PUBLIC DISCLOSURE

July 6, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Arrha Credit Union
Certificate Number: 61189

145 Industry Avenue
Springfield, Massachusetts 01104

Commonwealth of Massachusetts
Division of Banks
1000 Washington Street, 10th 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.

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **<u>Satisfactory.</u>** An institution in this group has a satisfactory 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.

Arrha Credit Union's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the credit union's Lending Test performance.

The Lending Test is rated <u>Satisfactory.</u>

- The loan-to-share (LTS) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.

- The credit union made a majority of its home mortgage and 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 institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

SCOPE OF EVALUATION

General Information

This evaluation assessed Arrha Credit Union's CRA performance using the Interagency Small Institution Examination Procedures. The evaluation considers activities since the prior CRA evaluation, dated August 3, 2015, to the current evaluation, dated July 6, 2020. The following criteria were considered: Loan-to-Share Analysis, Assessment Area Concentration, Geographic Distribution, Borrower's Characteristics, and Response to CRA Complaints.

Activities Reviewed

Examiners determined the credit union's major product line is home mortgage loans. This conclusion considered the credit union's business strategy and the number and dollar volume of loans originated during the evaluation period.

The evaluation considered all home mortgage loans reported on the credit union's 2018 and 2019 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. In 2018, the credit union originated 86 loans totaling $13.2 million and in 2019, the credit union originated 121 loans totaling $16.5 million. For comparison purposes, examiners reviewed 2018 HMDA aggregate data and 2015 ACS data.

Examiners reviewed the number and dollar volume of home mortgage loans. While the number and dollar volume of loans are presented, examiners emphasized performance by the number of loans because the number of loans is a better indicator of the number of individuals served.

DESCRIPTION OF INSTITUTION

Background

Arrha Credit Union is a state-chartered institution headquartered in Springfield, Massachusetts. The credit union was incorporated in October 1929 and is a member-owned, not-for-profit organization established as an educational credit union. Arrha Credit Union has received a "low-income credit union" designation from the NCUA and the Division of Banks. Membership is open to individuals who live or work in Hampden, Hampshire or Franklin counties in Massachusetts, and Hartford and Tolland counties in Connecticut, and immediate family members of such individuals. Membership is also open to the employees of the Springfield Public Schools, American International College, Springfield Technical Community College, Minnechaug Regional High School, and the Massachusetts Career Development Institute along with the retirees and their families. Arrha Credit Union currently has approximately 11,000 members.

The credit union received a "Satisfactory" rating at its previous Division of Bank's Performance Evaluation, dated August 3, 2015, based on the Interagency Small Institution Examination Procedures.

Operations

The main office is located in a moderate-income census tract at 145 Industry Avenue in Springfield. The credit union operates a branch office located in a moderate-income census tract at 63 Park Avenue in West Springfield. Arrha's business hours are from 9:00 a.m. to 4:30 p.m. Monday through Friday. Both locations offer Saturday hours from 8:00 a.m. to 12:00 p.m. Both locations offer drive-up service from 8:00 a.m. to 4:30 p.m., Monday through Friday, and 8:00 a.m. to 12:00 p.m. on Saturday. The credit union offers automated teller machines (ATMs) and is a member of the SUM and Allpoint network. Since the previous examination, the credit union opened a branch in 2015 at 140 Russell Street in Hadley; it was later closed in 2017. The branch was located in an upper-income tract. In 2015, the credit union relocated its 453 East Main Street branch in Westfield to the branch located at 63 Park Avenue in West Springfield. The 453 East Main Street branch in Westfield was located in an upper-income tract.

The credit union offers a variety of loan products to its members. These include auto loans, motorcycle loans, RV/Boat loans, unsecured personal loans, overdraft protection, home equities, and mortgages. Deposit products include checking and savings accounts, certificates of deposit, individual retirement accounts, and money market accounts. Other services include online banking with eStatements, bill pay, mobile banking, wire transfers, and debit cards.

Ability and Capacity

As of March 31, 2020, assets totaled approximately $132.3 million and shares totaled 109.4 million. Total loans were $91.7 million, representing approximately 69.3 percent of total assets. Since the previous CRA evaluation, assets increased 9.5 percent and the lending portfolio increased by 18.2 percent. The following table illustrates the credit union's loan portfolio.

Examiners did not identify any financial, legal, or other impediments that affect the credit union's ability to meet assessment area credit needs.

Loan Portfolio Distribution as of 3/31/2020		
Loan Category	**$**	**%**
Unsecured Loans/Lines of Credit	1,226,911	1.3
New Vehicle Loans	6,440,177	7.0
Used Vehicle Loans	10,326,125	11.3
Secured Non-Real Estate Loans/Lines of Credit	513,171	0.5
Total Loans/Lines of Credit Secured by 1st Lien 1-4 Family Residential	63,189,457	68.9
Total Loans/Lines of Credit Secured by Junior Lien 1-4 Family Residential Properties	9,751,279	10.6
Commercial Loans/Lines of Credit Real Estate Secured	246,878	0.3
Commercial Loans/Lines of Credit Not Real Estate Secured	49,691	0.1
Total Loans	**91,743,689**	**100.0**
Source: Reports of Income and Condition		

Description of Assessment Area

The credit union's assessment area, as currently defined, meets the technical requirements of the CRA regulation.

Economic and Demographic Data

The assessment area includes 157 census tracts located in Hampden, Hampshire, and Franklin Counties. These tracts reflect the following income designations according to the 2015 ACS data: 25 low-income tracts, 25 moderate-income tracts, 55 middle-income tracts, 48 upper-income tracts, 4 NA.

The low-income tracts are located in Greenfield, Holyoke (eight), and Springfield (16). The moderate-income tracts are located in Chicopee (six), Ludlow, Montague, Orange (two), Springfield (12), Ware, West Springfield, and Westfield.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	157	15.9	15.9	35.0	30.6	2.5
Population by Geography	699,944	13.3	15.5	35.4	33.3	2.6
Housing Units by Geography	288,606	12.8	16.1	38.5	32.5	0.1
Owner-Occupied Units by Geography	168,524	4.3	12.7	40.3	42.7	0.0
Occupied Rental Units by Geography	97,209	26.4	21.1	35.6	16.6	0.3
Vacant Units by Geography	22,873	17.9	20.1	36.9	24.8	0.4
Businesses by Geography	40,773	12.9	15.2	34.7	36.5	0.8
Farms by Geography	1,503	1.9	6.0	44.2	47.6	0.2
Family Distribution by Income Level	167,860	24.2	16.1	18.5	41.2	0.0
Household Distribution by Income Level	265,733	26.9	14.7	15.9	42.4	0.0
Median Family Income MSA - 44140 Springfield, MA MSA		$67,381	Median Housing Value			$210,226
Median Family Income Non-MSAs – MA		$73,868	Median Gross Rent			$857
			Families Below Poverty Level			11.5%
Source: 2015 ACS Census and 2018 D&B Data *Due to rounding, totals may not equal 100.0* *(*) The NA category consists of geographies that have not been assigned an income classification.*						

The FFIEC-updated median income level was used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories. These categories are based on the 2018 and 2019 FFEIC-updated median family incomes for the Springfield, MA MSA and the non MSA areas of Massachusetts.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Springfield, MA MSA Median Family Income (44140)				
2018 ($73,900)	<$36,950	$36,950 to <$59,120	$59,120 to <$88,680	≥$88,680
2019 ($73,900)	<$36,950	$36,950 to <$59,120	$59,120 to <$88,680	≥$88,680
MA NA Median Family Income (99999)				
2018 ($80,700)	<$40,350	$40,350 to <$64,560	$64,560 to <$96,840	≥$96,840
2019 ($80,700)	<$40,350	$40,350 to <$64,560	$64,560 to <$96,840	≥$96,840
Source FFIEC				

The U.S. Bureau of Labor Statistics (BLS) data indicated that the 2019 year-end unemployment rate was 2.7 percent in Franklin County, 4.1 percent in Hampden County, and 2.7 percent in Hampshire County. The Massachusetts unemployment was 2.9 percent as of year-end 2019.

Competition

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository lenders in the area. In 2018, 332 lenders reported 16,445 originated or purchased residential mortgage loans.

Community Contact

Examiners met with an organization that focuses on supporting rural development and prosperity in western Massachusetts by improving housing, strengthening social services, leveraging funding, and stimulating the local economy. The contact stated that primary concerns for the region included affordable housing, small business development, and infrastructure improvement.

Credit and Community Needs and Opportunities

Considering information from the community contract, credit union management, and demographic and economic data, examiners determined that affordable housing represented the primary community development need.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Arrha Credit Union demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

Loan-to-Share Ratio

The average LTS ratio is reasonable given the credit union's size, financial condition, and assessment area credit needs. The credit union's LTS ratio, calculated from Call Report data, averaged 89.5 percent over the last eight quarters from June 30, 2018 to March 30, 2020. The ratio ranged from a low of 81.0 percent as of June 30, 2018 to a high of 93.5 percent as of June 30, 2019.

Examiners compared Arrha Credit Union's average LTS to that of similarly situated institutions. Examiners selected the comparable institutions based on asset size, geographic location, and lending focus. As show in the following table, the credit union maintained a ratio that exceeded that of similarly situated institutions.

Loan-to-Share Ratio Comparison		
Institution	**Total Assets as of March 30, 2020**	**Average Net LTS Ratio (%)**
Arrha Credit Union	132,340	89.5
Alden Credit Union	158,588	73.1
Greater Springfield Credit Union	188,864	60.2
Source: NCUA Form 5300 Call Report Data 6/30/2018 through 3/30/2020		

Assessment Area Concentration

The credit union made a majority of home mortgage loans, by number and dollar volume, within its assessment area. The following table details the credit union's home mortgage lending activity inside and outside of the assessment area in 2018 and 2019.

Lending Inside and Outside of the Assessment Area										
Loan Category	**Number of Loans**				**Total**	**Dollar Amount of Loans $(000s)**				**Total**
	Inside		**Outside**			**Inside**		**Outside**		
	#	**%**	**#**	**%**	**#**	**$**	**%**	**$**	**%**	**$(000s)**
Home Mortgage										
2018	76	88.4	10	11.6	86	10,320	78.1	2,900	21.9	13,220
2019	106	87.6	15	12.4	121	14,440	87.4	2,085	12.6	16,525
Total	**182**	**87.9**	**25**	**12.1**	**207**	**24,760**	**83.2**	**4,985**	**16.8**	**29,745**
Source: Evaluation Period: 1/1/2018 - 12/31/2019 Bank Data *Due to rounding, totals may not equal 100.0*										

Geographic Distribution

Considering the credit union's assessment area demographics, aggregate data, and performance context factors, the distribution of home mortgage loans reflects reasonable penetration.

In 2018, the credit union's lending at 2.6 percent was below the aggregate at 5.7 percent and below the percentage of owner occupied housing at 4.3 percent within low-income census tracts. In 2019, the credit union increased the percentage of loans in low-income census tracts to 4.7 percent.

The credit union originated 15.8 percent of its HMDA reportable loans within moderate-income census tracts in 2018. This number is in-line with the aggregate lending at 15.3 percent and above the owner-occupied housing percentage at 12.7 percent within the assessment area. In 2019, the credit union increased its number of HMDA reportable loans within moderate-income tracts to 19.8 percent.

Please refer to the table below for more information.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2018	4.3	5.7	2	2.6	200	1.9
2019	4.3	--	5	4.7	535	3.7
Moderate						
2018	12.7	15.3	12	15.8	1,000	9.7
2019	12.0	--	21	19.8	1,845	12.8
Middle						
2018	40.3	39.0	25	32.9	2,835	27.5
2019	38.7	--	31	29.2	3,985	27.6
Upper						
2018	42.7	40.0	37	48.7	6,285	60.9
2019	45.0	--	49	46.2	8,075	55.9
Totals						
2018	**100.0**	**100.0**	**76**	**100.0**	**10,320**	**100.0**
2019	**100.0**	**--**	**106**	**100.0**	**14,440**	**100.0**
Source: 2015 ACS Census ; 2018 and 2019 HMDA Reported Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0						

Borrower Profile

The distribution of home mortgage loans reflects reasonable penetration to individuals of different income levels.

In 2018, the credit union originated 6.6 percent of loans to low-income borrowers, which was below the aggregate at 7.9 percent. For the same year, the credit union originated 18.4 percent to moderate-income borrowers, which was below the aggregate at 22.9 percent.

In 2019, the credit union made 6.6 percent of loans to low-income borrowers and increased its lending to 25.5 percent to moderate-income borrowers.

Please refer to the table below for more information.

Distribution of Home Mortgage Loans by Borrower Income Level

Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	$(000s)	%
Low						
2018	24.2	7.9	5	6.6	345	3.3
2019	24.2	--	7	6.6	735	5.1
Moderate						
2018	16.1	22.9	14	18.4	1,900	18.4
2019	16.1	--	27	25.5	2,675	18.5
Middle						
2018	18.5	23.3	21	27.6	2,555	24.8
2019	18.5	--	34	32.1	4,260	29.5
Upper						
2018	41.2	30.8	35	46.1	5,415	52.5
2019	41.2	--	38	35.8	6,770	46.9
Totals						
2018	**100.0**	**100.0**	**76**	**100.0**	**10,320**	**100.0**
2019	**100.0**	**--**	**106**	**100.0**	**14,440**	**100.0**

Source: 2015 ACS Census ; 2018 and 2019 HMDA Reported Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Response to CRA Complaints and 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.

Minority Application Flow

Examiners reviewed the credit union's 2018 and 2019 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 U.S. Census data, the credit union's assessment area contains a population of 699,944 individuals, of which 27.5 percent are minorities. The assessment area's minority population is 5.9 percent Black/African American, 2.8 percent Asian, 0.1 percent American Indian, 16.8 percent Hispanic or Latino, and 1.9 percent Other.

In 2017, the credit union received 139 HMDA-reportable loan applications from within its assessment area. Of these applications, the credit union received 10, or 7.2 percent, from minority applicants, five of which were originated. Compared to aggregate data, which indicates 8.0 percent of applications received were from minority applicants. For the same period, 17 applications representing 12.2 percent of total applications was received from ethnic groups of Hispanic origin within the assessment area, whereas aggregate data indicates 10.1 percent of total applications were received from this ethnic group in the assessment area.

In 2019, the credit union received 185 HMDA-reportable loan applications from within its assessment area. Of these, the credit union received 20, or 10.8 percent, from minority applicants, 10 of which were originated. For the same period, the credit union received eight applications, or 4.3 percent, from ethnic groups of Hispanic origin within its assessment area. Refer to the table below for information on the credit union's minority application flow as well as the aggregate lenders in the credit union's assessment area.

Minority Application Flow					
RACE	**2018 Credit Union**		**2018 Aggregate**	**2019 Credit Union**	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.4	1	0.5
Asian	1	0.7	2.1	3	1.6
Black/ African American	9	6.5	4.1	16	8.7
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0
2 or more Minority	0	0.0	0.2	0	0.0
Joint Race (White/Minority)	0	0.0	0.9	0	0.0
Total Minority	**10**	**7.2**	**8.0**	**20**	**10.8**
White	82	59.0	70.9	82	44.3
Race Not Available	47	33.8	21.1	83	44.9
Total	**139**	**100.0**	**100.0**	**185**	**100.0**
ETHNICITY					
Hispanic or Latino	15	10.8	8.8	6	3.2
Not Hispanic or Latino	74	53.2	69.2	94	50.8
Joint (Hisp/Lat /Not Hisp/Lat)	2	1.4	1.3	2	1.1
Ethnicity Not Available	48	34.5	20.8	83	44.9
Total	**139**	**100.0**	**100.0**	**185**	**100.0**

The credit union's level of lending was compared with that of the aggregate's lending performance level for 2018. The comparison of this data assists in deriving reasonable expectations for the rate of applications the credit union received from minority residential loan applicants. Considering the assessment area's demographic composition and comparisons to 2018 aggregate data, the credit union's minority application flow is adequate.

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 bank 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 bank or an affiliate for consideration in the bank'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 bank's assessment area(s) or a broader statewide or regional area including the bank'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 <u>financial</u> services; and
(3) Has not been considered in the evaluation of the bank'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 145 Industry Avenue Springfield, Massachusetts 01104."

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.