

# **PUBLIC DISCLOSURE**

November 27, 2017

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Marblehead Bank  
RSSD #513920

709 West Main Street  
Marblehead, Ohio 43440

Federal Reserve Bank of Cleveland

P.O. Box 6387  
Cleveland, OH 44101-1387

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

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

The major factors and criteria contributing to this rating include:

- The loan-to-deposit ratio is reasonable (considering seasonal variations in lending-related activities) given the institution's size, financial condition, and assessment area credit needs;
- A majority of loans and other lending-related activities in the assessment area;
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area;
- The distribution of loans to borrowers reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income); and,
- There were no CRA-related complaints filed against The Marblehead Bank since the previous CRA examination.

The previous examination conducted September 9, 2013 resulted in a "Satisfactory" performance rating.

## SCOPE OF EXAMINATION

The Marblehead Bank's (Marblehead) Community Reinvestment Act (CRA) performance was evaluated using the interagency small bank examination procedures under Regulation BB.

Marblehead's CRA performance was evaluated based on lending data for the period of January 1, 2014 to December 31, 2016. The products evaluated included consumer-residential real estate loans, including home equity lines of credit.

Marblehead has one assessment area of Nonmetropolitan Ohio. The volume of lending activity and deposit share determined the full-scope review. A detailed description of the assessment area is presented in subsequent sections of this performance evaluation.

Because of Marblehead's size and complexity, only residential real estate loans had a sufficient number of loans to conduct a meaningful analysis; therefore, Marblehead's overall CRA lending performance will be based on this one loan product. The following table illustrates the volume of loans originated within Marblehead's assessment area during the evaluation period.

<b>Loan Type</b>	<b>Number of Loans</b>	<b>Dollar Amount of Loans (000s)</b>
Consumer-Residential Real Estate	76	10,414

For the purpose of this evaluation, borrower distribution received greater weight given the limited geographic diversity in the assessment area with only one middle-income and one upper-income census tract.

## DESCRIPTION OF INSTITUTION

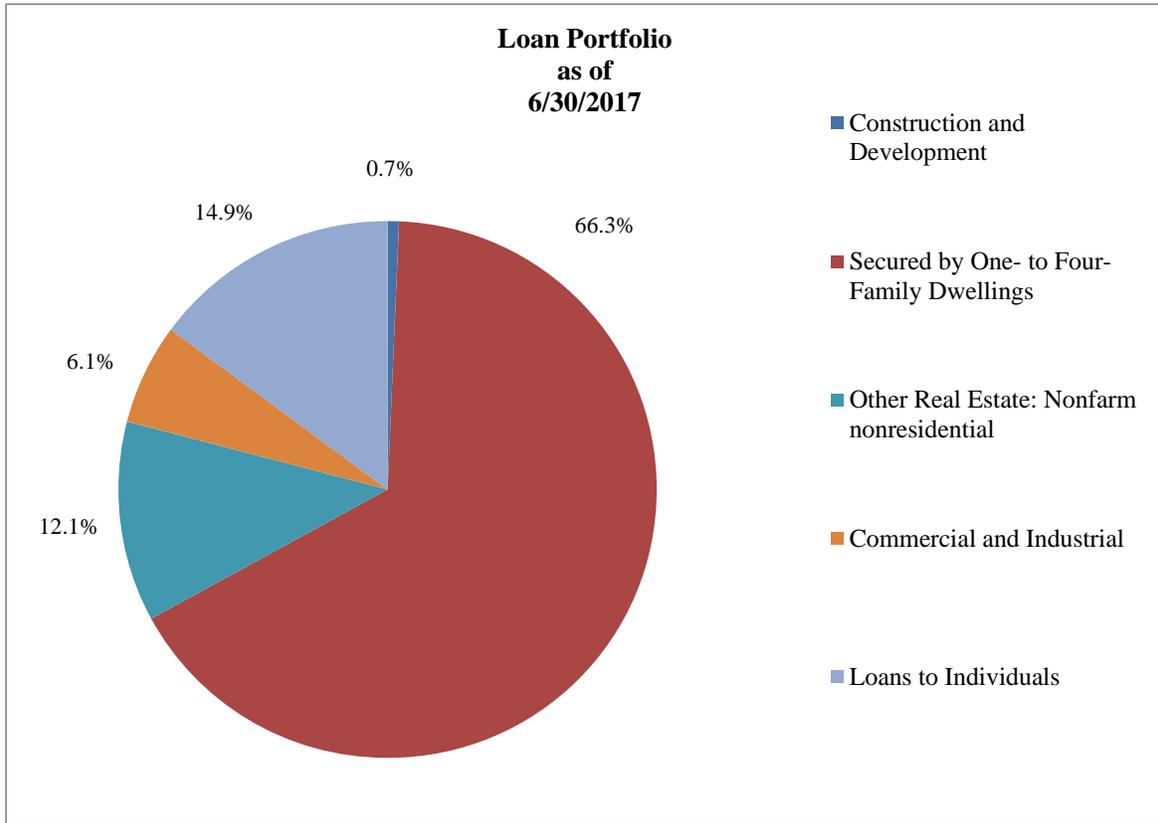
Marblehead Bank is the sole subsidiary of Marblehead Bancorp. Both the bank and the holding company are located in Marblehead, Ohio. As of June 30, 2017, Marblehead had assets totaling \$47.2 million. Total assets increased by 16.8% since the previous CRA evaluation.

Marblehead has three offices in northwestern Ohio, a main office, one full-service branch office, and a limited-service branch office that only opens deposit accounts and accepts deposits. Both the main office and full-service branch have a full-service ATM and offer deposit accounts, residential mortgage, consumer, commercial and small business loans. The limited-service branch is located within Otterbein North Shore Retirement Community and operates during limited-service hours. In 2014, Marblehead opened a seasonal loan production office. No branches were opened or closed since the previous examination.

As of June 30, 2017, net loans and leases represented 38.7% of total assets. The following table and chart display the loan portfolio composition and trend as of June 30, 2017.

<b>COMPOSITION OF LOAN PORTFOLIO</b>						
<b>Loan Type</b>	<b>6/30/2017</b>		<b>12/31/2016</b>		<b>12/31/2015</b>	
	<b>\$ (000s)</b>	<b>Percent</b>	<b>\$ (000s)</b>	<b>Percent</b>	<b>\$ (000s)</b>	<b>Percent</b>
Construction and Development	125	0.7%	616	3.3%	402	2.4%
Secured by One- to Four- Family Dwellings	12,265	66.3%	12,302	66.2%	10,418	63.3%
Other Real Estate: Farmland	0	0.0%	0	0.0%	0	0.0%
Other Real Estate: Multifamily	0	0.0%	0	0.0%	0	0.0%
Other Real Estate: Nonfarm nonresidential	2,230	12.1%	2,070	11.1%	1,682	10.2%
Commercial and Industrial	1,121	6.1%	1,173	6.3%	1,338	8.1%
Loans to Individuals	2,748	14.9%	2,410	13.0%	2,630	16.0%
Agricultural Loans	0	0.0%	0	0.0%	0	0.0%
<i>Total</i>	<i>\$18,489</i>	<i>100.00%</i>	<i>\$18,571</i>	<i>100.00%</i>	<i>\$16,470</i>	<i>100.00%</i>

\* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.



There are no legal or financial constraints preventing Marblehead from meeting the credit needs of its assessment area consistent with its asset size, business strategy, resources, and local economy.

## DESCRIPTION OF ASSESSMENT AREA

Marblehead has one assessment area consisting of the eastern portion of Ottawa County located in Ohio. Prior to 2013, Ottawa County was part of the Toledo MSA, but is now designated as part of the nonmetropolitan area. The assessment area consists mainly of Danbury Township, which includes approximately 18 square miles of a peninsula along Lake Erie and Sandusky Bay and Harbor shorelines.

Danbury Township is a community of approximately 3,500 residents encompassing Lakeside and Marblehead. Lakeside is a community of approximately 700 residents and Marblehead is a community of approximately 900 residents. During the months of June, July, and August, the population increases, as seasonal homes, condominiums, marinas, campgrounds, cottages, and recreational vehicle parks are home to several thousand seasonal-only residents.<sup>1</sup>

The village of Marblehead encompasses two and one-half square miles within Danbury Township. A majority of the midsection of the township is home to LaFarge Quarry and is mostly uninhabitable due to it being comprised of solid limestone. Marblehead provides a ferry service to Kelley's Island and is located across the lake from Cedar Point Amusement Park.<sup>2</sup> Marblehead's economy is greatly dependent on seasonal tourism from spring until fall, with tourists who fish, boat, and enjoy leisure time activities.

Based on 2010 U.S. Census data, the assessment area is comprised of one (50.0%) middle- and one (50.0%) upper-income census tracts. The middle-income tract is not designated as distressed or underserved. Marblehead has one branch in the middle- and two branches in the upper-income census tract in the assessment area. Additionally, Marblehead has a loan production office located in its upper-income census tract.

As of June 30, 2017, the Federal Deposit Insurance Corporation (FDIC) reported 11 insured financial institutions operating within the assessment area.<sup>3</sup> Marblehead ranked sixth with three branch offices and a market share of 6.1%. The following top three largest institutions by deposit share are larger national and regional financial institutions: The Huntington National Bank (22.9%), The Croghan Colonial Bank (20.4%), and The Genoa Banking Company (18.9%). The following table illustrates deposit market share by financial institutions in the assessment area:

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1 <http://Danburytownship.com>

2 <http://marbleheadvillageohio.com>

3 [www.fdic.gov](http://www.fdic.gov)

#	Financial Institution	Deposit Market Share
1	The Huntington National Bank	22.9%
2	The Croghan Colonial Bank	20.4%
3	The Genoa Banking Company	18.9%
4	U.S. Bank National Association	9.0%
5	The First National Bank of Bellevue	7.2%
6	The Marblehead Bank	6.1%
7	KeyBank National Association	5.3%
8	First Federal Bank of Midwest	4.8%
9	First Federal Savings and Loan Association of Lorain	3.8%
10	Civista Bank	1.2%

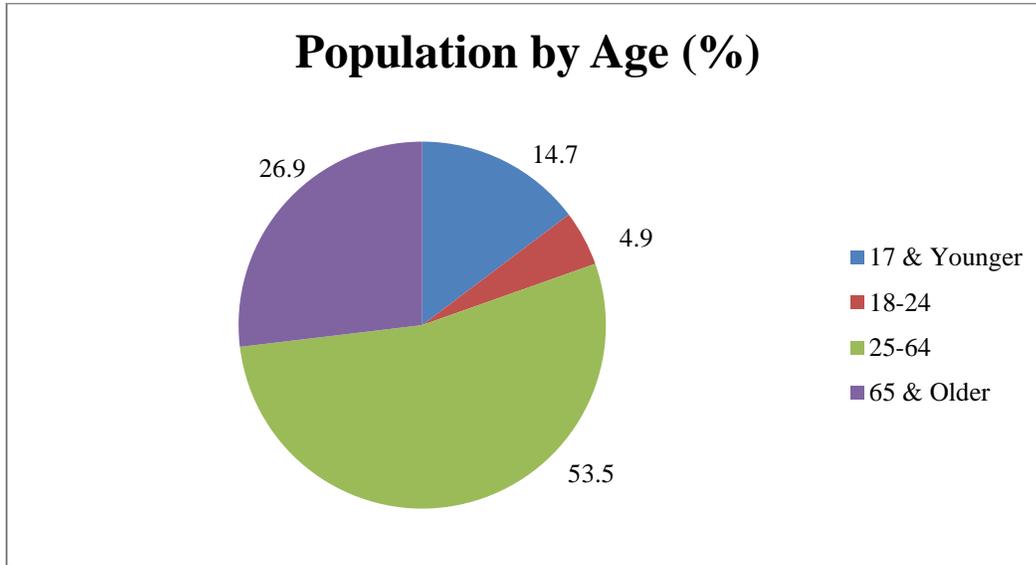
**Community Contact**

One community contact interview was conducted to provide additional information regarding credit needs of the local community and context to the demographic and economic characteristics discussed. The community contact actively works with individuals and organizations to promote health, education, and financial stability in Ottawa County.

The contact stated the current economic conditions of the area were diverse, as there are segments that are very affluent and other segments that are very poor. The contact further stated that the area has a significant number of part-time residents, which results in unemployment doubling in the off-season (September through April). The area is best described as a vacation destination, rather than a place of primary residence. The contact indicated that a significant number of students in Ottawa County’s school system are eligible for free or reduced lunch program, partially because the year-round residents are primarily low- and moderate-income and the affluent residents either do not have children or are not year-round residents. The contact also stated that over the course of the last 20 years, most major manufacturing employers have left the area. Ottawa County once had a thriving industrial park; the largest company in this park was a gypsum mining company that had employed a significant number of people in the area; however, this company is no longer operating. Most of the remaining manufacturing companies in Ottawa County are very small in size.

**Population Characteristics**

According to the 2010 U.S. Census, the total population in the assessment area was 5,168, which represents 12.6% of Ottawa County’s total population (41,428). Approximately, 55.5% of the assessment area’s population resides in the middle-income tract and 44.5% reside in the upper-income tract. As shown in the chart below, 85.3% of the population is 18 years of age or older, which is the legal age to enter into a contract, while 58.4% of the population is between the ages of 18 and 64 and more likely to have credit needs.



The population in Ottawa County is decreasing, as depicted in the following table, which shows the actual and projected population change over the 2010 U.S. Census figure.<sup>4</sup>

County	2010 Population	2015 Population	Population Percent Change
Ottawa	41,428	40,877	-1.3%
<b>Total</b>	<b>41,428</b>	<b>40,877</b>	

### Income Characteristics

According to data from the U.S. Department of Housing and Urban Development (HUD), the 2010 median family income for the assessment area was \$60,499. The estimated median family income levels from 2014 through 2016 are detailed in the following table.<sup>5</sup>

#### Borrower Income Levels Ohio State Non-Metro

HUD Estimated Median Family Income		Low		Moderate		Middle		Upper	
		0	- 49.99%	50%	- 79.99%	80%	- 119.99%	120%	- & above
<b>2014</b>	<b>\$55,700</b>	0	- \$27,849	\$27,850	- \$44,559	\$44,560	- \$66,839	\$66,840	- & above
<b>2015</b>	<b>\$56,900</b>	0	- \$28,449	\$28,450	- \$45,519	\$45,520	- \$68,279	\$68,280	- & above
<b>2016</b>	<b>\$55,400</b>	0	- \$27,699	\$27,700	- \$44,319	\$44,320	- \$66,479	\$66,480	- & above

<sup>4</sup> [http://www.development.ohio.gov/reports/reports\\_countytrends\\_map.htm](http://www.development.ohio.gov/reports/reports_countytrends_map.htm)

<sup>5</sup> <http://www.huduser.org/portal/datasets/il/il13/index.html>

The assessment area contains 2,493 households, of which 1,598 (64.1%) are designated as families. Low- and moderate-income families represent 8.6% and 19.4% of all families in this assessment area, respectively, with 2.5% of families below the poverty level compared to 10.3% of all families below the poverty level within Ohio. Based on 2015 data from the Economic Research Service of the U.S. Department of Agriculture (USDA), household poverty rates for the counties in the assessment area were as follows:

County	2013 Poverty Rate	2014 Poverty Rate	2015 Poverty Rate	Change
Ottawa	10.40%	10.10%	9.70%	-3.96%
<b>Ohio</b>	<b>15.90%</b>	<b>15.80%</b>	<b>14.80%</b>	<b>-6.33%</b>
<b>United States</b>	<b>15.80%</b>	<b>15.50%</b>	<b>14.70%</b>	<b>-5.16%</b>

Although the poverty rate for Ottawa County has decreased, it remained significantly below the rate for Ohio and the country.

**Labor, Employment and Economic Characteristics**

According to the Ohio Department of Services, the largest industries by average employment are trade, transportation and utilities, followed by leisure and hospitality and manufacturing. The following table shows the primary employment sectors and major employers for the county.<sup>6</sup>

County	Primary Employment Sectors	Major Employers
Ottawa	Trade, Transportation and Utilities; Leisure and Hospitality; Manufacturing; Local Government; Education and Health Services	Benton-Carroll-Salem Local Schools; Brush Wellman Inc/Materion Brush; FirstEnergy Corp/Davis Besse; Luther Home of Mercy; Magruder Hospital; Ottawa County Government; Port Clinton City Schools; USG Corp/US Gypsum Co; Wal-Mart Stores Inc.

The following table shows the 2014 through 2016 average annual unemployment rate for Ottawa County, Ohio, and the country.

**Unemployment Rates  
Marblehead Bank: Non Metro OH**

Area	Years - Annualized		
	2014	2015	2016
Ottawa Co.	8.4	7.8	7.5
<b>Ohio</b>	<b>4.9</b>	<b>4.7</b>	<b>4.8</b>
<b>National</b>	<b>5.4</b>	<b>4.8</b>	<b>4.5</b>

Not Seasonally Adjusted, Data Extracted on October 2, 2017

<sup>6</sup> [http://development.ohio.gov/reports/reports\\_countytrends\\_map.htm](http://development.ohio.gov/reports/reports_countytrends_map.htm)

The unemployment rate for Ottawa County was higher than Ohio and the country for all three years. Ottawa County experienced a decline in the unemployment rate between 2014 and 2016, as did Ohio and the country as a whole. There was a slight increase in unemployment between 2015 and 2016 for Ohio, while Ottawa County's rate continued to decline.

### **Housing Characteristics**

There are 6,181 housing units in the assessment area, based on the 2010 U.S. Census. Within the assessment area, 34.1% of the units are owner-occupied, 6.2% are rental units, and 59.7% are vacant. Of all owner-occupied housing units, 54.6% are located in middle- and 45.4% in upper-income census tracts. There are no low- or moderate-income geographies in the assessment area. The vacancy rate varies by time of year as many housing units function as second seasonal homes.

The median age of housing stock was 34 years, according to the 2010 U.S. Census, with 23.7% of housing built prior to 1950. Older homes such as these are typically more likely to require repairs and rehabilitation. The median housing value in the assessment area was \$170,238 with an affordability ratio of 28.8%. The affordability ratio is derived by dividing the median household income by the median housing value. The higher the affordability ratio, the more affordable a home is considered. Further, based on the 2016 median family income for the assessment area (\$55,400), approximately 27.7% of the homes valued up to \$101,536 in the assessment area would be considered affordable for low-income individuals and 51.3% of the homes valued up to \$162,458 would be considered affordable for moderate-income individuals. These percentages were calculated assuming a housing expense ratio equal to 28.0% of gross income for a 4.0% fixed-rate, 30-year loan.

Foreclosure information for Ottawa County, Ohio, and the nation are depicted by the chart below. According to RealtyTrac, in October 2017, Ottawa County had a lower foreclosure rate than Ohio and slightly higher than the nation.<sup>7</sup>

<b>Geography Name</b>	<b>Ratio of Properties Receiving Foreclosure Filings in October, 2017</b>
Ottawa	1:1,909
<b>Ohio</b>	<b>1:1,376</b>
<b>United States</b>	<b>1:1,903</b>

According to Sperling's Best Places, the median home cost in Marblehead in 2017 is \$282,500, which represents a decline of 11.7% in the last 10 years. Compared to the rest of the country, Marblehead's cost of living is 16.0% higher than the U.S. average.

<sup>7</sup> [www.realtytrac.net](http://www.realtytrac.net)

The median gross rent in the assessment area was \$719, with 2.3% of the rental units having rents of less than \$350 a month, according to the 2010 U.S. Census. The majority of rents (42.1%) in this assessment area were greater than \$700 per month and 34.6% of rents were \$500-\$699, while 3.6% of rents were \$350-\$499. Rental units are 6.2% of all housing units in the assessment area. Additionally, 28.8% of renters have rent costs greater than 30.0% of their income.

The following table illustrates the demographics in the assessment area.

## Combined Demographics Report

Assessment Area(s): Marblehead 2016

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0	0	0	0	0	138	8.6
Moderate-income	0	0	0	0	0	0	310	19.4
Middle-income	1	50	861	53.9	10	1.2	394	24.7
Upper-income	1	50	737	46.1	30	4.1	756	47.3
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>2</b>	<b>100.0</b>	<b>1,598</b>	<b>100.0</b>	<b>40</b>	<b>2.5</b>	<b>1,598</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	0	0	0	0	0	0	0	0
Middle-income	2,976	1,150	54.6	38.6	160	5.4	1,666	56
Upper-income	3,205	958	45.4	29.9	225	7	2,022	63.1
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>6,181</b>	<b>2,108</b>	<b>100.0</b>	<b>34.1</b>	<b>385</b>	<b>6.2</b>	<b>3,688</b>	<b>59.7</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0	0	0	0	0	0	0
Moderate-income	0	0	0	0	0	0	0	0
Middle-income	137	50.4	129	51.6	7	43.8	1	16.7
Upper-income	135	49.6	121	48.4	9	56.3	5	83.3
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>272</b>	<b>100.0</b>	<b>250</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>91.9</b>		<b>5.9</b>		<b>2.2</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0	0	0	0	0	0	0
Moderate-income	0	0	0	0	0	0	0	0
Middle-income	7	87.5	7	87.5	0	0	0	0
Upper-income	1	12.5	1	12.5	0	0	0	0
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>8</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>	<b>0</b>	<b>.0</b>
<b>Percentage of Total Farms:</b>			<b>100.0</b>		<b>.0</b>		<b>.0</b>	

2016 FFIEC Census Data and 2016 D&B Information

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Marblehead's performance under the lending test is considered satisfactory. The loan-to-deposit ratio is reasonable. Marblehead made a majority of its loans inside its assessment area. The borrower distribution of lending is reasonable, as well as the geographic distribution of lending.

### Loan-to-Deposit Ratio

A financial institution's loan-to-deposit (LTD) ratio compares the institution's aggregate loan balances outstanding to its total deposits outstanding. The ratio is a measure of the institution's lending volume relative to its capacity to lend and is derived by adding the quarterly LTD ratios and dividing by the total number of quarters. The following table illustrates Marblehead's quarterly LTD ratios for 17 quarters since the previous evaluation compared to Marblehead's custom peer group.

Loan-to-Deposit Ratios				
MARBLEHEAD BK				
As of Date	Net Loans \$(000s)	Total Deposits \$(000s)	Bank Ratio	Aggregate Ratio
June 30, 2017	18,306	42,345	43.23	67.33
March 31, 2017	17,980	42,838	41.97	64.81
December 31, 2016	18,392	41,809	43.99	67.62
September 30, 2016	18,206	42,831	42.51	69.20
June 30, 2016	17,258	41,715	41.37	66.35
March 31, 2016	17,283	41,489	41.66	65.16
December 31, 2015	16,297	40,409	40.33	65.90
September 30, 2015	15,275	41,842	36.51	66.26
June 30, 2015	14,475	39,612	36.54	65.71
March 31, 2015	13,945	39,690	35.13	62.30
December 31, 2014	14,117	38,593	36.58	63.85
September 30, 2014	13,738	39,595	34.70	64.58
June 30, 2014	12,247	38,939	31.45	61.87
March 31, 2014	12,781	37,277	34.29	59.44
December 31, 2013	12,751	35,914	35.50	62.05
September 30, 2013	11,823	36,461	32.43	62.45
June 30, 2013	10,986	35,889	30.61	61.05
<b>Quarterly Loan-to-Deposit Ratio Average Since the Previous Evaluation</b>			<b>37.58</b>	<b>64.47</b>

Marblehead's average LTD ratio was 37.58% over the past 17 quarters of operation, which was below the custom peer group average of 64.47%. However, Marblehead's LTD ratio steadily increased during this review period. Further, although Marblehead is not active in selling loans on the secondary market, Marblehead partners with a third party to originate mortgage loans when an applicant is applying for a product not offered by Marblehead, such as a loan requiring PMI or escrow, which are not captured in Marblehead's LTD ratio. Additionally, the seasonal market and consumers are less likely to use Marblehead as their primary provider for all financial needs.

Considering Marblehead's lending-related activity, size, financial condition, and assessment area credit needs, Marblehead's LTD ratio is considered reasonable.

**Lending in the Assessment Area**

Marblehead’s residential lending was analyzed to determine the volume of lending inside and outside Marblehead’s assessment area. Of Marblehead’s total loans, 88.2% by volume and 83.7% of total dollar amount were made inside the assessment area; therefore, a majority of Marblehead’s loans by both volume and dollar amount were made inside its assessment area. The following table shows the distribution of loans made inside and outside Marblehead’s assessment area.

**Lending Inside and Outside the Assessment Area**

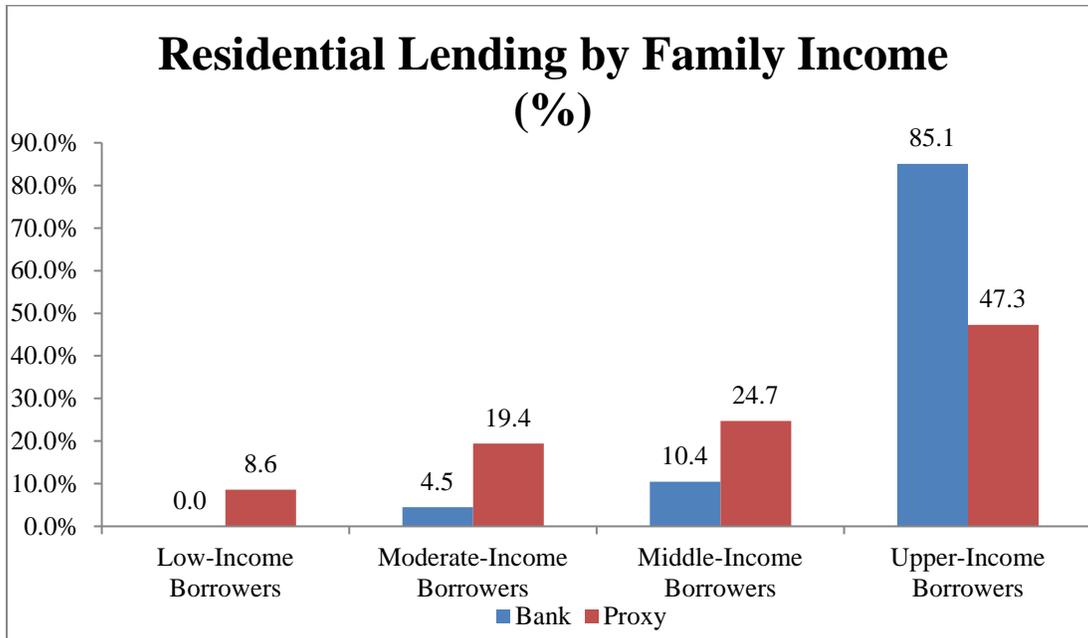
Exam: The Marblehead Bank 2017, Initial

Loan Type - Description	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
RL - Residential Loans	67	88.2	8,715	83.7	9	11.8	1,699	16.3	76	10,414
<b>Total Consumer related</b>	<b>67</b>	<b>88.2</b>	<b>8,715</b>	<b>83.7</b>	<b>9</b>	<b>11.8</b>	<b>1,699</b>	<b>16.3</b>	<b>76</b>	<b>10,414</b>
<b>TOTAL LOANS</b>	<b>67</b>	<b>88.2</b>	<b>8,715</b>	<b>83.7</b>	<b>9</b>	<b>11.8</b>	<b>1,699</b>	<b>16.3</b>	<b>76</b>	<b>10,414</b>

**Borrower Distribution of Lending**

Overall, Marblehead’s borrower distribution of lending performance in the assessment area is considered reasonable. Borrower distribution received greater weight given the limited geographic diversity in the assessment area. Marblehead originated a total of 67 consumer loans, of which there were no loans to low-, three to moderate-, seven to middle-, and 57 to upper-income borrowers. Marblehead’s performance was compared to the percentage of families by income level (proxy).

As shown in the following chart, Marblehead’s lending was below proxy relative to lending to low-income borrowers and significantly below proxy for moderate- and middle-income borrowers. Marblehead’s lending was significantly above proxy relative to lending for upper-income borrowers.



Additional consideration was given to Marblehead’s size, complexity, product offerings, seasonal market, and lending constraints. Marblehead is ranked sixth out of 11 financial institutions in Ottawa County, with only 6.1% of deposit market share. Ottawa County has many large and regional financial institutions also serving the market. Due to the seasonal nature of the area, the unemployment rate in Nonmetropolitan Ohio is 7.8%, significantly higher than the unemployment rate for Ohio and the national rate at 4.8% and 4.5%, respectively. Marblehead’s assessment area is considered a vacation destination and its location results in business from seasonal residents. Additionally, Marblehead offers a limited number of products and does not originate loans requiring PMI or escrow. Marblehead partners with another organization for loan requests requiring PMI or escrow; however, these loans are funded by the partner entity and are not included in Marblehead’s originations. Marblehead also meets the needs of its community by offering other secured loans, such as mobile home loans, which are not included in the figures shown above. This residence type is more affordable to low- and moderate-income borrowers, considering the value of traditional homes in the assessment area.

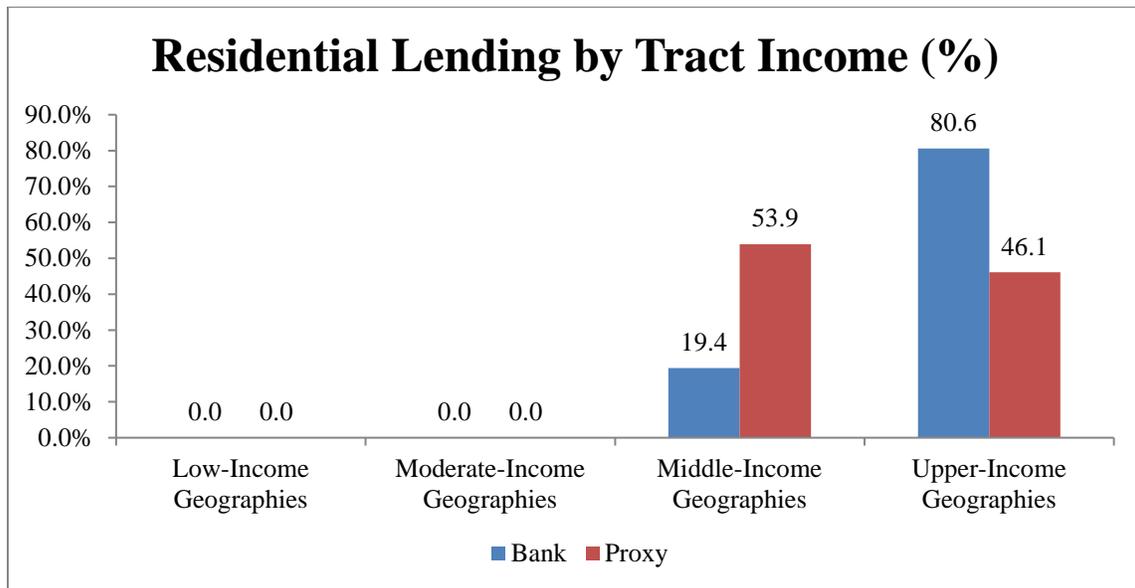
Other factors considered included the low rate of housing stock that is owner-occupied (34.1%) and the number of vacant units (59.7%). The majority of the loans made by Marblehead were for second homes. According to Realtor.com,<sup>8</sup> the vast majority of consumer residential homes in Marblehead’s assessment area would be considered unaffordable to many low- and moderate-income borrowers. Additionally, Realtor.com notes the current median value of the homes that are for sale in Marblehead Village is \$299,000 and the median value of homes for sale in Lakeside (a segment of Marblehead’s assessment area) is \$350,000. As a result, Marblehead’s lending to borrowers of different income levels relative to residential lending is considered reasonable.

<sup>8</sup> [https://www.realtor.com/realestateandhomes-search/Marblehead\\_OH](https://www.realtor.com/realestateandhomes-search/Marblehead_OH)

### **Geographic Distribution of Lending**

Overall, Marblehead’s distribution of lending among geographies is considered reasonable. There were no lending gaps, as Marblehead made loans in both census tracts. Marblehead originated 67 residential loans within the assessment area during the review period. Marblehead’s performance was compared to the total families by tract (proxy).

As shown in the graph below, Marblehead has no low- or moderate-income tracts. Marblehead’s lending in middle-income tracts was below proxy for residential loans and significantly above proxy in upper-income tracts.



Due to the seasonality of homeownership in the assessment area, the higher unemployment rate, and limited product offerings, Marblehead’s geographic distribution of residential lending is considered reasonable.

### **Response to Consumer Complaints**

Marblehead did not receive any CRA-related complaints during the evaluation period.

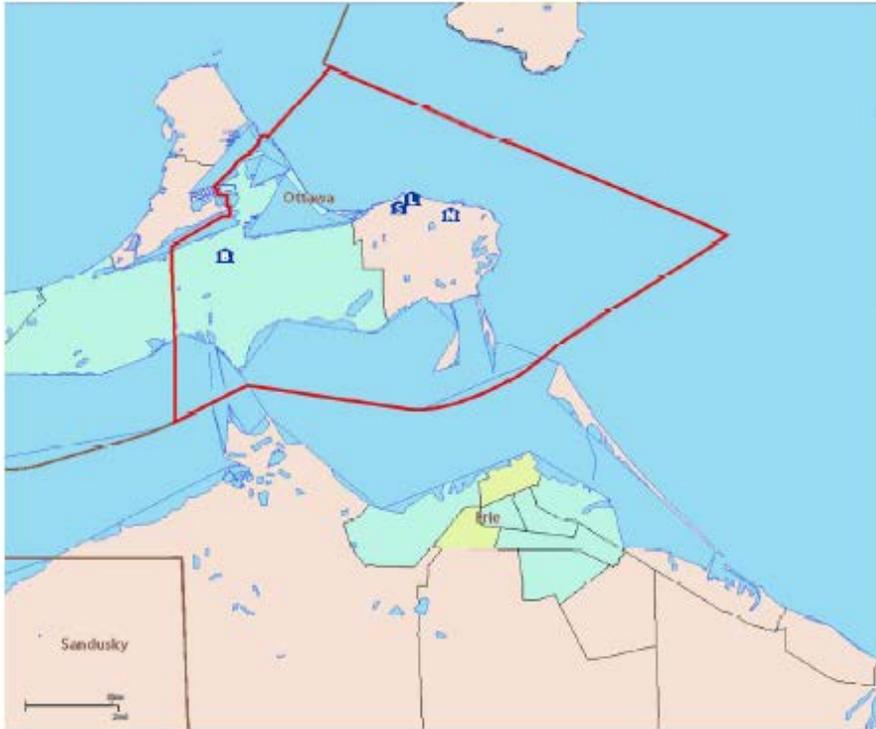
### **Fair Lending or Other Illegal Credit Practices Review**

No evidence of discrimination or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

## APPENDIX A

### ASSESSMENT AREA MAP

AA: Marblehead 2016



LEGEND	
2010 Census Year	
<b>INCOME</b>	
[Light Green]	Low
[Yellow-Green]	Moderate
[Light Blue]	Middle
[Light Purple]	Upper
[Light Orange]	Unknown
[Red Line]	AA Boundary
<b>LOANS: by Type</b>	
Inside and Outside AA - 0	
<b>BANK BRANCHES</b>	
Inside and Outside AA	
[Blue Square with 'A']	Branches with ATM - 1
[Blue Square with 'U']	United Service without ATM - 1
[Blue Square with 'L']	Loan Prod. Office - 1
[Blue Square with 'M']	Main Office with ATM - 1
<b>FEATURES</b>	
[Blue Polygon]	Water Body

**APPENDIX B**  
**LENDING TABLES**

**Consumer Loan Distribution Table**

Exam: The Marblehead Bank 2017, Initial

Assessment Area/Group : Marblehead 2014, 2015 and 2016

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Residential Loans</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	3	4.5%	162	1.9%
Low/Moderate Total	0	0.0%	0	0.0%	3	4.5%	162	1.9%
Middle	13	19.4%	1,132	13.0%	7	10.4%	461	5.3%
Upper	54	80.6%	7,583	87.0%	57	85.1%	8,092	92.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	67	100.0%	8,715	100.0%	67	100.0%	8,715	100.0%
	<b>Consumer Loan Totals</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	3	4.5%	162	1.9%
Low/Moderate Total	0	0.0%	0	0.0%	3	4.5%	162	1.9%
Middle	13	19.4%	1,132	13.0%	7	10.4%	461	5.3%
Upper	54	80.6%	7,583	87.0%	57	85.1%	8,092	92.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	67	100.0%	8,715	100.0%	67	100.0%	8,715	100.0%

## APPENDIX C

### GLOSSARY OF TERMS

**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.

**Census tract:** A small subdivision 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. Census tracts 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.

**Community development:** All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or,
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**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.

**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).

**Full-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of 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.

**Limited-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, 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.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**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 percent 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 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** 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, or are classified as loans to finance agricultural production and other loans to farmers.

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