

**PUBLIC DISCLOSURE**

**April 17, 2013**

**MORTGAGE LENDER COMMUNITY INVESTMENT  
PERFORMANCE EVALUATION**

**COMMONWEALTH MORTGAGE LLC  
MC1023**

**12 TOWER OFFICE PARK  
WOBURN MA. 01801**

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

<p><b>NOTE:</b> 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, Mortgage Lender Community Investment (MLCI), 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 MLCI performance of **Commonwealth Mortgage, LLC (Commonwealth Mortgage or the Lender)** prepared by the Division, the mortgage lender's supervisory agency, as of **April 17, 2013**.

## SCOPE OF EXAMINATION

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

The MLCI examination included a comprehensive review and analysis, as applicable, of Commonwealth Mortgage'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.

MLCI examination procedures were used to evaluate Commonwealth Mortgage's community investment performance. These procedures utilize two performance tests: the Lending Test and the Service Test. This evaluation considered Commonwealth Mortgage's lending and community development activities for the period of January 2011 through March 2013. 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 2011 and 2012 is presented in the geographic distribution, lending to borrowers of different incomes and the Minority Application Flow tables. Comparative analysis of the mortgage lender's lending performance for the year of 2011 is provided because it is the most recent year 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 MLCI 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 MLCI RATING:**

**This mortgage lender is rated "Satisfactory."**

- The geographic distribution of the Lender's loans reflects an adequate dispersion in low- and moderate-income census tracts as it is reflective of the distribution of owner occupied housing in those census tracts.
- The distribution of borrower reflects, given the demographics of Massachusetts, an adequate record of serving the credit need among individuals of different income levels, including low- and moderate-income.
- Commonwealth Mortgage offers a minimal number of 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 reasonable.
- The Lender has a limited number of Community Development Services.

## **PERFORMANCE CONTEXT**

### **Description of Mortgage Lender**

Commonwealth Mortgage was established in the Commonwealth of Massachusetts as a mortgage broker in 2000, and was granted a mortgage lender's license by the Division in 2007. In 2009 Commonwealth Mortgage became an authorized HUD correspondent, approved under the FHA direct endorsement program. Its office is located at 12 Tower Office Park, Woburn, MA. The Lender has no other branch offices. The company is also licensed to do business in New Hampshire.

Currently, the conventional first mortgage represents Commonwealth Mortgage's primary loan product in purchase as well as refinance transactions. The Lender offers a limited amount of other mortgage loan products to meet the needs of the Commonwealth's borrowers.

Underwriting and major functions in the loan process are done at Commonwealth Mortgage's office, and the approved loans are funded through established warehouse lines of credit. Commonwealth Mortgage's business development relies on marketing strategy and repeat customers. Originated loans are closed in the Lender's name and immediately sold to investors, with servicing rights released.

### **Demographic Information**

The MLCI 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.

<b>2000 CENSUS DEMOGRAPHIC INFORMATION*</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A
Geographies (Census Tracts)	1,361	8.4	21.7	46.1	23.4	0.4
Population by Geography	6,349,097	5.8	20.5	47.6	26.0	0.1
Owner-Occupied Housing by Geography	1,508,248	1.6	12.8	54.0	31.6	0.0
Family Distribution by Income Level	1,587,537	20.5	17.7	22.3	39.5	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	606,419	10.0	29.4	46.2	14.4	0.0
Median Family Income		\$65,318	Median Housing Value		\$202,268	
Households Below Poverty Level		9.8%				

\*Source: 2000 US Census

<b>2010 CENSUS DEMOGRAPHIC INFORMATION*</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A
Geographies (Census Tracts)	1474	10.8	20.0	40.7	27.1	1.4
Population by Geography	6,547,629	8.9	18.9	42.8	29.2	0.2
Owner-Occupied Housing by Geography	1,608,474	2.9	13.7	48.9	34.5	0.0
Family Distribution by Income Level	1,600,588	19.3	17.7	24.4	38.6	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	592,420	7.7	18.4	43.6	30.3	0.0
Median Family Income		\$86,272	Median Housing Value		373,206	
2012 HUD Adjusted Median Family Income		\$87,891	Unemployment Rate		6.7%**	
Households Below Poverty Level		11.14				

\*Source: 2010 US Census

Based on 2000 Census data, the Commonwealth of Massachusetts has a total population of just over 6.3 million people and a total of 2.6 million housing units. Of the total housing units, 1.5 million or 57.5 percent are owner-occupied, 935,332 or 35.7 percent are rental-occupied, and 6.8 percent were vacant units.

There were 2.4 million households in the Commonwealth with a median household income of \$53,686 as of the 2000 Census. Over 40 percent of the households were classified as low- and moderate-income. In addition, 9.8 percent of the total number of households were living below the poverty level.

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. Over 39 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' grew from 1.5 million to slightly over 1.6 million from the 2000 Census to the 2010 Census. Of all family households in 2000, 20.5 percent were low income, 17.7 percent were moderate income, 22.3 percent were middle income, and 39.5 percent were upper income. The median family income according to the 2000 census was \$65,318. As of the 2010 Census, of all family households, 19.3 percent are low income, 17.7 percent are moderate income, 24.4 percent are middle income, and 38.6 percent are upper income. The median family income according to the 2010 census was \$86,272. The Housing and Urban Development ("HUD") adjusted median family income is \$87,891. The adjusted median family income is updated yearly and takes into account inflation and other economic factors.

The Commonwealth of Massachusetts contained 1,361 Census tracts as of the 2000 Census. Of these, 114 or 8.4 percent were low-income; 295 or 21.7 percent were moderate-income; 628 or 46.1 percent were middle-income; 319 or 23.4 percent were upper-income; and 5 or 0.4 percent were NA or have no income designation. Based on the 2010 Census the number of Census tracts in the Commonwealth of Massachusetts grew to 1,474. Of these, 160 or 10.8 percent are low-income; 295 or 20.0 percent are moderate-income; 600 or 40.7 percent are middle-income; 399 or 27.1 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 \$202,268 according to the 2000 Census. As of the 2010 Census the median housing value was \$373,206. The unemployment rate for the Commonwealth of Massachusetts as of December 31, 2012, stood at 6.7 percent which was a decrease from December 31, 2011 at 6.9 percent. During this time frame, May 2012 was the lowest unemployment rate within the year at 6.0 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**

Commonwealth Mortgage's lending efforts are rated under the five performance criteria: Geographic Distribution, Borrower Characteristics, 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 Commonwealth Mortgage.

#### ***I. Geographic Distribution***

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

The mortgage lender's geographic distribution of loans is below the distribution of owner-occupied housing units and the performance of the aggregate distribution of loans for low- and moderate-income borrowers in the Commonwealth. Overall, Commonwealth Mortgage's distribution of loans reflects an adequate distribution of loans in the Commonwealth.

The following table presents Commonwealth Mortgage's HMDA reportable loans as well as the 2010 aggregate data (exclusive of Commonwealth Mortgage). In addition, the table also reflects the percentage of owner-occupied housing units in each of the Census tract income categories.

<b><i>Distribution of HMDA Loans by Income Category of the Census Tract</i></b>							
<b><i>Census Tract Income Level</i></b>	<b><i>Total Owner-Occupied Housing Units (2000 Census)</i></b>	<b><i>Aggregate Lending Data 2011</i></b>	<b><i>Commonwealth Mortgage 2011</i></b>		<b><i>Total Owner-Occupied Housing Units (2010 Census)</i></b>	<b><i>Commonwealth Mortgage 2012</i></b>	
	<b><i>%</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>
<b><i>Low</i></b>	1.6	1.3	3	0.6	2.9	9	0.9
<b><i>Moderate</i></b>	12.8	10.1	46	9.0	13.7	83	8.2
<b><i>Middle</i></b>	54.0	49.0	239	46.8	48.9	493	48.8
<b><i>Upper</i></b>	31.6	39.6	223	43.6	34.5	425	42.1
<b><i>Total</i></b>	<b>100.0</b>	<b>100.0</b>	<b>511</b>	<b>100.0</b>	<b>100.0</b>	<b>1,010</b>	<b>100.0</b>

*Source: 2011 & 2012 HMDA LAR Data and 2000 & 2010 U.S. Census Data.*

As reflected in the above table, the highest concentration of residential loans was originated in the middle and upper-income census tracts for both 2011 and 2012. Given that over 80 percent of the area's owner-occupied housing units are in middle and upper-income level census tracts for both 2000 and 2010 Census Data, it is reasonable to find the majority of loans originated within these designated census tracts.

Of the total 511 loans originated in 2011, 9.0 percent were in the moderate-income geographies. This percentage was below the percentage of the area's owner occupied housing units in moderate-income level geographies at 12.8 percent (2000 Census) and 13.7 percent (2010 Census), and slightly below the aggregate lending percentage of 10.1 percent. In addition, at 0.6 percent, Commonwealth Mortgage's lending to low-income level geographies was also below the percentage of owner occupied housing units of 1.6 percent (2000 Census) and 2.9 percent,(2010 Census) and the aggregate lending figure of 1.3 percent.

Due to marketing strategies and overall improved market conditions, in 2012 the Lender experienced a sharp increase in the overall loan volume. At the same time, the percentages of

lending in low and moderate-income census tracts remained at approximately the 2011 levels. Overall, the geographic distribution of residential loans reflects a reasonable dispersion throughout the Commonwealth.

## II. 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.

Commonwealth Mortgage achieved an adequate record of serving the mortgage credit needs among borrowers of different income levels based on the areas’ demographics and a comparison to aggregate lending data in Massachusetts.

The following table shows HMDA-reportable loans to low, moderate, middle, and upper-income borrowers in comparison to the aggregate and the percentage of total families within the Commonwealth in each respective income group.

<b>Distribution of HMDA Loans by Borrower Income</b>							
<b>Census Tract Income Level</b>	<b>Total Families (2000 Census)</b>	<b>Aggregate Lending Data 2011</b>	<b>Commonwealth Mortgage 2011</b>		<b>Total Families (2010 Census)</b>	<b>Commonwealth Mortgage 2012</b>	
	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	20.5	5.3	12	2.4	19.3	40	4.0
<b>Moderate</b>	17.7	15.4	79	15.5	17.7	170	16.8
<b>Middle</b>	22.3	22.3	151	29.5	24.4	346	34.3
<b>Upper</b>	39.5	41.4	269	52.6	38.6	452	44.7
<b>NA*</b>	0.0	15.6	0	0.0	0.0	2	0.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>511</b>	<b>100.0</b>	<b>100.0</b>	<b>1,010</b>	<b>100.0</b>

Source: 2011 & 2012 HMDA LAR Data and 2000 & 2010 U.S. Census Data.  
\*Income Not Available

As shown in the above table, upper-income borrowers accounted for the highest proportion of total loans by Commonwealth Mortgage, with 52.6 percent originated in 2011 and 44.7 percent in 2012.

Lending to moderate-income borrowers, at 15.5 percent in 2011, was largely consistent with the percentage of moderate-income families of 17.7 (percent 2000 and 2010 Census) and the performance of the aggregate at 15.4 percent. However, Commonwealth Mortgage’s lending to low-income borrowers during that same year was considerably below the performance of the aggregate lending, at 2.4 percent compared to 5.3 percent.

Considering the high housing costs throughout Massachusetts, the number of middle and upper income residential areas creates somewhat fewer opportunities to lend to low and moderate-income borrowers. In addition the high housing costs, limit the number of low-income borrowers from qualifying for residential loans.

Lending to low-income borrowers increased notably in 2012, with the percentage of loans to these borrowers rising to 4.0 percent.

### **III. Innovative or Flexible Lending Practices**

Commonwealth Mortgage offers minimal flexible lending products, which are available to address the credit needs of low- and moderate-income individuals or geographies, in a safe and sound manner.

The lender offers a reduced up-front fee of \$150 (compared to regular \$500) for low and moderate-income applicants.

Commonwealth Mortgage became a HUD approved Non-Supervised Loan Correspondent in 2009 for FHA loans. FHA products provide competitive interest rates, smaller down payments for low and moderate income first time homebuyers and existing homeowners. For various reasons, the benefits of this program were not fully utilized to date. In 2011 and 2012, the Lender originated seven flexible lending products totaling \$2.95 million.

Due to net worth requirement restrains, Commonwealth Mortgage is not an approved FNMA seller/servicer. The company expects to receive this approval during 2013, and with it to gain access to established flexible lending products offered by, for example, Mass Housing or USDA Rural Housing programs.

### **IV. Fair Lending**

The Division examines a mortgage lender's fair lending policies and procedures pursuant to Division's 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. No evidence of disparate treatment was identified.

Commonwealth Mortgage has established an adequate record relative to fair lending policies and practices. In addition to written Fair Lending Standards Policy, management conducts periodic staff meetings to address any changes to existing HMDA and Fair Lending guidelines. Lending policies and procedures apply to all employees.

### **MINORITY APPLICATION FLOW**

For 2011 and 2012 Commonwealth Mortgage received 1,993 HMDA-reportable loan applications from within the Commonwealth of Massachusetts. Of these applications, 113 or 5.7 percent were received from minority applicants, of which 79 or 69.9 percent resulted in originations. Commonwealth Mortgage received 16 or 0.8 percent of HMDA reportable applications from ethnic groups of Hispanic origin within its assessment area of which 14 or 87.5 percent were originated. This compares to 76.3 percent overall approval ratio of applications.

Demographic information for Massachusetts reveals the total ethnic and racial minority population stood at 23.87 percent of the total population as of the 2010 Census. This segment of the population is comprised of 9.59 percent Hispanic or Latino and 14.28 racial minorities: 5.98 percent Black; 5.33 percent Asian/Pacific Islander; 0.16 percent American Indian/Alaskan Native; and 2.81 percent identified as Other Race.

Refer to the following table for information on the mortgage lender's minority application flow as well as a comparison to 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.

<b>MINORITY APPLICATION FLOW</b>					
<b>RACE</b>	<b>2011 Aggregate Data</b>	<b>Commonwealth Mortgage 2011</b>		<b>Commonwealth Mortgage 2012</b>	
		<b>#</b>	<b>%</b>	<b>Amt</b>	<b>%</b>
	<b>%</b>	<b>#</b>	<b>%</b>	<b>Amt</b>	<b>%</b>
<i>American Indian/ Alaska Native</i>	0.1	1	0.2	0	0.0
<i>Asian</i>	4.6	27	4.2	55	4.1
<i>Black/ African American</i>	1.9	2	0.3	7	0.5
<i>Hawaiian/Pac Isl.</i>	0.1	0	0.0	0	0.0
<i>2 or more Minority</i>	0.1	0	0.0	0	0.0
<i>Joint Race (White/Minority)</i>	1.1	14	2.2	7	0.5
<b>Total Minority</b>	<b>7.9</b>	<b>44</b>	<b>6.9</b>	<b>69</b>	<b>5.1</b>
<i>White</i>	68.0	580	90.8	1,085	80.1
<i>Race Not Available</i>	24.1	15	2.3	200	14.8
<b>Total</b>	<b>100.0</b>	<b>639</b>	<b>100.0</b>	<b>1,354</b>	<b>100.0</b>
<b>ETHNICITY</b>					
<i>Hispanic or Latino</i>	2.1	3	0.5	7	0.5
<i>Not Hispanic or Latino</i>	73.1	619	96.9	1,141	84.3
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	0.8	2	0.3	4	0.3
<i>Ethnicity Not Available</i>	24.0	15	2.3	202	14.9
<b>Total</b>	<b>100.0</b>	<b>639</b>	<b>100.0</b>	<b>1,354</b>	<b>100.0</b>

Source: 2000 U.S. Census Data, 2011 & 2012 HMDA Data

In 2011, Commonwealth Mortgage's performance was slightly below the aggregate's performance for racial minority applicants. The Lender received 6.9 percent of its applications from racial minorities while the aggregate received 7.9 percent. The mortgage lender's performance was also below the aggregate for applications from ethnic minorities. Commonwealth Mortgage received 0.8 percent of its applications from ethnic minorities while the aggregate received 2.9 percent. The ratio of racial minority applicants has decreased from 2011 to 2012, while the ratio of ethnic minority applicants remained the same. However, the number of applications from racial and ethnic minorities increased significantly. Also noted is the significant increase in the number of applications for which race and ethnicity are not available.

#### **V. Loss of Affordable Housing**

This review concentrated on the suitability and sustainability of mortgage loans originated by Commonwealth Mortgage by taking into account delinquency and default rates of the mortgage lender and those of the overall marketplace. Information provided by the 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.

An extensive 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. The delinquency rates for loans sold by Commonwealth Mortgage appear to be consistent with or below 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.

Commonwealth Mortgage's Service Test performance was determined to be "Needs to Improve."

### **Mortgage Lending Services**

Commonwealth Mortgage provides an effective delivery of mortgage lender services that are accessible to geographies and individuals of different income levels in the Commonwealth. Customers can apply to Commonwealth Mortgage for a mortgage in person, over the telephone, or via the company's website. Commonwealth Mortgage's main office is located at 12 Tower Office Park in Woburn and is situated in a middle-income tract level geography.

Business development relies primarily on marketing, pricing strategy, and repeat customers.

As Commonwealth Mortgage does not service mortgage loans, it would not work directly with delinquent borrowers. Therefore, this review would not include an evaluation of loan mitigation and modification efforts as the mortgage lender would not be accountable for such action. However, 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.

### **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.

During the examination period, one of Commonwealth Mortgage's Loan Officers participated in a "Meet the Lender" class incorporated into the first time home buyer seminar organized by the Massachusetts Mortgage Bankers Association (MMBA) and partially funded by Commonwealth Mortgage.

### **Qualified Investments**

A Qualified Investment for the purposes of this MLCI evaluation is a lawful investment, deposit, membership share, or grant that has as its primary purpose community development. The evaluation considered (1) the number of investments and grants, (2) the extent to which community development opportunities have been made available to the institution, and (3) the responsiveness of the institution's community development grants to the assessment area's needs.

During the examination period, Commonwealth Mortgage made \$1,100 in donations to qualified community development programs administered by MMBA.

Management is encouraged to employ a strong focus and a pro-active commitment in community development activities or investments that meet the definition of community development under the MLCI regulation. Other activities may include, but not necessarily limited to: financial literacy education initiatives targeted to low and moderate-income individuals; and foreclosure prevention counseling and/or providing technical assistance to community organizations in a leadership capacity.

## **PERFORMANCE EVALUATION DISCLOSURE GUIDE**

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

- 1) Make its most current MLCI performance evaluation available to the public.
- 2) Provide a copy of its current evaluation to the public, upon request. In connection with this, 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 MLCI 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.