

# **PUBLIC DISCLOSURE**

February 24, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Freedom Credit Union  
Certificate Number: 66824

1976 Main Street  
Springfield, Massachusetts 01101

Division of Banks  
One Federal Street, Suite 710  
Boston, Massachusetts 02110

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

## TABLE OF CONTENTS

INSTITUTION RATING .....	3
SCOPE OF EVALUATION .....	4
DESCRIPTION OF INSTITUTION .....	5
DESCRIPTION OF ASSESSMENT AREA .....	6
CONCLUSIONS ON PERFORMANCE CRITERIA.....	9
INTERMEDIATE SMALL INSTITUTION PERFORMANCE CRITERIA .....	19
GLOSSARY .....	20
PERFORMANCE EVALUATION DISCLOSURE GUIDE.....	26

## INSTITUTION RATING

This document is an evaluation of the CRA performance of Freedom Credit Union (credit union) prepared by the Massachusetts Division of Banks (Division), the institution's supervisory agency as of February 24th, 2025. 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 **"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. Freedom Credit Union's performance under this test is summarized below:

- The average loan-to-share ratio is reasonable given the institution's size, financial condition, and AA credit needs.
- The credit union made a substantial majority of its home mortgage loans inside the AA.
- The geographic distribution of loans reflects adequate dispersion throughout the AA.
- The distribution of borrowers reflects adequate 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.

**The Community Development Test is rated Satisfactory.**

- Freedom Credit Union demonstrated adequate responsiveness to the assessment area's community development needs through qualified loans, donations, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

# SCOPE OF EVALUATION

## **General Information**

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision to assess the institution's record of meeting the needs of its assessment area, including low- and moderate-income neighborhoods consistent with the safe and sound operation of the institution. Upon the conclusion of such an examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its membership.

This evaluation considered activity from the previous evaluation dated April 25, 2022, to the current evaluation dated February 24, 2025, using Interagency Intermediate Small Institution CRA Procedures to evaluate CRA performance. These procedures include the Lending Test and the Community Development Test. Activity from the two most recent full calendar years, 2022 and 2023, was considered.

The Lending Test considered the credit union's performance according to the following criteria:

- Loan-To-Share (LTS) Ratio
- Assessment Area Concentration
- Geographic Distribution
- Borrower Profile
- Response to CRA-related complaints
- Fair Lending Policies and Procedures

The Community Development Test considered the following factors:

- Number and dollar amount of community development activity, including qualified services, qualified investments, and community development loans.
- The responsiveness of such activities to the community development needs of the area.

## **Loan Products Reviewed**

Examiners analyzed home mortgage loans from January 1, 2022, through December 31, 2023. The home mortgage loan originations were collected through the institution's 2022 and 2023 Loan/Application Registers (LARs). Examiners presented these years of performance in the assessment area concentration, geographic distribution, and borrower profile tables.

Freedom Credit Union originated 436 home mortgage loans totaling \$74.4 million in 2022 and originated 376 home mortgage loans totaling \$59.7 million in 2023. Examiners compared the institution's home mortgage lending performance to 2020 American Community Survey (ACS) demographic data and to available aggregate data.

Examiners focused the examination on the institution's home mortgage lending due to its higher share of the loan portfolio (68.7%) and its readily available data. Examiners also focused on the

number of loans rather than the dollar volume when assessing the institution's performance as it is a better indicator of the number of individuals served.

## **DESCRIPTION OF INSTITUTION**

### **Background**

Freedom Credit Union is a community credit union established in 1922 and is headquartered in Springfield, Massachusetts. Membership within this credit union is available to anyone who works, resides, or attends school in the Hampden, Hampshire, Franklin or Berkshire Counties of Massachusetts or in the Hartford and Tolland Counties of Connecticut, as well as the families of these members. As of December 31, 2024, the credit union has 31,707 members.

The credit union is a designated low-income credit union by the Commissioner of Banks and the National Credit Union Administration (NCUA), indicating that 50% or more of its membership earns 80% or less than the median family income for the metropolitan area where they live, or the national metropolitan area, whichever is greater.

Since the previous examination, Freedom Credit Union closed a full-service branch located at 422B Main Street, Easthampton, MA, an upper-income census tract, and opened a loan processing office located at 115 Elm Street, Enfield, CT, a middle-income census tract.

Freedom Credit Union received a "Satisfactory" rating at its previous Division of Banks CRA Performance Evaluation dated April 25, 2022, based on the Interagency Intermediate Small Institution CRA Examination Procedures and the Division's CRA Regulation at 209 CMR 46.

### **Operations**

Freedom Credit Union's operations are headquartered in its main office located at 1976 Main Street in Springfield, MA. The credit union maintains branches in Chicopee, Feeding Hills, Greenfield, Ludlow, Northampton, Springfield (2), Turners Falls, and West Springfield. The credit union maintains two branches in low-income census tracts and four branches in moderate-income census tracts. Each branch has a 24-hour deposit-taking automated teller machine (ATM), of which two are walk-up ATMs. Additionally, each branch has drive-up teller services. Hours of operation are exactly consistent across all locations.

The credit union offers a variety of personal and business products and services, including but not limited to checking, savings, money market, individual retirement accounts (IRAs), and certificate accounts, mortgage, home equity, personal, construction, vehicle lending, commercial, business lines of credit, credit card, as well as 24-hour online and mobile banking services, including mobile check deposit, debit cards, digital wallet, mobile app, bill pay capabilities, and business cash management.

The credit union is a member of the Allpoint automated teller machine (ATM) Network and the SUM ATM Network for cash withdrawals at thousands of surcharge-free ATMs nationally and internationally.

## **Ability and Capacity**

As of December 31, 2024, Freedom Credit Union had total assets of approximately \$734.1 million, total loans of \$545.5 million, and total shares of \$569.3 million. Total loans represent approximately 74.3 percent of total assets. Residential real estate loans represent the primary credit product with approximately 69.0 percent of the loan portfolio. Since the previous CRA evaluation, assets increased 13.0 percent, and the lending portfolio increased 22.3 percent.

<b>Loan Portfolio Distribution as of 9/30/2024</b>		
<b>Loan Category</b>	<b>\$</b>	<b>%</b>
Unsecured Credit Card Loans	251,599	0.046%
Payday Alternative Loans	0	0.0%
Non-Federally Guaranteed Student Loans	31,509	0.006%
Unsecured Loans/Lines of Credit	6,866,826	1.3%
New Vehicle Loans	4,583,619	0.8%
Used Vehicle Loans	30,335,843	5.6%
Secured Non-Real Estate Loans/Lines of Credit	411,143	0.1%
Total Loans/Lines of Credit Secured by 1 <sup>st</sup> Lien 1-4 Family Residential	294,360,809	54.0%
Total Loans/Lines of Credit Secured by Junior Lien 1-4 Family Residential	81,752,179	15.0%
All Other Real Estate Loans/Lines of Credit	0	0.0%
Commercial Loans/Lines of Credit Real Estate Secured	121,797,096	22.3%
Commercial Loans/Lines of Credit Not Real Estate Secured	5,081,912	0.9%
<b>Total Loans</b>	<b>\$545,472,535</b>	<b>100.0%</b>
<i>Source: Reports of Income and Condition</i>		

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Freedom Credit Union has designated one single assessment area which includes six full counties comprised of four counties in Massachusetts and two counties in Connecticut.

The credit union's assessment area is consistent with its field of membership. Due to the assessment area's contiguous footprint, examiners conducted a review of the entire area and did not perform separate analysis for each defined Metropolitan Statistical Area (MSA). The six full counties include Hampden, Hampshire, Franklin and Berkshire Counties in Massachusetts and Hartford and Tolland Counties in Connecticut.

## **Economic and Demographic Data**

The credit union’s assessment area consists of 465 census tracts that reflect the following income designations according to the 2020 U.S. Census:

- 57 low-income tracts,
- 89 moderate-income tracts,
- 182 middle-income tracts,
- 125 upper-income tracts, and
- 12 tracts without an income designation.

The 2020 U.S. Census adjusted the income designation and number of several census tracts within the assessment area when compared to the 2015 U.S. Census data. The net change in total of low-income tracts was zero, moderate-income tracts increased by five, middle-income tracts increased by twelve, upper-income tracts decreased by three, and tracts without an income designation increased by two. The total number of census tracts increased by sixteen from 449 to 465.

<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)	465	12.3	19.1	39.1	26.9	2.6
Population by Geography	1,877,474	9.6	19.0	39.2	30.8	1.4
Housing Units by Geography	801,520	9.9	19.9	41.1	28.9	0.2
Owner-Occupied Units by Geography	478,371	2.7	14.1	45.4	37.9	0.0
Occupied Rental Units by Geography	257,034	22.0	30.2	33.2	14.3	0.3
Vacant Units by Geography	66,115	15.2	22.1	40.6	21.3	0.7
Businesses by Geography	229,979	10.9	17.4	40.8	30.4	0.5
Farms by Geography	6,762	4.1	9.9	45.1	40.8	0.1
Family Distribution by Income Level	463,027	23.0	16.7	20.1	40.1	0.0
Household Distribution by Income Level	735,405	26.0	15.3	16.8	42.0	0.0
Median Family Income MSA - 25540 Hartford-East Hartford-Middletown, CT MSA		\$101,543	Median Housing Value			\$236,763
Median Family Income MSA - 38340 Pittsfield, MA MSA		\$82,207	Median Gross Rent			\$1,055
Median Family Income MSA - 44140 Springfield, MA MSA		\$79,907	Families Below Poverty Level			7.9%

*Source: 2020 ACS, 2023 D&B Data, and FFIEC Estimated Median Family Income.  
(\*) The NA category consists of geographies that have not been assigned an income classification.*

The Federal Financial Institution’s Examination Council (FFIEC) updated 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>Hartford-East Hartford-Middletown, CT MSA Median Family Income (25540)</b>				
2022 (\$113,200)	<\$56,600	\$56,600 to <\$90,560	\$90,560 to <\$135,840	≥\$135,840
2023 (\$118,700)	<\$59,350	\$59,350 to <\$94,960	\$94,960 to <\$142,440	≥\$142,440
<b>Pittsfield, MA MSA Median Family Income (38340)</b>				
2022 (\$87,300)	<\$43,650	\$43,650 to <\$69,840	\$69,840 to <\$104,760	≥\$104,760
2023 (\$92,500)	<\$46,250	\$46,250 to <\$74,000	\$74,000 to <\$111,000	≥\$111,000
<b>Springfield, MA MSA Median Family Income (44140)</b>				
2022 (\$91,300)	<\$45,650	\$45,650 to <\$73,040	\$73,040 to <\$109,560	≥\$109,560
2023 (\$94,600)	<\$47,300	\$47,300 to <\$75,680	\$75,680 to <\$113,520	≥\$113,520
<i>Source: FFIEC</i>				

The assessment area’s lending trends reflect a small increase in housing prices, with the median housing value increasing less than 1.0 percent since the previous exam. As housing in the assessment area becomes more expensive it becomes more difficult for low- and moderate-income families to qualify for traditional home mortgage loans. Additionally, approximately 7.9 percent of families are below the poverty level, a subset of the low-income category. This demonstrates a 1.6 percent decrease since the last evaluation, and with the population level essentially remaining steady, this indicates fewer families below the poverty level.

**Competition**

The assessment area is located in a highly competitive market for home mortgage loans. The top ten lenders within the area are all large institutions and collectively account for approximately 28.5 percent of the market. Market share data for 2023 indicates that Freedom Credit Union ranked 25<sup>th</sup> out of 628 lenders in the assessment area originating 56,659 home mortgage loans.

**Community Contact**

As part of the evaluation process, examiners contact third parties who are active in the assessment area to help assess the credit and community development needs. The information obtained helps to determine whether local financial institutions are responsive to those needs. The information also shows what credit and community development opportunities are available.

Examiners contacted a municipal housing authority that operates within the credit union’s assessment area. The organization works directly with local government, non-profit organizations, and financial institutions to increase housing opportunities and education for low- and moderate-income individuals and families. The representative noted the area contains a significant number of distressed properties with some in states of disrepair or receiving limited or



low-quality repairs. The city's 1-4 family inventory is older, and market availability is becoming increasingly limited. Low- and moderate-income borrowers are challenged by the area's high price of homes, high interest rates, and difficulty generating a down payment. These borrowers are at a disadvantage as they compete against out-of-area investors for limited housing inventory that are purchased as rental properties. Further, the downtown area has areas in need of redevelopment with empty buildings under consideration for conversion to residential housing.

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

Examiners considered information gathered from the community contact, the credit union, and available economic and demographic data to identify the primary needs of the assessment area. Examiners determined that the community's primary community development needs are affordable housing opportunities in the form of development of below market rate housing units and affordable financing to low- and moderate-income borrowers, down payment assistance, affordable interest rates, and home repair assistance programs for low- and moderate-income individuals. Additionally, there is a pressing need for landlord seminars presented in languages other than English.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

Freedom Credit Union demonstrated Satisfactory performance under the Lending Test. The following sections describe the credit union's performance under each criterion.

#### **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 since the previous evaluation is reasonable given the institution's size, financial condition, and assessment area credit needs.

The LTS ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The credit union's quarterly net LTS ratio, calculated from Call Report data, averaged 97.8 percent over the past eight calendar quarters from March 31, 2023, to December 31, 2024. The credit union's quarterly net LTD ratio has remained stable throughout the examination period. The LTS ratio ranged from a low of 93.7 percent as of March 31, 2023, to a high of 101.8 percent as of December 31, 2023.

The credit union's average loan-to-share ratio was compared to that of two similarly situated institutions. The institution selection is based on geographic location, asset size, and lending focus.

Loan-to-Share Ratio Comparison		
Institution	Total Assets as of 12/31/24 (\$)	Average LTS Ratio (%)
Freedom Credit Union	734,057,952	97.8
Polish National Credit Union	744,609,358	102.5
All One Credit Union	903,207,093	94.9
<i>Source: NCUA Form 5300 Call Report Data</i>		

### **Assessment Area Concentration**

The credit union made a substantial majority of home mortgage loans, by both number and dollar volume, within its assessment area. Examiners focused on the number of loans originated compared to the dollar amount of loans, as the number of loans is a better indicator of low- and moderate-income individuals or families that received a loan. The credit union attributed the decrease in home mortgages from 2022 to 2023 to high interest rates, low housing inventory coupled with increased cost for those homes on the market. The following table illustrates the credit union’s lending inside and outside its assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%	#	\$(000s)	%	\$(000s)	%	
Home Mortgage										
2022	433	99.3	3	0.7	436	73,175	98.4	1,187	1.6	74,362
2023	366	97.3	10	2.7	376	55,221	92.5	4,503	7.5	59,723
<b>Total</b>	<b>799</b>	<b>98.4</b>	<b>13</b>	<b>1.6</b>	<b>812</b>	<b>128,396</b>	<b>95.8</b>	<b>5,690</b>	<b>4.2</b>	<b>134,085</b>
<i>Source: Credit Union Data</i>										
<i>Due to rounding, totals may not equal 100.0. Dollar amounts are multiplied by 1000.</i>										

### **Geographic Distribution**

The geographic distribution of home mortgage loans reflects adequate dispersion throughout the assessment area. The credit union’s 2022 and 2023 loan performance in low-income census tracts were both less than aggregate performance. The 2022 performance compared favorably to the demographic indicator as it was above the Percentage of Owner-Occupied Housing Units, while the 2023 performance fell below the demographic indicator. The credit union’s 2023 loan performance in low-income geographies showed a decrease from 2022.

There are other factors that explain and support adequate performance. According to demographic data of the institution’s assessment area, the percentage of owner-occupied housing units in low- and moderate-income census tracts at 16.8 percent is low and limits the lending opportunities to those geographies. This factor combined with the high level of competition creates further challenges in lending to low- and moderate-income areas in the assessment area.

Additionally, Springfield represents the largest concentration of the assessment area’s low- and moderate-income areas and competition remains high. Despite these constraints, the credit union maintains a branch presence in 3 low- or moderate-income census tracts in Springfield, making these locations and credit union services accessible to residents and in nearby tracts.

The credit union’s 2022 and 2023 performance in moderate-income census tracts at 16.6 and 16.1 percent, respectively, was in line with aggregate performance and compared above the demographic indicator by 2.5 percentage points. The credit union’s 2023 loan performance in moderate-income geographies showed a slight decrease from 2022.

The following table illustrates the credit union’s dispersion of home mortgage loans by census tract income level within the assessment area.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2022	2.7	4.2	13	3.0	4,071	5.6
2023	2.7	4.6	7	1.9	1,280	2.3
<b>Moderate</b>						
2022	14.1	16.6	72	16.6	12,555	17.2
2023	14.1	17.0	59	16.1	7,110	12.9
<b>Middle</b>						
2022	45.4	43.3	201	46.4	28,448	38.9
2023	45.4	43.6	161	44.0	21,432	38.8
<b>Upper</b>						
2022	37.9	35.8	147	33.9	28,101	38.4
2023	37.9	34.7	138	37.7	24,451	44.3
<b>Not Available</b>						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	1	0.3	948	1.7
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>433</b>	<b>100.0</b>	<b>73,175</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>366</b>	<b>100.0</b>	<b>55,221</b>	<b>100.0</b>
<i>Source: 2020 ACS; Credit Union Data, 2022 &amp; 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

**Borrower Profile**

Given the demographics of the assessment area, the distribution of borrowers reflects adequate penetration among individuals of different income levels for home mortgage loans. Examiners focused on activity among low- and moderate-income borrowers.

The credit union's 2022 loan performance to low-income borrowers was above aggregate performance and the credit union's 2023 performance was below aggregate performance. Both 2022 and 2023 performance percentages were below the demographic indicator, Percentage of Families. The credit union's 2023 lending to low-income borrowers showed a decrease from 2022.

Examiners noted that the credit union's lending to low-income borrowers was less than the percentage of low-income families in the assessment area. Low-income families in the Springfield, MA Metropolitan Statistical Area (MSA) have annual incomes of less than \$45,650, in the Pittsfield, MA MSA have annual incomes of less than \$43,650, and in the Hartford-East Hartford-Middletown, CT MSA have annual incomes of less than \$56,600. Low-income families from these areas are unlikely to qualify for a conventional mortgage, given that the median housing value is \$236,763. Lending opportunities to low-income families are further limited as 7.9 percent of families in the assessment area live below the poverty level. These factors help explain the difference between the credit union's performance and the percentage of low-income families.

The credit union's 2022 loan performance to moderate-income borrowers was above aggregate performance and the credit union's 2023 performance was in line with aggregate performance. Both 2022 and 2023 performance percentages compared above the demographic indicator, Percentage of Families. The credit union's 2023 lending to low-income borrowers showed a decrease from 2022.

Market analysis indicates a highly competitive lending market that further supports adequate performance and demonstrates the credit union's efforts and willingness to lend. In 2023, the credit union ranked 24<sup>th</sup> in lending to low- and moderate-income borrowers. Within the competitive market of the assessment area, Freedom Credit Union was the only state-chartered credit union to originate to low- and moderate-income borrowers among other larger institutions and mortgage companies.

The following table illustrates the credit union’s lending to borrowers of different income levels in the assessment area.

<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>						
2022	23.0	10.0	56	12.9	7,318	10.0
2023	23.0	9.5	28	7.7	2,255	4.1
<b>Moderate</b>						
2022	16.7	26.1	131	30.3	20,332	27.8
2023	16.7	25.7	91	24.9	11,375	20.6
<b>Middle</b>						
2022	20.1	23.3	115	26.6	16,848	23.0
2023	20.1	23.8	116	31.7	15,143	27.4
<b>Upper</b>						
2022	40.1	28.0	114	26.3	18,131	24.8
2023	40.1	28.6	124	33.9	22,801	41.3
<b>Not Available</b>						
2022	0.0	12.5	17	3.9	10,547	14.4
2023	0.0	12.3	7	1.9	3,647	6.6
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>433</b>	<b>100.0</b>	<b>73,175</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>366</b>	<b>100.0</b>	<b>55,221</b>	<b>100.0</b>
<i>Source: 2020 ACS; Credit Union Data, 2022 &amp; 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

**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 Other 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 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.

### ***MINORITY APPLICATION FLOW***

Examiners reviewed the credit union's 2022 and 2023 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 2020 ACS U.S. census data, the credit union's assessment area contained a total population of 1,877,474 individuals, of which 35.0 percent are minorities. The assessment area's minority and ethnic population is 17.0 percent Hispanic or Latino, 9.8 percent Black or African American, 4.7 percent Asian, 0.4 percent American Indian, and 16.7 percent other.

In 2023, the credit union received 562 home mortgage loan applications from within its assessment area. Of these applications, 50, or 8.9 percent were received from racial minority applicants. Of these applications, 25, or 50.0 percent resulted in originations. Aggregate lenders received 15.0 percent of their applications from racial minority consumers, of which 53.9 percent resulted in originations. For the same period, the credit union received 92 applications, or 16.4 percent from ethnic groups of Hispanic origin. Of these, 52 applications, or 56.5 percent, were originated compared with an aggregate application rate of 13.0 percent and an origination rate of 55.3 percent.

The credit union's level of applications was compared with that of the 2022 and 2023 aggregate performance. 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. The credit union's HMDA LARs for 2022 and 2023 were also reviewed to determine if the application flow from the different racial groups within the credit union's assessment area was reflective of the assessment area's demographics.

Considering the demographic composition of the assessment area, the credit union's branch network, market competition, comparisons to aggregate, and languages spoken by credit union employees, the credit union's minority application flow is considered reasonable. Nevertheless, the credit union should remain cognizant of its community outreach strategies to reach all groups within the 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	2022		2022 Aggregate Data	2023		2023 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	1	0.2	0.4	2	0.3	0.6
Asian	9	1.4	4.2	9	1.6	4.4
Black/ African American	37	5.8	7.5	30	5.3	8.0
Hawaiian/Pacific Islander	4	0.6	0.2	2	0.4	0.2
2 or more Minority	2	0.3	0.2	1	0.2	0.2
Joint Race (White/Minority)	13	2.0	1.4	6	1.1	1.6
<b>Total Racial Minority</b>	<b>66</b>	<b>10.3</b>	<b>13.9</b>	<b>50</b>	<b>8.9</b>	<b>15.0</b>
White	480	75.1	61.8	418	74.4	61.0
Race Not Available	93	14.6	24.3	94	16.7	24.0
<b>Total</b>	<b>639</b>	<b>100.0</b>	<b>100.0</b>	<b>562</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	104	16.3	10.4	80	14.2	11.2
Joint (Hisp/Lat /Not Hisp/Lat)	15	2.4	1.6	12	2.2	1.8
<b>Total Ethnic Minority</b>	<b>119</b>	<b>18.7</b>	<b>12.0</b>	<b>92</b>	<b>16.4</b>	<b>13.0</b>
Not Hispanic or Latino	425	66.5	65.4	376	66.9	65.0
Ethnicity Not Available	95	14.8	22.6	94	16.7	22.0
<b>Total</b>	<b>639</b>	<b>100.0</b>	<b>100.0</b>	<b>562</b>	<b>100.0</b>	<b>100.0</b>

*Source: U.S. Census 2020, HMDA Aggregate Data 2022, HMDA LAR Data 2022 and 2023*

## COMMUNITY DEVELOPMENT TEST

Freedom Credit Union demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need for and availability of such opportunities.

### Community Development Loans

Freedom Credit Union originated three community development loans totaling approximately \$6.9 million during the evaluation period. This level of activity represents 1.0 percent of average total assets and 1.3 percent of average total net loans since the prior evaluation. This level of activity is an increase from the prior evaluation period, when the credit union originated 24 loans totaling approximately \$4.0 million. The credit union was comparable to two similarly situated institutions by dollar amount.

Below are descriptions of the credit union’s qualified community development loans:

- In 2024, the credit union originated a \$4.9 million SBA 504 loan for the construction of a local hotel located in a moderate-income census tract within the credit union’s assessment area in support of economic development.

- In 2023, the credit union originated a \$4.25 million loan for the construction of a 130-unit apartment complex. Thirty-four units within the complex qualified based on affordable monthly rent prices. The prorated amount of \$1.1 million was responsive under the community development purpose of affordable housing.
- In 2023, the credit union participated in a loan for a mixed-use complex consisting of 106 apartment units and four retail units. Twenty of the apartment units qualified based on affordable monthly rent prices. The prorated amount of \$877,000 was responsive under the community development purpose of affordable housing.

### **Community Development Investments**

During the evaluation period, Freedom Credit Union made 118 qualified investments consisting of charitable donations totaling \$179,730 and no equity investments. This level of activity represented a slight increase by number and a slight decrease by dollar amount from the previous evaluation at 109 totaling \$199,716. The current total dollar amount equates to 0.03 percent of average total assets and 0.14 percent of average total securities since the prior CRA evaluation. The credit union compared between two similarly situated institutions by number, and by dollar amount was below two.

These qualified donations demonstrate the credit union’s responsiveness to the needs of the low- and moderate-income individuals and geographies within the assessment area. The following table illustrates community development donations by year and purpose.

<b>Qualified Investments</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
4/25/2022 – 12/31/2022	2	1,500	23	29,900	0	0	5	6,600	<b>30</b>	<b>38,000</b>
2023	3	2,500	33	63,450	2	3,350	7	10,930	<b>45</b>	<b>80,230</b>
2024	3	2,750	28	42,850	2	3,055	10	12,845	<b>43</b>	<b>61,500</b>
<b>Total</b>	<b>8</b>	<b>6,750</b>	<b>84</b>	<b>136,200</b>	<b>4</b>	<b>6,405</b>	<b>22</b>	<b>30,375</b>	<b>118</b>	<b>179,730</b>
<i>Source: Credit Union Data</i>										

The credit union’s qualified donations primarily supported community services. Below are notable examples:

- **Boys & Girls Club** – The Boys and Girls Club focuses on enabling youth, particularly those in need, to reach their full potential as productive, caring, and responsible citizens. The credit union donated to the Boys and Girls Clubs in Chicopee and Springfield during the examination period.
- **Habitat for Humanity** – Habitat for Humanity partners with families in need to provide them with affordable housing. The credit union donated to both the Pioneer Valley and Greater Springfield Habitat for Humanity during the examination period. These



community development services were responsive under affordable housing.

- **Big Brothers Big Sisters** – Big Brothers Big Sisters helps children realize their potential and build their futures through a donor- and volunteer-supported mentoring network. During the examination period, the credit union donated to the Big Brothers Big Sisters of both Franklin and Hampden County.

**Community Development Services**

During the evaluation period, credit union employees and officers provided 581 hours of financial expertise or technical assistance to community development-related organizations in the assessment area. This level of activity is above the prior evaluation and compared favorably to similarly situated institutions.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
4/25/2022 – 12/31/2022	9	76	1	17.75	<b>103.75</b>
2023	1	192.75	12	28	<b>233.75</b>
2024	1	191.5	7.5	18.5	<b>218.5</b>
YTD 2025	0	24	0	1	<b>25</b>
<b>Total</b>	<b>11</b>	<b>484.25</b>	<b>20.5</b>	<b>65.25</b>	<b>581</b>

*Source: Credit Union Data*

The following are notable examples of the credit union’s community development services:

- **Way Finders** – Way Finders is an affordable housing organization dedicated to bringing home stability to people across Western Massachusetts through programs targeted for affordable housing, home ownership, emergency and rental assistance, and employment support. The credit union’s CEO serves on the organization’s board, with this service qualifying under the community development purpose of affordable housing.
- **Viability, Inc** – Viability, Inc. provides services such as employment services, job training and placement, pre-employment transition services, adult family care, and shared living services. The credit union’s commercial credit manager serves on the organization’s board and finance committee, with this qualifying under the community development purpose of community service.
- **Royal Family KIDS Camp** – The Royal Family KIDS Camp is a camp for children who have experienced abuse or neglect. A branch officer of the credit union has served on the fundraising committee for the camp, with this service qualifying under the community development purpose of community service.
- **Low- and Moderate-Income Branches** – Out of nine total branches, the credit union maintains two branch locations in low-income census tracts and four branch locations in

moderate-income census tracts. These branches provide essential retail financial services which include banking and lending products for the area.

## INTERMEDIATE SMALL INSTITUTION PERFORMANCE CRITERIA

### **Lending Test**

The Lending Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The institution's loan-to-share ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the institution's assessment area(s);
- 3) The geographic distribution of the institution's loans;
- 4) The institution's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The institution's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The extent to which the institution provides community development services; and
- 3) The institution's responsiveness through such activities to the area's community development needs considering the amount and combination of these activities, along with their qualitative aspects.

## 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 financial institution under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**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.

**Community Development Corporation (CDC):** A CDC allows institutions and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution 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 institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution'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 institution's assessment area(s) or a broader statewide or regional area including the institution'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 institution'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 Area (CBSA):** 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).

**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 (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, 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 Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**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 (e.g, 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.

**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 (also known as non-MSA):** 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 120 percent or more of the area median income, or a median family income that is 120 percent or more 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 1976 Main Street, Springfield, Massachusetts 01101.”

[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.