

# **PUBLIC DISCLOSURE**

July 11, 2017

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Athol Savings Bank  
Certificate Number: 90146

388 Main Street  
Athol, Massachusetts 01331

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

Federal Deposit Insurance Corporation  
350 Fifth Avenue, Suite 1200  
New York, New York 10118

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

## TABLE OF CONTENTS

Institution Rating .....	1
Scope of Evaluation .....	2
Description of Institution .....	4
Description of Assessment Area .....	6
Conclusions on Performance Criteria .....	9
Lending Test .....	9
Community Development Test .....	14
Discriminatory or Other Illegal Credit Practices Review .....	19
Appendix A — Division of Banks: Minority Application Flow .....	20
Glossary .....	22

## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** Athol Savings Bank (ASB) is rated **Satisfactory** by the FDIC and **High Satisfactory** by the Commonwealth of Massachusetts Division of Banks (Division of Banks).<sup>1</sup> An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

ASB's Community Reinvestment Act (CRA) performance under the Lending Test and Community Development (CD) 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 CD Test performance.

**The Lending Test is rated Satisfactory by the FDIC and High Satisfactory by the Division of Banks.**

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and the credit needs of the AA.
- The bank made a majority of its home mortgage loans and small business loans in the AA.
- The geographic distribution of loans reflects excellent dispersion throughout the AA.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels and businesses of different revenue sizes.
- 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 by the FDIC and High Satisfactory by the Division of Banks.**

ASB demonstrated good responsiveness to the Community Development needs of its AA through community development loans, qualified investments, and services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development within the AA.

---

<sup>1</sup> Please note the FDIC's rating matrix does not provide for a "High Satisfactory" rating; however, the FDIC and the Division agree on the bank's overall performance levels.

## SCOPE OF EVALUATION

### *General Information*

This evaluation, conducted jointly by the FDIC and Division of Banks, covers the period from the prior evaluation dated July 7, 2014, to the current evaluation dated July 11, 2017. Examiners used the Federal Financial Institution Examination Council's (FFIEC) Interagency Intermediate Small Bank Examination Procedures to evaluate the bank's performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test.

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

- LTD ratio
- AA concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

Of these criteria, geographic distribution and borrower profile are given the most weight, as these are accurate reflections of ASB's efforts to meet the credit needs of all income levels and areas in the designated AA.

The CD Test considered the following factors:

- Number and dollar amount of CD loans, qualified investments, and CD services
- The responsiveness of such activities to the CD needs of the AA

Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating.

### *Assessment Areas Reviewed*

ASB has designated portions of the Worcester, Massachusetts (MA) – Connecticut (CT) Metropolitan Statistical Area (MSA), portions of the Cambridge-Newton-Framingham, MA Metropolitan Division (MD), and portions of Franklin County in the non-metropolitan area of Massachusetts as the AA. All of these areas are contiguous and are economically and demographically similar. ASB has no lending affiliates.

### *Loan Products Reviewed*

Examiners determined that the major product lines are home mortgage loans and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated and purchased during the evaluation period.

The record of originating home mortgage loans contributed more weight to the overall conclusions in this evaluation, due to the larger loan volume compared to the small business lending during the most recent calendar year (67.0 percent home mortgage loans and 6.2 percent small business loans by number of loans). No other loan type, such as small farm loans or consumer purpose loans, represented a major product line; therefore, the evaluation did not

include these products. The following table illustrates the bank's originations and purchases over the most recent calendar year by loan type:

<b>Loans Originated or Purchased (2016)</b>				
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Construction and Land Development	0	0.0	0	0.0
Secured by Farmland	0	0.0	0	0.0
1-4 Family Residential	68,424	79.0	333	67.0
Multi-Family Residential	2,200	2.6	1	0.2
Commercial Real Estate	13,349	15.4	12	2.4
Agricultural Production	0	0.0	0	0.0
Commercial and Industrial	1,907	2.2	19	3.8
Consumer Purpose	715	0.8	132	26.6
Other Loans	0	0.0	0	0.0
<b>Gross Loans</b>	<b>86,595</b>	<b>100.0</b>	<b>497</b>	<b>100.0</b>

*Source: Bank Records*

Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period. The evaluation considered all home mortgage loans reported on the 2015 and 2016 Home Mortgage Disclosure Act (HMDA) loan application registers (LARs). The bank reported 162 loans totaling \$28.5 million in 2015 and 156 loans totaling \$28.3 million in 2016. The most recent year for which aggregate data is available is 2015.

ASB voluntarily collects small business loan data, and examiners considered all data collected for 2015 and 2016. In 2015, the bank made 16 small business loans totaling \$1.7 million, and in 2016 the bank made 30 small business loans totaling \$4.4 million. D&B data for 2015 and 2016 provided a standard of comparison for small business lending.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. While tables present the number and dollar volume of loans, examiners emphasized performance by number of loans, because it is a better indicator of the number of individuals and businesses served throughout the AA. Also, ASB is not required to collect or report its small business loan data. Since the bank did not report this data, the Lending Test does not include a direct comparison of the bank's performance to the reported aggregate small business lending data. However, aggregate small business lending data is indicative of the credit needs of businesses, local competition, as well as lending opportunities within the AA. Therefore, aggregate small business lending data for 2015 will be referenced in the evaluation where applicable to show potential loan demand. The aggregate small business lending data for 2016 is not yet available.

For the CD Test, bank management provided examiners with data on CD loans, qualified investments, and CD services since the previous CRA Evaluation dated July 7, 2014.

## DESCRIPTION OF INSTITUTION

### ***Background***

ASB is headquartered in Athol, MA and operates in Worcester County. ASB is a mutual savings bank located in the North Quabbin Region and operates seven branches. The branches are located in Athol (2), Ashburnham, Baldwinville, Barre, Gardner, and Winchendon. The bank received a Satisfactory rating from the FDIC and Division of Banks at its previous CRA evaluation dated July 7, 2014, which was based on Interagency Intermediate Small Bank Examination Procedures.

On July 7, 2017, ASB closed its main office location in Athol, MA and moved the main office operations to another existing location in Athol. The location that closed was in a moderate-income census tract (CT); however, the new main office location is only one block away from the closed location and is located in the same CT.

### ***Operations***

ASB operates seven full-service branches throughout Worcester County in Massachusetts. ASB provides traditional banking deposit services for consumer and commercial customers. These products include personal checking accounts and savings accounts in interest and non-interest bearing, money markets, certificates of deposit, individual retirement accounts, and a children's savings account. ASB also offers commercial customers interest and non-interest bearing business checking accounts, savings accounts, and money market accounts.

Alternative banking products include internet and mobile banking, 24-hour telephone banking, electronic bill pay, and eight bank-owned deposit taking automated teller machines. The bank has not had any merger or acquisition activities occur since the prior evaluation.

The bank also offers several lending products to consumers including consumer mortgages, home equity loans and lines of credit, personal secured and unsecured loans, auto loans, overdraft protection, MassHousing Home for the Brave program loans, United States Department of Agriculture (USDA) loans, and MassSave Home Energy Assessment loans. For commercial customers the bank offers commercial real estate loans, lines of credit, term loans, collateral loans, letters of credit, overdraft protection, and Small Business Administration (SBA) loans.

### ***Ability and Capacity***

ASB assets totaled approximately \$401.0 million as of March 31, 2017, which included total loans of \$267.8 million and securities totaling \$95.5 billion. Examiners evaluated ASB's performance through consideration of the lending strategy, capacity to lend, opportunities, and competition within the AA.

The following table illustrates ASB's loan portfolio distribution as of March 31, 2017.

<b>Loan Portfolio Distribution as of March 31, 2017</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	63	0.0
Secured by Farmland	329	0.1
1-4 Family Residential	211,266	78.9
Multi-family (5 or more) Residential	4,733	1.8
Commercial Real Estate	26,354	9.8
<b>Total Real Estate Loans</b>	<b>242,745</b>	<b>90.6</b>
Commercial and Industrial	4,175	1.6
Agricultural	0	0.0
Consumer	20,887	7.8
Other	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>267,807</b>	<b>100.0</b>
<i>Source: 3/31/2017 Reports of Condition and Income (Call Report)</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the credit needs of its AA.

## DESCRIPTION OF ASSESSMENT AREA

CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. As stated previously, ASB has delineated an AA that includes portions of the Worcester, MA – CT MSA #49340, the Cambridge-Newton-Framingham, MA MD #15764, and portions of Franklin County, MA. The bank has added nine CTs to its AA since the previous evaluation. The following section discusses the demographics and economic information, as well as the credit needs for the AA.

### *Economic and Demographic Data*

The AA includes 31 CTs in Franklin, Middlesex, and Worcester Counties. These tracts reflect the following income designations according to the 2010 U.S. Census:

- 0 low-income tracts;
- 7 moderate-income tracts;
- 15 middle-income tracts; and
- 9 upper-income tracts; and

The AA does not contain any designated distressed or underserved middle-income CTs.

<b>Demographic Information of the Assessment Area</b>						
<b>Athol Savings Bank Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	31	0.0	22.6	48.4	29.0	0.0
Population by Geography	143,627	0.0	17.5	51.8	30.7	0.0
Housing Units by Geography	57,795	0.0	20.9	49.6	29.5	0.0
Owner-Occupied Units by Geography	42,225	0.0	16.2	50.5	33.3	0.0
Occupied Rental Units by Geography	10,821	0.0	34.7	47.7	17.5	0.0
Vacant Units by Geography	4,749	0.0	31.0	46.4	22.6	0.0
Businesses by Geography	7,525	0.0	18.0	48.2	33.8	0.0
Farms by Geography	376	0.0	7.7	58.5	33.8	0.0
Family Distribution by Income Level	37,624	17.8	17.5	24.2	40.5	0.0
Household Distribution by Income Level	53,046	22.0	15.0	19.3	43.7	0.0
Median Family Income MD - 15764 Cambridge-Newton-Framingham, MA		\$90,625	Median Housing Value			\$252,612
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$77,128	Median Gross Rent			\$776
Median Family Income MA Non-MSA		\$68,821	Families Below Poverty Level			4.7%
<i>Source: 2010 U.S. Census and 2016 D&amp;B Data Due to rounding, totals may not equal 100.0</i>						



The 2015 and 2016 FFIEC-estimated median family income levels were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle- and upper-income categories for applicable metropolitan and statewide nonmetropolitan areas.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Cambridge-Newton-Framingham, MA MD Median Family Income (15764)</b>				
2015 (\$101,700)	<\$50,850	\$50,850 to <\$81,360	\$81,360 to <\$122,040	≥\$122,040
2016 (\$98,600)	<\$49,300	\$49,300 to <\$78,880	\$78,880 to <\$118,320	≥\$118,320
<b>Worcester, MA-CT MSA Median Family Income (49340)</b>				
2015 (\$81,500)	<\$40,750	\$40,750 to <\$65,200	\$65,200 to <\$97,800	≥\$97,800
2016 (\$78,500)	<\$39,250	\$39,250 to <\$62,800	\$62,800 to <\$94,200	≥\$94,200
<b>MA NA Median Family Income (99999)</b>				
2015 (\$73,500)	<\$36,750	\$36,750 to <\$58,800	\$58,800 to <\$88,200	≥\$88,200
2016 (\$77,600)	<\$38,800	\$38,800 to <\$62,080	\$62,080 to <\$93,120	≥\$93,120
<i>Source: FFIEC</i>				

There are 57,795 housing units in the AA. Of these, 73.1 percent are owner-occupied, 18.7 percent are occupied rental units, and 8.2 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

According to 2016 D&B data, there were 7,525 businesses in the AA. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Gross annual revenues (GARs) for these businesses are as follows:

- 86.0 percent have \$1 million or less;
- 4.0 percent have more than \$1 million; and
- 10.0 percent have unknown revenues.

According to Moody’s Analytics dated May 2017, the AA is experiencing above average growth compared to the Northeast Region. The many colleges and universities in the area contribute to the highly educated workforce and low employment volatility. However, while the cost of living in the area is low compared to its surroundings, the cost of business is more expensive. Higher business costs are due to higher labor wages and financial market uncertainty. Foreclosures also are trending just above average when compared to the rest of Massachusetts and the U.S.

According to the Bureau of Labor Statistics (BLS), the unemployment rate for Massachusetts as of May 2017 was 4.1 percent. Additionally, the national unemployment rate was 4.3 percent for the same reporting period. The unemployment rates for each county in the AA dropped in 2016, but have since increased to 4.4 percent for Worcester County, 3.5 percent in Middlesex County, and 3.7 percent for Franklin County. The following table supports this observation.

<b>Unemployment Rates for Athol Savings Bank AA</b>			
<b>Area</b>	<b>2015</b>	<b>2016</b>	<b>May 2017</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Franklin County	4.0	2.5	3.7
Middlesex County	3.4	2.2	3.5
Worcester County	4.4	2.9	4.4
Massachusetts	4.2	2.8	4.1
United States	5.0	4.7	4.3

*Source: BLS*

### ***Competition***

The AA is highly competitive in the financial services market. According to FDIC Deposit Market Share data as of June 30, 2016, 77 financial institutions operated 762 full-service branches in the AA. Athol Savings Bank ranked 46<sup>th</sup> with a 0.4 percent deposit market share.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2015, 301 lenders within the AA reported a total of 4,289 residential mortgage loans originated or purchased. ASB ranked 7<sup>th</sup> out of this group of lenders, with a market share of 1.5 percent. The five most prominent home mortgage lenders in this AA accounted for 20.0 percent of the total market share.

### ***Community Contact***

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying credit and CD needs. This information helps determine whether local financial institutions are responsive to these needs and what opportunities are available.

Examiners contacted a representative of an affordable housing organization in the AA. The contact noted a lack of CD opportunities for local financial institutions and stated that the area is full of bank competition. The contact indicated that the area is primarily made up of younger, lower-income individuals. Many residents work locally.

The contact noted the local economy is suffering due to the loss of manufacturing entities. Most manufacturers moved their operations to the Southern United States because of lower wages. The contact further noted the primary community development need is economic development due to the loss of many businesses. Housing values have slowly increased, creating a need for affordable housing. Affordable housing and revitalization and stabilization were stated as secondary needs. Finally, the contact indicated that financial education services offered to low- and moderate-income individuals would greatly benefit the area.

### ***Credit and Community Development Needs and Opportunities***

Considering information from the community contact, bank management and demographic and economic data, examiners determined that small business and affordable housing loans represent the primary credit needs for the AA. According to the community contact, financial institutions in the area are adequately addressing the affordable housing credit needs. Examiners also determined that economic development represents the primary community development need.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

ASB has demonstrated reasonable performance under the Lending Test within the AA. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

### Loan-to-Deposit Ratio

The LTD ratio is reasonable given ASB's size, financial condition, and AA credit needs. ASB's LTD ratio, which is calculated from Reports of Condition and Income (Call Report) data, averaged 75.0 percent over the past 11 calendar quarters from September 30, 2014, to March 31, 2017. The bank's ratio ranged from a high of 83.3 percent to a low of 68.6 percent over the review period. While ASB's LTD ratio is on the lower end of comparable bank LTD ratios, it is still reasonable. Examiners selected comparable institutions based on asset size, geographic locations in relation to ASB's AA, lending focus, and branching structure.

<b>Net Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 03/31/2017 \$(000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Athol Savings Bank</b>	<b>400,965</b>	<b>75.0</b>
Clinton Savings Bank	529,701	96.4
Greenfield Co-operative Bank	578,831	74.5
Milford Savings and Loan Assn.	380,547	102.8
<i>Source: Reports of Condition and Income 9/30/2014 through 3/31/2017</i>		

### Assessment Area Concentration

ASB made a majority of home mortgage loans and small business loans, by number and dollar volume within its AA.

The following table illustrates that 80.8 percent of the home mortgage loan originations were within the AA. Furthermore, ASB's home mortgage performance from 2015 to 2016 shows a stable trend, as the bank continued to focus on meeting the housing needs within the AA. ASB originated 78.3 percent of the small business loans within the AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2015	131	80.9	31	19.1	162	17,323	60.7	11,215	39.3	28,538
2016	126	80.8	30	19.2	156	18,334	64.7	10,008	35.3	28,342
<b>Subtotal</b>	<b>257</b>	<b>80.8</b>	<b>61</b>	<b>19.2</b>	<b>318</b>	<b>35,657</b>	<b>62.7</b>	<b>21,223</b>	<b>37.3</b>	<b>56,880</b>
Small Business										
2015	13	81.3	3	18.7	16	656	38.4	1,052	61.6	1,708
2016	23	76.7	7	23.3	30	2,661	60.7	1,725	39.3	4,386
<b>Subtotal</b>	<b>36</b>	<b>78.3</b>	<b>10</b>	<b>21.7</b>	<b>46</b>	<b>3,317</b>	<b>54.4</b>	<b>2,777</b>	<b>45.6</b>	<b>6,094</b>
<b>Total</b>	<b>293</b>	<b>80.5</b>	<b>71</b>	<b>19.5</b>	<b>364</b>	<b>38,974</b>	<b>61.9</b>	<b>24,000</b>	<b>38.1</b>	<b>62,974</b>
<i>Source: Evaluation Period: 1/1/2015 - 12/31/2016            Due to rounding, totals may not equal 100.0</i>										

### **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the AA. The bank's excellent performance of home mortgage lending and small business lending supports this conclusion. Examiners focused on the percentage by number of loans in moderate-income CTs.

#### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans in the AA reflects excellent dispersion. Examiners place more weight on the bank's performance when compared to the aggregate data. The following table shows the distribution of home mortgage loans by CT income level for 2015 and 2016.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Athol Savings Bank Assessment Area</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate						
2015	16.2	12.0	40	30.5	4,688	27.1
2016	16.2	--	35	27.8	4,340	23.7
Middle						
2015	50.5	50.2	68	51.9	9,071	52.4
2016	50.5	--	77	61.1	11,508	62.8
Upper						
2015	33.3	37.8	23	17.6	3,564	20.6
2016	33.3	--	14	11.1	2,486	13.6
<b>Totals</b>						
<b>2015</b>	<b>100.0</b>	<b>100.0</b>	<b>131</b>	<b>100.0</b>	<b>17,323</b>	<b>100.0</b>
<b>2016</b>	<b>100.0</b>	<b>--</b>	<b>126</b>	<b>100.0</b>	<b>18,334</b>	<b>100.0</b>
<i>Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, 2016 data not available. Due to rounding, totals may not equal 100.0</i>						

In 2015, ASB’s moderate-income CT performance of 30.5 percent more than doubled the aggregate’s 12.0 percent. Market share data further supports excellent performance, as ASB ranked second in lending to moderate-income CTs in 2015. In 2016, ASB’s performance in moderate-income CTs decreased slightly, but far exceeded the percentage of owner-occupied housing units in moderate-income CTs. Overall, ASB’s geographic distribution of home mortgage loans in the AA is excellent.

***Small Business Loans***

The geographic distribution of small business loans in the AA reflects excellent dispersion. The following table shows the bank’s AA geographic distribution of small business loans by CT income level for 2015 and 2016.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Athol Savings Bank Assessment Area</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate						
2015	17.5	14.8	3	23.1	326	49.7
2016	18.0	--	12	52.2	852	32.0
Middle						
2015	48.2	45.8	8	61.5	261	39.8
2016	48.2	--	6	26.1	1,503	56.5
Upper						
2015	34.3	39.5	2	15.4	69	10.5
2016	33.8	--	5	21.7	306	11.5
<b>Totals</b>						
<b>2015</b>	<b>100.0</b>	<b>100.0</b>	<b>13</b>	<b>100.0</b>	<b>656</b>	<b>100.0</b>
<b>2016</b>	<b>100.0</b>	<b>--</b>	<b>23</b>	<b>100.0</b>	<b>2,661</b>	<b>100.0</b>
<i>Source: 2015 &amp; 2016 D&amp;B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data, 2016 data not available. Due to rounding, totals may not equal 100.0</i>						

In 2015, ASB's percentage of small business loans in moderate-income CTs exceeded the percentage of businesses in these geographies. Additionally, the bank increased its percentage in moderate-income CTs in 2016, substantially exceeding the percentage of businesses. Overall, ASB's geographic distribution of small business loans in the AA is excellent.

### **Borrower Profile**

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

### ***Home Mortgage Loans***

The distribution of home mortgage loans reflects reasonable dispersion. Examiners gave considerable weight to the comparison to aggregate data. The following table shows the distribution of home mortgage loans by borrower income level.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Athol Savings Bank Assessment Area</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2015	17.8	7.9	14	10.7	927	5.4
2016	17.8	--	12	9.5	978	5.3
<b>Moderate</b>						
2015	17.5	20.6	38	29.0	4,511	26.0
2016	17.5	--	28	22.2	3,091	16.9
<b>Middle</b>						
2015	24.2	23.5	37	28.2	5,076	29.3
2016	24.2	--	25	19.8	3,630	19.8
<b>Upper</b>						
2015	40.5	30.4	35	26.7	5,745	33.2
2016	40.5	--	49	38.9	8,576	46.8
<b>Not Available</b>						
2015	0.0	17.5	7	5.3	1,064	6.1
2016	0.0	--	12	9.5	2,059	11.2
<b>Totals</b>						
<b>2015</b>	<b>100.0</b>	<b>100.0</b>	<b>131</b>	<b>100.0</b>	<b>17,323</b>	<b>100.0</b>
<b>2016</b>	<b>100.0</b>	<b>--</b>	<b>126</b>	<b>100.0</b>	<b>18,334</b>	<b>100.0</b>
<i>Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, 2016 data not available. Due to rounding, totals may not equal 100.0</i>						

In 2015, 10.7 percent of ASB’s home mortgage loans were made to low-income individuals in the AA, which exceeds the aggregate’s 7.9 percent. In 2016, the bank’s low-income performance decreased slightly to 9.5 percent, but was still comparable to its 2015 performance. In 2015, 29.0 percent of the bank’s home mortgage loans were made to moderate-income individuals in the AA, which exceeds the aggregate’s 20.6 percent. In 2016, ASB’s moderate-income performance decreased to 22.2 percent, but still exceeded the percentage of moderate-income families in the AA. Overall, ASB’s borrower profile in the AA is reasonable.

### ***Small Business Loans***

The distribution of small business loans in the AA reflects reasonable penetration among businesses of different revenue sizes. The following table shows the bank’s distribution of small business loans by revenue category for 2015 and 2016.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Athol Savings Bank Assessment Area</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000						
2015	81.5	48.2	8	61.5	545	83.1
2016	86.0	--	16	69.6	886	33.3
>1,000,000						
2015	3.7	51.8	4	30.8	101	15.4
2016	4.1	--	7	30.4	1,775	66.7
Revenue Not Available						
2015	14.8	--	1	7.7	10	1.5
2016	9.9	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2015</b>	<b>100.0</b>	<b>100.0</b>	<b>13</b>	<b>100.0</b>	<b>656</b>	<b>100.0</b>
<b>2016</b>	<b>100.0</b>	<b>--</b>	<b>23</b>	<b>100.0</b>	<b>2,661</b>	<b>100.0</b>

*Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data; 2016 data not available.  
Due to rounding, totals may not equal 100.0*

In 2015, ASB’s percentage of small business loans to businesses with GARs of \$1 million or less was less than the percentage of businesses in this category. The 2015 aggregate lending data suggests that small business loan demand is higher for larger businesses. In 2016, the institution’s level of lending to businesses with GARs of \$1 million or less was again below the percentage of businesses; however, the percentage increased from the 2015 level.

### **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**

ASB demonstrated good responsiveness to the community development needs of its AA through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need and availability of such opportunities.

### **Community Development Loans**

ASB originated 18 community development loans totaling approximately \$7.0 million during the evaluation period. This level of activity represents 1.9 percent of average total assets and 3.2 percent of average total loans since the prior CRA evaluation. Of the 18 community



development loans, 16 loans totaling \$6.9 million were used to improve or retain jobs in low- and moderate-income CTs. The bank also wrote a substantial amount of demand loans within the AA. While these demand loans cannot be counted quantitatively, they reflect the bank's willingness to meet small business credit needs. Economic development loans in certain cases demonstrate responsiveness to AA needs discussed with one of the community contacts.

CD loan totals include two loans for \$3.8 million to entities located outside the AA, but in the broader statewide area that includes the AA. As the bank has been responsive to CD needs of its AA, examiners considered these loans under the CD Test. The following table illustrates the banks community development lending activity by year and purpose.

<b>Community Development Loans</b>												
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize Or Stabilize</b>		<b>Neighborhood Stabilization Projects</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
07/08/2014-12/31/2014	0	0	1	50	0	0	0	0	0	0	1	50
2015	0	0	0	0	10	2,751	0	0	0	0	10	2,751
2016	0	0	0	0	2	182	0	0	0	0	2	182
YTD 2017	0	0	1	42	4	3,975	0	0	0	0	5	4,017
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>92</b>	<b>16</b>	<b>6,908</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>7,000</b>

*Source: Bank records*

Below are notable examples of the community development loans:

- In 2015, the bank made a loan of \$1.2 million for working capital to a small business in a moderate-income CT of Athol, MA. The business employs 62 full-time employees from the local area and funds received from the proceeds were used to support payroll alongside other business expenses. The bank also provided \$437,000 in additional vehicle and equipment loans, which improved working conditions for those employees. These loans qualified for economic development by financing a small business.
- In 2017, the bank made a loan of \$255,000 for new equipment for a small business in a moderate-income CT of Fitchburg, MA. The business employs 18 full-time employees in varying positions. The funds from this loan were used to purchase new equipment, which supported job improvement for employees in a moderate-income area. This loan qualified for economic development.
- In 2017, the bank participated in a loan with a minority-owned financial institution for \$3.5 million for the renovation of a hotel and refinance. The hotel, which qualifies as a small business under SBA guidelines, provides multiple positions in the service industry including both hospitality and food services. The renovations provided improved working conditions and supported the retention of low- and moderate-income positions. This loan qualified for economic development.

- In 2017, the bank made a loan of \$41,674 for new equipment to a local non-profit association which is located in a moderate-income CT in Athol, MA. The association has as a goal to provide community and neighborhood development through afterschool programs, health and wellness education, and sports recreation. The association also provides membership services to individuals in the community, at no cost, for those in need. The proceeds were used to replace an aging heating system, which improved overall conditions for its members. The loan funded the provision of community services to low- and moderate-income individuals.

### **Qualified Investments**

Athol Savings Bank made 66 qualified investments totaling \$2.2 million. This dollar amount of equates to 0.1 percent of average total assets since the last evaluation. Of the total dollar amount, 99.1 percent benefited community service efforts in the bank’s assessment area.

The bank made one equity investment in 2017 for \$2 million. The investment was made to a SBA loan pool. While the pool provided loans nationwide, a portion of the loans were extended to Small Business Development Companies within the bank’s broader regional area. As a result, the bank receives a level of qualitative CRA credit for this investment in proportion to the amount of lending that occurs in the broader regional area.

The remainder of investments occurred in the form of grants to local organizations. Please see the following table for an overview of the investment activity.

<b>Qualified Investments</b>												
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize Or Stabilize</b>		<b>Neighborhood Stabilization Projects</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period												
07/08/2014 - 12/31/2014	0	0	7	32	0	0	0	0	0	0	7	32
2015	0	0	24	59	0	0	0	0	0	0	24	59
2016	1	1	21	58	0	0	1	1	0	0	23	60
YTD 2017	0	0	11	21	1	2,000	0	0	0	0	12	2,021
<b>Totals</b>	<b>1</b>	<b>1</b>	<b>63</b>	<b>170</b>	<b>1</b>	<b>2,000</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>66</b>	<b>2,172</b>

*Source: Bank records*

Below are notable examples of the bank’s qualified investment activities:

- ***House of Peace and Education (HOPE)*** – This organization provides low- and moderate-income women and children in the greater Gardner, MA area a safe place to learn new skills and succeed. HOPE offers Hope for Women, a comprehensive computer and job-skills training program, as well as afterschool programs, summer camp, and the Pals Program.

- **GAAMHA, Inc.** – GAAMHA, Inc. provides support, training, treatment, and avenues towards employment to individuals with disabilities and substance-use disorders. The organization also provides door-to-door transportation to those that are handicapped, physically challenged, elderly, and the visually or hearing impaired.
- **LifePath** – LifePath is an area agency on aging, which provides and coordinates services to individuals with the intention of postponing or preventing institutional care. The agency works with persons with disabilities with the goal of independent living. LifePath also provides funding for local projects, legal services, Alzheimer’s services, elder peer counseling, health and fitness programs, and support to local councils on aging.

### **Community Development Services**

During the evaluation period, bank employees provided 72 instances of financial expertise or technical assistance to 13 different community development-related organizations in the AA. The following table illustrates the community development services by year and purpose.

<b>Community Development Services</b>						
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Neighborhood Stabilization Projects</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
07/08/2014-12/31/2014	1	14	1	2	1	19
2015	2	15	1	2	1	21
2016	0	13	1	2	1	17
YTD 2017	1	12	0	1	1	15
<b>Total</b>	<b>4</b>	<b>54</b>	<b>3</b>	<b>7</b>	<b>4</b>	<b>72</b>
<i>Source: Bank records</i>						

Below are notable examples of community development services:

#### ***Employee Involvement***

Bank employees are involved in local community development organizations in multiple capacities. The employees provide service through membership and participation, providing financial expertise to the organizations they serve. The following are some of the organizations that benefited from the dedicated service of bank employees.

- **North Quabbin Community Coalition** – An employee is a member of the North Quabbin Community Coalition (Coalition). As a member, the employee worked with the committee in reviewing loan requests for small businesses. The Coalition is a community-wide alliance committed to improving the quality of life for people who live and work in the North Quabbin Region.

- ***Athol Area YMCA*** – A senior vice president serves on the Finance Committee for this organization, which is committed to strengthening and enriching the lives of individuals, families, and the local community through providing quality programs and services that help to build a healthy spirit, mind, and body.
- ***Valuing Our Children*** – An employee serves as Treasurer on the Board of Directors. Established in 1993 by the North Quabbin Community Coalition, Valuing Our Children’s mission is to strengthen families by responding to the expressed needs of parents, addressing barriers to individual family involvement, and building on existing strengths in families and in the community.

### ***Financial Education and Support***

The bank also provided educational workshops to local schools and organizations. The workshops provided financial literacy covering multiple topics. A description of two of the workshops is listed below.

- ***SaveSum Banking and Schools Program*** – ASB created the SaveSum Banking and Schools Program as an interactive program specifically geared towards educating children about the importance of saving money, being self-disciplined, and the satisfaction of watching their money grow. The program was taught to Pre-Kindergarten and Kindergarten through 4<sup>th</sup> grade students at the Athol Community Elementary School in Athol, MA, where the majority of students participate in the USDA’s National School Lunch Program. ASB was selected as one of nine financial institutions to participate in the FDIC Youth Savings Account Pilot Program, which was designed to bring financial education to schools to create a positive attitude towards banking. The program runs for the entire school year, with weekly activity conducted between students and is supervised by bank employees.
- ***NewVue Communities*** – NewVue Communities is a member-led organization of diverse individuals using their expertise to develop quality housing and economic opportunities and to foster civic engagement. The goal of NewVue Communities (NewVue) is to create a strong and healthy neighborhood where residents want to live, work, and invest. Two employees of ASB participated in four first-time homebuyer classes at Mount Wachusett Community College and NewVue offices in Fitchburg, MA. One class was conducted in 2014, two classes were conducted in 2015, and a class was conducted in 2017.

### ***Other Services***

- ***Massachusetts Interest on Lawyers Trust Accounts (IOLTAs)*** – ASB also participates in the Massachusetts IOLTA Program. ASB is considered a leadership member by the Massachusetts IOLTA Committee. Leadership members go above the general membership requirements and offer a higher interest rate for their IOLTA accounts.
- ***Branch Locations*** – The institution maintains three locations in LMI CTs. All locations offer low-cost deposit accounts for their clients.

## **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 – MA Division of Banks*

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

#### MINORITY APPLICATION FLOW

The bank’s HMDA LARs for 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 the 2010 U.S. Census Data, the bank’s assessment area contained a total population of 143,627 individuals of which 6.9 percent are minorities. The assessment areas minority and ethnic population is 1.1 percent Black/African American, 1.3 percent Asian/Pacific Islander, 0.2 percent American Indian, 3.0 percent Hispanic or Latino and 1.4 percent other.

The bank’s level of lending was compared with that of the aggregate’s lending performance level for the most recent year that data was available, the year 2015. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority residential loan applicants. Refer to the table below for information on the bank’s minority application flow as well as the aggregate lenders in the bank’s assessment area.

<b>MINORITY APPLICATION FLOW</b>					
<b>RACE</b>	<b>Bank 2015</b>		<b>2015 Aggregate Data</b>	<b>Bank 2016</b>	
	#	%	%	#	%
American Indian/ Alaska Native	1	0.6	0.2	1	0.6
Asian	0	0.0	0.8	0	0.0
Black/ African American	0	0.0	0.7	0	0.0
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0
2 or more Minority	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	2	1.2	0.9	1	0.6
<b>Total Minority</b>	<b>3</b>	<b>1.8</b>	<b>2.9</b>	<b>2</b>	<b>1.1</b>
White	153	87.9	77.6	150	82.9
Race Not Available	18	10.3	19.5	29	16.0
<b>Total</b>	<b>174</b>	<b>100.0</b>	<b>100.0</b>	<b>181</b>	<b>100.0</b>
<b>ETHNICITY</b>					
Hispanic or Latino	<b>1</b>	<b>0.6</b>	<b>1.7</b>	<b>0</b>	<b>0.0</b>
Not Hispanic or Latino	155	89.1	77.7	146	80.7
Joint (Hisp/Lat /Not Hisp/Lat)	<b>0</b>	<b>0.0</b>	<b>0.9</b>	<b>2</b>	<b>1.1</b>
Ethnicity Not Available	18	10.3	19.7	33	18.2
<b>Total</b>	<b>174</b>	<b>100.00</b>	<b>100.00</b>	<b>181</b>	<b>100.0</b>

*Source: US Census 2010, HMDA Aggregate Data 2015, HMDA LAR Data 2015 and 2016 \*Due to rounding, totals may not equal 100.0 percent.*

In 2015, the bank received 174 HMDA reportable loan applications from within its assessment area. Of these applications, 3 or 1.7 percent were received from minority applicants. The aggregate received 6,463 HMDA reportable loan applications of which 188 or 2.9 percent were received from minority applicants. For the same time period, the bank also received 1 or 0.6 percent of applications from ethnic groups of Hispanic origin versus the aggregate that received 111 applications or 1.7 percent of the total applications.

For 2016, the bank received 181 HMDA reportable loan applications from within its assessment area. Of these applications, 2 or 1.1 percent were received from minority applicants. For the same time period, the bank received no applications from ethnic groups of Hispanic origin within its assessment area.

The bank's low level of minority applications correlates to the demographics of the area. The bank's lending services (such as multiple languages spoken at the branch level) provide opportunities to borrowers of different races and ethnicities to apply for credit. Finally, the bank's past efforts of marketing and outreach in majority-minority census tracts exhibit their willingness to attract borrowers from different backgrounds. Considering the demographic composition of the assessment area and comparisons to aggregate data in 2015, the bank's minority application flow is adequate.

## GLOSSARY

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

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

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

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

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

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

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

**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.

**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.

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

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

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

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

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

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