

PUBLIC DISCLOSURE

August 3, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Arrha Credit Union
Certificate Number: 61189

145 Industry Avenue
Springfield, Massachusetts 01104

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.

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INSTITUTION RATING

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.

The following summarizes the Credit Union's performance.

- 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 majority of its home mortgage loans in the assessment area.
- The geographic distribution of loans reflects adequate dispersion throughout the assessment area.
- The distribution of borrowers reflects adequate penetration of loans 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 CRA rating.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated January 20, 2009 to the current evaluation dated August 3, 2015. Examiners used the Interagency Small Institution Examination Procedures to evaluate the Credit Union's CRA performance.

Examiners evaluated the Credit Union's CRA performance pursuant to the following criteria.

- Loan-to-share (LTS) ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA complaints.

The Credit Union was last examined by the Division of Banks for compliance with the Community Reinvestment Act on January 20, 2009. The examination resulted in a CRA rating of Satisfactory.

Loan Products Reviewed

This evaluation focused on home mortgage lending activity from January 1, 2013 to December 31, 2014. The Credit Union's most recent NCUA 5300 Call Reports as of June 30, 2015, shows that 80.7 percent of the Credit Union's loan portfolio is real estate loans followed by used vehicle loans at 14.1 percent.

Information related to residential mortgage lending was derived from the Loan Application Registers (LARs) maintained by the Credit Union, pursuant to the Home Mortgage Disclosure Act (HMDA). The LARs contain data about home purchase and home improvement loans, including refinancing, of one- to four-family and multifamily properties (five or more units). The evaluation emphasized the Credit Union's home mortgage lending performance in 2013, as this is the most recent year for which aggregate lending data is available.

The Credit Union's home mortgage lending performance is compared with aggregate HMDA data, which is a measure of home mortgage loan demand. Aggregate lending data reflects the lending activity of all HMDA reporting lenders that originated at least a single home mortgage in the Credit Union's designated assessment area. The Credit Union's home mortgage lending performance was also compared with demographic data. Home mortgage lending data for 2014 is referenced to illustrate trends in the Credit Union's lending data.

Examiners considered both the number and dollar volume of home mortgage loan originations; however, an emphasis is placed on the number of loans. Examiners emphasized the number of loans because it is not influenced by factors including applicant income, or housing value, and provides a better overall indicator of the number of individuals served by the institution.

Financial data was derived from the June 30, 2015 NCUA 5300 Call Report.

DESCRIPTION OF INSTITUTION

Background

Arrha Credit Union was incorporated in October 1929, as a Massachusetts chartered Credit Union. On May 1, 2015, the Credit Union changed its name from STCU Credit Union to Arrha Credit Union. According to the Credit Union's bylaws, membership is open to anyone who lives or works in Hampden, Hampshire or Franklin counties in Massachusetts and immediate family members. As of June 30, 2015, the Credit Union has 9,797 members.

Operations

The main office is located in a moderate-income census tract at 145 Industry Avenue in Springfield. The Credit Union operates a branch office located in an upper-income census tract at 453 East Main Street in Westfield. The Credit Union's business hours are from 9:00 a.m. to 5:00 p.m. Monday through Friday with extended hours on Thursday until 6 p.m. Both locations offer Saturday hours from 9:00 a.m. to 1:00 p.m. The Credit Union offers automated teller machines (ATMs) and is a member of the SUM and Allpoint network.

The Credit Union offers a variety of loan products to its members. These include auto loans, motorcycle loans, RV loans, unsecured personal loans, overdraft protection, home equities, and mortgages. Deposit products offered include checking and savings accounts, certificates of deposit, individual retirement accounts, and money market accounts. Other services include online banking with eStatements and bill pay, mobile banking, wire transfers, and debit cards.

Ability and Capacity

As of June 30, 2015, the Credit Union had total assets of \$120.8 million and total shares of \$109.4 million. Total loans were \$77.6 million and represented 64.3 percent of total assets. The Credit Union's net loan-to-share ratio, as of the same date, was 70.7 percent. Since the last CRA evaluation, the Credit Union's assets have increased 27.0 percent, shares have increased 32.2 percent and net loans have increased 12.5 percent. Credit Union management attributed the increase in assets to growth in residential and consumer lending as well as investments.

The Credit Union sells loans to the secondary market. The Credit Union sold 29 loans totaling \$4.7 million in 2013 and 11 loans totaling \$1.5 million in 2014.

The following table provides additional details regarding the composition of the Credit Union's loan portfolio as of June 30, 2015.

Loan Portfolio Distribution as of June 30, 2015		
Loan Type	Dollar Amount (\$)	Percent of Total Loans
Total 1st Mortgage Real Estate Loans/Lines of Credit	55,438,367	71.4
Total Other Real Estate Loans/Lines of Credit	7,244,436	9.3
Used Vehicle Loans	10,944,194	14.1
All Other Unsecured Loans/Lines of Credit	2,888,494	3.8
New Vehicle Loans	968,309	1.2
Total All Other Loans/Lines of Credit	188,761	0.2
Unsecured Credit Card Loans	0	0.0
Total	77,672,561	100.0

Source: NCUA 5300 Call Report June 30, 2015

There are no apparent financial or legal impediments that would limit the Credit Union's ability to help meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Credit Union's assessment area, as currently defined, meets the technical requirements of the CRA regulation since it: (1) consists of one or more political subdivisions, (2) includes the geographies where the Credit Union has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans, (3) consists of whole census tracts, (4) does not extend substantially beyond state boundaries, (5) does not reflect illegal discrimination, and (6) does not arbitrarily exclude low- and moderate-income areas.

Economic and Demographic Data

The Credit Union's assessment area contains 157 tracts located in Hampden County, Hampshire County, and Franklin County. These tracts reflect the following income designations according to the 2010 U.S. Census:

- 22 low-income tracts
- 31 moderate-income tracts
- 59 middle-income tracts
- 43 upper-income tracts
- 2 NA-income tracts

Of the 22 low-income census tracts in the assessment area, there are 14 in the City of Springfield, 6 in the City of Holyoke, 1 in the City of Chicopee and 1 in the Town of Amherst. The 2 N/A census tracts in the assessment area are Amherst College and Hampshire College.

Refer to the following table for pertinent demographic information about the assessment area.

Assessment Area Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (Census Tracts)	157	14.0	19.8	37.6	27.4	1.2
Population by Geography	692,942	11.6	20.8	37.2	30.0	0.4
Owner-Occupied Housing by Geography	173,189	2.9	16.1	44.1	36.9	0.0
Family Distribution by Income Level	168,159	23.4	16.5	19.6	40.5	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	67,089	17.6	29.4	34.9	18.1	0.0
Springfield MSA Median Family Income (MFI), 2013	\$66,100	<div style="display: flex; justify-content: space-between;"> Median Housing Value \$231,591 </div> <div style="display: flex; justify-content: space-between;"> Unemployment Rate (2015) 5.2% </div>				
Springfield MSA MFI, 2014	\$66,000					
Families Below Poverty Level	11.1%					

Sources: 2010 U.S. Census data, FFIEC-Estimated Median Family Income

The FFIEC Estimated Median Family Income (MFI), as illustrated in the following table, was used to determine low, moderate, middle, and upper-income designations for individuals and geographies within the assessment area.

Median Family Income Ranges				
Median Family	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Springfield, MA MSA Median Family Income				
2013	<\$33,050	\$33,050 to <\$52,880	\$52,880 to <\$79,320	≥\$79,320
2014	<\$33,000	\$33,000 to <\$52,800	\$52,800 to <\$79,200	≥\$79,200
<i>Source: FFIEC Median Family Incomes</i>				

There are 287,463 total housing units within the assessment area, of which 173,189 or 60.2 percent are owner-occupied, 93,595 or 32.6 percent are occupied rental units, and 20,679 or 7.2 percent are vacant. Of the owner-occupied units, 2.9 percent are located in low-income census tracts and 16.1 percent are located in moderate-income census tracts. The high proportion of owner-occupied units in middle- and upper- income tracts may be indicative of limited home mortgage lending opportunities within low- and moderate-income tracts.

The assessment area median housing value is \$231,591. Additional information obtained from The Warren Group show that the average median sales price in 2015 was \$173,869 in Hampden County, \$ 173,000 in Franklin County, and \$239,900 in Hampshire County.

According to The Bureau of Labor Statistics, the unemployment rate for the Springfield MSA was 5.2 percent as of May 2015. As of May 2015, the unemployment rate for the State of Massachusetts was 4.4 percent.

Competition

The Credit Union competes with several local institutions within the assessment area including Greater Springfield Credit Union, Pioneer Valley Credit Union, Premier Source Credit Union, and other banks and mortgage brokers.

Community Contact

As part of the evaluation process, third parties active in community affairs are contacted to assist in assessing the housing and general banking needs of the community. Relevant information obtained from such sources helps to determine whether local financial institutions are responsive to the credit and service needs of their communities and what further opportunities, if any, are available. A community contact within the area offered its perspective on the needs and opportunities for involvement throughout portions of the assessment area.

Examiners met with a local organization whose mission is to advance development and redevelopment projects, stimulate and support economic growth, and to expedite the revitalization process in the City of Springfield.

The contact stated that there are not enough opportunities for low- and moderate-income individuals to become homeowners. Though the area's property values are very low and it is

often cheaper to buy a house than to rent, many low- and moderate-income individuals in the area still live in rental housing. This is primarily due to these individuals having poor or nonexistent credit scores, not enough cash for a downpayment, and lack of financial literacy.

The contact hopes that local financial institutions offer money management and financial literacy classes in conjunction with programs that encourage home ownership, such as first time homebuyer programs and down payment assistance. Overall, the contact was pleased with the community involvement of the area's financial institutions.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that mortgage loans represent the primary credit need for the assessment area. As mentioned by the community contact, many low- and moderate-income borrowers rent due to poor or non-existent credit scores as well as a lack of financial literacy. Special home mortgage loan products and programs are needed to increase home ownership in the area.

CONCLUSIONS ON PERFORMANCE CRITERIA

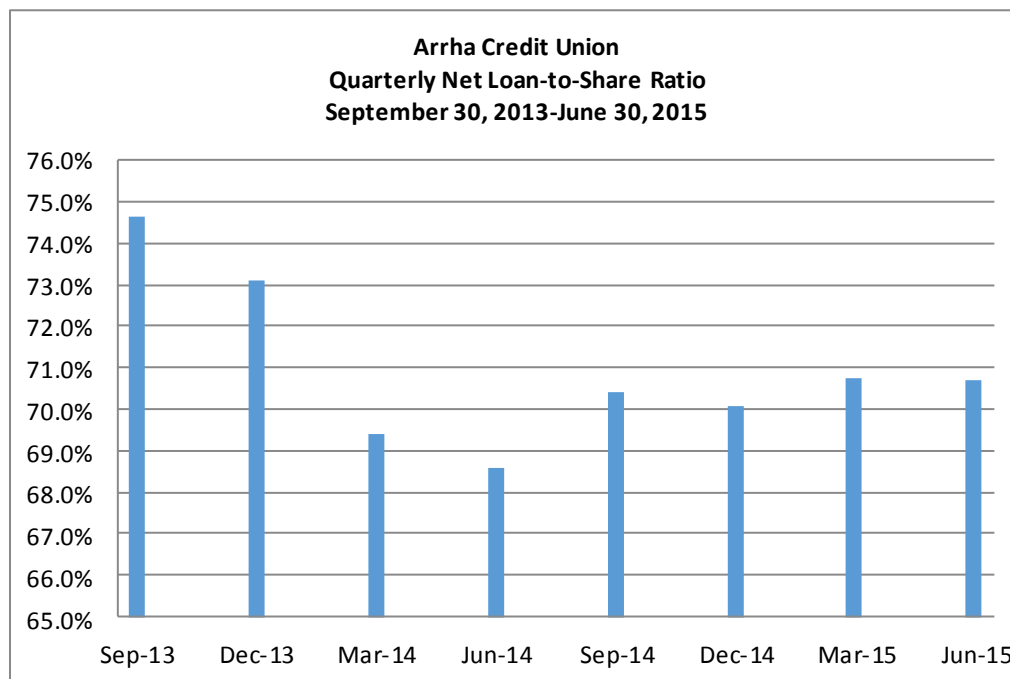
Loan to Share Analysis

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 loan-to-share (LTS) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.

A comparative analysis of the Credit Union's quarterly net LTS ratios for the period of September 30, 2013 through June 30, 2015, was conducted during this examination. Using the Credit Union's last eight quarterly NCUA 5300 Call Reports, the average net LTS ratio for this period was 70.9 percent. This ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total shares.

Since the last CRA evaluation, the Credit Union's assets have increased 27.0 percent, shares have increased 32.2 percent and net loans have increased 12.5 percent.

As shown in the graph below, the net LTS ratio has fluctuated from a high of 74.6 percent on September 30, 2013 and a low of 68.6 percent in June 31, 2014.



Source: NCUA 5300 Call Reports

The following table illustrates the Credit Union's average net LTS ratio as compared against the net average LTS ratios of three similarly situated institutions as of June 30, 2015. Arrha Credit Union's average net loan-to-share ratio is between that of two similarly situated institutions.

Peer Group Net Loan-to-Share Comparison		
Credit Union	Total Assets as of 6/30/15 (\$)	Average Net LTS Ratio (%) 9/30/13-6/30/15
Greater Springfield Credit Union	143,395,675	51.9
Arrha Credit Union	120,766,626	70.9
Alden Credit Union	144,221,075	94.2

Source: NCUA 5300 Call Reports

Assessment Area Concentration

The Credit Union made a majority of home mortgage loans, by number and dollar volume, within its assessment are as shown in the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2013	116	91.3	11	8.7	127	16,155	89.8	1,832	10.2	17,987
2014	60	95.2	3	4.8	63	8,324	95.1	425	4.9	8,749
Total	176	92.6	14	7.4	190	24,479	91.6	2,257	8.4	26,736
Source: 2013 & 2014 HMDA and CRA Reported Data										

Source: 2013 & 2014 HMDA and CRA Reported Data

Geographic Distribution

The geographic distribution of loans reflects adequate dispersion throughout the assessment area. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2013	2.9	2.2	1	0.9	57	0.4
2014	2.9	N/A	3	5.0	189	2.3
Moderate						
2013	16.1	14.0	12	10.3	967	6.0
2014	16.1	N/A	9	15.0	1,107	13.3
Middle						
2013	44.1	43.0	45	38.8	4,964	30.7
2014	44.1	N/A	28	46.7	3,721	44.7
Upper						
2013	36.9	40.8	58	50.0	10,167	62.9
2014	36.9	N/A	20	33.3	3,307	39.7
Totals						
2013	100.0	100.0	116	100.0	16,155	100.0
2014	100.0	N/A	60	100.0	8,324	100.0
<i>Source: 2010 U.S. Census; 2013 and 2014, HMDA Reported Data; 2013 HMDA Aggregate Data; "2014" data not available</i>						

In 2013, the Credit Union's performance in low-income tracts was 1.3 percent lower than the aggregate and for moderate-income census tracts was 3.7 percent lower than the aggregate. In 2014, the Credit Union improved its performance in low- and moderate-income tracts as compared to the 2013 although the total volume of loans decreased.

Borrower Profile

The distribution of borrowers reflects adequate penetration among individuals of different income levels in the assessment area. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2013	23.4	6.0	5	4.3	159	1.0
2014	23.4	N/A	3	5.0	288	3.5
Moderate						
2013	16.5	17.9	14	12.1	1,337	8.3
2014	16.5	N/A	10	16.7	981	11.8
Middle						
2013	19.6	24.3	34	29.3	4,193	26.0
2014	19.6	N/A	21	35.0	2,751	33.0
Upper						
2013	40.5	38.9	63	54.3	10,466	64.7
2014	40.5	N/A	26	43.3	4,304	51.7
Income Not Available						
2013	0.0	12.9	0	0.0	0	0.0
2014	0.0	N/A	0	0.0	0	0.0
Total						
2013	100.0	100.0	116	100.0	16,155	100.0
2014	100.0	N/A	60	100.0	8,324	100.00
<i>Source: 2010 U.S. Census; 2013, and 2014, 2013 HMDA Reported Data; 201 HMDA Aggregate Data; "2014" data not available</i>						

In 2013, the Credit Union's performance was below the aggregate for both low-income and moderate-income borrowers, reflecting adequate performance. The Credit Union's increased its lending by percentage to low- and moderate-income borrowers in 2014.

It is noted that lending to low-income borrowers was lower than the percentage of low-income families (23.4 percent) in the assessment area. However, for a significant portion of these low-income families, qualifying for home mortgage loans is difficult given the current economic environment.

Response to Complaints

The Credit Union did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the 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.

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. The Credit Union's loan policy prohibits discrimination in accordance with the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA). Also included in the Credit Union's loan policy are procedures for the second review process of denied loan applications.

Currently, there are nine bilingual employees to assist the non-English speaking customers and potential customers at the Credit Union. Languages spoken are: Spanish, Polish and Portuguese. As a result, the Credit Union is able to effectively reach customers of different ethnic backgrounds.

MINORITY APPLICATION FLOW

The Credit Union's HMDA LARs for 2013 and 2014 were reviewed to determine if the application flow from different minority groups was reflective of the assessment area demographics.

The Credit Union's residential lending in 2013 was compared to the 2013 aggregate lending performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the institution received from minority residential loan applicants. Refer to the table below for information on the Credit Union's minority application flow as well as a comparison to aggregate lending data within the assessment area.

Minority Application Flow					
RACE	Credit Union 2013		2013 Aggregate Data	Credit Union 2014	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0
Asian	2	1.1	1.7	2	2.2
Black/ African American	6	3.4	2.6	6	6.4
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0
2 or more Minority Races	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	1	0.6	1.1	3	3.2
Total Minority	9	5.1	5.9	11	11.8
White	131	74.9	75.9	73	78.5
Race Not Available	35	20.0	18.2	9	9.7
Total	175	100.0	100.0	93	100.0
ETHNICITY					
Hispanic or Latino	14	8.0	4.8	12	12.9
Not Hispanic or Latino	117	66.9	76.0	68	73.1
Joint (Hisp/Lat /Not Hisp/Lat)	2	1.1	1.0	3	3.2
Ethnicity Not Available	42	24.0	18.2	10	10.8
Total	175	100.0	100.0	93	100.0

Source: U.S. Census 2010, HMDA LAR Data 2013 and 2014, HMDA Aggregate Data 2013

According to the 2010 U.S. Census data, the Credit Union's assessment area had a population of 692,942 individuals, of which 25.5 percent are minorities. The assessment area's minority and

ethnic population consists of 0.1 percent American Indian, 2.5 percent Asian/Pacific Islander, 5.8 percent Black, 15.3 percent Hispanic, and 1.8 percent other.

In 2013, the Credit Union received 268 HMDA reportable loan applications within its assessment area. Of these applications, 5.1 percent were received from racial minority applicants. The Credit Union's application flow was in line to the aggregate's performance of 5.9 percent of applications received from minorities. In 2013, the Credit Union received 16 applications representing 9.1 percent of applications from the Hispanic or Latino ethnic group. The Credit Union's application flow from minority applicants was above the aggregate's performance of 5.8 percent of applications received from the Hispanic or Latino ethnic group.

In 2014, the Credit Union increased its performance to both Hispanic applicants (16.1 percent) and to racial minorities (11.8 percent).

It should be noted that in 2013, 20.0 percent of applicants did not provide their racial background and in 2014, 9.7 percent of applicants did not provide their racial background.

The Credit Union's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is reasonable.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

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 non-metropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or metropolitan 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.

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 non-metropolitan 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.

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

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

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

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

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.

Metropolitan 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.

Non-metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan 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 non-metropolitan 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.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, 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 (Address at main office)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (Address at main office)."

[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.