

**PUBLIC DISCLOSURE**

**April 30, 2008**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**VALLEYSTONE CREDIT UNION**

**CERT # 67597**

**2002 BOSTON ROAD  
WILBRAHAM, MA 01095**

**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.

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## 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 CRA performance of **VALLEYSTONE CREDIT UNION (the Credit Union)** prepared by the Division, the institution's supervisory agency.

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

Valleystone Credit Union was evaluated on its performance under the CRA under the Small Institution CRA Evaluation Procedures specified for institutions with assets under \$250 million, adjusted annually. A summary of the Credit Union's performance is provided below. The rating of this institution is based upon the results of a review under the Lending Test, as shown in the public evaluation. Valleystone Credit Union received a rating of "Satisfactory" overall.

The Credit Union's loan-to-share analysis indicated an average of 59.4 percent of the most recent eight quarters and is deemed to be adequate. The Credit Union originated 203 loans reportable under the Home Mortgage Disclosure Act ("HMDA") during calendar years 2006 and 2007. Of that total 198 or 97.5 percent were originated inside the Credit Union's assessment area. A sample of the Credit Union's consumer loan originations for the same time period indicated that 92.5 percent of originations were inside the assessment area. These levels of originations inside the assessment area are considered to be very good.

Valleystone Credit Union had an adequate level of lending to low- and moderate-income borrowers as well as an adequate dispersion of loans originated in low- and moderate-income geographies. The Credit Union's minority application flow for this period compared favorably with the racial and ethnic composition of the assessment area as well as aggregate performance levels for 2006.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Valleystone Credit Union was originally incorporated as the Monsanto Employees Credit Union in 1937, an industrial credit union to serve the employees, retirees and their families of the Monsanto Company of Springfield, Massachusetts. In early 1999, the Credit Union merged with Hamptonian Federal Credit Union, a small industrial credit union located in Northampton, Massachusetts. Under the approval of the Commissioner of Banks, the Credit Union expanded its membership to include the Select Employee Groups within Hampshire County, served by the Hamptonian Credit Union. The Credit Union received approval to expand its eligible membership to include “those who work or reside in Hampden, Hampshire and Franklin counties.”

In the fall of 2003, The Credit Union sought and received approval to become a community credit union and changed its name to First Pioneer Credit Union. As a result of issues surrounding the First Pioneer name, in July 2005, the Credit Union changed its name to Valleystone Credit Union.

The Credit Union is currently headquartered at 2002 Boston Road, Wilbraham, Massachusetts where it maintains a full service branch. The Credit Union also has one limited service branch at the former Monsanto Plant now known as Solutia, Inc. Since the last evaluation, October 8, 2002, the Credit Union has opened two branches and closed one. In April 2003, permission was granted to relocate its main office to its current location in Wilbraham and maintain its former office at the Monsanto Plant as a branch. From July 2004 through August 2006, the Credit Union maintained a branch operation located in a Wal-Mart store in Chicopee.

The Credit Union offers 24-hour online services, which allows members to check balances, review account history, make bill payments, and transfer funds between accounts. Along with the Credit Union’s online services, it offers a bill paying service. In addition, the Credit Union’s homepage, [www.valleystone.com](http://www.valleystone.com), allows members to fill out Credit Union applications for consumer loans. The Credit Union also offers 24-hour telephone banking through its Touch Tone Teller program. This service provides account access 24 hours per day, 7 days a week. Touch Tone teller allows members to obtain balance information, execute transfers between accounts, make loan payments or calculate what a loan payment might be.

As of March 31, 2008 the Credit Union’s assets totaled \$71,118,599. Total loans, as of this date were \$29,297,994 or 41.2 percent of total assets. The Credit Union has experienced a decline in asset size since the previous exam, when assets totaled \$76.6 million. However, the Credit Union’s loan portfolio has grown approximately 23.6 percent since the previous exam when total loans represented \$23.7 million or 30.9 percent of total assets. The significant growth in the Credit Union’s loan portfolio is primarily a result of the growth in the Credit Unions new and used vehicle loans as well as home equity loans and lines of credit. As of March 31, 2008, first mortgage loans and other real estate secured lines of credit represented the majority (68.2 percent) of the

## **PERFORMANCE CONTEXT (CONTINUED)**

Credit Union's loan portfolio. The second largest segments of the Credit Union's loan portfolio were used and new vehicle loans representing 19.2 percent and 9.8 percent respectively.

<b>Loan Distribution as of March 31, 2008</b>		
<b>Loan Type</b>	<b>Dollar Amount</b>	<b>Percent (%)</b>
Secured by:		
All Other Unsecured Loans/Lines of Credit	621,796	2.1
New Vehicle Loans	2,880,371	9.8
Used Vehicle Loans	5,626,751	19.2
1 <sup>st</sup> Mortgage Real Estate Loan/Lines of Credit	10,215,426	34.8
Other Real Estate Loans/Lines of Credit	9,784,120	33.4
All other Loans/Lines of Credit	169,530	0.7
<b>Total</b>	<b>\$29,297,994</b>	<b>100.0</b>

Source: NCUA 5300 Report of Condition

The Division last examined the Credit Union for compliance with the CRA on October 8, 2002. That examination resulted in an overall rating of "Satisfactory".

Valleystone Credit Union faces competition for members and loans from several banks, mortgage companies, and credit unions that operate within the assessment area. In 2006, there were 524 HMDA reporting lenders who originated loans in the Credit Union's assessment area. Valleystone was ranked 75<sup>th</sup> out of the 524 total lenders according to Market Share reports.

There are no apparent financial or legal impediments that would limit the Credit Union's ability to help meet credit needs of its members. Based upon the Valleystone Credit Union's financial condition, size, product offerings, and branch network, the Credit Union's ability to meet members' credit needs remains adequate.

### **Description of Assessment Area**

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Division evaluates the institution's CRA Performance based upon the defined assessment area. The Office of Management and Budget establishes Metropolitan Statistical Areas ("MSA"s) for statistical reporting purposes by federal agencies. The Credit Union's assessment area contains 69 cities and towns located in Hampden, Hampshire and Franklin Counties and all of which are located in the Springfield MA MSA.

The assessment area is comprised of 140 census tracts, of which 17 or 12.1 percent are designated as low-income; 23, or 16.4 percent, as moderate-income; 64, or 45.7 percent as middle-income; 35 or 25.0 percent, as upper-income and 1 or 0.7 percent has no income designation.

## **PERFORMANCE CONTEXT (CONTINUED)**

Based on 2000 U.S. Census data, the total population of the assessment area is 680,014 individuals. Of the total population within the assessment area, 8.4 percent reside in low-income tracts, 17.8 percent of the population resides in moderate-income tracts, 48.6 percent reside in middle-income census tracts, 25.1 percent reside in upper-income tracts, and 0.0 percent is in the N/A designation tracts.

There are 168,966 family households within the Credit Union's assessment area. The HUD adjusted Median Family Income ("MFI") for the assessment area for 2006 was \$51,765 which was below the MSA MFI level of \$62,900 for the same year. Using data collected during the 2000 Census, the breakout of families by income level is as follows: 21.4 percent are low-income, 17.4 percent are moderate-income, 22.2 percent are middle-income, and 39.0 percent are upper-income. Approximately, 9.6 percent of families are below the poverty level.

Housing units within the assessment area total 276,459, of which 164,620 or 59.6 percent are owner-occupied, 96,125 or 34.8 percent are rental units, and 15,714 or 5.7 percent are vacant. Of the owner-occupied units within the assessment area, 2.3 percent is located in low-income census tracts, 11.1 percent are in moderate-income census tracts, 56.4 percent are in middle-income tracts, and 30.2 are in upper-income tracts. Approximately, 81.1 percent of the total housing units are 1-4 family dwellings, while 17.1 percent are multi-family structures and 1.8 percent is considered to be mobile homes.

The following table provides demographic and economic information pertaining to the Credit Union's assessment area.

<b><i>Selected Housing Characteristics by Income Category of the Geography</i></b>							
<b><i>Geographic Income Category</i></b>	<b><i>Percentage</i></b>						<b><i>Median Home Value</i></b>
	<b><i>Census Tracts</i></b>	<b><i>House- holds</i></b>	<b><i>Housing Units</i></b>	<b><i>Owner- Occupied</i></b>	<b><i>Rental Units</i></b>	<b><i>Vacant Units</i></b>	
<b>Low</b>	<b>12.1</b>	<b>8.1</b>	<b>8.6</b>	<b>2.3</b>	<b>18.2</b>	<b>15.3</b>	<b>76,110</b>
<b>Moderate</b>	<b>16.5</b>	<b>17.0</b>	<b>17.3</b>	<b>11.1</b>	<b>27.1</b>	<b>21.5</b>	<b>90,972</b>
<b>Middle</b>	<b>45.7</b>	<b>51.2</b>	<b>51.1</b>	<b>56.4</b>	<b>42.2</b>	<b>50.6</b>	<b>115,557</b>
<b>Upper</b>	<b>25.0</b>	<b>23.7</b>	<b>23.0</b>	<b>30.2</b>	<b>12.5</b>	<b>12.6</b>	<b>160,839</b>
<b>NA</b>	<b>0.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>
<b>Total of Median</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>127,760</b>

Source: 2000 U.S. Census

According to the 2000 Census, the median housing value in the assessment area is \$127,760.

## PERFORMANCE CRITERIA

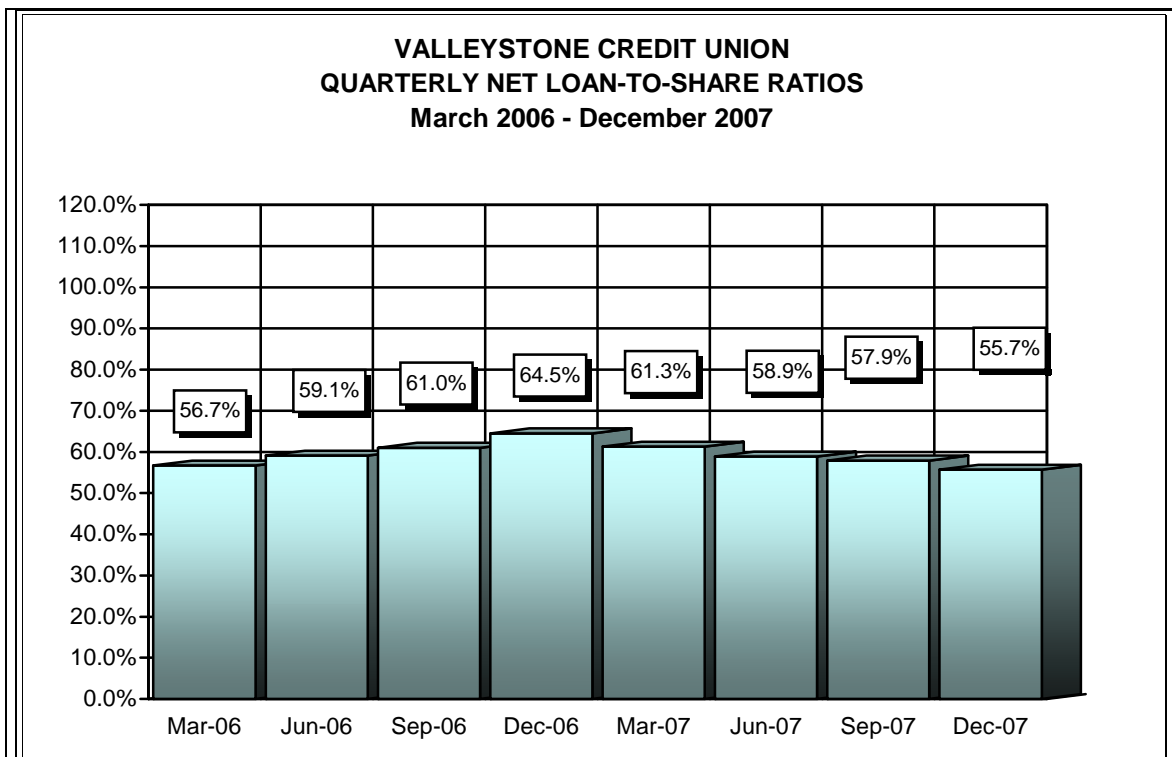
### SCOPE OF EXAMINATION

The Credit Union was evaluated under the Small Institution procedures for CRA purposes. The loan data considered for this evaluation consisted of residential mortgages as reported under the HMDA for 2006 and 2007. Aggregate loan data for 2006 was also included. Consumer loan data was also reviewed for 2006 and 2007.

#### 1. LOAN TO SHARE ANALYSIS

This performance criterion determines what percentage of the Credit Union's deposit base is reinvested in the form of loans. The appropriateness of the Credit Union's loan to share ratio ("LTS") was evaluated. A comparative analysis of Valleystone Credit Union's quarterly net loan-to-share ratios for the period of March 31, 2006 through December 31, 2007, was conducted during this examination. These ratios are based on total loans net of unearned income and net of the allowance for loan and lease losses (ALLL) as a percentage of total shares.

The Credit Union's LTS ratio as of December 31, 2007 was calculated at 55.7 percent, the low LTS ratio for this period. The high LTS for this period was 64.5 percent as of December 31, 2006. Overall, during this time period, the Credit Union's net loan-to-share ratio showed some fluctuations over the first four quarters with a slight steady decline over the last four quarters and averaged 59.4 percent. Over the time period reviewed, net loans declined 9.2 percent and total shares declined 7.6 percent. The following graph depicts the net loan-to-share ratios for each quarter under review.



Source: Call Report Data

## **PERFORMANCE CRITERIA (CONTINUED)**

Based on the foregoing information, the Credit Union's asset size and resources, and the credit needs of its members, the Credit Union's net loan-to-share ratio is considered to be adequate.

### **2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)**

This performance criterion measures the percentage of the Credit Union's lending that benefits the assessment area's residents and evaluates the adequacy of such lending.

Data regarding the Credit Union's HMDA mortgage lending activity for 2006 and 2007 was reviewed to determine the proportion of loans extended within the assessment area by number of originations and dollar amount.

The data revealed that the Credit Union originated 203 HMDA reportable loans during this period totaling \$14,260,000. Of this number, 198 loans or 97.5 percent were originated within the Credit Union's assessment area. Of the total dollar volume, \$13,650,000 or 95.7 percent was originated within the Credit Union's assessment area. The following table for the distribution of the Credit Union's lending inside and outside of its assessment area.

<b><i>Distribution of HMDA Loans Inside and Outside of the Assessment Area</i></b>										
<b>Year</b>	<b>Number of Loans</b>					<b>Dollars in Loans (000s)</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
<b>2006</b>	119	96.7	4	0.3	123	7,453	98.7	100	1.3	7,553
<b>2007</b>	79	98.8	1	1.2	80	6,197	92.4	510	7.6	6,707
<b>Total</b>	<b>198</b>	<b>97.5</b>	<b>5</b>	<b>2.5</b>	<b>203</b>	<b>13,650</b>	<b>95.7</b>	<b>610</b>	<b>4.3</b>	<b>14,260</b>

Source: PCI CRA WIZ & HMDA LAR

As indicated in the table above a substantial majority of the Credit Union's HMDA reportable loans were originated within the assessment area.

An additional analysis of consumer lending was conducted utilizing internally generated reports compiled by the Credit Union. This review consisted of a sample of 40 consumer loan originations for 2006 and 2007, twenty from each year.

<b><i>Distribution of Consumer Loans Inside and Outside the Assessment Area</i></b>										
<b>Year</b>	<b>Number of Loans</b>					<b>Dollars In Loans (000s)</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
<b>2006</b>	18	90.0	2	10.0	20	261,867	97.2	7,500	2.8	269,367
<b>2007</b>	19	95.0	1	5.0	20	209,925	92.1	18,020	7.9	227,945
<b>Total</b>	<b>37</b>	<b>92.5</b>	<b>3</b>	<b>7.5</b>	<b>40</b>	<b>471,792</b>	<b>94.9</b>	<b>25,520</b>	<b>5.1</b>	<b>497,312</b>

Source: Internal Generated Report by Credit Union

## **PERFORMANCE CRITERIA (CONTINUED)**

Based on the above analysis, the Credit Union's loan distribution shows that the vast majority, 92.5 percent, of consumer loans originated by number and 94.9 percent by dollar amount were within the assessment area.

Overall lending inside the assessment area is considered to be very good.

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

The distribution of loans by borrower income was reviewed to determine the extent to which the Credit Union is addressing the credit needs of the area's residents. Based on the review of the HMDA Loan Application Registers ("LAR") and the Consumer Loan data, the Credit Union has achieved an adequate penetration among individuals of different income levels, including low- and moderate-income individuals.

#### **Residential Lending**

The Credit Union's HMDA reportable loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes for 2006 and 2007 were compared to the median family incomes for the assessment area. The income figures are based on estimated HUD information.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The following table shows, by number, HMDA reportable loans to low, moderate, middle and upper-income borrowers in comparison to the percentage of total families within the assessment area in each respective income group as well as comparing performance levels to that of all other lenders which originated or purchased loans in the assessment area. The most recent data available for comparative purposes is 2006.

<b><i>Distribution of HMDA Loans by Borrower Income</i></b>								
<b><i>Median Family Income Level</i></b>	<b><i>% Families</i></b>	<b><i>Aggregate Lending Data (% of #)</i></b>	<b><i>2006</i></b>		<b><i>2007</i></b>		<b><i>Total</i></b>	
			<b><i>2006</i></b>	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>#</i></b>
<b><i>Low</i></b>	21.4	5.5	6	5.0	7	8.9	13	6.6
<b><i>Moderate</i></b>	17.4	21.8	13	11.0	12	15.2	25	12.6
<b><i>Middle</i></b>	22.2	27.8	45	37.8	23	29.1	68	34.3
<b><i>Upper</i></b>	39.0	29.0	55	46.2	37	46.8	92	46.5
<b><i>N/A</i></b>	0.0	15.9	0	0.0	0	0.0	0	0.0
<b><i>Total</i></b>	100.0	100.0	119	100.0	79	100	198	100.0

Source: U.S. Census, HMDA LAR, PCI CRA WIZ HMDA Aggregate Data

## **PERFORMANCE CRITERIA (CONTINUED)**

The Credit Union's overall distribution of HMDA reportable loans to low- and moderate-income borrowers is deemed adequate. As indicated above, the Credit Union originated 19.2 percent of its HMDA reportable loans to low- and moderate-income borrowers. Originations to low-income borrowers in 2006 at 5 percent, is well below the percentage of low-income families, however compares favorably to aggregate performance levels of 5.5 percent. The percentage of originations to low-income borrowers in 2007 indicates a slight increase as a percentage of total originations, however similar in number. Originations to moderate-income borrowers in 2006 are below both the percentage of moderate-income families as well as aggregate performance levels. The percentage of originations to moderate-income borrowers in 2007 indicates a slight increase as a percentage of total originations, however similar in number.

### **Consumer Lending**

An analysis of consumer lending by borrower income was also conducted. The borrowers' reported incomes for 2006 and 2007 were compared to the median family incomes for the assessment area. The median family income figures are based on estimated HUD information. The consumer lending review was conducted utilizing internally generated reports compiled by the Credit Union. This review consisted of a sample of 37 consumer loan originations inside the assessment area for 2006 and 2007. It should be noted that the analysis of consumer loans to low- and moderate-income borrowers may be somewhat skewed. The comparison of consumer loans to low- and moderate-income borrowers to the percentage of low- and moderate-income families may result in higher performance levels due to the fact that in most cases only one income is used to make a credit decision.

The following tables indicate the Credit Union's performance in lending to borrowers of different income levels for consumer loans.

<b>Distribution of Consumer Loans by Borrower Income</b>							
<b>MFI Level</b>	<b>% Total Families</b>	<b>2006</b>		<b>2007</b>		<b>Total</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	21.4	0	0.0	1	5.3	1	2.7
<b>Moderate</b>	17.4	9	50.0	9	47.4	18	48.7
<b>Middle</b>	22.2	5	27.8	7	36.8	12	32.4
<b>Upper</b>	39.0	4	22.2	2	10.5	6	16.2
<b>NA</b>	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	100.0	18	100.0	19	100.0	37	100.0

As indicated above, the Credit Union achieved an adequate penetration among borrowers of different income levels, only 2.7 percent of the Credit Union's consumer loans were originated by low-income borrowers with no originations in the sample for 2006 and only one origination in 2007. Additionally, the Credit Union's percentage of lending was well below the percentage of low-income families in the assessment area. The Credit Union's percentage of consumer loans to moderate-income borrowers in 2006 and 2007 exceeded the percentage of moderate-income families. As previously noted, the comparison between borrower income and family income level under this criterion may be somewhat skewed.

## PERFORMANCE CRITERIA (CONTINUED)

### 4. GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of loans was reviewed to assess how well the Credit Union is addressing the credit needs throughout the assessment area. Based on the review of the 2006 and 2007 HMDA LAR, the geographic distribution of loans reflects an adequate dispersion throughout the assessment area. As the Credit Union is not required to tract the geographic distribution of consumer loans, they were not evaluated under this criterion. As stated in the Performance Context, the Credit Union's assessment area contains 17 low-income census tracts, 23 moderate-income census tracts, 64 middle-income census tracts, 35 upper-income census tracts and 1 no income designation census tract.

#### Residential Lending

The Credit Union's lending activity within the assessment area was reviewed in order to determine the distribution of lending among the various census tracts.

The following table provides a breakdown by number of the Credit Union's HMDA loans within its assessment area according to the census tract income level. The table also shows the loans in comparison to the percentage of owner-occupied housing units in each of the census tract income categories as well as the aggregate lending for 2006. Refer to the following table.

<i>Distribution of HMDA Loans by Income Category of the Census Tract</i>								
<b>Census Tract Income Level</b>	<b>% Total Owner-Occupied Housing Units</b>	<b>Aggregate Lending Data (% of #)</b>	<b>2006</b>		<b>2007</b>		<b>Total</b>	
			<b>2006</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>
<b>Low</b>	2.3	5.0	2	1.7	1	1.3	3	1.5
<b>Moderate</b>	11.1	16.2	10	8.4	6	7.7	16	8.1
<b>Middle</b>	56.4	56.3	64	53.8	36	45.5	100	50.5
<b>Upper</b>	30.2	22.5	43	36.1	36	45.5	79	39.9
<b>Total</b>	100.0	100.0	119	100.0	79	100.0	198	100.0

Source: U.S. Census, HMDA LAR, PCI CRA WIZ Aggregate Data

#### *Low-income Tracts*

As indicated in the table above, in 2006 and 2007 the Credit Union originated 1.7 percent and 1.3 percent by number respectively, of its HMDA-reportable loans within low-income census tracts, which is somewhat inline with the percentage of owner occupied housing units (2.3 percent) in low-income tracts. As displayed above the Credit Union's level of lending in 2006 was below that achieved by the aggregate.

## **PERFORMANCE CRITERIA (CONTINUED)**

### *Moderate-income Tracts*

The Credit Union's performance in moderate-income census tracts, 8.4 percent of loans in 2006 and 7.7 percent of loans in 2007, is adequate given that only 11.1 percent of the total owner-occupied units in the assessment area are located within these tracts. In 2006 the Credit Union's percentage of lending in moderate-income tracts was below the 2006 aggregate percentage (16.2 percent).

Overall, given the small branch network and large assessment area, the geographic distribution of residential loans reflects an adequate dispersion throughout the assessment area.

## **5. REVIEW OF COMPLAINTS AND FAIR LENDING PRACTICES**

A review was conducted for compliance with fair lending regulations, and no evidence of disparate treatment or impact was revealed.

Currently, the Credit Union has 13 full-time and 4 part-time employees. Among the institution's staff are individuals and employees who are bilingual in Spanish, Portuguese, Russian and Polish.

The Credit Union's Loan Policy includes a fair lending policy statement which the Board of Directors reviews and approves annually. The loan policy prohibits discrimination against all the prohibited classes listed under the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA). Also included in the Credit Union's Loan Policy are procedures for the second review process of denied loan applications.

Valleystone Credit Union offers seminars to Credit Union officers and staff regarding compliance with HMDA, ECOA and other fair lending regulations.

The Credit Union received no complaints pertaining to the institution's CRA performance since the previous examination.

## **MINORITY APPLICATION FLOW**

A review of residential loan applications was conducted in order to determine the number of HMDA-reportable credit applications the Credit Union received from minority applicants. In 2006 and 2007, the Credit Union received 253 residential loan applications from within its assessment area. During this period, 20 applications, or 7.9 percent were received from minorities and 10 or 4.0 percent of applications were received from applicants of Hispanic or Latino ethnic background. Of the 20 applications received from minorities 13, or 65.0 percent were originated. Of the 10 applications received from Hispanic or Latino applicants 8, or 80.0 percent were originated. A review of non-originated minority applicant files was conducted and revealed no discriminatory practices.

**PERFORMANCE CRITERIA (CONTINUED)**

Minority Application Flow*								
Race	2006 Aggregate Data		Credit Union 2006		Credit Union 2007		Credit Union Total	
	#	%	#	%	#		#	%
<i>American Indian/Alaska Native</i>	218	0.3	0	0.0	0	0.0	0	0.0
<i>Asian</i>	673	1.0	0	0.0	2	1.9	2	0.8
<i>Black or African American</i>	3,936	5.9	10	6.7	7	6.7	17	6.7
<i>Hawaiian/Pacific Islander</i>	221	0.3	0	0.0	0	0.0	0	0.0
<i>2 or More Minority Races</i>	21	0.0	0	0.0	0	0.0	0	0.0
<i>Joint Race (White/Minority)</i>	472	0.7	1	0.7	0	0.0	1	0.4
<b>Total Minority</b>	<b>5,520</b>	<b>8.3</b>	<b>11</b>	<b>7.4</b>	<b>9</b>	<b>8.7</b>	<b>20</b>	<b>7.9</b>
<i>White</i>	43,107	65.1	123	82.6	85	81.7	208	82.2
<i>Race Not Available</i>	17,599	26.6	15	10.1	10	9.6	25	9.9
<b>Total</b>	<b>66,247</b>	<b>100.0</b>	<b>149</b>	<b>100.0</b>	<b>104</b>	<b>100.0</b>	<b>253</b>	<b>100.0</b>
<b>Ethnicity</b>								
<i>Hispanic or Latino</i>	5,816	8.8	6	4.0	2	1.9	8	3.1
<i>Joint Hispanic/Not Hispanic</i>	571	0.8	2	1.3	0	0.0	2	0.8
<i>Not Hispanic or Latino</i>	43,455	65.6	126	84.6	92	88.5	218	86.2
<i>Ethnicity Not Available</i>	16,405	24.8	15	10.1	10	9.6	25	9.9

\*Source: PCI Services, Inc., CRA Wiz Software/HMDA LAR Data

The Credit Union's minority application flow for this period was compared with the racial and ethnic composition of the assessment area and the 2006 aggregate data for all other HMDA reporters within the assessment area. The comparison of these data assists in deriving reasonable expectations for the rate of applications the Credit Union received from minority residential loan applicants.

According to 2000 Census Data, the Credit Union's assessment area contained a total population of 680,014 individuals, 20.1 percent of which is representative of various racial and ethnic minorities. The comparison between the 2006 aggregate data and the Credit Union data indicates that total applications received from racial and ethnic minority applicants is lower than the aggregate's percentage. However, given the size and lack of branch network, the Credit Union's performance level is deemed adequate.

## 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 2002 Boston Road, Wilbraham, MA 01095."

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

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

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