

PUBLIC DISCLOSURE

June 13, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Stoughton Co-Operative Bank
Certificate Number: 26513

950 Park Street
Stoughton, MA 02072

Massachusetts Division of Banks
1000 Washington Street, 10th 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 federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The assigned rating is based on the following performance factors:

- The average loan-to-deposit (LTD) ratio of 78.7 percent is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The Bank made a less than a majority of home mortgage loans within the assessment area during the evaluation period.
- The geographic distribution of loans reflects adequate dispersion throughout the assessment area, and specifically low- and moderate-income geographies.
- The distribution of home mortgage loans to borrowers of different income levels is reasonable.
- The institution did not receive any CRA-related complaints during the evaluation period.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation, dated May 21, 2012, to the current evaluation dated June 13, 2016. Examiners used Small Institution Examination Procedures as established by the Federal Financial Institutions Examination Council (FFIEC) to evaluate Stoughton Co-Operative Bank's (Stoughton Co-operative) CRA performance.

The Small Institution Examination Procedures encompasses the Lending Test, which evaluates the Bank's performance according to the following criteria:

- Loan-to-deposit (LTD) ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

Loan Products Reviewed

Examiners reviewed home mortgage loans, which constitute the substantial majority of the Bank's loan portfolio, for the purpose of this evaluation. The Bank does not originate small farm loans. Commercial, consumer, and other loan types represent a negligible portion of the Bank's origination figures and loan portfolio, and were consequently not reviewed for the evaluation.

The evaluation analyzed home mortgage loans as reported on the Bank's 2014 and 2015 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LAR). In 2014, Stoughton Co-operative originated 51 home mortgage loans totaling approximately \$14.4 million. In 2015, the Bank originated 65 home mortgage loans totaling approximately \$18.6 million. The Bank's 2014 lending performance was compared with aggregate lending data and assessment area demographics for all HMDA-reporting lenders that originated loans in the Bank's assessment area. Aggregate data for 2015 was unavailable; Examiners compared the Bank's 2015 lending to assessment area demographics.

Examiners considered both the number and dollar volume in reviewing the Bank's lending performance, however, more weight is given to the number of loans as it presents a more accurate indication of the number of individuals serviced. Dollar volume figures do not take into account applicant income or housing values, and can artificially skew data as a result.

DESCRIPTION OF INSTITUTION

Background

Stoughton Co-Operative Bank is a state-chartered co-operative bank headquartered in Stoughton, Massachusetts. This CRA Performance Evaluation was conducted by the Massachusetts Division of Banks in conjunction with the Federal Reserve Bank of Boston. The previous CRA Performance Evaluation, conducted jointly by the Massachusetts Division of Banks and Federal Deposit Insurance Corporation using FFIEC Small Institution Examination Procedures, resulted in a Satisfactory rating.

Operations

The Bank operates two full-service locations, both located in Stoughton. The main office, which functions as a full-service branch, is located at 950 Park Street in an upper-income census tract. A branch office is located at 20 Park Street in a middle-income census tract. Both locations offer extended service hours on Thursdays and limited hours on Saturdays.

Stoughton Co-operative offers a variety of traditional deposit and loan products and services for individuals and businesses. Deposit options include checking accounts for individuals and businesses, savings accounts, certificates of deposits, IRAs, money market accounts, and Christmas and vacation club accounts. Loan products offered include home mortgages, home equity, vehicle, and consumer loans. Additionally, the Bank issues debit cards and has an online banking portal. The internet banking portal serves as an alternative delivery method.

Ability and Capacity

As of March 31, 2016, the Bank had total assets of \$109.4 million and total loans of \$69.9 million. Examiners did not identify any financial or legal impediments that would limit the Bank's ability to meet the credit needs of the community. The loan portfolio consists predominantly of 1-4 family residential properties, as illustrated in the following table.

Loan Portfolio Distribution as of March 31, 2016		
Loan Category	\$(000s)	%
Construction and Land Development	0	0.0
Secured by Farmland	0	0.0
1-4 Family Residential	64,452	92.2
Multi-family (5 or more) Residential	531	1.0
Commercial Real Estate	4,268	6.1
Total Real Estate Loans	69,251	99.3
Commercial and Industrial	155	0.0
Agricultural	0	0.0
Consumer	472	0.7
Other	4	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	69,882	100.0
<i>Source: Reports of Condition and Income (Call Report) as of March 31, 2016.</i>		

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to designate one or more assessment areas(s) within which its CRA performance will be evaluated. For the purpose of this evaluation, the single contiguous assessment area incorporates the municipalities of Stoughton, Avon, Canton, Brockton, and Sharon, located in the Boston, MA Metropolitan Division (MD) (14454). There are 36 total census tracts in the assessment area.

Economic and Demographic Data

Of the 36 census tracts, there 4 low-income, 14 moderate-income, 11 middle-income, and 7 upper-income tracts. Please refer to the following table for relevant demographic information regarding the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	36	11.1	38.9	30.6	19.4	0.0
Population by Geography	164,301	10.0	36.7	31.7	21.6	0.0
Housing Units by Geography	63,432	10.5	37.6	32.0	19.9	0.0
Owner-Occupied Units by Geography	40,266	4.2	32.6	37.5	25.7	0.0
Occupied Rental Units by Geography	19,553	21.3	45.7	23.2	9.8	0.0
Vacant Units by Geography	3,613	23.1	49.9	17.6	9.4	0.0
Family Distribution by Income Level	41,724	8.5	35.7	32.7	23.1	0.0
Household Distribution by Income Level	59,819	9.8	36.9	32.8	20.5	0.0
Median Family Income (2010 U.S. Census)		\$80,072	Median Housing Value			\$350,140
FFIEC-Estimated Median Family Income for: (Boston, MA MD 14454)			Median Gross Rent			\$991
2014		\$87,200	Families Below Poverty Level			8.4%
2015		\$90,000				

Source: 2010 U.S. Census, and FFIEC-Estimated Median Family Income; () The NA category consists of geographies that have not been assigned an income classification.*

The total population in the assessment area, according to 2010 U.S. Census data, is 164,301. The FFIEC Estimated Median Family Income was used to determine low-, moderate-, middle-, and upper-income designations for individuals and geographies in the assessment area, as shown in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA MD Median Family Income (\$80,072)				
2014 (\$87,200)	<\$43,600	\$43,600 to <\$69,760	\$69,760 to <\$104,640	≥\$104,640
2015 (\$90,000)	<\$45,000	\$45,000 to <\$72,000	\$72,000 to <\$108,000	≥\$108,000

Source: FFIEC.

There are 63,432 housing units in the assessment area, 40,266 of which are owner-occupied. Furthermore, there are 19,553 occupied rental units. Median gross rent is \$991. Approximately 17.5 percent of renters in the assessment area are considered “cost burdened”, whereby they spend more than 30% of their income on rent.

Based on census data, the median housing value is \$350,140, slightly below the statewide median housing value of \$352,300. Median housing value for the Boston MD is \$421,950.

According to April 2016 data from the U.S. Bureau of Labor Statistics, unemployment in the Boston metropolitan area stands at 3.5 percent, compared to the statewide rate of 4.2 percent, and a national rate of 4.7 percent.

Competition

The Bank operates in a highly competitive market for lending services. Aggregate lending data for 2014 indicates that 319 lenders originated 4,236 home mortgage loans in the Bank’s assessment area. Top lenders included large national and regional banks such as Wells Fargo, Bank of America, and Harbor One Bank, as well as major mortgage companies such as Quicken Loans and Mortgage Master.

Community Contact

As part of the examination process, examiners consulted with a local organization to gain a better understanding of the region’s economy and the credit needs of those residing there. The organization is dedicated to helping low-and moderate-income individuals and families improve the quality of their lives and achieve self-sufficiency.

The community contact stressed that there was a need for financial literacy skills, particularly surrounding banking. According to the contact, low- and moderate-income people in the area are overly reliant on check cashing and payday lending services, creating a negative cycle of debt. The contact felt that a broader understanding of the role of the banking system would help individuals budget their expenses, improve their credit scores, and make it easier to obtain credit. The contact praised the role that community financial institutions play in supporting and promoting financial literacy objectives, and indicated that these efforts will need to be sustained as the population in the area, much of which is underbanked, continues to grow.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contact, the Bank, and economic data to determine the primary credit needs of the assessment area. According to all three sources, the economy is generally stable, however, there exists a need for affordable housing, and educational and workforce development in the poorer sections of the assessment area. Brockton, for instance, has a population where over 60 percent of its residents spend more than 30 percent of their income on housing. Median household incomes are not matching the growth in housing prices, which are expected to continue to rise. The community development needs present opportunities for financial institutions to offer initiatives such as first time homebuyer programs, as well as financing for new housing developments that would serve to increase the housing stock and help mitigate the rise in home prices.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment area. The Bank's LTD ratio was calculated from quarterly Call Report data from June 30, 2012 to March 31, 2016, and averaged 78.7 percent. The ratio ranged from a high of 81.8 percent as of June 30, 2012, to a low of 72.1 percent as of June 30, 2014. The ratio remained relatively stable over the course of the evaluation period. The Bank maintained a ratio similar to those of comparable institutions, as shown in the following table. Examiners selected comparable institutions based on asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Institution Name	Total Assets as of 03/31/2016 \$(000s)	Average Net LTD Ratio (%)
Stoughton Co-operative Bank	109,396	78.7
Canton Co-operative Bank	109,589	59.6
Avon Co-operative Bank	92,868	85.7
Holbrook Co-operative Bank	102,188	82.9
Bank of Easton	129,705	66.8
<i>Source: Reports of Income and Condition 06/30/2012 through 03/31/2016</i>		

Assessment Area Concentration

The assessment area has been expanded since the previous evaluation, when the Bank considered only the town of Stoughton, which contains no low- or moderate-income census tracts, to be its assessment area.

By both number and dollar volume, the Bank originated less than a majority of its home mortgage loans inside the assessment area. As illustrated in the following table, the Bank made 48.3 percent of its loans by number and 38.3 percent of loans by dollar volume inside the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2014	26	51.0	25	49.0	51	5,411	37.7	8,958	62.3	14,369
2015	30	46.2	35	53.8	65	7,238	38.8	11,398	61.2	18,636
Total	56	48.3	60	51.7	116	12,649	38.3	20,356	61.7	33,005
<i>Source: 2014, 2015 HMDA Reported Data</i>										

The Bank purchased loans that contributed to the deficiency in loan volume inside the assessment area. Between 2014 and 2015, the Bank purchased five loans, four of which were located outside the assessment area.

Another contributing element is the Bank's marketing strategy. Bank management stated that the bulk of its business is conducted through referrals; often times the Bank will receive referrals from existing clients for prospective borrowers who are looking for home mortgage loans for properties located outside of the assessment area.

The aforementioned mitigating factors support the Bank's performance, while the Bank will focus on marketing and pursuing lending opportunities in the assessment area.

Geographic Distribution

The geographic distribution of home mortgage loans reflects adequate dispersion throughout the assessment area. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

Stoughton Co-operative did not originate any loans in low-income census tracts in 2014 or 2015, falling below both aggregate performance and the percentage of owner-occupied housing units located in the assessment area. All four of the low-income census tracts are located in Brockton, and are part of the Bank's new assessment area. Prospective borrowers living in the low-income tracts are not likely to qualify for a mortgage using conventional underwriting standards; according to Census data, 4.2 percent of housing in the low-income tracts are owner-occupied.

The Bank originated eight loans to moderate-income borrowers in 2014, and nine loans to moderate-income borrowers in 2015. As a percentage of the number of the loans, the 2014 figure compares reasonably to the aggregate performance of 30.1 percent. Because aggregate data for 2015 was unavailable, Examiners compared the Bank's 2015 lending activity to demographic information. Lending to moderate-income borrowers, at 30 percent in 2015, compares reasonably to the percentage of owner-occupied housing of 32.6 percent.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	4.2	5.1	0	0.0	0	0.0
2015	4.2	--	0	0.0	0	0.0
Moderate						
2014	32.6	30.1	8	30.8	1,046	19.3
2015	32.6	--	9	30.0	1,730	23.9
Middle						
2014	37.5	35.3	13	50.0	2,869	53.0
2015	37.5	--	18	60.0	3,846	53.1
Upper						
2014	25.7	29.5	5	19.2	1,496	27.7
2015	25.7	--	3	10.0	1,662	23.0
Totals						
2014	100.0	100.0	26	100.0	5,411	100.0
2015	100.0	--	30	100.0	7,238	100.0
<i>Source: 2010 U.S. Census; 2014 and 2015 HMDA Reported Data; 2014 HMDA Aggregate Data; "--" data not available</i>						

Borrower Profile

In 2014, the Bank originated 19.2 percent of total loans, and 9.5 percent of total dollar volume to low-income borrowers, above the aggregate performance of 8.3 percent by both number and dollar volume. In 2015, the Bank originated 26.7 percent of loans to low-income borrowers, compared to demographics at 8.5 percent. By dollar volume, 14.3 percent of loans were made to low-income borrowers.

The Bank's lending to moderate-income borrowers is consistent with peer and demographic figures. In 2014, the Bank originated 4, or 15.4 percent of its loans by number, to moderate-income borrowers, compared to aggregate performance of 23.4 percent. In 2015, lending to moderate-income borrowers was 20 percent of loans. Examiners noted the positive trend in lending to borrowers in this income category, and considered that the low volume of loans can skew percentage figures used to evaluate the Bank's performance.

Given the performance in lending to low-income borrowers, and the trend in lending to moderate-income borrowers, the Bank's overall performance is considered reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	8.5	8.3	5	19.2	513	9.5
2015	8.5	--	8	26.7	1,034	14.3
Moderate						
2014	35.7	23.4	4	15.4	570	10.5
2015	35.7	--	6	20.0	1,140	15.7
Middle						
2014	32.7	21.7	7	26.9	1,580	29.2
2015	32.7	--	7	23.3	1,767	24.4
Upper						
2014	23.1	29.6	10	38.5	2,748	50.8
2015	23.1	--	8	26.7	3,155	43.6
Income not Available						
2014	--	17.0	0	0.0	0	0.0
2015	--	--	1	3.3	142	2.0
Total						
2014	100.0	100.0	26	100.0	5,411	100.0
2015	100.0	--	30	100.0	7,238	100.0
<i>Source: 2010 U.S. Census; 2014 and 2015 HMDA Reported Data; 2014 HMDA Aggregate Data; "--" data not available</i>						

Response to Complaints

Stoughton Co-operative Bank did not receive any CRA-related complaints during the evaluation period; therefore, this criterion did not affect the Lending Test rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The Bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including Fair Housing and Equal Credit Opportunity. No evidence of discriminatory or other illegal credit practices was identified.

**APPENDIX A
DIVISION OF BANKS**

Fair Lending Policies and Practices

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

Based on a review of the Bank’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.

Minority Application Flow

The Bank’s HMDA LARs for 2014 and 2015 were reviewed to determine if the application flow from different minority groups within the Bank’s assessment area was reflective of the assessment area demographics. Examiners considered the newness of the Bank’s assessment area and noted that the Bank will enhance marketing efforts to meet the needs of the updated assessment area.

The Bank’s residential lending in 2014 was compared to 2014 aggregate lending performance. 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 a comparison to aggregate lending data within the Bank’s assessment area.

Minority Application Flow					
RACE	Bank 2014		2014 Aggregate Data	Bank 2015	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.1	0	0.0
Asian	1	3.2	5.6	0	0.0
Black/ African American	3	9.7	19.6	3	8.1
Hawaiian/Pacific Islander	0	0.0	0.3	0	0.0
2 or more Minority Races	0	0.0	0.2	0	0.0
Joint Race (White/Minority)	0	0.0	1.5	0	0.0
Total Minority	4	12.9	27.3	3	8.1
White	26	83.9	49.1	32	86.5
Race Not Available	1	3.2	23.6	2	5.5
Total	31	100.0	100.0	37	100.0
ETHNICITY					
Hispanic or Latino	1	3.2	2.0	0	0.0
Not Hispanic or Latino	29	93.6	68.9	35	94.6
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.0	0	0.0
Ethnicity Not Available	1	3.2	28.1	2	5.4
Total	31	100.0	100.0	37	100.0
<i>Source: U.S. Census 2010, HMDA LAR Data 2014 and 2015, HMDA Aggregate Data 2014</i>					

According to 2010 U.S. Census data, the Bank's assessment area has a population of 164,301, of which 40.8 percent are minorities. The assessment area's minority population includes 0.2 percent American Indian, 20.2 percent Black, 6.9 percent Hispanic, and 9.6 percent other.

In 2014, the Bank received 31 HMDA-reportable loan applications within its assessment area. Of these applications, four were received from racial minority applicants. The Bank's application flow was below aggregate performance of 27.3 percent for applications received from minorities. In 2014, the Bank received one application from a Hispanic or Latino applicant, amounting to 3.2 percent of total applications. The 2014 aggregate performance was 2.0 percent.

In 2015, the Bank received 37 HMDA reportable loan applications. Of these applications, three were received from racial minority applicants.

The Bank's low volume of HMDA loans artificially skews percentage data. Therefore, the Bank's minority application flow is considered adequate.

GLOSSARY

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

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

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

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

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

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

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms;
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

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

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

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

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

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

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

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

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, require all financial institutions to take the following actions within 45 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 "One East Main Street, Avon MA 02322."

- 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.