

**PUBLIC DISCLOSURE**

**March 9, 2016**

**CRA FOR MORTGAGE LENDERS  
PERFORMANCE EVALUATION**

**PROSPECT MORTGAGE, LLC  
MC3296**

**15301 VENTURA BOULEVARD  
SHERMAN OAKS, CA 91403**

**DIVISION OF BANKS  
1000 WASHINGTON STREET  
BOSTON, MA 02118**

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this mortgage lender. The rating assigned to this mortgage lender does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this mortgage lender.</p>
--

## GENERAL INFORMATION

Massachusetts General Law chapter 255E, section 8 and the Division of Banks' (Division) regulation 209 CMR 54.00 et seq., Mortgage Lender Community Investment (CRA), require the Division to use its authority when examining lenders subject to its supervision who have made 50 or more home mortgage loans in the last calendar year, to assess the mortgage lender's record of helping to meet the mortgage credit needs of the Commonwealth, including low- and moderate-income neighborhoods and individuals, consistent with the safe and sound operation of the mortgage lender. Upon conclusion of such examination, the Division must prepare a written evaluation of the mortgage lender's record of meeting the credit needs of the Commonwealth.

This document is an evaluation of the CRA performance of **Prospect Mortgage, LLC ("Prospect Mortgage" or "The Lender")** prepared by the Division, the mortgage lender's supervisory agency, as of March 9, 2016.

## SCOPE OF EXAMINATION

An evaluation was conducted using examination procedures, as defined by CRA. A review of the Division's records, as well as the mortgage lender's public CRA file, did not reveal any complaints related to CRA.

- (a) Origination of loans and other efforts to assist low- and moderate-income residents, without distinction, to be able to acquire or to remain in affordable housing at rates and terms that are reasonable considering the lender's history with similarly-situated borrowers, availability of mortgage loan products suitable for such borrowers, and consistency with safe and sound business practices;
- (b) Origination of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units;
- (c) Efforts working with delinquent residential mortgage customers to facilitate a resolution of delinquency; and
- (d) Other efforts, including public notice of the scheduling of examination and the right of interested parties to submit written comments relative to any such examination to the Commissioner, as in the judgement of the Commissioner, reasonably bear upon the extent to which a mortgage loan credit needs of the communities in the Commonwealth.

CRA examination procedures were used to evaluate Prospect Mortgage's community investment performance. These procedures utilize two performance tests: the Lending Test and Service Test. This evaluation considered Prospect Mortgage's lending and community development activities for the period of January 1, 2014, through December 30, 2015. The data and applicable timeframes for the Lending Test and the Service Test are discussed below.

The Lending Test evaluates the mortgage lender's community investment performance pursuant to the following five criteria: lending to borrowers of different incomes, geographic distribution of loans, innovative and flexible lending practices, fair lending, and loss of affordable housing.

Home mortgage lending for 2014 and 2015 is presented in the geographic distribution, lending to borrowers of different incomes and the minority application flow tables. Comparative analysis of the mortgage lender's lending performance for the year of 2014 is provided as it is the most recent

year for which aggregate HMDA lending data is available. The aggregate lending data is used for comparison purposes within the evaluation and is measure of loan demand. It includes lending information from HMDA reporting lenders which originated loans in the Commonwealth of Massachusetts.

In addition to gathering and evaluating statistical information relative to a mortgage lender's loan volume, the CRA examination also reflects an in depth review of the entity's mortgage lending using qualitative analysis, which includes, but is not limited to: an assessment of the suitability and sustainability of the mortgage lender's loan product by reviewing the lender's internally maintained records of the delinquencies and defaults as well as information publicly available through the Federal Reserve Banks and through local Registries of Deeds through other sources available to the examination team. The examination included inspection of individual loan files for review of compliance with consumer protection provisions and scrutiny of these files for the occurrence of disparate treatment based on a prohibited basis.

The Service Test evaluated the mortgage lender's record of helping to meet the mortgage credit needs by analyzing the availability and effectiveness of a mortgage lender's system for delivering mortgage loan products, the extent and innovativeness of its community development services, and if applicable, loss mitigation services to modify loans and/or efforts to keep delinquent home borrowers in their homes.

## **MORTGAGE LENDER'S CRA RATING:**

**This mortgage lender is rated "Satisfactory"**

### **Lending Test: "Satisfactory"**

- The distribution of borrowers, given the demographics of Massachusetts, reflects an adequate record of servicing the credit needs among individuals of different levels, including those of low- and moderate-income.
- The geographic distribution of the mortgage lender's loan reflects an adequate dispersion in low- and moderate-income census tracts as it is reflective of distribution of owner occupied housing in those census tracts.
- Prospect Mortgage offers flexible lending products, which are provided in a safe and sound manner to address the credit needs of low- and moderate-income individuals.
- There is no evidence of loans that show an undue concentration and a systematic pattern of lending.
- Fair Lending policies are considered reasonable.

### **Service Test: "Satisfactory"**

- Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the Commonwealth and services do not vary in a way that inconveniences geographies or individuals, particularly low- and moderate-income geographies and low- and moderate-income individuals.
- Prospect Mortgage provided an adequate level of community development services in the Commonwealth.

## **PERFORMANCE CONTEXT**

### **Description of Mortgage Lender**

Prospect Mortgage, LLC, was incorporated in the state of Delaware in September 24, 1998, registered in Massachusetts on August 17, 2001. The Foreign Limited Liability Company underwent name changes from Metrociti Mortgage, LLC, on December 1, 2003, and Metrocities Mortgage, LLC, on February 27, 2009, to its present name of Prospect Mortgage, LLC. The lender was granted a Mortgage Lender License by the Division of Banks on March 5, 2002. Prospect's main office is located at 15301 Ventura Blvd., Suite D300, Sherman Oaks, CA 91403. Prospect is licensed in 48 states and the District of Columbia. The lender has branches located in California, Illinois, Kansas, Massachusetts, Maine, New York, and Rhode Island. There are seventeen branches in Massachusetts.

Prospect's predominant line of business includes residential mortgages as well as a retail and consumer loans under the name CapWest. Prospect offers a variety of mortgage loan products to meet the needs of the Commonwealth's borrowers which include, Fixed Rate and Adjustable Rate, Federal Housing Administration (FHA), Veterans' Administration (VA), United States Department of Agriculture (USDA), HARP 2.0 loans and MassHousing Bond loans.

Underwriting of Massachusetts loans and major functions in the process are decentralized at various loan production centers. Approved loans are funded through an established warehouse line of credit and are generally sold, on a service released basis, to secondary market investors. During the period of 2014 and 2015, Prospect originated 4,529 loans totaling approximately \$1.4 billion in the Commonwealth of Massachusetts.

### **Demographic Information**

The CRA regulation requires mortgage lenders to be evaluated on their performance within the Commonwealth of Massachusetts. Demographic data is provided below to offer contextual overviews of economic climate along with housing and population characteristics for the Commonwealth of Massachusetts.

<b>2010 CENSUS DEMOGRAPHIC INFORMATION</b>						
<b>Demographic Characteristics</b>	<b>Amount</b>	<b>Low %</b>	<b>Moderate %</b>	<b>Middle %</b>	<b>Upper %</b>	<b>N/A %</b>
Geographies (Census Tracts)	1,474	11.1	19.0	40.6	27.9	1.4
Population by Geography	6,547,629	9.2	18.0	42.4	30.2	0.2
Owner-Occupied Housing by Geography	1,608,474	3.1	13.0	48.3	35.6	0.0
Family Distribution by Income Level	1,600,588	22.2	16.5	20.6	40.7	0.0
Distribution of Low and Moderate Income Families	619,565	15.7	25.9	40.9	17.5	0.0
Median Family Income	\$86,272	Median Housing Value			\$373,206	
Households Below Poverty Level	11.1%	Unemployment Rate			4.2*	
2014 HUD Adjusted Median Family Income	\$83,700	2015 HUD Adjusted Median Family Income			\$87,300	

Source: 2010 US Census; \*as of 4/30/2016

Based on the 2010 Census, the Commonwealth's population was above 6.5 million people with a total of 2.8 million housing units. Of the total housing units, 1.6 million or 57.7 percent are owner occupied, 904,078 or 32.5 percent are rental-occupied, and 9.8 percent are vacant units. According to the 2010 Census there are 2.5 million households in the Commonwealth with a median of 69,101. In addition, over 39 percent of households are now classified as low- and moderate-income. Over 11 percent of the total number households are living below the poverty level. Individuals in these categories may find it difficult to qualify for traditional mortgage loan products.

Households classified as "families" totaled slightly over 1.6 million. Of all family households, 22.2 percent were low-income, 16.5 percent were moderate-income, 20.6 percent were middle-income, and 40.7 percent were upper-income. The median family income reported by the 2010 Census was \$86,272. The Housing and Urban Development (HUD) adjusted median family income was \$83,700 in 2014. The adjusted median family income is updated yearly and takes into account inflation and other economic factors.

The Commonwealth of Massachusetts contained 1,474 Census tracts. Of these, 164 or 11.1 percent are low-income; 281 or 19.0 percent are moderate-income; 598 or 40.6 percent are middle-income; 411 or 27.9 percent are upper-income; and 20 or 1.4 percent are NA or have no income designation. The tracts with no income designation are located in areas that contain no housing units and will not be included in this evaluation since they provide no lending opportunities. These areas are made up of correctional facilities, universities, military installations, and uninhabited locations such as the Boston Harbor Islands.

Low-income is defined as individual income that is less than 50 percent of the area median income. Moderate-income is defined as individual income that is at least 50 percent and less than 80 percent of the area median income. Middle-income is defined as individual income that is at least 80 percent and less than 120 percent of the area median income. Upper-income is defined as individual that is more than 120 percent of the area median income.

The median housing value for Massachusetts was \$373,206 according to the 2010 Census. The unemployment rate for the Commonwealth of Massachusetts as of April 30, 2016, stood at 4.2 percent, which was a decrease from December 31, 2015, at which time it stood at 4.7 percent. Employment rates would tend to affect a borrower's ability to remain current on mortgage loan obligations and also correlates to delinquency and default rates.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

Prospect Mortgage’s lending efforts are rated under five performance criteria: Borrower Characteristics, Geographic Distribution, Innovative or Flexible Lending Practices, Fair Lending Policies and Procedures, and Loss of Affordable Housing. The following details the data compiled, reviewed and conclusions on Prospect Mortgage’s lending.

Prospect Mortgage’s Lending Test performance was determined to be **“Satisfactory”** at this time.

#### *I. Borrower Characteristics*

The distribution of loans by borrower income levels was reviewed to determine the extent to which the mortgage lender is addressing the credit needs of the commonwealth’s residents. The following table shows the distribution of HMDA-reportable loans to low-, moderate-, middle- and upper-income borrowers in comparison to the aggregate data (exclusive of Prospect Mortgage) and the percentage of total families within the Commonwealth of Massachusetts within each respective group.

<i>Distribution of HMDA Loans by Borrower Income</i>							
<i>Median Family Income Level</i>	<i>2014 % of Families</i>	<i>2014 Prospect</i>		<i>2014 Aggregate Lending Data (% of #)</i>	<i>2015 % of Families</i>	<i>2015 Prospect</i>	
		<i>#</i>	<i>%</i>			<i>#</i>	<i>%</i>
<i>Low</i>	22.2	67	3.2	5.0	22.2	110	4.5
<i>Moderate</i>	16.5	422	20.3	15.8	16.5	482	19.7
<i>Middle</i>	20.6	622	29.9	21.6	20.6	745	30.4
<i>Upper</i>	40.7	947	45.5	40.8	40.7	1012	41.4
<i>NA</i>	0.0	24	1.1	16.8	0.0	98	4.0
<b><i>Total</i></b>	<b>100.0</b>	<b>2,082</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>2,447</b>	<b>100.0</b>

*Source: 2014 & 2015 HMDA Data and 2010 U.S. Census*

Prospect Mortgage originated 2,082 loans in 2014 within the Commonwealth of Massachusetts. The mortgage lender’s lending to low-income borrowers was lower and lending to moderate-income borrowers was higher than the aggregate lending. Prospect originated 2,447 loans in 2015. The number of loans and percentage of lending to low-income borrower increased. The number of loans originated to moderate-income borrowers increased, with the percentage slightly decreasing.

Prospect achieved an adequate record of serving the mortgage credit needs among borrowers of different income levels on the area’s demographics and in comparison to aggregate lending data in Massachusetts.

In addition, according to the 2010 Census data, 11.1 percent of families within the Commonwealth of Massachusetts have incomes below the poverty threshold any may find it challenging to qualify for mortgage loan products.

## **II. Geographic Distribution**

The geographic distribution of loans was reviewed to assess how well Prospect Mortgage is addressing the credit needs throughout the Commonwealth of Massachusetts’ low-, moderate-, middle-, and upper-income census tracts. The following table shows the distribution of HMDA-reported loans by census tract income level in comparison to the aggregate data (exclusive of Prospect Mortgage) and the percentage of owner-occupied housing units within the Commonwealth of Massachusetts within each respective group.

<b><i>Distribution of HMDA Loans by Income Category of the Census Tract</i></b>							
<b><i>Census Tract Income Level</i></b>	<b><i>2014 % Total Owner-Occ. Housing Units</i></b>	<b><i>2014 Prospect</i></b>		<b><i>2014 Aggregate Lending Data (% of #)</i></b>	<b><i>2015 % Total Owner-Occ. Housing Units</i></b>	<b><i>2015 Prospect</i></b>	
		<b><i>#</i></b>	<b><i>%</i></b>			<b><i>#</i></b>	<b><i>%</i></b>
<b><i>Low</i></b>	3.1	83	4.0	3.5	3.1	130	5.3
<b><i>Moderate</i></b>	13.0	300	14.4	13.3	13.0	339	13.8
<b><i>Middle</i></b>	48.3	915	43.9	46.7	48.3	1054	43.1
<b><i>Upper</i></b>	35.6	784	37.7	36.4	35.6	924	37.8
<b><i>NA</i></b>	0.00	0.00	0.00	0.1	0.00	0.00	0.00
<b><i>Total</i></b>	<b>100.0</b>	<b>2,082</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>2,447</b>	<b>100.0</b>

*Source 2014 & 2015 HMDA Data and 2010 U.S. Census*

The Lender’s geographic distribution of loans was above the distribution of owner occupied housing units and the performance of the 2014 aggregate distribution of loans in the Commonwealth of Massachusetts. The trend continued to be positive for 2015 as compared to the total owner-occupied housing units. Prospect Mortgage’s geographic distribution is considered adequate.

## **III. Innovative or Flexible Lending Practices**

Prospect Mortgage offers flexible lending products, which are provided in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies in the Commonwealth.

Prospect Mortgage has delegated underwriting authority for Fannie Mae’s agency affordable lending products. The products serve low- and moderate-income borrowers and geographies. Products include FNMA, FHA, VA, and HARP 2.0.

Prospect Mortgage offers Freddie Mac Home Possible Mortgage Program, which is another low-down payment mortgage option for low- and moderate-income borrowers with reduced mortgage

insurance coverage levels at a fixed rate. During the review period, Prospect Mortgage originated 2 loans totaling \$499,148.

The Lender also offers the Fannie Mae My Community Mortgage Program, a low-down payment mortgage option for low- and moderate-income borrowers. Prospect Mortgage originated 9 loans totaling \$1.8 million during the review period.

Prospect Mortgage is a Housing and Urban Development direct endorsement mortgage lender of the Federal Housing Administration (FHA) insured mortgage. FHA products provide competitive interest rates and smaller down payment requirements for low- and moderate-income first time homebuyers and existing homeowners. Lender also originates FHA 203K loans. During the review period, Prospect Mortgage originated 839 FHA loans totaling \$227.5 million. Of these 326 loans benefited low- and moderate-income individuals and 226 loans benefited low- or moderate-income geographies.

Prospect Mortgage is also a Veterans Administration lender. The VA home Loan Guarantee Program is designed specifically for service members, veterans or their qualified surviving spouses. The program offers low closing costs, no down payment, and no private mortgage insurance. During the review period, Prospect Mortgage originated 91 VA loans totaling \$27.9 million. Of these, 24 loans benefited low- or moderate-income individuals and 7 benefited low- or moderate-income geographies.

The USDA Rural Housing program is an innovative loan program for eligible homebuyers in rural-designated areas. For home purchase transactions, the program offers fixed interest rates and 100 percent financing with no down-payment required. During the review period, Prospect Mortgage originated 40 USDA loans totaling \$8.4 million. Of these, 20 loans benefited low- or moderate-income individuals and 5 benefited low- or moderate-income geographies.

In addition, prospect Mortgage offers MassHousing loans which allow borrowers to buy or refinance with loan products with lower down payments. To be eligible for a MassHousing loan, a borrower must meet minimum income and loan limits. During the examination period, Prospect Mortgage closed 195 loans totaling \$48.6 million.

#### ***IV. Fair Lending***

The Division examines a mortgage lender's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. The mortgage lender's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Lending Act and Equal Credit Opportunity Act. The review included, but was not limited to, review of written policies and procedures, interviews with Prospect Mortgage's personnel and individual file review. No evidence of disparate treatment was identified.

Prospect Mortgage has established an adequate record relative to fair lending policies and practices. Fair lending is incorporated in Prospect Mortgage company-wide policies and procedures and apply to all personnel. Prospect Mortgage provides training to all employees monthly. Employees regularly participate in corporate training and on-line courses regarding fair lending, equal credit opportunity act, and HMDA as well as agency and investor required trainings. Prospect Mortgage also requires a second review for all denied loans. Prospect Mortgage has a complaint policy in place which detail procedures, escalation, and tracking system for complaints.

## Minority Application Flow

Prospect Mortgage's Loan Application Registers for 2014 and 2015 were reviewed to determine if the application flow from the different racial and ethnic groups within the Commonwealth of Massachusetts was reflective of the area's demographics.

During 2014, Prospect received 2,966 HMDA-reportable applications from within the Commonwealth of Massachusetts. Of these applications 373 or 12.5 percent were received from minority applicants, of which 278 or 9.4 percent resulted in originations and 43 or 1.4 percent were denied. Prospect Mortgage received 158 or 5.3 percent HMDA-reportable applications from ethnic groups of Hispanic origin, of which 112 or 3.8 percent resulted in originations and 18 or 0.6 percent were denied.

During 2015, Prospect received 3,263 HMDA-reportable application from within the Commonwealth of Massachusetts. Of these applications 457 or 14.0 percent were received from minority applicants, of which 365 or 11.2 percent resulted in origination and 38 or 1.2 percent were denied. Prospect Mortgage received 169 or 5.2 percent HMDA-reportable applications from ethnic groups of Hispanic origin, of which 118 or 3.6 percent resulted in originations and 24 or 0.7 percent were denied.

Refer to the following table for information on the mortgage lender's minority application flow as well as a comparison to aggregate lenders throughout the Commonwealth of Massachusetts. The comparison of this data assists in deriving reasonable expectations for the rate of applications the mortgage lender received from minority applicants.

<b>MINORITY APPLICATION FLOW</b>					
<b>RACE</b>	<b>2014 Prospect</b>		<b>2014 Aggregate Data</b>	<b>2015 Prospect</b>	
	#	%	% of #	#	%
<i>American Indian/ Alaska Native</i>	1	0.0	0.2	3	0.1
<i>Asian</i>	196	6.6	4.8	249	7.6
<i>Black/ African American</i>	127	4.3	3.1	160	4.9
<i>Hawaiian/Pac Isl.</i>	1	0.0	0.1	3	0.1
<i>2 or more Minority</i>	0	0.0	0.1	0	0.0
<i>Joint Race (White/Minority)</i>	48	1.6	1.2	42	1.3
<b>Total Minority</b>	<b>373</b>	<b>12.5</b>	<b>9.5</b>	<b>457</b>	<b>14.0</b>
<i>White</i>	2,194	74.0	67.6	2,398	73.5
<i>Race Not Available</i>	399	13.5	22.9	408	12.5
<b>Total</b>	<b>2,966</b>	<b>100.0</b>	<b>100.0</b>	<b>3,263</b>	<b>100.0</b>
<b>ETHNICITY</b>					
<i>Hispanic or Latino</i>	127	4.3	3.8	132	4.1
<i>Not Hispanic or Latino</i>	2,420	81.6	72.5	2,690	82.4
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	31	1.0	1.0	37	1.1
<i>Ethnicity Not Available</i>	388	13.1	22.7	404	12.4
<b>Total</b>	<b>2,966</b>	<b>100.0</b>	<b>100.0</b>	<b>3,263</b>	<b>100.0</b>

Demographic information for Massachusetts reveals the total ethnic and racial minority population stood at 23.9 percent of total population as of the 2010 Census. This portion of the population is comprised of 6.0 percent Black; 5.3 percent Asian/Pacific Islander; .2 percent American Indian/Alaskan Native; and 2.8 percent identified as Other Race. Ethnic minorities consisted of 9.6 percent Hispanic or Latino.

Prospect Mortgage's performance was above the 2014 aggregate's performance for racial minority applications. The mortgage lender's performance was slightly above the aggregate for ethnic minorities. Overall, the mortgage lender's performance in this area is considered reasonable.

#### ***V. Loss of Affordable Housing***

The review concentrated on the suitability and sustainability of mortgage loans originated by Prospect Mortgage by taking into account delinquency and default rates of the mortgage lender and those of the overall marketplace. Information provided by the mortgage lender was reviewed, as were statistics available on delinquency and default rates for mortgage loans. Additionally, individual mortgage loans were tracked for their status through local Registries of Deeds and other available sources including public records of foreclosure filings.

An extensive review of information and documentation, from both internal and external sources as partially described above, did not reveal lending practices or products that showed an undue concentration of a systematic pattern of lending, including a pattern of early payment defaults resulting in the loss of affordable housing units. Furthermore, delinquency rates were found to be consistent with industry averages.

## **SERVICE TEST**

The Service Test evaluates a mortgage lender's record of helping to meet the mortgage credit needs in the Commonwealth by analyzing both the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products; the extent and innovativeness of its community development services; and loss mitigation services to modify loans or otherwise keep delinquent home loan borrowers in their homes. Community development services must benefit the Commonwealth or a broader regional area that includes the Commonwealth.

Prospect Mortgage's Service Test performance was determined to be "**Satisfactory**" during the evaluation period.

### **Mortgage Lending Services**

Prospect mortgage provides an effective delivery of mortgage lender services that are accessible to geographies and individuals of different income levels in the Commonwealth. The Lender offers a variety of mortgage products including conventional, FHA, VA, USDA, Home Possible, My Community, and MassHousing loans. Customers can apply for a mortgage over the phone, over the internet, or at a Prospect Mortgage branch. Prospect Mortgage does maintain seventeen retail branches in the Commonwealth of Massachusetts.

Business development relies on two delivery systems: Distributed Retail and Direct to Consumer. In the distributed retail channel, Prospect originates mortgages through its retail loan officer employees. Those loan officers develop business locally and through repeat customers. The lender also utilizes limited advertising in local markets and modestly on the internet. In the direct to consumer channel, Prospect utilizes a lead generation system.

As Prospect Mortgage does not routinely service Mortgage loans, it would not work directly with delinquent borrowers. Therefore, this review did not include an evaluation of loan mitigation and modification efforts as the lender would not be accountable for such action. Lending practices and products did not show an undue concentration or systematic pattern of lending resulting in mortgage loans that were not sustainable. Overall, the lender provides an effective delivery of mortgage lending services throughout the Commonwealth and services do not vary in a way that inconveniences geographies or individuals, particularly low- and moderate-income geographies and low- and moderate-income individuals.

### **Community Development Services**

A community development service is a service that:

- (a) has as its primary purpose community development; and
- (b) is related to the provision of financial services, including technical services

The Commissioner evaluates community development services pursuant to the following criteria:

- (a) the extent to which the mortgage lender provides community development services;  
and
- (b) the innovativeness and responsiveness of community development services.

Prospect Mortgage provided an adequate level of Community Development Services in the Commonwealth.

Prospect Mortgage participated in five First Time Homebuyer's classes in 2014. In 2015, a Prospect Mortgage Loan Officer participated in a monthly re-occurring First Time Homebuyer's class which was open to the general public and to all income levels, including low- and moderate-income tracts. During the seminars, the Loan Officer presented information regarding the process of applying for and obtaining a mortgage. Topics also included affordable lending products, understanding the cost of homeownership, income and credit basics.

### **Qualified Investments**

A Qualified Investment for the purposes of this CRA evaluation is a lawful investment, deposit, membership share, or grant that has as its primary purpose community development. The evaluation considers (1) the number of investments and grants, (2) the extent to which community development opportunities have been made available to the institution, and (3) the responsiveness of the institution's community development grants to the assessment area's needs.

During the examination period, Prospect Mortgage donated \$28,500 to "Homes for our Troops". The organization's mission is to provide assistance to the most severely injured service members nationwide who have been injured since September 11, 2001. The organization provides mortgage-free, specially adapted homes and is headquartered in Massachusetts. This activity qualifies as a community development investment and benefited the assessment area.

## **PERFORMANCE EVALUATION DISCLOSURE GUIDE**

Massachusetts General Laws Chapter 255E, Section 8, and 209 CMR 54.00, the Mortgage Lender Community Investment (CRA) regulation, requires all mortgage lenders to take the following actions within 30 business days of receipt of the CRA evaluation of their mortgage lender:

- 1) Make its most current CRA performance evaluation available to the public.
- 2) Provide a copy of its current evaluation to the public, upon request. The mortgage lender is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the mortgage lender's evaluation, as prepared by the Division of Banks, may not be altered or abridged in any manner. The mortgage lender is encouraged to include its response to the evaluation in its CRA public file.

The Division of Banks will publish the mortgage lender's Public Disclosure on its website no sooner than 30 days after the issuance of the Public Disclosure.