

**PUBLIC DISCLOSURE**

**NOVEMBER 27, 2012**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**SOUTHERN MASS CREDIT UNION**

**CERT # 67481**

**123 ALDEN ROAD  
FAIRHAVEN, MASSACHUSETTS 02719**

**Division of Banks  
1000 Washington Street, 10<sup>th</sup> Floor  
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 institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting its needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Southern Mass Credit Union (the Credit Union)**, prepared by the Division, the institution's supervisory agency as of November 27, 2012. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

### **INSTITUTION'S CRA RATING: This institution is rated High Satisfactory.**

This evaluation is based on the Small Institution CRA evaluation procedures specified for institutions with assets under \$290 million. A summary of the Credit Union's performance is provided below.

- The Credit Union's average net loan to share (LTS) ratio for the past eight quarters was 57 percent and is considered reasonable.
- A substantial majority of the Credit Union's home mortgage lending was inside the assessment area. Overall, the Credit Union originated 95.9 percent of its loans inside the assessment area.
- Overall, the Credit Union's geographic distribution reflects a good dispersion throughout the assessment area. The 2011 percentage of home mortgage lending in low-income tracts was equal to the aggregate and was 9.4 percent higher than the aggregate in moderate-income tracts.
- Overall, given the demographics of the assessment area, the Credit Union's distribution of borrowers reflects an excellent penetration of home mortgage loans among individuals of different income levels, including low- and moderate-income borrowers. In 2011, the Credit Union exceeded the aggregate in lending to low-income borrowers and moderate-income borrowers.
- There were no CRA-related complaints received during the evaluation period.

### **SCOPE OF EXAMINATION**

This evaluation considered the Credit Union's lending from January 1, 2010 through December 31, 2011. The data and applicable timeframes used are discussed below.

The evaluation considered the Credit Union's home mortgage loans originated in 2010 and 2011. Under CRA, a home mortgage loan is considered to be a home purchase, home improvement, or refinancing of a dwelling-secured loan. Home mortgage loans are those loans which were reported pursuant to the Home Mortgage Disclosure Act (HMDA). Data was obtained from the Loan Application Register (LAR). Based on the Credit Union's loan portfolio composition as of September 30, 2012, the primary lending activity consists of first mortgage real estate loans, which accounted for 63.4 percent of the Credit Union's loan portfolio, and other real estate loans, which account for 19 percent.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Southern Mass Credit Union was originally a state-chartered industrial credit union incorporated in 1922 and membership was limited to retirees or employees of the American Telephone & Telegraph Company and employees of the Credit Union or the families of such members. In 2002 the Credit Union became a community-chartered credit union. The Credit Union officially changed its name in June 2003 to Southern Mass Credit Union and membership eligibility was extended to persons who live, work, or attend school in Bristol, Barnstable or Plymouth counties in Massachusetts and family members of such persons.

The Credit Union's main office is located at 123 Alden Road, Fairhaven, Massachusetts. The main office is located in a middle-income census tract. The Credit Union had 10,201 members as of September 30, 2012.

In addition to the main office, the Credit Union operates two other branches: in New Bedford at 2926 Acushnet Avenue and one at Fairhaven High School. The New Bedford branch was opened in July of 2010 and is located in a middle-income census tract. The Fairhaven High School branch is open during the school year. Services for this branch are limited to deposits and withdrawals for high school staff, faculty and students. This branch is also utilized for career training opportunities for students enrolled in the school to career program.

As of September 30, 2012, the Credit Union's assets totaled \$191.8 million. This represents a 49.5 percent increase since the prior evaluation. Management attributed the increase in assets to both the opening of the New Bedford branch in 2010 and a significant increase in membership shares paired with a challenging lending environment due to the declining real-estate market during the economic crisis that began in 2008. The Credit Union's loan portfolio increased 19.5 percent over the same period, with net loans totaling \$102.7 million as of September 30, 2012, or 53.6 percent of the Credit Union's assets. Refer to Table 1 below for detailed information regarding the Credit Union's loan portfolio.

<b>Table 1 - Loan Portfolio as of September 30, 2012</b>		
<b>Loan Type</b>	<b>Dollar Amount \$('000s)</b>	<b>Percent of Total Loans (%)</b>
First Mortgage Real Estate Loans	65,131	63.4
Other Real Estate Loans	19,522	19.0
Used Vehicle Loans	9,275	9.0
Other Unsecured Loans	2,972	2.9
All Other Loans	2,096	2.0
New Vehicle Loans	1,910	1.9
Unsecured Vehicle Loans	1,765	1.7
Non-Federally Guaranteed Student Loans	64	0.1
<b>Total Loans</b>	<b>\$102,735</b>	<b>100.0</b>

*Source: 5300 Report, Statement of Financial Condition as of 9/30/12*

The Credit Union provides a variety of personal retail services and business loans. Personal services include checking and savings accounts, consumer loans, mortgage loans, student loans, auto loans, insurance products and financial planning. The Credit Union offers first-time home buyer programs through the Credit Union National Association and the Rural Housing Service and also participates in the MassHousing Soft Second Program.

The Credit Union maintains a website at [www.southernmass.com](http://www.southernmass.com). The website provides information about loans, products and services, deposit accounts, rates and fees, branch locations and hours, and offers online banking services. The Credit Union is a member of the SUM network, which affords its members reduced fees at member ATMs.

The Credit Union was last examined for compliance with the CRA on September 17, 2007. The examination resulted in a CRA rating of Satisfactory.

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

### Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The assessment area as currently defined meets the technical requirements of the CRA regulation since it: (1) consists of one or more political subdivisions, (2) includes the geographies where the institution has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans, (3) consists of whole census tracts, (4) does not extend substantially beyond state boundaries, unless otherwise permitted, (5) does not reflect illegal discrimination, and (6) does not arbitrarily exclude low- and moderate-income areas.

The Credit Union’s assessment area is comprised of Bristol, Barnstable, and Plymouth counties. The following table provides information about the assessment area:

Table 2 - Assessment Area Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	257	6.2	20.6	49.8	23.0
Population by Geography	1,229,730	3.1	17.0	52.5	27.2
Owner-Occupied Housing by Geography	327,553	1.1	10.8	57.8	30.3
Business by Geography	119,930	4.8	12.9	51.4	30.9
Family Households by Income Level	468,849	23.6	15.4	19.0	42.0
Distribution of Low and Moderate Income Families throughout AA Geographies	60,939	39.7	22.7	19.8	17.8
Median Family Income for 2000		\$59,598	Median Housing Value		\$180,333
HUD Adjusted Median Family Income for 2010		\$72,100	Unemployment rate of AA		5.0%
HUD Adjusted Median Family Income for 2011		\$74,500			
Households Below Poverty Level		9.0	Families Below Poverty Level		6.1%

*Sources: 2000 US Census; 2010 & 2011 HUD updated Median Family Income for Providence-New Bedford-Fall River MSA, 2012 Bureau of Labor Statistics*

*Percentages may not equal 100 due to a NA census tract (Otis Air Force Base in Bourne, MA)*

As Table 2 shows, the assessment area is comprised of 257 census tracts, of which 16 are low-income, 53 are moderate-income, 128 are middle-income, and 59 are upper-income census tracts. The assessment area has a total population of 1,229,730 residing in 468,849 family households.

The assessment area consists of 545,525 total housing units, of which 327,553 or 60 percent are owner-occupied, 141,041 or 25.9 percent are rental units and 76,931 or 14.1 percent are vacant units. Of the 327,553 owner-occupied housing units, 3,545 or 19.7 percent are in low-income census tracts and 35,347 or 35.5 percent are in moderate-income census tracts. According to the 2000 U.S. Census, the median housing value in the assessment area was \$180,333. However, recent data from *The Warren Group* reflects higher home values as of October 2012; the median home sales price for Barnstable County was \$299,500, Bristol County was \$190,000 and Plymouth County was \$239,901.

According to the October 2012 data from the Bureau of Labor Statistics, the non-seasonally adjusted unemployment rates were 6 percent for Barnstable County, 8.4 percent for Bristol County and 6.2 percent for Plymouth County.

Numerous businesses operate throughout the assessment area, with the highest concentration being in the middle-income census tracts. According to 2011 Business Geodemographic Data, the area has 119,930 businesses in operation, 69.8 percent of which are known to have gross annual revenues under \$1 million. The highest proportions of these businesses are engaged in the service industry (42 percent) and non-classifiable establishments (18.4 percent). Approximately 64.3 percent of the area's businesses employ four or fewer people.

### ***Community Contact***

As part of the evaluation process, third parties that are active in community affairs are contacted to assess the housing and business needs in the Credit Union's assessment area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available.

A community contact was conducted with a non-profit community development organization that assists low- and moderate-income individuals with first-time homebuyer's seminars and lead paint remediation programs. The contact stated employment poses the largest challenge in the area. The contact also stated local financial institutions need to "loosen up on lending" and need to create low-interest rehab loans and a loan modification program geared toward low- and moderate-income individuals. Overall, the contact was pleased with the responsiveness of the local financial institutions to the areas credit needs.

Based on the area's demographics and the insights gained through discussions with management and the community contacts, the assessment area has no one primary credit need. The area's residents need a variety of retail loan products to meet personal needs and an array of home financing programs for the purchase, improvement, or refinance of a residence. The area's business base also requires numerous commercial credit options to meet a wide variety of financing purposes.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

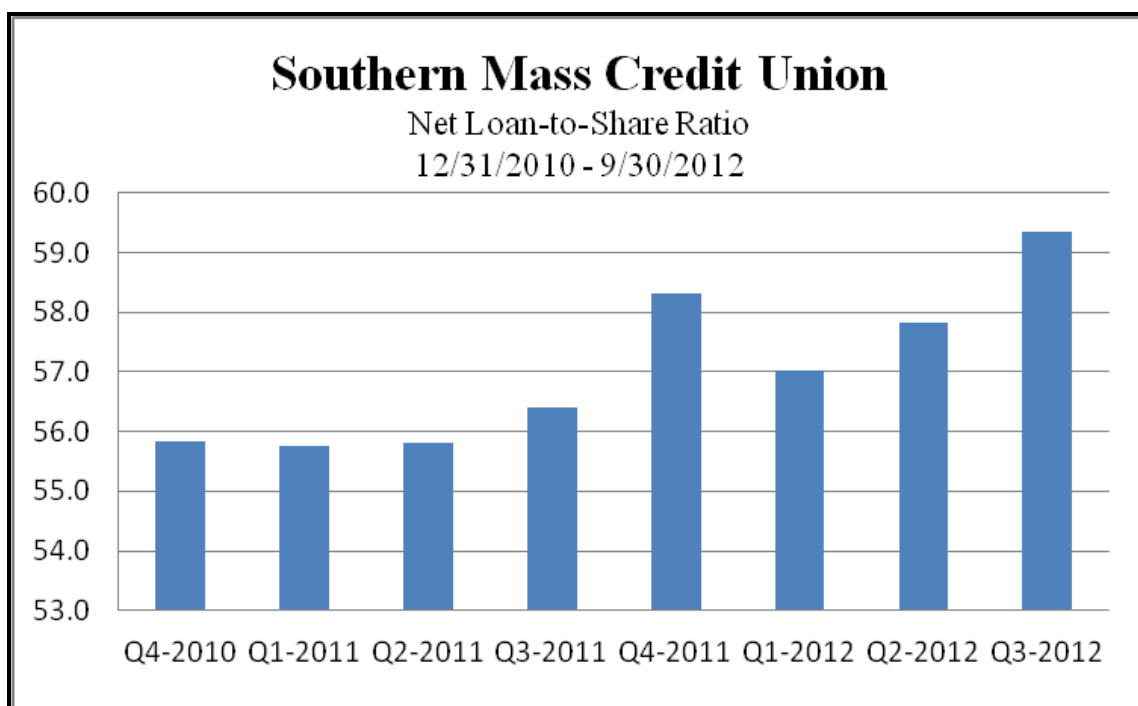
Small Institution CRA evaluation procedures were utilized to assess the CRA performance. This test considers the institution's performance pursuant to the following criteria: net loan-to-share (LTS) ratio, assessment area concentration, geographic distribution of loans, lending to borrowers of different incomes, and the institution's record of taking action in response to CRA complaints.

Overall, the Credit Union's performance is considered "High Satisfactory." This rating indicates Southern Mass Credit Union's lending performance demonstrates a good responsiveness to the credit needs of the assessment area.

### **1. LOAN-TO-SHARE (LTS) ANALYSIS**

This performance criterion determines what percentage of the Credit Union's share base is reinvested in the form of loans and evaluates its appropriateness. The Credit Union's net LTS ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.

The Credit Union's net LTS ratio as of September 30, 2012 was 59.3 percent. The Credit Union's average quarterly net LTS ratio was 57 percent and was calculated by averaging the previous eight quarterly net LTS ratios between December 31, 2010 and September 30, 2012. As shown in the graph below, the net LTS ratio reached a high of 59.3 percent in September 2012 and a low of 55.76 percent in March 2011.



Changes in loan and share amounts were analyzed to assess the fluctuations in the net LTS ratios. From December 2010 to September 2012 the Credit Union's loan portfolio increased by 8.7 percent and shares increased by a total of 2.2 percent. There was a 2.2 percent increase in shares from December 2011 to March 2012, which management attributed to increased savings rates on the institutions saving supreme accounts. The Credit Union experienced a 1.9 percent

decrease in shares from June 2012 to September 2012, which management attributed to a large volume to regular CD's reaching maturity and a drop in deposit rates. During the previous 8 quarter period, the net LTS ratio of the Credit Union increased by 3.5 percent.

For evaluation purposes, the Credit Union's net LTS ratio was compared to a group of three similarly situated financial institutions by asset size and loan portfolio composition.

<b>Table 3 - Net Loan-to-Share Ratios</b>		
<b>Institution</b>	<b>Average Net LTS Ratio (%) (12/31/2010 – 9/30/2012)</b>	<b>Total Assets (\$000) as of 9/30/12</b>
Fall River Municipal Credit Union	75.6	\$216,553
Somerset Federal Credit Union	72.4	\$142,807
<i>Southern Mass Credit Union</i>	57.0	\$191,789
New Bedford Credit Union	56.9	\$122,807

Source: NCUA 5300 Statement of Financial Condition as of September 30, 2012

As shown in Table 3 above, the three other Credit Unions' average quarterly net LTS ratios ranged between 75.6 percent and 56.9 percent. At 57 percent, the Credit Union's average LTS is less than two of the similarly situated institutions and higher than the other one financial institutions.

Based on the Credit Union's asset size and resources, and the credit needs of its members, the Credit Union's net loan-to-share ratio is considered reasonable and meets the standards of satisfactory performance.

## **2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA**

This performance criterion determines what percentage of the Credit Union's lending occurs inside the assessment area. As shown in Table 4, the Credit Union originated a substantial majority of home mortgage loans inside the assessment area.

<b>Table 4 - Distribution of Loans Inside and Outside of Assessment Area</b>										
<b>Loan Category or Type</b>	<b>Number of Loans</b>					<b>Dollar Volume \$('000s)</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
<b>2010</b>										
Home Purchase	9	90.0	1	10.0	10	1,314	91.0	130	9.0	1,444
Refinance	56	98.3	1	1.7	57	8,151	98.1	160	1.9	8,311
Home Improvement	24	96.0	1	4.0	25	1,728	99.3	12	0.7	1,740
<b>Total</b>	<b>89</b>	<b>96.7</b>	<b>3</b>	<b>3.3</b>	<b>92</b>	<b>11,193</b>	<b>97.4</b>	<b>302</b>	<b>2.6</b>	<b>11,495</b>
<b>2011</b>										
Home Purchase	13	92.9	1	7.1	14	1,756	96.5	64	3.5	1,820
Refinance	74	93.7	5	6.3	79	10,676	91.7	973	8.3	11,649
Home Improvement	32	100.0	0	0.0	32	2,635	100.0	0	0.0	2,635
<b>Total</b>	<b>119</b>	<b>95.2</b>	<b>6</b>	<b>4.8</b>	<b>125</b>	<b>15,067</b>	<b>93.6</b>	<b>1,037</b>	<b>6.4</b>	<b>16,104</b>
<b>Total Home Loan</b>	<b>208</b>	<b>95.9</b>	<b>9</b>	<b>4.1</b>	<b>217</b>	<b>26,260</b>	<b>95.1</b>	<b>1,339</b>	<b>4.9</b>	<b>27,599</b>

Source: HMDA LAR for 2010 and 2011

In 2010, the Credit Union originated 96.7 percent of loans inside the assessment area by number and 97.4 percent by dollar volume. In 2011, the Credit Union originated 95.2 percent of loans inside the assessment by number and 93.6 percent by dollar volume. Overall, the Credit Union originated 95.9 percent of home mortgage loans in the assessment area by number and 95.1 percent by dollar volume.

The Credit Union’s assessment area concentration exceeds the standards of satisfactory performance as it originated a substantial majority of home mortgage loans inside the assessment area.

### 3. GEOGRAPHIC DISTRIBUTION

The geographic distribution of home mortgage loans was reviewed to assess how the Credit Union is addressing the credit needs throughout the assessment area by census tract income level. The table below shows the comparison of home mortgage loans by census tract with aggregate lending data and the percentage of owner-occupied housing units in the assessment area.

<b>Table 5 – Distribution of HMDA Loans by Census Tract Income Level</b>						
<b>Census Tract Income Level</b>	<b>Total Owner-Occupied Housing Units</b>	<b>Credit Union Lending Data 2010</b>		<b>Aggregate Lending 2011</b>	<b>Credit Union Lending Data 2011</b>	
	<b>%</b>	<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	1.1	2	2.3	<b>0.8</b>	1	0.8
<b>Moderate</b>	10.8	12	13.5	<b>9.1</b>	22	18.5
<b>Middle</b>	57.8	61	68.5	<b>54.6</b>	83	69.8
<b>Upper</b>	30.3	14	15.7	<b>35.5</b>	13	10.9
<b>Total</b>	<b>100.0</b>	<b>89</b>	<b>100.0</b>	<b>100.0</b>	<b>119</b>	<b>100.0</b>

*Source: HMDA LAR for 2010 and 2011, 2011 aggregate data, and 2000 U.S. Census.*

As shown in the table above, in 2010 the Credit Union’s home mortgage originations in low-and moderate-income census tracts was higher than the percentage of owner-occupied housing units with originations in low-income tracts at 2.3 percent and 13.5 percent in moderate-income tracts. In 2011, the Credit Union’s home mortgage loan origination to low-income borrowers was equal to the aggregate data and exceeded the aggregate by 9.4 percent in lending in moderate-income tracts.

The Credit Union achieved a good dispersion of home mortgage loans throughout the assessment area based on a comparison with the demographic data and aggregate lending data and exceeds the standard of satisfactory performance.



#### 4. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The distribution of home mortgage loans by borrower income levels was reviewed to determine the extent to which the Credit Union is addressing the credit needs of the area residents. The table below shows the comparison of home mortgage loans by borrower income with aggregate lending data and the family distribution by income level in the assessment area.

Table 6 - Distribution of HMDA Loans by Borrower Income						
Borrower Income Level	Family Distribution by Income Level	2010 Credit Union Lending Data		2011 Aggregate Lending Percentage	2011 Credit Union Lending Data	
		#	%		#	%
Low	19.1	8	9.0	8.4	19	16.2
Moderate	17.8	19	21.3	19.8	34	29.1
Middle	23.2	29	32.6	25.4	34	29.1
Upper	39.9	33	37.1	46.3	30	25.6
<b>Total</b>	<b>100.0</b>	<b>89</b>	<b>100.0</b>	<b>100.0</b>	<b>117</b>	<b>100.0</b>

Source: HMDA LAR for 2010 and 2011, 2011 aggregate data, and 2000 U.S. Census.

In 2010, the Credit Union originated 9 percent of home mortgage loans to low-income borrowers and 21.3 percent to moderate-income borrowers. The demographics data shows that 19.1 percent of families in the assessment area are low-income and 17.8 percent are moderate-income. In 2011, Credit Union home mortgage loan originations were 7.8 percent higher than the aggregate for low-income borrowers and 9.3 percent higher than the aggregate for moderate-income borrowers.

The Credit Union achieved an excellent penetration of home mortgage loans among borrowers of different income levels based on a comparison with the area's demographic data and aggregate lending data and exceeds the standards of satisfactory performance.

#### 5. RESPONSE TO CRA COMPLAINTS AND COMPLIANCE WITH FAIR LENDING LAWS

The Credit Union did not receive any CRA-related complaints during the evaluation period. As a result, this performance criterion is not applicable.

The Division provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 2.3-101.

Based upon the review of the Credit Union's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

The Credit Union incorporates fair lending in its loan policies. The Credit Union conducts ongoing monitoring for fair lending issues through a secondary file review by a supervisor and by reviewing potential issues in HMDA. The Credit Union has an annual fair lending audit. Fair lending training is administered annually to all employees of the Credit Union. The Credit Union has a second review for denied loan applications.

Southern Mass Credit Union received 287 HMDA reportable loan applications from within its assessment area in 2010 and 2011. Of these applications, 8 or 2.8 percent were received from minority applicants, of which 4 or 50 percent resulted in originations. The Credit Union also received 1 HMDA reportable application or 0.4 percent from ethnic groups of Hispanic origin within its assessment area. The 1 application from the Hispanic/Latino borrower was originated.

The Credit Union's level of lending was compared with that of the 2011 aggregate's lending performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Credit Union received from minority residential loan applicants. Refer to the table below for information on the Credit Union's and the aggregate's minority application flow in the assessment area.

<b>Minority Application Flow</b>								
<b>RACE</b>	2010		2011 Aggregate		2011		Credit Union Total	
	#	%	#	%	#	%	#	%
American Indian/ Alaska Native	0	0.0	107	0.1	0	0.0	0	0.0
Asian	0	0.0	762	0.9	0	0.0	0	0.0
Black/ African American	4	2.9	1,447	1.8	1	0.7	5	1.7
Hawaiian/Pacific Islander	0	0.0	55	0.1	0	0.0	0	0.0
2 or More Minority Races	0	0.0	24	0.0	0	0.0	0	0.0
Joint Race (White/Minority)	1	0.7	645	0.8	2	1.3	3	1.0
<b>Total Minority</b>	<b>5</b>	<b>3.7</b>	<b>3,040</b>	<b>3.8</b>	<b>3</b>	<b>2.0</b>	<b>8</b>	<b>2.8</b>
White	128	93.4	60,087	74.9	147	98.0	275	95.8
Race Not Available	4	2.9	17,137	21.3	0	0.0	4	1.4
<b>Total</b>	<b>137</b>	<b>100.0</b>	<b>80,264</b>	<b>100.0</b>	<b>150</b>	<b>100.0</b>	<b>287</b>	<b>100.0</b>
<b>ETHNICITY</b>								
Hispanic or Latino	<b>0</b>	<b>0.0</b>	<b>915</b>	<b>1.1</b>	<b>1</b>	<b>0.7</b>	<b>1</b>	<b>0.4</b>
Not Hispanic or Latino	132	96.3	61,733	76.9	149	99.3	281	97.9
<b>Joint (Hisp/Lat / Not Hisp/Lat)</b>	<b>0</b>	<b>0.0</b>	<b>507</b>	<b>0.6</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
Ethnicity Not Available	5	3.7	17,109	21.3	0	0.0	5	1.7
<b>Total</b>	<b>137</b>	<b>100.0</b>	<b>80,264</b>	<b>100.0</b>	<b>150</b>	<b>100.0</b>	<b>287</b>	<b>100.0</b>

As indicated in the table above, the Credit Union's performance in minority application flow was slightly below the 2011 aggregate for both minority and ethnicity.

According to the 2000 U.S. Census data, the Credit Union's assessment area contained a total population of 1,229,730 individuals of which 10.6 percent are minorities. The assessment area minority and ethnic population is 2.8 percent Black/African American; 1 percent Asian; 0.2 percent American Indian; 3.8 percent "other" and 2.8 percent Hispanic/Latino.

The Credit Union's minority application flow is deemed adequate.

## **APPENDIX** *General Definitions*

### **GEOGRAPHY TERMS**

**Census Tract:** Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Metropolitan Area (MA):** One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

**Metropolitan Statistical Area (MSA):** One or more metropolitan areas that have economic and social ties.

**Primary Metropolitan Statistical Area (PMSA):** A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

**Consolidated Metropolitan Statistical Area (CMSA):** The larger area of which PMSAs are component parts.

**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 both urban and rural territory within both metropolitan and non-metropolitan areas.

**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) but excluding 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.

### **HOUSING TERMS**

**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 which 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).

**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.

**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.

**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.

## **INCOME TERMS**

**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.

**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.

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**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 consist of only one person, median household income is usually less than median family income.

**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 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 geography.

**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 geography.

**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 geography.

**HUD Adjusted Income Data:** The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

## **OTHER TERMS**

**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.

**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.

## **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 123 Alden Road, Fairhaven, Massachusetts, 02719."

- 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.