

# **PUBLIC DISCLOSURE**

September 23, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**HOLYOKE POSTAL CREDIT UNION  
Certificate Number: 67845**

**650 DWIGHT STREET  
HOLYOKE, MA 01041**

Division of Banks  
1000 Washington Street, 10<sup>th</sup> Floor  
Boston, Massachusetts 02118

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.

## GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Holyoke Postal Credit Union (Credit Union) prepared by the Division of Banks, the institution's supervisory agency, as of September 23, 2019. The Division of Banks rates the CRA performance of the Credit Union as per the provisions set forth in 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 members, including low- and moderate-income individuals, in a manner consistent with its resources and capabilities.

The following items summarize the Credit Union's performance.

- The average loan-to-share (LTS) ratio of 17.6 percent is less than reasonable given the institution's size, financial condition, and credit needs of its assessment area.
- The distribution of consumer loans to borrowers of different income levels is reasonable.
- The institution did not receive any CRA-related complaints during the evaluation period.

The Credit Union was last examined for compliance with CRA on January 25, 2016. The examination resulted in a CRA rating of Satisfactory.

## DESCRIPTION OF INSTITUTION

### **Background**

Holyoke Postal Credit Union was incorporated in 1927 as a Massachusetts chartered industrial Credit Union and is owned by and operated for the benefits of its members. The Credit Union's by laws state that membership is limited to postal and federal employees active and retired and their families within Hampden and Hampshire counties. The Credit Union's current membership is 246.

### **Operations**

The Credit Union is located at 650 Dwight Street, in Holyoke, Massachusetts (inside Holyoke Postal Office). Business hours are from 8:00 AM to 10:30 AM Monday through Friday and is operated by two part-time staff members. The Credit Union offers unsecured and secured personal loans, and new and used automobile loans.

### **Ability and Capacity**

As of June 30, 2019, the Credit Union had total assets of \$2.9 million, total shares of \$2.2 million, and total loans of \$465 thousand. Total loans represented approximately 21.2 percent of total assets.

The Credit Union is primarily a consumer lender by dollar volume, with a majority of the loan portfolio being unsecured by residential properties. Approximately 50.5 percent of total loans are unsecured loans or lines of credit, followed by used vehicle loans at 34.0 percent, and new vehicle loans at 15.5 percent.

| <b>Loan Distribution as of June 30, 2019</b>                                      |                      |                               |
|---|----------------------|-------------------------------|
| <b>Loan Type</b>  | <b>Dollar Amount</b> | <b>Percent of Total Loans</b> |
| All Other Unsecured Loans/Lines of Credit   | \$234,968            | 50.5%                         |
| New Vehicle Loans   | \$72,209             | 15.5%                         |
| Used Vehicle Loans  | \$158,066            | 34.0%                         |
| All other Secured Non-Real Estate Loans/Lines of Credit                           | \$0                  | 0.0%                          |
| Total Loans/Lines of Credit Secured by 1st Lien 1-4 Family Residential Properties | \$0                  | 0.0%                          |
| All Other Real Estate Loans/Lines of Credit                                       | \$0                  | 0.0%                          |
| <b>Total Loans</b>  | \$465,243            | 100.0%                        |
| <i>Source: 5300 Report, Statement of Financial Condition as of June 30, 2019</i>  |                      |                               |

## **DESCRIPTION OF ASSESSMENT AREA**

In accordance with 209 CMR 46.41, Holyoke Postal Credit Union delineates its membership as its assessment area. According to CRA regulations, an institution shall delineate one or more assessment areas within which the institution will meet the credit needs and by which the Division will evaluate the institution's CRA performance. Credit unions whose membership by-laws provisions are not based upon geography are permitted to designate its membership as its assessment area. Therefore, since the Credit Union has defined its membership as its assessment area, as opposed to a geographic area, an evaluation of credit extended within defined geographic areas was not conducted. This evaluation was based upon an analysis of the Credit Union's Loan to Share ratio; its performance in providing consumer loans to individuals of various incomes, including low- to moderate-income members; and the Credit Union's response to CRA complaints and fair lending performance.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

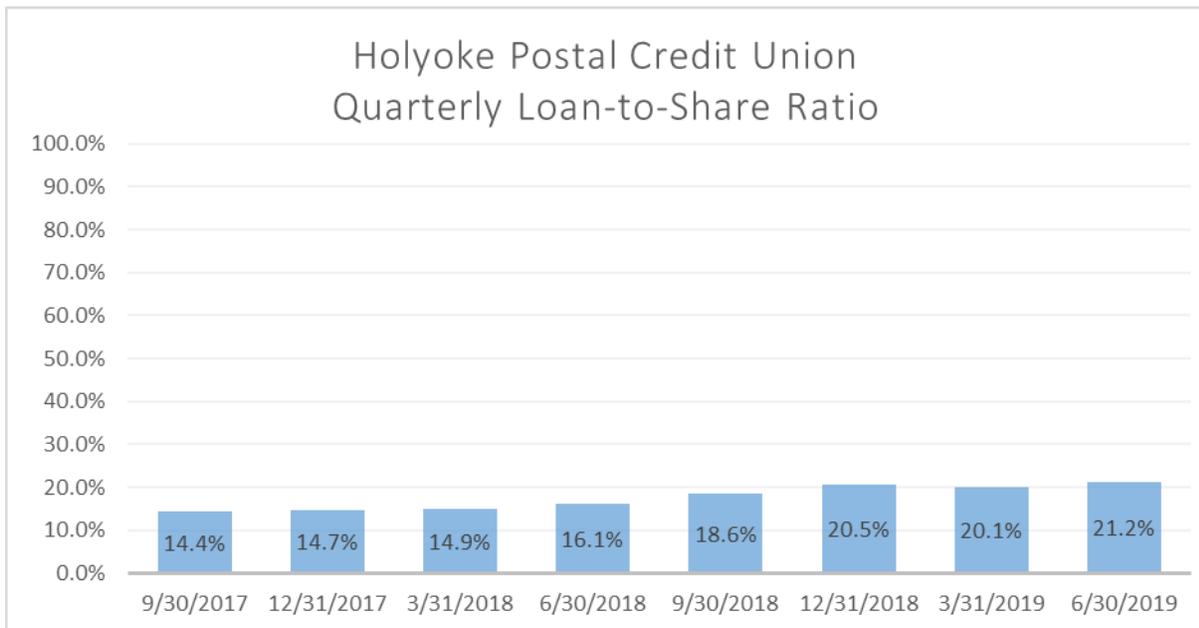
### **Loan-to-Share Ratio**

This performance criterion determines what percentage of the Credit Union's share base is reinvested in the form of loans. This ratio is based on total loans as a percentage of total shares. The LTS ratio since the previous evaluation is less than reasonable given the institution's size, financial condition, and assessment area credit needs.

The Credit Union’s LTS ratio, as calculated from NCUA 5300 Quarterly Call Report data, averaged 17.6 percent over the past eight quarters from September 30, 2017 through June 30, 2019.

The ratio ranged from a low of 14.4 percent as of September 30, 2017, to a high of 21.2 percent as of June 30, 2019, having remained relatively consistent during the evaluation period. Over the past eight quarters, total loans have increased 25.5 percent, assets have decreased 11.4 percent, and shares have decreased 14.9 percent.

The following graph is provided for further analysis.



Source: NCUA 5300 Reports 9/30/2017 through 6/30/2019

## **Distribution of Credit Among Different Income Levels**

The distribution of consumer loans to borrowers of different income levels is reasonable.

### **Consumer Loans**

A sample of the Credit Union's consumer loans was analyzed for 2017 and 2018. The sample consisted of personal unsecured loans and automobile loans.

In 2017, the Credit Union originated one loan to a moderate-income borrower. In 2018, the Credit Union originated one loan to low-income borrowers, and three loans to moderate-income borrowers. Refer to the table below for the distribution of consumer loans by borrower income.

| <b>Distribution of Consumer Loans by Borrower Income Level</b> |             |          |              |               |              |
|--|-------------|----------|--------------|---------------|--------------|
| <b>Borrower Income Level</b>                                   |             | <b>#</b> | <b>%</b>     | <b>\$</b>     | <b>%</b>     |
| Low  |             |          |              |               |              |
|  | 2017        | 0        | 0.0          | 0             | 0.0          |
|  | 2018        | 1        | 20.0         | 2,500         | 4.0          |
| Moderate   |             |          |              |               |              |
|  | 2017        | 1        | 20.0         | 17,516        | 33.9         |
|  | 2018        | 3        | 60.0         | 34,690        | 55.5         |
| Middle   |             |          |              |               |              |
|  | 2017        | 3        | 60.0         | 25,687        | 49.7         |
|  | 2018        | 1        | 20.0         | 25,315        | 40.5         |
| Upper  |             |          |              |               |              |
|  | 2017        | 1        | 20.0         | 8,500         | 16.4         |
|  | 2018        | 0        | 0.0          | 0             | 0.0          |
| <b>Total</b>   |             |          |              |               |              |
|  | <b>2017</b> | <b>5</b> | <b>100.0</b> | <b>51,703</b> | <b>100.0</b> |
|  | <b>2018</b> | <b>5</b> | <b>100.0</b> | <b>62,505</b> | <b>100.0</b> |
| <i>Source: Credit Union Records</i>                            |             |          |              |               |              |

### **Response to Complaints**

The Credit Union did not receive any CRA-related complaints during the evaluation period.

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

The Division of Banks provides comments regarding the institution's fair lending policies and practices pursuant to Regulatory Bulletin 1.3-106. Based on a review of the Credit Union's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 650 Dwight Street, Holyoke, MA 01041."

- 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.