

# **PUBLIC DISCLOSURE**

January 19, 2016

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Clinton Savings Bank  
Certificate Number: 90181

200 Church Street  
Clinton, Massachusetts 01510

Division of Banks  
1000 Washington Street, 10<sup>th</sup> Floor  
Boston, Massachusetts 02118

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

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

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## INSTITUTION RATING

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

Clinton Savings Bank's satisfactory 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 average loan-to-deposit (LTD) ratio of 91.7 percent is reasonable given the institution's size, financial condition, and AA credit needs.
- The bank made a majority (57.7 percent) of its home mortgage and small business loans within the AA during the evaluation period.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA, specifically in low- and moderate-income geographies.
- The distribution of home mortgage and small business loans to borrowers of various income levels and businesses of different sizes is reasonable.
- The institution did not receive any CRA-related complaints during the evaluation period.

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

- The institution demonstrated adequate responsiveness to the community development needs of its AA through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities throughout the AA.

## **SCOPE OF EVALUATION**

### ***General Information***

This performance evaluation, conducted jointly by the Federal Deposit Insurance Corporation (FDIC) and the Massachusetts Division of Banks (Division), covers the period from the prior evaluation, dated October 15, 2012, to the current evaluation dated January 19, 2016. Examiners used Intermediate Small Institution (ISI) Examination Procedures established by the Federal Financial Institutions Examination Council (FFIEC). These procedures include two tests: the Lending Test and the Community Development Test.

The Lending Test evaluates the bank's performance according to criteria including: LTD ratio, AA concentration, geographic distribution, borrower profile, and the bank's response to CRA-related complaints.

The Community Development Test considers the number and dollar amount of community development loans, qualified investments, and community development services as well as the bank's responsiveness to the community development needs of the AA.

### ***Loan Products Reviewed***

Examiners considered home mortgage and small business lending performance as part of this evaluation. Small farm loans, consumer and other loan types were not considered due to the low volume of originations and the small percentage of the loan portfolio represented by these loan types.

Examiners evaluated home mortgage lending data for 2014 and year-to-date (YTD) 2015 (through September 30, 2015) as reported on the bank's Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank's 2014 lending performance was compared with aggregate lending data for all HMDA reporting lenders and AA demographics. Home mortgage lending in 2015, for which aggregate data is not available, was compared with AA demographics and analyzed for trends. In 2014, the bank originated 220 home mortgage loans totaling \$41.1 million, and originated 191 loans totaling \$47.0 million YTD 2015.

As an ISI, the bank is not required to collect or report small business lending data; however, the bank elected to collect small business data, but not report during the evaluation period. As a result, examiners evaluated the collected small business lending data for 2014 and 2015. Small business lending data for 2014 is compared with Dun & Bradstreet (D&B) business demographic data, and 2015 performance was compared with D&B data and analyzed for trends. In 2014, the bank originated 52 small business loans totaling \$13.6 million, and originated 33 small business loans totaling \$4.3 million YTD 2015.

Home mortgage lending performance received more weight in arriving at conclusions and ratings under the Lending Test. The bank's portfolio remains weighted in residential real estate loans, including those secured by 1-4 family and multi-family properties at 52.0 percent. Commercial loans, including commercial real estate, and commercial and industrial loans represent 37.2 percent of the bank's loan portfolio. In addition, examiners considered both the number and dollar volume of home mortgage and small business loan originations; however, emphasis is

placed on the number of loans. Examiners emphasized the number of loans because it is not influenced by factors including applicant income, housing values, or business size, and provides a better overall indicator of the number of businesses or individuals served by the institution.

The Community Development Test included an analysis of the bank's qualified community development loans, investments, and services from October 16, 2012 through January 19, 2016.

## DESCRIPTION OF INSTITUTION

### **Background**

Established in 1851, Clinton Savings Bank is a state chartered savings bank and operates as a subsidiary of Wachusett Financial Services, Inc., a bank holding company. The company, through its subsidiary Clinton Savings Bank, offers personal and business banking services. The company was incorporated in 2003 and is based in Clinton. Wachusett Financial Services, Inc. operates as a subsidiary of Clinton Financial Services, Mutual Holding Company (MHC). The bank has two wholly owned subsidiaries, Clinton Securities Corporation and Wachusett Realty, LLC. In 2000, the bank established a charitable foundation, The Clinton Savings Charitable Foundation Inc., which is dedicated to supporting charitable causes and community development activities.

### **Operations**

The bank's main office is located at 200 Church Street in Clinton. Including the main branch, the bank operates eight branches located in the following cities and towns: Berlin, Bolton (two), Boylston (two), Clinton, Sterling and West Boylston. On January 27, 2014, the bank opened a branch at the Tahanto Regional High School located in Boylston. One of the Bolton branches is located in the Nashoba Regional High School. Both schools offer limited services, limited hours of operation, and are not open to the general public. The bank's main office is located in a moderate-income census tract, the West Boylston branch is located in a middle-income census tract and the remaining six branches are located in upper-income census tracts. The bank also maintains an operations center in a middle-income census tract in Clinton. Each full-service branch has 24-hour automated teller machines (ATMs), as well as drive-through services. The bank maintains four remote ATMs that are located at Cyprian Keys (Boylston), Clinton Hospital, Berlin General Store and Bolton Orchards. Clinton Hospital is located in a middle-income census tract and the remaining ATMs are located in upper-income census tracts. The bank is a member of Allpoint, which is a surcharge-free ATM network.

Clinton Savings Bank is a full-service financial institution that offers a wide variety of products and services. The bank offers a variety of residential mortgage loans including fixed, adjustable, first time homebuyer mortgages, Mass Housing loans, VA loans, Mass Save heat loans, home equity lines of credit and home equity loans. The bank offers commercial and small business loans for the purchase or refinance of commercial mortgages, term loans, lines of credit, Small Business Administration (SBA) loans, Massachusetts Capital Access Program (Mass CAP) loans, United States Department of Agriculture (USDA) Community Facilities Guaranteed Loan Program, business moneyline loans and farm loans.

The bank also offers deposit products and services including checking accounts, savings accounts, youth savings accounts, certificates of deposit, and IRAs. Services for businesses include business checking, merchant credit card service, and ACH/wire services. Other services include free online banking and bill pay, mobile banking, e-Statements and Mastercard SecureCode.

### **Ability and Capacity**

As of September 30, 2015, the bank had total assets of \$489 million and total deposits of \$372 million. Loans totaled \$367 million and represented 75.1 percent of total assets.

Clinton Savings Bank is primarily a residential lender with a majority of the loan portfolio secured by residential properties. As noted in the table below, approximately 52.0 percent of loans are secured by 1-4 family residential properties, followed by commercial real estate loans at 31.0 percent. The following table illustrates the current distribution of the bank's loan portfolio.

<b>Loan Portfolio Distribution as September 30, 2015</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	17,821	4.9
Secured by Farmland	3,134	0.8
1-4 Family Residential	190,612	52.0
Multi-family (5 or more) Residential	7,550	2.1
Commercial Real Estate	113,751	31.0
<b>Total Real Estate Loans</b>	<b>332,868</b>	<b>90.8</b>
Commercial and Industrial	22,777	6.2
Consumer	11,117	3.0
<b>Total Loans</b>	<b>366,762</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

The Division and FDIC last evaluated the bank's CRA performance as of October 15, 2012 and assigned a rating of Satisfactory.

There are no apparent financial or legal impediments that would limit the bank's ability to help meet the credit needs of its assessment area.

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to designate one or more AA(s) within which it will focus its lending efforts and its CRA performance will be evaluated. Clinton Savings Bank has designated a single, contiguous AA which includes 33 census tracts (CTs), of which all 33 CTs are located in the Worcester, MA-CT Metropolitan Statistical Area (MSA).

### ***Economic and Demographic Data***

The bank's AA includes 33 CTs within Berlin, Bolton, Boylston, Clinton, Harvard, Holden, Lancaster, Leominster, Northborough, Princeton, Shrewsbury, Sterling, and West Boylston. According to the 2010 U.S. Census Data, the AA includes 5 moderate-income, 9 middle-income, and 19 upper-income CTs. The AA does not include any low-income CTs or tracts for which an income designation is not assigned. The following table illustrates select demographic information for the AA.

<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)	33	0.0	15.1	27.3	57.6	0.0
Population by Geography	167,057	0.0	11.0	25.0	64.0	0.0
Housing Units by Geography	64,197	0.0	13.0	26.2	60.8	0.0
Owner-Occupied Units by Geography	46,018	0.0	7.2	25.2	67.6	0.0
Businesses by Geography	12,483	0.0	13.3	23.6	63.1	0.0
Family Distribution by Income Level	43,930	14.0	14.1	19.8	52.1	0.0
Median Family Income (2010 U.S. Census) FFIEC-Estimated Median Family Income for: (Worcester, MA-CT, MSA 49340) 2014 2015		\$77,128  \$77,900 \$81,500	Median Housing Value Median Gross Rent Families Below Poverty Level			\$355,768 \$938 3.7%
<i>Source: 2010 U.S. Census, 2014 D&amp;B Data, and FFIEC-Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Based on 2010 U.S. Census data, the AA has a total population of 167,057, including 43,930 families. The FFIEC-estimated median family income (MFI) was used to determine low-, moderate-, middle-, and upper-income designations for individuals and geographies within the AA, as illustrated in the following table.

<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>Worcester, MA-CT, MSA Median Family Income</b>				
2014 (\$77,900)	<\$38,950	\$38,950 to <\$62,319	\$62,320 to <\$93,479	≥\$93,480
2015 (\$81,500)	<\$40,750	\$40,750 to <\$65,199	\$65,200 to	≥\$97,800
<i>Source: FFIEC</i>				



The AA includes 64,197 housing units, of which 46,018 are owner-occupied, with a weighted average median value of \$355,768. Additionally, there are a total 15,114 rental units with a median gross rent of \$938.

Data from the November 2015 U.S. Bureau of Labor Statistics indicates that the bank's AA has a similar unemployment rate (4.7 percent) to both the Commonwealth of Massachusetts (4.7 percent) and the national rate (5.0 percent).

According to 2014 D&B data, 12,483 non-farm businesses operated within the AA. The analysis of small business loans under the Borrower Profile section of the Lending Test compares the distribution of businesses by gross annual revenue (GAR) level. GARs for businesses in the AA are below.

- 73.0 percent have \$1 million or less.
- 4.9 percent have more than \$1 million.
- 22.1 percent did not report revenues.

Service industries represent the largest portion of businesses at 44.0 percent; followed by retail trade at 11.8 percent; and non-classifiable establishments at 11.1 percent. In addition, 66.4 percent of businesses in the area employ four or fewer people, and 91.0 percent operate from a single location.

### ***Competition***

The bank operates in a moderately competitive market for credit and financial services. The FDIC Deposit Market Share data as of June 30, 2015, reveals that 43 financial institutions operate 266 branch offices within the Worcester, MA-CT MSA, with the top five institutions accounting for 47.3 percent of total deposit market share. Clinton Savings Bank ranked 10<sup>th</sup> with a deposit market share of 2.4 percent.

Aggregate home mortgage lending data for 2014 reflects a highly competitive mortgage market, as 298 lenders originated 4,728 home mortgage loans within the bank's AA. The top four lenders include large national and regional banks and mortgage companies JP Morgan Chase, Wells Fargo Bank, Quicken Loans, and Digital Federal Credit Union. Clinton Savings Bank ranked 5<sup>th</sup>, with 2.9 percent of the AA market share, ahead of Avidia Bank, Bank of America, N.A., and Mortgage Master.

### ***Community Contact***

As part of the evaluation process, examiners contact third parties active in the AA to assist in assessing the credit and community development needs of the community. The information obtained helps to determine whether local financial institutions are responsive to the credit and community development needs of the communities, and what credit and community development opportunities, if any, are available.

A community contact was conducted with a representative of a local housing organization that provides affordable housing to low-income individuals and families, including elderly and disabled residents. The contact stated infrastructure needs to be addressed, more affordable

housing is needed and that it is difficult to attract small businesses to the area. The contact stated there is a need for financial literacy education courses, and noted the desire for more financial institutions to offer money management and related classes in conjunction with programs that encourage homeownership, such as first-time homebuyer programs and down payment assistance. Overall, the contact was pleased with the responsiveness of the local community banks to the area's credit needs.

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

Examiners considered information gathered from the community contact, the bank, and available economic data to determine the primary credit needs of the AA. The bank and the community contact indicated generally strong or improving economic conditions within parts of the AA; however, a need for affordable housing and additional small business resources exists. Economic data for the AA supports this conclusion. Median housing values within the AA of approximately \$355,768 make homeownership difficult for low- and moderate-income individuals and families.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Clinton Savings Bank demonstrated reasonable performance under the Lending Test. The bank's geographic distribution and borrower profile performance provide primary support for this conclusion.

### Loan-to-Deposit Ratio

Clinton Savings Bank's average LTD ratio is reasonable given the institution's size, financial condition, and AA credit needs. The ratio, calculated from Call Report data over the prior calendar quarters from June 30, 2012, through September 30, 2015, averaged 91.7 percent. As detailed in the following table, the bank's LTD was compared with similarly situated institutions.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank Name</b>	<b>Total Assets as of September 30, 2015 \$(000s)</b>	<b>Average Net LTD Ratio (%)</b>
Savers Co-operative Bank	463,270	100.5
Spencer Savings Bank	486,059	101.3
<b>Clinton Savings Bank</b>	<b>488,805</b>	<b>91.7</b>
Southbridge Savings Bank	496,299	105.6
Fidelity Co-operative Bank	624,213	90.4

*Source: Consolidated Reports of Condition and Income*

At 91.7 percent, the bank's average net LTD ratio is the second lowest of the similarly situated institutions; however, the bank's net LTD ratio during this period has increased from a low of 86.5 percent (June 30, 2013) to a high of 97.6 percent (September 30, 2015). During this timeframe, net loans increased 8.1 percent and deposits decreased by 4.5 percent.

Additionally, the bank sold 117 loans totaling \$27.2 million on the secondary market since the previous evaluation. These loans are not included in the LTD ratio. Based on the above information and the bank's capacity to lend, the types of loans offered by the bank, and the lending opportunities available, the bank's LTD ratio is reasonable.

### Assessment Area Concentration

The bank originated a majority of loans, by number, inside the AA during the evaluation period. However, a majority of the dollar volume of loans was outside the AA. See the following table.

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										
2014	137	62.3	83	37.7	220	14,694	35.7	26,462	64.3	41,156
2015*	114	59.7	77	40.3	191	21,300	45.3	25,777	54.7	47,077
<b>Subtotal</b>	<b>251</b>	<b>61.1</b>	<b>160</b>	<b>38.9</b>	<b>411</b>	<b>35,994</b>	<b>40.8</b>	<b>52,239</b>	<b>59.2</b>	<b>88,233</b>
Small Business										
2014	23	44.2	29	55.8	52	5,329	39.0	8,330	61.0	13,659
2015*	12	36.4	21	63.6	33	1,874	42.8	2,509	57.2	4,383
<b>Subtotal</b>	<b>35</b>	<b>41.2</b>	<b>50</b>	<b>58.8</b>	<b>85</b>	<b>7,203</b>	<b>39.9</b>	<b>10,839</b>	<b>60.1</b>	<b>18,042</b>
<b>Total</b>	<b>286</b>	<b>57.7</b>	<b>210</b>	<b>42.3</b>	<b>496</b>	<b>43,197</b>	<b>40.7</b>	<b>63,078</b>	<b>59.3</b>	<b>106,275</b>
<i>Source: 2014 and 2015 HMDA and Small Business Data</i> <i>*2015 data includes January 1, 2015 – September 30, 2015</i>										

### ***Home Mortgage Loans***

The bank originated a majority of its home mortgage loans, by number, inside its AA in 2014 and 2015. The bank consistently originated a majority, by dollar volume, outside the AA. The highly competitive home mortgage lending environment in the bank’s AA, as previously described, contributed to this result. Additionally, the bank originated a significant volume of larger dollar loans related to large apartment complexes outside the AA.

### ***Small Business Loans***

The bank originated a majority of its small business loans, by number and dollar volume, outside the AA in 2014 and 2015.

### **Geographic Distribution**

The geographic distribution of home mortgage and small business loans reflect reasonable dispersion throughout the AA. Examiners emphasized home mortgage and small business lending in moderate-income geographies, as the AA does not include any low-income CTs.

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA, particularly in moderate-income CTs. In 2014, the bank’s lending within moderate-income CTs exceeded the aggregate lending performance and the percentage of owner-occupied housing in these geographies. Market share data further supports the bank’s reasonable performance. Specifically, market share reports for 2014 indicate that the bank ranked 5<sup>th</sup> in lending in moderate-income geographies out of 102 lenders that originated at least one home mortgage loan in the moderate-income tracts in the AA. The bank’s level of lending in moderate-income tracts decreased slightly in 2015, but still exceeded demographic data.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2014	7.2	7.3	13	9.5	969	6.6
2015*	7.2	--	9	7.9	862	4.1
Middle						
2014	25.2	22.7	13	9.5	863	5.9
2015*	25.2	--	22	19.3	2,956	13.9
Upper						
2014	67.6	70.0	111	81.0	12,862	87.5
2015*	67.6	--	83	72.8	17,482	82.0
<b>Totals</b>						
<b>2014</b>	<b>100.0</b>	<b>100.0</b>	<b>137</b>	<b>100.0</b>	<b>14,694</b>	<b>100.0</b>
<b>2015*</b>	<b>100.0</b>	<b>--</b>	<b>114</b>	<b>100.0</b>	<b>21,300</b>	<b>100.0</b>
Source: 2010 U.S. Census; 2014 and 2015, HMDA Reported Data; 2014 Aggregate Data; "--" data not available *2015 data includes January 1, 2015 – September 30, 2015						

### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion. As mentioned previously, the bank's AA does not contain any low-income CTs. In 2014, the bank's level of lending in moderate-income tracts exceeded the percentage of businesses located within those geographies. In 2015, the bank's lending in moderate-income tracts declined, but still exceeded business demographic data. Overall, these comparisons reflect reasonable performance.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	#	%	\$(000s)	%	
Moderate						
2014	13.3	5	21.7	2,140	40.2	
2015*	13.7	2	16.7	484	25.8	
Middle						
2014	23.6	4	17.4	1,757	33.0	
2015*	24.0	3	25.0	572	30.5	
Upper						
2014	63.1	14	60.9	1,432	26.8	
2015*	62.3	7	58.3	818	43.7	
<b>Total</b>						
<b>2014</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>	<b>5,329</b>	<b>100.0</b>	
<b>2015*</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>1,874</b>	<b>100.0</b>	
Source: 2014 & 2015 D&B Data, 2014 & 2015 Small Business Bank Records *2015 data includes January 1, 2015 – September 30, 2015						

## **Borrower Profile**

The distribution of borrowers reflects reasonable penetration of loans to borrowers of different income levels and businesses of different sizes. Examiners emphasized the bank's record of home mortgage lending to low- and moderate-income borrowers and small business lending to businesses with GARs of \$1 million or less.

### ***Home Mortgage Loans***

The distribution of home mortgage loans to borrowers of different income levels is reasonable. In 2014, the bank's level of lending to low-income borrowers was slightly below aggregate performance, and below the percentage of low-income families. However, the bank exceeded aggregate performance of lending to moderate-income borrowers. In 2015, the bank's level of lending to low-income borrowers doubled compared to 2014 levels. The percentage of lending to moderate-income borrowers in 2015 was relatively consistent with the percentage in 2014.

Furthermore, market share reports for 2014 indicate that Clinton Savings Bank ranked 20<sup>th</sup> in lending to low-income borrowers and 5<sup>th</sup> in lending to moderate-income borrowers, which further supports reasonable performance.

<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>						
2014	14.0	3.6	3	2.2	307	2.1
2015*	14.0	--	6	5.3	402	1.9
<b>Moderate</b>						
2014	14.1	14.6	24	17.5	1,768	12.0
2015*	14.1	--	19	16.7	2,483	11.7
<b>Middle</b>						
2014	19.8	19.6	34	24.8	3,054	20.8
2015*	19.8	--	22	19.2	3,653	17.1
<b>Upper</b>						
2014	52.1	48.2	73	53.3	8,612	58.6
2015*	52.1	--	66	57.9	14,421	67.7
<b>Income Not Available</b>						
2014	0.0	14.0	3	2.2	953	6.5
2015*	0.0	--	1	0.9	341	1.6
<b>Total</b>						
<b>2014</b>	<b>100.0</b>	<b>100.0</b>	<b>137</b>	<b>100.0</b>	<b>14,694</b>	<b>100.0</b>
<b>2015*</b>	<b>100.0</b>	<b>--</b>	<b>114</b>	<b>100.0</b>	<b>21,300</b>	<b>100.0</b>
<i>Source: 2010 U.S. Census; 2014 &amp; 2015 HMDA Reported Data; 2014 HMDA Aggregate Data; "--" data not available</i>						
<i>*2015 data includes January 1, 2015 – September 30, 2015</i>						

### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. As shown in the following table, the percentage of loans to businesses with GARs of \$1 million or less slightly exceeded the percentage of businesses with GARs of \$1 million or less in 2014. In 2015, the bank's percentage of loans to small businesses decreased to a level below the demographic comparison.

<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>
<b>≤ \$1,000,000</b>					
2014	73.0	18	78.3	4,372	82.0
2015*	79.3	8	66.6	1,735	92.6
<b>&gt; \$1,000,000</b>					
2014	4.9	5	21.7	957	18.0
2015*	4.9	2	16.7	133	7.1
<b>Revenue Not Available</b>					
2014	22.1	0	0.0	0	0.0
2015*	15.8	2	16.7	6	0.3
<b>Total</b>					
<b>2014</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>	<b>5,329</b>	<b>100.0</b>
<b>2015*</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>1,874</b>	<b>100.0</b>
<i>Source: 2014 &amp; 2015 D&amp;B Data, 2014 &amp; 2015 Small Business Bank Records *2015 data includes January 1, 2015 – September 30, 2015</i>					

### **Response to Complaints**

The bank did not receive any CRA-related complaints during the evaluation period; therefore, this criterion did not impact the Lending Test rating.

## **COMMUNITY DEVELOPMENT TEST**

The bank's community development performance demonstrates reasonable responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

### **Community Development Loans**

During the evaluation period, the bank originated 19 community development loans totaling \$5.6 million. This level of activity represents 1.2 percent of average total assets and 1.5 percent of average total loans since the prior CRA evaluation. The bank's community development lending includes 10 loans totaling \$4.0 million outside the assessment area to entities that serve a broader regional area that includes the assessment area. Although these loans do not directly benefit the

assessment area, the bank has been responsive to the community development needs of its assessment area; therefore, these loans received consideration under the Community Development Test. All but one of the community development loans were for economic development purposes. The other loan was a \$500,000 line of credit renewal in 2013, which had a purpose of providing services to low- and moderate-income individuals.

Listed below are examples of the qualified community development loans made during the evaluation period:

- Since the prior CRA evaluation, the bank originated 11 Massachusetts Capital Access Program (Mass CAP) loans totaling \$1.1 million. The Mass CAP is designed to help small businesses with less than \$5 million in revenues obtain loans from banks. The loans were used to start or expand small businesses, and to provide working capital to ensure stability of operations.
- During the evaluation period, the bank originated four loans totaling \$2 million through the Small Business Administration (SBA) 504 loan program. The SBA 504 loan program is designed to provide financing for the purchase of fixed assets (real estate, buildings, and machinery). The development of these businesses creates employment opportunities for low- and moderate-income individuals.
- In 2013, the bank renewed a \$500,000 line of credit to a social and economic development organization for working capital. This organization supports community-based programs that promote social and economic opportunities, as well as residential programs, for low- and moderate-income individuals.

### **Qualified Investments**

All of the bank's qualified community development investments were donations made by the bank and the bank's charitable foundation. The Clinton Savings Charitable Foundation Inc. (foundation) was incorporated on November 9, 2000, to establish a fund for the support and benefit of community, charitable, educational, and other benevolent purposes.

The bank and the foundation made 67 donations totaling \$214,172 to charitable organizations from October 16, 2012, through January 19, 2016. Of this total, \$97,775 or 45.7 percent were qualified CRA contributions. These funds primarily support organizations that provide community services to low- and moderate-income individuals and families.



The following tables detail qualified donations by year and community development purpose.

Clinton Savings Bank - Qualified Investments								
Activity Year	Affordable Housing		Community Services		Economic Development		Totals	
	#	\$	#	\$	#	\$	#	\$
2012*	0	0	3	2,500	0	0	3	2,500
2013	3	1,000	15	20,250	0	0	18	21,250
2014	3	1,100	18	22,950	0	0	21	24,050
2015	1	250	18	21,825	1	900	20	22,975
2016 **	0	0	1	1,000	0	0	1	1,000
<b>Total</b>	<b>7</b>	<b>2,350</b>	<b>55</b>	<b>68,525</b>	<b>1</b>	<b>900</b>	<b>63</b>	<b>71,775</b>

*Source: Bank Records- \*From October 16, 2012 through December 31, 2012. \*\*From January 1, 2016 through January 19, 2016.*

Clinton Savings Charitable Foundation Trust - Qualified Investments								
Activity Year	Affordable Housing		Community Services		Economic Development		Totals	
	#	\$	#	\$	#	\$	#	\$
2012*	0	0	0	0	0	0	0	0
2013	0	0	1	6,000	0	0	1	6,000
2014	0	0	1	7,000	0	0	1	7,000
2015	0	0	2	13,000	0	0	2	13,000
2016 **	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>26,000</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>26,000</b>

*Source: Bank Records- \*From October 16, 2012 through December 31, 2012. \*\*From January 1, 2016 through January 19, 2016.*

The following points illustrate a sample of donations made by the bank and its foundation.

**Wachusett Health Education Action Team Inc. (WHEAT)** – WHEAT provides emergency funding, food, housing, clothing, and other household needs to low- and moderate-income individuals and families in times of crisis.

**Growing Places (GP)** – This organization helps low-income individuals, families, and communities realize the many health, economic, and social benefits of growing their own produce by building food gardens and teaching the skills to maintain them.

**Joseph’s Project Inc.** – Joseph’s Project, Inc. is a nonprofit organization based in Holden that delivers food to families and provides household goods primarily to low- and moderate-income families.

**Ron Burton Training Village** - Ron Burton Training Village’s mission is to enrich the lives of challenged youth in the areas of dynamic character and leadership development, physical fitness, social and educational advancement, and spiritual growth. A majority of youth who attend the training village are from low- or moderate-income families.

**Major Edwards Physical Education Program – Flibby’s Muddy Buddy** is a fitness program that raises money for low- and moderate-income individuals and families in the West Boylston schools.

**Community Development Services**

During the evaluation period, 16 bank employees provided 83 instances of financial expertise or technical assistance to 15 community development organizations within the assessment area for the purpose of community development. A majority of qualified services provided fell into the category of community services. The following table illustrates the bank’s community development services by year and purpose.

<b>Community Development Services</b>				
<b>Activity Year</b>	<b>Community Development Purpose</b>			<b>Totals</b>
	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	
	<b>#</b>	<b>#</b>	<b>#</b>	
2012*	1	10	1	12
2013	1	13	1	15
2014	1	15	4	20
2015	1	18	2	21
2016**	1	12	2	15
<b>Total</b>	<b>5</b>	<b>68</b>	<b>10</b>	<b>83</b>

*Source: Bank Records- \*From October 16, 2012 through December 31, 2012. \*\*From January 1, 2016 through January 19, 2016.*

The following points illustrate examples of the bank’s community development services:

**North Central Massachusetts Development Corporation** – The primary goal of this organization is to increase economic opportunities for residents and businesses through educational programs to train current and future workers in the skills needed for employment; informational sessions to inform and advise small businesses. A Senior Vice President is a member of the Loan Committee.

**CARE Food Pantry** – The pantry’s mission is to provide low- and moderate-income families with nutritional meals. The Assistant Vice President of Lending is the Chairman of the Fundraising Committee.

**Elder Affairs** – The purpose of this organization is to assist low- to moderate-income elderly individuals with bill paying and other financial management tasks. The Vice President Compliance and Security is a committee member of the financial abuse specialist team.

In addition to the bank’s community development services noted above, employees also provide educational seminars and workshops. Listed below are the seminars and workshops provided by the bank since the prior CRA evaluation.

- In 2013, in conjunction with MassHousing, the bank presented a first time homebuyer seminar. The seminar discussed the MassHousing ONE Mortgage Program, which is an innovative, affordable mortgage program for low- and moderate-income first-time homebuyers. The ONE Mortgage Program features a low interest rate and low down-payment.
- In 2015, the bank and North Central Massachusetts Development Corporation sponsored two business workshops aimed at assisting potential and existing entrepreneurs. Topics included: fundamentals in planning, preparing and financing your business and understanding the purpose of financial statements and how they can help determine the health of your business.

### ***Other Services***

The bank participates in the Interest on Lawyers Trust Accounts (IOLTA). Lawyers place large client deposits, such as escrow accounts, in interest-bearing accounts. Interest earned on the account is used to help fund improvements in the administration of justice and delivery of legal services to low-income clients.

Clinton Savings Bank continues to offer residential loan modifications to help customers avoid foreclosure and retain their homes. For the evaluation period, the bank made 16 hardship-related residential loan modifications. Of these 16 modifications, 13 or 81.3 percent were to low- or moderate-income individuals. This program is considered as an other community development services as additional expertise and resources were provided in credit counseling to low- and moderate-income homeowners to avoid foreclosure.

## **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.

***Fair Lending Policies and Procedures***  
**(Division of Banks)**

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

As previously noted, examiners did not identify any evidence of discriminatory credit practices.

**MINORITY APPLICATION FLOW**

Examiners reviewed the bank's HMDA LARs for 2014 and YTD 2015 to determine if the application flow from different racial groups within the bank's AA was consistent with area demographics.

According to the 2010 U.S. Census Data, the bank's assessment area had a total population of 167,057, of which 17.1 percent are minorities. The minority and ethnic population composition of the AA is 2.7 percent Black/African American; 5.5 percent Asian; 0.1 percent American Indian; 6.7 percent Hispanic or Latino; and 2.1 percent "Other."

In 2014, the bank received 200 HMDA reportable loan applications from within its AA. Of these applications, 9 or 4.5 percent, were received from minority applicants, of which 4 or 44.4 percent resulted in originations. The aggregate received 6,358 HMDA reportable loan applications, of which 609 or 9.6 percent, were received from minority applicants, and 426 or 70.0 percent were originated. For the same time period, the bank also received 11 or 5.5 percent of applications from Hispanic or Latino applicants in the AA, of which 8 or 72.7 percent were originated. The aggregate received 281 applications, of which 184 or 65.5 percent were originated.

For YTD 2015, the bank received 161 HMDA reportable loan applications from within its AA. Of these applications, 7 or 4.4 percent, were received from minority applicants, of which 6 or 85.7 percent resulted in originations. For the same time period, the bank received five or 3.1 percent of applications from Hispanic or Latino applicants in the AA, of which three or 60.0 percent were originated.

The bank's level of lending was compared with 2014 aggregate data, the most recent year for which data is available. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority residential loan applicants. Refer to the following table for information on the bank's minority application flow as well as aggregate data (excluding the bank) in the AA.

<b>Minority Application Flow</b>					
<b>Race</b>	<b>Bank 2014</b>		<b>2014 Aggregate Data</b>	<b>Bank YTD 2015</b>	
	<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>
American Indian/ Alaska Native	2	1.0	0.2	0	0.0
Asian	4	2.0	6.8	3	1.9
Black/ African American	1	0.5	1.4	3	1.9
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0
2 or more Minority	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	2	1.0	1.1	1	0.6
<b>Total Minority</b>	<b>9</b>	<b>4.5</b>	<b>9.6</b>	<b>7</b>	<b>4.4</b>
White	170	85.0	69.5	131	81.4
Race Not Available	21	10.5	20.9	23	14.2
<b>Total</b>	<b>200</b>	<b>100.0</b>	<b>100.0</b>	<b>161</b>	<b>100.0</b>
<b>Ethnicity</b>					
Hispanic or Latino	<b>9</b>	<b>4.5</b>	<b>3.3</b>	<b>3</b>	<b>1.9</b>
Not Hispanic or Latino	167	83.5	74.8	135	83.9
Joint (Hisp/Lat /Not Hisp/Lat)	<b>2</b>	<b>1.0</b>	<b>1.1</b>	<b>2</b>	<b>1.2</b>
Ethnicity Not Available	22	11.0	20.8	21	13.0
<b>Total</b>	<b>200</b>	<b>100.0</b>	<b>100.0</b>	<b>161</b>	<b>100.0</b>

*Source: 2010 U.S. Census, HMDA LAR Data 2014 and three quarters 2015, HMDA Aggregate Data 2014*

Considering the demographic composition of the AA and comparisons to 2014 aggregate data, the bank's minority application flow is adequate.

## GLOSSARY

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

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

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

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**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;
- (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 Area (CBSA):** 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 120 percent or more of the area median income, or a median family income that is 120 percent or more 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 200 Church Street, Clinton, MA 01510.

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at 200 Church Street, Clinton, MA 01510.

[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.