

# **PUBLIC DISCLOSURE**

March 13, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Pittsfield Co-operative Bank  
Certificate Number: 26393

70 South Street  
Pittsfield, Massachusetts 01201

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

Federal Deposit Insurance Corporation  
350 Fifth Avenue, Suite 1200  
New York, New York 10118

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 or the Federal Deposit Insurance Corporation 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 Lending Test is rated Satisfactory.**

- The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.
- The bank originated a substantial majority of its home mortgage and small business 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 and businesses of different sizes.
- The bank 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 bank's community development performance demonstrates adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in its assessment area.

## DESCRIPTION OF INSTITUTION

### **Background**

The Pittsfield Co-operative Bank (Pittsfield Coop) is a Massachusetts-chartered mutual savings bank headquartered in Pittsfield, Massachusetts. The bank wholly owns two subsidiaries, but neither engage in retail banking activities. At its prior CRA performance evaluation dated January 6, 2020, the FDIC and Massachusetts Division of Banks jointly assigned Pittsfield Coop a Satisfactory rating using Small Institution Examination Procedures.

### **Operations**

Pittsfield Coop operates a main office in Pittsfield, Massachusetts and three other full-service branches in Berkshire County. These branches include a second location in Pittsfield, one branch in Dalton, and one branch in Great Barrington. The bank did not open or close any branches or engage in any merger or acquisition activities since the prior evaluation.

All branch locations have drive-up teller services and 24-hour automated teller machines (ATMs). Only the branch at 110 Dalton Avenue in Pittsfield has an ATM that accepts deposits. The bank is a member of the SUM Network and, as a member, its customers can use any SUM program ATM surcharge-free. Pittsfield Coop also offers alternative delivery systems including online and mobile banking.

Pittsfield Coop is a full-service financial institution that offers a variety of loan and deposit products. Loan products include fixed- and adjustable-rate mortgages, home equity lines of credit and loans, commercial loans, unsecured personal loans, and automobile loans. Deposit products include personal and business checking, savings, and money market accounts. In addition, during the evaluation period, Pittsfield Coop provided lending services responsive to customers affected by the COVID-19 pandemic. The bank helped consumer and commercial borrowers by postponing foreclosures, deferring payments, not pursuing legal collections, and offering Paycheck Protection Program (PPP) loans through the Small Business Administration (SBA).

### **Ability and Capacity**

As of the December 31, 2022 Report of Condition and Income (Call Report), Pittsfield Coop had \$391.8 million in total assets and \$331.9 million in total deposits. As of the same date, the bank had \$260.6 million in total loans representing 66.5 percent of total assets, and \$94.5 million in total securities representing 24.1 percent of total assets.

Pittsfield Coop remains primarily a residential mortgage lender, with a majority of the loan portfolio secured by residential properties. The following table illustrates the composition of the bank's loan portfolio as of December 31, 2022.

<b>Loan Portfolio Distribution as of December 31, 2022</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	5,951	2.3
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	181,022	69.5
Secured by Multifamily (5 or more) Residential Properties	8,406	3.2
Secured by Nonfarm Nonresidential Properties	44,490	17.1
<b>Total Real Estate Loans</b>	<b>239,869</b>	<b>92.1</b>
Commercial and Industrial Loans	18,761	7.2
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	1,670	0.6
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	282	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>260,582</b>	<b>100.0</b>
<i>Source: 12/31/2022 Call Report</i>		
<i>Due to rounding, total may not equal 100.0%.</i>		

As shown in the previous table, home mortgage loans (loans secured by one-to-four family residential properties and loans secured by multifamily residential properties) comprise the largest portion of the bank's loan portfolio at 72.7 percent. This ratio of home mortgage lending is nearly identical to the bank's ratio at the prior evaluation (72.8 percent). Commercial real estate (loans secured by nonfarm nonresidential properties) and commercial and industrial loans represent the second largest product lines, at 24.3 percent combined. This is a small increase from the prior evaluation, when these commercial loan categories represented 22.6 percent of the loan portfolio.

Examiners did not identify any financial or legal impediments that would limit the bank's ability to help meet the credit needs of its assessment area.

## **DESCRIPTION OF ASSESSMENT AREA**

Pittsfield Coop designated one contiguous assessment area. This assessment area consists of Berkshire County, which comprises the Pittsfield, Massachusetts Metropolitan Statistical Area (MSA). The bank adjusted its assessment area since the prior CRA evaluation by adding Berkshire County's northernmost towns (Adams, Clarksburg, Florida, North Adams, Savoy, and Williamstown) so that the assessment area now includes all of Berkshire County.

### **Economic and Demographic Data**

The assessment area consists of 40 census tracts that reflect the following income designations based on the 2020 U.S. Census data:

- 1 low-income

- 8 moderate-income
- 22 middle-income, and
- 9 upper-income

The bank’s only low-income census tract is in the City of Pittsfield. The moderate-income census tracts are located in Pittsfield (4), North Adams (2), Adams (1), and Savoy (1).

The number of census tracts in the assessment area increased since the prior evaluation, with the addition of northern Berkshire County to the assessment area. In addition, the updated 2020 U.S. Census data added one additional tract to Berkshire County from the 39 tracts based on 2010 U.S. Census boundaries. Berkshire County’s 39 census tracts based on 2010 U.S. Census data reflected the following income designations, with two more low-income census tracts, four fewer moderate-income tracts, two fewer middle-income tracts, and three more upper-income tracts:

- 3 low-income
- 4 moderate-income
- 20 middle-income, and
- 12 upper-income

The three low-income tracts and one of the moderate-income tracts were in Pittsfield, and the remaining three moderate-income tracts were in North Adams.

The following table illustrates select demographic information for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	40	2.5	20.0	55.0	22.5	0.0
Population by Geography	129,026	2.6	19.5	52.8	25.0	0.0
Housing Units by Geography	69,149	3.5	18.9	54.0	23.6	0.0
Owner-Occupied Units by Geography	38,359	0.3	15.4	56.5	27.8	0.0
Occupied Rental Units by Geography	16,427	11.6	30.6	45.5	12.3	0.0
Vacant Units by Geography	14,363	2.5	14.7	57.3	25.5	0.0
Businesses by Geography	14,148	17.5	13.0	46.0	23.4	0.0
Farms by Geography	479	4.0	5.4	62.4	28.2	0.0
Family Distribution by Income Level	31,780	19.7	17.8	22.1	40.4	0.0
Household Distribution by Income Level	54,786	25.4	15.1	17.6	41.9	0.0
Median Family Income MSA – 38340 Pittsfield, MA MSA		\$82,207	Median Housing Value Median Gross Rent Families Below Poverty Level			\$242,969 \$899 5.9%
<i>Source: 2020 U.S. Census Data; 2022 D&amp;B Data; FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%.</i>						

Of the assessment area’s total housing units, 55.5 percent are owner-occupied housing units, 23.8 percent are occupied rental units, and 20.8 percent are vacant units. Home mortgage lending opportunities are limited in the one low-income tract, as only 0.3 percent of the area’s owner-

occupied units are located in this tract. Moderate-income tracts present more home mortgage lending opportunity, as they contain 15.4 percent of the area’s owner-occupied units.

The assessment area’s median housing value of \$242,969 is substantially lower than the statewide median housing value of \$449,342. The median age of the assessment area’s housing stock is 67 years, which is slightly higher than the statewide average of 62 years. It is even older within the area’s one low-income tract, at 81 years, and in the area’s moderate-income tracts, at 76 years. The significant level of older housing signals a potential need for housing rehabilitation throughout the assessment area, but especially within the area’s low- and moderate-income census tracts.

With respect to family income levels, 5.9 percent of all families (29.9 percent of low-income families) reported incomes below the federal poverty level. The relatively high percentage of low-income families with incomes below the federal poverty level presents a challenge for lenders to grant home mortgage loans to this group of families. The following table shows the median family income ranges within the assessment area for relevant years based on Federal Financial Institutions Examination Council (FFIEC) annually-updated data.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
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
2022 (\$87,300)	<\$43,650	\$43,650 to <\$69,840	\$69,840 to <\$104,760	≥\$104,760

*Source: FFIEC*

According to the U.S. Bureau of Labor Statistics, unemployment rates decreased in 2021 after rising sharply in 2020 due to the COVID-19 pandemic. Berkshire County had a 2021 unemployment rate of 6.7 percent, which exceeded the statewide and national unemployment rates. The following table shows the average annual unemployment rates for Berkshire County, Massachusetts, and the United States over the evaluation period.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Berkshire County	9.8	6.7	--
Massachusetts	9.4	5.5	3.8
National Average	8.1	5.3	3.6

*Source: Bureau of Labor Statistics; "--" data not available*

Based on 2022 D&B data, 14,148 non-farm businesses operated within the assessment area. A large majority of these businesses, at 87.0 percent, had gross annual revenues (GARs) of \$1.0 million or less. In addition, 59.8 percent of area businesses have between one and four employees, and 90.5 percent operate out of a single location. Employers of this size are likely to be small businesses. The service industry represents the assessment area’s largest business sector, comprising 35.6 percent of all businesses, followed by non-classifiable establishments at 22.9

percent, and retail at 12.1 percent. The five largest employers in the assessment area are Berkshire Health Systems, Pittsfield Public Schools, General Dynamics, Jiminy Peak Mountain Resort, and Berkshire County Arc.

### **Competition**

Pittsfield Coop operates in a competitive market for financial products and services. The June 30, 2022 FDIC Deposit Market Share Report shows that ten financial institutions operated 51 full-service branches in the assessment area. Pittsfield Coop ranked sixth with 6.7 percent of the total deposit market share and four offices. Berkshire Bank ranked first by capturing 37.1 percent of area deposits with 16 offices.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2020, 234 lenders originated 4,749 home mortgage loans in the assessment area. Pittsfield Coop ranked seventh with 150 originated home mortgage loans for a 3.2 percent market share. In 2021, 241 lenders originated or purchased 4,922 home mortgage loans. Pittsfield Coop again ranked seventh with 149 originations and a 3.0 percent market share. Adams Community Bank and Lee Bank, which both ranked in the top five for both years, were the only community banks that ranked higher than Pittsfield Coop.

The bank also faces notable competition for small business loans among banks and non-depository lenders in the assessment area. Pittsfield Coop is not required to collect or report its small business loan data, so the analysis of small business loans under the Lending Test does not include comparisons against aggregate data. Aggregate data, however, provides context about the demand for small business loans. According to 2021 CRA aggregate data for Berkshire County, 89 institutions reported originating or purchasing 2,740 small business loans. The top three institutions, American Express National Bank; JPMorgan Chase Bank, NA; and Citibank, NA; are large national lenders with a combined market share of 42.8 percent.

### **Community Contact**

Examiners reviewed a recent community contact with an organization operating in the assessment area. The contacted agency primarily serves low- and moderate-income individuals and families in Berkshire County by helping them obtain adequate and affordable housing. The contact stated that affordable housing is a significant need in the area. The area has a relatively low median income, whereas housing costs are high. In addition, the housing stock is old and requires costly upgrades to comply with building, fire, and health codes. Furthermore, the contact stated that county residents need educational programs focused on building wealth and down payment assistance so that they can gain knowledge on how to obtain and maintain homeownership.

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

Based on information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and community services are the primary assessment area community development needs. The high percentage of low-income

families living below the poverty level demonstrates a significant need for both community development donations and for services to help improve the well-being and financial position of these families. The COVID-19 pandemic exacerbated the financial struggle of many low- and moderate-income individuals and families, further supporting the need for additional community services. Financial literacy is another area of need. These concerns present opportunities for area financial institutions to help low- and moderate-income families.

Credit needs include both home mortgage and small business loans. In addition to purchase and refinance home mortgage loans, credit needs include loans to improve and update older homes. The COVID-19 pandemic also created emergency short-term credit needs for businesses to retain employees and fund payrolls during business disruptions and shutdowns.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers Pittsfield Coop's CRA performance from the prior evaluation dated January 6, 2020 through the current evaluation dated March 13, 2022. Examiners used Interagency Intermediate Small Institution CRA Examination Procedures to evaluate the bank's CRA performance. These procedures include two tests: the Small Institution Lending Test and the Community Development Test. An Intermediate Small Institution must achieve at least a Satisfactory rating on both tests to obtain an overall Satisfactory rating. This is Pittsfield Coop's first evaluation as an Intermediate Small Institution.

### **Activities Reviewed**

Examiners determined that the bank's major product line is home mortgage loans, followed by small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. Pittsfield Coop does not offer small farm loans, and no other loan type, such as consumer loans, represents a major product line.

This evaluation considered all home mortgage loans reported on the bank's 2020, 2021, and 2022 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). Pittsfield Coop originated 155 home mortgage loans totaling \$34.1 million in 2020, 152 home mortgage loans totaling \$43.0 million in 2021, and 145 home mortgage loans totaling \$44.3 million in 2022. Examiners compared the bank's 2020 and 2021 home mortgage lending performance to aggregate data and demographic data from the 2015 American Community Survey (ACS). In addition, examiners compared the bank's 2022 home mortgage lending performance to demographic data from the 2020 U.S. Census.

Pittsfield Coop is not required to collect and report small business loan data. The bank does not report this data; however, it actively collects small business lending data relevant for analyzing CRA performance. Therefore, examiners considered all small business loans originated by the bank in 2020, 2021, and 2022. Pittsfield Coop originated 275 small business loans totaling \$26.4 million in 2020, 215 small business loans totaling \$22.0 million in 2021, and 75 small business loans

totaling \$11.8 million in 2022. Examiners compared bank small business lending performance in each year to D&B business demographic data for the corresponding year.

A significant portion of the bank's 2020 and 2021 small business loans fell under the SBA's PPP. The bank made 196 PPP loans for \$13.8 million in 2020, and 136 PPP loans for \$7.9 million in 2021 that were reviewed as part of the Lending Test. By number, PPP loans represented 71.3 percent of 2020 small business loans and 63.3 percent of 2021 small business loans.

In addition to relying on HMDA reported data, 2015 ACS demographic data, 2020 U.S. Census data, D&B, and information provided by the bank, examiners relied on data from Moody's Analytics, U.S. Bureau of Labor Statistics, and the bank's December 31, 2022 Call Report.

For the Lending Test, examiners considered the number and dollar volume of home mortgage and small business loans. Although examiners presented the number and dollar volume of loans, examiners emphasized performance by number of loans because the number of loans better indicates the number of individuals and businesses served. Examiners placed greater weight on the bank's home mortgage lending performance during this review period, as home mortgage lending is the bank's primary loan product. Although the bank originated a significant number of small business loans in 2020 and 2021, the majority of those loans were SBA PPP loans, which is not representative of the bank's usual business strategy.

For the Community Development Test, examiners reviewed information provided by the bank regarding community development loans, qualified investments, and community development services from the prior CRA evaluation to the current evaluation date.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

Pittsfield Coop demonstrated satisfactory performance under the Lending Test. The bank's reasonable or better performance under all factors support this conclusion. The following sections address the bank's performance under each Lending Test factor.

#### **Loan-to-Deposit Ratio**

Pittsfield Coop's LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 79.7 percent over the past 12 calendar quarters from March 31, 2020 through December 31, 2022. The ratio had steadily decreased from a high of 89.6 percent as of March 31, 2020, to a low of 73.4 percent as of March 31, 2022. Then, the ratio increased to 78.0 percent as of June 30, 2022, and it is at 77.7 percent as of December 31, 2022. Both deposits and loans increased during the evaluation period, with deposit volume increasing more rapidly during the COVID-19 pandemic.

The following table presents the average LTD ratio for Pittsfield Coop and two similarly situated banks in terms of lending focus, geographic location, and asset size. As shown in the following

table, Pittsfield Coop maintained a LTD ratio that was slightly higher than Lee Bank’s LTD ratio, but lower than Adams Community Bank’s LTD ratio.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 12/31/2022 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>The Pittsfield Co-operative Bank</b>	<b>391,780</b>	<b>79.7</b>
Adams Community Bank	931,600	90.4
Lee Bank	539,900	78.4

*Source: Reports of Condition and Income 3/31/2020 - 12/31/2022*

**Assessment Area Concentration**

Pittsfield Coop originated a substantial majority of home mortgage and small business loans within the assessment area. The following table illustrates the bank’s home mortgage and small business lending inside and outside of the assessment area.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollars Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage										
2020	150	96.8	5	3.2	155	32,973	96.7	1,139	3.3	34,112
2021	149	98.0	3	2.0	152	40,855	95.0	2,129	5.0	42,984
2022	137	94.5	8	5.5	145	38,318	86.4	6,014	13.6	44,332
<b>Subtotal</b>	<b>436</b>	<b>96.5</b>	<b>16</b>	<b>3.5</b>	<b>452</b>	<b>112,146</b>	<b>92.4</b>	<b>9,282</b>	<b>7.6</b>	<b>121,428</b>
Small Business										
2020	259	94.2	16	5.8	275	23,918	90.5	2,525	9.5	26,443
2021	203	94.4	12	5.6	215	19,710	89.7	2,264	10.3	21,974
2022	66	88.0	9	12.0	75	10,957	92.8	850	7.2	11,807
<b>Subtotal</b>	<b>528</b>	<b>93.5</b>	<b>37</b>	<b>6.5</b>	<b>565</b>	<b>54,585</b>	<b>90.6</b>	<b>5,639</b>	<b>9.4</b>	<b>60,224</b>
<b>Total</b>	<b>964</b>	<b>94.8</b>	<b>53</b>	<b>5.2</b>	<b>1,017</b>	<b>166,731</b>	<b>91.8</b>	<b>14,921</b>	<b>8.2</b>	<b>181,652</b>

*Source: HMDA Reported Data; Bank Data  
Due to rounding, percentage totals may not equal 100.0.*

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank’s home mortgage and small business lending performances support this conclusion.

***Home Mortgage***

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, Pittsfield Coop’s performance within the

assessment area’s low-income tracts exceeded aggregate and demographic data in 2020 and 2021. In 2022, the bank’s performance within the one low-income tract also exceeded demographic data.

The bank’s performance in moderate-income tracts was below aggregate and demographic data in 2020 and 2021. In 2022, the bank’s lending was slightly below demographics, but more comparable than it was in 2020 or 2021.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2020	3.1	3.1	9	6.0	1,130	3.4
2021	3.1	3.8	11	7.4	1,525	3.7
2022	0.3	--	2	1.5	175	0.5
<b>Moderate</b>						
2020	10.2	7.9	8	5.3	1,909	5.8
2021	10.2	7.9	8	5.4	828	2.0
2022	15.4	--	19	13.9	2,964	7.7
<b>Middle</b>						
2020	55.5	52.1	76	50.7	16,834	51.1
2021	55.5	52.5	75	50.3	16,222	39.7
2022	56.5	--	79	57.7	21,672	56.6
<b>Upper</b>						
2020	31.2	36.8	57	38.0	13,101	39.7
2021	31.2	35.8	55	36.9	22,280	54.5
2022	27.8	--	37	27.0	13,508	35.3
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>150</b>	<b>100.0</b>	<b>32,974</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>149</b>	<b>100.0</b>	<b>40,855</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>--</b>	<b>137</b>	<b>100.0</b>	<b>38,318</b>	<b>100.0</b>
<i>Source: 2015 ACS Data; 2020 U.S. Census Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available Due to rounding, totals may not equal 100.0%.</i>						

***Small Business***

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, Pittsfield Coop’s performance in low-income census tracts exceeded demographic data in 2020 and 2021. In 2022, bank performance in the one low-income tract was well below the demographic comparator. This occurred in part due to a decreased demand within the low-income tract, with many businesses receiving much of their necessary financing through PPP loans from the prior two years.

Pittsfield Coop’s performance in moderate-income census tracts was below demographics in 2020 and 2021, but significantly exceeded demographics in 2022.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2020	13.7	54	20.8	5,071	21.2
2021	14.2	44	21.7	3,538	18.0
2022	17.5	1	1.5	50	0.5
<b>Moderate</b>					
2020	6.8	11	4.2	1,182	4.9
2021	6.5	11	5.4	385	2.0
2022	13.0	21	31.8	3,403	31.1
<b>Middle</b>					
2020	41.9	127	49.0	11,393	47.6
2021	41.8	90	44.3	10,029	50.9
2022	46.0	27	40.9	4,816	44.0
<b>Upper</b>					
2020	37.6	67	25.9	6,272	26.2
2021	37.4	58	28.6	5,758	29.2
2022	23.4	17	25.8	2,688	24.5
<b>Total</b>					
2020	<b>100.0</b>	<b>259</b>	<b>100.0</b>	<b>23,918</b>	<b>100.0</b>
2021	<b>100.0</b>	<b>203</b>	<b>100.0</b>	<b>19,710</b>	<b>100.0</b>
2022	<b>100.0</b>	<b>66</b>	<b>100.0</b>	<b>10,957</b>	<b>100.0</b>
<i>Source: 2021 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

## **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the bank, reasonable penetration among retail customers of different income levels and business customers of different sizes. The bank's home mortgage and small business lending performances support this conclusion.

### ***Home Mortgage***

The distribution of borrowers reflects reasonable penetration among retail customers of different income levels. As shown in the following table, Pittsfield Coop's performance among low-income borrowers slightly trailed aggregate performance in 2020, but exceeded aggregate data in 2021. Bank performance in all three years fell below the percentage of low-income families. The relatively high percentage of low-income families below the poverty level helps explain the difficulty in reaching demographic levels. Families in the low-income category, especially those with incomes below the poverty level, would likely face challenges qualifying for traditional home mortgage loans.

The bank's performance among moderate-income borrowers exceeded the percentage of families and was slightly below aggregate performance in 2020. Bank performance declined in 2021, falling

below both the percentage of families and aggregate performance. In 2022, the bank’s performance remained below the percentage of families.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2020	21.3	10.4	14	9.3	1,524	4.6
2021	21.3	9.0	18	12.1	2,126	5.2
2022	19.7	--	12	8.8	1,226	3.2
<b>Moderate</b>						
2020	17.6	18.7	27	18.0	4,291	13.0
2021	17.6	18.6	17	11.4	3,184	7.8
2022	17.8	--	21	15.3	2,599	6.8
<b>Middle</b>						
2020	20.5	18.7	20	13.3	3,280	9.9
2021	20.5	19.6	27	18.1	4,275	10.5
2022	22.1	--	19	13.9	2,524	6.6
<b>Upper</b>						
2020	40.6	40.5	76	50.7	21,715	65.9
2021	40.6	39.4	74	49.7	28,430	69.6
2022	40.4	--	62	45.3	27,045	70.6
<b>Income Not Available</b>						
2020	0.0	11.6	13	8.7	2,163	6.6
2021	0.0	13.5	13	8.7	2,840	7.0
2022	0.0	--	23	16.8	4,924	12.9
<b>Total</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>150</b>	<b>100.0</b>	<b>32,973</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>149</b>	<b>100.0</b>	<b>40,855</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>--</b>	<b>137</b>	<b>100.0</b>	<b>38,318</b>	<b>100.0</b>
<i>Source: 2015 ACS Data; 2020 U.S. Census; HMDA Reported Data; HMDA Aggregate Data; "--" data not available</i>						

**Small Business**

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. As shown in the following table, Pittsfield Coop’s lending to small businesses was significantly below the percentage of businesses with GARs of \$1.0 million or less for each of the three years reviewed. However, in 2020 and 2021, Pittsfield Coop originated a large volume of PPP loans for which revenue data is not available. Only 27.0 percent of the small business loans in 2020 and 31.0 percent of the small business loans in 2021 include GAR information. Of the bank’s 70 small business loans in 2020 and 63 small business loans in 2021 with known revenue data, Pittsfield Coop originated 67.1 percent and 69.8 percent, respectively, to businesses with GARs of \$1.0 million or less. In 2022, according to bank management, increased demand from larger businesses to refinance their commercial loans adversely affected the bank’s percentage of loans to businesses with GARs of \$1.0 million or less.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>≤ \$1,000,000</b>					
2020	83.5	47	18.1	5,696	23.8
2021	84.5	44	21.7	4,421	22.4
2022	87.0	17	25.8	2,869	26.2
<b>&gt; \$1,000,000</b>					
2020	5.4	23	8.9	4,444	18.6
2021	4.7	19	9.4	5,685	28.8
2022	3.9	47	71.2	7,288	66.5
<b>Revenue Not Available</b>					
2020	11.1	189	73.0	13,778	57.6
2021	10.8	140	69.0	9,604	48.7
2022	9.1	2	3.0	800	7.3
<b>Totals</b>					
<b>2020</b>	<b>100.0</b>	<b>259</b>	<b>100.0</b>	<b>23,918</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>203</b>	<b>100.0</b>	<b>19,710</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>66</b>	<b>100.0</b>	<b>10,957</b>	<b>100.0</b>
<i>Source: 2020-2022 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%.</i>					

As borrower revenue data is unavailable for PPP loans, examiners evaluated PPP loans using loan size as a proxy. A large majority of PPP loans originated in both 2020 and 2021 had loan sizes less than \$100,000. Furthermore, more than 95.0 percent of PPP loans for both years had loan sizes below \$250,000. This indicates the bank is helping serve the needs of small businesses in the assessment area. Refer to the following table for details.

<b>Distribution of PPP Loans By Loan Size</b>				
<b>Loan Size</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt; \$100,000</b>				
2020	153	78.1	5,170	37.6
2021	109	80.1	3,497	44.1
<b>\$100,000 - \$249,999</b>				
2020	34	17.3	4,949	36.0
2021	24	17.6	3,360	42.3
<b>\$250,000 - \$1,000,000</b>				
2020	9	4.6	3,631	26.4
2021	3	2.2	1,079	13.6
<b>Totals</b>				
<b>2020</b>	<b>196</b>	<b>100.0</b>	<b>13,750</b>	<b>100.0</b>
<b>2021</b>	<b>136</b>	<b>100.0</b>	<b>7,936</b>	<b>100.0</b>
<i>Source: Bank Data. Due to rounding, totals may not equal 100.0.</i>				

**Response to Complaints**

Pittsfield Coop did not receive any CRA-related complaints since its prior CRA evaluation; therefore, this criterion did not affect the Lending Test rating.

**COMMUNITY DEVELOPMENT TEST**

Pittsfield Coop demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need and availability of such opportunities for community development in the assessment area. As the bank was responsive to the community development needs and opportunities within its assessment area, examiners also considered community development activities outside the assessment area in the broader statewide or regional area.

**Community Development Loans**

During the evaluation period, the bank originated 92 community development loans totaling \$6.9 million, representing 1.8 percent of average total assets and 2.6 percent of average total loans. Based on the dollar amount of community development loans, the bank’s performance exceeded that of one similarly situated institution and was below that of another similarly situated institution.

The following table illustrates the bank’s community development lending activity by year and purpose.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2020	0	0	0	0	52	4,060	0	0	<b>52</b>	<b>4,060</b>
2021	1	700	0	0	39	2,114	0	0	<b>40</b>	<b>2,814</b>
2022	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
YTD 2023	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
<b>Total</b>	<b>1</b>	<b>700</b>	<b>0</b>	<b>0</b>	<b>91</b>	<b>6,174</b>	<b>0</b>	<b>0</b>	<b>92</b>	<b>6,874</b>
<i>Source: Bank Data</i>										

The following bullets describe the bank’s qualified community development loans.

- In 2021, the bank originated a \$700,000 loan to a community service organization located within the assessment area. The loan proceeds financed land purchase and the construction of a group residence for low-income individuals with traumatic brain injuries. Tenants consist of individuals eligible for Medicaid or MassHealth. The newly constructed residence allows eligible individuals to leave temporary nursing or rehabilitation facilities by moving into quality permanent housing within local communities. At the end of the construction loan term, Pittsfield Coop will also provide permanent financing to fund the

remaining balance not paid off by Federal and state grants received by the borrower.

- The bank was an active participant in the SBA’s PPP, which provided critical financing for payroll to businesses affected by the COVID-19 pandemic. In addition to PPP loans reviewed under the Lending Test, Pittsfield Coop originated 91 PPP loans for \$6.2 million that had a primary purpose of economic development. These loans were made to businesses meeting SBA size eligibility requirements or having GARs of \$1.0 million or less, and the loans supported permanent job retention for low- and moderate-income individuals or in low- or moderate-income geographies.

**Qualified Investments**

The bank made 75 qualified investments totaling approximately \$223,468. This includes one qualified bond investment of \$22,500 for an affordable housing organization located within the assessment area and 74 donations totaling \$200,968. Pittsfield Coop purchased the bond during the prior evaluation period and has retained it through this evaluation period. As of the evaluation date, the current book value was still \$22,500.

The dollar amount of qualified investments equals 0.1 percent of average total assets and 0.3 percent of average total securities. The bank’s percentage of qualified investments to average total assets equals that of one similarly situated institution and is below that of another similarly situated institution. Based on the number of qualified investments, the bank made more investments than one similarly situated institution and fewer investments than the other similarly situated institution. Further, based on the dollar amount of qualified investments, the bank performed below two similarly situated institutions. The vast majority of qualified investment dollars promoted the community development purposes of affordable housing or community services, demonstrating the bank’s responsiveness to the assessment area’s primary community development needs.

The following table illustrates the bank’s qualified donation activity by year and purpose.

<b>Qualified Donations</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2020	2	28,700	23	23,926	0	0	1	1,000	<b>26</b>	<b>53,626</b>
2021	4	46,000	16	48,494	0	0	1	1,000	<b>21</b>	<b>95,494</b>
2022	1	22,000	33	28,375	0	0	1	1,000	<b>35</b>	<b>51,375</b>
YTD 2023	0	0	2	473	0	0	0	0	<b>2</b>	<b>473</b>
<b>Total</b>	<b>7</b>	<b>96,700</b>	<b>74</b>	<b>101,268</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>3,000</b>	<b>84</b>	<b>200,968</b>

*Source: Bank Data*

Below are notable examples of qualified donations.

- *Berkshire County United Way* – The bank donated \$34,293 to the Berkshire County United Way in 2020, 2021, and 2022. The Berkshire County United Way primarily provides services to low- and moderate-income individuals throughout the assessment area. The

organization provides financial literacy, education, fuel assistance, tax assistance, and workforce development.

- *Community Development Corporation of Southern Berkshire County* – The bank donated \$8,500 to Community Development Corporation of Southern Berkshire County in 2021 and 2022. The organization’s mission is to create housing and economic opportunities for low- and moderate-income households in the southern Berkshires. The donation is responsive to the affordable housing needs in the assessment area.
- *Downtown Pittsfield Inc.* – The bank donated \$3,000 to Downtown Pittsfield Inc. in 2020, 2021, and 2022. Downtown Pittsfield Inc.’s mission statement is to strengthen and promote downtown Pittsfield through advocacy, collaboration, and celebration. The donations helped promote revitalization by helping to attract and retain businesses and residents in Pittsfield’s downtown area, which consists of low- and moderate-income tracts.

### **Community Development Services**

During the evaluation period, bank officers and directors provided 13 instances of financial expertise or technical assistance to 7 community development organizations in the bank’s assessment area. Services included involvement in community development organizations that provided community services, affordable housing, and economic development. The bank had fewer community development service activities than two similarly situated institutions. Examiners noted that opportunities to provide in-person services were somewhat limited, particularly in 2020, due to the COVID-19 pandemic.

The following table illustrates community development services by year and purpose.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020	1	1	1	0	<b>3</b>
2021	1	1	1	0	<b>3</b>
2022	1	4	1	0	<b>6</b>
YTD 2023	0	0	1	0	<b>1</b>
<b>Totals</b>	<b>3</b>	<b>6</b>	<b>4</b>	<b>0</b>	<b>13</b>
<i>Source: Bank Data</i>					

The following are notable examples of the bank’s community development services.

- *Pittsfield Economic Development Corporation* – This nonprofit organization works to further the economic development and social welfare of the City of Pittsfield and Berkshire County to increase employment opportunities and facilitate growth and development of small businesses. The bank’s President and CEO served on the board in 2020, 2021, 2022, and 2023. This service helped promote economic development in the assessment area.

- *Gladys Allen Brigham Community Center* – The Brigham Community Center provides youth services such as education programs, after school programs, family case management, and summer camps. The center is located in a low-income census tract in Pittsfield and primarily provides services to youth from low- and moderate-income families. In 2022, a bank vice president served as a member of the Board of Directors. This service is responsive to the community service needs of the assessment area.
- *Berkshire County United Way* – The Berkshire County United Way provides services to low- and moderate-income individuals throughout the assessment area. The organization provides financial literacy, education, fuel assistance, tax assistance, and workforce development. A bank senior vice president served on the Berkshire County United Way’s Board of Directors in 2020, 2021, and 2022. This service was responsive to community service needs in the assessment area.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices and, therefore, this consideration did not affect the bank’s overall rating.

## **APPENDICES**

### **DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES**

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the prior evaluation. Examiners conducted the fair lending review in accordance with the Federal Financial Institutions Examination Council Interagency Fair Lending Examination Procedures. Based on these procedures, examiners did not note any evidence of disparate treatment.

### **MINORITY APPLICATION FLOW**

Examiners reviewed the bank's 2020 and 2021 HMDA LARs to determine if the application flow from the different racial groups within the credit union's assessment area reflected the assessment area's demographics.

According to the 2015 ACS Census Data, the assessment area contained a total population of 129,026 individuals of which 15.2 percent are minorities. The assessment area's minority and ethnic population is 5.5 percent Hispanic or Latino, 3.1 percent Black/African American, 1.5 percent Asian, 0.1 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, and 5.0 percent other.

Examiner compared the bank's lending level to the aggregate for 2020 and 2021. This comparison assists in deriving reasonable expectations for the rate of applications the bank received from minority residential loan applicants. Refer to the following table for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	Bank 2020		2020 Aggregate Data	Bank 2020		2021 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.3	1	0.5	0.3
Asian	3	1.6	1.4	1	0.5	1.6
Black/ African American	2	1.0	1.4	1	0.5	1.9
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0	0.1
2 or more Minority	0	0.0	0.2	0	0.0	0.1
Joint Race (White/Minority)	2	1.0	1.5	3	1.5	1.5
<b>Total Racial Minority</b>	<b>7</b>	<b>3.6</b>	<b>4.9</b>	<b>6</b>	<b>3.1</b>	<b>5.5</b>
White	141	73.4	76.3	159	82.0	73.7
Race Not Available	44	22.9	18.8	29	17.8	20.8
<b>Total</b>	<b>192</b>	<b>100.0</b>	<b>100.0</b>	<b>194</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	0	0.0	3.2	0	0.0	3.3
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.5	1.2	6	3.1	1.5
<b>Total Ethnic Minority</b>	<b>1</b>	<b>0.5</b>	<b>4.4</b>	<b>6</b>	<b>3.1</b>	<b>4.8</b>
Not Hispanic or Latino	147	76.6	75.1	154	79.4	73.8
Ethnicity Not Available	44	22.9	20.4	34	17.5	21.4
<b>Total</b>	<b>192</b>	<b>100.0</b>	<b>100.0</b>	<b>236</b>	<b>100.0</b>	<b>100.0</b>
<i>Source: ACS Census 2015, HMDA Aggregate Data 2020 and 2021, HMDA LAR Data 2020 and 2021</i>						

In 2020, the bank received 192 home mortgage loan applications from within its assessment area. Of these applications, seven or 3.6 percent were received from racial minority applicants, of which five or 71.4 percent were originated. The aggregate received 4.9 percent from minority applicants and 58.4 percent were originated. For the same time period, the bank received one application or 0.5 percent from ethnic groups of Hispanic origin within its assessment area, of which one or 100.0 percent were originated versus the aggregate that received 4.4 percent from Hispanic applicants and 63.0 percent were originated.

In 2021, the bank received 194 home mortgage loan applications from within its assessment area. Of these applications, six or 3.1 percent were received from racial minority applicants, of which four or 66.7 percent were originated. The aggregate received 5.5 percent from minority applicants and 39.7 percent were originated. For the same time period, the bank received six applications or 3.1 percent from ethnic groups of Hispanic origin within its assessment area, of which four or 66.7 percent were originated. The aggregate received 4.8 percent from Hispanic applicants and 63.4 percent were originated.

The 2020 and 2021 data reflects a reasonable minority application flow.

## **INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA**

### **Lending Test**

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

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

### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## 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.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**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 bank under the requirements of the Community Reinvestment Act.

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

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

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

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

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

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

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area** (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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

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