

# **PUBLIC DISCLOSURE**

April 3, 2017

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Greenfield Co-operative Bank  
Certificate Number: 26397

63 Federal Street  
Greenfield, Massachusetts 01301

Division of Banks  
1000 Washington Street, 10<sup>th</sup> Floor  
Boston, MA 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 federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **High 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.

Greenfield Co-operative Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance.

### **The Lending Test is rated Outstanding.**

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

### **The Community Development Test is rated Satisfactory.**

- The institution demonstrated adequate responsiveness to community development needs in 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 throughout the assessment area.

## SCOPE OF EVALUATION

### *General Information*

This evaluation covers the period from the prior evaluation dated March 30, 2012, to the current evaluation dated April 3, 2017. Examiners used the Interagency Intermediate Small Institution (ISI) Examination Procedures established by the Federal Financial Institutions Examination Council (FFIEC). These procedures include two performance tests: the CRA Small Bank Lending Test and the Community Development Test.

The Lending Test considered the institution's performance according to the following criteria:

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

The Community Development Test considered the following factors:

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

Banks must achieve at least a 'Satisfactory' rating under each test to obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

### *Loan Products Reviewed*

Examiners determined that Greenfield Co-operative's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

The bank's record of originating home mortgage loans was above small business loans during the evaluation period. Accordingly, examiners weighted home mortgage loan performance higher when determining overall conclusions. The bank does not originate a significant amount of small farm loans; therefore, this loan category was not used for analysis in this evaluation.

This evaluation considered all home mortgage loans reported on the bank's 2015 and 2016 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank originated 409 HMDA reportable loans totaling \$47.0 million in 2015, and 450 loans totaling \$63.3 million in 2016. Examiners compared the bank's performance in 2015 to aggregate HMDA data, the most recent year for which data is available. Aggregate data includes the lending activity of all institutions subject to HMDA reporting requirements that originated or purchased at least one home mortgage loan in the assessment area. Examiners also compared 2015 and 2016 lending performance to applicable demographic data.

As an ISI, the bank is not required to, and did not, report small business lending. However, the bank collected small business lending data for its own purposes. Examiners were able to validate the bank's collected small business data, and use this data for purposes of this evaluation. The bank originated 78 small business loans totaling approximately \$11.7 million in 2015, and 91 loans totaling approximately \$19.3 million in 2016. As a non-reporter, aggregate small business lending data does not serve as an appropriate comparison; therefore, examiners compared the bank's small business lending data with Dun & Bradstreet (D&B) business demographic data.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans. The number of loans is a better indicator of the number of businesses and individuals served. Demographic information referenced in this evaluation was obtained from the 2010 United States (U.S.) Census, unless otherwise noted.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation dated March 30, 2012.

## DESCRIPTION OF INSTITUTION

### ***Background***

Greenfield Co-operative Bank, incorporated in 1904, is a state-chartered mutual savings institution headquartered in Greenfield, Massachusetts. The bank operates in the western part of Massachusetts in Franklin and Hampshire Counties. Greenfield Co-operative operates three wholly owned subsidiaries: GCB Securities Corporation, NCB Securities Corporation, and 62 Fed, LLC. The bank's main office is located on 63 Federal Street in Greenfield, Massachusetts. The Division and the Federal Deposit Insurance Corporation (FDIC) conducted the prior Greenfield Co-operative Bank CRA Evaluation using Small Institution Examination Procedures as of March 30, 2012. The institution received an 'Outstanding' rating at its previous Performance Evaluation.

### ***Operations***

In April of 2015, Northampton Co-operative Bank, a co-operative bank previously headquartered in Northampton, Massachusetts, merged with and into Greenfield Co-operative Bank. The merger was consummated under the charter and title of Greenfield Co-operative Bank.

Greenfield Co-operative Bank currently operates 10 full-service branches in the Massachusetts cities and towns of Amherst (2), Florence, Greenfield (2), Northampton, Northfield, Shelburne Falls, Sunderland, and Turners Falls. Since the prior examination, the bank added four branch locations resulting from the Northampton Co-operative Bank merger. The bank also operates a Commercial and Financial Services Center at 62 Federal Street in Greenfield, across the street from the main branch. Greenfield Co-operative Bank offers loan products that include commercial, home mortgage, agricultural and auto loans. The bank also offers, and makes use of, the MassSave HEAT Loan program. Its primary focus is on both home mortgage and commercial lending. The institution provides a variety of deposit services that include checking, savings, money market deposit accounts, certificates of deposit, and Individual Retirement Accounts (IRAs). The bank also offers a variety of wealth management services through Greenfield Co-operative Bank Financial Services as well as Visa Credit Cards which are issued through Elan Financial Services. Alternative banking services include internet and mobile banking, electronic bill pay, and automated teller machines (ATMs). Each branch has an ATM and there is one standalone ATM on Mohawk Trail in Shelburne.

### ***Ability and Capacity***

Assets totaled approximately \$575 million as of December 31, 2016; which included total loans of \$374 million and securities totaling \$148 million. The loan portfolio is illustrated in the following table.

<b>Loan Portfolio Distribution as of 12/31/16</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	7,761	2.1
Secured by Farmland	1,952	0.5
1-4 Family Residential	243,346	65.1
Multi-family (5 or more) Residential	14,098	3.8
Non-farm, Non-residential Properties	45,031	12.1
<b>Total Real Estate Loans</b>	<b>312,188</b>	<b>83.6</b>
Agricultural	2,278	0.6
Commercial and Industrial	28,324	7.6
Consumer	3,460	0.9
Obligations of States and Political Subdivisions	26,551	7.1
Other	799	0.2
<b>Total Loans</b>	<b>373,600</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

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

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Greenfield Co-operative Bank designated one assessment area that includes the 46 contiguous communities in the Springfield MA MSA (44140) and an NA MA MSA (99999). Since the Northampton Co-operative Bank merger, the bank has added the municipalities of Belchertown, Chesterfield, Cummington, Easthampton, Goshen, Granby, Huntington, Middlefield, Pelham, Plainfield, South Hadley, Southampton, Ware, Westhampton, Williamsburg, and Worthington to its already existing assessment area of Ashfield, Bernardston, Buckland, Charlemont, Colrain, Conway, Deerfield, Erving, Gill, Greenfield, Hawley, Heath, Leverett, Leyden, Monroe, Montague, New Salem, Northfield, Orange, Rowe, Shelburne, Shutesbury, Sunderland, Warwick, Wendell, Whately, Amherst, Hadley, Hatfield, and Northampton.

### *Economic and Demographic Data*

The assessment area includes 54 census tracts in Franklin County, MA and Hampshire County, MA. These census tracts reflect the following income designations according to the 2010 U.S. Census:

- 1 low-income tract,
- 7 moderate-income tracts,
- 26 middle-income tracts,
- 18 upper-income tracts, and
- 2 N/A tracts.

The one low-income census tract is located on the campus of the University of Massachusetts, Amherst. Moderate-income census tracts are located in MA communities of Orange, Greenfield, Northampton, Turners Falls, and Ware. The two N/A census tracts are located on the campuses of Amherst and Hampshire Colleges. The following table illustrates select demographic characteristics of the assessment area.



<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	54	1.9	13.0	48.1	33.3	3.7
Population by Geography	229,452	5.3	11.6	44.5	37.4	1.2
Housing Units by Geography	95,800	0.1	13.9	49.7	36.3	0.0
Owner-Occupied Units by Geography	61,144	0.0	9.0	50.3	40.7	0.0
Occupied Rental Units by Geography	27,915	0.2	23.7	45.9	30.0	0.2
Vacant Units by Geography	6,741	0.1	16.8	59.7	23.3	0.0
Businesses by Geography	15,290	1.2	14.9	46.9	36.5	0.6
Farms by Geography	761	0.1	5.8	55.6	38.4	0.1
Family Distribution by Income Level	53,683	17.3	15.7	20.5	46.5	0.0
Household Distribution by Income Level	89,059	22.7	14.7	17.3	45.4	0.0
Median Family Income MSA - 44140 Springfield, MA MSA		\$65,262	Median Housing Value			\$253,667
Median Family Income Non-MSAs - MA		\$68,821	Median Gross Rent			\$845
			Families Below Poverty Level			6.7%
<i>Source: 2010 U.S. Census and 2016 D&amp;B Data            Due to rounding, totals may not equal 100.0            (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2016 Dun & Bradstreet (D&B) data, there were 15,290 businesses. Of those businesses, 1.2 percent operate in low-income census tracts and 14.9 percent operate in moderate-income census tracts. Gross annual revenues (GARs) for these businesses are below.

- 77.6 percent have \$1 million or less.
- 4.2 percent have more than \$1 million.
- 18.2 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Service industries represent the largest portion of businesses at 51.6 percent; followed by retail trade (12.5 percent); construction (8.0 percent); and finance, insurance, and real estate (6.0 percent). In addition, 71.4 percent of area businesses have four or fewer employees, and 93.6 percent operate from a single location. The largest employers in the region include the Yankee Candle Co. (Deerfield), Pelican Products (Deerfield), C&S Wholesale Grocers, Inc. (Hatfield), The University of Massachusetts (Amherst), Mount Holyoke College (South Hadley), Smith College (Northampton) and Amherst College (Amherst).

The FFIEC-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle- and upper-income categories for the years that were analyzed are presented in the following table.

<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>
<b>Springfield, MA MSA Median Family Income (44140)</b>				
2015 (\$67,300)	<\$33,650	\$33,650 to <\$53,840	\$53,840 to <\$80,760	≥\$80,760
2016 (\$68,000)	<\$34,000	\$34,000 to <\$54,400	\$54,400 to <\$81,600	≥\$81,600
<b>MA NA Median Family Income (99999)</b>				
2015 (\$73,500)	<\$36,750	\$36,750 to <\$58,800	\$58,800 to <\$88,200	≥\$88,200
2016 (\$77,600)	<\$38,800	\$38,800 to <\$62,080	\$62,080 to <\$93,120	≥\$93,120
<i>Source: FFIEC</i>				

Greenfield Co-operative Bank’s assessment area contains 95,800 housing units. Of these, 63.8 percent are owner-occupied, 29.1 percent are occupied rental units, and 7.1 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Data obtained from the U. S. Bureau of Labor and Statistics indicates that the 2016 year end unemployment rate was 3.1 percent in Massachusetts. By county, the rates were 2.5 percent in Franklin County and 2.4 in Hampshire County. Unemployment rates decreased gradually throughout the evaluation period.

**Competition**

The assessment area is a competitive market for financial services. According to FDIC Deposit Market Share data as of June 2016, there were 15 financial institutions within the bank’s assessment area that operated 72 full-service branches with aggregate deposits of \$5.5 billion. Of these institutions, Greenfield Co-operative Bank ranked fifth with a 8.7 percent deposit market share. The top three depository institutions in the area (Florence Bank, Easthampton Savings Bank, and Bank of America) earned a combined 48.6 percent market share.

There is also a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2015, 235 lenders reported a total of 5,214 residential mortgage loans that were originated or purchased. Greenfield Co-operative Bank ranked third, with a market share by count of 7.8 percent. The top two home mortgage lenders in the assessment area by number of originations and purchases were Florence Savings Bank (8.7 percent) and Greenfield Savings Bank (7.9 percent), which are larger community banks.

The bank is not required to collect or report its small business loan data, and it has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available. As part of this examination, examiners conducted two such contacts, one in each of the counties that the bank serves.

Examiners contacted a representative of a non-profit organization located in Greenfield, MA. The contact identified a significant need for financial education as well as workforce development training. The contact explained that there is a larger under-employed population in the Greenfield area. Additionally, the contact referenced a need for economic development resources in the area that would help create quality jobs for low- and moderate-income individuals.

Examiners conducted a second interview with a representative of a community development organization located in Northampton, MA, which focuses on homeownership and community services. This contact stated that affordable housing is becoming an increasingly important issue in the area as a result of the loss of manufacturing jobs that once drove the area's workforce. This contact noted that local financial institutions are generous with grants and donations, but stated that in addition, day-to-day, long term partnerships with these financial institutions would benefit the organization's work.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Greenfield Co-operative Bank demonstrated 'Outstanding' performance under the Lending Test.

### Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. Greenfield Co-operative Bank's LTD ratio, calculated from Call Report data, averaged 72.8 percent over the past 20 calendar quarters from March 31, 2012, to December 31, 2016. Additionally, the bank sold more than \$35 million in home mortgage loans during the evaluation period. Despite this, the bank maintained a ratio consistent with similarly situated institutions, as shown in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 12/31/16 \$ (000s)</b>	<b>Average Net LTD Ratio (%)</b>
Greenfield Savings Bank	779,013	101.9
<b>Greenfield Co-operative Bank</b>	<b>575,202</b>	<b>72.8</b>
Southbridge Savings Bank	545,130	107.0
Monson Savings Bank	340,031	84.2
North Brookfield Savings Bank	288,713	71.6
<i>Source: Reports of Condition and Income 03/31/12 through 12/31/16</i>		

### Assessment Area Concentration

Greenfield Co-operative Bank originated a majority of home mortgage and small business loans by number and dollar amount within the assessment area during the evaluation period. The following table details the bank's home mortgage and small business lending activity inside and outside of the assessment area in 2015 and 2016.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2015	401	98.0	8	2.0	409	45,597	97.0	1,395	3.0	46,992
2016	424	94.2	26	5.8	450	58,141	91.9	5,130	8.1	63,271
<b>Subtotal</b>	<b>825</b>	<b>96.0</b>	<b>34</b>	<b>4.0</b>	<b>859</b>	<b>103,738</b>	<b>94.1</b>	<b>6,525</b>	<b>5.9</b>	<b>110,263</b>
Small Business										
2015	66	84.6	12	15.4	78	10,201	87.4	1,407	12.6	11,671
2016	72	79.1	19	20.9	91	14,402	74.6	4,892	25.4	19,294
<b>Subtotal</b>	<b>138</b>	<b>81.7</b>	<b>31</b>	<b>18.3</b>	<b>169</b>	<b>24,603</b>	<b>79.5</b>	<b>6,299</b>	<b>20.3</b>	<b>30,965</b>
<b>Total</b>	<b>963</b>	<b>93.7</b>	<b>65</b>	<b>6.3</b>	<b>1,028</b>	<b>128,341</b>	<b>90.9</b>	<b>12,824</b>	<b>9.1</b>	<b>141,228</b>
<i>Source: Evaluation Period: 1/1/2015 - 12/31/2016; Due to rounding, totals may not equal 100.0</i>										

## Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. This conclusion is supported by excellent geographic distribution of home mortgage and small business loans.

### *Home Mortgage Loans*

Overall, the geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. Examiners primarily focused on the comparison to aggregate data. The following table shows that the bank's performance in low-income census tracts is consistent with both aggregate lending data and the percentage of owner-occupied housing units within these geographies. As previously mentioned in the Description of the Assessment Area, there is only one low-income census tract in the assessment area located on the University of Massachusetts, Amherst campus. In this census tract, 97.5 percent of the population lives in college dormitories which makes home mortgage lending nearly impossible in this tract. In moderate-income census tracts, the bank out-performed both the aggregate lending data and the demographic data. Examiners noted an increase in lending within low- and moderate-income geographies in 2016 and the bank's performance continues to exceed demographic data and supports the bank's overall performance.

<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>
Low						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
Moderate						
2015	9.0	8.0	40	10.0	4,458	9.8
2016	9.0	--	48	11.3	5,397	9.3
Middle						
2015	50.3	48.5	262	65.3	28,277	62.0
2016	50.3	--	276	65.1	35,868	61.7
Upper						
2015	40.7	43.5	99	24.7	12,862	28.2
2016	40.7	--	100	23.6	16,876	29.0
Not Available						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2015</b>	<b>100.0</b>	<b>100.0</b>	<b>401</b>	<b>100.0</b>	<b>45,597</b>	<b>100.0</b>
<b>2016</b>	<b>100.0</b>	<b>--</b>	<b>424</b>	<b>100.0</b>	<b>58,141</b>	<b>100.0</b>

*Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0*

Market share data further supported Greenfield Co-operative Bank's excellent performance. In 2015, the bank ranked 3<sup>rd</sup> in lending within its assessment area with a 7.8 percent market share, but the bank exceeded these rankings in moderate-income census tracts. The bank ranked 2<sup>nd</sup> out of 80 lenders within moderate-income census tracts with a 9.1 percent market share.

### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion within the assessment area. The following table shows that the bank's performance in low-income census tracts was generally in-line with business demographics in 2015 and 2016. As explained above, the one low-income census tract in the assessment area is on the University of Massachusetts, Amherst campus which significantly limits lending opportunity in this area. In the moderate-income census tracts, the bank performed below the demographic data in 2015 and 2016. However, the bank's small business lending by number in these tracts trended positively over the evaluation period.

<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>					
2015	1.6	0	0.0	0	0.0
2016	1.2	0	0.0	0	0.0
<b>Moderate</b>					
2015	14.8	4	6.1	864	8.5
2016	14.9	7	9.7	836	5.8
<b>Middle</b>					
2015	47.2	47	71.2	6,874	67.4
2016	46.8	39	54.2	7,528	52.3
<b>Upper</b>					
2015	36.0	15	22.7	2,463	24.1
2016	36.5	26	36.1	6,038	41.9
<b>N/A</b>					
2015	0.4	0	0.0	0	0.0
2016	0.6	0	0.0	0	0.0
<b>Totals</b>					
<b>2015</b>	<b>100.0</b>	<b>66</b>	<b>100.0</b>	<b>10,201</b>	<b>100.0</b>
<b>2016</b>	<b>100.0</b>	<b>72</b>	<b>100.0</b>	<b>14,402</b>	<b>100.0</b>
<i>Source: 2015 and 2016 D&amp;B Data; 2015 and 2016 Small Business Bank Data</i>					

## **Borrower Profile**

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes in the assessment area. The bank's excellent performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage, by number, of home mortgage loans to low- and moderate-income borrowers. They also focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less. The following sections detail this analysis by loan type.

### ***Home Mortgage Loans***

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is excellent. Examiners focused on the comparison to aggregate data. In 2015, the bank out-performed aggregate lending to low-income borrowers by 1.7 percent, and maintained this level of lending in 2016. Although these levels fall short of the 17.3 percent of families designated as low-income, a low-income family in the assessment area, with an income of \$33,650 (Hampshire County) or \$36,750 (Franklin County) in 2015, would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$253,667. Therefore, the opportunities for lending to low-income families are limited. Lending to moderate-income borrowers outperformed both the percentage of families within this income classification and aggregate lending to these borrowers; the bank's lending shows an increasing trend between 2015 and 2016.

Market share data further supported Greenfield Co-operative Bank's excellent performance under this criterion. Market share data is reflective of the bank's strong lending performance with low-income borrowers, as the bank exceeds its overall market share ranking with these borrowers. In lending to low-income borrowers, the bank is tied for 1<sup>st</sup> out of 39 lenders, with a market share of 10.8 percent. In lending to moderate-income individuals, the bank continues to exceed overall market share rankings with borrower income category. The bank ranked 1<sup>st</sup> out of 44 lenders, with a market share of 9.6 percent. The following table illustrates the distribution of loans, demographic, and aggregate data by income level.

<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>						
2015	17.3	4.8	26	6.5	1,679	3.7
2016	17.3	--	26	6.1	2,115	3.6
<b>Moderate</b>						
2015	15.7	16.8	83	20.7	7,800	17.1
2016	15.7	--	88	20.8	9,079	15.6
<b>Middle</b>						
2015	20.5	24.1	109	27.2	10,597	23.2
2016	20.5	--	113	26.7	14,889	25.6
<b>Upper</b>						
2015	46.5	41.9	166	41.4	20,914	45.9
2016	46.5	--	177	41.7	27,348	47.0
<b>Not Available</b>						
2015	0.0	12.5	17	4.2	4,607	10.1
2016	0.0	--	20	4.7	4,710	8.1
<b>Totals</b>						
<b>2015</b>	<b>100.0</b>	<b>100.0</b>	<b>401</b>	<b>100.0</b>	<b>45,597</b>	<b>100.0</b>
<b>2016</b>	<b>100.0</b>	<b>--</b>	<b>424</b>	<b>100.0</b>	<b>58,141</b>	<b>100.0</b>
<i>Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						



### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. As shown in the following table, the bank made a majority of its small business loans to businesses with GARs of \$1 million or less in both years of the evaluation. In 2016, the bank showed an increasing trend, by number and dollar volume, in lending to businesses with GARs of \$1 million or less. Additionally, in 2015, 51.5 percent of the small business loans are in loan amounts of \$100,000 or less, which is indicative of lending to the smallest of assessment area businesses. In 2016, this percentage increased to 58.3 percent, and further supports that the bank is meeting the needs of its assessment area.

<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>
<=\$1,000,000					
2015	77.7	39	59.1	4,576	44.9
2016	83.4	48	66.7	7,348	51.0
>1,000,000					
2015	4.2	27	40.9	5,625	55.1
2016	5.0	24	33.3	7,054	49.0
Revenue Not Available					
2015	18.1	0	0.0	0	0.0
2016	11.6	0	0.0	0	0.0
<b>Totals</b>					
<b>2015</b>	<b>100.0</b>	<b>66</b>	<b>100.0</b>	<b>10,201</b>	<b>100.0</b>
<b>2016</b>	<b>100.0</b>	<b>72</b>	<b>100.0</b>	<b>14,402</b>	<b>100.0</b>

*Source: 2015 and 2016 D&B Data; 2015 and 2016 Small Business Bank Data.*

### **Response to Complaints**

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

## **COMMUNITY DEVELOPMENT TEST**

Greenfield Co-operative Bank 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.

### **Community Development Loans**

Greenfield Co-operative Bank originated nine community development loans totaling approximately \$1.8 million during the evaluation period. This level of activity represents 0.4 percent of average total assets and 0.7 percent of average total loans since the prior CRA evaluation. All nine community development loans were used to create economic development opportunities in the assessment area. These loans demonstrate the bank's responsiveness to this community development need identified by a community contact. 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>Economic Development</b>	
	<b>#</b>	<b>\$(000s)</b>
3/30/12-12/31/12	4	238
2013	3	307
2014	0	0
2015	1	111
2016	1	1,116
<b>Total</b>	<b>9</b>	<b>1,772</b>
<i>Source: Bank Records</i>		

Below are notable examples of the bank's community development loans:

- The bank provided one SBA 504 loans totaling \$1,116,000 to local businesses. The U.S. Small Business Administration 504 Loan program is designed to provide financing for the purchase of fixed assets (real estate, buildings, and machinery). The development of these businesses will create employment opportunities and contribute to the overall economic development of the community.
- The bank originated a \$144,000 loan to a local technical school's charitable fund to purchase new equipment that would replace machinery that was over 40 years old. This equipment will be used to teach students the appropriate skills to obtain employment in the current manufacturing and technical industry.
- In partnership with a local Community Development Corporation, the bank originated three commercial loans totaling \$288,600 to local businesses with GARs under \$1 million. Two of the loans were to purchase and improve a property for the business to relocate. One loan was used to refinance SBA Guaranteed debt. These loans will help sustain and grow the businesses while also promoting job creation in the area.
- The bank originated a \$50,000 commercial loan to provide short term working capital to a local farm, retail store, and bakery with GARs under \$1 million. After a poor harvest,

the business has requested these funds to sustain the business and maintain its employment levels until next season's anticipated crop is ready for harvest.

**Qualified Investments**

Greenfield Co-operative Bank made 81 qualified investments totaling approximately \$167,783. This total is solely composed of grants and donations, and also includes grants and donations which benefited the broader statewide or regional area.

Of the total dollar amount, 64.9 percent benefitted efforts to community services to low- or moderate-income individuals or families. These investments demonstrate the bank's responsiveness to the low- and moderate-income community, which is an identified community development need. The following table illustrates the bank's community development investments by year and purpose.

Qualified Investments								
Activity Year	Affordable Housing		Community Service		Economic Development		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
3/30/12-12/31/12	0	0	7	9	3	4	10	13
2013	1	5	14	21	3	5	18	31
2014	1	5	11	17	3	4	15	26
2015	3	17	14	28	3	4	20	49
2016	2	13	14	34	2	2	18	49
<b>Total</b>	<b>7</b>	<b>40</b>	<b>60</b>	<b>109</b>	<b>14</b>	<b>19</b>	<b>81</b>	<b>168</b>
<i>Source: Bank Records.</i>								

Below are notable examples of the bank's qualified investment activities:

- **Valley Community Development Corporation:** Valley CDC seeks to empower low- and moderate-income people and under-served populations manage and improve the quality of their lives. Valley CDC accomplishes this through the development of affordable housing, providing economic opportunities, and encouraging community leadership. This organization focuses on three areas of community development: housing services including first-time homebuyer workshops, affordable housing development, and small business development.
- **The Literacy Project:** Serving more than 400 students per year. The Literacy Project offers free classes to adults in Western Massachusetts in beginning literacy as well as GED preparation. The majority of students left high school without graduating and are low- or moderate-income.
- **The Food Bank of Western Massachusetts:** Since 1982, The Food Bank of Western Massachusetts has been feeding people in need and leading the community to end hunger. In addition to food distribution, the food bank also serves as an important resource to all of our member agencies to help strengthen the emergency food network, increase their capacity, and develop long-term projects to fight the underlying causes of hunger in our community.

- **The Amherst Survival Center:** This organization is a regional resource providing food, health, clothing, and community through volunteer efforts throughout the bank’s assessment area. The Amherst Survival Center serves close to 6,000 people each year. Their services, all of which are free, include a food pantry, community meal, breakfast bar, drop-in health clinic, community (free) store, food recovery network, fresh food distribution, job readiness workshops, job fairs, as well as a variety of other support services.
- **Habitat for Humanity:** Habitat for Humanity partners with people in the bank’s community, and all over the world, to help them build or improve a place they can call home. Habitat homeowners help build their own homes alongside volunteers and pay an affordable mortgage. Habitat homeowners achieve the strength, stability and independence they need to build a better life for themselves and for their families. Habitat for Humanity is committed to serving its community through decent and affordable housing.

### Community Development Services

During the evaluation period, bank employees provided 119 instances of financial expertise or technical assistance to 24 different community development-related organizations in the assessment area. The following table illustrates the bank’s community development services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
3/30/12 – 12/31/12	1	10	7	0	<b>18</b>
2013	1	14	7	0	<b>22</b>
2014	1	16	7	0	<b>24</b>
2015	0	16	5	0	<b>21</b>
2016	0	15	3	0	<b>18</b>
2017 YTD	0	13	3	0	<b>16</b>
<b>Total</b>	<b>3</b>	<b>84</b>	<b>32</b>	<b>0</b>	<b>119</b>

*Source: Bank Records*

Below are notable examples of the bank’s community development services:

- **Franklin County Community Development Corporation:** Headquartered in Greenfield, Massachusetts, the Franklin County Community Development Corporation (FCCDC) is an economic development non-profit organization providing comprehensive business development education, access to capital, commercial office and manufacturing space plus home of the Western Massachusetts Food Processing Center. During the evaluation period, two bank Vice Presidents and a Commercial Loan Officer have served as Board Members and as the Chair of the Loan Review Committee respectively.
- **United Way of Franklin County:** Through its core values of education, financial stability, and health The United Way of Franklin County, Inc. is dedicated to improving the quality of life, particularly for low- and moderate-income individuals, in Franklin County by mobilizing people and resources to strengthen its communities and advance

the common good. Three bank employees serve as members on the Community Investment Committee, a Human Resource Officer has provided technical expertise on a panel, the SVP, Treasurer and Controller has served as a Board Member, and an AVP has served as a Director.

- **Greenfield Community College Foundation (GCCF):** The GCCF is a non-profit organization, affiliated with Greenfield Community College, which is invested in fulfilling the needs of low- and moderate-income students who cannot afford tuition or are unable to travel to other educational institutions. A bank Vice President is the Vice Chair of the Board of this organization.
- **Community Action:** Community Action of the Franklin, Hampshire, and North Quabbin Regions is a multi-service non-profit that is dedicated to promoting economic justice and improving the quality of life for people with lower incomes. A Commercial Loan Officer has served on the Board of Directors of this organization.
- **Economic Development Council of Western Massachusetts (EDC):** The EDC of Western Massachusetts is a private, not-for-profit corporation that provides resources and information to businesses operating in or entering the region by aiding in expansion, relocation and networking. Its mission is to deliver the services and business resources that will enable companies to thrive in Western Massachusetts while improving the region's economy and lifestyle through the creation of quality jobs and enhanced public and private investment. The bank's President serves as the Director of this organization.

#### ***Financial Education and Outreach***

- **First Time Homebuyers:** Since 2012, four Mortgage Loan Officers have regularly volunteered at First Time Homebuyers seminars at the Franklin County Regional Housing Authority. This organization is dedicated to enhancing the quality of life for the residents and communities of rural Franklin County and the North Quabbin region by accessing and delivering resources to address their housing, community development, municipal infrastructure, public facilities, economic, and social service needs.
- **Financial Literacy:** Since 2016, three bank employees have assisted in providing hands-on budgeting experience for local high school students that helps each student learn to balance wants and needs as practice for making adult decisions about money. These services were completed through Credit for Life Reality Fairs.

#### ***Other Community Services***

- The bank's deposit products meet the Basic Banking in Massachusetts guidelines set forth by the Massachusetts Community and Banking Council's (MCBC). This State-wide program is designed to offer low-cost checking and savings accounts to low- and moderate-income individuals.

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

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.

## APPENDIX

### FAIR LENDING POLICIES AND PRACTICES

The Division provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106.

Based on a review of the bank's public comment file and its performance relative to fair lending policies and practices, examiners did not identify any violations of the anti-discrimination laws and regulations.

#### Minority Application Flow

Examiners reviewed Greenfield Co-operative Bank's 2015 and 2016 HMDA LARs to determine if the minority application flow reflected the assessment area's demographics.

Examiners compared Greenfield Co-operative Bank's 2015 residential lending to 2015 aggregate data. This comparison assists in deriving reasonable expectations for the minority application rate. Refer to the following table for information regarding the bank's minority application flow as well as the aggregates.

<b>Minority Application Flow</b>					
<b>RACE</b>	<b>2015 Bank</b>		<b>2015 Aggregate Data</b>	<b>2016 Bank</b>	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.2	1	0.2
Asian	2	0.4	1.8	6	1.3
Black/ African American	3	0.6	0.9	3	0.6
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0
2 or more Minority Races	0	0.0	0.0	1	0.2
Joint Race (White/Minority)	13	2.8	1.3	4	0.8
<b>Total Minority</b>	<b>18</b>	<b>3.8</b>	<b>4.3</b>	<b>15</b>	<b>3.1</b>
White	441	92.7	81.3	448	92.0
Race Not Available	17	3.5	14.4	24	4.9
<b>Total</b>	<b>476</b>	<b>100.0</b>	<b>100.0</b>	<b>487</b>	<b>100.0</b>
<b>ETHNICITY</b>					
Hispanic or Latino	2	0.4	1.5	5	1.0
Not Hispanic or Latino	450	94.5	82.6	449	92.2
Joint (Hisp/Lat /Not Hisp/Lat)	5	1.1	1.1	8	1.6
Ethnicity Not Available	19	4.0	14.8	25	5.2
<b>Total</b>	<b>476</b>	<b>100.0</b>	<b>100.0</b>	<b>487</b>	<b>100.0</b>
<i>Source: U.S. Census 2010, HMDA LAR Data 2015 and 2016, HMDA Aggregate Data 2015</i>					

According to the 2010 U.S. Census data, the bank's assessment area has a population of 229,452, of which 11.9 percent are minorities. The assessment area's minority population includes 0.2 percent American Indian, 3.5 percent Asian/Pacific Islander, 1.9 percent Black, 4.2 percent Hispanic, and 2.1 percent other race.

In 2015, the bank received 476 HMDA reportable loan applications within its assessment area. Of these applications, 18 were received from racial minority applicants. The bank's application flow was below aggregate performance of 4.3 percent for applications received from minorities. The bank received two applications representing the Hispanic or Latino ethnic group in 2015, and five in 2016. The 2015 aggregate performance was 1.5 percent.

In 2016, the bank received 487 HMDA reportable loan applications. Of these applications, 15 were received from racial minority applicants.

Examiners reviewed housing and demographic data in the bank's assessment area. Given the low, and un-concentrated minority population in the assessment area, lending opportunities to this population could be limited. The bank's minority application flow is considered adequate.

## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the 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;
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank 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 bank:
  - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank'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 bank's assessment area(s) or a broader statewide or regional area including the bank'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 bank'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).

**Family Income:** Includes the income of all members of a family that are age 15 and older.

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

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

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

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

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

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

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

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

**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.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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

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

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

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

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

**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.

## PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 63 Federal Street Greenfield, Massachusetts."

[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.