

PUBLIC DISCLOSURE

June 4, 2014

**CRA FOR MORTGAGE LENDERS
PERFORMANCE EVALUATION**

**ROSS MORTGAGE COMPANY, INC.
MC2084**

**115 FLANDERS ROAD, SUITE 120
WESTBOROUGH, MA 01581**

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

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this mortgage lender. The rating assigned to this mortgage lender does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this mortgage lender.</p>
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GENERAL INFORMATION

Massachusetts General Laws chapter 255E, section 8 and the Division of Banks' (Division) regulation 209 CMR 54.00, Mortgage Lender Community Investment (CRA for mortgage lenders), require the Division to use its authority when examining mortgage lenders subject to its supervision who have made 50 or more home mortgage loans in the last calendar year, to assess the mortgage lender's record of helping to meet the mortgage credit needs of the Commonwealth, including low- and moderate-income neighborhoods and individuals, consistent with the safe and sound operation of the mortgage lender. Upon conclusion of such examination, the Division must prepare a written evaluation of the mortgage lender's record of meeting the credit needs of the Commonwealth.

This document is an evaluation of the CRA performance of **Ross Mortgage Company, Inc. (Ross Mortgage)** prepared by the Division, the mortgage lender's supervisory agency, as of **June 4, 2014**.

SCOPE OF EXAMINATION

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

The CRA examination included a comprehensive review and analysis, as applicable, of Ross Mortgage's:

- (a) origination of loans and other efforts to assist low and moderate income residents, without distinction, to be able to acquire or to remain in affordable housing at rates and terms that are reasonable considering the lender's history with similarly situated borrowers, the availability of mortgage loan products suitable for such borrowers, and consistency with safe and sound business practices;
- (b) origination of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units;
- (c) efforts working with delinquent residential mortgage customers to facilitate a resolution of the delinquency; and
- (d) other efforts, including public notice of the scheduling of examinations and the right of interested parties to submit written comments relative to any such examination to the Commissioner, as, in the judgment of the Commissioner, reasonably bear upon the extent to which a mortgage lender is complying with the requirements of fair lending laws and helping to meet the mortgage loan credit needs of communities in the Commonwealth.

CRA examination procedures were used to evaluate Ross Mortgage's community investment performance. These procedures utilize two performance tests: the Lending Test and the Service Test. This evaluation considered Ross Mortgage's lending and community development activities for the period of January 1, 2012 through December 31, 2013. The data and applicable timeframes for the Lending Test and the Service Test are discussed below.

The Lending Test evaluates the mortgage lender's community investment performance pursuant to the following five criteria: geographic distribution of loans, lending to borrowers of different incomes, innovative and flexible lending practices, fair lending, and loss of affordable housing.

Home mortgage lending for 2012 and 2013 are presented in the lending to borrowers of different incomes, geographic distribution and the Minority Application Flow tables. The aggregate lending data is used for comparison purposes within the evaluation and is a measure of loan demand. It includes lending information from all lenders which originated loans in the Commonwealth of Massachusetts pursuant to the Home Mortgage Disclosure Act (HMDA).

In addition to gathering and evaluating statistical information relative to a mortgage lender's loan volume, the CRA examination also reflects an in depth review of the entity's mortgage lending using qualitative analysis, which includes, but is not limited to: an assessment of the suitability and sustainability of the mortgage lender's loan products by reviewing the lender's internally maintained records of delinquencies and defaults as well as information publicly available through the Federal Reserve Banks and through local Registries of Deeds and through other sources available to the examination team. The examination included inspection of individual loan files for review of compliance with consumer protection provisions and scrutiny of these files for the occurrence of disparate treatment based on a prohibited basis.

The Service Test evaluates the mortgage lender's record of helping to meet the mortgage credit needs by analyzing the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products, the extent and innovativeness of its community development services, and, if applicable, loss mitigation services to modify loans and/or efforts to keep delinquent home borrowers in their homes.

MORTGAGE LENDER'S CRA RATING:

This mortgage lender is rated "Satisfactory."

- The distribution of borrower reflects, given the demographics of Massachusetts, a good record of serving the credit need among individuals of different income levels, including low- and moderate-income.
- The geographic distribution of the Lender's loans reflects a reasonable dispersion in low- and moderate-income census tracts.
- Ross Mortgage offers a number of flexible lending products, which are provided in a safe and sound manner to address the credit needs of low-and moderate-income individuals.
- Fair lending policies and practices are considered reasonable.
- The Lender had a limited amount of Community Development Services in the Commonwealth.

PERFORMANCE CONTEXT

Description of Mortgage Lender

Ross Mortgage. was established in the Commonwealth of Massachusetts in November of 2001 and was first licensed by the Division as a mortgage lender in May of 2003. The Lender is engaged primarily in the residential mortgage banking business. The Lender operates in a retail capacity and has five locations in Massachusetts. Ross Mortgage has four retail branches located in Woburn, Leominster, Worcester, and Franklin, Massachusetts, and its corporate headquarters is located at 115 Flanders Road in Westborough, Massachusetts. Ross Mortgage is also licensed in Connecticut, Maine, New Hampshire, and Rhode Island. Ross Mortgage engages in the underwriting, funding and sale of residential first mortgages for transfer to secondary market investors. In addition to conventional loan products, the Lender also provides FHA, VA, and USDA, and MassHousing loans. During the period of 2012 and 2013, Ross Mortgage originated 576 loans totaling approximately \$137.6 million in Massachusetts.

Demographic Information

The CRA regulation requires mortgage lenders to be evaluated on their performance within the Commonwealth of Massachusetts. Demographic data is provided below to offer contextual overviews of economic climate along with housing and population characteristics for the Commonwealth of Massachusetts.

2010 CENSUS DEMOGRAPHIC INFORMATION						
Demographic Characteristics	#	Low %	Moderate %	Middle %	Upper %	N/A %
Geographies (Census Tracts)	1,474	10.8	20.0	40.7	27.1	1.4
Population by Geography	6,547,629	8.9	18.9	42.8	29.2	0.2
Owner-Occupied Housing by Geography	1,608,474	2.9	13.7	48.9	34.5	0.0
Family Distribution by Income Level	1,600,588	19.3	17.7	24.4	38.6	0.0
Distribution of Low and Moderate Income Families	592,420	7.7	18.4	43.6	30.3	0.0
Median Family Income	\$86,272	Median Housing Value				373,206
2012 HUD Adjusted Median Family Income	\$87,891	Unemployment Rate				7.0%*
2013 HUD Adjusted Median Family Income	\$84,208					
Households Below Poverty Level	11.14%					

Source: 2010 US Census

*as of 12/31/2013

Based on the 2010 Census, the Commonwealth's population grew to just over 6.5 million people with a total of 2.7 million housing units. Of the total housing units, 1.6 million or 57.7 percent are owner-occupied, 904,078 or 32.5 percent are rental-occupied, and 9.8 percent are vacant units.

According to the 2010 Census, there are 2.5 million households in the Commonwealth with a median household income of \$69,101. Over 39 percent of the households are now classified as low- and moderate-income. In addition, over 11 percent of the total number of households are living below the poverty level. Individuals in these categories may find it challenging to qualify for traditional mortgage loan products.

Households classified as 'families' totaled slightly over 1.6 million. Of all family households, 19.3 percent were low-income, 17.7 percent were moderate-income, 24.4 percent were middle-income, and 38.6 percent were upper-income. The median family income according to the 2010 census was \$86,272. The Housing and Urban Development (HUD) adjusted median

family income is \$87,891 in 2012 and \$84,208 in 2013. The adjusted median family income is updated yearly and takes into account inflation and other economic factors.

The Commonwealth of Massachusetts contained 1,474 Census tracts. Of these, 160 or 10.8 percent are low-income; 295 or 20.0 percent are moderate-income; 600 or 40.7 percent are middle-income; 399 or 27.1 percent are upper-income; and 20 or 1.4 percent are NA or have no income designation. The tracts with no income designation are located in areas that contain no housing units and will not be included in this evaluation since they provide no lending opportunities. These areas are made up of correctional facilities, universities, military installations, and uninhabited locations such as the Boston Harbor Islands.

Low-income is defined as individual income that is less than 50 percent of the area median income. Moderate-income is defined as individual income that is at least 50 percent and less than 80 percent of the area median income. Middle-income is defined as individual income that is at least 80 percent and less than 120 percent of the area median income. Upper-income is defined as individual income that is more than 120 percent of the area median income.

The median housing value for Massachusetts was \$373,206 according to the 2010 Census. The unemployment rate for the Commonwealth of Massachusetts as of December 31, 2013, stood at 7.0 percent which was an increase from December 31, 2012 at 6.7 percent. Employment rates would tend to affect a borrower's ability to remain current on mortgage loan obligations and also correlates to delinquency and default rates.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Ross Mortgage's Lending Test performance was rated an overall "Satisfactory." Ross Mortgage's lending efforts are rated under the five performance criteria: Geographic Distribution, Borrower Characteristics, Innovative or Flexible Lending Practices, Fair Lending Policies and Procedures, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the mortgage lending of Ross Mortgage.

I. Borrower Characteristics

The distribution of loans by borrower income levels was reviewed to determine the extent to which the lender is addressing the credit needs of the Commonwealth's residents.

Ross Mortgage achieved a good record of serving the mortgage credit needs among borrowers of different income levels based on the area's demographics and a comparison to aggregate lending data in Massachusetts.

Table 1 illustrates HMDA loan originations, categorized by borrower income level, reported by Ross Mortgage during 2012 and 2013, and compares this activity to the 2012 and 2013 aggregate lending data (excluding Ross Mortgage) and the percentage of families by income level within the assessment area using the 2010 Census demographics.

Table 1							
Distribution of HMDA Loans by Borrower Income							
Median Family Income Level	% of Families	2012 Ross Mortgage		2012 Aggregate Lending Data	2013 Ross Mortgage		2013 Aggregate Lending Data
		#	%	% of #	#	%	% of #
Low	19.3	25	7.6	5.2	14	5.7	5.4
Moderate	17.8	67	20.4	15.7	72	29.0	15.9
Middle	24.4	89	27.1	23.2	72	29.0	22.9
Upper	38.5	94	28.7	42.7	75	30.2	43.7
NA*	0.0	53	16.2	13.2	15	6.1	12.1
Total	100.0	328	100.0	100.0	248	100.0	100.0

Source: 2012 HMDA Data, 2013 HMDA Data and 2010 U.S. Census

Ross Mortgage's lending in 2012 to low and moderate income borrowers at 7.6 and 20.4 percent was above the aggregate's percentage of lending at 5.2 and 15.7 percent, respectively. Ross Mortgage's performance in relation to the percentage of moderate income families was also above demographics during 2012. Although overall lending decreased from 2012 to 2013, the percentage of lending to low and moderate income borrowers remained above the aggregate's percentage of lending. Lending to moderate-income borrowers also remained above the percentage of moderate-income families.

II Geographic Distribution

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

The mortgage lender's distribution of lending in the Commonwealth when compared to the demographic and aggregate lending data was reasonable.

Table 2 summarizes the 2012 and 2013 home mortgage lending categorized by census tract income level. The lending activity is compared with the percent of owner-occupied housing units based on the 2010 Census and Ross Mortgage's 2012 and 2013 home mortgage lending performance is compared to aggregate lending performance.

Census Tract Income Level	% Total Owner-Occupied Housing Units	2012 Ross Mortgage		2012 Aggregate Lending Data	2013 Ross Mortgage		2013 Aggregate Lending Data
		#	%	(% of #)	#	%	(% of #)
Low	2.9	4	1.2	2.1	1	0.4	2.9
Moderate	13.7	45	13.7	10.2	36	14.5	12.3
Middle	48.9	164	50.0	45.1	142	57.3	46.0
Upper	34.5	115	35.1	42.6	69	27.8	38.8
Total	100.0	328	100.0	100.0	248	100.0	100.0

Source 2012 HMDA, 2013 HMDA Data and 2010 U.S. Census

The mortgage lender's geographic distribution of loans was slightly below the distribution of owner occupied housing units and in line with the aggregate lending data in 2012 in low income census tracts. Ross Mortgage's lending to moderate income census tracts was in line with the distribution of owner occupied housing units and above the aggregate lending data in 2012. Ross Mortgage's overall lending decreased from 2012 to 2013 as did lending in low-income tracts. While the percentage of lending in low income tracts decreased in 2013, lending in moderate income tracts remained above the aggregate.

Mitigating factors are applicable to Ross Mortgage's geographical distribution of loans. Although approximately 2.9 percent and 13.7 (2010 Census) percent of owner occupied housing reside in low and moderate income geographies, these tracts contain a significant percentage of rental occupancy at 47.4 percent of all of the rentals units in the Commonwealth.

Considering these factors, the Lender's geographic distribution of residential real estate loans reflects a reasonable distribution throughout the assessment area.

III. Innovative or Flexible Lending Practices

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

The Lender is directly endorsed by Housing and Urban Development to underwrite Federal Housing Administration insured mortgages, as well as VA and USDA guaranteed loans. The

FHA, VA and USDA products offered by Ross Mortgage provide competitive interest rates and smaller down payments for low- and moderate-income first-time homebuyers and existing homeowners. During the review period of 2012 to 2013 the Lender closed 576 loans, of which 244 totaling approximately \$54.7 million were government insured or guaranteed products. Of the 244 FHA, VA and USDA loans closed during the examination period, 90 or 37 percent were to low or moderate-income borrowers and 55 or 23 percent which benefited low and moderate income geographies in the Commonwealth.

In addition, Ross Mortgage offers MassHousing Loans which allow borrowers buy or refinance with loan products allowing down payments as low as 3% and some products that do not require mortgage insurance. To be eligible for a MassHousing loan a borrower must meet income limits and loan limits, which vary by region. Ross Mortgage closed 3 MassHousing loans in 2013.

IV. Fair Lending

The Division examines a mortgage lender's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. The mortgage lender's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. The review included, but was not limited to, review of written policies and procedures, interviews with mortgage lender personnel, and individual file review. No evidence of disparate treatment was identified. Ross Mortgage has established an adequate record relative to fair lending policies and practices.

MINORITY APPLICATION FLOW

For 2012 and 2013 Ross Mortgage received 727 HMDA-reportable loan applications from within the Commonwealth of Massachusetts. Of these applications, 44 or 6.1 percent were received from minority applicants, of which 8 or 18.2 percent resulted in a denial. Ross Mortgage received 40 or 5.5 percent of HMDA reportable applications from ethnic groups of Hispanic origin within the assessment area of which 9 or 22.5 percent were denied.

Demographic information for Massachusetts reveals the total ethnic and racial minority population stood at 23.8 percent of the total population as of the 2010 Census. This segment of the population is comprised of 9.59 percent Hispanic or Latino. Racial minorities consisted of 5.98 percent Black; 5.33 percent Asian/Pacific Islander; 0.16 percent American Indian/Alaskan Native; and 2.81 percent identified as Other Race.

Refer to the following table for information on the mortgage lender's minority application flow as well as a comparison to aggregate lenders throughout the Commonwealth of Massachusetts. The comparison of this data assists in deriving reasonable expectations for the rate of applications the mortgage lender received from minority applicants.

**Table 3
MINORITY APPLICATION FLOW**

RACE	2012 Ross Mortgage		2012 Aggregate Data	2013 Ross Mortgage		2013 Aggregate Data
	#	%	% of #	#	%	% of #
<i>American Indian/ Alaska Native</i>	1	0.3	0.1	0	0.0	0.2
<i>Asian</i>	3	0.7	4.8	7	2.2	4.8
<i>Black/ African American</i>	9	2.2	1.7	12	3.8	2.4
<i>Hawaiian/Pac Isl.</i>	1	0.2	0.1	1	0.3	0.1
<i>2 or more Minority</i>	0	0.0	0.1	0	0.0	0.0
<i>Joint Race (White/Minority)</i>	5	1.2	1.2	5	1.6	1.2
Total Minority	19	4.6	8.0	25	7.9	8.7
<i>White</i>	387	94.2	69.6	288	91.1	69.5
<i>Race Not Available</i>	5	1.2	22.4	3	1.0	21.8
Total	411	100.0	100.0	316	100.0	100.0
ETHNICITY						
<i>Hispanic or Latino</i>	20	4.9	2.1	11	3.5	2.8
<i>Not Hispanic or Latino</i>	374	91.0	74.7	300	94.9	74.7
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	8	1.9	0.8	1	0.3	0.9
<i>Ethnicity Not Available</i>	9	2.2	22.4	4	1.3	21.6
Total	411	100.0	100.0	316	100.0	100.0

Source: 2010 U.S. Census Data, 2012 & 2013 HMDA Data

In 2012, Ross Mortgage's performance was below the aggregate's performance for racial minority applicants at 4.6 percent. However, Ross Mortgage's lending to ethnic minorities was above the aggregate at 6.8. As of 2013 there has been an increase in the percentage of racial minority applicants. Overall, the minority application flow is considered reasonable.

V. Loss of Affordable Housing

This review concentrated on the suitability and sustainability of mortgage loans originated by Ross Mortgage by taking into account delinquency and default rates of the mortgage lender and those of the overall marketplace. Information provided by the lender was reviewed as were statistics available on delinquency and default rates for mortgage loans. Additionally, individual mortgage loans were tracked for their status through local Registries of Deeds and other available sources including public records of foreclosure filings.

An extensive review of information and documentation, from both internal and external sources as partially described above, did not reveal lending practices or products that showed an undue concentration or a systematic pattern of lending, including a pattern of early payment defaults, resulting in the loss of affordable housing units. Further, delinquency rates were found to be consistent with industry averages.

SERVICE TEST

The service test evaluates a mortgage lender's record of helping to meet the mortgage credit needs in the Commonwealth by analyzing both the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products; the extent and innovativeness of its community development services; and loss mitigation services to modify loans or otherwise keep delinquent home loan borrowers in their homes. Community development services must benefit the Commonwealth or a broader regional area that includes the Commonwealth.

Ross Mortgage's Service Test performance was determined to be "Satisfactory" at this time.

Mortgage Lending Services

Ross Mortgage provides an adequate level of mortgage lending services to low and moderate income geographies and borrowers through home purchase and refinance transactions in Massachusetts. The Lender offers a variety of mortgage products including conventional, FHA, VA, USDA and MassHousing loans. Ross Mortgage generates its applications through loan officers at its retail branches. Ross Mortgage's Leominster branch is located in a moderate income census tract. Also, customers can apply to Ross Mortgage for a mortgage over the telephone or via the company's website.

As Ross Mortgage does not routinely service mortgage loans, it would not work directly with delinquent borrowers. Therefore, this review would not include an evaluation of loan mitigation and modification efforts as the mortgage lender would not be accountable for such action. However, as described above, lending practices and products did not show an undue concentration or a systematic pattern of lending resulting in mortgage loans that were not sustainable. Overall, the lender provides an effective delivery of mortgage lending services throughout the Commonwealth.

Community Development Services

A community development service is a service that:

- (a) has as its primary purpose community development; and
- (b) is related to the provision of financial services, including technical services

The Commissioner evaluates community development services pursuant to the following criteria:

- (a) the extent to which the mortgage lender provides community development services; and
- (b) the innovativeness and responsiveness of community development services...

During the evaluation period Ross Mortgage's President served as chair of a community action committee through a local board of realtors engaging in community service and charitable fundraising activities.

The President of Ross Mortgage also hosts a weekly one-hour radio show called Real Estate Matters. The show is co-hosted by a Ross Mortgage loan originator and features real estate professionals, authors, and industry experts. Real Estate Matters airs on the Money Matters Radio Network, and is broadcast on WBNW 1120AM Boston, WESO 970AM Southbridge, and WPLM 1390AM Plymouth. The show airs every weekend at 9PM on Saturdays, and Sunday mornings at 7AM. Listeners can also listen live from anywhere by downloading the TuneIn radio app or through Ross Mortgage's website. The show educates and informs consumers about buying and selling real estate as well as obtaining a mortgage. Guests offer their expertise in assisting consumers in a number of topics related to buying and financing a home

in addition to other topics. The radio shows is accessible to all income levels, including low- and moderate-income tracts.

Qualified Investments

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

During the review period Ross Mortgage donated \$9,200 to a non-profit organization that focuses on identifying and resolving pressing community issues, especially those relating to education, income and health as well as making measurable changes in the communities through partnerships with schools, government agencies, businesses, organized labor, financial institutions, community development corporations, neighborhood associations, and others. This organization operates in various communities throughout the Commonwealth, including many low-and moderate income communities.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

- 1) Make its most current CRA performance evaluation available to the public.
- 2) Provide a copy of its current evaluation to the public, upon request. The mortgage lender is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the mortgage lender's evaluation, as prepared by the Division of Banks, may not be altered or abridged in any manner. The mortgage lender is encouraged to include its response to the evaluation in its CRA public file.

The Division of Banks will publish the mortgage lender's Public Disclosure on its website no sooner than 30 days after the issuance of the Public Disclosure.