

# **PUBLIC DISCLOSURE**

November 2, 2020

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Winchester Savings Bank  
Certificate Number: 90308

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Winchester, Massachusetts 01890

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

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## INSTITUTION RATING

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

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

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit (LTD) ratio is 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 among individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

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

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

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated January 8, 2018, to the current evaluation dated November 2, 2020. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate WSB's CRA performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test.

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

- LTD 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 obtain an overall Satisfactory rating.

### **Loan Products Reviewed**

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. Residential real estate and multi-family loans represent 84.0 percent of WSB's loan portfolio as of June 30, 2020.

The bank's record of originating home mortgage loans contributed more weight to overall conclusions. This is due to the bank's business strategy and larger loan volume when compared to small business lending during the most recent calendar year. The bank did not originate a small farm loan during the evaluation period.

The bank is required to record and submit residential mortgage data pursuant to the Home Mortgage Disclosure Act (HMDA). This evaluation analyzed all home mortgage loans reported on the bank's 2018 and 2019 HMDA Loan Application Registers (LARs). For 2018, the bank reported 149 loans totaling approximately \$75 million; and for 2019, the bank reported 144 loans totaling approximately \$74 million.

Examiners used 2018 and 2019 aggregate data and 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. However, the bank collected small business data and examiners considered a full review of small business loans for the bank's performance during the evaluation period. In 2018, the bank originated 15 small business loans totaling approximately \$4 million. In 2019, the bank originated 17 small business loans totaling approximately \$3 million. D&B demographic data provided a standard of comparison.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage loans. Although 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.

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 January 8, 2018 through November 2, 2020.

## **DESCRIPTION OF INSTITUTION**

### **Background**

WSB is a mutually owned financial institution headquartered in Winchester, Massachusetts. The bank operates in Middlesex County in eastern Massachusetts.

The FDIC and Massachusetts Division of Banks assigned a Satisfactory rating at its previous Performance Evaluation, dated January 8, 2018, based on Interagency Intermediate Small Institution Examination Procedures.

### **Operations**

The bank operates four full-service branches in Middlesex County. In addition to the main office in Winchester, the bank operates two branches in Woburn and a branch in Arlington. The main office and the Arlington branch are located in upper-income census tracts. The Woburn branches are in middle-income census tracts. WSB is a full-service financial institution that offers a wide range of products and services to retail and business customers. Deposit products include checking, savings, time deposit, and retirement accounts. Retail lending products include home mortgages, home equity lines of credit, construction loans, and consumer loans. Business lending includes commercial real estate and term loans and lines of credit. WSB also offers alternative banking services including online banking and bill pay, mobile banking deposit, person-to-person payments, business online banking and bill pay, business mobile banking and deposits, and automated teller machines (ATMs). The bank maintains one ATM at each branch. Since the last evaluation, the bank has not opened or closed any branches. There have been no merger or acquisition activities since the previous evaluation.

### **Ability and Capacity**

WSB's assets totaled approximately \$597 million as of June 30, 2020, and included total loans of \$457 million, securities of \$49 million, and deposits of \$522 million. Total assets increased 10.7 percent since the previous evaluation. WSB's loan portfolio mix predominantly reflects its residential lending focus and remains consistent with the previous evaluation. The following table illustrates the loan portfolio.

<b>Loan Portfolio Distribution as of 6/30/2020</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	9,156	2.0
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	344,489	75.4
Secured by Multifamily (5 or more) Residential Properties	30,206	6.6
Secured by Nonfarm Nonresidential Properties	67,576	14.8
<b>Total Real Estate Loans</b>	<b>451,427</b>	<b>98.8</b>
Commercial and Industrial Loans	4,934	1.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	658	0.1
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	59	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>457,078</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

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

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas in which examiners will evaluate the institution’s CRA performance. WSB designated a single assessment area in the Cambridge-Newton-Framingham, MA Metropolitan Division (MD) (15764). The following sections discuss demographic and economic information relevant to the assessment area.

### **Economic and Demographic Data**

The assessment area includes 52 census tracts that make up the following towns: Arlington, Lexington, Medford, Melrose, Reading, Stoneham, Winchester, and Woburn. All eight municipalities are in Middlesex County, Massachusetts. The City of Medford contains four moderate-income census tracts and Melrose contains one. The census tracts reflect the following income designations according to the 2015 American Community Survey (ACS) data.

- 5 moderate-income census tracts,
- 25 middle-income census tracts, and
- 22 upper-income census tracts.

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

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	52	0.0	9.6	48.1	42.3	0.0
Population by Geography	269,933	0.0	7.7	50.1	42.2	0.0
Housing Units by Geography	109,287	0.0	8.2	51.1	40.7	0.0
Owner-Occupied Units by Geography	69,269	0.0	5.6	46.8	47.6	0.0
Occupied Rental Units by Geography	34,938	0.0	13.0	60.0	26.9	0.0
Vacant Units by Geography	5,080	0.0	10.9	48.0	41.1	0.0
Businesses by Geography	24,055	0.0	6.4	50.8	42.8	0.0
Family Distribution by Income Level	68,073	16.2	14.4	20.2	49.3	0.0
Household Distribution by Income Level	104,207	21.5	13.8	15.8	49.0	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD		\$100,380	Median Housing Value			\$489,218
			Median Gross Rent			\$1,368
			Families Below Poverty Level			3.7%
<i>Source: 2010 U.S. Census &amp; 2015 ACS Census and 2019 D&amp;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>						

Examiners used the 2018 and 2019 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 \$110,300 in 2018 to \$115,500 in 2019. The following table presents the low-, moderate-, middle-, and upper-income categories.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Cambridge-Newton-Framingham, MA MD Median Family Income (15764)</b>				
2018 (\$110,300)	<\$55,150	\$55,150 to <\$88,240	\$88,240 to <\$132,360	≥\$132,360
2019 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
<i>Source: FFIEC Due to rounding, totals may not equal 100.0</i>				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. In 2019, of the 109,287 total housing units, 63.4 percent, or 69,269 units were owner-occupied. Of the 69,269 owner-occupied units, only 6.4 percent, or 3,880 units were located in moderate-income geographies. Therefore, home mortgage lending opportunities in the assessment area are somewhat limited. The remaining units are occupied rental units (32.0 percent) and vacant units (4.6 percent). In addition, housing is expensive. A median housing cost of \$489,218 is well above the United States average of \$224,511.

According to 2019 D&B data, there were 24,055 non-farm businesses in the assessment area. Gross annual revenues (GARs) for these businesses are below.

- 86.7 percent have \$1 million or less
- 5.9 percent have more than \$1 million
- 7.5 percent have unknown revenues

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Service industries represent the largest portion of businesses at 47.2 percent, followed by non-classifiable at 15.2 percent, retail trade at 9.6 percent, finance and insurance at 8.9 percent, and construction at 7.8 percent. The vast majority of businesses in the assessment area are small. Given that 82.7 percent of businesses have GARs of less than \$0.5 million, 65.8 percent of businesses have four or less employees, and 91.0 percent of businesses operate from a single location support this conclusion.

Data obtained from the U. S. Bureau of Labor and Statistics indicates that in September 2020, the unemployment rate was 9.6 percent statewide. The unemployment rate in Middlesex County was slightly below the statewide rate at 8 percent in September 2020. Major employers in the assessment area include Lahey Clinic Hospital & Medical Center, Oracle Corporation in Burlington, and Winchester Hospital in Winchester.



## **Competition**

The bank operates in a highly competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2020, 29 financial institutions operated 102 offices in the assessment area. Of these, WSB ranked 11<sup>th</sup> with 3.4 percent deposit market share. The top three banks were Bank of America, Citizens Bank, and Northern Bank and Trust Company. Collectively, these three banks held 40.0 percent of market share.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2019, according to aggregate data, 362 lenders reported 12,544 residential mortgage loans originated or purchased. WSB ranked 38<sup>th</sup> with a market share of 0.6 percent by number. The three most prominent home mortgage lenders accounted for 18.4 percent of total market share.

In 2018, according to aggregate data, 27 lenders reported 39,934 small business loans. As stated previously, the bank is not required to collect and report small business loan data, and they did not. However, the 2018 aggregate data indicates a high degree of competition for small business loans in the assessment area, evidenced by the top three lenders originating approximately 51.8 percent of all small business loans. Examiners used this data to help determine the general level of competition in the area for small business loans; however, direct comparisons are not included in the analysis. Aggregate data for 2019 was not available at evaluation time.

## **Community Contact**

As part of the evaluation process, examiners contact 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 contacted a representative from an affordable housing organization, which serves the assessment area. Due to the lack of available affordable housing units, the contact identified affordable housing as a significant challenge with a particular need for elderly and disabled housing. The contact also mentioned the need for more emergency housing as there is limited availability in the assessment area.

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

Based on assessment area demographics, economic information, competition, and discussions with management and the community contact, examiners determined that affordable housing was the community's primary need. High and rising real estate costs coupled with limited inventory hindered creating affordable housing. This, in turn, resulted in limited community development lending and investment opportunities in the bank's assessment area. As a result, the bank financed affordable housing projects and purchased investments in communities neighboring and outside the assessment area.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

WSB demonstrated reasonable performance under the Lending Test. The LTD Ratio, Assessment Area Concentration, and Geographic Distribution performance primarily support this conclusion.

### Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's average net LTD ratio, calculated from Call Report data, averaged 88.2 percent over the past 11 calendar quarters from March 31, 2018 to September 30, 2020. The ratio ranged from a high of 91.4 as of December 31, 2018 and a low of 86.6 percent as of March 31, 2018. WSB maintained a LTD ratio comparable to similarly situated institutions (SSIs). Examiners selected comparable institutions based on their asset size, geographic location, and lending focus. The following table contains the bank's ratio and those of SSIs.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 9/30/2020 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
The Savings Bank	\$655,631	95.1
<b>Winchester Savings Bank</b>	<b>\$594,712</b>	<b>88.2</b>
Winchester Co-operative Bank	\$739,140	87.1
<i>Source: Reports of Condition and Income 03/31/2018 – 09/30/2020</i>		

### Assessment Area Concentration

When combined, the bank made the majority of its home mortgage and small business loans, by number, within its assessment area. Individually, the bank extended less than a majority of its total home mortgage loans by both number and dollar, with volume increasing from 2018 to 2019. In 2018, rising housing costs and lower than expected residential mortgage lending volume were contributing factors. Refer to the following table for specifics.

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	63	42.6	85	57.4	148	29,845	39.7	45,365	60.3	75,210
2019	77	53.5	67	46.5	144	37,822	51.4	35,699	48.6	73,521
<b>Subtotal</b>	<b>140</b>	<b>47.9</b>	<b>152</b>	<b>52.1</b>	<b>292</b>	<b>67,666</b>	<b>45.4</b>	<b>81,064</b>	<b>54.6</b>	<b>146,731</b>
Small Business										
2018	11	73.3	4	26.7	15	2,605	68.6	1,190	31.4	3,795
2019	12	70.6	5	29.4	17	1,560	53.5	1,356	46.5	2,916
<b>Subtotal</b>	<b>23</b>	<b>71.9</b>	<b>9</b>	<b>28.1</b>	<b>32</b>	<b>4,165</b>	<b>62.1</b>	<b>2,546</b>	<b>37.9</b>	<b>6,711</b>
<b>Total</b>	<b>163</b>	<b>50.3</b>	<b>161</b>	<b>49.2</b>	<b>324</b>	<b>71,831</b>	<b>46.1</b>	<b>83,610</b>	<b>53.9</b>	<b>153,442</b>
<i>Source: Bank Data  Due to rounding, totals may not equal 100.0</i>										

**Geographic Distribution**

The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment area. As the assessment area does not contain any low-income census tracts, examiners focused on the percentage of loans by number originated in moderate-income census tracts.

***Home Mortgage Loans***

Lending in moderate-income census tracts was below aggregate and demographics in 2018 and 2019. In Medford, where four moderate-income tracts are located, the bank does not maintain a branch and there is significant competition. Market share for 2019 shows that the top 10 lenders captured 47 percent of the market and were primarily large national institutions and mortgage companies. Of these 10 lenders, there were two smaller local institutions with each maintaining a Medford presence. Market share data also shows that of the 138 reporting lenders, 86 originated two or fewer mortgage loans. Given these factors, the bank’s performance is reasonable.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
<b>Moderate</b>						
2018	5.6	6.7	1	1.6	905	3.0
2019	5.6	6.2	3	3.9	627	1.7
<b>Middle</b>						
2018	46.8	48.6	27	42.9	11,815	39.6
2019	46.8	49.2	32	41.6	10,823	28.6
<b>Upper</b>						
2018	47.6	44.7	35	55.6	17,125	57.4
2019	47.6	44.6	42	54.5	26,372	69.7
<b>Not Available</b>						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>63</b>	<b>100.0</b>	<b>29,845</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>77</b>	<b>100.0</b>	<b>37,822</b>	<b>100.0</b>
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion. As shown in the following table, the bank’s performance in moderate-income census tracts is reasonable when compared to business demographics; however, the low volume of originations can skew the percentages. These comparisons are reasonable given the bank’s capacity and overall strategic focus.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
2018	0.0	0	0.0	0	0.0
2019	0.0	0	0.0	0	0.0
Moderate					
2018	6.4	2	18.2	1,075	41.3
2019	6.4	1	8.3	75	4.8
Middle					
2018	51.2	5	45.5	1,090	41.8
2019	50.8	4	33.3	400	25.6
Upper					
2018	42.4	4	36.4	440	16.9
2019	42.8	7	58.3	1,085	69.6
Not Available					
2018	0.0	0	0.0	0	0.0
2019	0.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2018</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>2,605</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>1,560</b>	<b>100.0</b>
<i>Source: 2018 &amp; 2019 D&amp;B Data; 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. Examiners focused on comparisons to aggregate data and area demographics. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers, and the percentage by number of small business loans to businesses with GARs of \$1 million or less.

***Home Mortgage Loans***

As indicated in the table, in 2018, WSB’s lending to low- and moderate-income borrowers was below aggregate performance. However, during 2019, lending to low- and moderate-income borrowers increased and exceeded aggregate performance. In addition, in 2019, lending to moderate-income borrowers was above the percentage of moderate-income families, showing a positive trend. Further, 2015 ACS data shows that 3.7 percent of families have incomes below the poverty level. Low-income families in the assessment area earn no more than \$57,750. Considering a median housing price of \$482,279, low-income families would have difficulty qualifying for conventional home mortgage loans.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2018	16.2	4.1	1	1.6	25	0.1
2019	16.2	3.1	5	6.5	728	1.9
<b>Moderate</b>						
2018	14.4	12.2	5	7.9	1,955	6.5
2019	14.4	12.2	12	15.6	2,754	7.3
<b>Middle</b>						
2018	20.2	21.9	9	14.3	2,455	8.2
2019	20.2	21.7	13	16.9	3,927	10.4
<b>Upper</b>						
2018	49.3	51.5	40	63.5	19,640	65.8
2019	49.3	53.2	42	54.5	26,832	70.9
<b>Not Available</b>						
2018	0.0	10.4	8	12.7	5,770	19.3
2019	0.0	9.8	5	6.5	3,581	9.5
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>63</b>	<b>100.0</b>	<b>29,845</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>77</b>	<b>100.0</b>	<b>37,822</b>	<b>100.0</b>
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 and 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

***Small Business Loans***

The distribution of small business loans reflect reasonable penetration to businesses with GARs of \$1.0 million or less. As shown in the following table, the bank made a majority of its loans to those businesses. Given the significant competition for small business loans in the assessment area, the bank’s performance is reasonable.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000					
2018	85.2	7	63.6	2,165	83.1
2019	86.7	8	66.7	1,215	77.9
>\$1,000,000					
2018	6.6	4	36.4	440	16.9
2019	5.9	4	33.3	345	22.1
Revenue Not Available					
2018	8.2	0	0.0	0	0.0
2019	7.5	0	0.0	0	0.0
<b>Totals</b>					
<b>2018</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>2,605</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>1,560</b>	<b>100.0</b>
<i>Source: 2018 &amp; 2019 D&amp;B Data; 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 rating.

### **COMMUNITY DEVELOPMENT TEST**

WSB demonstrated adequate responsiveness to the assessment area's community development needs through qualified community development loans, investments and donations, and services in the assessment area. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area. As the bank was responsive to the community development needs and opportunities within its assessment area, examiners considered community development activities outside the assessment area. Community development loans in Chelsea and Lynn (outside the bank's assessment area) were responsive in meeting affordable housing needs.

### **Community Development Loans**

WSB originated four community development loans totaling approximately \$3.6 million during the evaluation period. This level of activity represents 0.7 percent of average total assets and 0.6 percent of average total loans over the evaluation period. This level of lending represents an increase in the dollar volume of community development lending since the previous evaluation, when the bank originated eight community development loans for \$2 million. The prior evaluation activity level represented 0.4 percent of average total assets and 0.5 percent of average total loans.

As stated previously, affordable housing is the assessment area's primary need. However, due to assessment area characteristics, economic and financial constraints, competition, and the

availability of housing stock, affordable housing lending opportunities were limited. Consequently, the bank sought affordable housing lending opportunities outside the bank’s assessment area in the surrounding and nearby communities of Chelsea and Lynn.

The following table illustrates the bank’s community development loans by year and purpose.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2018	0	0	0	0	0	0	0	0	0	0
2019	1	700	0	0	0	0	0	0	1	700
YTD 2020	3	2,950	0	0	0	0	0	0	3	2,950
<b>Total</b>	<b>4</b>	<b>3,650</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>3,650</b>
<i>Source: Bank Data</i>										

The following are the bank’s qualified community development loan activities:

- In 2020, the bank refinanced a \$300,000 line of credit to a non-profit organization in Arlington, MA. The line of credit was used for operations that provide residential alternatives and mental health services for developmentally challenged individuals. The organization receives approximately 91.0 percent of its revenues from the Commonwealth of MA Department of Development Services, Department of Transitional Assistance, and Section 8 contracts. All clients benefitting from the organization’s services are low- and moderate-income.
- In 2020, the bank renewed a \$30,000 line of credit to a housing corporation in Arlington, MA. The line of credit was used to develop and maintain costs for affordable housing units located in the bank’s assessment area.
- In 2019, the bank originated a loan for \$700,000 secured by a six-unit affordable housing residential building in a moderate-income census tract in Chelsea. All tenants are low-income and the Section 8 Housing Voucher Choice Program subsidizes the rents.
- In 2020, the bank originated a \$2.6 million loan to acquire and rehabilitate five properties in Lynn, MA. The five properties will provide 45 affordable housing units with rents below the Housing and Urban Development Fair Market Rental rates.

### **Qualified Investments**

WSB made 111 qualified donations for approximately \$3.0 million consisting of 9 qualified equity investments of approximately \$2.9 million and 102 donations totaling \$132,000. Of the nine qualified investments, two new qualified investments totaling approximately \$1.4 million supported economic development and revitalization and stabilization, and the seven prior period



investments supported affordable housing. Total investments equate to 0.5 percent of average total assets and 0.4 percent of average total securities. The bank’s number and dollar volume of qualified investments and donations increased since the previous evaluation. During the prior evaluation, the bank had 80 qualified investments and donations for approximately \$2.0 million. These investments demonstrate the bank’s responsiveness, particularly 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		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	6	1,405	0	0	0	0	1	100	7	1,505
2018	0	0	0	0	0	0	1	365	1	365
2019	0	0	0	0	1	1,000	0	0	1	1,000
YTD 2020	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>6</b>	<b>1,405</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1,000</b>	<b>2</b>	<b>465</b>	<b>9</b>	<b>2,870</b>
Qualified Grants & Donations	48	63	51	57	0	0	3	12	102	132
<b>Total</b>	<b>54</b>	<b>1,468</b>	<b>51</b>	<b>57</b>	<b>1</b>	<b>1,000</b>	<b>5</b>	<b>477</b>	<b>111</b>	<b>3,002</b>
<i>Source: Bank Data</i>										

The following are notable examples of the bank’s qualified current and prior investment activities:

## Equity Investments

### *Current Period Investments*

- In 2018, the bank made a \$365,000 investment for an \$8,045,000 Qualified Tax-Exempt General Obligation Municipal Purpose bond fund for the City of Chelsea. Chelsea consists of eight census tracts, six are moderate-income and one is low-income. The bond’s purpose was to revitalize and stabilize Chelsea’s infrastructure, such as, the streets, sidewalks, and sewer replacements, overflows, and improvements primarily located in the low- and moderate-income geographies in Chelsea, MA.
- In 2019, the bank made a \$1,000,000 investment in the Federal Farm Credit Banks. The Federal Farm Credit Bank is part of a Federal Credit System (FCS) network that provides credit to farmers, ranchers, producers, and harvesters of certain farm-related businesses. The network serves all 50 states and the Commonwealth of Puerto Rico. Created by Congress in 1916 to provide American agriculture with a dependable credit source, the FCS is the nation’s oldest government-sponsored enterprise.

### *Prior Period Investments*

- The bank maintains two tax-exempt bonds with a current book value of \$855,024, for

NuPath. NuPath is an organization that provides affordable housing to low- and moderate-income individuals and families in the bank's assessment area.

- The bank maintains four bonds with a current book value of \$550,000, for the Massachusetts Housing Finance Agency (MassHousing). MassHousing is an independent, quasi-public agency that provides affordable housing in Massachusetts to low- and moderate-income individuals and families in the bank's assessment area.
- The bank purchased a \$100,000 municipal bond for the Town of Ayer. Ayer is within the broader regional and geographic area of Middlesex County. Proceeds assisted in revitalizing and stabilizing the town. Additionally, Ayer is within the designated Regional Enterprise Zone of Devens. Enterprise zones are geographic regions that the government grants special status to in order to encourage development and economic growth. The zones may be granted favorable tax rates, regulatory exemptions, or other incentives to encourage businesses to stay in the area or to locate to it.

#### *Qualified Donations*

- **Caritas Communities** – This non-profit community service organization in Braintree provides low-income individuals with permanent affordable housing. The organization operates 33 properties in greater Boston area. Of these properties, three are in Melrose, Medford, and Arlington.
- **Council of Social Concern** – This non-profit community service organization offers a food pantry, subsidized childcare, parenting education, and other social services to predominantly low- and moderate-income individuals and families in the City of Woburn.
- **Housing Corporation of Arlington** – The Housing Corporation of Arlington provides and advocates for affordable housing for low- and moderate-income families and individuals in Arlington, MA and surrounding communities. The organization also has a homeless prevention program that provides grants to help low- and moderate-income families and individuals stabilize and maintain housing needs.
- **Mission of Deeds** – This Reading, MA non-profit organization works with over 500 social service agencies, housing authorities, schools, hospitals, and religious organizations. The organization reuses, refurbishes, and recycles household furniture, and domestic necessities to individuals or families with children who are homeless, fleeing domestic violence, veterans, refugees, the elderly, or those living with a disability. All households live at or below the federal poverty line. The organization is located in the institution's assessment area; however, the organization's activities benefit the broader regional or statewide area that includes the assessment area.

## Community Development Services

WSB employees and Trustees provided 47 instances of financial expertise or technical assistance to 11 different community development-related organizations in the assessment area. These services include involvement in community development organizations as well as financial education and other financial services for low- and moderate-income individuals. During the prior evaluation, the bank provided 65 instances of community development services to 12 different community development-related organizations. The reduced number of instances and organizations during this evaluation period was due primarily to the COVID-19 pandemic that affected and limited community service activities during 2020.

The following table illustrates community development services by year and purpose.

Community Development Services					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2018	8	11	1	0	<b>20</b>
2019	7	8	1	0	<b>16</b>
YTD 2020	3	7	1	0	<b>11</b>
<b>Total</b>	<b>18</b>	<b>26</b>	<b>3</b>	<b>0</b>	<b>47</b>
<i>Source: Bank Data</i>					

### ***Employee Involvement***

WSB employees participate in local community development organizations and provide financial and technical expertise. The following are examples of organizations that benefited from bank employee involvement.

- **Bread of Life** – Bread of Life is a non-profit, non-denominational faith-based organization that offers free evening meals, food pantries, clothing, grocery delivery to senior citizens in public housing, and food delivery to homeless families sheltered in local motels. The organization partners with over 40 local agencies to help low- and moderate-income residents obtain counseling, furniture, housing, and financial assistance. A mortgage executive served on the organization’s Board in 2020. This organization is located in Malden; however, serves assessment area communities of Reading, Melrose, and Medford. In addition, communities that also benefit from services directly adjacent to the assessment area, included Everett, Saugus, Stoneham, North Reading, Winchester, Wakefield, Revere, Chelsea, and Winthrop. This service organization benefits the broader regional or statewide area that includes the institution’s assessment area.
- **Winchester Senior Association Trust** – Winchester Seniors Association Trust is a non-profit volunteer organization that maintains an integrated mission providing social, educational, recreational, and health care services to seniors, including specific programs for low- to moderate-income seniors, such as Meals on Wheels. The President served in 2018 and 2019. This organization benefits the bank’s assessment area.

### ***Financial Services Education***

WSB also provided educational resources related to financial literacy geared toward low- and moderate-income individuals in its assessment area. The following are examples of the financial literacy programs offered.

- **First Time Homebuyers Program** – In 2018 and 2019, the bank partnered with the Community Service Network (CSN) to provide first time homebuyer financial and educational programs. CSN’s mission is to help low- and moderate-income clients obtain the skills, knowledge, and services necessary for self-sufficiency and independence. The organization’s Pre-purchase Homebuyer Education class is Housing and Urban Development and Citizens Housing and Planning Association certified. The bank presented at four sessions each year and approximately 16 households benefitted from the programs.
- **Silver Lining Mentoring Financial Literacy Panel** - The bank provided banking basic seminars to young adults impacted by foster care. Seminars occurred in 2018, 2019, and 2020 involving approximately 8-10 participants. Located in Boston, these individuals need distinct needs, including securing stable housing and food supply, finding gainful employment, facilitating transportation, and developing leadership and self-advocacy skills.

### **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 A**

### **FAIR LENDING POLICIES AND PROCEDURES**

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous evaluation. Examiners conducted the fair lending review in accordance with the Federal Financial Institutions Examination Council Interagency Fair Lending Examination Procedures. Based on these procedures, examiners did not identify any evidence of disparate treatment.

### **MINORITY APPLICATION FLOW**

Examiners reviewed the bank's 2018 and 2019 HMDA LARs to determine if the application flow from the different racial groups within the bank's assessment area reflected the assessment area's demographics.

According to the 2015 ACS Census data, the bank's assessment area contained a total population of 269,933 individuals of which 18.6 percent are minorities. The minority population represented is 3.5 percent Black/African American, 9.1 percent Asian, 0.1 percent American Indian, 3.5 percent Hispanic or Latino, and 2.4 percent other.

Examiners compared the bank's 2018 and 2019 lending levels to the 2018 and 2019 aggregate. This data comparison assists in deriving reasonable expectations for the application rate the bank received from minority home mortgage loan applicants. Refer to the following table for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	Bank 2018		2018 Aggregate Data	Bank 2019		2019 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0	0.1
Asian	3	3.7	11.5	2	2.1	11.7
Black/ African American	0	0.0	1.7	1	1.1	1.7
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0	0.1
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	1	1.2	2.2	4	4.3	2.1
<b>Total Minority</b>	<b>4</b>	<b>4.9</b>	<b>15.9</b>	<b>7</b>	<b>7.5</b>	<b>15.8</b>
White	53	64.6	62.3	70	74.4	61.1
Race Not Available	25	30.5	21.8	17	18.1	23.1
<b>Total</b>	<b>82</b>	<b>100.0</b>	<b>100.0</b>	<b>94</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	<b>0</b>	<b>0.0</b>	<b>2.6</b>	2	<b>2.1</b>	<b>2.2</b>
Not Hispanic or Latino	46	56.1	73.6	67	71.3	72.8
Joint (Hisp/Lat /Not Hisp/Lat)	<b>2</b>	<b>2.4</b>	<b>1.1</b>	2	<b>2.1</b>	<b>1.2</b>
Ethnicity Not Available	34	41.5	22.7	23	24.5	23.8
<b>Total</b>	<b>82</b>	<b>100.0</b>	<b>100.0</b>	<b>94</b>	<b>100.0</b>	<b>100.0</b>

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

In 2018, the bank received 82 HMDA reportable loan applications from within its assessment area. Of these applications, the bank received 4 or 4.9 percent from minority applicants, of which 3 or 75.0 percent resulted in originations. The bank also received 2 or 2.4 percent of applications from ethnic groups of Hispanic origin within its assessment area, of which it originated 2 or 100.0 percent.

In 2019, the bank received 94 HMDA reportable loan applications from within its assessment area. Of these applications, the bank received 7 or 7.5 percent from minority applicants, of which 6 or 85.7 percent resulted in originations. The bank also received 4 or 4.2 percent of applications from ethnic groups of Hispanic origin within its assessment area, of which it originated 3 or 75.0 percent.

Considering the assessment area's demographic composition and comparisons to 2018 and 2019 aggregate data, the bank's minority application flow is 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 19 Church Street Winchester, Massachusetts 01890.

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at 19 Church Street Winchester, Massachusetts 01890.

[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.