

PUBLIC DISCLOSURE

February 14, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Athol Credit Union
Certificate Number: 66819
513 Main Street
Athol, Massachusetts 01331

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 financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION RATING

This document is an evaluation of the CRA performance of Athol Credit Union (credit union) prepared by the Massachusetts Division of Banks (Division), the institution's supervisory agency as of February 14, 2022. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "**High Satisfactory.**" An institution in this group has a good record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. Athol Credit Union's performance under this test is summarized below:

- The average loan-to-share ratio is more than reasonable given the institution's size, financial condition, and AA credit needs.
- The credit union made a high percentage of its home mortgage loans inside the AA.
- The geographic distribution of loans reflects good dispersion throughout the AA.
- The distribution of borrowers reflects good penetration of loans among individuals of different income levels.
- The credit union has not received any CRA-related complaints during the evaluation period; therefore, this factor did not affect the Lending Test rating.
- The credit union has an adequate record relative to its fair lending policies and procedures.

SCOPE OF EVALUATION

General Information

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks 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 AA, 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 membership.

This evaluation covers the period from January 1, 2019, to the current evaluation date February 14, 2022. Examiners used the Interagency Small Institution Examination Procedures to evaluate Athol Credit Union's performance. The following criteria were considered: Loan-to-Share Analysis, Lending Inside and Outside of the Assessment Area, Geographic Distribution, Borrower Profile and Response to CRA Complaints.

The evaluation references demographic and economic information from the 2015 American Community Survey (ACS) and the U.S. Bureau of Labor Statistics (BLS). Credit Union financial data reflects the December 31, 2021 Call Reports.

Loan Products Reviewed

Examiners analyzed home mortgage loan originations and purchases from January 1, 2019 through December 31, 2020 reported on the institution's 2019 and 2020 HMDA Loan Application Registers (LARs). Examiners presented these years of performance in the assessment area concentration, geographic distribution, and borrower profile tables.

Athol Credit Union originated or purchased 10 home mortgage loans totaling \$1.9 million in 2019, and 72 loans totaling \$12.8 million in 2020. 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 (74.4 percent). While the number and dollar volume of loans are presented, examiners emphasized performance by the number of loans, when assessing the institution's performance, as it is a better indicator of the number of individuals served.

DESCRIPTION OF INSTITUTION

Background

Chartered by the Commonwealth of Massachusetts in 1930, Athol Credit Union is a wholly cooperative, member-owned organization established in Athol, Massachusetts organized for the promotion of thrift among its members. The credit union was originally designated as a Low-Income Credit Union by the Division of Banks and the National Credit Union Administration (NCUA) in 2013. Low-income designation eligibility is based on most of the Credit Union's membership qualifying as low-income. During the evaluation period, the credit union did recertify as a Community Development Financial Institution (CDFI). Membership at Athol Credit Union is open to individuals and immediate family members who live, work, or attend school in Franklin or Hampshire Counties, or in twenty-five specified municipalities within Northern Worcester County.

Athol Credit Union has 6,831 members as of December 31, 2021. The credit union received a "High Satisfactory" rating from the Massachusetts Division of Banks during its prior evaluation on August 15, 2016.

Operations

The credit union's operations are headquartered in its main office located at 513 Main Street, Athol, MA located in a moderate-income census tract. Since the last examination, the credit union opened and closed its only full-service branch, 85 East Main Street, Orange MA located in a middle-income census tract. The branch opened in March 2017 and closed in December 2020.

The main office lobby is open 8:00 AM to 4:00 PM Monday through Wednesday, 8:00 AM to 6:00 PM on Thursday, from 8:00 AM to 4:00 PM on Friday, and 8:45 AM to noon on Saturday. Drive-up hours mirror the lobby hours, though, on Friday, the drive-up is extended by an hour remaining open until 5:00 PM. The credit union maintains a total of three 24-hour, deposit-taking automatic teller machines (ATMs): two at its main office, one lobby ATM and one drive-up ATM; and one walk-up ATM at 85 East Main Street, Orange. In addition, the credit union is a member of the Accel Advantage ATM Network, allowing surcharge-free access at participating ATMs. During the COVID-19 pandemic closure, the credit union consistently maintained access for consumers through contact-free teller access, telephone access, and mobile banking technology.

The credit union offers a variety of real estate-secured and consumer products and retail services to its members that include personal checking accounts, savings accounts, money market accounts, certificates of deposit, individual retirement accounts, and saving and club accounts, and business checking. It also provides members with home mortgage loans, home equity loans and lines of credit, construction loans, land loans, purchase and rehab loans, new and used auto loans, motorcycle loans, recreational vehicle loans, boat loans, home improvement loans, new and used agricultural and forestry equipment, personal loans, credit builder loans, Mass Save HEAT loans, overdraft protection. Other services include online loan applications, ATM/debit cards, credit

cards, digital wallet, 24-hour telephone banking, Live Chat, and online banking with bill pay, mobile deposit, and Credit Sense credit monitoring.

Ability and Capacity

As of December 31, 2021, assets totaled approximately \$79.4 million, and shares totaled \$67.6 million. Total loans were \$68.8 million, representing approximately 86.6 percent of total assets.

The following table illustrates the distribution of the credit union's loan portfolio.

Loan Portfolio Distribution as of 12/31/2021		
Loan Category	\$	%
Unsecured Credit Card Loans	0	0.0
Non-Federally Guaranteed Student Loans	0	0.0
Unsecured Loans/Lines of Credit	2,603,742	3.8
New Vehicle Loans	3,108,400	4.5
Used Vehicle Loans	11,339,532	16.5
Secured Non-Real Estate Loans/Lines of Credit	585,004	0.9
Total Loans/Lines of Credit Secured by 1 st Lien 1-4 Family Residential	36,616,302	53.2
Total Loans/Lines of Credit Secured by Junior Lien 1-4 Family Residential	12,827,003	18.7
All Other Real Estate Loans/Lines of Credit	0	0.0
Commercial Loans/Lines of Credit Real Estate Secured	1,683,197	2.4
Commercial Loans/Lines of Credit Not Real Estate Secured	0	0.0
Total Loans	68,763,180	100.0
<i>Source: Reports of Income and Condition</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. Athol Credit Union has designated a single AA consisting of all of Franklin and Hampshire Counties which are under the Springfield, MA MSA, and the Worcester County municipalities of Ashburnham, Athol, Barre, Brookfield, East Brookfield, Gardner, Hardwick, Holden, Hubbardston, Leicester, New Braintree, North Brookfield, Oakhan, Paxton, Petersham, Phillipston, Princeton, Royalston, Rutland, Spencer, Templeton, Warren, West Brookfield, Westminster, and Winchendon which are under the Worcester, MA-CT MSA. The AA delineation did not change since the previous CRA examination.

Economic and Demographic Data

The AA includes 88 census tracts. These tracts reflect the following income designations according to the 2015 ACS U.S. Census:

- 2 Low-income tracts,
- 11 moderate-income tracts,
- 40 middle-income tracts,
- 31 upper-income tracts,
- 4 tracts without an income designation.

It should be noted that census tract 25 015 8204.00 is occupied by University of Massachusetts, 25 015 8206.00 tract is occupied by Amherst College, census tract 25 015 8208.02 is occupied by Hampshire College, and census tract 25 015 8220.00 is occupied by Smith College. These areas have limited lending opportunities.

The low- and moderate-income census tracts are primarily located in Gardner, and Athol, MA. There are no underserved or distressed nonmetropolitan middle-income geographies or designated disaster areas within the credit union's assessment area. However, there are several designated opportunity zones. The opportunity zones are areas (census tracts) of economic need approved by the U.S. Department of Treasury and designated by state Governors. Within the AA, there are thirteen census tracts designated as opportunity zones located in Athol (2), Gardner (5), Greenfield (1), Montague (1), Orange (1), Spencer (1), Ware (1), and Warren (1).

The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	88	2.3	12.5	45.5	35.2	4.5
Population by Geography	393,086	1.2	12.2	45.4	36.5	4.6
Housing Units by Geography	164,703	1.3	13.7	49.0	35.8	0.2
Owner-Occupied Units by Geography	105,407	0.5	10.8	48.3	40.4	0.0
Occupied Rental Units by Geography	44,332	3.2	18.9	50.8	26.6	0.6
Vacant Units by Geography	14,964	1.3	18.7	48.9	30.5	0.5
Businesses by Geography	26,453	1.1	9.5	46.9	41.2	1.3
Farms by Geography	1,341	0.3	4.0	53.5	42.1	0.0
Family Distribution by Income Level	94,053	18.1	16.3	21.7	43.9	0.0
Household Distribution by Income Level	149,739	23.3	14.8	17.2	44.7	0.0
Median Family Income MSA - 44140 Springfield, MA MSA		\$67,203	Median Housing Value			\$240,100
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$81,137	Median Gross Rent			\$901
			Families Below Poverty Level			6.2%
<i>Source: 2015 ACS and 2020 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Federal Financial Institutions Examination Council (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 evaluation period.

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)				
2019 (\$76,700)	<\$38,350	\$38,350 to <\$61,360	\$61,360 to <\$92,040	≥\$92,040
2020 (\$76,900)	<\$38,450	\$38,450 to <\$61,520	\$61,520 to <\$92,280	≥\$92,280
Worcester, MA-CT MSA Median Family Income (49340)				
2019 (\$95,300)	<\$47,650	\$47,650 to <\$76,240	\$76,240 to <\$114,360	≥\$114,360
2020 (\$95,300)	<\$47,650	\$47,650 to <\$76,240	\$76,240 to <\$114,360	≥\$114,360
<i>Source: FFIEC</i>				

For Massachusetts, the December 2020 seasonally adjusted state unemployment rate was 8.4 percent. In the credit union's counties that comprise the assessment area, unemployment rates had increased over the evaluation period. Data from the U.S. Bureau of Labor and Statistics Data

obtained for 2020 showed unemployment rate for Worcester County was 8.8 percent, Essex County was 9.8 percent, and Franklin County was 7.4 percent. A drastic increase in the unemployment rates in 2020 was attributed to the worldwide Covid-19 pandemic, which had a significant impact on the assessment area's economy.

While Median Home Value decreased and the percentage of Families Below Poverty Level decreased, Median Family Income in both MSAs decreased slightly. These factors, coupled with the sharp unemployment increase, may reflect difficulty in obtaining credit for low- and moderate-income families.

Competition

The AA is situated in a competitive market for home mortgage loans where there is competition for home mortgage loans among credit unions, banks, and non-depository lenders. Based on 2020 Deposit Market Share data, 379 financial institutions operated within the assessment area and top competitors included large national banks, non-depository mortgage companies and federal credit unions. Athol Credit Union held 0.4 percent market share. The top three lenders by market share were Quicken Loans, LLC, Fairway Independent Mortgage Corporation, and Greenfield Savings Bank.

Community Contacts

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

Examiners reached out to a representative from a non-profit organization operating within the assessment area. The contact identified a lack of affordable housing and financial education as areas with the most concern. Increased housing prices in the community and investors scooping up properties is creating a shortage of available homes for low- and moderate-income individuals (LMI) and families. The contact indicated that there is a need for more availability of programs catered towards LMI individuals, such as those with expedited closings, were needed in the assessment area. The contact stated that local financial institutions were receptive to the lending and community development needs of the assessment area.

Credit and Community Development Needs and Opportunities

Examiners identified the primary credit need of the assessment area based on demographic and economic information, discussions with management, and the conversations with the community contact. Examiners determined the primary credit needs of the community to be affordable housing and financial education.

CONCLUSIONS ON PERFORMANCE CRITERIA

Loan-to-Share (LTS) Ratio

This performance criterion determines what percentage of the credit union’s share base is reinvested in the form of loans. The average net loan-to-share ratio for the last eight quarters is more than reasonable given the institution’s size, financial condition, and AA credit needs.

The credit union’s net LTS ratio, as calculated from the NCUA 5300 Quarterly Call Report data, averaged 103.1 percent over the past eight calendar quarters from March 31, 2020, through December 31, 2021. The ratio ranged from 95.6 percent as of December 31, 2021, to 109.6 percent in the quarter ending March 31, 2020.

As a low-income designated credit union, the Athol Credit Union can receive non-member deposits which support the credit union’s net worth. As of the examination start date, there were nine accounts totaling \$2.2 million.

Assessment Area Concentration

The credit union made a large majority of home mortgage loans within its AA. Please refer to the following table.

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										
2019	10	100.0	0	0.0	10	1,959	100.0	0	0.0	1,959
2020	72	97.3	2	2.7	74	12,876	95.3	642	4.7	13,518
Total	82	97.6	2	2.4	84	14,835	95.9	642	4.1	15,477
<i>Source: Credit Union Data Due to rounding, totals may not equal 100.0%</i>										

Borrower Profile

The distribution of home mortgage loans reflects good penetration to individuals of different income levels. Examiners focused on percentage, by number, of home mortgage loans to low- and moderate-income borrowers. The credit union concluded a broker relationship in 2020.

In 2019, the credit union’s lending to low- and moderate-income borrowers was well above aggregate data. Athol Credit Union originated 30.0 percent of loans in the AA to low-income borrowers, above both the aggregate of 7.2 percent and the Percentage of Families at 18.1 percent. The credit union originated 40.0 percent of loans to moderate-income borrowers, above the aggregate performance of 21.3 percent and above the Percentage of Families at 16.3 percent.

In 2020, the credit union’s lending to low- and moderate-income borrower decreased from prior year performance. Lending to low-income borrowers at 4.2 percent was below both the aggregate of 6.0 percent and the Percentage Families at 18.1 percent. Lending to moderate-income borrowers at 20.8 percent was slightly above both aggregate data of 18.6 percent and above the Percentage of Families at 16.3 percent.

The percentage of low-income families is typically higher than lending to these families, as a low-income family in the assessment area, earning less than \$38,450 in the Springfield, MA MSA and \$47,650 in the Worcester, MA-CT MSA in 2020, may have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$240,100.

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						
2019	18.1	7.2	3	30.0	387	19.8
2020	18.1	6.0	3	4.2	413	3.2
Moderate						
2019	16.3	21.3	4	40.0	848	43.3
2020	16.3	18.6	15	20.8	2,234	17.3
Middle						
2019	21.7	24.7	2	20.0	459	23.4
2020	21.7	24.7	27	37.5	4,813	37.4
Upper						
2019	43.9	31.8	1	10.0	265	13.5
2020	43.9	36.5	27	37.5	5,417	42.1
Not Available						
2019	0.0	15.0	0	0.0	0	0.0
2020	0.0	14.2	0	0.0	0	0.0
Totals						
2019	100.0	100.0	10	100.0	1,959	100.0
2020	100.0	100.0	72	100.0	12,876	100.0
<i>Source: 2015 ACS; Credit Union Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

During the evaluation period, Athol Credit Union increased loan offerings with particular benefit to low- and moderate-income borrowers. In October 2021, the credit union introduced the MassSave HEAT loan product designed to make energy efficiency more affordable to Massachusetts residents by qualifying for interest-free loans up to \$25,000 toward energy efficient

home improvements. In 2021, the credit union originated 21 MassSave HEAT loans totaling \$294,432.

While the credit union opted to not recertify as a CDFI, it continues to offer in products and services benefiting low- and moderate-income borrowers. These include products such as the Credit Builder Loan program designed to assist borrowers who had challenges obtaining credit due to poor credit history; 1 loan for \$1,000 was originated under the Credit Builder program. Five credit union employees are certified as Credit Union Counselors and provide one-on-one training and credit counseling. The Purchase and Rehab housing product is responsive to community needs where the area faces challenges with older housing stock, abandoned and vacant housing, and those recently unemployed or on reduced hours due to the pandemic; 2 loans totaling \$384,465 were originated under this program. Additionally, the Wheels to Work loan program offers affordable auto loan options where a vehicle is essential for a job-related commute; 24 loans totaling \$454,077 were originated under this program.

Geographic Distribution

Considering the credit union's AA demographics, aggregate data, and performance context factors, the distribution of home mortgage loans reflects good dispersion throughout the AA in low- and moderate-income geographies.

The credit union did not originate or purchase home mortgage loans within low-income census tracts in 2019. The credit union's lending in low-income census tracts in 2020 increased to 2.8 percent, which was above the aggregate of 0.5 percent and Owner-occupied Housing of 0.5 percent.

The credit union originated or purchased 30.0 percent of home mortgage loans within moderate-income census tracts in 2019. This is well above the aggregate performance of 12.8 percent and the owner-occupied housing percentage of 10.8 percent. The credit union's number of home mortgage loans increased to 33.3 percent in moderate-income census tracts in 2020 which was above the aggregate performance of 11.3 percent and the Owner-occupied Housing.

Market share data supports the credit union's adequate performance. In 2019, Athol Credit Union held 0.2 percent market share, and in 2020 held 2.6 and 1.3 percent, respectively, in low- and moderate-income tracts, representing a steady rate compared with the credit union's overall market share of 0.4 percent.

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						
2019	0.5	0.7	0	0.0	0	0.0
2020	0.5	0.5	2	2.8	310	2.4
Moderate						
2019	10.8	12.8	3	30.0	380	19.4
2020	10.8	11.3	24	33.3	3,910	30.4
Middle						
2019	48.3	44.2	7	70.0	1,580	80.6
2020	48.3	43.6	36	50.0	6,217	48.3
Upper						
2019	40.4	42.2	0	0.0	0	0.0
2020	40.4	44.7	10	13.9	2,440	19.0
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	10	100.0	1,959	100.0
2020	100.0	100.0	72	100.0	12,876	100.0
<i>Source: 2015 ACS; Credit Union Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Response to Complaints

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 FFIEC Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

Discriminatory or Other Illegal Credit Practices

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. The fair lending review was conducted in

accordance with the FFIEC Interagency Fair Lending Examination Procedures. Based on these procedures, examiners did not identify any violations of anti-discrimination laws and regulations.

Minority Application Flow

Examiners reviewed the credit union’s 2019 and 2020 credit union LARs to determine if the credit union’s application flow from different racial and ethnic groups reflected the assessment area’s demographics.

According to the 2015 ACS census data, the credit union’s assessment area contained a total population of 393,086 individuals, of which 12.2 percent are minorities. The minority population represented is 1.7 percent Black/African American, 4.4 percent Asian, 0.1 percent American Indian, 4.3 percent Hispanic or Latino, and 1.7 percent other.

The credit union’s performance in 2019 and 2020 was compared with the aggregate lending performance for the same years. The comparison of this data assists in deriving reasonable expectations for the rate of applications the credit union received from minority home mortgage loan applicants. 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	Credit Union 2019		2019 Aggregate Data	Credit Union 2020		2020 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.3	0	0.0	0.2
Asian	1	4.6	1.7	1	1.1	1.8
Black/ African American	0	0.0	1.3	0	0.0	1.3
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.1
2 or more Minority	0	0.0	0.0	0	0.0	0.1
Joint Race (White/Minority)	0	0.0	1.2	0	0.0	1.4
Total Racial Minority	1	4.6	4.6	1	1.1	4.9
White	21	95.4	75.3	86	96.6	75.0
Race Not Available	0	0.0	20.1	2	2.3	20.1
Total	22	100.0	100.0	89	100.0	100.0
ETHNICITY						
Hispanic or Latino	0	0.0	2.9	1	1.1	3.3
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.1	0	0.0	1.3
Total Ethnic Minority	0	0.0	4.0	1	1.1	4.6
Not Hispanic or Latino	22	100.0	74.8	86	96.6	73.9
Ethnicity Not Available	0	0.0	21.2	2	2.3	21.5
Total	22	100.0	100.0	89	100.0	100.0
<i>Source: HMDA Aggregate Data (2019 and 2020), Credit Union LAR Data (2019) and (2020)</i>						

In 2019, the credit union received 22 home mortgage loan applications from within its assessment area. Of these applications, one, or 4.6 percent, was received from racial minority applicants which was not originated. For the same time period, the credit union received no applications from ethnic groups of Hispanic origin within its assessment area.

In 2020, the credit union received 89 home mortgage loan applications from within its assessment area. Of these applications, one or 1.1 percent were received from racial minority applicants, of which one, or 100.0 percent, was originated. For the same time period, the credit union received one application, or 1.1 percent, from ethnic groups of Hispanic origin within its assessment area which was not originated.

Considering the assessment area's demographic composition and comparisons to 2019 and 2020 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.

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.

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).

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.

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 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, requires 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 513 Main Street, Athol, Massachusetts 01331."

[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.