

PUBLIC DISCLOSURE

April 25, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Freedom Credit Union
Certificate Number: 66824
1976 Main Street
Springfield, Massachusetts 01101

Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118

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

TABLE OF CONTENTS

Institution Rating	1
Scope of Evaluation	2
Description of Institution.....	3
Description of Assessment Area.....	4
Conclusions on Performance Criteria	7
Glossary.....	17

INSTITUTION RATING

This document is an evaluation of the CRA performance of **Freedom Credit Union (credit union)** prepared by the Division, the institution's supervisory agency as of **April 25, 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 "**Satisfactory.**" An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. Freedom Credit Union's performance under this test is summarized below:

The Lending Test is rated Satisfactory.

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

The Community Development Test is rated Satisfactory.

- The institution demonstrated reasonable responsiveness to the assessment area's community development needs through qualified community development loans, qualified donations, and community development services in the assessment area.

SCOPE OF EVALUATION

General Information

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

This evaluation covers the period from the prior evaluation dated April 26, 2019, to the current evaluation dated April 25, 2022. Intermediate Small Institution CRA procedures were used for the evaluation. These procedures require two performance tests: the Lending Test and the Community Development Test.

The Lending Test considered the credit union’s performance according to the following criteria.

- Loan-to-Share ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The Community Development test considered the following factors.

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

The evaluation references demographic and economic information from the 2015 American Community Survey (ACS). Credit Union financial data reflects the December 31, 2021 Call Report.

Loan Products Reviewed

Examiners determined that the credit union’s major product line is home mortgage loans. This conclusion considered the credit union’s business strategy and the number and dollar volume of loans originated during the evaluation period. Home mortgage lending data analyzed included full-year data from January 1, 2020, through December 31, 2021. Information related to home mortgage lending was derived from the Loan Application Registers (LARs) maintained by the credit union, pursuant to HMDA. For 2020, the credit union reported 543 originations totaling \$94.7 million within the assessment area. For 2021, the credit union reported 585 originations totaling \$107.9 million within the assessment area.

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

DESCRIPTION OF INSTITUTION

Background

Freedom Credit Union is a Massachusetts state-chartered credit union located in Springfield, MA. Freedom Credit Union is community credit union whose membership consists of anyone who lives or works in Hampden, Hampshire, Franklin, Berkshire counties in Massachusetts and Hartford and Tolland counties in Connecticut and their immediate families.

Freedom Credit Union is designated as a Low-Income credit union by the Division of Banks and the National Credit Union Administration. A credit union that carries a Low-Income designation maintains a majority of its members are low-income or earn 80 percent or less of the area median family income.

As of December 31, 2021, Freedom Credit Union has 31,655 members. The credit union received a “Satisfactory” rating from the Massachusetts Division of Banks during its prior evaluation on August 26, 2019. The Lending Test and Community Development Test both received a “Satisfactory” rating.

Operations

The 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, East Hampton, Feeding Hills, Greenfield, Northampton, Springfield (2), Turner Falls, and West Springfield. The credit union maintains one branch in a low-income census tract and three branches in moderate-income census tracts.

The credit union maintains similar hours across its branch network, with lobby hours from 9:00 AM to 4:00 PM Monday through Wednesday, 9:00AM to 5:00 PM Thursday and Friday, and 9:00 AM to 12:00 PM on Saturdays. The credit union also offers Drive-up hours at all its locations one hour before the branches open Monday through Friday as well as an ATM machine at each location.

The credit union offers the following products and services to its members: checking and savings accounts for consumers and businesses, money market accounts, club savings accounts, certificates of deposits and retirement accounts. It also provides its members with mortgage loans, home equity loans and lines of credit, auto and RV loans, student loans, personal loans and lines of credit, business lines of credit and personal and business credit cards. Additional services include ATM/Debit cards, internet banking, mobile banking, and business cash management services.

Freedom Credit Union is also part the Allpoint and SUM ATM Networks. The Allpoint ATM network gives Freedom Credit union members access to over 55,000 ATMS throughout the U.S., Canada, Mexico, Puerto Rico, United Kingdom, and Australia.

Ability and Capacity

As of December 31, 2021, assets totaled approximately \$649.8 million, and shares totaled \$526.8 million. Total loans were \$446.2 million, representing approximately 68.7 percent of total assets. Since the previous CRA evaluation, assets increased 21.7 percent, and the lending portfolio increased 19.4 percent.

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	379,247	0.1
Non-Federally Guaranteed Student Loans	171,252	0.1
Unsecured Loans/Lines of Credit	5,439,286	1.2
New Vehicle Loans	3,340,835	0.7
Used Vehicle Loans	29,186,734	6.5
Secured Non-Real Estate Loans/Lines of Credit	1,030,789	0.2
Total Loans/Lines of Credit Secured by 1 st Lien 1-4 Family Residential Properties	275,433,647	61.7
Total Loans/Lines of Credit Secured by Junior Lien 1-4 Family Residential Properties	51,866,429	11.6
All Other Real Estate Loans/Lines of Credit	0	0.0
Commercial Loans/Lines of Credit Real Estate Secured	74,860,738	16.8
Commercial Loans/Lines of Credit Not Real Estate Secured	4,463,723	1.0
Total Loans	446,172,680	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 assessment area credit needs.

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 its assessment area that includes six full counties which consists of four counties in Massachusetts, and two counties in Connecticut.

The credit union's assessment is consistent with the credit union's field of membership. Due to the assessment area's contiguous footprint, examiners conducted a review on the entire area and did not perform a 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. The following is a breakdown of the counties by MSA.

- Springfield, MA MSA #44140 (Hampden County, Hampshire County, and Franklin County)
- Pittsfield, MA MSA #38340 (Berkshire County)
- Hartford-East Hartford-Middletown, CT MSA #25540 (Hartford County and Tolland County)

Since the last examination, the credit union has expanded its assessment area to include Hartford and Tolland Counties. The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The assessment area includes 449 census tracts and reflects the following income designations according to the 2015 ACS data:

- 72 low-income tracts,
- 69 moderate-income tracts,
- 161 middle-income tracts, and
- 138 upper-income tracts
- 9 census tracts with no income designation

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	449	16.0	15.4	35.9	30.7	2.0
Population by Geography	1,878,123	13.4	15.1	36.4	33.3	1.8
Housing Units by Geography	789,827	13.6	15.8	38.5	32.0	0.1
Owner-Occupied Units by Geography	470,303	4.2	12.2	41.9	41.8	0.0
Occupied Rental Units by Geography	251,499	29.2	22.2	33.0	15.5	0.1
Vacant Units by Geography	68,025	21.2	17.6	35.3	25.8	0.2
Businesses by Geography	159,249	11.6	13.8	37.6	36.5	0.5
Farms by Geography	4,923	3.5	8.4	40.7	47.4	0.0
Family Distribution by Income Level	464,486	23.5	16.6	19.9	40.0	0.0
Household Distribution by Income Level	721,802	26.6	14.9	16.8	41.7	0.0
Median Family Income MSA - 25540 Hartford-East Hartford-Middletown, CT MSA		\$88,016	Median Housing Value			\$223,493
Median Family Income MSA - 38340 Pittsfield, MA MSA		\$66,604	Median Gross Rent			\$927
Median Family Income MSA - 44140 Springfield, MA MSA		\$67,203	Families Below Poverty Level			9.5%
<i>Source: 2015 ACS and 2020 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Federal Financial Institutions Examination Council (FFIEC) updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Hartford-East Hartford-Middletown, CT MSA Median Family Income (25540)				
2020 (\$97,800)	<\$48,900	\$48,900 to <\$78,240	\$78,240 to <\$117,360	≥\$117,360
2021 (\$105,100)	<\$52,550	\$52,550 to <\$84,080	\$84,080 to <\$126,120	≥\$126,120
Pittsfield, MA MSA Median Family Income (38340)				
2020 (\$88,800)	<\$44,400	\$44,400 to <\$71,040	\$71,040 to <\$106,560	≥\$106,560
2021 (\$85,200)	<\$42,600	\$42,600 to <\$68,160	\$68,160 to <\$102,240	≥\$102,240
Springfield, MA MSA Median Family Income (44140)				
2020 (\$76,900)	<\$38,450	\$38,450 to <\$61,520	\$61,520 to <\$92,280	≥\$92,280
2021 (\$81,300)	<\$40,650	\$40,650 to <\$65,040	\$65,040 to <\$97,560	≥\$97,560
<i>Source: FFIEC</i>				

The U.S. Bureau of Labor Statistics (BLS) data indicated that the February 2022 unemployment rate in Massachusetts was 4.7 percent and 4.9 percent in Connecticut. For the same time-period, the counties of the assessment area had an unemployment rate of 5.7 percent in Hampden County, 5.5 percent in Berkshire County, 3.9 percent in Franklin County, 3.6 percent in Hampshire County, 5.0 percent in Hartford County and 4.8 percent in Tolland County.

Competition

The assessment area is located in a highly competitive area for home mortgage loans. In the assessment area there are 648 lenders who consisted of large national banks, non-depository lenders, state-chartered community banks and credit unions.

Community Contact

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

Examiners contacted a representative of a community development organization that serves Hampden and Hampshire Counties in Massachusetts. The contact discussed the need for financial literacy programs and services surrounding financial literacy. The contact discussed the lack of understanding of credit products for its clientele. The contact discussed the need for financial institutions to increase the availability of financial literacy classes that are provided in the area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Freedom Credit Union demonstrated reasonable performance under the Lending Test. The institution's reasonable loan-to-share ratio, assessment area concentration, geographic profile, and borrower profile support this conclusion.

Loan-to-Share Ratio

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

The credit union's net LTS ratio, as calculated from the NCUA 5300 Quarterly Call Report data, averaged 81.1 percent over the past eight calendar quarters from March 31, 2020, through December 31, 2021. The ratio ranged from a high of 86.2 percent as of March 31, 2020, to a low of 77.1 percent as of March 31, 2021. The falling trend of the ratio was primarily driven by growing shares throughout the examination period; total shares and deposits increased approximately \$136 million over the past eight calendar quarters. The share growth is attributed to COVID-19 stimulus and increased savings among members.

The credit union's average LTS ratio over the previous eight quarters was compared to that of two similarly situated institutions.

Loan-to-Share Ratio Comparison		
Institution	Total Assets as of 12/31/2021 \$(000s)	Average Net LTS Ratio (%)
Freedom Credit Union	649,826	81.1
Polish National Credit Union	705,019	103.2
Leominster Credit Union	821,149	82.1
<i>Source: Consolidated Reports of Condition and Income</i>		

Assessment Area Concentration

The credit union originated a substantial majority of loans within its assessment area by both number and dollar amount. The table below highlights Freedom Credit Union's home mortgage lending inside and outside the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	543	98.4	9	1.6	552	94,713	97.7	2,246	2.3	96,959
2021	585	98.3	10	1.7	595	107,904	98.0	2,156	2.0	110,060
Subtotal	1,128	98.3	19	1.7	1,147	202,617	97.9	4,402	2.1	207,019
Total	1,128	98.3	19	1.7	1,147	202,617	97.9	4,402	2.1	207,019

Source: Credit Union Data

Geographic Distribution

Considering the credit union’s assessment area demographics, aggregate data, and performance context factors, the distribution of home mortgage loans reflects reasonable penetration in the low- and moderate-income geographies.

In 2020, the credit union’s lending in low-income census tracts was below the aggregate at 4.8 percent and the percentage of owner-occupied housing units at 4.2 percent. In moderate-income census tracts the credit union originated 12.5 percent of their home mortgage loans which was slightly above the aggregate at 11.2 percent and the percentage of owner-occupied housing units at 12.2 percent.

In 2021, the credit union originated 3.9 percent of home mortgage loans in low-income census tracts which was below the aggregate at 5.0 percent and the owner-occupied housing units at 4.2 percent. In moderate-income census tracts, the credit union originated 12.8 percent of home mortgage loans which was above the aggregate at 12.0 percent and the owner-occupied housing units at 12.2 percent.

Please refer to the table below for more information.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	4.2	4.8	21	3.9	2,605	2.8
2021	4.2	5.0	23	3.9	4,796	4.4
Moderate						
2020	12.2	11.2	68	12.5	14,842	15.7
2021	12.2	12.0	75	12.8	12,227	11.3
Middle						
2020	41.9	38.9	234	43.1	37,305	39.4
2021	41.9	39.7	271	46.3	45,153	41.8
Upper						
2020	41.8	45.1	220	40.5	39,961	42.2
2021	41.8	43.1	216	36.9	45,727	42.2
Totals						
2020	100.0	100.0	543	100.0	94,713	100.0
2021	100.0	100.0	585	100.0	107,904	100.0

Source: 2015 ACS Census ; 2020 and 2021 HMDA Reported Data, 2020 and 2021 HMDA Aggregate Data.

Borrower Profile

The distribution of home mortgage loans by borrower income reflects reasonable penetration among individuals of different income levels.

In 2020, the credit union originated 7.0 percent of home mortgage loans to low-income borrowers which was in-line with the aggregate at 7.2 percent. For the same year, the credit union originated 26.0 percent of mortgage loans to moderate-income borrowers which was above the aggregate at 20.0 percent.

In 2021, the credit union originated 5.5 percent of home mortgage loans to low-income borrowers which was below the aggregate at 9.7 percent. In lending to moderate-income borrowers, the credit union originated 24.6 percent of home mortgage loans which was above the aggregate at 22.5 percent.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	23.5	7.2	38	7.0	4,802	5.1
2021	23.5	9.7	32	5.5	4,164	3.9
Moderate						
2020	16.6	20.0	123	22.7	18,329	19.4
2021	16.6	22.5	144	24.6	22,274	20.6
Middle						
2020	19.9	22.1	141	26.0	22,459	23.7
2021	19.9	22.2	183	31.3	30,160	28.0
Upper						
2020	40.0	34.8	218	40.1	39,000	41.2
2021	40.0	30.2	211	36.1	40,734	37.8
Not Available						
2020	0.0	15.9	23	4.2	10,124	10.7
2021	0.0	15.3	15	2.6	10,573	9.8
Totals						
2020	100.0	100.0	543	100.0	94,713	100.0
2021	100.0	100.0	585	100.0	107,904	100.0

Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data, Due to rounding, totals may not equal 100.0%

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.

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 Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures.

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.

Minority Application Flow

According to the 2015 ACS Census Data, the credit union's assessment area contained a total population of 1,878,123 individuals of which 29.3 percent are minorities. The assessment area's minority and ethnic population is 8.6 percent Black/African American, 3.7 percent Asian/Pacific Islander, 0.1 percent American Indian, 14.8 percent Hispanic or Latino and 2.0 percent Other.

The credit union's level of lending was compared with that of the aggregate's lending performance level for the most recent years that data was available, the years 2020 and 2021. The comparison of this data assists in deriving reasonable expectations for the rate of applications the credit union received from minority residential loan applicants.

In 2020, the credit union received 906 HMDA reportable loan applications from within its assessment area. Of these applications, 7.5 percent were received from minority applicants, of which 62.1 percent resulted in originations. The aggregate received 11.2 percent of applications from minority applicants and 56.1 percent were originated during 2020. For the same period, the credit union received 15.8 percent of applications from Hispanic/Latino applicants with a 53.8 percent origination rate compared to the aggregate with an 8.8 percent application rate with an origination rate of 58.2 percent.

In 2021, the credit union received 902 HMDA reportable loan applications within its assessment area. Of these applications, 93 or 10.3 percent were received from minority applicants, of which 58.1 percent resulted in originations. The aggregate received 13.2 percent of its applications from minority consumers, of which 57.5 percent of which were originated. For the same period, the credit union received 129 or 14.3 percent of all applications from ethnic groups of Hispanic origin within its assessment area all of which 51.9 percent were originated, compared to an aggregate ethnic minority application rate of 10.1 percent with a 60.2 percent origination rate.

Refer to the table below for information on the credit union’s minority application flow as well as the aggregate in the credit union’s assessment area.

Minority Application Flow						
RACE	2020 Credit Union Data		2020 Aggregate Data	2021 Credit Union Data		2021 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	4	0.4	0.3	6	0.7	0.4
Asian	14	1.6	4.2	22	2.4	4.5
Black/ African American	34	3.8	5.1	50	5.5	6.7
Hawaiian/Pacific Islander	1	0.1	0.2	0	0.0	0.2
2 or more Minority	2	0.2	0.1	1	0.1	0.2
Joint Race (White/Minority)	13	1.4	1.3	14	1.6	1.2
Total Minority	58	7.5	11.2	93	10.3	13.2
White	726	80.1	66.3	703	77.9	62.5
Race Not Available	112	12.4	22.5	106	11.8	24.3
Total	906	100.0	100.0	902	100.0	100.0
ETHNICITY						
Hispanic or Latino	120	13.3	7.4	114	12.6	8.6
Not Hispanic or Latino	616	68.0	68.6	654	72.5	66.6
Joint (Hisp/Lat /Not Hisp/Lat)	23	2.5	1.4	15	1.7	1.5
Ethnicity Not Available	147	16.2	22.6	119	13.2	23.3
Total	906	100.0	100.0	902	100.0	100.0

*Source: 2020 & 2021 HMDA Data *Due to rounding totals may not equal 100.0 percent.*

Considering the demographic composition of the assessment area and comparisons to aggregate data, the credit union’s minority application flow is reasonable.

COMMUNITY DEVELOPMENT TEST

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

Community loans, investments, and services were evaluated from the previous evaluation to the start date of the current examination. Examiners considered the institution’s capacity and the need and availability of such opportunities.

Community Development Loans

The credit union originated 24 community development loans totaling \$4.0 million since the previous examination. The credit union's community development loans were SBA Paycheck Protection Program (PPP) loans made in response to the Covid-19 pandemic. Of these loans, 10 PPP loans totaling \$2.1 were located within low-income census tracts, and 14 totaling \$1.9 million were located within moderate-income census tracts. These loans helped to retain jobs and revitalize and stabilize these geographies during the height of the Covid-19 pandemic.

Qualified Donations

Freedom Credit Union made 109 community development donations totaling \$199,716 to community organizations in the credit union's assessment area. These donations demonstrate the credit union's responsiveness, particularly for community services to low- and moderate-income individuals within the assessment area.

The following are notable examples of the credit union's qualified donation activities:

- **YMCA of Greater Springfield** – The Greater Springfield YMCA provides programs that promote lifelong personal growth and the balanced development of spirit, mind and body for all. Located in a low-income census tract, the YMCA works to provide youth development, healthy living and social responsibility. The YMCA does not turn away anyone based on the inability to pay fees in full.
- **The Food Bank of Western MA** – The Food Bank of Western MA provides food to its members in Berkshire, Franklin, Hampden and Hampshire counties. The food provided to its members help local independent pantries, meal sites, and shelters provide sustenance to individuals, families, seniors, children, and people with disabilities.
- **The Gray House** – The Gray House is a local human service agency serving Springfield, MA by providing its neighbors with immediate needs to address the root causes of poverty by operating a food assistance program, adult education programs, and after school and summer youth programs. The Gray House serves over 12,000 individuals each year with the programs it provides.
- **Way Finders** – Way Finders is a community organization that works to strengthen housing stability and economic mobility, and to build thriving neighborhoods in communities throughout Western Massachusetts. Way Finders helps individuals through building and managing affordable housing, providing employment support and through resident engagement.

Community Development Services

During the evaluation period, Freedom Credit Union employees and directors provided 328 hours of financial expertise or technical assistance to 25 community development related organizations

in the credit union's assessment area. The following are examples of community development organizations that benefitted from credit union involvement.

- **The Hartspring Foundation** – A Senior Vice President for Freedom Credit Union serves on the Board of Directors for The Hartspring Foundation. The Hartspring Foundation collects used, unwanted clothing and small household items on behalf of Big Brothers Big Sisters. The Hartspring Foundation helps at-risk children with strong and enduring one-to-one relationships.
- **Viability Inc.** – An employee of the credit union serves as Treasurer of Viability, Inc. Viability, Inc. is a human services provider that serves the credit union's assessment area by providing services to individuals to live, learn, work, and thrive in the community. Programs offered include employment services, job training and placement, pre-employment transition services, adult family care, and shared living services.
- **Pathlight Group** – A member of Senior Management for Freedom Credit Union serves on the Board of Directors of the Pathlight Group. The Pathlight Group provides services to people with intellectual disabilities, developmental disabilities, autism, and their families. Pathlight Group offers residential programs, performing arts, educational, recreational and enrichment activities, behavioral support and medical care.

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 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.

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.

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 refinancing of home improvement and home purchase loans.

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

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

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

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

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

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 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, require all financial institution 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.