

PUBLIC DISCLOSURE

April 6 , 2015

**CRA FOR MORTGAGE LENDERS
PERFORMANCE EVALUATION**

**ARK-LA-TEX FINANCIAL SERVICES, LLC
D/B/A BENCHMARK MORTGAGE
MC2143**

**5160 TENNYSON PARKWAY SUITE 2000W
PLANO, TX 75024**

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

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

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

This document is an evaluation of the CRA performance of **Ark-La-Tex Financial Services, LLC D/B/A/ Benchmark Mortgage ("Ark-La-Tex")** prepared by the Division, the mortgage lender's supervisory agency, as of April 6, 2015.

SCOPE OF EXAMINATION

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

The CRA examination included a comprehensive review and analysis, as applicable, of Ark-La-Tex's:

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

CRA examination procedures were used to evaluate Ark-La-Tex's community investment performance. These procedures utilize two performance tests: the Lending Test and the Service Test. This evaluation considered Ark-La-Tex's lending and community development activities for the period of January 1, 2013 through December 31, 2014. The data and applicable timeframes for the Lending Test and the Service Test are discussed below.

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

Home mortgage lending for 2013 and 2014 is presented in the geographic distribution, lending to borrowers of different incomes and the Minority Application Flow tables. Comparative analysis is provided for the mortgage lender's 2013 and 2014 lending performance as these are the most recent years for which aggregate HMDA lending data is available. The aggregate lending data is used for comparison purposes within the evaluation and is a measure of loan demand. It includes lending information from all HMDA reporting lenders which originated loans in the Commonwealth of Massachusetts.

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

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

MORTGAGE LENDER'S CRA RATING:

This mortgage lender is rated "Satisfactory"

- The distribution of borrowers reflects, given the demographics of Massachusetts, reflects a reasonable record of serving the credit need among individuals of different income levels, including those of low- and moderate-income.
- The geographic distribution of the mortgage lender's loans reflects a less than reasonable dispersion in low- and moderate-income census tracts as it is reflective of the distribution of owner occupied housing in those census tracts.
- Ark-La-Tex offers flexible lending products, which are provided in a safe and sound manner to address the credit needs of low- and moderate-income individuals.
- Fair lending policies and practices are considered adequate.
- The mortgage lender provides an effective delivery of mortgage lending services throughout the Commonwealth.
- Ark-La-Tex provided an adequate level of Community Development Services in the Commonwealth.

PERFORMANCE CONTEXT

Description of Mortgage Lender

Ark-La-Tex Financial Services, LLC was incorporated in Texas on August 27, 1999 and registered as a foreign limited liability company in Massachusetts on December 2, 2004. The Division granted Ark-La-Tex a mortgage company license on November 16, 2006. The mortgage lender's main office is located in Plano, Texas and Ark-La-Tex has two Massachusetts branch offices located in Plymouth and Milford. Both Massachusetts branches are located in middle-income census tracts.

Ark-La-Tex currently operates as a full-service mortgage lender and broker providing residential financing. All underwriting and major functions in the loan process are centralized at its headquarters in Texas. Ark-La-Tex's business development relies primarily on referrals and repeat customers. The mortgage lender is endorsed to underwrite for the Federal Housing Administration (FHA), the Veteran's Administration (VA) and the United State Department of Agriculture (USDA).

During the examination period of 2013 and 2014, Ark-La-Tex originated 121 loans totaling approximately \$32 million in Massachusetts.

Demographic Information

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

2010 CENSUS DEMOGRAPHIC INFORMATION						
Demographic Characteristics	Amount	Low %	Moderate %	Middle %	Upper %	N/A %
Geographies (Census Tracts)	1,474	11.1	19.0	40.6	27.9	1.4
Population by Geography	6,547,629	9.2	18.0	42.4	30.2	0.2
Owner-Occupied Housing by Geography	1,608,474	3.1	13.0	48.3	35.6	0.0
Family Distribution by Income Level	1,600,588	22.2	16.5	20.6	40.7	0.0
Distribution of Low and Moderate Income Families	619,565	15.7	25.9	40.9	17.5	0.0
Median Family Income	\$86,272	Median Housing Value		373,206		
Households Below Poverty Level	11.1%	Unemployment Rate		5.3%*		
2014 HUD Adjusted Median Family Income	\$83,700	2015 HUD Adjusted Median Family Income		\$87,300		

Source: 2010 US Census; *as of 12/31/2014

Based on the 2010 Census, the Commonwealth's population grew to just over 6.5 million people with a total of 2.7 million housing units. Of the total housing units, 1.6 million or 57.7 percent are owner-occupied, 904,078 or 32.5 percent are rental-occupied, and 9.8 percent are vacant units.

According to the 2010 Census, there are 2.5 million households in the Commonwealth with a median household income of \$69,101. Thirty-nine percent of the households are now classified as low- and moderate-income. In addition, over 11 percent of the total number of households are living below the poverty level. Individuals in these categories may find it challenging to qualify for traditional mortgage loan products.

Households classified as “families” totaled slightly over 1.6 million. Of all family households, 22.2 percent were low-income, 16.5 percent were moderate-income, 20.6 percent were middle-income, and 40.7 percent were upper-income. The median family income according to the 2010 census was \$86,272. The Housing and Urban Development (HUD) adjusted median family income was \$83,700 in 2014 and increased to \$87,300 in 2015. The adjusted median family income is updated yearly and takes into account inflation and other economic factors.

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

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

The median housing value for Massachusetts was \$373,206 according to the 2010 Census. The unemployment rate for the Commonwealth of Massachusetts as of December 31, 2014, stood at 5.3 percent which was a decrease from December 31, 2013, at which time it stood at 6.2 percent. Employment rates would tend to affect a borrower’s ability to remain current on mortgage loan obligations and also correlates to delinquency and default rates.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Lending performance is rated under the five performance criteria: Borrower Characteristics, Geographic Distribution, Innovative or Flexible Lending Practices, Fair Lending Policies and Procedures, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the mortgage lending of Ark-La-Tex.

Ark-La-Tex’s Lending Test performance was determined to be “Satisfactory” at this time.

I. Borrower Characteristics

The distribution of loans by borrower income levels was reviewed to determine the extent to which the lender is addressing the credit needs of the Commonwealth’s residents.

Ark-La-Tex achieved a reasonable record of serving the mortgage credit needs among borrowers of different income levels based on the area’s demographics and a comparison to aggregate lending data in Massachusetts.

The table below shows illustrates HMDA loan originations, categorized by borrower income level, that were reported by Ark-La-Tex during 2013 and 2014, and compares this activity to the 2013 and 2014 aggregate lending data (excluding Ark-La-Tex) and the percentage of families by income level within the assessment area using Census demographics.

Distribution of HMDA Loans by Borrower Income								
Median Family Income Level	2013 % of Families	2013 Ark-La-Tex		2013 Aggregate Lending Data	2014 % of Families	2014 Ark-La-Tex		2014 Aggregate Lending Data
		#	%	(% of #)		#	%	(% of #)
Low	22.3	7	12.3	5.4	22.2	4	6.3	5.0
Moderate	16.7	10	17.5	15.9	16.5	16	25.0	15.9
Middle	20.8	15	26.3	22.9	20.6	21	32.8	21.7
Upper	40.2	23	40.4	43.7	40.7	22	34.4	40.8
NA*	0.0	2	3.5	12.1	0.0	1	1.5	16.6
Total	100.0	57	100.0	100.0	100.0	64	100.0	100.0

Source: 2013 & 2014 HMDA Data and U.S. Census

As shown in the above table, the percentage of lending to low- and moderate-income borrowers was greater than the aggregate in both 2013 and 2014. Lending to moderate-income borrowers was also greater than the demographics in both years while lending to low-income borrowers was below the demographics. Ark-La-Tex’s percentage of lending to moderate-income borrowers increased in 2014, and while lending to low-income borrowers decreased, the percentage remains greater than the aggregate. It should be noted, according to the 2010 Census data, 11.1 percent of the families within the Commonwealth have incomes below the poverty threshold and would most likely not qualify for homeownership considering the presence of high housing costs.

II Geographic Distribution

The geographic distribution of loans was reviewed to assess how well Ark-La-Tex is addressing the credit needs throughout the Commonwealth of Massachusetts' low-, moderate-, middle-, and upper-income census tracts.

Ark-La-Tex's distribution of lending is considered less than reasonable when compared to the demographics and aggregate lending data for the time period of January 1, 2013 through December 31, 2014.

The table below shows the distribution of HMDA-reportable loans by census tract income level. The lending activity is compared with the percent of owner-occupied housing units based on Census demographics and Ark-La-Tex's 2013 and 2014 home mortgage lending performance is compared to aggregate lending performance in each year.

Distribution of HMDA Loans by Income Category of the Census Tract								
Census Tract Income Level	2013 % Total Owner-Occ. Housing Units	2013 Ark-La-Tex		2013 Aggregate Lending Data	2014 % Total Owner-Occ. Housing Units	2014 Ark-La-Tex		2014 Aggregate Lending Data
		#	%	(% of #)		#	%	(% of #)
Low	2.9	0	0.0	2.8	3.1	1	1.5	3.5
Moderate	13.7	1	1.8	12.3	13.0	3	4.7	13.3
Middle	48.9	43	75.4	46.1	48.3	46	71.9	46.7
Upper	34.5	13	22.8	38.8	35.6	14	21.9	36.5
Total	100.0	57	100.0	100.0	100.0	64	100.0	100.0

Source: 2013 & 2014 HMDA Data and 2010 U.S. Census

Ark-La-Tex's geographic distribution of loans in low- and moderate-income tracts was below both aggregate lending and the demographics during 2013 and 2014. The percentage of lending performance in 2014 increased in low- and moderate-income income tracts; however, the increase was by one loan in low-income and two loans in the moderate-income category. Mitigating factors are applicable to Ark-La-Tex's geographical distribution of loans. Although approximately 3.0 percent and 13.0 (2010 Census) percent of owner occupied housing reside in low- and moderate-income geographies, these tracts contain a significant percentage of rental occupancy at approximately 47.0 percent of all of the rentals units in the Commonwealth. In addition, both of Ark-La-Tex's Massachusetts retail branches are located in middle income tracts and the majority of their business is generated in close proximity to the retail branches.

III. Innovative or Flexible Lending Practices

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

Ark-La-Tex underwrites and originated provides a variety of FHA products which offer competitive interest rates and smaller down payments for low- and moderate-income first time homebuyers and existing homeowners. Between 2013 and 2014 Ark-La-Tex originated 31 FHA

loans totaling \$8.3 million. Of these FHA loans, 12 or 39 percent were to low- and moderate-income borrowers, and 1 loan was originated in low-income census tract.

The VA Home Loan Guarantee Program offered by Ark-La-Tex is designed specifically for the unique challenges facing service members and their families. Through VA-approved lenders, the program offers low closing cost, no down payment requirement, and no private mortgage insurance requirement. In 2014 Ark-La-Tex originated 7 VA loans totaling \$2.2 million. Of these VA loans, none were to low- and moderate-income borrowers or in low - and moderate-income census tracts.

USDA Home Loans are offered in rural areas as determined by the United States Department of Agriculture (USDA). The USDA's mission is to help lower income households obtain home loans at reasonable mortgage rates. These loans offer many advantages to qualified borrowers such as 100% financing, no monthly mortgage insurance and no asset or automatic reserve requirements. Between 2013 and 2014, Ark-La-Tex originated 5 USDA loans totaling \$1.1 million. Of these USDA loans, 3 or 5.8 percent were to low- and moderate-income borrowers, while none were originated in low- and moderate-income census tracts.

IV. Fair Lending

The Division examines a mortgage lender's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. The mortgage lender's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. The review included, but was not limited to, review of written policies and procedures, interviews with mortgage lender personnel, and individual file review.

Ark-La-Tex's compliance with the laws relating to discrimination and other illegal credit practices was reviewed. Ark-La-Tex has established an adequate record relative to fair lending policies and practices. No evidence of discriminatory or other illegal credit practices were identified.

The fair lending review was conducted in accordance the with Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Ark-La-Tex has a written Fair Lending Policy which includes the mortgage lender's efforts to eliminate discrimination as well as to provide guidance to Ark-La-Tex employees on how to comply with fair lending policies and procedures. Ark-La-Tex provides fair lending training to all employees along with other applicable compliance training. Ark-La-Tex undergoes annual third-party audits which include Fair Lending in addition to internal quality control audits and a secondary review of all denied loans before a final decision is made in an effort to proactively monitor for possible fair lending concerns.

Minority Application Flow

Ark-La-Tex's Loan Application Registers for 2013 and 2014 were reviewed to determine if the application flow from the different racial and ethnic groups within the Commonwealth was reflective of the area's demographics.

Demographic information for Massachusetts reveals the total ethnic and racial minority population stood at 23.8 percent of the total population as of the 2010 Census. This segment of the population

is comprised of 9.6 percent Hispanic or Latino. Racial minorities consisted of 6.0 percent Black; 5.3 percent Asian/Pacific Islander; 0.2 percent American Indian/Alaskan Native; and 2.8 percent identified as Other Race.

For 2013 and 2014, Ark-La-Tex received 222 HMDA reportable loan applications from within the Commonwealth of Massachusetts. Of these applications, 4 or 1.8 percent were received from minority applicants, of which 1 resulted in an origination. Ark-La-Tex received 1 or 0.5 percent of HMDA reportable applications from ethnic groups of Hispanic origin which did not result in an origination.

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

MINORITY APPLICATION FLOW						
RACE	2013 Ark-La-Tex		2013 Aggregate Data	2014 Ark-La-Tex		2014 Aggregate Data
	#	%	% of #	#	%	% of #
American Indian/ Alaska Native	0	0.0	0.2	1	0.9	0.2
Asian	0	0.0	4.8	0	0.0	4.8
Black/ African American	0	0.0	2.4	1	0.9	3.1
Hawaiian/Pac. Isl.	0	0.0	0.1	0	0.0	0.1
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	1	0.9	1.2	1	0.9	1.2
Total Minority	1	0.9	8.8	3	2.7	9.5
White	108	97.3	69.5	107	96.4	67.7
Race Not Available	2	1.8	21.7	1	0.9	22.8
Total	111	100.0	100.0	111	100.0	100.0
ETHNICITY						
Hispanic or Latino	0	0.0	2.8	1	0.9	3.8
Not Hispanic or Latino	111	100.0	74.7	109	98.2	72.6
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	0.9	0	0.0	1.0
Ethnicity Not Available	0	0.0	21.6	1	0.9	22.6
Total	111	100.0	100.0	111	100.0	100.0

Source: 2010 U.S. Census Data, 2013 & 2014 HMDA Data

In 2013, Ark-La-Tex’s performance was below the aggregate’s performance to racial and ethnic minorities. Based on the lending trends of 2014 data, Ark-La-Tex received more applications from racial and ethnic minorities but remained below the aggregate.

V. Loss of Affordable Housing

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

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

SERVICE TEST

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

Ark-La-Tex's Service Test performance was determined to be "Satisfactory" during the evaluation period.

Mortgage Lending Services

Ark-La-Tex provides an adequate level of mortgage lending services to low and moderate income geographies and borrowers through home purchase and refinance transactions in Massachusetts. The mortgage lender offers a variety of mortgage products including conventional, FHA, VA, and USDA loans. Ark-La-Tex generates most of its business from past customers and referrals. The mortgage lender's website allows customers to view loan products available and apply online as well as through loan officers at its retail branches or over the telephone.

A portion of Massachusetts loans are sold to investors with servicing rights retained. Ark-La-Tex uses a third party sub servicer to service these loans and handle loss mitigation, foreclosures, and bankruptcies.

As described above, lending practices and products did not show an undue concentration or a systematic pattern of lending resulting in mortgage loans that were not sustainable. Overall, the lender provides an effective delivery of mortgage lending services throughout the Commonwealth.

Community Development Services

A community development service is a service that:

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

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

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

Ark-La-Tex provided an adequate level of Community Development Services in the Commonwealth.

During the examination period three organizations benefited from Ark-La-Tex's involvement in the community. Ark-La-Tex demonstrated their responsiveness and commitment to organizations such as the Plymouth Redevelopment Authority, Nathan Hale Foundation, and Plymouth School System.

Ark-La-Tex provides quarterly First-Time Home Buyer education through the Plymouth Redevelopment Authority (PRA). The PRA provides loan and grant programs that enable families and individuals in Plymouth to acquire and/or rehabilitate housing. The PRA is a HUD approved Comprehensive Housing Counseling agency offering individual counseling for a number of housing needs and problems. It also works with the Town of Plymouth Planning and Development Department on redevelopment activities which include affordable housing.

Ark-La-Tex provides quarterly financial education to Veterans through the Nathan Hale Foundation. The Foundation operates outreach centers in Plymouth and Middleboro which provide a variety of services to local Veterans in need.

Ark-la-Tex also provided Plymouth students financial education on topics such as credit, money management, and mortgages. This education will continue biannually.

In addition Ark-La-Tex participated in First Time Home Buyer Seminars within the community that were open to the general public and to all income levels, including low- and moderate-income tracts.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

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

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