

# **PUBLIC DISCLOSURE**

February 28, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Alden Credit Union**

Charter Number: 67951

710 Grattan St

Chicopee, Massachusetts 01020-1255

Division of Banks

1000 Washington Street, 10<sup>th</sup> Floor

Boston, Massachusetts 02118

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

**TABLE OF CONTENTS**

Institution Rating .....1

Scope of Evaluation .....2

Description of Institution .....3

Description of Assessment Area.....5

Conclusions on Performance Criteria .....8

Glossary .....16

## INSTITUTION RATING

**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 following points summarize the credit union's performance under Small Institution Standards.

- The loan-to-share ratio (LTS) is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The credit union made a substantial majority of its home mortgage loans in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels.
- The credit union did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.
- The credit union has a reasonable record relative to its fair lending policies and procedures.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation considered activity from January 1, 2020, to the current evaluation dated February 28, 2022. Examiners used the Interagency Small Institution CRA Examination Procedures to evaluate CRA performance. These procedures include six criteria within the Lending Test:

- LTS ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints
- Fair Lending

### **Loan Products Reviewed**

Examiners analyzed home mortgage loan originations from January 1, 2020 through December 31, 2021 reported on the institution's 2020 and 2021 HMDA Loan Application Registers (LARs). Examiners presented these years of performance in the assessment area concentration, geographic distribution, and borrower profile tables.

Alden Credit Union originated 280 home mortgage loans totaling \$55.1 million in 2020, and 186 loans totaling \$35.7 million in 2021. Examiners compared the institution's home mortgage lending performance to 2015 American Community Survey (ACS) demographic data and to available aggregate data.

Examiners focused this examination on the institution's home mortgage lending due to its higher share of the loan portfolio (73.8 percent) and its readily available data. Examiners also focused on the number of loans, rather than dollar volume, when assessing the institution's performance, as it is a better indicator of the number of individuals served.

Financial data about the credit union was obtained from the September 30, 2021 Call Report issued to the NCUA.

## **DESCRIPTION OF INSTITUTION**

### **Background**

Alden Credit Union is a community credit union headquartered in Chicopee Massachusetts and was established in 1939. Membership in this corporation is limited to those who, at the time of initial application, reside, work, or attend school in the following communities: Agawam, Blandford, Bondsville, Brimfield, Chester, Chicopee, East Longmeadow, Feeding Hills, Florence, Granville, Hampden, Holland, Holyoke, Longmeadow, Ludlow, Monson, Montgomery, Palmer, Russell, Southwick, Springfield, Thorndike, Three Rivers, Tolland, West Springfield, Westfield, Wilbraham, as well as Amherst, Belchertown, Chesterfield, Cummington, Easthampton, Granby, Goshen, Hadley, Hatfield, Huntington, Middlefield, North Amherst, Northampton, Pelham, Plainfield, South Amherst, South Hadley, Southampton, Sunderland, Wales, Ware, Westhampton, Whately, Williamsburg, Worthington and their immediate family members and any person who is employed by any company which has its main office or corporate headquarters within these communities, and/or any member of the American Consumer Council (ACC), that live or work in the Commonwealth of Massachusetts. As of December 31, 2021, the credit union has 14,183 members.

Alden Credit Union received a “Satisfactory” rating at its previous Division of Banks CRA Performance Evaluation dated August 1 2016, based on the Interagency Small Institution CRA Examination Procedures and the Division’s CRA Regulation at 209 CMR 46.

### **Operations**

The credit union’s main office and operations center location is 710 Grattan St in Chicopee, MA. The credit union maintains one other branch location in Belchertown, MA. Both branches are located in middle-income census tracts. Hours do not vary substantially between branches. Each branch uses Automated Teller Machines (ATMs) and drive-thru retail banking services.

The credit union offers a variety of loan products, including home mortgage, commercial, auto, and consumer loans, along with a range of deposit services including checking and savings options for personal and business purposes. Members have access to financial services through the credit union’s online and mobile banking, and can apply for loans, open new accounts, and make loan payments or deposit transactions. The credit union also participates in the SUM and Moneypass ATM networks, which allows members to conduct surcharge-free transactions at multiple ATMs at other institutions.

### **Ability and Capacity**

Alden Credit Union’s assets totaled approximately \$196.0 million as of December 31, 2021, including total loans of approximately \$128.8 million and total shares and deposits of \$176.3 million. Residential loans represent the primary credit product with approximately 73.8 percent of the loan portfolio.

<b>Loan Portfolio Distribution as of 9/30/2021</b>		
<b>Loan Category</b>	<b>\$(000)</b>	<b>%</b>
Total 1 <sup>st</sup> Mortgage Loans/Lines of Credit	85,813	66.7
Total Other Real Estate Loans/Lines of Credit	9,194	7.1
<b>Residential Loans</b>	<b>95,007</b>	<b>73.8</b>
Commercial Loans/Lines of Credit Real Estate Secured	11,859	9.2
Commercial Loans/Lines of Credit (Not RE)	1,341	1.0
<b>Total Commercial</b>	<b>13,200</b>	<b>10.2</b>
Unsecured Credit Cards	492	0.4
Student Loans	0	0.00
Unsecured Loans/Lines of Credit	214	0.2
Secured Loans/ Lines of Credit	1,058	0.8
New Vehicle Loans	998	0.8
Used Vehicle Loans	17,810	13.8
<b>Total Consumer</b>	<b>20,572</b>	<b>16.0</b>
<b>Total Loans</b>	<b>128,779</b>	<b>100.00</b>
<i>Source: Reports of Condition and Income</i>		

## DESCRIPTION OF THE ASSESSMENT AREA

The CRA requires financial institutions to define one or more assessment areas within which examiners will evaluate its CRA performance. Alden Credit Union has designated one single assessment area which includes the Massachusetts counties of Hampden and Hampshire. The assessment area, as currently defined, meets the technical requirements of the Division of Bank’s CRA regulation.

### **Economic and Demographic Data**

The credit union’s assessment area consists of 139 census tracts that reflect the following income designations according to the 2015 American Community Survey (ACS):

- 24 low-income tracts,
- 22 moderate-income tracts,
- 41 middle-income tracts, and
- 48 upper-income tracts
- 4 tracts with an NA designation (Amherst College and Hampshire College)

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	139	17.3	15.8	29.5	34.5	2.9
Population by Geography	628,800	14.3	15.3	31.0	36.5	2.9
Housing Units by Geography	254,960	14.1	16.0	33.7	36.0	0.1
Owner-Occupied Units by Geography	147,690	4.7	12.4	35.2	47.6	0.0
Occupied Rental Units by Geography	87,841	28.4	21.1	32.0	18.3	0.3
Vacant Units by Geography	19,429	20.9	20.7	30.6	27.4	0.4
Businesses by Geography	40,837	13.9	15.2	28.8	41.2	0.8
Farms by Geography	1,268	3.2	5.7	32.6	58.5	0.0
Family Distribution by Income Level	149,875	24.6	15.7	17.9	41.8	0.0
Household Distribution by Income Level	235,531	27.1	14.5	15.5	42.9	0.0
Median Family Income MSA - 44140 Springfield, MA MSA		\$67,203	Median Housing Value			\$209,221
Families Below Poverty Level		12.0%	Median Gross Rent			\$856

*Source: 2010 U.S. Census, 2021 D&B Data, and FFIEC Estimated Median Family Income;*

The assessment area’s lending trends reflect increasing housing prices, in a relatively inexpensive market. The median housing value based on ACS data is \$209,221. The average credit extended for a single-family purchase transaction in 2020 was \$226,036. These prices reflect an opportunity for low- and moderate-income borrowers to purchase homes

The FFIEC Median Family Income level is used to analyze home mortgage loans under the Borrower Profile criterion. The following table displays the low-, moderate-, middle-, and upper-income categories for each year during the review period.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Springfield, MA MSA Median Family Income (44140)</b>				
2020 (\$76,900)	<\$38,450	\$38,450 to <\$61,520	\$61,520 to <\$92,280	≥\$92,280
2021 (\$81,300)	<\$40,650	\$40,650 to <\$65,040	\$65,040 to <\$97,560	≥\$97,560
<i>Source: FFIEC</i>				

In the credit union’s municipalities that comprise the assessment area, unemployment rates fluctuated over the evaluation period. This unemployment rate was 3.6 percent in 2019, and increased to an average 2020 unemployment rate of 8.8 percent. A drastic increase in the unemployment rate in 2020 was attributed to the worldwide Covid-19 pandemic, which had a significant impact on the assessment area’s economy. Unemployment receded in 2021 to an average of 6.1 percent, which may reflect gradual economic improvements. The assessment area’s average unemployment rate was comparable higher than the state’s overall unemployment level, at 6.1 percent. Within the assessment area, Hampden County had the sharpest 2020 increase in unemployment (approximately 10.4 percent) which may reflect more financially vulnerable segments of the area (i.e. Springfield).

Increasing home purchase prices coupled with higher unemployment may reflect difficulty in obtaining credit for low- and moderate-income families.

**Competition**

The assessment area represents a relatively small market for deposits. According to Peer Deposit Market Share data, 32 financial institutions operated 222 full-service branches within the credit union’s assessment area. Of these institutions, Alden Credit Union ranked 23<sup>rd</sup> with a 0.9 percent deposit market share. Westfield Bank, TD Bank NA, and PeoplesBank are the largest institutions based on Deposit Market Share, comprising approximately 27.9 percent of the market.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2020, 426 lenders reported 32,416 residential mortgage loans originated or purchased in the credit union’s assessment area. Alden Credit Union ranked 31<sup>st</sup> with a 1.1 percent market share. The highest ranked institutions in the assessment area are mortgage companies and national banks, including Quicken Loans LLC, Freedom Mortgage Corp., and Citizens Bank NA, totaling approximately 14.2 percent of the market.



## **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs.

Examiners contacted a representative from a non-profit organization serving the Springfield, MA MSA. The organization is a community development financial institution. Services include providing financial and business assistance to small business and high-impact community projects. The contact noted a need for financial literacy and noted that it is most effective when it comes from those directly involved in the community. The contact indicated that financial institutions have been responsive in providing the needed funding to support essential programs and cited a desire for more day-to-day involvement by financial institutions at all levels of the community.

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

Examiners considered information gathered from the community contact, the credit union, and available economic data to determine the primary credit needs of the assessment area. Based on this information, examiners determined that the community's primary credit need is services for low- and moderate-income individuals, including individuals with limited English proficiency.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### **Loan-to-Share Ratio**

This performance criterion determines what percentage of the credit union's share base is reinvested in the form of loans and evaluates its appropriateness. The average net loan-to-share ratio for the last eight quarters is reasonable given the institution's size, financial condition, and assessment area credit needs.

The credit union's net LTS ratio, as calculated from the NCUA 5300 Quarterly Call Report data, averaged 75.5 percent over the past eight calendar quarters from March 31, 2020, through December 31, 2021. The ratio ranged from a high of 80.7 percent as of September 30, 2020, to a low of 72.8 percent as of March 31, 2021. The falling trend of the ratio was primarily driven by growing shares through the eight quarters. Total shares and deposits increased approximately by \$36.0 million from March 31, 2020 to December 31, 2021, a 25.7 percent growth. During the same period loans increased \$21 million, resulting in a 19.9 percent growth.

The credit union's average net LTS ratio over the previous 8 quarters was compared to that of two similarly situated institutions. The institution selection is based on geographic location, lending focus, and branching structure. Alden Credit Union's average net LTS ratio compares favorably to the institutions used in this comparison and supports reasonable performance.

<b>Loan-to-Share Ratio Comparison</b>		
<b>Institution</b>	<b>Assets (\$000)</b>	<b>Average LTS Ratio (%)</b>
Alden Credit Union	195,963	75.5
Holyoke Credit Union	242,197	62.9
Greater Springfield Credit Union	256,133	50.4

*Source: Reports of Income and Condition: 3/31/2020 through 12/31/2021*

### **Assessment Area Concentration**

The institution originated a substantial majority of loans within its assessment area. The share of loans increased from 2020 to 2021. The credit union's performance for this criterion is excellent. The table below highlights Alden Credit Union's lending inside and outside the assessment area by loan category.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	262	93.6	18	6.4	280	49,112	89.1	5,996	10.9	55,108
2021	178	95.7	8	4.3	186	33,656	94.2	2,073	5.8	35,728
<b>Total</b>	<b>440</b>	<b>94.4</b>	<b>26</b>	<b>5.6</b>	<b>466</b>	<b>82,767</b>	<b>91.1</b>	<b>8,069</b>	<b>8.9</b>	<b>90,836</b>

Source: Credit Union Data

### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	4.7	5.5	7	2.7	990	2.0
2021	4.7	--	6	3.4	952	2.8
Moderate						
2020	12.4	12.8	38	14.5	4,561	9.3
2021	12.4	--	35	19.7	4,615	13.7
Middle						
2020	35.2	34.0	103	39.3	17,052	34.7
2021	35.2	--	78	43.8	13,772	40.9
Upper						
2020	47.6	47.7	114	43.5	26,509	54.0
2021	47.6	--	59	33.1	14,317	42.5
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>262</b>	<b>100.0</b>	<b>49,112</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>--</b>	<b>178</b>	<b>100.0</b>	<b>33,655</b>	<b>100.0</b>

Source: 2015 ACS; Credit Union Data, 2020 HMDA Aggregate Data, "--" data not available.

The credit union's performance in low-income census tracts is below aggregate lender trends as well as the demographic of owner-occupied housing in 2020. The credit union's performance in

low-income census tracts rose by percentage but remained below the demographic of owner-occupied housing in the same areas.

In moderate-income census tracts, the credit union's 2020 activity is above aggregate lending and demographic of owner-occupied housing by percentage. The credit union improved again in 2021 to be above the demographic of owner-occupied housing in the moderate-income areas.

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels. Examiners focused on activity among low- and moderate-income borrowers.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2020	24.7	5.1	15	5.7	1,273	2.6
2021	24.7	--	6	3.4	601	1.8
<b>Moderate</b>						
2020	15.7	19.1	42	16.0	5,937	12.1
2021	15.7	--	36	20.2	4,489	13.3
<b>Middle</b>						
2020	17.9	23.6	66	25.2	9,918	20.2
2021	17.9	--	47	26.4	7,581	22.5
<b>Upper</b>						
2020	41.8	35.0	135	51.5	31,079	63.3
2021	41.8	--	81	45.5	18,101	53.8
<b>Not Available</b>						
2020	0.0	17.2	4	1.5	904	1.8
2021	0.0	--	8	4.5	2,885	8.6
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>262</b>	<b>100.0</b>	<b>49,112</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>--</b>	<b>178</b>	<b>100.0</b>	<b>33,655</b>	<b>100.0</b>
<i>Source: 2015 ACS; Credit Union Data, 2020 HMDA Aggregate Data, "--" data not available.</i>						

Home mortgage lending to low-income borrowers was comparable to aggregate lending trends in 2020. The credit union's lending to low-income borrowers fell by number and percentage in 2021. The percentage of loans to low-income borrowers is far less than the percentage of low-income families (for both the institution and aggregate lenders), which reflects the difficulty for a low-

income family to qualify for a mortgage using conventional underwriting standards. The credit union does offer credit builder loans to its members, which reflects a willingness to lend to borrowers that may correlate with low-income delineations.

The credit union's performance to moderate-income lenders was below aggregate lending trends and comparable to demographic data in 2021. The credit union's performance improved in 2021 by percentage, above the demographic comparator.

### **Response to Complaints**

The credit union did not receive any CRA-related complaints during the evaluation period; therefore, this criterion did not impact the CRA rating.

### **Discriminatory or Illegal Credit Practices**

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the credit union's overall CRA rating.

### **Fair Lending Policies and Procedures**

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

Based on these procedures, no evidence of disparate treatment was noted. The credit union has a reasonable record relative to its fair lending policies and procedures.

### ***Minority Application Flow***

Examiners reviewed the credit union's 2020 and 2021 HMDA LARs to determine if the credit union's application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to 2015 ACS data, the credit union's assessment area contained a total population of 186,302 individuals of which 29.6 percent are minorities. The assessment area's minority and ethnic population is 18.2 percent Hispanic or Latino, 6.5 percent Black/African American, 2.9 percent Asian, 0.1 percent American Indian, and 1.9 percent other.

The following table exhibits the credit union's minority application flow compared to aggregate lenders in the assessment area.

<b>MINORITY APPLICATION FLOW</b>					
<b>RACE</b>	<b>2020</b>		<b>2020</b>	<b>2021</b>	
	<b>#</b>	<b>%</b>	<b>Aggregate Data</b>	<b>#</b>	<b>%</b>
American Indian/ Alaska Native	1	0.3	0.4	1	0.4
Asian	2	0.6	2.3	3	1.3
Black/ African American	8	2.3	4.2	15	6.4
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0
2 or more Minority	1	0.3	0.2	2	0.9
Joint Race (White/Minority)	5	1.4	1.2	1	0.4
<b>Total Racial Minority</b>	<b>17</b>	<b>4.9</b>	<b>8.4</b>	<b>22</b>	<b>9.3</b>
White	302	87.8	68.8	198	83.9
Race Not Available	25	7.3	22.8	16	6.8
<b>Total</b>	<b>344</b>	<b>100.0</b>	<b>100.0</b>	<b>236</b>	<b>100.0</b>
<b>ETHNICITY</b>					
Hispanic or Latino	<b>33</b>	<b>9.6</b>	<b>10.0</b>	<b>19</b>	<b>8.1</b>
Joint (Hisp/Lat /Not Hisp/Lat)	12	3.5	1.4	7	3.0
<b>Total Ethnic Minority</b>	<b>45</b>	<b>13.1</b>	<b>11.4</b>	<b>26</b>	<b>11.1</b>
Not Hispanic or Latino	271	78.8	66.0	193	81.7
Ethnicity Not Available	28	8.1	22.6	17	7.2
<b>Total</b>	<b>344</b>	<b>100.0</b>	<b>100.0</b>	<b>236</b>	<b>100.0</b>

*Source: HMDA Aggregate Data (2020), HMDA LAR Data (2020) and (2021)*

The credit union received 344 home mortgage loan applications from within its assessment area in 2020. Seventeen applications were received from racial minority applicants, approximately 4.9 percent. The aggregate received 8.4 percent of its applications from racial minority applicants in 2020. The credit union’s performance among racial minority applicants improved considerably in 2021 to 9.3 percent.

The credit union received 45 or 13.1 percent ethnic minority applicants. This was above aggregate lender performance, which received 11.4 percent from ethnic minority applicants. Performance was comparable in 2021, as 11.1 percent of the applications were obtained from ethnic minority applicants.

The credit union’s minority application flow reflects reasonable performance. The improvement among racial minority applicant outreach in 2021, and the consistent ethnic minority application flow support this conclusion.

## GLOSSARY

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

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

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

**Census Tract:** A small, relatively permanent statistical subdivision of a county. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

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

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI

facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
  - (i) Has not been reported or collected by the credit union or an affiliate for consideration in the credit union's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the credit union's assessment area(s) or a broader statewide or regional area including the credit union's assessment area(s).

**Community Development Service:** A service that

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the credit union's retail banking services under § 345.24(d).

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

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

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) an unemployment rate of at least 1.5 times the national average;



- (2) a poverty rate of 20 percent or more; or,
- (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

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

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent \_\_\_\_\_ decennial \_\_\_\_\_ census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

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

**Home Mortgage Loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

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

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

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

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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

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

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area:** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

**Qualified Investment:** A 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.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures

are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

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

**Underserved middle-income nonmetropolitan geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

- Population size, density, and dispersion indicating the area's population is sufficiently small, thin, and
- Distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**Upper-Income:** Individual income that is 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.

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

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

## 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 710 Grattan St, Chicopee MA 01020".

[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.