

PUBLIC DISCLOSURE

January 7, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

StonehamBank, a Co-operative Bank
Certificate Number: 26559

80 Montvale Avenue
Stoneham, Massachusetts 02180

Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118

Federal Deposit Insurance Corporation
350 Fifth Avenue, Suite 1200
New York, New York 10118

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

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INSTITUTION RATING

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

Stoneham Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test primarily supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage and small business loans in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

- The institution demonstrated adequate responsiveness to the community needs in 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 throughout the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated December 7, 2015, to the current evaluation dated January 7, 2019. Examiners used the Interagency Intermediate Small Institution (ISI) Examination Procedures to evaluate StonehamBank, a Co-operative Bank's (StonehamBank) performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test.

The evaluation references demographic and economic information from the 2010 United States (U.S.) Census, 2015 American Community Survey (ACS), D&B, and the U.S. Bureau of Labor Statistics (BLS). Bank financial data reflects the September 30, 2018 Consolidated Reports of Condition and Income (Call Report).

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

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

The Community Development Test considered the following factors.

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

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

Loan Products Reviewed

Examiners determined that the bank's major product lines are home mortgage loans and commercial loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as small farm, or consumer loans represent a major product line; therefore, they provide no material support for conclusions or ratings and are not presented.

The bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the bank's business strategy and larger loan volume when compared to commercial lending during the most recent calendar year.

Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period. Examiners considered all home mortgage loans reported on the bank's 2016 and 2017 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). For

2016, the bank reported 370 loans totaling \$145.8 million, and for 2017, the bank reported 257 loans totaling \$96.9 million. The volume of home mortgage loans decreased in 2017 compared to 2016 levels. Examiners used 2016 and 2017 aggregate data as well as assessment area demographic information as standards of comparison for the bank's home mortgage lending in each respective year.

As an intermediate small institution, the bank is not required to collect or report small business data and did not do so during the evaluation period. Accordingly, examiners selected a sample of commercial loans originated in 2018 and considered this sample representative of the bank's performance during the entire evaluation period. In 2018, the bank originated 107 commercial loans totaling approximately \$26 million, of which, 31 loans totaling \$3.2 million are included in the sample. D&B demographic data provided a standard of comparison for the sampled commercial loans.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and commercial loans. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses 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 December 7, 2015.

DESCRIPTION OF INSTITUTION

Background

StonehamBank is headquartered in Stoneham, Massachusetts, and operates in the eastern part of Massachusetts, in Middlesex County. The bank operates three wholly owned subsidiaries; 80 Montvale Avenue LLC, StoCo Securities Corporation, and StoCo Securities Corporation II. In addition, the bank established Stoneham Charitable Foundation, Inc. as a separate affiliated entity in 2001. At its previous Division of Banks and FDIC Performance Evaluation, dated December 7, 2015, the bank received a Satisfactory rating based on Interagency Intermediate Small Institution Examination Procedures.

Operations

In addition to its main office located at 80 Montvale Avenue in Stoneham, the bank operates one other full-service branch in Billerica. StonehamBank offers loan products including commercial, home mortgage, and consumer loans, primarily focusing on home mortgage lending. The institution provides a variety of deposit services including checking, savings, individual retirement accounts, and certificates of deposit. The bank offers retail investment and insurance sales through Raymond James Financial Services and Banc Insurance Agency (Insuritas) doing business as (dba) Stoneham Financial Insurance (a private label). The bank offers retail investments and cash management sweep accounts for investment products and services. In addition, the insurance products offered are Home, Auto and Business through Insuritas dba Stoneham Financial Insurance. Alternative banking services include internet and mobile banking, person-to-person payments, electronic bill pay, and automated teller machines (ATMs). The bank did not open or close any branches and no merger or acquisition activities occurred since the previous evaluation.

Ability and Capacity

Assets totaled approximately \$601 million as of September 30, 2018, with loans totaling \$513 million and securities totaling \$66 million. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 9/30/2018		
Loan Category	\$(000s)	%
Construction and Land Development	12,667	2.5
Secured by Farmland	0	0.0
1-4 Family Residential	230,167	44.8
Multi-family (5 or more) Residential	30,513	6.0
Commercial Real Estate	141,633	27.6
Total Real Estate Loans	414,980	80.9
Commercial and Industrial	97,341	19.0
Agricultural	0	0.0
Consumer	859	0.1
Obligations of States and Political Subdivisions in the United States	0	0.0
Other	13	0.0
Less: Unearned Income	0	0.0
Total Loans	513,193	100.0
<i>Source: Reports of Condition and Income. Due to rounding, totals may not equal 100.0</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. StonehamBank designated a single assessment area in the Cambridge-Newton-Framingham, MA Metropolitan Division (MD) (15764). The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The assessment area includes 99 census tracts that make up the cities and towns of Billerica, Burlington, Danvers, Lynnfield, Malden, Medford, Melrose, Middleton, North Reading, Peabody, Reading, Saugus, Stoneham, Tewksbury, Wakefield, Wilmington, Winchester, and Woburn. Danvers, Lynnfield, Middleton, Peabody, and Saugus are all located in Essex County, while the remaining cities and towns are located in Middlesex County. These census tracts reflect the following income designations according to the 2015 American Community Survey (ACS) data.

- 3 low-income census tract,
- 18 moderate-income census tracts,
- 61 middle-income census tracts,
- 17 upper-income census tracts.

Per the 2010 U.S. Census, the assessment area previously did not contain low-income census tracts, had 19 moderate-income census tracts, 60 middle-income census tracts, and 20 upper-income census tracts. The 2015 ACS data reflects a change in census tract income designations, including three additional low-income census tracts, one less moderate-income tract, one more middle-income tract, and three less upper-income tracts. The bank's lending performance will be evaluated considering the demographic data applicable in each year.

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	99	3.0	18.2	61.6	17.2	0.0
Population by Geography	544,740	3.0	16.6	62.1	18.2	0.0
Housing Units by Geography	213,835	3.5	17.5	62.3	16.7	0.0
Owner-Occupied Units by Geography	139,038	1.2	12.5	65.5	20.8	0.0
Occupied Rental Units by Geography	64,873	8.3	27.6	56.2	7.9	0.0
Vacant Units by Geography	9,924	3.7	21.6	58.0	16.7	0.0
Businesses by Geography	41,814	3.4	12.0	66.4	18.3	0.0
Farms by Geography	752	1.3	8.6	68.5	21.5	0.0
Family Distribution by Income Level	137,416	19.9	17.7	23.0	39.5	0.0
Household Distribution by Income Level	203,911	24.1	15.3	17.6	43.0	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD		\$100,380	Median Housing Value			\$390,922
			Median Gross Rent			\$1,319
			Families Below Poverty Level			4.7%
<i>Source: 2015 ACS Census and 2018 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2018 D&B data, there were 41,814 non-farm businesses in the assessment area. The GARs for those businesses are below.

- 82.5 percent have \$1 million or less.
- 7.7 percent have more than \$1 million.
- 9.8 percent have unknown revenues.

The analysis of commercial loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Service industries represent the largest portion of businesses at 43.9 percent; followed by retail trade at 12.6 percent; construction at 10.4 percent; and finance, insurance, and real estate at 8.7 percent. The vast majority of businesses in the assessment area are very small. The fact that 77.6 percent of businesses have GARs of \$500,000 or less, 66.5 percent of businesses have four or less employees, and 88.3 percent of businesses operate from a single location support this conclusion. Major employers in the assessment area include Lahey Clinic in Burlington, Analog Devices in Wilmington, Cross Country Automotive in Medford, Melrose/Wakefield Hospital in Melrose, and Winchester Hospital.

Examiners used the 2016 and 2017 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The median family income in the

Cambridge-Newton-Framingham, MA MD increased from \$98,600 in 2016 to \$104,800 in 2017. 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%
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2016 (\$98,600)	<\$49,300	\$49,300 to <\$78,880	\$78,880 to <\$118,320	≥\$118,320
2017 (\$104,800)	<\$52,400	\$52,400 to <\$83,840	\$83,840 to <\$125,760	≥\$125,760
<i>Source: FFIEC</i>				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Opportunities for home mortgage lending in the assessment area are somewhat limited, as only 65.0 percent of the 213,835 housing units are owner-occupied. The remaining units are occupied rental units (30.4 percent), and vacant units (4.6 percent).

Data obtained from the U.S. BLS indicates that in June 2018, the unemployment rate was 3.5 percent statewide. The unemployment rate in Middlesex and Essex Counties were similar and remained consistent throughout the evaluation period.

Competition

The assessment area is highly competitive in the market for financial services. According to the 2017 peer deposit data, there were 54 financial institutions that operated 221 full-service branches within the bank’s assessment area. Of these institutions, StonehamBank ranked 13th with a 2.14 percent deposit market share.

There is a large level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders in the assessment area. In 2016, StonehamBank ranked 30th among all HMDA lenders operating in the assessment area, which included 427 lenders. StonehamBank was the highest ranked local community bank for originating HMDA reportable loans in 2016 when compared to the similarly situated banks in the area. In 2017, 398 lenders reported 17,727 originated or purchased residential mortgage loans. StonehamBank ranked 35th by originating 116 loans for a market share of 0.65 percent. The only similarly situated banks that originated more loans than StonehamBank were Winchester Co-operative Bank and The Savings Bank, Wakefield.

The analysis of commercial loans under the Lending Test does not include comparisons to aggregate data, as this type of data is not collected or made available. The sample of commercial loans will be compared to demographic information.

Community Contact

As part of the evaluation process, examiners contact organizations active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to the particular needs in the

community. It also shows what credit and community development opportunities are available in the assessment area.

Examiners contacted a non-profit organization based in the assessment area that offers affordable housing and eviction prevention services for low-income individuals and families. The contact indicated that affordable housing is a primary community development need in the area. The contact pointed to real estate developments in and around the Greater Boston area that have raised the cost of housing substantially in recent years. As a result, low-income individuals are unable to secure mortgages and low-income renters face the prospect of unaffordable increases in rental rates. The contact perceived that this issue is likely to persist in the future, highlighting the need for affordable housing in the assessment area.

In addition, the contact pointed to ways it felt financial institutions could help the organization's clients. Low-income families transitioning into new housing would benefit from banking services designed to assist underbanked individuals who previously struggled with maintaining checking and savings accounts. By reducing roadblocks to letting these individuals reestablish banking relationships, financial institutions would assist low-income individuals and families financial condition.

Credit and Community Development Needs and Opportunities

Considering information from community contacts, bank management, and demographic and economic data, examiners determined that affordable housing is the primary credit need in the assessment area. The shortage of affordable housing units and limited-affordability supports this need.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

StonehamBank demonstrated reasonable performance under the Lending Test. LTD ratio and Borrower Profile performance primarily support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 115.0 percent over the past 12 calendar quarters from December 31, 2015, to September 30, 2018. The ratio ranged from a low of 111.3 percent as of March 31, 2015, to a high of 118.8 percent as of December 31, 2017. The ratio remained generally stable during the evaluation period. StonehamBank maintained a higher ratio when compared to similarly situated institutions, as shown in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2018 (\$000s)	Average Net LTD Ratio (%)
Reading Co-operative Bank	562,134	105.1
StonehamBank	600,691	115.0
The Savings Bank, Wakefield	602,287	97.8
Winchester Co-operative Bank	627,910	82.2
Winchester Savings Bank	542,244	84.9
<i>Source: Reports of Condition and Income 12/31/15 through 9/30/18</i>		

Assessment Area Concentration

The bank made a majority of home mortgage and sampled commercial loans combined, by number within the assessment area. As stated previously, a high level of competition within the assessment area and higher interest rates led to a decrease in home mortgage loans in 2017. In addition, the bank did not make a majority of home mortgage loans by dollar amount in the assessment area. A combination of declining demand for home mortgage loans, and higher property values outside of the assessment area contributed to this performance. See the following table for further information.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2016	193	52.2	177	47.8	370	58,930	40.4	86,889	59.6	145,819
2017	116	45.1	141	54.9	257	37,306	38.5	59,620	61.5	96,926
Subtotal	309	49.3	318	50.7	627	96,236	39.6	146,509	60.4	242,745
Commercial										
2018	27	87.1	4	12.9	31	1,606	50.0	1,608	50.0	3,214
Subtotal	27	87.1	4	12.9	31	1,606	50.0	1,608	50.0	3,214
Total	336	51.1	322	48.9	658	97,842	39.8	148,117	60.2	245,959
<i>Source: Bank Data Due to rounding, totals may not equal 100.0</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank’s reasonable dispersion of home mortgage lending supports this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Examiners focused on the comparison to aggregate data as well as the market share rankings. The following table shows that the assessment area did not have any low-income census tracts in 2016. The assessment area had three low-income census tracts in 2017. During that time, the bank’s performance in low-income census tracts was slightly below the aggregate lending performance. The bank’s performance in moderate-income census tracts was well below aggregate and demographics in both 2016 and 2017. As mentioned previously, higher interest rates and lower demand for home mortgage loans in the market in general contributed to the bank’s lending performance in low- and moderate-income census tracts.

Market share data supports the bank’s reasonable performance. In 2016, the bank ranked 57th out of 230 lenders in moderate-income census tracts. The top three lenders were Leader Bank, Wells Fargo Bank, NA, and JP Morgan Chase Bank, NA. Stoneham Co-operative Bank was the highest ranked community bank when compared to the similarly situated institutions. In 2017, the bank ranked 67th of 231 lenders in lending in moderate-income census tracts with a 0.29 percent market share. The bank once again ranked higher than the similarly situated institutions in the assessment area.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	0.0	0.0	0	0.0	0	0.0
2017	1.2	1.7	1	0.9	200	0.5
Moderate						
2016	11.3	11.5	11	5.7	3,078	5.2
2017	12.5	13.4	7	6.0	1,978	5.3
Middle						
2016	66.0	66.0	147	76.2	43,356	73.6
2017	65.5	64.6	90	77.6	28,364	76.0
Upper						
2016	22.7	22.5	35	18.1	12,496	21.2
2017	20.8	20.3	18	15.5	6,764	18.1
Totals						
2016	100.0	100.0	193	100.0	58,930	100.0
2017	100.0	100.0	116	100.0	37,306	100.0

Source: 2010 U.S. Census & 2015 ACS Census; 1/1/2016 - 12/31/2017 Bank Data, 2016 & 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0

Commercial Loans

The geographic distribution of sampled commercial loans reflects poor dispersion. As shown in the following table, the bank did not originate any loans in low-income census tracts. Examiners compared the bank's level of lending in moderate-income census tracts to the percentage of businesses in those tracts. The bank's performance in moderate-income tracts is well below the percentage of businesses in those tracts.

Geographic Distribution of Commercial Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2018	3.4	0	0.0	0	0.0
Moderate					
2018	12.0	1	3.7	25	1.6
Middle					
2018	66.4	23	85.2	991	61.7
Upper					
2018	18.3	3	11.1	590	36.7
Totals					
2018	100.0	27	100.0	1,606	100.0
<i>Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes in the assessment area. The bank's reasonable performance of home mortgage lending supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. Examiners also focused on the percentage, by number, of sampled commercial loans to businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. Examiners focused on the comparison to aggregate data.

In 2016, home mortgage lending to low-income borrowers was excellent when compared to aggregate performance of 3.3 percent. Although the bank's performance was below the 18.6 percent of families in the low-income category, the demand and opportunity for lending to low-income families was relatively limited. A low-income family in the assessment area, with an income of less than \$49,300, would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$390,922. The bank's performance in 2017 was similar, and continued to exceed aggregate performance. StonehamBank's performance of lending to moderate-income borrowers was reasonable when compared to aggregate performance and the percent of moderate-income families in 2016 and 2017.

Market share data further supports the bank’s overall reasonable performance under this criterion. In 2016, StonehamBank ranked 12th of 163 lenders in lending to low-income borrowers with a 1.8 percent market share. The bank ranked 31st of 251 lenders in lending to moderate-income borrowers. In 2017, StonehamBank ranked 24th of 151 lenders in lending to low-income borrowers and 34th of 250 lenders in lending to moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	18.6	3.3	14	7.3	1,796	3.0
2017	19.9	4.7	10	8.6	1,671	4.5
Moderate						
2016	17.1	15.5	34	17.6	8,211	13.9
2017	17.7	18.2	21	18.1	5,160	13.8
Middle						
2016	24.4	27.9	50	25.9	14,759	25.0
2017	23.0	27.8	29	25.0	8,832	23.7
Upper						
2016	39.9	41.4	80	41.5	27,848	47.3
2017	39.5	37.9	44	37.9	15,826	42.4
Not Available						
2016	0.0	12.0	15	7.8	6,316	10.7
2017	0.0	11.5	12	10.3	5,817	15.6
Totals						
2016	100.0	100.0	193	100.0	58,930	100.0
2017	100.0	100.0	116	100.0	37,306	100.0

Source: 2010 U.S. Census & 2015 ACS Census ; 1/1/2016 - 12/31/2017 Bank Data, 2016 & 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0

Commercial Loans

The distribution of sampled commercial loans reflects reasonable penetration to businesses with GARs of \$1.0 million or less. As shown in the following table, the majority of sampled loans were to those businesses. Given the high level of competition for business loans, combined with the significant volume of business with GARs of \$500,000 or less, the bank’s performance is reasonable.

Distribution of Commercial Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2018	82.5	18	66.7	1,019	63.5
> \$1,000,000					
2018	7.7	6	22.2	512	31.9
Revenue Not Available					
2018	9.8	3	11.1	75	4.7
Totals					
2018	100.0	27	100.0	1,606	100.0
<i>Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

StonehamBank demonstrated adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, considering the institution's capacity and the need and availability of such opportunities. Performance levels under each of the community development activities was comparable to similarly situated institutions that had recently received a Satisfactory rating under the Community Development Test.

Community Development Loans

StonehamBank originated five community development loans totaling approximately \$1.2 million during the evaluation period. This level of community development loans represents 0.2 percent of both average total assets and average total loans since the prior evaluation. Of the five community development loans, two totaling \$1.0 million had a primary purpose of economic development in the bank's assessment area and broader regional area. The following table illustrates the bank's community development lending activity by year and purpose.

Community Development Loans												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize Or Stabilize		Neighborhood Stabilization Projects		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
12/8/2015-12/31/2015	0	0	0	0	0	0	0	0	0	0	0	0
2016	0	0	0	0	1	762	0	0	0	0	1	762
2017	0	0	2	147	1	238	0	0	0	0	3	385
2018	0	0	0	0	0	0	1	50	0	0	1	50
YTD 2019	0	0	0	0	0	0	0	0	0	0	0	0
Totals	0	0	2	147	2	1,000	1	50	0	0	5	1,197

Source: Bank records

The following points illustrate each of the bank’s community development loans.

- In 2016, the bank made a \$762,000 loan to an economic development organization. This loan assists the organization in retaining jobs throughout the assessment area. The bank increased the line of credit to this organization to \$1 million in 2017. Additionally, the bank made another loan in 2017 totaling approximately \$59,000 to this organization.
- In 2017, the bank originated a commercial line of credit for \$88,000 to finance a small business located in a moderate-income census tract that provides addiction treatment for individuals and support services for families. A majority of those served by this organization are from low- or moderate-income families.
- In 2018, the bank originated a \$50,000 loan to the Lowell Community Loan Fund, Inc., a certified Community Development Financial Institution. The loan was in response to gas explosions throughout Merrimack Valley, including several low- and moderate-income geographies in and around Lawrence, Massachusetts. Notably, the loan does not accrue interest over its first six months. The proceeds from the loan will support the disaster relief fund and will serve to revitalize and stabilize properties within those low- and moderate-income tracts.

Qualified Investments

StonehamBank made 186 qualified investments totaling approximately \$2.6 million during the evaluation period. This number includes 3 new equity investments totaling \$2.3 million and 183 donations totaling \$304,142. The dollar amount of equity investments equate to 0.4 percent of average total assets and 3.6 percent of average securities since the last evaluation. The level of equity investments increased \$203,000 and qualified donations increased \$73,000 from the prior evaluation. Of the total dollar amount, 49.5 percent benefitted economic development and 40.4 percent benefitted affordable housing in the assessment area. The latter figure demonstrates the

bank's responsiveness to the need for affordable housing. The following table illustrates the bank's community development investments by year and purpose.

Qualified Investments												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize Or Stabilize		Neighborhood Stabilization Projects		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0	0	0
12/8/2015-12/31/2015	0	0	0	0	0	0	0	0	0	0	0	0
2016	1	1,000	0	0	0	0	0	0	0	0	1	1,000
2017	0	0	0	0	1	250	0	0	0	0	1	250
2018	0	0	0	0	1	1,000	0	0	0	0	1	1,000
YTD 2019	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	1	1,000	0	0	2	1,250	0	0	0	0	3	2,250
Qualified Grants & Donations	25	32	154	259	4	13	0	0	0	0	183	304
Totals	26	1,032	154	259	6	1,263	0	0	0	0	186	2,554

Source: Bank Records

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

Qualified Equity Investments

- In 2016, the bank invested \$1 million in a publicly traded fund earmarked to provide affordable housing in the assessment area. Half of the investment was used to assist MassHousing – a quasi-government agency. This agency promotes affordable and sustainable homeownership by issuing a series of bonds that finance mortgage loans for multiple rental developments, including low-income housing tax credits (LIHTC) for low- and moderate-income seniors. The remaining \$500,000 helped fund mortgage loans originated to low- and moderate-income borrowers with properties located in Woburn, Massachusetts.
- In 2017 and 2018, the bank purchased two bonds worth approximately \$1.3 million issued by the Small Business Administration, specifically earmarked for Small Business Investment Companies (SBICs). The SBICs will use the proceeds from the sale of the bonds to make capital or equity investments in small businesses.

Charitable Contributions

- **Mystic Valley Elder Services, Inc. (MVES)** – In 2016, 2017, and 2018, the bank made annual grants of \$20,000 to MVES, a nonprofit agency that assists low-income seniors with financial management, affordable meals, and Medicare and insurance support. The proceeds from the grants help fund these programs.

- **Habitat for Humanity of Greater Lowell** – The bank made multiple donations to this organization since the previous examination. The Habitat for Humanity of Greater Lowell is a nonprofit organization that builds homes for low- and moderate-income families with volunteer labor and materials. The organization focuses on the following areas: Bedford, Billerica, Burlington, Carlisle, Chelmsford, Concord, Dracut, Dunstable, Lowell, Reading, Tewksbury, Tyngsboro, Wakefield, Westford and Wilmington.
- **North Shore Community Development Coalition (NSCDC)** – The bank granted multiple donations to NSCDC, which focuses on low-income and distressed neighborhoods in need of development to bring opportunity to low-income residents and improve quality of life in Salem, Gloucester, Peabody and Beverly.

Community Development Services

Bank employees provided 123 instances of financial expertise or technical assistance to 27 different community development-related organizations during the evaluation period. Some of the services benefitted the regional area that includes the bank’s assessment area. The following table illustrates the bank’s community development services by year and purpose.

Community Development Services						
Activity Year	Affordable Housing	Community Development Organizations	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization Projects	Totals
	#	#	#	#	#	#
12/8/15-12/31/15	0	9	2	0	0	11
2016	0	33	3	0	0	36
2017	2	29	3	0	0	34
2018	2	37	3	0	0	42
YTD 2019	0	0	0	0	0	0
Total	4	108	11	0	0	123

Source: Bank Records

Below are notable examples of the bank’s community development services.

- **NuPath, Inc.** – This organization supports individuals with developmental disabilities and provides day and residential programs. NuPath, Inc. primarily serves low- and moderate-income individuals in the bank’s assessment area. The organization also offers affordable housing through group homes for disabled adults in 16 locations throughout Middlesex County. An employee of the bank serves as a Director for this organization.
- **Mystic Valley Elder Services** – This nonprofit organization provides numerous services to low-income elders in North Reading, Reading, Wakefield, Stoneham, Melrose, Medford, Malden, and Everett. One of its main functions is administering the Massachusetts Money Management Program free-of-charge to elders who are at risk of losing their independence due to an inability to manage their own finances. A bank

employee provides Money Management Services for elders and another bank employee serves on the organization's Board.

- ***Caritas Communities Inc.*** – Caritas Communities prevents homelessness by providing low-income individuals with permanent housing, support, and expanded opportunities. For more than 30 years, this organization has helped fill the need for safe, secure housing in the Greater Boston area. A Director serves on the Board of the organization.
- ***Middlesex 3 Coalition*** – The Middlesex 3 Coalition is a regional partnership of nine Middlesex County communities: Bedford, Burlington, Billerica, Chelmsford, Lexington, Lowell, Tewksbury, Tyngsborough, and Westford. Supported by the Massachusetts Executive Office of Housing and Economic Development, the coalition communities share a common goal of fostering economic development, job growth, and job retention in the community. A Director serves on the Board of the Coalition.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX

FAIR LENDING POLICIES AND PROCEDURES

The Division of Banks provides comments regarding the institution’s fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106.

The bank supports the fair lending process through consistent underwriting procedures, regular monitoring, and appropriate audits.

MINORITY APPLICATION FLOW

Examiners reviewed Stoneham Bank’s 2016 and 2017 HMDA LARs to determine if the application flow from different racial groups within the bank’s assessment area reflected assessment area demographics.

Examiners compared the bank’s 2016 and 2017 residential lending to 2016 and 2017 aggregate data. This comparison assists in deriving reasonable expectations for the minority application rate. Refer to the following table for information regarding the bank’s minority application flow as well as the aggregate data.

MINORITY APPLICATION FLOW						
RACE	Bank 2016		2016 Aggregate Data	Bank 2017		2017 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.1	0	0.0	0.2
Asian	7	2.9	6.6	3	2.1	7.5
Black/ African American	0	0.0	2.2	1	0.7	2.2
Hawaiian/Pacific Islander	0	0.0	0.1	2	1.4	0.1
2 or more Minority	0	0.0	0.0	0	0.0	0.1
Joint Race (White/Minority)	3	1.2	1.5	1	0.7	1.5
Total Minority	10	4.4	10.5	7	4.9	11.6
White	208	84.9	69.6	115	80.4	67.5
Race Not Available	27	11.0	19.9	21	14.7	20.9
Total	245	100.0	100.0	143	100.0	100.0
ETHNICITY						
Hispanic or Latino	3	1.2	2.7	1	0.7	3.5
Not Hispanic or Latino	213	87.0	76.2	117	81.8	74.5
Joint (Hisp/Lat /Not Hisp/Lat)	3	1.2	1.2	4	2.8	1.2
Ethnicity Not Available	26	10.6	19.9	21	14.7	20.8
Total	245	100.0	100.0	143	100.0	100.0

According to 2015 ACS US Census data, the assessment area contained 544,740 individuals, of which 18.2 percent are minorities. The assessment area’s minority and ethnic population is 4.1 percent Black/African American, 7.4 percent Asian, 0.1 percent American Indian, 4.6 percent Hispanic or Latino, and 2.0 percent other race.

In 2016, the bank received 245 HMDA-reportable loan applications from within its assessment area. Of these applications, it received 10 or 4.4 percent from minority applicants. This figure is compared to aggregate data showing 10.5 percent of loan applications were received from racial minorities in the assessment area. The bank received three or 1.2 percent of its applications from ethnic groups of Hispanic and Latino origin, compared to aggregate data showing 2.7 percent of applications were received from Hispanic and Latino applicants in the assessment area.

In 2017, the bank received 143 HMDA-reportable loan applications from within its assessment area. Of these applications, the bank received seven or 4.9 percent from minority applicants, compared to aggregate data showing 11.6 percent of loan applications were received from racial minorities in the assessment area. The bank received one or 0.7 percent of its applications from ethnic groups of Hispanic and Latino origin, compared against aggregate data showing 3.5 percent of applications received from Hispanic and Latino applicants.

Considering the assessment area's demographic composition and comparisons to aggregate data in 2016 and 2017, the bank's minority application flow is adequate.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Areas (CBSAs): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) an unemployment rate of at least 1.5 times the national average;
- (2) a poverty rate of 20 percent or more; or,
- (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

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

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

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

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

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

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

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

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

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

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

Underserved middle-income nonmetropolitan geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

- Population size, density, and dispersion indicating the area's population is sufficiently small, thin, and
- Distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

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