

# **PUBLIC DISCLOSURE**

August 29, 2016

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Mutual Bank  
Certificate Number: 29755

570 Washington Street  
Whitman, MA 02382

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

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

## TABLE OF CONTENTS

Institution Rating .....	3
Scope of Evaluation .....	4
Description of Institution .....	6
Description of Assessment Area.....	8
Conclusions on Performance Criteria .....	12
Discriminatory or Other Illegal Credit Practices Review .....	19
Appendix A – Fair Lending Policies and Procedures.....	20
Glossary .....	22

## INSTITUTION RATING

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

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

### **The Lending Test is rated Satisfactory.**

- The average loan-to-deposit (LTD) ratio of 95.3 percent is good given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority (87.9 percent) of home mortgage loans within the assessment area during the evaluation period.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, specifically in low- and moderate-income geographies.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among the individuals of different income levels (including low- and moderate-income).
- The institution did not receive any CRA-related complaints during the evaluation period.

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

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

## SCOPE OF EVALUATION

### **General Information**

This performance evaluation, conducted by the Massachusetts Division of Banks (Division), covers the period from the prior Office of the Comptroller of the Currency (OCC) evaluation, dated January 22, 2013, to the current evaluation dated August 29, 2016. This is the bank's first CRA examination by the Division. Examiners used Intermediate Small Bank (ISB) Financial 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 based on the Loan to Deposit Ratio, Lending Inside and Outside of the Assessment Area, Geographic Distribution, Borrowers Characteristics, and Response to CRA 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 assessment area.

### **Loan Products Reviewed**

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

Examiners evaluated home mortgage lending data from January 1, 2014 through December 31, 2015, and for trending purposes looked at loans from January 1, 2016 through June 30, 2016, 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 assessment area demographics. Home mortgage lending in 2015, for which aggregate data is not available, was compared with assessment area demographics. In 2014, the bank originated 159 home mortgage loans totaling \$30.2 million, and originated 375 loans totaling \$61.1 million in 2015. The bank started reporting their home heating loans on their HMDA LAR, accounting for the increase in volume for 2015. As of June 30, 2016, the bank originated 172 loans totaling \$29.2 million.

The bank's portfolio remains weighted in residential real estate loans, including those secured by 1-4 family and multi-family properties at 69.8 percent. Commercial loans, including commercial real estate, and commercial and industrial loans represent 14.3 percent of the bank's loan portfolio. In addition, examiners considered the number and dollar volume of home mortgage 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 or housing values, and provides a better overall indicator of the number of individuals served by the institution.

The Community Development Test included an analysis of the bank's qualified community development loans, investments, and services from January 23, 2013 through August 29, 2016. For the purpose of this evaluation, a community development loan is a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the bank for consideration under small business or home mortgage lending (unless it is a multi-family dwelling loan), and (3) benefits the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area. A qualified investment is a lawful investment, deposit, donation, or grant that has community development as its primary purpose. A community development service is a service that has community development as its primary purpose and is generally related to the provision of financial services or technical services or assistance.

## DESCRIPTION OF INSTITUTION

### **Background**

On November 27, 1877, The Security Savings Fund and Loan Association of Brockton, later called Security Federal Savings Bank, was founded. The Whitman Co-operative Bank, later called Mutual Federal Savings Bank of Plymouth County, was incorporated on March 6, 1889. In 2006, the two institutions merged to become Mutual Bank. On September 20, 2013, Mutual Bank converted from a federal charter to a state chartered co-operative bank.

### **Operations**

The bank's main office is located at 570 Washington Street in Whitman. Including the main branch, the bank operates nine branches located in the following cities and towns: Brockton (2), Carver, Halifax, Hanson, Middleboro, Plymouth and Whitman (2). On April 29, 2016, the bank closed a branch located in Falmouth, a middle-income census tract. One of the bank's Brockton branches is located in a moderate-income census tract, while the remaining eight branches are all located in middle-income census tracts. Each branch has 24-hour automated teller machines (ATMs), as well as a drive through service. The bank maintains one remote ATM that is located in East Bridgewater, a middle-income census tract. All branch locations are open Monday through Friday with extended evening hours on Thursday and Friday. Each branch location also offers Saturday hours.

Mutual 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, Mass Save heat loans, home equity loans, home equity lines of credit, and personal loans. The bank also offers commercial real estate loans, business term loans, business lines of credit, and Small Business Administration (SBA) (504, 7A and express) loans.

The bank also offers deposit products and services including checking accounts, savings accounts, certificates of deposit, and IRAs. Services for businesses include business checking and savings accounts, business debit cards, payroll services and Mutual Bank at Work (direct deposits). Other services include free online banking and bill pay, bank by phone, mobile banking and e-Statements. The bank's website, [www.mymutualbank.com](http://www.mymutualbank.com), provides branch and ATM location information and a listing and description of all its loan and deposit services, including rates. Along with other traditional delivery methods, the bank receives initial loan and deposit applications through its website.

### **Ability and Capacity**

As of June 30, 2016, the bank had total assets of \$475.3 million and total deposits of \$360.4 million. Loans totaled \$356.2 million and represented 75.0 percent of total assets. The bank's net loan-to-deposit ratio, as of the same date, was 98.0 percent.

Mutual Bank is primarily a residential lender with a majority of the loan portfolio secured by residential properties. As noted in the table below, approximately 69.8 percent of the loans are secured by one-to-four family residential properties, followed by commercial real estate loans at 11.6 percent.

The following table illustrates the current distribution of the bank's loan portfolio.

<b>Table 1 - Loan Portfolio Distribution as June 30, 2016</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	25,824	7.2
1-4 Family Residential	248,579	69.8
Multi-family (5 or more) Residential	8,053	2.3
Commercial Real Estate	41,289	11.6
<b>Total Real Estate Loans</b>	<b>323,745</b>	<b>90.9</b>
Commercial and Industrial	9,761	2.7
Automobile Loans	10,369	2.9
Consumer Loans	12,376	3.5
<b>Total Loans</b>	<b>356,251</b>	<b>100.0</b>
<i>Source: Reports of Income and Condition</i>		

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 define one or more assessment areas within which its CRA performance will be evaluated. Mutual Bank designated an assessment area in Massachusetts that includes the whole county of the Barnstable Town, MA MSA, the whole county of the Providence-Warwick RI-MA Metropolitan Statistical Area (MSA) and two counties in the Boston, MA Metropolitan Division (MD). The Boston, MA MD is part of the Boston-Cambridge-Newton, MA-NH MSA and includes all Norfolk and Plymouth Counties. The following sections discuss demographic and economic information for the assessment area. The assessment area does not arbitrarily exclude any low- or moderate-income census tracts, does not reflect illegal discrimination, and otherwise meets the requirements of the CRA regulations.

Mutual Bank's assessment area includes 90 cities and towns listed below and are grouped by the MSA and MD in which they are located:

- **Barnstable Town, MA MSA (15 towns) - Barnstable County:** Barnstable, Bourne, Brewster, Chatham, Dennis, Eastham, Falmouth, Harwich, Mashpee, Orleans, Provincetown, Sandwich, Truro, Wellfleet, and Yarmouth. The Town of Barnstable consists of seven villages: Barnstable Village, Centerville, Cotuit, Hyannis, Marston Mills, Osterville and West Barnstable.
- **Boston MA MD which includes Norfolk (25 cities and 3 towns) and Plymouth County (27 cities). Norfolk County:** Avon, Bellingham, Braintree, Brookline, Canton, Cohasset, Dedham, Dover, Foxboro, Franklin, Holbrook, Medfield, Medway, Millis, Milton, Needham, Norfolk, Norwood, Plainville, Quincy, Randolph, Sharon, Stoughton, Walpole, Wellesley, Westwood, Weymouth and Wrentham. **Plymouth County:** Abington, Bridgewater, Brockton, Carver, Duxbury, East Bridgewater, Halifax, Hanover, Hanson, Hingham, Hull, Kingston, Lakeville, Marion, Marshfield, Mattapoisett, Middleboro, Norwell, Pembroke, Plymouth, Plympton, Rochester, Rockland, Scituate, Wareham, West Bridgewater and Whitman.
- **Providence-Warwick RI-MA MSA (20 cities and towns) – Bristol County:** Acushnet, Attleboro, Berkley, Dartmouth, Dighton, Easton, Fairhaven, Fall River, Freetown, Mansfield, New Bedford, North Attleboro, Norton, Raynham, Rehoboth, Seekonk, Somerset, Swansea, Taunton, and Westport.

The following sections discuss the demographic and economic information for the assessment area.



## Economic and Demographic Data

The bank's assessment area consists of 412 census tracts that reflect the following income designations according to the 2010 U.S. Census Data:

- 29 low-income tracts
- 57 moderate-income tracts
- 196 middle-income tracts
- 28 upper-income tracts
- 2 N/A

The low-income census tracts are located in: Bridgewater (1), Brockton (4), Fall River (9), Hyannis (1), New Bedford (10), Taunton (2) and Quincy (2). The moderate-income census tracts are located in: Attleboro (2), Bourne (1), Brockton (12), Dennis (1), Fairhaven (1), Fall River (9), Holbrook (1), Hyannis (2), New Bedford (14), Orleans (1), Provincetown (1), Quincy (3), Scituate (1), Stoughton (2), Taunton (2), Wareham (1), Weymouth (1), and Yarmouth (2).

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

<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)	412	7.0	13.8	47.6	31.1	0.5
Population by Geography	1,929,942	5.0	11.2	49.1	34.7	0.1
Housing Units by Geography	854,213	5.3	12.4	51.9	30.4	0.0
Owner-Occupied Units by Geography	533,055	1.8	8.7	53.1	36.4	0.0
Occupied Rental Units by Geography	210,061	14.0	20.4	44.3	21.3	0.0
Vacant Units by Geography	111,097	5.6	14.9	61.0	18.5	0.0
Family Distribution by Income Level	498,855	18.6	16.2	21.3	43.9	0.0
Household Distribution by Income Level	743,116	22.4	14.2	17.4	46.0	0.0
Median Family Income (2010 U.S. Census)		\$89,472	Median Housing Value			\$400,673
Families Below Poverty		5.8%	Median Gross Rent			\$1,019
Households Below Poverty		8.8%	Unemployment Rate (2010 US Census Data)			7.4%

*Source: 2010 U.S. Census, (\*) The NA category consists of geographies that have not been assigned an income classification.*

The FFIEC median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the Barnstable MSA, Boston MA MD and the Providence-Warwick RI-MA MSA are presented in the following table.

<b>Table 3 - 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>Barnstable Town, MA MSA Median Family Income (12700)</b>				
2014 (\$74,900)	<\$37,449	\$37,450 to <\$59,919	\$59,200 to <\$89,879	≥\$89,880
2015 (\$80,300)	<\$40,149	\$40,150 to <\$64,239	\$64,240 to <\$96,359	≥\$96,360
<b>Boston, MA MD Median Family Income (14454)</b>				
2014 (\$87,200)	<\$43,599	\$43,600 to <\$69,759	\$69,760 to <\$104,639	≥\$104,640
2015 (\$90,000)	<\$44,999	\$45,000 to <\$71,999	\$72,000 to <\$107,999	≥\$108,000
<b>Providence-Warwick, RI-MA MSA Median Family Income (39300)</b>				
2014 (\$72,200)	<\$36,099	\$36,100 to <\$57,759	\$57,760 to <\$86,639	≥\$86,640
2015 (\$74,400)	<\$37,199	\$37,200 to <\$59,519	\$59,520 to <\$89,279	≥\$89,280
<i>Source: FFIEC</i>				

The assessment area has a total population of 1,929,942 residing in 498,885 families. Of all family households in the area, 18.6 percent are low-income, 16.2 percent are moderate-income, 21.3 percent are middle-income, 43.9 percent are upper-income and 5.8 percent are families below the poverty level. Of the 743,116 households, 166,377 or 22.4 percent are low-income and 105,290 or 14.2 percent are moderate-income and 65,726 or 8.8 percent are households that are below the poverty level. This poverty rate typically indicates a reduced ability to secure a mortgage loan, thereby reducing a financial institution's ability to penetrate these markets through residential loan products.

Of the 854,213 housing units, 533,055 or 62.4 percent are owner-occupied and the median housing in 2010 for the assessment area was \$400,673. Additionally, there are a total 210,061 or 24.6 percent of rental units with a median gross rent of \$1,019. The table shows lower than expected distributions of owner-occupied housing units in the low- and moderate-income tracts. This affects opportunities to make home mortgage loans in these tracts. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Data obtained from the U. S. Bureau of Labor and Statistics indicate that the year-end unemployment rate was 5.7 percent for 2014 and 5.0 for 2015 for the Commonwealth of Massachusetts. However, in 2014, the rate varied from 7.1 percent for Barnstable County, 7.3 percent for Bristol County, 5.0 percent for Norfolk County and 6.1 percent for Plymouth County. In 2015, the unemployment percentage decreased to 6.3 percent for Barnstable County; 6.3 percent for Bristol County, 4.3 percent for Norfolk County and 5.2 percent for Plymouth County. Other than Norfolk County, the unemployment rates for the assessment area are higher than the statewide figures. The higher unemployment rates in the bank's assessment area is an indication of the needs in the assessment area. Furthermore, unemployment rates for the assessment area are lower now than they were in previous years.

## **Competition**

Aggregate home mortgage lending data for 2014 shows that a total of 554 lenders originated 56,068 home mortgage loans within the bank's assessment area. The top four lenders were large national and regional banks and mortgage companies: Wells Fargo, JP Morgan Chase, Quicken Loans, and Bank of America. Mutual Bank ranked 94<sup>th</sup> with a market share of 0.2 percent.

## **Community Contact**

As part of the evaluation process, third parties active in the assessment area are contacted 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 local agency whose main mission is community development and economic revitalization, specifically for the benefit of low- and moderate-income households and areas of the bank's assessment area. The agency also provides funding to improve the lives of low- and moderate-income residents through economic development, affordable housing and social programs. The contact stated there are many vacant lots in the area, rents are high and there is a huge foreclosure problem in the city. The contact stated local financial institutions could do more by providing rehab and refinance loans. There is a huge need for home improvement loans in the area but banks are not able to originate loans because of the upside down property value (property is rundown and the housing value is not there). The contact did mention that some institutions are making loans available, but more could be done. Overall, the contact was pleased with the responsiveness of the local community banks to the area's credit needs, but did state that larger national banks are not involved in the community.

## **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 assessment area. The bank and the community contact indicated generally strong or improving economic conditions within parts of the assessment area; however, a need for affordable housing, rehab loans, and additional small business resources were identified. Economic data for the assessment area supports this assessment of credit and community development needs in the assessment area. Median housing values within the assessment area of more than \$400,673 make homeownership difficult for low- and moderate-income borrowers.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Mutual 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

The LTD ratio is good given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 95.3 percent over the past 14 calendar quarters from March 31, 2013 to June 30, 2016. This ratio is based on loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits. The ratio ranged from a low of 87.2 percent as of March 31, 2014, to a high of 101.9 percent as of June 30, 2013. Mutual Bank maintained a higher ratio similar to those of comparable institutions, as shown in Table 4. Examiners selected comparable institutions based on their asset size and geographic location. During this time period, net loans have increased 18.2 percent and deposits have increased 18.4 percent.

<b>Bank</b>	<b>Total Assets as of June 30, 2016 \$ (000s)</b>	<b>Average Net LTD Ratio (%)</b>
Mutual Bank	475,310	95.3
Mechanics Cooperative Bank	497,525	91.1
Bridgewater Savings Bank	532,033	85.6
Norwood Cooperative Bank	445,932	84.4
Randolph Savings Bank	456,278	77.6

*Source: Reports of Income and Condition March 31, 2013 – June 30, 2016*

The bank purchases and sells loans. During the evaluation period, the bank purchased 2,293 loans totaling \$135.9 million and these loans are included in the LTD ratio. The bank also sold 390 loans totaling \$77.3 million to 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 capacity of other similarly situated banks, the types of loans offered by the bank, and the lending opportunities available, the bank's LTD ratio is good.

## Assessment Area Concentration

As indicated in Table 5, the bank made a majority of home mortgage loans, by number and dollar volume, within its assessment area.

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2014	159	78.7	43	21.3	202	30,201	67.8	14,353	32.2	44,554
2015	375	88.9	47	11.1	422	61,153	82.9	12,643	17.1	73,796
YTD 2016	172	96.1	7	3.9	179	29,278	96.1	1,198	3.9	30,476
<b>Total</b>	<b>706</b>	<b>87.9</b>	<b>97</b>	<b>12.1</b>	<b>803</b>	<b>120,632</b>	<b>81.1</b>	<b>28,194</b>	<b>18.9</b>	<b>148,826</b>

*Source: 2014 and 2015 HMDA*

## Geographic Distribution

This criterion evaluates the distribution of the bank's loans within the assessment area by census tract income level. Examiners looked at the number of loans in the census tracts and compared them to the aggregate data and the percent of total owner-occupied housing units with the emphasis on the low-and moderate-income census tracts. Considering the bank's assessment area demographics, aggregate data, and performance context factors, the distribution of home mortgage loans reflects a reasonable penetration in the low- and moderate-income geographies.

As shown in the table below, the bank (2.5 percent) was higher than both the aggregate (1.8 percent) and owner occupied housing (1.8 percent) percentages within the low-income census tracts.

The bank originated 9.4 percent of its HMDA reportable loans within moderate-income census tracts. This is higher than both the aggregate lending (8.4 percent) and the owner-occupied housing percentage (8.7 percent) within the assessment area.

In 2015, the bank's volume of loans increased significantly with the bank originating 375 loans. The bank's lending is consistent with its performance in both the low- and moderate-income census tracts as noted in the table below.

The bank's lending continues to be strong in YTD 2016 with the bank originating 172 loans. As of June 30, 2016, the bank has originated 4 or 2.3 percent of loans to low-income census tracts and 13 or 7.6 percent in moderate-income census tracts.

Table 6 - Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	1.8	1.8	4	2.5	653	2.2
2015	1.8	--	6	1.6	1,038	1.7
Moderate						
2014	8.7	8.4	15	9.4	1,614	5.3
2015	8.7	--	35	9.3	3,859	6.3
Middle						
2014	53.1	51.8	107	67.3	18,910	62.6
2015	53.1	--	258	68.8	37,365	61.1
Upper						
2014	36.4	38.0	33	20.8	9,024	29.9
2015	36.4	--	76	20.3	18,891	30.9
<b>Totals</b>						
<b>2014</b>	<b>100.0</b>	<b>100.0</b>	159	<b>100.0</b>	30,201	<b>100.0</b>
<b>2015</b>	<b>100.0</b>	<b>--</b>	375	<b>100.0</b>	61,153	<b>100.0</b>

*Source: 2010 U.S. Census Data; 2014 and 2015 HMDA LARS; and 2014 HMDA Aggregate Data, "--" data not available.*

### **Borrower Profile**

This performance criterion evaluates the distribution of the bank's residential loans based on borrower characteristics and emphasis is placed on loans to low- and moderate-income borrowers. Based on the review of the HMDA LARS, the bank has achieved a reasonable penetration of loans among individuals of different income levels.

As reflected in Table 7, the bank's distribution of loans to low-income borrowers, at 1.9 percent, is lower than the aggregate of 4.5 percent. It is noted that lending to low-income borrowers was lower than the percentage of low-income families (18.6 percent) in the area. However, for a significant portion of these low-income families qualifying for home mortgage loans is difficult, especially considering the median housing value is \$400,673 and the average income for a low-income family in Barnstable County is \$37,449, Norfolk and Plymouth County is \$43,600 and Bristol County is \$36,100, the borrowers would most likely not qualify for a mortgage.

In 2014, the bank originated 14.5 percent of total loans to moderate-income borrowers, which was lower than both the aggregate (15.2 percent) and moderate-income families (16.2 percent).

In 2015, the bank increased their volume of lending to low- and moderate-income borrowers. The bank originated 10 or 2.7 percent of loans to low-income borrowers and 57 or 15.2 percent to moderate-income borrowers.

As of June 30, 2016, the bank has originated 172 loans and 11 or 6.4 percent of its home mortgage loans to low-income borrowers and 26 loans or 15.1 percent to moderate-income borrowers.

As mentioned previously in the Loan-to-Deposit Section of the Public Evaluation, the bank purchases loans, resulting in a high percentage of income not available for borrowers.

<b>Table 7 - 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	18.6	4.5	3	1.9	303	1.0
2015	18.6	--	10	2.7	798	1.3
<b>Moderate</b>						
2014	16.2	15.2	23	14.5	3,114	10.3
2015	16.2	--	57	15.2	5,908	9.7
<b>Middle</b>						
2014	21.3	21.4	31	19.5	4,617	15.3
2015	21.3	--	76	20.3	9,209	15.1
<b>Upper</b>						
2014	43.9	42.7	48	30.2	10,452	34.6
2015	43.9	--	140	37.3	24,431	39.9
<b>Income Not Available</b>						
2014	--	16.3	54	34.0	11,715	38.8
2015	--	--	92	24.5	20,807	34.0
<b>Total</b>						
<b>2014</b>	<b>100.0</b>	<b>100.0</b>	<b>159</b>	<b>100.0</b>	<b>30,201</b>	<b>100.0</b>
<b>2015</b>	<b>100.0</b>	<b>--</b>	<b>375</b>	<b>100.0</b>	<b>61,153</b>	<b>100.0</b>
<i>Source: 2010 U.S. Census; 2015 &amp; 2015 HMDA Reported Data; 2014 HMDA Aggregate Data; "--" data not available</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 Community Development Test evaluates the bank's responsiveness to the community development needs of its assessment area through the provision of 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. The bank's community development performance demonstrates an adequate responsiveness to the community development needs of its assessment area.

### **Community Development Loans**

During the evaluation period the bank originated two community development loans totaling \$375,000. During the previous evaluation the bank originated six community development loans totaling \$900,000. Listed below are the qualified community development loans made during the evaluation period.

- On September 28, 2015, the bank originated a \$150,000 loan to an organization in Brockton that works to provide employers' access to qualified workers by bringing training resources to the community and fostering collaborations for regional priorities. The line of credit provided funding for the summer payroll for local youths in the Brockton workforce area.
- On August 24, 2016, the bank originated a loan in the amount of \$225,000 to a non-profit organization to finance the construction of a new building that will be used to expand their services into the New Bedford and Fall River area. This organization delivers food and furniture to families in need, free of charge. They also provide a food pantry, linens and various other household furnishings. The organization serves those living in Southeastern Massachusetts, and is the only charity providing furniture assistance as a core program.

### **Qualified Investments**

During the examination period the bank donated \$372,812 to charitable organizations of which \$95,710 or 25.7 percent were qualified CRA contributions. During the last examination, the bank made 38 qualifying contributions totaling \$40,000. These funds primarily support organizations that provide community services to low- and moderate-income individuals and families.

The table below details all qualified donations made by the bank by year and community development category.



Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services		Economic Development		Revitalization or Stabilization		Neighborhood Stabilization Projects			
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
<b>*2013</b>	5	6,000	22	16,180	1	1,000	1	150	0	0	29	23,330
<b>2014</b>	2	1,100	24	26,450	0	0	0	0	0	0	26	27,550
<b>2015</b>	4	7,550	29	27,980	0	0	2	800	0	0	35	36,330
<b>**2016</b>	0	0	4	5,500	1	2,500	1	500	0	0	6	8,500
<b>Total</b>	<b>11</b>	<b>14,650</b>	<b>79</b>	<b>76,110</b>	<b>2</b>	<b>3,500</b>	<b>4</b>	<b>1,450</b>	<b>0</b>	<b>0</b>	<b>96</b>	<b>95,710</b>

*Source: Bank Records - \*From January 23, 2013 through December 31, 2013. \*\*From January 1, 2016 through August 29, 2016.*

Samples of the organizations receiving donations are listed below:

- **Food Pantries:** Mutual Bank has annually donated to food pantries throughout the assessment area. These include Hanson Food Pantry, Carver Food Pantry, Halifax Food Pantry, Falmouth Food Pantry, Whitman Food Pantry and Yarmouth Food Pantry.
- **Love Life Now Foundation, Inc. (LLN)** – LLN is a non-profit organization dedicated to improving the lives of victims and survivors of domestic violence. LLN promotes year round awareness against domestic violence and helps bridge the gap between shelters and the communities they serve by hosting various initiatives/events that connects shelter representatives with the community and in turn engages communities to learn more on how they can be part of the solution in ending the epidemic
- **Father Bill’s & Main Spring (FBMS)** - For almost three decades, FBMS has been dedicated to ending, not just managing, homelessness. As a leading provider of emergency shelter, housing and supportive services in the South Shore area, they help people struggling with homelessness or at-risk of homelessness to achieve self-sufficiency.
- **St. Vincent de Paul Society** – The mission of this organization is to offer hope and services to the poor and suffering on a direct person-to-person basis, working to break the cycles of homelessness, substance abuse and violence.
- **Schools on Wheels** - Schools on Wheels was founded in 2004 by a teacher and child advocate to support children struggling to stay on track in school while experiencing homelessness by providing academic support and one-on-one mentoring. This organization’s vision is that all children have the academic support necessary to achieve a bright and productive future that will help end the cycle of homelessness.
- **Brockton Redevelopment Authority** - The principal purpose of the funding is to improve the lives of low- and moderate-income residents living in Brockton through economic development, affordable housing, and social programs.

## **Community Development Services**

During the evaluation period, four bank employees provided 29 instances of financial expertise or technical assistance to nine community development organizations within the assessment area for the purpose of community development.

The following illustrates notable examples of the bank's community development services:

**School on Wheels** – The mission of School on Wheels is to enhance educational opportunities for homeless children from kindergarten through twelfth grade; to shrink the gaps in their education; and to provide them with the highest level of education possible. The President is on the Advisory Board

**Old Colony Elder Services (OCES)** – OCES is to support the independence and dignity of elders and individuals with disabilities by providing essential information and services that promote healthy and safe living. Volunteers are assigned to assist elders by providing a personalized money management service. They make home visits at least once a month to help keep track of income and expenses. The Vice President of Business Lending is on the Advisory Board and the Compliance Officer is the Financial Abuse Liaison.

**Workforce Investment Board** – The Board is comprised of leaders from business, education, government, labor and the community. This organization provides education and training programs to low-income residents in the Fall River and Taunton area. The Assistant Vice President is the Chairman of the Board of Directors.

**Brockton Redevelopment Authority (BRA)** - BRA is a quasi-public agency contracted by the City of Brockton, whose main mission is community development and economic revitalization, specifically for the benefit of low- and moderate-income households and areas of Brockton. The BRA works with the Mayor, the Planning Department, and other city departments to develop and achieve a strategic development vision. The Governor appointed the Assistant Vice President to be the Treasurer of this organization.

During the evaluation period, the bank participated with NeighborWorks of Brockton and presented four first time homebuyer seminars. The two part seminar's topics included: the home buying process and terminology; how to locate a property in your price range; which mortgage program is right for you; down payment and closing cost assistance grants, and talk with real estate agents, home inspectors, homeowner insurance agents and legal professionals.

### **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, with the interest to be paid to the client. Deposits that would individually be too small or too short-term to generate interest are pooled into IOLTA accounts. Interest earned on the account is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients.

During the evaluation period, the bank originated 57 loans totaling \$2 million to small businesses with the support of the State Small Business Credit Initiative (SSBCI) program. SSBCI was designed to support small businesses that are creditworthy but cannot access the capital they need to expand and create jobs. SSBCI is a collaborative program funded by the U.S. Treasury, managed by the state and implemented through the participation of private sector lenders. The U.S. Treasury has acknowledged that Mutual Bank is among the most active users of this program.

On January 8, 2014, Mutual Bank became an approved Mass Housing lender. Mass Housing is a non-profit, public agency that supports the creation, preservation, and long-term viability of affordable homeownership and rental housing opportunities for Massachusetts residents with modest incomes who are under-served by conventional housing markets. Mass Housing loans are not limited to just first-time homebuyers. Loan programs that allow for very low down payments and offer competitive rates and discounted mortgage insurance are provided. Only 30-year fixed-rate mortgages are offered. Mass Housing loans offered by Mutual Bank include MassHousing Mortgage, MassHousing Lender Paid Mortgage Insurance, Mass Housing Mortgage Insurance Plus, and MassHousing Mortgage with No Mortgage Insurance. During the evaluation period the bank originated three loans totaling \$945,548.

In 2016, the bank became a member of the Federal Home Loan Bank Equity Builder Program (EBP). The EBP provides the bank with grants to assist borrowers earning no more than 80 percent of the area median income with down payments, closing costs, homebuyer counseling, and rehabilitation assistance on units that borrowers will occupy as their primary residence. To be eligible to receive assistance through the EBP, borrowers must complete a homebuyer counseling program administered by an approved agency. As the bank just implemented this program, no loans were made during the evaluation period.

The Bank participates in the Massachusetts Community and Banking Council's (MCBC) Basic Banking in Massachusetts program. This statewide program is designed to offer low cost checking and savings accounts to low- and moderate-income individuals.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

## **APPENDIX A**

### ***Fair Lending Policies and Procedures***

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

#### **MINORITY APPLICATION FLOW**

The bank's HMDA LARs for 2014 and 2015 were reviewed to determine if the application flow from the different racial groups within the bank's assessment area was reflective of the assessment area's demographics.

According to the 2010 U.S. Census Data, the bank's assessment area contained a total population of 1,929,942 individuals of which 16.0 percent are minorities. The assessment area's minority and ethnic population is 4.7 percent Black/African American, 3.9 percent Asian, 0.2 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 3.9 percent Hispanic or Latino and 3.3 percent other.

In 2014, the bank received 214 HMDA reportable loan applications from within its assessment area. Of these applications, 6 or 2.8 percent were received from minority applicants, of which 4 or 66.7 percent resulted in originations. The aggregate received 78,627 HMDA reportable loan applications of which 6,812 or 8.7 percent were received from minority applicants and 4,295 or 63.1 percent were originated. For the same time period, the bank also received 2 or 0.9 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 2 or 100.0 percent were originated versus the aggregate that received 1,977 applications or 2.5 percent of which 1,244 or 62.9 percent were originated.

For 2015, the bank received 466 HMDA reportable loan applications from within its assessment area. Of these applications, 22 or 4.7 percent were received from minority applicants, of which 19 or 86.4 percent resulted in originations. For the same time period, the bank received 11 or 2.3 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 8 or 72.7 percent were originated.

The bank's level of lending was compared with that of the aggregate's lending performance level for the most recent year that data was available, the year 2014. 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 table below for information on the bank's minority application flow as well as the aggregate lenders (excluding the bank) in the bank's assessment area.

<b>Table 9 - MINORITY APPLICATION FLOW</b>					
<b>RACE</b>	<b>Bank 2014</b>		<b>2014 Aggregate Data</b>	<b>Bank 2015</b>	
	<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>
American Indian/ Alaska Native	0	0.0	0.2	1	0.2
Asian	4	1.9	3.7	8	1.7
Black/ African American	2	0.9	3.6	6	1.3
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)	0	0.0	1.1	7	1.5
<b>Total Minority</b>	<b>6</b>	<b>2.8</b>	<b>8.7</b>	<b>22</b>	<b>4.7</b>
White	139	65.0	69.6	314	67.4
Race Not Available	69	32.2	21.7	130	27.9
<b>Total</b>	<b>214</b>	<b>100.0</b>	<b>100.0</b>	<b>466</b>	<b>100.0</b>
<b>ETHNICITY</b>					
Hispanic or Latino	<b>2</b>	<b>0.9</b>	<b>1.7</b>	<b>6</b>	<b>1.3</b>
Not Hispanic or Latino	142	66.4	75.9	313	67.2
Joint (Hisp/Lat /Not Hisp/Lat)	<b>0</b>	<b>0.0</b>	<b>0.8</b>	<b>5</b>	<b>1.1</b>
Ethnicity Not Available	70	32.7	21.6	142	30.4
<b>Total</b>	<b>214</b>	<b>100.0</b>	<b>100.0</b>	<b>466</b>	<b>100.0</b>

Source: US Census 2010, HMDA LAR Data 2014 and 2015, HMDA Aggregate Data 2014

Considering the demographic composition of the assessment area and comparisons to aggregate data in 2014, 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 non-metropolitan median family income, if a person or geography is located outside an MSA.

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

**Census Tract:** A small, relatively permanent statistical subdivision of a county. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved non-metropolitan 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.

**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 non-metropolitan 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:** Performance under the applicable tests is analyzed considering performance context, quantitative factors (geographic loan distribution, borrower profile loan distribution, and total number and dollar amount of investments), and qualitative factors (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:** Performance under the applicable tests is analyzed using only quantitative factors (for example, geographic loan distribution, borrower profile loan distribution, 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.

**Non-metropolitan Area:** All areas outside of metropolitan areas. The definition of non-metropolitan 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 non-metropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**Small Business Loan:** A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved middle-income nonmetropolitan geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

- Population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and
- Distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, 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 570 Washington Street, Whitman, MA 02382.

[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.