

PUBLIC DISCLOSURE

June 5, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Randolph Savings Bank
Certificate Number: 90270

129 North Main Street
Randolph, Massachusetts 02368

Division of Banks
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Boston, Massachusetts 02118

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

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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.

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

The Lending Test is rated Satisfactory.

- The Loan-To-Deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of home mortgage and small business loans, by number and dollar volume, within its assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes in the assessment area.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

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

SCOPE OF EVALUATION

General Information

This performance evaluation, conducted jointly by the Federal Deposit Insurance Corporation (FDIC) and the Commonwealth of Massachusetts Division of Banks (Division), covers the period from the prior evaluation, dated April 21, 2014, to the current evaluation, dated June 5, 2017. Examiners used Interagency Intermediate Small Bank Examination Procedures to evaluate Randolph Savings Bank's CRA performance. Intermediate Small Bank Examination Procedures apply to institutions having assets of at least \$307 million as of December 31 of both the prior two calendar years and less than \$1.226 billion as of December 31 of either of the prior two calendar years. These procedures include two tests: The CRA Small Bank Lending Test (Lending Test) and the Community Development Test.

The Lending Test considered the institution's performance according to the following criteria:

- Loan-to-deposit ratio;
- Assessment area concentration;
- Geographic distribution;
- Borrower profile; and
- Response to CRA-related complaints.

The Community Development Test considered the following factors:

- Number and dollar amount of community development loans, qualified investments, and community development services; and
- The responsiveness of such activities to the community development needs of the assessment area.

Banks must achieve at least a Satisfactory rating under each test in order to obtain an overall Satisfactory rating. The evaluation does not include lending activity performed by affiliates.

Loan Products Reviewed

The bank's lending activity is largely focused on real estate-secured loans, which represent 94.8 percent of the loan portfolio as of the most recent Consolidated Report of Condition (Call Report) data from March 31, 2017. Additionally, residential secured loans represent 66.8 percent of the portfolio. Management stated the bank's primary business focus is home mortgage lending, particularly after the July 2016 merger with First Federal Savings Bank of Boston (First Federal). Commercial real estate loans represent the bank's secondary lending product.

The Lending Test focused on the bank's home mortgage and small business lending. Home mortgage lending carried significantly more weight when determining conclusions and the overall rating. Given consumer loans represent only a small percentage of the loan portfolio and the bank does not offer agricultural loans, the evaluation did not include a review of these loan types.

For home mortgage lending, the evaluation considered home loans originated or purchased by the bank during 2015 and 2016. Examiners derived home mortgage lending data from the bank's Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs), which contain data about the bank's home purchase and home improvement loans, including refinances, of one-to-four family and multifamily (five or more units) properties. The bank originated 551 home mortgage loans totaling \$153.4 million in 2015 and 1,609 loans totaling \$440.3 million in 2016. The 2016 merger with First Federal primarily contributed to the 2016 increase in originations.

The small business loan evaluation considered loans renewed or originated in 2015 and 2016. Examiners gathered information concerning small business loans from bank records, as the bank is not required to report small business loan data as an Intermediate Small Bank. Small business loans include commercial real estate and commercial and industrial loans with original balances of \$1 million or less. The bank made 32 loans totaling \$9.0 million in 2015 and 14 loans totaling \$3.5 million in 2016.

Examiners compared the bank's home mortgage lending to the 2015 aggregate HMDA data and 2010 U.S. Census data. Aggregate data for 2016 was not available as of the evaluation date. The evaluation compared the bank's small business lending to 2015 and 2016 D&B demographic data.

While the Lending Test discusses the total dollar amounts of loans, examiners primarily based their conclusions on the bank's lending performance by the number of loans originated or purchased. The number of loans rather than aggregate dollar amount more accurately represents the number of individuals or businesses to whom credit was provided. Additionally, extremely large or small dollar loans may inappropriately represent the bank's performance.

The Community Development Test considered the number and dollar amount of qualified community development loans, investments, and services since the prior CRA evaluation dated April 21, 2014. The bank does not have any affiliates to be considered for CRA purposes. However, examiners took the July 1, 2016 merger with First Federal Savings Bank of Boston into account for the evaluation.

DESCRIPTION OF INSTITUTION

Background

Randolph Savings Bank is a state-chartered savings bank headquartered in Randolph, Massachusetts. The bank operates primarily in Norfolk County, but serves most of eastern Massachusetts. Randolph Bancorp Inc., headquartered in Stoughton, Massachusetts, owns Randolph Savings Bank. The bank in turn owns five subsidiaries: Cabot Security Corporation, Randolph Investment Company, Prime Title Services, Inc., Randolph Investment III Company, Inc., and Randolph Investment II Company, Inc. The FDIC and the Division assigned a Satisfactory rating for the prior CRA evaluation dated April 21, 2014, using Intermediate Small Bank procedures. There are no financial, legal, or other impediments that affect the bank's ability to meet the credit needs of its assessment area.

Randolph Savings Bank merged with First Federal effective July 1, 2016. As part of the merger, Randolph Savings Bank absorbed First Federal's subsidiary, First Eastern Mortgage.

Operations

Randolph Savings Bank operates six full service branches located in Holbrook, Boston, Randolph (2), and Stoughton (2). While the Boston branch is in Suffolk County, all other branches are in Norfolk County. The bank's Holbrook office is located in a moderate-income census tract. All branches are equipped with deposit-taking ATMs, as are the Lending Center and Corporate headquarters. Aside from the Boston branch, which the bank acquired during the merger, Randolph Savings Bank has not opened any branches during the evaluation period.

Ability and Capacity

The bank offers credit for residential, commercial, and consumer purposes. Typical loan products include: residential mortgage loans for one-to-four family dwelling units; home equity loans and lines of credit; home improvement loans; construction loans; community development loans; consumer overdraft lines of credit; consumer credit cards; installment loans; commercial real estate loans; and unsecured and secured commercial loans.

The bank's deposit product offerings include personal, business, and organization checking accounts; statement savings; money market accounts; Christmas and vacation club accounts; certificates of deposit; and individual retirement accounts. Additionally, the bank offers alternative delivery systems such as online banking.

The March 31, 2017 Call Report data reflects total assets of \$482.8 million, total loans of \$376.3 million, and total deposits of \$373.4 million. Total assets increased by approximately 40 percent, total loans increased by approximately 75 percent, and total deposits increased by approximately 27 percent since December 31, 2013. The merger with First Federal drove the significant increases in assets and loans. However, the loan portfolio composition remains relatively unchanged with a concentration in residential real estate lending. The breakdown of the bank's loan portfolio is detailed below.

Loan Portfolio Distribution as of 03/31/17		
Loan Category	\$(000s)	%
Construction and Land Development	24,993	6.6
1-4 Family Residential	251,269	66.8
Multi-family (5 or more) Residential	4,252	1.1
Commercial Real Estate	76,509	20.3
Total Real Estate Loans	357,023	94.9
Commercial and Industrial	11,999	3.2
Consumer	7,239	1.9
Other	61	0.0
Total Loans	376,322	100.0
<i>Source: Report of Condition (Call Report)</i>		

DESCRIPTION OF ASSESSMENT AREA

The CRA requires financial institutions to define assessment area(s) within which the bank will focus its lending efforts. The FDIC evaluates the institution’s CRA performance based on its activity within the defined assessment area(s). The bank’s assessment area, as currently defined, meets the technical requirements of the CRA regulation.

The merging of Randolph Savings Bank and First Federal occurred during the examination period on July 1, 2016; therefore, two assessment areas are being utilized for purposes of this CRA examination. Examiners evaluated 2015 performance using a 2015 pre-merger assessment area and 2016 performance using a 2016 post-merger assessment area.

2015 Assessment Area

The bank’s 2015 assessment area contains 442 census tracts in four counties and includes the following Massachusetts cities and towns: Abington, Avon, Attleboro, Bellingham, Boston, Braintree, Bridgewater, Brockton, Brookline, Canton, Carver, Cohasset, Dedham, Dover, Duxbury, East Bridgewater, Easton, Foxboro, Franklin, Halifax, Hanover, Hanson, Hingham, Holbrook, Hull, Kingston, Lakeville, Mansfield, Marshfield, Medfield, Medway, Middleborough, Millis, Milton, Needham, Norfolk, North Attleboro, Norton, Norwell, Norwood, Pembroke, Plainville, Plymouth, Plympton, Quincy, Randolph, Raynham, Rockland, Scituate, Sharon, Stoughton, Taunton, Walpole, Wellesley, West Bridgewater, Westwood, Weymouth, Whitman, and Wrentham.

In 2015, the assessment area included 57 low-income, 72 moderate-income, 159 middle-income, and 142 upper-income census tracts; as well as 12 census tracts with no income designation. The following table illustrates select demographic characteristics of the 2015 assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	442	12.9	16.3	36.0	32.1	2.7
Population by Geography	1,952,246	10.6	15.4	39.4	34.5	0.2
Housing Units by Geography	798,263	10.0	15.9	40.4	33.7	0.0
Owner-Occupied Units by Geography	447,296	3.4	10.4	44.7	41.5	0.0
Occupied Rental Units by Geography	293,652	19.3	23.6	34.2	23.0	0.0
Vacant Units by Geography	57,315	13.4	19.9	38.7	28.0	0.0
Businesses by Geography	152,741	6.7	10.1	35.1	47.6	0.4
Family Distribution by Income Level	454,019	21.6	15.8	19.9	42.7	0.0
Median Family Income MSA - 14454 Boston, MA MD		83,664	Median Housing Value			411,727
			Median Gross Rent			1,160
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		70,496	Families Below Poverty Level			7.5%
<p><i>Source: 2010 U.S. Census and 2015 D&B Data</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i></p>						

2016 Assessment Area

The bank's 2016 assessment area contains 1,045 census tracts within the Boston-Cambridge, Newton, MA-NH multistate MSA, including the following counties: Suffolk, MA; Plymouth, MA; Norfolk, MA; Middlesex, MA; Essex, MA; Rockingham County, NH; Strafford, NH; and seven towns within Bristol County, MA (Attleboro, Easton, Mansfield, North Attleboro, Norton, Raynham, and Taunton).

In 2016, the assessment area included 107 low-income, 195 moderate-income, 418 middle-income, and 308 upper-income census tracts; as well as 17 census tracts with no income designation. The following table illustrates select demographic characteristics of the 2016 assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,045	10.2	18.7	40.0	29.5	1.6
Population by Geography	4,759,291	8.5	18.2	42.6	30.6	0.1
Housing Units by Geography	1,947,556	8.2	18.9	43.9	29.1	0.0
Owner-Occupied Units by Geography	1,150,687	3.0	13.5	47.6	36.0	0.0
Occupied Rental Units by Geography	660,721	16.5	27.5	37.7	18.3	0.0
Vacant Units by Geography	136,148	11.6	22.9	42.6	22.9	0.0
Business by Geography	348,487	6.1	13.1	41.3	39.3	0.2
Family Distribution by Income Level	1,150,785	21.7	16.6	20.7	41.0	0.0
Median Family Income MSA - 14454 Boston, MA MD	83,664	Median Housing Value				403,579
		Median Gross Rent				1,139
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD	90,625	Families Below Poverty Level				6.5%
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA	70,496					
Median Family Income MSA - 40484 Rockingham County-Strafford County, NH MD	85,547					

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

Small Business Analysis

According to D&B data, there were approximately 155,179 businesses located in the assessment area in 2015 and 355,229 in 2016. A breakdown of gross annual revenues (GARs) for these businesses is detailed below.

2015

- 75.0 percent have \$1 million or less
- 6.4 percent have more than \$1 million
- 18.6 percent have unknown revenues

2016

- 83.5 percent have \$1 million or less
- 7.1 percent have more than \$1 million
- 9.4 percent have unknown revenues

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. For 2015, service industries represent the largest portion of businesses at 49.4 percent, followed by: retail trade (12.6 percent); finance, insurance, and real estate (10.8 percent); and construction (7.6 percent).

For 2016, service industries also represent the largest portion of businesses at 49.1 percent, followed by: retail trade (12.6 percent); finance, insurance, and real estate (9.5 percent); and construction (8.2 percent). In addition, 67.3 and 71.4 percent of area businesses have four or fewer employees in 2015 and 2016, respectively. In 2015, 89.4 percent of businesses operated from a single location, with 88.6 percent in 2016.

Income Levels

The FFIEC Median Family Income (MFI) level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table for 2015 and 2016 (as appropriate). See below for more detail.

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 (14454)				
2015 (\$90,000)	<\$45,000	\$45,000 to <\$72,000	\$72,000 to <\$108,000	≥\$108,000
2016 (\$90,800)	<\$45,400	\$45,400 to <\$72,640	\$72,640 to <\$108,960	≥\$108,960
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2016 (\$98,600)	<\$49,300	\$49,300 to <\$78,880	\$78,880 to <\$118,320	≥\$118,320
Providence-Warwick, RI-MA MSA Median Family Income (39300)				
2015 (\$74,400)	<\$37,200	\$37,200 to <\$59,520	\$59,520 to <\$89,280	≥\$89,280
2016 (\$73,100)	<\$36,550	\$36,550 to <\$58,480	\$58,480 to <\$87,720	≥\$87,720
Rockingham County-Strafford County, NH MD Median Family Income (40484)				
2016 (\$87,900)	<\$43,950	\$43,950 to <\$70,320	\$70,320 to <\$105,480	≥\$105,480
<i>Source: FFIEC</i>				

2015 Housing

In 2015, there were 798,263 housing units within the assessment area. Of these, approximately 56.0 percent were owner-occupied, 36.8 were rental units, and 7.2 percent were vacant. Within the majority of low- and moderate-income (LMI) census tracts, however, the percentage of owner-occupied units is significantly below the assessment area average. Specifically, the percentage of owner-occupied units within low- and moderate-income census tracts totals 3.4 and 10.4 percent, respectively. Furthermore, vacant and occupied rental units comprise 83 percent of housing units within low-income census tracts and 62 percent of housing units in moderate-income census tracts. These factors indicate limited opportunities for owner-occupied home mortgage lending within LMI communities relative to the rest of the assessment area. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are no owner-occupied housing units in the census tracts without income designations.

2016 Housing

In 2016 there were 1,947,556 housing units within the assessment area. Approximately 59.1 percent were owner-occupied, 33.9 percent were rentals, and 7.0 percent were vacant. Again, most LMI census tracts had lower owner-occupancy rates. Specifically, the percentage of owner-occupied units within LMI tracts totaled 2.6 and 11.2 percent, respectively. Similar to 2015 housing context, there are limited opportunities for owner-occupied home mortgage lending within LMI communities. There are also no owner-occupied housing units in the census tract without an income designation.

Unemployment

Data obtained from the U.S. Bureau of Labor and Statistics indicates that the 2015 year-end unemployment rate was 4.4 percent for the Commonwealth of Massachusetts. However, the rate varied from 2.2 percent for Middlesex County to 4.5 percent for Plymouth County in Massachusetts. The rates at the county level were:

- Suffolk County - 3.8 percent;
- Plymouth County - 4.5 percent;
- Norfolk County - 3.6 percent; and
- Bristol County - 5.2 percent.

Data for year-end 2016 unemployment indicates that the rate for Massachusetts was 3.1 percent and the rate for New Hampshire was 2.8 percent. The rate varied from 2.2 percent for Middlesex County to 2.9 percent for Plymouth County in Massachusetts, and 3.6 to 3.1 percent for Rockingham and Strafford Counties, respectively. Unemployment rates decreased throughout the evaluation period. The unemployment rates at the county level were:

- Suffolk County - 3.4 percent;
- Plymouth County - 3.9 percent;
- Norfolk County - 3.2 percent;
- Middlesex County - 3.0 percent;
- Essex County - 2.8 percent;
- Bristol County - 3.5 percent;
- Rockingham County - 3.0 percent; and
- Strafford County - 2.5 percent.

Competition

The assessment area is competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 2015, 77 financial institutions operated 570 full-service branches within the bank's assessment area. Of these institutions, Randolph Savings Bank ranked 33rd with a 0.1 percent deposit market share.

The financial services market in the assessment area is competitive. According to the FDIC Deposit Market Share data as of June 2016, 139 financial institutions operated 1,574 full-service branches within the bank's assessment area. Of these institutions, Randolph Savings Bank ranked 55th with a 0.1 percent deposit market share.

Although not directly compared to Randolph Savings Bank performance, small business loan aggregate data reflects the level of demand for small business loans and is therefore included. Aggregate data for 2015 shows that 146 institutions reported 48,932 small business loans in the assessment area, indicating a high degree of competition for this product. This data includes originations by large banks or banks that optionally report CRA data.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. In 2015, 550 lenders reported 68,642 residential mortgage loans originated or purchased. Randolph Savings ranked 41st with a market share of 0.5 percent. The three most prominent home mortgage lenders accounted for 18.4 percent of total market share.

Community Contact

As part of the evaluation process, third parties active in the assessment area are contacted to assist in assessing the credit and community development needs of the community. The information obtained helps to determine whether local financial institutions are responsive to the credit and community development needs of the communities, and what credit and community development opportunities, if any, are available.

The examiners contacted a representative from a community development corporation in the northern portion of the assessment area. The contact identified the lack of affordable housing for LMI individuals and families, especially for immigrants new to the area, as a community need. The contact noted that the availability of units, both for rental and purchase, has become increasingly limited due to heavy competition for minimal inventory in the market. Additionally, obstacles to homeownership exist for a qualified LMI persons due to the high cost of housing. Opportunities for financial institutions to assist exist in the areas of financing additional affordable housing, providing more entry-level banking products, assisting in sustainable employment development, and providing financial education for the large immigrant population flow. Overall, the contact stated that local financial institutions were receptive to the lending and community development needs of the organization.

The examiners also contacted a representative from a community development corporation in the southern portion of the assessment area. The contact identified housing and unemployment as two challenges currently facing the assessment area. The contact mentioned that financial institutions were very active in the area, but that additional opportunities exist in credit building programs and financial literacy classes. The contact mentioned that while such programs receive support from local institutions, more effort could be applied toward the quality of such presentations, making them more dynamic and engaging. Opportunities exist for financial institutions to develop a more comprehensive and relevant program geared towards the needs of the community in topics such as credit repair, banking products and services, and money management.

Credit and Community Development Needs and Opportunities

Examiners identified the primary credit and community development needs of the assessment area based on demographic and economic information, discussions with management, and community contact information. Examiners determined that home mortgage products represent the primary

credit need of the community, with an emphasis on products allowing low downpayments or flexible features due to the high cost of housing. Affordable housing represents the primary community development need. Banks have opportunities to work with organizations to create affordable units for rent or purchase. Other needs include simpler entry-level banking products for immigrant non-English speaking residents.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Randolph Savings Bank demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio averaged 89.1 percent over the past 12 calendar quarters from June 30, 2014, to March 31, 2017. The ratio ranged from a low of 76.3 percent as of June 30, 2016, to a high of 100.4 percent as of December 31, 2016. Overall, the ratio trended upward during the evaluation period. The June 2016 low of 76.3 percent resulted from increased deposits due to the bank merger. Randolph Savings Bank maintained a ratio similar to those of comparable institutions, as shown in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Institution	Total Assets \$(000s)	Average LTD Ratio (%)
Randolph Savings Bank	482,761	89.1
Coastal Heritage Bank	499,583	100.1
Norwood Co-operative Bank	475,635	99.8
The Cooperative Bank	361,498	93.1
<i>Source: Call Report data</i>		

Assessment Area Concentration

The bank made a majority of home mortgage and small business loans, by number and dollar volume, within its assessment area. See the following table for details.

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										
2015	373	67.7	178	32.3	551	105,933	69.0	47,507	31.0	153,440
2016	961	59.7	648	40.3	1,609	284,518	64.6	155,786	35.4	440,304
Subtotal	1,334	61.8	826	38.2	2,160	390,451	65.8	203,293	34.2	593,744
Small Business										
2015	27	84.4	5	15.6	32	6,552	73.2	2,399	26.8	8,951
2016	12	85.7	2	14.3	14	2,261	64.6	1,240	35.4	3,501
Subtotal	39	84.8	7	15.2	46	8,813	70.8	3,639	29.2	12,452
Total	1,373	62.2	833	37.8	2,206	399,264	65.9	206,932	34.1	606,196
<i>Source: 2015 & 2016 HMDA data and Bank Data</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable home mortgage lending performance primarily supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Examiners gave significant weight to the comparison of 2015 bank performance to 2015 aggregate data, because 2016 aggregate data was unavailable at the time of the evaluation. The following table shows that the bank's 2015 performance in low-income census tracts was 2.6 percentage points lower than the aggregate level. In moderate-income areas, the bank was above the aggregate by 5.9 percentage points. These comparisons reflect reasonable performance.

In 2016, the bank's performance in low-income census tracts increased to 4.2 percent, exceeding the percentage of owner-occupied units. Performance in the moderate-income tracts decreased slightly to 14.3 percent, but still exceeded the percentage of owner-occupied units.

Market share data further supports the bank's reasonable performance. In 2015, the bank ranked 26th in lending in low-income census tracts, with a 0.7 percent market share. The bank ranked 25th in lending in moderate-income census tracts, with a 0.9 percent market share. The institution's rank in LMI tracts is stronger than its rank in the entire assessment area at 41st; however, fewer lenders made loans in LMI tracts than in the overall assessment area.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	3.4	4.3	10	2.7	3,202	3.0
2016	3.0	--	40	4.2	11,942	4.2
Moderate						
2015	10.4	11.0	63	16.9	15,083	14.2
2016	13.5	--	137	14.3	39,673	13.9
Middle						
2015	44.7	42.3	205	55.0	51,623	48.7
2016	47.6	--	539	56.1	150,080	52.7
Upper						
2015	41.5	42.4	95	25.5	36,025	34.0
2016	36.0	--	245	25.5	82,823	29.1
Totals						
2015	100.0	100.0	373	100.0	105,933	100.0
2016	100.0	--	961	100.0	284,518	100.0

Source: 2010 U.S. Census; 2015, 2016 of HMDA Reported Data; 2015 HMDA Aggregate Data; "--" data not available

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion. In addition to the percentage of businesses, examiners also considered competition and the bank's capacity. The following table shows that the bank had no loans in low-income census tracts in 2015 and 2016. The bank made one loan in moderate-income tracts in 2015 and none in 2016.

This performance did not significantly affect the overall conclusion for several reasons. Primarily, the bank originated significantly more home mortgage loans than small business loans, as commercial loans reflect the bank's secondary product. In addition, the bank devotes far more resources to home mortgage lending, marketing to a much broader geographic area.

Geographic Distribution of Small Business Loans						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Low						
	2015	6.7	0	0.0	0	0.0
	2016	6.1	0	0.0	0	0.0
Moderate						
	2015	10.1	1	3.7	468	7.1
	2016	13.1	0	0.0	0	0.0
Middle						
	2015	35.1	15	55.6	3,046	46.5
	2016	41.3	9	80.0	1,459	74.9
Upper						
	2015	47.6	11	40.7	3,038	46.4
	2016	39.3	3	20.0	802	25.1
Not Available						
	2015	0.4	0	0.0	0	0.0
	2016	0.2	0	0.0	0	0.0
Total						
	2015	100.0	27	100.0	6,552	100.0
	2016	100.0	12	100.0	2,261	100.0
<i>Source: 2015 & 2016 D&B Data, Bank Records</i>						

Borrower Profile

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes. The bank's performance in home mortgage lending primarily supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low-and moderate-income borrowers and small business loans to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low-and moderate-income, is excellent. Lending to low-income borrowers, at 4.8 percent by number,

is excellent when compared to the aggregate data at 3.2 percent. Although this percentage was well below the percentage of low-income families, a low-income family makes between \$36,550 and \$49,300 and would have difficulty qualifying for a mortgage under conventional underwriting standards considering the median housing value of \$411,727. Therefore, the percentage of low-income families does not accurately reflect demand and opportunity for lending to low-income families. The percentage of loans to low-income borrowers increased to 6.5 percent in 2016, again trailing demographics.

The bank's performance in lending to moderate-income borrowers, at 23.6 percent, significantly exceeded the aggregate at 13.2 percent. Lending to moderate-income borrowers remained steady at 23.8 percent in 2016, exceeding the percentage of moderate-income families. Increased total lending in 2016 reflects the merger with First Federal.

Market share data further supports the bank's excellent performance. In 2015, the bank ranked 40th in lending to low-income borrowers with a 0.3 percent market share. The bank ranked 27th in lending in moderate-income borrowers with a 0.8 percent market share. The institution's market ranks to LMI borrowers exceeded the bank's market rank in the entire assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	21.6	3.2	18	4.8	3,486	3.3
2016	21.7	--	62	6.5	10,687	3.8
Moderate						
2015	15.8	13.2	88	23.6	18,025	17.0
2016	16.6	--	229	23.8	54,390	19.1
Middle						
2015	19.9	20.9	111	29.8	29,923	28.2
2016	20.7	--	270	28.1	77,961	27.4
Upper						
2015	42.7	43.0	127	34.0	45,494	42.9
2016	41.0	--	372	38.7	128,105	45.0
Income Not Available						
2015	0.0	19.7	29	7.8	9,005	8.5
2016	0.0	--	28	2.9	13,375	4.7
Total						
2015	100.0	100.0	373	100.0	105,933	100.0
2016	100.0	--	961	100.0	284,518	100.0
<i>Source: 2010 U.S. Census; 2015 & 2016 HMDA Reported Data; 2015 HMDA Aggregate Data; "--" data not available</i>						

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. The following table shows that all small business loans originated in 2015 were to businesses with GARs of \$1 million or less. The percentage decreased in 2016 to 33.3 percent. Despite the large fluctuation in 2015 and 2016, the bank's performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2015	74.7	27	100.0	6,552	100.0
2016	83.3	4	33.3	909	40.2
>1,000,000					
2015	6.5	0	0.0	0	0.0
2016	7.2	8	66.7	1,352	59.8
Revenue Not Available					
2015	18.8	0	0.0	0	0.0
2016	9.5	0	0.0	0	0.0
Totals					
2015	100.0	27	100.0	6,552	100.0
2016	100.0	12	100.0	2,261	100.0
<i>Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; "--" data not available.</i>					

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

Randolph Savings Bank demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need for and availability of such opportunities. The following sections describe the bank’s community development activities.

Community Development Loans

Randolph Savings bank originated six community development loans totaling \$5.0 million during the evaluation period. These included \$532,000 to support affordable housing and \$4.5 million in economic development lending. These loans represent 1.4 percent of the bank’s net loans as of March 31, 2017. The following table illustrates the bank’s community development lending activity by year and purpose.

Community Development Lending												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2015	1	373	0	0	1	2,135	0	0	0	0	1	373
2016	1	159	0	0	3	938	0	0	0	0	5	3,232
2017	0	0	0	0	1	1,440	0	0	0	0	1	1,440
Total	2	532	0	0	5	4,513	0	0	0	0	7	5,045

Source: Bank Records

Below are notable examples of the bank’s community development loans:

- In 2015, the bank made a residential mortgage loan for \$808,000, of which \$372,923 qualifies as community development. The loan is secured by a 13-unit property in Brockton, Massachusetts. The project dedicates six apartment units as affordable housing for families at or below 80 percent of the median family income for the MSA.
- In 2015, the bank originated a loan for \$2.1 million to construct a gas station and auto repair shop. The construction was completed in early 2016, creating seven permanent jobs benefitting LMI individuals.
- In 2016, the bank made two loans totaling \$787,500 to purchase and renovate in an industrial condominium within the assessment area. The loans are backed by the Small Business Administration (SBA) through its 504 loan program.
- In 2017, the bank financed a \$1.4 million SBA 504 loan for the acquisition and renovation of a warehouse to expand the manufacturing capacity of a medical equipment provider, which created additional entry-level jobs.

Qualified Investments

Randolph Savings Bank made qualified investment totaling \$4.4 million. This includes qualified equity investments of \$2.1 million and qualified donations of approximately \$2.3 million.

The bank continues to hold its 2006 investment in the Access Capital Strategies Community Fund, Inc. (ACSCIF). The ACSCIF is a Securities and Exchange Commission-registered fund structured as a business development corporation. The primary purpose of ACSCIF is to provide a secondary market and financing option for community development loans. Through the use of the fund, an investing institution supports affordable housing, education, small business loan securitization and other job creating investments within the target region. As of March 31, 2017, the current book value of this investment was \$536,000. This represents 0.1 percent of total assets and 0.8 percent of total investments.

Additionally, the bank purchased a Mortgage Backed Security (MBS) from Fannie Mae in December 2016. The MBS consists of six loans, all of which are located within low- or moderate-income census tracts inside the bank's assessment area. As of March 31, 2017, the current book value of this investment was \$1.6 million. This represents 0.3 percent of total assets and 2.4 percent of total investments.

The bank also made contributions totaling \$2.3 million to 19 community development organizations in the assessment area. This figure includes over \$2.2 million that the bank used in 2016 to establish and fund The Randolph Savings Charitable Foundation, Inc. The following table illustrates the bank's community development donations by year and purpose.

Qualified Donations												
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(00)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2014	0	0	5	8	0	0	0	0	0	0	5	8
2015	0	0	10	19	3	3	0	0	0	0	13	22
2016	0	0	16	2,298	0	0	0	0	0	0	16	2,298
Total	0	0	31	2,326	3	3	0	0	0	0	34	2,329

Source: Bank Records

The following are examples of the types of organizations to which the bank made qualifying donations.

- **The Randolph Savings Charitable Foundation, Inc.** – The Foundation is dedicated to the promotion of charitable purposes including, without limitation: community development; grants or donations to support housing assistance; not-for-profit community groups; and other types of organizations or civic-minded charitable projects. The Foundation's primary area of focus will be organizations that provide support services to LMI Veterans and their families.

- **Randolph Community Partnership** – Randolph Community Partnership (Partnership) is an adult education organization open to all Massachusetts residents. The Partnership provides various services such as English for speakers of other languages, high school equivalency, and other classes to help students develop and achieve their personal and professional goals. Foundation contributions are designed to assist low- and moderate-income individuals.
- **STARS** – STARS provides comprehensive early education and youth programs to enhance development of children from financially disadvantaged families. The majority of participants are low- and moderate-income.

Community Development Services

During the evaluation period, bank employees provided 60 instances of financial expertise or technical assistance to 19 different community development-related organizations in the assessment area. Additionally, bank employees provided community development services in several instances to areas adjacent to, but not included in, the assessment area. The following table illustrates the bank’s community development services by year and purpose.

Community Development Services						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
2015	3	23	2	0	0	28
2016	3	26	3	0	0	32
Total	6	49	5	0	0	60

Source: Bank Records

Below are notable examples of the bank’s community development services.

- A senior loan originator partnered with the **Quincy Community Action Program (QCAP)** on multiple occasions to conduct First-time Homebuyer Seminars. QCAP is a private nonprofit organization in the Greater Quincy area dedicated to reducing poverty and helping low-income individuals achieve self-sufficiency.
- A branch manager serves on the Board of Directors for the **Montello Business Association in Brockton**. The Association works to ensure positive benefits to the community through business development, community organization and urban planning in the City of Brockton.
- A bank director serves on the Board of Directors of the Institute for Responsible Housing Preservation. The Institute represents owners' view before the U.S. Department of Housing and Urban Development (HUD) in implementing affordable housing programs, submitting detailed recommendations on all HUD-proposed regulations and issuance, and

maintaining a constant liaison with key HUD officials to present the owner's perspective on proposed administrative changes.

- A branch manager serves as Chairperson of the Board, as well as member of both the Fundraising and Hiring Committees, for the **Randolph Community Partnership, Inc.** (RCP). RCP is a non-profit organization that provides educational opportunities and services to residents of Randolph and the surrounding areas. The bank annually teaches financial literacy classes at the RCP.
- A bank director serves on the Board of **SAGE Housing**. This organization is an advocate for affordable housing for senior citizens.

The bank also participates in the **Interest on Lawyers' Trust Accounts (IOLTA)** program. Interest earned on these accounts is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients.

Provision and Availability of Services to LMI People

The bank operates six full-service branches in Massachusetts. The bank's main office is located at 129 North Main Street in Randolph, MA. The bank's corporate office and lending center are located in Stoughton, Ma. In addition to the main office, branch locations include Holbrook, Boston, Randolph (2), and Stoughton (2).

The Holbrook branch is located in a moderate-income census tract. A review of the bank's services by branch location revealed no inconsistencies by location. The bank's branch locations offer the same products and services and operate with similar hours. The provisions and availability of services to LMI people is reasonable.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX

FAIR LENDING POLICIES AND PROCEDURES

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

The bank maintains a written fair lending policy. The bank proactively and affirmatively supports the fair lending process through consistent underwriting procedures, regular monitoring (such as secondary review procedures), and appropriate internal and external audits.

Minority Application Flow

The bank's HMDA LARs for 2015 and 2016 were reviewed to determine if the application flow from the different racial groups within the bank's assessment area was reflective of the assessment area's demographics.

According to 2015 U.S. Census Data, the bank's assessment area in 2015 contained a total population of 1,952,246 individuals, of which 28.7 percent are minorities. The assessment area's racial and ethnic minority population is 6.4 percent Asian, 10.9 percent Black/African American, 7.8 percent Hispanic, 0.2 percent American Indian/Alaskan Native, and 3.4 percent other race.

According to 2016 U.S. Census Data, the bank's assessment area contained a total population of 4,759,291 individuals of which 24.6 percent are minorities. The assessment area's racial and ethnic minority population is 6.3 percent Asian, 6.5 percent Black/African American, 8.8 percent Hispanic, 0.1 percent American Indian/Alaskan Native, and 2.9 percent other race.

The bank's level of lending was compared with the aggregate's lending performance level for 2015, the most recent year for which data was available. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority residential loan applicants.

MINORITY APPLICATION FLOW					
RACE	Bank 2015		Aggregate 2015	Bank 2016	
	Amount	(%)	(%)	Amount	(%)
American Indian/ Alaska Native	0	0.0	0.2	2	0.2
Asian	16	3.1	5.0	86	6.8
Black/ African American	86	16.6	5.9	110	8.7
Hawaiian/Pac Isl.	0	0.0	0.2	1	0.1
2 or more Minority	0	0.0	0.1	1	0.1
Joint Race (White/Minority)	6	1.2	1.4	12	1.0
Total Minority	108	20.9	12.6	212	16.8
White	346	66.9	63.8	937	74.4
Race Not Available	63	12.2	23.6	110	8.7
Total	517	100	100	1259	100
ETHNICITY					
Hispanic or Latino	23	4.5	2.6	64	5.1
Not Hispanic or Latino	427	82.6	73.0	1,066	84.7
Joint (Hisp./Lat /Not Hisp/Lat)	7	1.4	0.9	20	1.6
Ethnicity Not Available	60	11.6	23.5	109	8.7
Total	517	100.0	100	1259	100

For 2015 and 2016, the bank received 1,776 HMDA-reportable loan applications from within its assessment area. Of these applications, racial minority persons applied for 320 or 18.0 percent, of which 225 or 70.3 percent resulted in originations. For the same time period, the bank received 87 applications from ethnic minorities of Hispanic origin and 64 applications resulted in originations, a rate of 73.6 percent. The bank's minority origination rate was comparable to that of its nonminority origination rate, at 74 percent.

The bank's performance exceeded the 2015 aggregate performance level for racial minority applicants. In 2015, the bank received 20.9 percent of its applications from racial minorities, while the aggregate was at 12.6 percent. In 2015, the bank's ethnic minority application flow was above the aggregate: the bank had a rate of 6.9 percent, while the aggregate rate was 3.5 percent. The bank's racial minority origination rate exceeded that of the aggregate lenders, 64.8 and 62.9 percent respectively. Similarly, the ethnic minority origination rate exceeded the aggregate performance, 76.7 percent compared to 62.0 percent.

In 2016, the racial minority application percentage decreased to 16.8 percent. This was primarily a reduction in the percentage of African-American applications in the assessment area. The percentage decrease corresponds to the overall changes in the demographics of the 2016 assessment area. The ethnic minority application rate remained consistent at 6.7 percent. Based on the bank's strong minority application flow, coupled with a robust monitoring program for fair lending, the Division of Banks deems the performance in this area reasonable.

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

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

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

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved 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 Areas (CBSAs): 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, 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 (Address at main office)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

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