

PUBLIC DISCLOSURE

December 7, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Tremont Credit Union
Certificate Number: 68349

2 Granite Avenue
Milton, Massachusetts 02115

**Division of Banks
1000 Washington Street
Boston, Massachusetts 02118**

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

INSTITUTION RATING

This document is an evaluation of the CRA performance of **Tremont Credit Union (credit union)** prepared by the Division of Banks (Division), the institution's supervisory agency as of **December 8, 2020**. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

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. The assigned rating is based on the result of the Lending Test.

The Lending Test is rated Satisfactory.

- Tremont Credit Union's average net loan-to-deposit (LTS) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs of its assessment area...
- The credit union made a majority of its home mortgage loans in the assessment area.
- The geographic distribution of loans reflects good dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating. The credit union has an adequate record relative to fair lending policies and practices and a more than reasonable percentage of applications received from ethnic and racial minority applicants in the assessment area.

SCOPE OF EVALUATION

General Information

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire AA, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its membership.

Small Institution CRA procedures were used for the evaluation. The following criteria were considered: Loan-to-Share ratio, Lending Inside and Outside of the Assessment Area, Geographic Distribution, Distribution of Borrowers, and Response to CRA Complaints.

The evaluation references demographic and economic information from the 2010 United States (U.S.) Census, and the 2015 American Community Survey (ACS). Credit union financial data reflects the September 30, 2020 Call Report.

Loan Products Reviewed

Examiners determined that the credit union's major product line is home mortgage loans. This conclusion considered the credit union's business strategy and the number and dollar volume of loans originated during the evaluation period.

Home mortgage lending data analyzed included full-year data from January 1, 2018 through December 31, 2019. Information related to home mortgage lending was derived from the Loan Application Registers (LARs) maintained by the credit union, pursuant to HMDA. For 2018, the credit union reported 82 originations totaling \$18.6 million. For 2019, the credit union reported 113 originations totaling \$32.1 million.

Examiners reviewed the number and dollar volume of home mortgage 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 served.

DESCRIPTION OF INSTITUTION

Background

Established in 1952 as Boston Federal Teachers Credit Union and since then has gone through several name changes and has expanded its field of membership to include over 250 Select Employer Groups, including the Boston Public Schools, Blue Cross Blue Shield of Massachusetts, Boston Children's Hospital, Dana Farber Cancer Institute, Massachusetts Biotechnology Council and affiliate companies, the Massachusetts counties of Middlesex, Norfolk, and Suffolk, and all family members of existing members. The credit union has 16,377 members as of September 30, 2020.

Tremont Credit Union received a "Satisfactory" at its previous CRA evaluation conducted by the Division of Banks on May 16, 2016.

Operations

July 2018, the credit union relocated its main office from 150 Grossman Drive in Braintree to 2 Granite Avenue in Milton. The credit union operates three additional branches at 350 Longwood Avenue in Boston, 180 Mount Vernon Street in Dorchester and 10 Corinth Street in Roslindale.

The credit union offers the following products and services to its members: checking and savings accounts for consumers and businesses. It also provides its members with mortgage loans, home equity loans, auto loans, personal loans, recreational loans, credit cards, and energy efficient loans offered through a partnership with Mass Save. Additional services include ATM/Debit cards, internet banking, and mobile banking. The credit union is a member of a Shared Branch

Network. It is a shared financial delivery channel created by credit unions to provide members with convenient hours and locations. ‘Shared Branching’ allows members within its network to access and conduct limited transactions through a network of participating credit unions worldwide. Examples of such transactions include, but are not limited to, balance inquiries, share to share transfers, deposits, withdrawals, check cashing, statement printouts, and purchasing of monetary instruments such as bank checks, money orders, and traveler checks.

Ability and Capacity

As of September 30, 2020 the credit union had total assets of approximately \$231.6 million, total shares and deposits of approximately \$203.4 million, and total loans of approximately \$151.1 million. The credit union is primarily a residential mortgage lender by dollar volume. Loans secured by first liens and junior liens on 1-4 family residential properties account for 83.5 percent of total loans.

The following table illustrates the distribution of the credit union’s loan portfolio.

Loan Portfolio Distribution as of 9/30/2020		
Loan Category	\$	%
Unsecured Loans/Lines of Credit (includes SBA PPP Loans)	10,774,910	7.13
New Vehicle Loans	5,258,706	3.48
Used Vehicle Loans	6,056,051	4.01
Secured Non-Real Estate Loans/Lines of Credit	418,819	0.28
Total Loans/Lines of Credit Secured by 1 st Lien 1-4 Family Residential Properties	89,496,808	59.20
Total Loans/Lines of Credit Secured by Junior Lien 1-4 Family Residential	36,856,011	24.38
Commercial Loans/Lines of Credit Real Estate Secured	2,289,486	1.51
Commercial Loans/Lines of Credit Not Real Estate Secured	34,798	0.02
Total Loans	151,185,589	100.0
<i>Source: Reports of Income and Condition</i>		

DESCRIPTION OF ASSESSMENT AREA

The credit union’s assessment area, as currently defined, meets the technical requirements of the CRA Regulation.

Economic and Demographic Data

The assessment area includes all of Middlesex, Suffolk, and Norfolk Counties and contains a total of 652 census tracts. The assessment area is unchanged since the previous examination. The assessment reflects the following income designations according to the 2015 ACS data:

- 70 low-income tract,
- 131 moderate-income tracts,
- 220 middle-income tracts, and
- 217 upper-income tracts
- 14 income unknown tracts

The low-and moderate-income census tracts are primarily located in Boston, East Boston, Chelsea, Everett, Lowell, Malden, Medford, Quincy, Randolph, and Revere. There are no underserved or distressed nonmetropolitan middle-income geographies or designated disaster areas within the credit union’s assessment area. However, there are several opportunity zones within the assessment areas. Opportunity zones are federally and state designated areas identified as areas of economic need, with many opportunity zones having the lowest median family income within MA. Within the credit union’s assessment area there are 37 census tracts designated as opportunity zones.

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

Demographic Information of the Assessment Area						
Assessment Area: Tremont CU Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	652	10.7	20.1	33.7	33.3	2.1
Population by Geography	3,002,756	8.9	20.4	35.8	34.5	0.3
Housing Units by Geography	1,210,872	8.4	20.5	36.7	34.1	0.3
Owner-Occupied Units by Geography	649,664	3.0	14.1	39.4	43.3	0.2
Occupied Rental Units by Geography	492,195	15.1	28.5	33.6	22.3	0.5
Vacant Units by Geography	69,013	10.9	24.4	32.7	31.4	0.6
Businesses by Geography	233,367	6.1	14.0	33.7	45.6	0.5
Farms by Geography	3,736	2.2	10.3	36.9	50.6	0.1
Family Distribution by Income Level	694,385	22.9	15.6	18.8	42.7	0.0
Household Distribution by Income Level	1,141,859	26.4	14.0	15.7	43.9	0.0
Median Family Income MSA - 14454 Boston, MA		\$90,699	Median Housing Value			\$438,842
Median Family Income MSA - 15764 Cambridge-Newton- Framingham, MA		\$100,380	Median Gross Rent			\$1,340
			Families Below Poverty Level			7.6%
<i>Source: 2015 ACS and 2018 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Approximately 7.6 percent of families in the assessment area have income below the poverty level, which represents a sub-set of low-income families. A low-income family in the assessment area would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$438,842.

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are 1.2 million housing units in the assessment area. Of these, approximately 54 percent are owner-occupied, and 41 percent are occupied rental units. The remaining 5 percent of housing units are vacant.

Examiners used the 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. These categories are based on the 2018 and 2019 FFIEC-updated median family income for each MD in the assessment area.

Table B – Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA MD Median Family Income (14454)				
2018 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160
Boston, MA Median Family Income (14454)				
2019 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2018 (\$110,300)	<\$55,150	\$55,150 to <\$88,240	\$88,240 to <\$132,360	≥\$132,360
Cambridge-Newton-Framingham, MA Median Family Income (15764)				
2019 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
<i>Source: FFIEC</i>				

Data obtained from the U.S. Bureau of Labor Statistics indicates the 2019 annual average unemployment rate in the assessment area was 2.6 percent. Due to the 2020 COVID-19 pandemic, the unemployment rate jumped to to 16.2 percent in early April.

Competition

The credit union operates in a highly competitive market for loans. In 2019, 519 lenders originated or purchased 117,314 home mortgage loans in the assessment area. The top four lenders captured 20 percent of the market share, including Citizens Bank, Wells Fargo Bank, Bank of America, and Guaranteed Rate, Inc. Tremont Credit Union ranked 164 with a 0.08 percent of the market share.

Community Contact

As part of the evaluation process, examiners contacted third parties 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 these needs. It also shows available credit and community development opportunities. Examiners conducted a community contact in the assessment area.

Examiners contacted a representative from a non-profit organization serving the credit union’s assessment area. Services include homelessness prevention, a food relief program, thrift shop,

and mental health counseling. Due to the COVID-19 Pandemic, the contact acknowledged an increase in demand and opportunity for the provision of food supplies for low and moderate-income individuals and those below the poverty level. In terms of credit related assistance, the contact discussed the need for mortgage and rental relief to retain residence in their homes and stabilize communities. The contact indicated that financial institutions have been responsive with donations to provide the needed funding to support essential programs

Credit and Community Needs and Opportunities

Considering information from the community contact, credit union management, and demographic and economic data, examiners determined affordable housing and community services to support low and moderate-income individuals are a primary credit and community development need in the Assessment Area. Additionally, Examiners determined that housing stabilization in low and moderate-income areas and to low and moderate-income individuals is also a need for the Assessment Area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Tremont Credit Union exhibited reasonable performance under the Lending Test.

Loan-to-Share Ratio

This performance criterion determines what percentage of the credit union’s share base is reinvested in the form of loans. The average net loan-to-share ratio for the last eight quarters is reasonable given the institution’s size, financial condition, and AA credit needs.

The credit union’s net LTS ratio, as calculated from the NCUA 5300 Quarterly Call Report data, averaged 78.6 percent over the past eight calendar quarters from December 31, 2018 through September 30, 2020. The ratio ranged from a low of 74.3 percent as of September 30, 2020, to a high of 82.7 percent as of December 31, 2019. The ratio remain relatively stable and above 80.0 percent during the evaluation period until it began to dip below that threshold on March 31, 2020 from the impact of operations due to COVID. The credit union maintained a ratio lower than comparable institutions, as shown in the following table. Examiners selected comparable institutions based on their asset size and lending focus.

Loan-to-Share Ratio Comparison		
Institution	Total Shares	Average LTS Ratio (%)
Tremont Credit Union	231,616,382	78.6
Mass Bay Credit Union	280,417,729	91.2
Members Plus Credit Union	324,082,003	82.0
<i>Source: Reports of Income and Condition 12/31/2018 through 9/30/2020</i>		

Assessment Area Concentration

The credit union made a majority of home mortgage loans, by number and dollar volume, within its assessment area. The following table details the credit union’s home mortgage lending activity inside and outside of the assessment area in 2018 and 2019.

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										
2018	64	78.0	18	22.0	82	14,730	78.9	3,920	21.1	18,650
2019	88	77.8	25	22.2	113	26,070	81.1	6,045	18.9	32,115
Total	152	77.9	43	22.1	195	40,800	80.3	9,965	19.7	50,765

Source: Evaluation Period: 1/1/2018 - 12/31/2019 Credit Union Data. Due to rounding, totals may not equal 100.0

Borrower Profile

The distribution of home mortgage loans reflects reasonable distribution to individuals of different income levels.

In 2018, the credit union originated 1.6 percent of loans to low-income borrowers, which was below aggregate performance of 5.5 percent. For the same year, the credit union originated 12.5 percent of loans to moderate-income borrowers, which was below the aggregate at 15.9 percent. In 2019, the credit union made 3.4 percent of loans to low-income borrowers, which was below aggregate performance of 5.1 percent. For the same year, 14.8 percent of loans were originated to moderate-income borrowers, which was slightly below the aggregate of 15.6 percent. Please refer to the table below for more information.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	22.9	5.5	1	1.6	205	1.4
2019	22.9	5.1	3	3.4	545	2.1
Moderate						
2018	15.5	15.9	8	12.5	1,940	13.2
2019	15.5	15.6	13	14.8	3,095	11.9
Middle						
2018	18.8	23.8	21	32.8	3,945	26.8
2019	18.8	23.7	30	34.1	7,750	29.7
Upper						
2018	42.8	50.1	34	53.1	8,640	58.6
2019	42.8	50.6	42	47.7	14,680	56.3
Not Available						
2018	0.0	4.7	0	0.0	0	0.0
2019	0.0	5.0	0	0.0	0	0.0
Totals						
2018	100.0	100.0	64	100.0	14,730	100.0
2019	100.0	100.0	88	100.0	26,070	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Credit Union Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Geographic Distribution

Considering the credit union's AA demographics, aggregate data, and performance context factors, the distribution of home mortgage loans reflects a good distribution in low- and moderate-income geographies.

In 2018, the credit union originated 7.8 percent of home mortgage loans within low-income census tracts, above the aggregate performance of 4.0 percent and above the percentage of owner occupied housing of 3.0 percent. In 2019, the percentage of loans within low-income census tracts decreased to 6.8 percent, yet remained above the aggregate of 3.6 percent and the percentage of owner occupied housing units.

The credit union originated 21.9 percent of home mortgage loans within moderate-income census tracts in 2018. This number is above the aggregate performance of 15.7 percent and above the owner-occupied housing percentage of 14.1 percent within the assessment area. In 2019, home mortgage loans in moderate-income census tracts was comparable at 21.6 percent. Please refer to the table below for more information.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	3.0	4.0	5	7.8	1,375	9.4
2019	3.0	3.6	6	6.8	2,230	8.6
Moderate						
2018	14.1	15.7	14	21.9	2,830	19.2
2019	14.1	14.7	19	21.6	5,635	21.6
Middle						
2018	39.4	37.9	30	46.9	6,940	47.1
2019	39.4	38.6	34	38.6	8,540	32.7
Upper						
2018	43.3	42.1	14	21.8	3,200	21.7
2019	43.3	42.9	29	33.0	9,665	37.1
N/A						
2018	0.2	0.3	1	1.6	385	2.6
2019	0.2	0.2	0	0.0	0	0.0
Totals						
2018	100.0	100.0	64	100.0	14,727	100.0
2019	100.0	100.0	88	100.0	26,070	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Credit Union Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Response to CRA Complaints and Fair Lending Policies

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the credit union's public

comment file indicated the credit union received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

Minority Application Flow

Examiners reviewed the credit union's 2018 and 2019 HMDA LARs to determine if the application flow from different racial groups within the credit union's assessment area reflected assessment area demographics. Examiners compared the credit union's 2018 and 2019 residential lending to 2018 aggregate data. It is noted the credit union operates in a highly competitive area for financial offerings and in an AA comprised of numerous low- and moderate-income census tracts.

According to 2015 ACS US Census data, the credit union's assessment area contained a total population of 3,002,756 individuals of which 31.6 percent are minorities. The assessment area's minority and ethnic population is 8.8 percent Black/African American, 9.8 percent Asian, 0.1 percent American Indian, 10.1 percent Hispanic or Latino and 2.8 percent other.

Refer to the following table for information on the credit union's minority application flow as well as aggregate data in the credit union's assessment area.

MINORITY APPLICATION FLOW						
RACE	Credit union 2018		2018 Aggregate Data	Credit union 2019		2019 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.3	0	0.0	0.2
Asian	3	3.4	10.7	1	0.8	10.3
Black/ African American	28	31.8	4.8	28	23.2	4.4
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0	0.2
2 or more Minority	0	0.0	0.2	0	0.0	0.1
Joint Race (White/Minority)	2	2.3	1.8	2	1.7	1.8
Total Minority	33	37.5	18.0	31	25.8	17.0
White	38	43.2	59.7	39	32.5	59.2
Race Not Available	17	19.3	22.3	50	41.7	23.8
Total	88	100.0	100.0	120	100.0	100.0
ETHNICITY						
Hispanic or Latino	3	3.4	5.0	6	5.0	4.8
Joint (Hisp/Lat /Not Hisp/Lat)	1	1.1	1.2	1	0.8	1.1
Total Hispanic Minority	4	4.6	6.2	7	5.8	5.9
Not Hispanic or Latino	64	72.7	71.0	62	51.7	70.0
Ethnicity Not Available	20	22.7	22.8	51	42.5	24.1
Total	88	100.0	100.0	120	100.0	100.0

Source: ACS US Census 2015, HMDA Aggregate Data 2018 and 2019, HMDA LAR Data 2018 and 2019.

In 2019, the credit union received 120 HMDA reportable loan applications. Of these, the credit union received 31, or 25.8 percent, from racial minority applicants. The credit union's application flow was substantially above aggregate performance of 17.0 percent for applications from racial minority applicants. Of the 31 applications to racial minorities, 24, or 77.4 percent, were originated. For the same time period, the credit union received 7 applications, or 5.8 percent, from ethnic groups of Hispanic origin which was in line with the 2019 aggregate performance of 5.9 percent. Of the 7 applications to Hispanic borrowers, 5, or 71.4 percent were originated.

The credit union's application flow increased since its prior evaluation with performance above aggregate for both 2018 and 2019. Considering the demographic composition of the assessment area and the credit union's strategies, the credit union's minority application flow is considered more than reasonable.

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 Two Granite Avenue Milton, MA 02186.

[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.