

**PUBLIC DISCLOSURE**

July 15, 2008

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**HOLYOKE POSTAL CREDIT UNION**

650 DWIGHT STREET  
HOLYOKE, MA 01040

DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110

**NOTE:** This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.

## GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its 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 Division 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 Community Reinvestment Act ("CRA") performance of **HOLYOKE POSTAL CREDIT UNION (or the "Credit Union")** prepared by the Division, the institution's supervisory agency, as of **JULY 15, 2008**. The Division evaluates performance in the assessment area(s), as they are defined by the institution. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

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

The assessment of Holyoke Postal Credit Union's record takes into account its financial capacity and size, legal impediments and local economic conditions, including the competitive environment in which it operates.

According to CRA regulations, an institution shall delineate one or more assessment areas by which the institution will serve to meet the credit needs of its community and by which the Division will evaluate the institution's CRA performance. A credit union whose membership by-laws provisions are not based upon residence is permitted to designate its membership as its assessment area. Therefore, since the Credit Union has defined its membership as its assessment area, as opposed to a geographic area, an evaluation of credit extended within defined geographic areas was not conducted as such an analysis would not be meaningful. Therefore, this evaluation was based upon an analysis of the Credit Union's performance in providing loans to its membership; providing loans to individuals of various incomes, including low to moderate-income members; and the Credit Union's fair lending performance.

Shares from the membership are returned to members in the form of consumer installment loans. Loan-to-share ratios are at a reasonable level. The distribution of loans to borrowers of different income levels is considered reasonable and is representative of the membership.

The Review of Complaints and Fair Lending section indicates that the Credit Union has made reasonable efforts in attracting all applicants within its membership.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Holyoke Postal Credit Union was incorporated in 1927, as a Massachusetts chartered industrial credit union. Currently, membership includes postal and federal workers and retirees within Hampden and Hampshire counties. The Credit Union's sole office is located within the Holyoke Post Office in Downtown Holyoke. The hours of operation are Monday through Friday 8:00 am to 10:30 am and it is considered accessible for its members

As of March 31, 2008, the institution had total assets of \$3,751,676 and its total loan portfolio totaled \$1,156,422 or 30.8% percent of the Credit Union's total assets. The largest portion of the loan portfolio is comprised of new and used auto loans with 70.5 percent of total loans outstanding, followed by unsecured loans with 26.3 percent, and all other loans/lines of credit totaled 3.2 percent.

The Division last examined the Credit Union for compliance with the CRA on June 3, 2004. That examination resulted in a CRA rating of "Satisfactory".

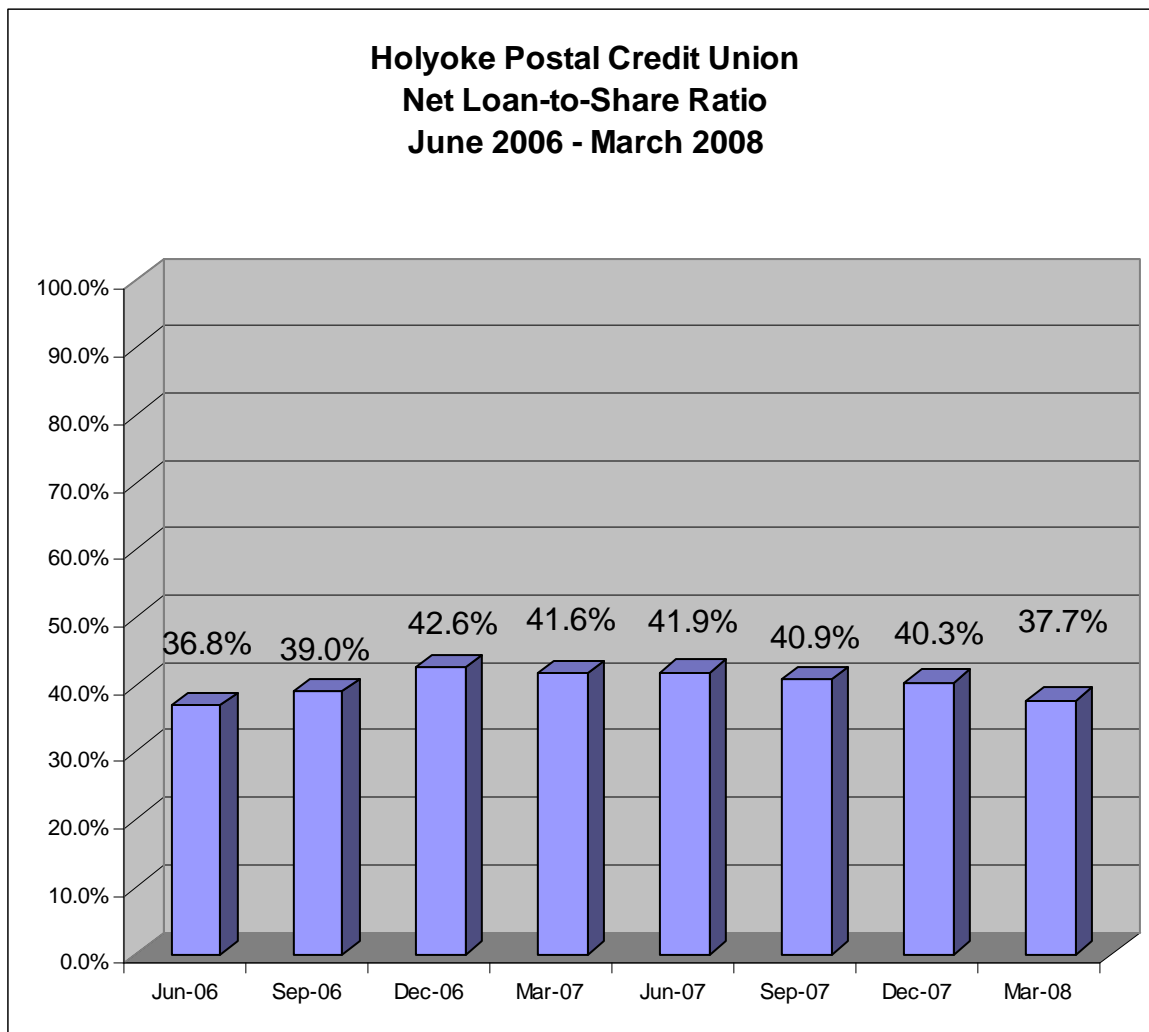
### **Description of Assessment Area**

In accordance with the requirements of 209 CMR 46.41, the Credit Union defines its membership as its assessment area. According to the Credit Union's bylaws, "membership in this Credit Union is limited to all postal and federal employees active and retired and their families within Hampden and Hampshire counties." The Credit Union has a current membership of 340 members. The majority of the members are active and retired postal workers from the Amherst, Easthampton, Holyoke, and South Hadley United States Postal Offices.

## PERFORMANCE CRITERIA

### 1. LOAN TO SHARE ANALYSIS

This performance criterion determines what percentage of the Credit Union's share base is reinvested in the form of loans and evaluates its appropriateness. An analysis of Holyoke Postal Credit Union's net loan-to-share ratio was performed; the calculation incorporated the last eight quarters of the net loan to total share data from the National Credit Union Administration ("NCUA") 5300 reports. The institution's average net loan-to-share ratio during this period was determined to be 40.1 percent, which is reasonable given the size and financial capacity of the institution. The lowest ratio was 36.8 percent as of June 30, 2006 and the highest ratio was 42.6 percent as of December 31, 2006.



Source: National Credit Union Administration Call Reports

The Credit Union's net loan-to-share ratio meets the standards for satisfactory performance based on the information above and its capacity to lend, asset size, the types of loans available, and its limited resources.

## **PERFORMANCE CRITERIA (CONTINUED)**

### **2. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS**

This performance criterion utilizes a sample of the Credit Union's consumer loan data for calendar years 2006 and 2007 in order to determine the distribution of credit based upon the income level of borrowers. The loan sample consisted of personal and new and used auto loans. The borrower income analysis was based on the Median Family Incomes ("MFI") for the Springfield, Massachusetts Metropolitan Statistical Area ("MSA") for 2006 and 2007, which were \$62,900 and \$61,800, respectively.

The four income categories that define the income level of borrowers include low-, moderate-, middle- and upper-income. The borrower income level was identified as the ratio of borrower annual income to the MFI for the MSA.

As defined by the U.S. Department of Housing and Urban Development HUD, low-income is defined as income level or area that earns less than 50 percent of the MSA/Metropolitan Division (MD)'s MFI. Moderate-Income is defined as income level or area that earns 50 percent to less than 80 percent of the MSA/MD's MFI. Middle-income is defined as income level or area that earns 80 percent to less than 120 percent of the MSA/MD's MFI, while upper-income is defined as income level that is equal to or greater than 120 percent of the MSA/MD's MFI.

A review of ten loan files from 2006 and 2007 was conducted to determine the borrower's income level. Of the ten files reviewed, one or 10.0 percent was granted to a low-income member; seven or 70.0 percent were granted to moderate-income members; one or 10.0 percent was granted to a middle-income member, and one or 10.0 percent was granted to an upper-income member.

The Credit Union meets the standards for satisfactory performance in providing credit to members of all income levels based upon the analysis of consumer loans by borrower income.

### **3. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES**

#### ***Review of Complaints***

Holyoke Postal Credit Union has not received any CRA-related complaints during the period under review. The Credit Union has a written loan policy, which addresses fair lending laws and regulations.

#### ***Fair Lending Policies and Practices***

Holyoke Postal Credit Union received no CRA-related complaints in the period under review. The Credit Union has a good record of implementing fair lending practices. The following discussion is based on the guidelines of Division of Bank's Regulatory Bulletin 2.3-101.

## **PERFORMANCE CRITERIA (CONTINUED)**

The Credit Union has one primary and one fill-in loan officer who both served on the Board of Directors. The institution has developed a second review process in which all loans considered for denial are referred to the Credit Committee prior to issuing an adverse action form. The loan officers also refer borrowers with credit problems to local credit counseling agencies. The Credit Union charges a uniform interest rate to all of their borrowers based on the loan type. The Credit Union advertises by posting promotional flyers on bulletin boards. The Credit Union's fair lending policies and practices are considered reasonable. No practices that would result in disparate treatment were noted.

The Credit Union meets the standards for satisfactory performance based on its performance relative to fair lending policies and practices.

## 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 require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:  
  
"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 650 Dwight Street, Holyoke, MA 01040"
- 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 agency, 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.