

PUBLIC DISCLOSURE

February 1, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Southbridge Credit Union
Certificate Number: 66374
179 Main Street
Southbridge, Massachusetts 01550

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

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

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INSTITUTION RATING

This document is an evaluation of the CRA performance of **Southbridge Credit Union (credit union)** prepared by the Massachusetts Division of Banks (Division), the institution's supervisory agency as of **February 1, 2021**. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "**High Satisfactory.**" An institution in this group has a highly satisfactory 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. Southbridge Credit Union's performance under this test is summarized below:

- Southbridge Credit Union's average net loan-to-share ratio is excellent given the institution's size, financial condition, and credit needs of its AA.
- A majority of the credit union's residential loans are inside the AA.
- The geographic distribution of loans reflects excellent dispersion throughout the AA.
- The distribution of borrowers reflects, given the demographics of the AA, good penetration among individuals of different income levels (including low- and moderate-income).
- The credit union has not received any CRA-related complaints since the last CRA evaluation.

SCOPE OF EVALUATION

General Information

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

This evaluation covers the period from January 1, 2017, to the current evaluation dated February 1, 2021. Examiners used the Interagency Small Institution Examination Procedures to evaluate Southbridge Credit Union's performance. The following criteria were considered: Loan-to-Share Analysis, Lending Inside and Outside of the Assessment Area, Geographic Distribution, Borrower Profile and Response to CRA Complaints.

The evaluation references demographic and economic information from the 2015 American Community Survey (ACS) and the U.S. Bureau of Labor Statistics (BLS). Credit Union financial data reflects the December 31, 2020 Call Report.

Activities Reviewed

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

The evaluation considered all home mortgage loans reported on the credit union's 2018 and 2019 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LAR). In 2018, the credit union originated 122 loans totaling \$19.5 million and in 2019, the credit union originated 114 loans totaling \$17.7 million. For comparison purposes, examiners reviewed 2018 and 2019 HMDA aggregate data and 2015 ACS data.

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

DESCRIPTION OF INSTITUTION

Background

Chartered by the Commonwealth of Massachusetts in 1938, Southbridge Credit Union is a member-owned, not-for-profit organization established in Southbridge, Massachusetts. Southbridge Credit Union received a "low-income credit union" designation from the NCUA and Division of Banks. Membership at the credit union is available to persons, businesses, and organizations that are either residing, working or operating within the Massachusetts counties of Worcester, Bristol, Franklin, Hampshire, Norfolk, Hampden, and Middlesex. The field of membership also includes Wyndham County in Connecticut.

The credit union has 12,925 members as of September 30, 2020. Southbridge Credit Union received a Satisfactory rating from the Massachusetts Division of Banks during its prior evaluation using the Interagency Small Institution Examination Procedures.

Operations

The credit union is headquartered at 179 Main Street, Southbridge, MA, which is located in a low-income census tract. Southbridge Credit Union operates three other full-service branches located at 732 Southbridge Street, Auburn (upper-income), 514 Main Street, Fiskdale (upper-income), and 120 Charlton Road, in Sturbridge (upper-income). The credit union also operates a branch at Bay Path Regional Vocational Technical High School, which is open to students and school employees. A loan center is operated by the credit union at 155 Main St. Southbridge, MA.

Since the last exam, the credit union has relocated one branch. In 2018, the credit union relocated its headquarters from 205 Main Street, Southbridge, MA to 179 Main Street, Southbridge, a low-income census tract.

The credit union's business hours are readily accessible to all members, with extended hours on Thursday and Friday. Saturday hours are limited at two branches (Southbridge and Sturbridge), while the remaining branches are closed. The credit union offers automated teller machines (ATMs) at each of the four branches as well as two stand-alone ATMs located in Southbridge and Webster. The credit union is a member of the SUM and Allpoint networks.

The credit union offers a variety of loan products to its members. These include auto loans, motorcycle loans, mobile home loans, RV loans, Student loans, unsecured personal loans, home equities, and fixed and adjustable rate mortgages. Deposit products offered include checking and savings accounts, Christmas and all-purpose club accounts, Money Market, certificates of deposit, and individual retirement accounts. Other services include online banking with eStatements and bill pay, mobile banking, wire transfers, telephone banking, and credit and debit cards.

Ability and Capacity

As of December 31, 2020, assets totaled approximately \$199.1 million and shares totaled \$164.9 million. Total loans were \$149.4 million, representing approximately 75.0 percent of total assets. Since the previous CRA evaluation, assets increased 18.1 percent and the lending portfolio increased 22.2 percent. The following table illustrates the credit union's loan portfolio.

Loan Portfolio Distribution as of 12/31/2020		
Loan Category	\$	%
Unsecured Credit Card Loans	0	0.0
Non-Federally Guaranteed Student Loans	7,224,197	4.8
Unsecured Loans/Lines of Credit	6,041,667	4.0
New Vehicle Loans	3,846,837	2.6
Used Vehicle Loans	8,996,269	6.0
Secured Non-Real Estate Loans/Lines of Credit	1,689,709	1.1
Total Loans/Lines of Credit Secured by 1 st Lien 1-4 Family Residential	85,271,482	57.1
Total Loans/Lines of Credit Secured by Junior Lien 1-4 Family Residential	10,869,273	7.3
All Other Real Estate Loans/Lines of Credit	168,891	0.1
Commercial Loans/Lines of Credit Real Estate Secured	22,055,755	14.8
Commercial Loans/Lines of Credit Not Real Estate Secured	3,235,849	2.2
Total Loans	149,398,929	100.0
<i>Source: Reports of Income and Condition</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. Southbridge Credit Union has designated its AA to include the following cities and towns located in the Worcester MA-CT MSA: Auburn, Charlton, and Dudley, Oxford, Southbridge, and Sturbridge. The credit union’s AA has not changed since the previous CRA examination. The following sections discuss demographic and economic information for the AA.

Economic and Demographic Data

The AA includes 18 census tracts. These tracts reflect the following income designations according to the 2015 ACS U.S. Census:

- 2 low-income tracts,
- 2 moderate-income tracts,
- 10 middle-income tracts,
- 4 upper income tracts, and
- 0 tracts without an income designation.

The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	18	11.1	11.1	55.6	22.2	0.0
Population by Geography	81,133	6.1	9.8	56.0	28.0	0.0
Owner-Occupied Units by Geography	21,907	1.4	7.1	59.9	31.5	0.0
Family Distribution by Income Level	20,957	22.1	15.9	21.7	40.4	0.0
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$81,137	Median Housing Value			\$236,434
			Median Gross Rent			\$834
			Families Below Poverty Level			6.8%
<i>Source: 2015 ACS Census 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%
Worcester, MA-CT MSA Median Family Income (49340)				
2018 (\$86,900)	<\$43,450	\$43,450 to <\$69,520	\$69,520 to <\$104,280	≥\$104,280
2019 (\$95,300)	<\$47,650	\$47,650 to <\$76,240	\$76,240 to <\$114,360	≥\$114,360
<i>Source FFIEC</i>				

Competition

The AA is located in a competitive market for home mortgage loans. There is a high level of competition for home mortgage loans among credit unions, banks, and non-depository lenders. In 2019, Southbridge Credit Union ranked 13th with a 2.1 percent market share. The largest three lenders by market share included Fairway Independent Mortgage Corporation, Quicken Loans, and Wells Fargo Bank NA.

Community Contact

As part of the CRA evaluation, examiners contact organizations active in the AA to better understand and assess credit and community development needs and opportunities. Information obtained from the meetings helps determine the responsiveness of local financial institutions to identified needs. Examiners met with an organization that focuses on regional planning and economic development in South Central Massachusetts. The contact stated that primary concerns for the region include affordable housing and small businesses under financial strain due to the Covid-19 pandemic.

Credit and Community Needs and Opportunities

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

CONCLUSIONS ON PERFORMANCE CRITERIA

Loan-to-Share (LTS) Ratio

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

The credit union’s net LTS ratio, as calculated from the NCUA 5300 Quarterly Call Report data, averaged 106.2 percent over the past eight calendar quarters from March 31, 2019 through December 31, 2020. The ratio ranged from a low of 90.1 percent as of December 31, 2020 to a high of 114.6 percent as of June 30, 2019, showing a decreasing trend during the evaluation period.

The credit union’s average LTS ratio over the previous eight quarters was compared to that of three similarly situated institutions. The institution selection is based on geographic location and lending focus. Southbridge Credit Union’s average LTS ratio is above those of the three institutions.

Loan-to-Share Ratio Comparison		
Credit Union	Total Assets as of 12/31/2020 (\$000s)	Average Net LTS Ratio (%)
Southbridge Credit Union	199,069,271	106.2
Holyoke Credit Union	227,134,014	83.1
Greater Springfield Credit Union	221,372,659	57.0
Alden Credit Union	174,535,442	76.5
<i>Source: Reports of Income and Condition 3/31/2019 through 12/31/2020</i>		

Assessment Area Concentration

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

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	67	54.9	55	45.1	122	8,755	45.0	10,705	55.0	19,460
2019	66	57.9	48	42.1	114	10,150	57.4	7,534	42.6	17,684
Total	133	56.4	103	43.6	236	18,905	50.9	18,239	49.1	37,144
<i>Source: Evaluation Period: 1/1/2018 - 12/31/2019 Credit Union Data</i>										

Geographic Distribution

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

The credit union originated 23.9 percent of home mortgage loans within low-income census tracts in 2018, above the aggregate’s 2.8 percent and the percentage of owner occupied housing of 1.4 percent in the same areas. The credit union’s percentage of loans in low-income census tracts decreased to 12.1 percent in 2019, which is above the aggregate performance of 3.2 percent.

The credit union originated 19.4 percent of its HMDA reportable loans within moderate-income census tracts in 2018. This is above the aggregate performance of 7.6 percent and the owner-occupied housing percentage of 7.1 percent. The credit union’s number of HMDA reportable loans decreased to 9.1 percent in moderate-income census tracts in 2019, above the aggregate performance of 8.2 percent.

Market share data further supports the credit union’s excellent performance. In 2018, Southbridge Credit Union ranked 1st in lending to low- and moderate-income tracts with a 10.3 percent market share. In 2019, Southbridge Credit Union ranked 5th in lending to low- and moderate-income tracts with a 3.9 percent market share. Refer to the table below for more information.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	1.4	2.8	16	23.9	2,250	25.7
2019	1.4	3.2	8	12.1	1,039	10.2
Moderate						
2018	7.1	7.6	13	19.4	945	10.8
2019	7.1	8.2	6	9.1	783	7.7
Middle						
2018	59.9	59.2	28	41.8	3,190	36.4
2019	59.9	57.0	29	43.9	3,568	35.2
Upper						
2018	31.5	30.4	10	14.9	2,370	27.1
2019	31.5	31.6	23	34.8	4,759	46.9
Totals						
2018	100.0	100.0	67	100.0	8,755	100.0
2019	100.0	100.0	66	100.0	10,150	100.0

Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Credit Union Data, 2018 & 2019 HMDA Aggregate Data

Borrower Profile

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

The credit union originated 10.4 percent of loans in the AA to low-income borrowers in 2018, which was above the aggregate performance of 7.9 percent. For the same year, the credit union originated 11.9 percent of loans to moderate-income borrowers, which was below the aggregate performance of 22.7 percent.

In 2019, the credit union made 12.1 percent of loans to low-income borrowers, which was above the aggregate performance of 8.5 percent. For the same year, the credit union originated 28.8 percent to moderate-income borrowers, which was above the aggregate performance of 26.2 percent.

Market share data further supports the credit union's good performance under this criterion. Southbridge Credit Union ranked 18th in lending to low- and moderate-income borrowers with a 1.8 percent market share in 2018. Southbridge Credit Union ranked 8th in lending to low- and moderate-income borrowers in 2019 with a 2.5 percent market share. Refer to the table below for more information.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	22.1	7.9	7	10.4	285	3.3
2019	22.1	8.5	8	12.1	826	8.1
Moderate						
2018	15.9	22.7	8	11.9	760	8.7
2019	15.9	26.2	19	28.8	2,429	23.9
Middle						
2018	21.7	26.8	16	23.9	1,520	17.4
2019	21.7	25.1	10	15.2	1,288	12.7
Upper						
2018	40.4	29.7	18	26.9	3,660	41.8
2019	40.4	24.7	20	30.3	4,277	42.1
Not Available						
2018	0.0	12.9	18	26.9	2,530	28.8
2019	0.0	15.5	9	13.6	1,330	13.1
Totals						
2018	100.0	100.0	67	100.0	8,755	100.0
2019	100.0	100.0	66	100.0	10,150	100.0

Source: 2015 ACS Census ; 1/1/2018 - 12/31/2019 Credit Union Data, 2018 & 2019 HMDA Aggregate Data

Response to Complaints

The credit union did not receive any CRA-related complaints during the evaluation period; therefore, this criterion did not affect the CRA rating.

Discriminatory or Other Illegal Credit Practices

Fair Lending Policies and Procedures

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, examiners did not identify any violations of anti-discrimination laws and regulations.

Minority Application Flow

The credit union's HMDA LARs for 2018 and 2019 were reviewed to determine if the application flow from the different racial groups within the credit union's AA was reflective of the AA's demographics.

According to the 2015 ACS Census Data, the credit union's AA contained a total population of 71,962 individuals, of which 11.8 percent are minorities. The minority population represented is 1.3 percent Black/African American, 1.2 percent Asian, 0.1 percent American Indian, 9.2 percent Hispanic or Latino, and 1.2 percent other.

The credit union's level of lending in 2018 and 2019 was compared with that of the 2018 and 2019 aggregate's lending 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.

In 2018, the credit union received 92 HMDA-reportable loan applications from within its AA. The credit union received four, or 4.4 percent of its loans, from racial minority applicants; all four loans were originated. This is comparable to aggregate data, which indicates that 5.0 percent of the applications received were from racial minority applicants and all of them were originated. The credit union received six applications, representing 6.5 percent of total applications, from Hispanic ethnic groups within the AA, of which three or 50.0 percent were originated. The aggregate data indicates 7.1 percent of total applications were received from this ethnic group in the AA, of which 57.7 percent were originated.

In 2019, the credit union received 95 HMDA-reportable loan applications from within its AA. The credit union received two, or 2.2 percent, from racial minority applicants; one was originated. This is below aggregate data, which indicates 5.1 percent of applications received were from racial minority applicants, of which 59.4 percent were originated. The credit union received eight applications, representing 8.4 percent of total applications, from Hispanic ethnic groups within the AA, of which five or 62.5 percent were originated. The aggregate data indicates 7.8 percent of

total applications were received from this ethnic group in the AA, of which 59.9 percent were originated.

The credit union's minority application flow is adequate. 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 AA.

MINORITY APPLICATION FLOW						
RACE	Credit Union 2018		2018 Aggregate Data	Credit Union 2019		2019 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	1	1.1	0.3	0	0.0	0.1
Asian	1	1.1	1.9	0	0.0	1.6
Black/ African American	0	0.0	1.7	0	0.0	1.7
Hawaiian/Pacific Islander	0	0.0	0.1	1	1.1	0.2
2 or more Minority	0	0.0	0.1	0	0.0	0.2
Joint Race (White/Minority)	2	2.2	0.9	1	1.1	1.2
Total Minority	4	4.4	5.0	2	2.2	5.1
White	75	81.5	74.7	83	87.3	72.9
Race Not Available	13	14.1	20.3	10	10.5	22.1
Total	92	100.0	100.0	95	100.0	100.0
ETHNICITY						
Hispanic or Latino	5	5.4	5.9	6	6.3	6.3
Not Hispanic or Latino	73	79.4	72.5	74	77.9	70.1
Joint (Hisp/Lat /Not Hisp/Lat)	1	1.1	1.2	2	2.1	1.5
Ethnicity Not Available	13	14.1	20.4	13	13.7	22.1
Total	92	100.0	100.0	95	100.0	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Credit Union Data, 2018 & 2019 HMDA Aggregate Data</i>						

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/AA.

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 AA. 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 AA. 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/AA.

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 AA;
- 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 179 Main Street Southbridge, Massachusetts 01550."

[Please Note: If the institution has more than one AA, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that AA.]

- 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.