Florida MD (Florida Assessment Area), situated entirely within Miami-Dade County. The bank maintains one branch in the assessment area.

Economic and Demographic Data

The assessment area includes 518 census tracts in Miami-Dade County, FL. The tracts reflect the following income designations according to 2010 U.S. Census data.

- 31 low-income tracts,
- 132 moderate-income tracts,
- 166 middle-income tracts,
- 172 upper-income tracts, and
- 17 tracts with no income designation

The following sections discuss demographic and economic information for the Florida assessment area.

Demographic Information of the Florida Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	518	6.0	25.5	32.0	33.2	3.3
Population by Geography	2,496,435	5.1	26.9	34.5	33.0	0.6
Housing Units by Geography	980,580	5.7	26.4	33.3	34.5	0.1
Owner-Occupied Units by Geography	480,532	1.7	19.9	35.6	42.9	0.0
Occupied Rental Units by Geography	347,024	11.3	37.9	31.1	19.6	0.1
Vacant Units by Geography	153,024	5.6	21.0	31.5	41.7	0.2
Family Distribution by Income Level	571,889	23.2	17.0	18.3	41.5	0.0
Household Distribution by Income Level	827,556	25.7	15.3	16.4	42.6	0.0
Median Family Income - Miami-Miami Beach- Kendall, Florida MD		50,065	Median Housing Value		295,738	
			Median Gross Rent		1,042	
			Families Below Poverty Level		13.8%	
			Households Below Poverty Level		18.0%	
<i>Source: 2010 U.S. Census and 2015 D&B Data</i> (*) The NA category consists of geographies that have not been assigned an income classification.						

Multi-family units represent approximately 41.0 percent of total housing and 1-4 family units represent approximately 57.0 percent. Approximately 32.1 percent of housing units are located in low- and moderate-income geographies. Of the total 153,024 vacant units in the assessment area, approximately 40,704, or 26.6 percent, are located in the low-and moderate-income census tracts. As noted above, 32.0 percent of the population is located in low-and moderate-income geographies. Of the total families in the assessment area, approximately 23.2 percent are low-income families. Of those low-income families, approximately 59.5 percent are below the poverty level.

Examiners used the 2014, 2015, and 2016 FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle- and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Miami-Miami Beach-Kendall, Florida MD Median Family Income				
2014 (\$48,400)	<\$24,200	\$24,200 to <\$38,720	\$38,720 to <\$58,080	≥\$58,080
2015 (\$49,900)	<\$24,950	\$24,950 to <\$39,920	\$39,920 to <\$59,880	≥\$59,880
2016 (\$48,100)	<\$24,050	\$24,050 to <\$38,480	\$38,480 to <\$57,720	≥\$57,720
<i>Source: FFIEC</i>				

Competition

The assessment area is moderately competitive in the market of financial services. According to FDIC Deposit Market Share data as of June 30, 2016, 65 financial institutions operate 667 offices within Miami-Dade County. Of these institutions, OneUnited Bank ranked 62nd with a 0.03 percent deposit market share.

There is a high competition level for home mortgage loans among several banks, credit unions, and mortgage companies in the assessment area. In 2014, 585 lenders reported 35,373 originated or purchased residential mortgage loans. The top 10 lenders, Wells Fargo Bank NA, JPMorgan Chase, Caliber Home Loans, Regions Bank, Bank of America N.A., Quicken Loans, Flagstar Bank, Citibank N.A., CitiMortgage Inc., and Paramount Residential Mortgage, collectively captured 45.8 percent of the market share.

Top employers in Miami-Dade County are primarily healthcare and education-related. Major employers include Miami-Dade County Public Schools, Baptist Health South Florida, and the University of Miami.

CONCLUSIONS ON PERFORMANCE CRITERIA IN FLORIDA

LENDING TEST

During the evaluation period, the bank originated or purchased 11.0 percent of total home mortgage loans within the Florida assessment area. This represents 22 originated or purchased home mortgages, totaling approximately \$4.7 million. Lending activity since the previous evaluation increased, by number (from 8 to 22 HMDA loans, or 14 loans), and dollar volume increased (from \$1 million to \$4.7 million). The increase is due to the bank hiring a CRA consultant to teach first time homebuyers in Miami.

In 2014, the bank originated or purchased 3 loans totaling \$1.2 million. Among the 558 lenders that originated or purchased 35,373 home mortgage loans (305 multi-family loans) within this area, OneUnited Bank ranked 325th with a .01 percent market share. Of these 3 loans, 1 or 33.3 percent were multi-family. The bank's multi-family ranking is 49th out of 58 lenders reporting with a .33 percent market share. Although these figures indicate a highly competitive lending environment, these numbers also illustrate demand and opportunities to make or purchase home mortgages in Florida.

In 2015, the bank's home mortgage lending increased to 14 loans totaling approximately \$2.8 million. Of these loans, 1 or 7.1 percent were multi-family loans. The 2015 aggregate lending data is not available for comparison. During the first six months of 2016, the bank originated or purchased 5 loans.

The bank also originated 24.1 percent of its consumer credit cards within this area during the evaluation period. However, only 665, or 9.4 percent, of the 7,087 total consumer loans the bank made during the evaluation period were within the combined assessment area. Due to the bank's strategic focus regarding multi-family financing, lending history, and the loan portfolio concentration, examiners placed more weight on the bank's home mortgage lending performance than consumer lending when reaching conclusions in this area.

Geographic Distribution

The geographic distribution of home mortgage loans reflects poor dispersion throughout the assessment area. The low volume of residential loans and the percentage of consumer loans located outside the combined assessment area affected the bank's performance under this criterion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor dispersion throughout the assessment area. Although examiners noted that lending improved in 2015, the bank originated or purchased 4 loans in the low-income census tracts and 11 in the moderate-income census tracts during the 30-month evaluation period. Given opportunities and demand, these low numbers illustrate that the bank has not met the lending needs of its assessment area.

In 2014, the bank originated or purchased 3 loans in the assessment area, of which 2 were in moderate-income tracts. In 2015, the bank's lending increased to 1 loan in low-income tracts and 7 in moderate-income tracts. Lending declined during the first six months of 2016 to 1 loan in low-income tracts and 3 in the moderate-income tracts. Although the bank's lending is better than the aggregate in the moderate-income tracts in 2014 and in the majority of the years better than demographics in both low- and moderate-income tracts, it is important to point out that with the low volume a loan in either tract type can significantly affect the outcome of the analysis.

In 2014, the aggregate originated or purchased 551 loans in low- and 4,833 loans in moderate-income census tracts. In 2014, the bank ranked 161st out of 300 financial institutions capturing a .04 percent market share of the moderate-income market.

Geographic Distribution of Home Mortgage Loans						
Florida Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	1.7	1.6	0	0.0	0	0.0
2015	1.7	--	1	7.1	700	24.8
2016	1.7	--	1	20.0	199	29.5
Moderate						
2014	19.9	13.7	2	66.7	814	66.2
2015	19.9	--	7	50.0	1,327	47.0
2016	19.9	--	3	60.0	340	50.4
Middle						
2014	35.6	34.6	1	33.3	415	33.8
2015	35.6	--	5	35.7	608	21.5
2016	35.6	--	1	20.0	136	20.1
Upper						
2014	42.9	49.7	0	0.0	0	0.0
2015	42.9	--	1	7.1	188	6.7
2016	42.9	--	0	0.0	0	0.0
Totals						
2014	100.0	100.0	3	0.0	1,229	100.0
2015	100.0	--	14	100.0	2,823	100.0
2016	100.0	--	5	100.0	675	100.0
<i>Source: 2010 U.S. Census; 1/1/2014 - 6/30/2016 Bank Data, 2014 HMDA Aggregate Data, "--" data not available.</i>						

Consumer Loans

The geographic distribution reflects reasonable dispersion. During 2014, the bank’s lending to low- and moderate-income households at 5.1 percent and 27.1 percent was less than demographics at 1.7 percent and 19.9 percent, respectively. In 2015, the bank’s lending to low-income households increased and declined to moderate-income households. Conversely, during the first six months of 2016, lending to low-income households declined, and increased to moderate-income households by percentage, not number. Given the overall low level of consumer lending activity within the combined assessment area at 9.4 percent, examiners placed more weight on home mortgage lending activity.

Geographic Distribution of Consumer Loans					
Florida Assessment Area					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2014	5.7	3	5.1	2	5.5
2015	5.7	5	8.3	2	8.4
2016	5.7	2	4.9	2	9.5
Moderate					
2014	27.4	16	27.1	18	49.3
2015	27.4	15	25.0	5	19.3
2016	27.4	11	26.8	5	19.4
Middle					
2014	33.7	26	44.1	10	27.9
2015	33.7	24	40.0	10	39.6
2016	33.7	21	51.2	12	51.5
Upper					
2014	33.1	14	23.7	6	17.3
2015	33.1	16	26.7	8	32.8
2016	33.1	7	17.1	5	19.6
Not Available					
2014	0.0	0	0.0	0	0.0
2015	0.0	0	0.0	0	0.0
2016	0.0	0	0.0	0	0.0
Totals					
2014	100.0	59	100.0	37	100.0
2015	100.0	60	100.0	25	100.0
2016	100.0	41	100.0	23	100.0
<i>Source: 2010 U.S. Census; 1/1/2014 - 10/19/2016 Bank Data.</i>					

Borrower Profile

The distribution of borrowers reflects poor penetration among individuals of different income levels in the assessment area. The low volume of residential loans and the percentage of consumer loans located outside the combined assessment area affected the bank’s performance under this criterion.

Home Mortgage Loans

The bank's performance in the assessment area reflects poor penetration among individuals of different income levels including low- and moderate-income individuals. The following table provides detailed information. Of the 22 home mortgage loans made or purchased during the evaluation period, the bank made 1 loan to a low-income borrower and 5 to moderate-income borrowers. The bank did not originate or purchase a home mortgage loan to a low- or moderate-income borrower in 2014. In 2014, the aggregate originated or purchased 826 loans to low- and 2,703 loans to moderate-income borrowers. The bank made 72.7 percent of all home mortgage loans to middle- and upper-income borrowers. Again, as the loan volume is low, an additional loan or two can significantly affect the outcome of the analysis.

Distribution of Home Mortgage Loans by Borrower Income Level						
Florida Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	23.2	2.3	0	0.0	0	0.0
2015	23.2	--	1	7.1	88	3.1
2016	23.2	--	0	0.0	0	0.0
Moderate						
2014	17.0	7.6	0	0.0	0	0.0
2015	17.0	--	4	28.6	526	18.6
2016	17.0	--	1	20.0	136	20.1
Middle						
2014	18.3	16.1	0	0.0	0	0.0
2015	18.3	--	0	0.0	0	0.0
2016	18.3	--	0	0.0	0	0.0
Upper						
2014	41.5	57.3	2	66.7	479	39.0
2015	41.5	--	8	57.1	1,509	53.5
2016	41.5	--	4	80.0	539	79.9
Not Available						
2014	0.0	16.6	1	33.3	750	61.0
2015	0.0	--	1	7.1	700	24.8
2016	0.0	--	0	0.0	0	0.0
Totals						
2014	100.0	100.0	3	100.0	1,229	100.0
2015	100.0	--	14	100.0	2,823	100.0
2016	100.0	--	5	100.0	675	100.0

Source: 2010 U.S. Census; 1/1/2014 - 6/30/2016 Bank Data, 2014 HMDA Aggregate Data, "--" data not available.

Consumer Loans

The distribution of consumer loan borrowers reflects reasonable penetration among individuals of different income levels.

In 2014, the bank originated 3 loans or 5.1 percent of its consumer loans to low-income households. This is slightly less than demographic data. The bank originated 16 loans or 27.1 percent of its consumer loans to moderate-income households. This is also slightly less than demographic data.

In 2015, the bank's lending to low-income households increased slightly to 5 loans or 8.3 percent of all originations. This increase allowed the bank to move slightly above demographic data. However, the bank's lending to moderate-income households declined and remained below the percentage of moderate-income households.

During the first six months of 2016, the bank originated 2 loans or 4.9 percent of its consumer loans to low-income households. This represented a declining trend from the two prior years and was less than demographic data. The bank's lending to moderate-income households increased to 26.8 percent; however, the total number of originations to moderate-income households decreased to 11. As a result, the bank's lending was less than demographic data.

However, given the overall low level of consumer lending activity within the combined assessment area at 9.4 percent, examiners placed more weight on home mortgage lending activity.

Distribution of Consumer Loans by Borrower Income Level					
Florida Assessment Area					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2014	25.7	10	16.9	5	13.8
2015	25.7	12	20.0	5	17.7
2016	25.7	10	24.4	5	23.1
Moderate					
2014	15.3	20	33.9	9	23.4
2015	15.3	21	35.0	9	36.2
2016	15.3	16	39.0	10	42.5
Middle					
2014	16.4	19	32.2	10	25.9
2015	16.4	14	23.3	5	17.7
2016	16.4	5	12.2	2	9.3
Upper					
2014	42.6	10	16.9	14	36.9
2015	42.6	13	21.7	7	28.4
2016	42.6	10	24.4	6	25.2
Not Available					
2014	0.0	0	0.0	0	0.0
2015	0.0	0	0.0	0	0.0
2016	0.0	0	0.0	0	0.0
Totals					
2014	100.0	59	100.0	37	100.0
2015	100.0	60	100.0	25	100.0
2016	100.0	41	100.0	23	100.0
<i>Source: 2010 U.S. Census; 1/1/2014 - 6/30/2016 Bank Data.</i>					

COMMUNITY DEVELOPMENT TEST

Community development performance demonstrates adequate responsiveness to the community development needs of the Florida assessment area through its use of community development loans, qualified investments, and community development services.

Community Development Loans

Three of the 104 community development loans originated during the evaluation period benefited the Florida assessment area. This is an increase since the previous evaluation, as the bank did not originate any community development loans previously in Florida. For more information regarding the bank's community development lending performance, refer to the Community Development Loans section of the combined assessment area.

Qualified Investments

OneUnited Bank made 60 qualified donations in the Florida assessment area totaling approximately \$108,710. This is an increase since the previous evaluation where donations totaled \$19,000 in the Florida assessment area. These donations primarily benefited community service organizations that provide services to low- and moderate-income individuals and families. For more information, refer to the Community Development Investments section of the combined assessment area.

Community Development Services

Employees provided 51 instances of community development services benefitting individuals residing in the Florida assessment area during the evaluation period. Employees provided services to organizations including Miami Dade Chamber of Commerce, Hopeless to Hope Filled, 79th Street Corridor Initiative, Neighbors and Neighbors Association, and the Miami Children's Initiative. For more information regarding the bank's community development service activities, refer to the Community Development Services section of the combined assessment area.

APPENDIX A

FAIR LENDING POLICIES AND PRACTICES

The Division provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 2.3-101.

Examiners did not identify any violations of the substantive provisions of the Equal Credit Opportunity Act or related laws and regulations during the examination.

MINORITY APPLICATION FLOW

Examiners reviewed OneUnited Bank's 2014 and 2015 HMDA LARs to determine whether the application flow from different minority groups within the combined assessment area reflected assessment area demographics.

Examiners compared the bank's 2014 residential lending to the 2014 aggregate lending performance. Comparing this data assists in deriving reasonable expectations for the bank's application rate from minority residential loan applicants within its combined assessment area. Refer to the following table for further details.

Appendix - MINORITY APPLICATION FLOW					
RACE	Bank 2014		2014 Aggregate Data	Bank 2015	
	#	%	%	#	%
American Indian/ Alaska Native	0	0	0.2	1	5.3
Asian	2	8.7	5.7	0	0.0
Black/ African American	14	60.8	8.4	13	68.4
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0
2 or more Minority	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	0	0.0	1.4	1	5.3
Total Minority	16	69.5	16.0	15	79.0
White	6	26.1	55.5	2	10.5
Race Not Available	1	4.4	28.5	2	10.5
Total	23	100.0	100.0	19	100.0
ETHNICITY					
Hispanic or Latino	0	0.0	6.9	0	0.0
Not Hispanic or Latino	21	91.3	64.2	16	84.2
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.0	1	5.3
Ethnicity Not Available	2	8.7	27.9	2	10.5
Total	23	100.0	100.0	19	100.0

Banks 2014 and 2015 HMDA LAR, 2014 aggregate data and 2010 U.S. Census Data

According to the 2010 U.S. Census data, the Massachusetts assessment area has a population of 722,023 of which 51.9 percent are minorities. The assessment area's minority population includes 0.1 percent American Indian, 8.2 percent Asian/Pacific Islander, 19.8 percent Black, 19.9 percent Hispanic, and 3.9 percent other race.

In 2014, the bank received 23 HMDA-reportable loan applications within its Massachusetts assessment area. Of these applications, the bank received 69.5 percent from racial minority applicants. The bank's application flow was above the aggregate performance of 16 percent for applications received from racial minorities. Although the bank's performance was higher than the aggregate performance by percentage, a small change in the number of applications can have an effect on the performance compared to the aggregate. Of the bank's 16 applications received in 2014, the bank originated 3 or 18 percent and denied 11 or 68 percent. The remaining 14 percent of the applications, the applicant withdrew. In 2014, the aggregate had a higher origination rate to racial minority applicants as it originated 57.0 percent of the applications. In 2014, the bank did not receive applications from ethnic minority applicants of Hispanic origin.

In 2015, the bank's HMDA reportable applications received from racial minority applicants had a similar performance. Also in 2015, there was one application received from a Hispanic applicant in the Massachusetts assessment area.

Overall, the bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is adequate. The bank is encouraged to continue to provide outreach and marketing efforts to all population segments to reach various demographics.

APPENDIX B

SCOPE OF EXAMINATION:

OneUnited Bank
SCOPE OF EXAMINATION: Examiners utilized Intermediate Small Institution CRA procedures and performed full scope reviews on each assessment area.
TIME PERIOD REVIEWED: Loan Analysis: January 1, 2014 through June 30, 2016 Community Development Activities: November 6, 2013 through October 18, 2016
PRODUCTS REVIEWED: HMDA Reportable Loans: January 1, 2014 through June 30, 2016 Consumer Loans: January 1, 2014 through June 30, 2016

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA:	TYPE OF EXAMINATION:	BRANCHES VISITED:	OTHER INFORMATION:
Massachusetts	Full Scope	None	None
California	Full Scope	205 E. Compton Blvd. Compton, CA 90220 3683 Crenshaw Blvd. Los Angeles, CA 90016	None
Florida	Full Scope	None	None

SUMMARY OF STATE RATINGS			
STATE NAME:	LENDING TEST RATING:	COMMUNITY DEVELOPMENT TEST RATING:	OVERALL STATE RATING:
California	Satisfactory	Satisfactory	Satisfactory
Massachusetts	Needs to Improve	Satisfactory	Needs to Improve
Florida	Needs to Improve	Satisfactory	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 or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

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;
- (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 Area (CBSA): 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 refinancing of home improvement and home purchase loans.

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

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

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

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 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and by the Federal Deposit Insurance Corporation, at 100 Franklin Street, Boston, Massachusetts."

[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 agency, 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.