

PUBLIC DISCLOSURE

February 15, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MARLBOROUGH SAVINGS BANK

Certificate # 90235

**81 GRANGER BOULEVARD
MARLBOROUGH, MASSACHUSETTS 01752**

**Division of Banks
1000 Washington Street, 10th Floor
Boston, MA 02118**

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

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

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GENERAL INFORMATION

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

This document is an evaluation of the CRA performance of **Marlborough Savings Bank (or the “Bank”)**, prepared by the Division and the FDIC, the institution's supervisory agencies as of **February 15, 2013**. The agencies evaluate performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution’s branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in the Division’s regulation 209 CMR 46.00. The FDIC rates the CRA performance institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345 of the FDIC’s Rules and Regulations.

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

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

The assigned rating is based on the results of two performance tests: the Lending Test and the Community Development Test. The Bank’s performance under each of these two tests is summarized below:

Lending Test

The institution is rated “**Satisfactory**” under the Lending Test. This rating is supported by the following summary of results.

Loan-to-Deposit Ratio

The loan-to-deposit (“LTD”) ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution’s size, financial condition, and assessment area credit needs. The Bank’s average net LTD ratio over the 13 quarters since the prior CRA evaluation, dated November 2, 2009, was 67.3 percent.

Assessment Area Concentration

A majority of the Bank’s home mortgage and small business loans, by number and dollar amount, were made within its designated assessment area. During 2010 and 2011, 55.3 percent of the number of home mortgage loans, and 70.6 percent of the number of small business loans were made inside the assessment area.

Geographic Distribution

Overall, the geographic distribution of loans reflects good dispersion throughout the assessment area. The Bank exceeded the aggregate’s performance in making home mortgage loans in the area’s moderate-income geographies. Additionally, the Bank made 32.4 percent of its small

business loans in 2011 in the moderate-income tracts. This was a significant improvement from the prior year (2010) and far exceeded the percentage of assessment area businesses located in these tracts.

Borrower Characteristics

Overall, the distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income), and businesses of different revenue sizes. The Bank exceeded the aggregate market in the percentage of home mortgage loans to low- and moderate-income borrowers in 2010 and 2011. However, a majority of its small business loans were made to assessment area businesses with revenues over \$1 million.

Response to Complaints

Marlborough Savings Bank did not receive any CRA-related complaints during the period reviewed; however, maintains procedures to handle complaints, including those related to CRA.

Community Development Test

The institution is rated “**Satisfactory**” under the Community Development Test.

The institution demonstrated adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, considering the institution’s capacity and the need and availability of such opportunities throughout the institution’s assessment area. The rating is supported by the following factors.

Community Development Loans

The Bank made nine qualified community development loans totaling \$843,000 during the evaluation period. These loans had the primary purpose of providing community services to low- and moderate income individuals or geographies, and affordable housing.

Community Development Investments

The level of qualified investments is reasonable. The Bank made approximately \$88,495 in qualified charitable donations during the review period. Donations primarily assisted organizations which provide community services targeted to low- and moderate- income individuals.

Community Development Services

The Bank provided community development services throughout the evaluation period, including involvement in various community development organizations and participation in financial education and outreach programs.

SCOPE OF THE EXAMINATION

This evaluation assesses Marlborough Savings Bank's CRA performance utilizing the interagency Intermediate Small Bank ("ISB") examination procedures, as established by the Federal Financial Institutions Examination Council. These procedures require two performance tests: the Lending Test and the Community Development Test. The Lending Test analyzes an institution's applicable home mortgage, small business, and small farm loans during a certain review period. The Community Development Test is an analysis of qualified activities (loans, investments, and services) an institution performed to meet the needs of the community since the previous evaluation.

The Lending Test considered the Bank's home mortgage and small business lending. The Bank's most recent Report of Condition and Income ("Call Report"), dated December 31, 2012, indicated residential lending, including all loans secured by 1-4 family and multi-family residential properties, represented 60.7 percent of the loan portfolio. Commercial lending, consisting of commercial real estate and commercial and industrial loans, represented 33.4 percent of the loan portfolio. Residential lending also represented the majority of loan volume during the review period. Therefore, the Bank's performance in home mortgage lending carried greater weight in the Lending Test. The Bank made no small farm loans; thus, this product line was not analyzed.

Data reviewed includes all originated home mortgage loans reported on the Bank's Home Mortgage Disclosure Act ("HMDA") loan application registers ("LARs") for 2010 and 2011. The LARs contain data about home purchase and home improvement loans, including refinances of 1-4 family and multi-family properties. The Bank reported 212 loans totaling \$52.5 million in 2010 and 166 loans totaling \$39.7 million in 2011. The Bank's home mortgage lending performance was compared against 2010 and 2011 aggregate lending data. Aggregate data includes the lending activity of all institutions subject to HMDA reporting within the Bank's assessment area.

Small business loans were also reviewed for the same period. As an ISB, the Bank has the option of collecting and reporting small business lending data. The Bank opted to collect, but not report, the data. The Bank's internal records indicated the institution originated 19 small business loans totaling \$6.8 million in 2010, and 49 small business loans totaling \$10.2 million in 2011. As the Bank is not required to report small business loan data, small business aggregate data was not used for formal comparison purposes. Instead, business demographics of the assessment area were used to measure the Bank's performance.

While the Lending Test discusses the total dollar amounts of loans, conclusions are primarily based on the Bank's lending performance by the number of loans originated or purchased. The number of loans correlates more closely with the number of individuals or businesses that obtained loans. Extremely large or small dollar loans could skew conclusions. Demographic information referenced in this evaluation was obtained from the 2000 United States ("U.S.") Census, unless otherwise noted. Financial data was generally obtained from the December 31, 2012 Call Report.

The Community Development Test considered the number and dollar amount of community development loans, qualified investments, and community development services between November 2, 2009 and February 14, 2013.

The prior CRA evaluation was conducted by the Division and the FDIC as of November 2, 2009, using ISB procedures. The evaluation resulted in an overall "Satisfactory" rating by the FDIC and a "High Satisfactory" rating by the Division. The FDIC does not have a "High Satisfactory" (overall) rating.

PERFORMANCE CONTEXT

Description of Institution

Marlborough Savings Bank is a State-chartered mutual savings bank headquartered at 81 Granger Boulevard Marlborough, Massachusetts. The Bank has five additional branches located in Marlborough, Northborough, Southborough, Sudbury, and Westborough. The Bank's operation center is located at 166 Main Street Marlborough, Massachusetts.

The Bank's main branch is located in a moderate-income census tract. The Westborough branch and the additional branch in Marlborough are located in middle-income census tracts. Further, the Northborough, Southborough, and Sudbury branches are all located in upper-income census tracts. The Bank's branch hours are considered reasonable and convenient to its customers. Automated teller machines (ATMs) are located at each branch. The Bank is part of the SUM network which offers surcharge free ATM use across the country.

In September of 2010 the Bank relocated its former headquarters from Main Street to 81 Granger Boulevard. The former main office was converted to the Bank's current operations center. Further, the Bank's loan center which was adjacent to the former main office was closed and relocated to the Bank's headquarters on Granger Boulevard. This consolidation enabled the Bank to offer its customers a one-stop experience with a full-service branch, and retail and commercial lending at one location. In March of 2010 the Bank closed its free standing ATM located at Marlborough Hospital due to lack of customer activity.

The Bank offers telephone banking, as well as online banking at the Bank's web site, www.agreatbank.com. The web site provides information about branch locations and hours, products and services, and various product rates. Customers can apply online for personal checking and savings accounts, consumer loans, and residential real estate loans. The Bank offers an array of checking and savings products to its customers.

As of December 31, 2012, the Bank had total assets of \$465.5 million and total deposits of \$392.5 million. Total loans were \$275.1 million and represented 59.1 percent of total assets. The Bank's total assets increased 19.8 percent since the previous CRA performance evaluation, dated November 2, 2009.

As depicted in Table 1, the Bank's loans are primarily concentrated in residential real estate, followed by commercial real estate. No financial or legal impediments exist that would limit or impede the Bank's ability to meet the credit needs of the delineated assessment area.

Table 1 illustrates the current distribution of the Bank's loan portfolio.

Table 1 – Loan Portfolio Distribution as of December 31, 2012		
Loan Type	Dollar Amount \$(‘000s)	Percent of Total Loans
Loans Secured by Real Estate		
Construction, Land Development, and Other Land Loans	15,602	5.7
Revolving, Open-end Loans Secured by 1-4 Family Residential Properties and Extended Under Lines of Credit	18,350	6.7
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by 1st Liens	142,328	51.7
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by Jr. Liens	3,223	1.2
Secured by Multi-Family (5 or more) Residential Properties	3,186	1.2
Secured by Nonfarm Nonresidential Properties	80,106	29.6
Commercial and Industrial	10,385	3.8
Loan to Individuals for Household, Family, or Other Personal Expenditures	1,922	0.1
TOTAL LOANS	275,102	100.0

Source: December 31, 2012 Call Report

Description of Assessment Area

The CRA requires the designation of one or more assessment areas within which a financial institution’s record of helping to meet the credit needs of its community will be evaluated. The Bank has one designated assessment area that conforms to CRA requirements as it consists of whole geographies, does not arbitrarily exclude low- or moderate-income areas, does not extend beyond state boundaries, and does not reflect illegal discrimination.

Geographies

The Bank’s assessment area includes the communities of Marlborough, Hudson, Northborough, Southborough, and Westborough. The Bank also designated two census tracts from Sudbury and one from Framingham as part of the assessment area. The communities of Northborough, Southborough, and Westborough are located in Worcester County and within the Worcester, Massachusetts (MA) Metropolitan Statistical Area (MSA) #49340. The remaining communities are within Middlesex County and the Cambridge-Newton-Framingham, MA Metropolitan Division (MD) #15764. All assessment area communities are part of the larger Boston-Worcester-Manchester, MA-RI-NH Combined Statistical Area (CSA) #148.

The geographic distribution section of the Lending Test evaluates the distribution of loans by census tract income level, especially in those designated low- and moderate-income. Each census tract is assigned an income level based on the median family income (MFI) of the tract as compared to the MFI established for the MSA in which the tract is located. The four income levels are defined as follows:

Low-Income: Less than 50 percent of MFI

Moderate-Income: At least 50 percent but less than 80 percent of MFI

Middle-Income: At Least 80 percent but less than 120 percent of MFI

Upper-Income: 120 percent or greater of MFI

Based on 2000 U.S. Census data, there are no low-income tracts, 2 moderate-income tracts, 11 middle-income tracts, and 8 upper-income tracts. The 2 moderate-income tracts are located in Marlborough. Table 2 contains pertinent demographic information concerning the assessment area.

Table 2 – Assessment Area Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	21		9.5	52.4	38.1
Population by Geography	112,624		11.9	47.5	40.6
Owner-Occupied Housing by Geography	30,152		10.0	47.3	42.7
Businesses by Geography (2010)	14,580		10.3	42.2	47.5
Businesses by Geography (2011)	10,469		10.5	42.8	46.7
Distribution of Families by Income Level	29,988	13.4	14.9	20.9	50.8
Median Family Income (MFI)		\$72,940			
MD #15764 MFI, 2010		\$98,700		Median Housing Value	\$239,533
MD #15764 MFI, 2011		\$105,000			
MSA #49340 MFI, 2010		\$79,900		Unemployment Rate	2.8%
MSA #49340 MFI, 2011		\$82,500			
Families Below Poverty Level		3.0%			

Source: 2000 U.S. Census, 2010 and 2011 D&B data, 2010 and 2011 HUD Estimated Median Family Incomes

Median Family Income Levels

The analysis under the *Borrower Characteristics* section of the Lending Test is primarily based on the distribution of home mortgage loans to borrowers of different incomes, using the same four income levels defined in the previous section. The analysis utilizes income data from the 2000 U.S. Census that has been annually adjusted by the Department of Housing and Urban Development (HUD) for inflation and other economic events. The estimated 2010 and 2011 MFI figures for the Cambridge-Newton-Framingham, MA MD and Worcester, MA MSA are listed in Table 2.

The analysis of the Bank's home mortgage lending also includes comparisons to the distribution of assessment area families by income level. Table 2 reveals there is a much higher representation of upper-income families compared to other income categories. Low-income families have the smallest representation at 13.4 percent. Families below the poverty level, a subset of this income designation, represent over 22.2 percent of this group. This data suggests lending opportunities to low-income families are limited.

Housing Characteristics

Among other statistics, Table 2 also illustrates the distribution of owner-occupied housing units by census tract income level. The table shows that owner-occupied housing units in the assessment area are heavily concentrated in middle-income and upper-income census tracts. Only 10.0 percent of total owner-occupied units are in the moderate-income tracts. This limits opportunities to make home mortgage loans in moderate-income census tracts.

Unemployment Data

State and county unemployment rates were obtained from the Bureau of Labor Statistics. The Massachusetts unemployment rate was 8.3 percent in 2010 and 7.4 percent in 2011. The Worcester County unemployment rate was 9.1 percent in 2010 and 8.1 percent in 2011. The Middlesex County unemployment rate was 6.8 percent in 2010 and 5.9 percent in 2011.

Municipal unemployment rates were obtained from the Massachusetts Executive Office of Labor and Workforce Development. The 2010 annual unemployment rates ranged from a low of 5.9 percent in Sudbury to a high of 7.2 percent in Hudson. Annual unemployment rates decreased for each assessment area community in 2011. Southborough had the lowest rate at 4.9 percent, while Hudson had the highest at 6.7 percent. The highest municipal unemployment rate in the assessment area (Hudson) was still lower than the State average.

Business Demographic Data

According to Dun & Bradstreet (D&B) data, there were 10,469 non-farm businesses in the assessment area in 2010. Of total non-farm businesses 10.5 percent were in moderate-income tracts, 42.8 percent were in middle-income tracts, and 46.7 percent were in upper-income tracts. In terms of revenues, 73.3 percent of businesses had gross annual revenues (GARs) of \$1.0 million or less; 6.2 percent had GARs greater than \$1.0 million; and 20.5 percent did not report GAR information.

In 2011 there were 14,580 non-farm businesses in the assessment area. Of total non-farm businesses 10.3 percent were in moderate-income tracts, 42.2 percent were in middle-income tracts, and 47.5 percent were in upper-income tracts. In terms of revenues, 65.1 percent of businesses had GARs of \$1.0 million or less, 4.4 percent reported GARs greater than \$1.0 million and 30.5 percent did not report GAR information.

The number of non-farm businesses in the assessment area grew significantly from 2010 to 2011. Since the Bank's assessment area has no low-income census tracts and only two moderate-income census tracts, there is limited opportunity to originate small business loans in these areas. Conversely, due to the high percentages of businesses with GARs of \$1.0 million or less, there is opportunity for the Bank to lend to small businesses.

Competition

The Bank faces strong competition from other financial institutions that originated loans within the assessment area. These institutions range in size from small credit unions and mortgage companies to large national banks. Among the more prominent lenders competing with the Bank are Bank of America, Wells Fargo, and JPMorgan Chase.

The 2010 Peer Mortgage Data shows that 271 lenders originated 7,934 residential mortgage loans in the Bank's assessment area. Marlborough Savings Bank ranked 14th with a 1.6 percent market share. The 2011 Peer Mortgage Data shows that 267 lenders originated 6,823 residential mortgage loans in the Bank's assessment area. The Bank ranked 20th, with a market share of 1.2 percent. The Bank does not purchase loans, but many of the financial institutions ranked ahead of the Bank purchase large pools of residential loans. Furthermore, only two local financial institutions ranked ahead of the Bank in either year.

Community Contact

As part of the evaluation process, third parties active in community affairs are contacted to assist in assessing the housing and general banking needs of the community. Relevant information obtained from such sources helps to determine whether local financial institutions are responsive to the credit and service needs of their communities and what further opportunities, if any, are available. For purposes of this evaluation, information provided by one such contact was referenced in preparing this evaluation. The contact indicated the Marlborough area experienced the relocation of major corporations during the 2008 economic downturn. The departure of several large companies significantly increased the vacancy rates of office space in the area.

Conversely, the organization worked to reduce the vacancy rates by attracting TJX, Quest and Lab Med formerly Boston Scientific to occupy the vacant space. This activity created some economic growth in the area and the organization continues to be a catalyst for the Marlborough area; however, gap financing and Tax Increment Funding (TIF) would help to further spur economic growth.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test considers the institution's performance pursuant to the following criteria: LTD Ratio, Assessment Area Concentration, Borrower Characteristics, Geographic Distribution, and Response to CRA Complaints. Overall, the Bank's performance under the Lending Test is "Satisfactory." This rating indicates that the Bank's lending performance demonstrates a reasonable responsiveness to the credit needs of the assessment area.

Loan-to-Deposit Ratio

This performance criterion determines what percentage of the Bank's deposit base is reinvested in the form of loans and its reasonableness. The Bank's LTD ratio is reasonable, given the institution's size, financial condition, and assessment area credit needs. The Bank's average net LTD ratio over the 13 quarters since the previous CRA evaluation was 67.3 percent. The Bank's net LTD ratio as of December 31, 2012, was 69.3 percent.

Growth patterns of loans and deposits were also analyzed to assess changes in the net LTD ratio over the course of the review period. Net loans (total loans net of unearned income and allowance for loan losses) generally increased during the review period. Net loans were reported at their highest at \$271.9 million as of December 31, 2012, and their lowest at \$230.2 million as of March 31, 2010. Overall, net loans increased by 15.6 percent over the last 13 quarters. Total deposits also increased throughout the review period, resulting in growth of 15.5 percent. As a result of similar loan and deposit growth, the net LTD ratio at the end of the review period, 69.3 percent, was the same as at the beginning of the review period.

Additionally, the Bank sells loans in the secondary market. According to the Bank's LARs, from January 1, 2010 through September 30, 2012, 198 loans were sold totaling \$45.5 million. Sold loans are not reflected in the net LTD ratio, but further support the Bank's reasonable performance under this criterion.

Assessment Area Concentration

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area by evaluating the amount of lending conducted within the assessment area. The analysis includes both residential and small business lending. As stated previously, more weight was placed on residential lending performance based on the composition of the Bank's loan portfolio and the volume of loans generated within each product line. Table 3 portrays the Bank's record of originating loans inside and outside the assessment area during the review period.

Table 3 – Distribution of Loans Inside and Outside of Assessment Area

Loan Category or Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total \$(‘000s)
	#	%	#	%		\$(‘000s)	%	\$(‘000s)	%	
Home Mortgage Loans										
2010										
Home Purchase	25	45.5	30	54.5	55	7,122	45.0	8,693	55.0	15,815
Refinance	92	66.7	46	33.3	138	21,589	63.4	12,489	36.6	34,078
Home Improvement	12	63.2	7	36.8	19	1,591	60.4	1,042	39.6	2,633
Total	129	60.9	83	39.1	212	30,302	57.7	22,224	42.3	52,526
2011										
Home Purchase	20	36.4	35	63.6	55	4,116	30.5	9,361	69.5	13,477
Refinance	44	50.0	44	50.0	88	9,769	43.6	12,665	56.4	22,434
Home Improvement	16	69.6	7	30.4	23	2,757	72.6	1,039	27.4	3,796
Total	80	48.2	86	51.8	166	16,642	41.9	23,065	58.1	39,707
Total Home Mortgage	209	55.3	169	44.7	378	46,944	50.9	45,289	49.1	92,233
Small Business Loans										
2010	14	73.7	5	26.3	19	4,841	71.4	1,937	28.6	6,778
2011	34	69.4	15	30.6	49	3,553	34.8	6,671	65.2	10,224
Total Small Business	48	70.6	20	29.4	68	8,394	49.4	8,608	50.6	17,002
Grand Total	257	57.6	189	42.4	446	55,338	50.7	53,897	49.3	109,235

Source: 2010 and 2011 HMDA LARs and Bank Small Business Records

Overall, a majority of the Bank’s residential and small business loans, by number and dollar amount, were originated inside the designated assessment area. The following sections detail the Bank’s performance by loan type.

Home Mortgage Lending

Marlborough Savings Bank originated a majority of home mortgage loans inside its assessment area in 2010 and 2011 combined. During 2011, the Bank originated only 48.2 percent of loans by number within the assessment area. While not included above, the Bank originated 57.2 percent of loans inside the assessment area in 2012. Management attributed the lower concentration in 2011 to heavy competition in the assessment area, especially for home purchase loans. The low percentage of loans in the assessment area in 2011 somewhat tempers the Bank’s performance under the Geographic Distribution and Borrower Profile sections of the Lending Test.

Additional analysis of home mortgage loans inside the assessment area by loan purpose was also performed. Refinance loans represented the largest portion of loans within the assessment area each year, which may be explained by the low-rate environment. Overall, refinances and home purchase loans declined in 2011, with refinances dropping off significantly. Home improvement loans increased slightly in 2011.

The Bank’s assessment area lending was compared to that of all lenders subject to HMDA. The institution ranked 14th out of 271 lenders in the assessment area in 2010, capturing 1.6 percent of the market share. There were no community banks ranked ahead of Marlborough Savings Bank. The institution ranked 20th out of 267 lenders in the assessment area in 2011, capturing 1.2 percent of the market share. Only one community bank, which is larger in terms of asset size, ranked ahead of the Bank.

Small Business Lending

Small business loan data was analyzed to determine the extent of small business lending within the assessment area. A majority of small business loans, by both number and dollar amount, were made in the assessment area during the review period.

Although the ratio of loans inside the assessment area decreased from 2010 to 2011, the number of originations in the assessment area more than doubled in 2011. Overall, the Bank continues to produce a majority of its small business loans within the assessment area.

Bank management attributed the increase in small business loan originations to the bank's strategy of shifting a greater portion of its loan portfolio to commercial loans. While residential lending remains the bank's primary focus, management expects small business loan production to continue to increase going forward as more resources are devoted to commercial lending.

Geographic Distribution

Overall, the geographic distribution of home mortgage and small business loans reflects good dispersion throughout the assessment area. As previously mentioned the assessment area does not contain low-income census tracts and has only two moderate-income census tracts. The following sections discuss the Bank's performance under this criterion with regard to each product line.

Home Mortgage Lending

The distribution of the Bank's home mortgage loans reflects good dispersion throughout the assessment area. Table 4 presents the Bank's home mortgage lending performance by number of loans in 2010 and 2011, as well as aggregate market data for both years. Table 4 also includes the percentage of owner-occupied housing units for each census tract income level for comparison purposes.

Census Tract Income Level	% of Total Owner-Occupied Housing Units	2010 Aggregate Lending Data (% of #)	2010 Bank		2011 Aggregate Lending Data (% of #)	2011 Bank	
			#	%		#	%
Moderate	10.0	7.0	15	11.6	6.4	16	20.0
Middle	47.3	39.6	62	48.1	38.1	35	43.8
Upper	42.7	53.4	52	40.3	55.5	29	36.2
Total	100.0	100.0	129	100.0	100.0	80	100.0

Source: 2000 U.S. Census Data; 2010 and 2011 HMDA Data

In 2010, the Bank's lending within the moderate-income tracts exceeded the aggregate market. The Bank's performance improved in 2011 by both number and percentage within moderate-income census tracts. The Bank's performance in moderate-income geographies for both years was also greater than the percentage of total owner-occupied housing units.

Market rank reports further highlight the Bank's effectiveness in lending to the area's moderate-income census tracts. The Bank ranked 10th out of 96 total lenders that originated at least one mortgage in the assessment area's moderate-income geography in 2010. The Bank's market share in these tracts was 2.7 percent, which is higher than its overall market share in the assessment area.

In 2011, the Bank's rank improved to 8th, with a 3.6 percent market share. The positive trend reflects well on the Bank's performance.

Small Business Lending

The geographic distribution of the Bank's small business loans reflects reasonable dispersion throughout the assessment area. Table 5 illustrates the Bank's small business lending activity in 2010 and 2011, as well as the composition of businesses by census tract income level.

Table 5 – Distribution of Small Business Loans by Census Tract Income Level						
Census Tract Income Level	2010 % of Total Businesses	2010 Bank		2011 % of Total Businesses	2011 Bank	
		#	%		#	%
Moderate	10.5	1	7.1	10.3	11	32.4
Middle	42.8	2	14.3	42.2	15	44.1
Upper	46.7	11	78.6	47.5	8	23.5
Total	100.0	14	100.0	100.0	34	100.0

Source: 2010 and 2011 D&B Business Data; 2010 and 2011 Bank Small Business Loan Records

In 2010, the Bank made one loan in the moderate-income tracts. Performance in these geographies improved significantly in 2011 by both number and percentage of loans, as the Bank's performance was more than three times the number of businesses located in the area's moderate-income tracts. The Bank's lending in middle-income geographies by number was significantly less than the percentage of businesses in these geographies in 2010. The percentage in 2011 increased to a level similar to business demographics. The Bank had a very high concentration of loans in the upper-income geographies in 2010. Despite a large increase in small business loans in 2011, the number of loans in upper-income tracts decreased.

The Bank's strategy to grow its commercial loan portfolio explains the increase in small business loan originations during the review period. The increase in small business loans in the moderate- and middle-income tracts reflects the increase in commercial loans made within the City of Marlborough, which is where the Bank is headquartered.

Borrower Characteristics

Overall, the distribution of borrowers, given the demographics of the assessment area, reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different revenue sizes. While the distribution of home mortgage loans to low- and moderate-income (LMI) individuals was good, the Bank's penetration of lending to businesses with GARs of \$1 million or less was poor. The following sections discuss the Bank's performance by loan type.

Home Mortgage Lending

The Bank's performance is good. Borrower incomes for loans reported in 2010 and 2011 were compared to the MFI of the appropriate MSA or MD. Table 6 shows the Bank's loans by borrower income level in 2010 and 2011. Table 6 also includes the distribution of families by income level (based on 2000 U.S. Census data) and aggregate market data for 2010 and 2011.

Table 6 – Distribution of Home Mortgage Loans by Borrower Income Level							
Income Level	% of Total Families	2010 Aggregate Lending Data (% of #)	2010 Bank		2011 Aggregate Lending Data (% of #)	2011 Bank	
			#	%		#	%
Low	13.4	3.5	6	4.6	5.0	7	8.8
Moderate	14.9	10.9	28	21.7	11.6	20	25.0
Middle	20.9	20.4	34	26.4	20.8	13	16.3
Upper	50.8	50.4	60	46.5	45.9	35	43.7
Income NA	0.0	14.8	1	0.8	16.7	5	6.2
Total	100.0	100.0	129	100.0	100.0	80	100.0

Source: 2000 U.S. Census Data; 2010 and 2011 HMDA Data

The Bank's performance to low-income borrowers in both years exceeded aggregate data. Although the Bank's percentage of loans to low-income borrowers was less than the percent of low-income families, a significant portion of these families would likely not qualify for a home mortgage loan. Approximately 22.2 percent of families in the low-income category live below the poverty level. The majority of the loans were refinanced mortgages; however, home purchase and home improvement loans increased from 2010 to 2011.

The Bank's percentage of loans to moderate-income borrowers in both years was greater than the aggregate performance. Its percentage of loans to moderate-income borrowers in 2011 was more than double the aggregate market. The Bank's performance was also greater than the percentage of moderate-income families in the assessment area. This reflects positively on the criterion rating. Again, most of these loans were refinances, but purchases and home improvement loans represented a higher percentage of 2011 activity. Aggregate data shows that refinance loans decreased while home purchase and home improvement loans increased in 2011 in the assessment area. The Bank's trend by product type is consistent with aggregate data.

Management indicated that one of the reasons for the Bank's strong performance in lending to low- and moderate-income (LMI) borrowers is that it offers MassHousing loan products. These products have flexible underwriting guidelines that broaden the availability of credit to the LMI population compared to more conventional loan products.

The 2010 market reports revealed Marlborough Savings Bank ranked 12th out of 73 lenders that made at least one home mortgage to a low-income borrower in the assessment area, with a market share of 2.2 percent. Additionally, the Bank ranked 9th out of 116 institutions in lending to moderate-income borrowers, with a market share of 3.2 percent. The Bank's market share among LMI borrowers was greater than its overall market share of 1.6 percent.

The 2011 market reports revealed the Bank again ranked 12th out of 86 lenders that made at least one home mortgage to a low-income borrower in the assessment area, with a market share of 2.0 percent. Additionally, the Bank ranked 11th out of 123 institutions in lending to moderate-income borrowers, with a market share of 2.5 percent. The Bank's market share among LMI borrowers was greater than its overall market share of 1.2 percent. All institutions ranked ahead of the Bank are larger in terms of asset size, most of which are national banks that purchased large pools of mortgage loans during the review period.

Small Business Lending

The distribution of the Bank's small business loans by GAR level is poor. Table 7 illustrates the Bank's small business loans, as well as business composition in the assessment area by GAR.

GAR \$(000)	2010 % of Total Businesses	2010 Bank		2011 % of Total Businesses	2011 Bank	
		#	%		#	%
≤ \$1,000	73.3	6	42.9	65.1	11	32.4
> \$1,000	6.2	8	57.1	4.4	23	67.6
Not Reported	20.5	0	0.0	30.5	0	0.0
Total	100.0	14	100.0	100.0	34	100.0

Source: 2010 and 2011 D&B Business Data; 2010 and 2011 Bank Small Business Loan Records

In 2010, the Bank extended less than half of its small business loans to businesses with GARs of \$1 million or less. This performance is well below the percentage of total businesses within the assessment area with GARs of \$1 million or less. The Bank's performance was also far less than business demographics in 2011. The Bank's focus on residential lending and the low volume of small business originations reduces the effect of this performance on the overall criterion rating.

Bank management indicated that its strategic plan is to grow its commercial lending portfolio. During this growth period, management placed an emphasis on increasing small business loan originations in general. The low volume of small business loans and the shift in lending strategy mitigate the Bank's performance. Additional, difficult economic conditions during the review period may have contributed to limited demand for credit among smaller businesses. As the Bank's Commercial Lending Area continues to grow, management indicated further attention will be given to specifically targeting the credit needs of smaller businesses.

Response to CRA Complaints

Marlborough Savings Bank did not receive any CRA-related complaints during the evaluation period. It was noted that the Bank maintains procedures to handle all incoming complaints, including those related to its CRA performance.

COMMUNITY DEVELOPMENT TEST

Marlborough Savings Bank's community development performance demonstrates an adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities in the institution's assessment area.

Community Development Loans

For the purpose of this evaluation, a community development loan is defined as a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the bank for consideration under small business or home mortgage lending (unless it is a multifamily

dwelling loan), and (3) benefits the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area.

The level of Marlborough Savings Bank's community development lending is reasonable. The Bank originated nine community development loans totaling approximately \$843,000 since the previous examination of November 2, 2009. These numbers represent 0.3 percent of the Bank's total loans and 0.2 percent of the Bank's total assets.

Table 8 details the Bank's community development loans by year, dollar amount, and qualifying community development category.

Table 8 - Community Development Loans												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services*		Economic Development		Revitalization or Stabilization**		Neighborhood Stabilization Projects			
	#	\$('000)	#	\$('000)	#	\$('000)	#	\$('000)	#	\$('000)	#	\$('000)
11/03/2009-12/31/2009	0	0	0	0	0	0	0	0	0	0	0	0
2010	2	192	0	0	0	0	0	0	0	0	2	192
2011	2	192	0	0	0	0	0	0	0	0	2	192
2012	4	384	1	75	0	0	0	0	0	0	5	459
1/1/2013 - 02/13/2012	0	0	0	0	0	0	0	0	0	0	0	
Total	8	768	1	75	0	0	0	0	0	0	9	843

Source: Bank Records

*Targeted to Low- or Moderate Income Individuals

**Of Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies

One of these loans provided community services to low- and moderate-income individuals living in the Bank's assessment area. The remaining eight loans promoted affordable housing in close proximity to the Bank's assessment area.

The Bank increased the total number of community development loans since the previous evaluation from six to nine for the period under review. However the dollar amount of originations decreased \$457,000 since the last CRA evaluation. The following is a representative sample of the community development loans originated during this review period.

November – December 2009

No community development loans were made.

2010

In May of 2010, the Bank provided two loans totaling \$770,000 (Phase I) to finance a residential development located in Berlin. Berlin is contiguous to the northern towns in the Bank's assessment area. The project is qualified under Chapter 40B, a Massachusetts statute that enables local zoning boards to approve affordable housing developments under flexible rules if at least

20-25 percent of the units have long-term affordability restrictions. Based on CRA-related guidance, although the percentage of affordable units does not meet the definition of primary purpose, a *pro rata* share of the loan amount may be qualified. The portion of these loans that directly provided affordable housing low- and moderate-income individuals totaled \$192,000.

2011

In October of 2011 the Bank again provided two loans totaling \$770,000 (Phase II) to finance the 40B project located in Berlin; the portion of these loans that directly provided affordable housing for low- and moderate-income individuals totaled \$192,000.

2012

In January of 2012, the Bank extended the maturity date to October 2012 on a \$75,000 working line of credit to a nonprofit organization that provides affordable housing to low-income individuals with disabilities.

In May of 2012 the Bank provided two loans totaling \$770,000 (Phase III) to finance a 40B project located in Berlin; the portion of these loans that directly provided affordable housing for low- and moderate-income individuals totaled \$192,000.

In October of 2012 the Bank provided two loans totaling \$770,000 (Phase IV) to finance a 40B project located in Berlin; the portion of these loans that directly provided affordable housing for low- and moderate-income individuals totaled \$192,000.

January – February 2013

No community development loans were made.

Qualified Community Development Investments

A qualified investment for the purposes of this evaluation is a lawful investment, deposit, membership share, or grant that has community development as its primary purpose. The evaluation considered (1) investment and grant activity, (2) the responsiveness to credit and community development needs, and (3) community development initiatives. The following describes the institution's qualified investments during this evaluation.

Total qualified investments for this evaluation period included grants and donations by the Bank and several that were made through the Bank's Charitable Foundation. Since the previous examination, dated November 2, 2009, there have been no equity investments; however, the Bank gave \$88,495 in qualified grants and donations. This level of donations and grants marks an increase of 28.9 percent when compared to qualified contributions at the last CRA Performance Evaluation.

Charitable Donations

Contributions were made to organizations providing education, youth programs, affordable housing, health and human services targeted to LMI individuals; as well as those that support business growth and development. From November 2, 2009 through February 14, 2013, Marlborough Savings Bank granted approximately \$233,569 in charitable donations to community organizations, of which \$88,495, or 37.9 percent, was considered qualified under CRA for community development. Table 9 breaks down the Bank's qualified donations by year and purpose.

Table 9 - Community Development Grants and Donations

Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services*		Economic Development		Revitalization or Stabilization**		Neighborhood Stabilization Projects			
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
11/3/2009-12-31-2009	1	250	5	2,550	0	0	0	0	0	0	6	2,800
2010	0	0	13	19,980	1	1,000	0	0	0	0	14	20,980
2011	2	2,000	15	19,200	0	0	1	100	0	0	18	21,300
2012	1	150	27	42,765	0	0	0	0	0	0	28	42,915
1/1/2013-2/13/2013	0	0	1	500	0	0	0	0	0	0	1	500
Total	4	2,400	61	84,995	1	1,000	1	100	0	0	67	88,495

Source: Bank Records

*Targeted to Low- or Moderate-Income Individuals

** In Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies

Examples of the qualifying organizations include, but are not limited to:

Homeowner Options for Massachusetts Elders (H.O.M.E) – This organization is dedicated to protecting the equity of low- and moderate-income elder homeowners. As an independent third party, H.O.M.E. receives no fees for any loans generated.

Greater Marlborough Programs Inc. (GMPI) – This organization promotes the personal growth, dignity and acceptance of people with developmental disabilities in the Metro-West area. GMPI designs services to empower individuals and their families and to foster inclusion, interdependence and self-expression. Their support builds upon individual strengths and preferences with the ultimate goal that each person will live in our community as a productive, participating member. These services primarily assist LMI individuals.

Employment Options Inc. of Marlborough – This organization serves those in the Metro West region who are looking to improve and manage their mental health and wellness, including individuals who have experienced economic disadvantages. The organization also nurtures and challenges its clients to become productive and independent members of the community by providing employment opportunities. These employment services are targeted to LMI individuals.

The Youth Center at Countryside Village – This organization is located in the heart of a low-income apartment complex filled with many at-risk children and teens. The center has afterschool “drop in” programs and the summer “adventure” program. These youth services primarily assist children from LMI families.

Roland’s House Marlborough Hudson – This Organization is a temporary emergency shelter serving up to 18 men and women. Guests at Roland’s House are eligible for employment and housing search services, mental health and substance abuse services, and more. All individuals receiving support are LMI.

Qualified Community Development Services

A community development service has community development as its primary purpose and is generally related to the provision of financial services. Marlborough Savings Bank demonstrated a reasonable responsiveness to the area's community development needs through qualified services. The Bank is currently involved in local services and non-profit entities which qualify as community development organizations, lending their financial expertise to these organizations.

Bank Employee and Director Involvement

During the evaluation period, officers and employees of the Bank were involved in organizations in various capacities that represented a community development purpose. Bank personnel provided these organizations with financial expertise and served as directors, officers, loan committee members, and volunteers.

The following are examples of the Bank's participation with various organizations that benefited the assessment area.

Marlborough 2010 Corporation – The Bank's President serves on the Board, while the Vice President and Retail Lending Officer is a member of Marlboro 2010, a State-chartered economic development corporation working to improve the City of Marlborough. The Corporation's mission is to implement proactive initiatives for business and industrial expansion in the City with a goal of creating and preserving valued jobs, fostering commercial growth and revitalizing the City's downtown and historic neighborhoods. The area includes moderate-income tracts.

Employment Options, Inc. – The Bank's SVP and Marketing Officer is a Trustee for Employment Options and is a member of the Advisory Council of Furnishing Options, a program that provides home goods and furniture to those in need. This organization works to provide quality affordable housing, fiscal diversity, personal and workforce development, and services to seniors, youths, and families. The majority of the program recipients are low- or moderate-income.

Bank at Home – The Bank provides Bank at Home for elderly residents of three elderly living facilities in the area. Bank representatives visit the facilities on a periodic basis and allow residents to conduct banking transactions. The majority of the residents are low- or moderate-income.

Marlborough Economic Development Corporation – The Bank's President was a former director and Executive Committee member of this organization and the Bank's Executive Vice President Chief Lender serves on the Board. This organization strives to shape and communicate a vision for the city's future economy by fostering the growth of Marlborough's commercial, industrial, and retail sectors while attracting complementary businesses (many of which are small businesses) to the community.

MetroWest Economic Research Center (MERC) – The Bank's Executive Vice President and Chief Lender serves on the Advisory Board of MERC at Framingham State College. MERC offers economic outreach by providing data and analyses to businesses, municipalities, non-profit organizations and residents through conferences, publications, community lectures and reports to improve regional competitiveness and job creation. MERC's data is instrumental in regional and town planning as well as for the retention and recruitment of businesses. MERC promotes small business development.

American Red Cross Central/Western Massachusetts Chapter – The Bank’s Vice President and Risk Officer serves as a Corporator of this organization that provides compassionate care to those in need. The organization has a mission of preventing and relieving suffering, here at home and around the world, through its disaster relief programs. The majority of program efforts assist LMI neighborhoods or designated disaster areas.

Massachusetts Community Lending Council (MCBC) – The Bank’s head of Retail Lending serves on the Lending Committee. This organizations goal is to affect positive change in the availability of credit and financial services across Massachusetts by encouraging community investment in LMI and high-minority group neighborhoods and providing research, other information, assistance and direction in understanding and addressing the credit and financial needs of LMI individuals and neighborhoods.

Financial Education and Outreach

Throughout the evaluation period, Bank personnel and management participated in various education and outreach events that had community development as their primary purpose. The following illustrates examples of these community development activities.

First-Time Homebuyer Seminars

The Bank continues to provide first-time homebuyer seminars through the Adult Continuing Education Program at Assabet Valley Regional Vocational School in Marlborough, Massachusetts. For the period under review the Bank held 5 seminars and 48 individuals participated. These seminars consisted of speakers who provide valuable information to those looking to become homeowners.

Money Management Program

The Bank provides Money Management Programs through BayPath Elder Services, Inc. The mission of the Money Management Program is to promote and prolong independent living for low-income elders through the healthy management of day-to-day finances. The Bank meets with clients on a monthly basis and does training quarterly for councilors.

“Reality Fair” for Marlborough High School Students

The Bank continues to participate in the “Reality Fair” at Marlborough High School which helps students learn about financial responsibilities. The students choose a career and receive a paycheck, which they then use to simulate real life experiences. The event is sponsored by the Marlborough Rotary Club and is run by adult volunteers from the community. Two Bank representatives participated in the “Reality Fair” in 2010, 2011 and 2012.

Other Services

The Bank offers residential loan modifications to help customers avoid foreclosure and retain home ownership. During the evaluation period, the Bank extended six hardship loan modifications. Of these six modifications, four were to low- and moderate-income borrowers in the Bank’s assessment area.

APPENDIX A

Massachusetts Division of Banks Fair Lending Policies and Procedures Review

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

Included in the Bank's Loan Policy are efforts to address the Equal Credit Opportunity Act, the Fair Housing Act, and the Home Mortgage Disclosure Act. Management develops training programs that cover all aspects of the lending process. The Bank has a second review process to ensure that denied applications are in no way the result of discriminatory practices. Additionally, the Bank utilizes an outside compliance consultant conducts fair lending reviews.

The Bank offers a number of resources to its non-English speaking customers including a website, brochures, and signage in Spanish and Portuguese. Additionally, the Bank has several bi-lingual employees speaking Spanish (5), Brazilian Portuguese (2), French, Italian, Russian, and Arabic.

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

MINORITY APPLICATION FLOW

According to the 2000 U.S. Census Data, the Bank's assessment area contained a total population of 112,624 individuals of which 11.2 percent are minorities. The assessment area is 3.5 percent Hispanic or Latino.

For 2010 and 2011, the Bank received 339 HMDA-reportable loan applications from within its assessment area. Of these applications, 20 or 5.9 percent were received from minority applicants, of which 10 or 50.0 percent resulted in originations. For the same time period, the Bank also received 7 applications from ethnic groups of Hispanic origin within its assessment area of which 2 or 28.6 percent were originated.

The Bank's application level was compared with the aggregate's lending performance levels for the most recent years for which data was available. The data used is from 2010 and 2011. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants.

The Bank's performance was below the 2010 and 2011 aggregate performance level for minority applicants. In 2010, the Bank received 6.2 percent of its applications from minorities while the aggregate was at 9.9 percent. In 2011, the Bank received 5.5 percent of its applications from minorities while the aggregate was at 9.8 percent. The Bank's performance was slightly lower than the 2010 and 2011 aggregate performance for ethnic minorities. In 2010, the Bank received 2.1 percent while the aggregate received 2.7 percent for ethnic minorities. In 2011, the Bank received 2.1 percent of its applications from minorities while the aggregate was at 2.6 percent. Refer to the table below for information on the Bank's minority application flow as well as the aggregate lenders (excluding the Bank) in the Bank's assessment area.

MINORITY APPLICATION FLOW								
RACE	Bank 2010		2010 Aggregate Data		Bank 2011		2011 Aggregate Data	
	#	%	#	#	#	%	#	%
American Indian/ Alaska Native	0	0.0	15	0.2	0	0.0	7	0.1
Asian	3	1.6	766	7.6	6	4.1	653	7.4
Black/ African American	2	1.0	74	0.7	0	0.0	53	0.6
Hawaiian/Pac Isl.	0	0.0	13	0.1	1	0.7	14	0.2
2 or more Minority	0	0.0	0	0.0	0	0.0	0	0.0
Joint Race (White/Minority)	7	3.6	125	1.3	1	0.7	132	1.5
Total Minority	12	6.2	993	9.9	8	5.5	859	9.8
White	167	86.1	6,794	67.8	111	76.6	5,501	63.1
Race Not Available	15	7.7	2,238	22.3	26	17.9	2,364	27.1
Total	194	100.0	10,025	100.0	145	100.0	8,724	100.0
ETHNICITY								
Hispanic or Latino	2	1.1	185	1.9	3	2.1	160	1.8
Not Hispanic or Latino	175	90.2	7,487	74.6	114	78.6	6,142	70.4
Joint (Hisp/Lat /Not Hisp/Lat)	2	1.0	78	0.8	0	0.0	69	0.8
Ethnicity Not Available	15	7.70	2,275	22.7	28	19.3	2,353	27.0
Total	194	100.0	10,025	100.0	145	100.0	8,724	100.0

Source: 2010 and 2011 HMDA LAR, 2010 & 2011 HMDA Aggregate Data

The Bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is reasonable.

APPENDIX B

General Definitions

GEOGRAPHY TERMS

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

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

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

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

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

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male

householder and no wife present) or “female householder” (a family with a female householder and no husband present).

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

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

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

INCOME TERMS

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

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

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

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

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

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

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

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

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

OTHER TERMS

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

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, 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 and the Federal Deposit Insurance Corporation, at 81 Granger Boulevard, Marlborough, MA 01752."

- 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.