

PUBLIC DISCLOSURE

JULY 7, 2014

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**HOLYOKE CREDIT UNION
Cert # 67875**

**490 WESTFIELD ROAD
HOLYOKE, MASSACHUSETTS 01040**

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

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

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

This document is an evaluation of the CRA performance of **Holyoke Credit Union** (or the “**Credit Union**”), prepared by the Division, the institution’s supervisory agency as of **July 7, 2014**. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

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

Based on Small Institution CRA evaluation procedures specified for institutions with assets under \$300 million, Holyoke Credit Union’s overall CRA performance is considered Satisfactory. The rating of this institution is established upon a review of the Performance Criteria, as shown below.

- The Credit Union’s net loan-to-share ratio for the previous eight quarters is good (89.4 percent), given the Credit Union’s size, financial condition, and the credit needs of its assessment area.
- A substantial majority (95.0 percent) of loans and other lending related activities are in the Credit Union’s assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, an adequate penetration among individuals of different income levels (including low- and moderate-income).
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- Fair lending policies and practices are considered adequate. No weight was given to complaints, as none have been received by the Credit Union since the prior examination.

SCOPE OF THE EXAMINATION

Small institution evaluation procedures were used to assess the Credit Union’s CRA performance. These procedures evaluated the Credit Union’s CRA performance pursuant to the following criteria: net loan-to-share (LTS) ratio, assessment area concentration, the borrower’s profile, the geographic distribution of loans, and response to CRA complaints.

This evaluation focused on home mortgage and consumer lending activity from January 1, 2012 to December 31, 2013. The Credit Union’s most recent NCUA 5300 Call Reports, as of March 31, 2014, shows that 77.8 percent of the Credit Union’s loan portfolio is real estate loans followed by used vehicle loans at 16.8 percent.

Home mortgage lending data was analyzed from January 1, 2012 through December 31, 2013. Information related to residential mortgage lending was derived from the Loan Application Registers (LARs) maintained by the Credit Union, pursuant to the Home Mortgage Disclosure Act (HMDA). The LARs contain data about home purchase and home improvement loans, including refinancing, of one- to four-family and multifamily properties (five or more units). The evaluation emphasized the Credit Union's home mortgage lending performance in 2012, as this is the most recent year for which aggregate lending data is available. The Credit Union's home mortgage lending performance is compared with aggregate HMDA data, which is a measure of home mortgage loan demand. Aggregate lending data reflects the lending activity of all HMDA reporting lenders that originated at least a single home mortgage in the Credit Union's designated assessment area. The Credit Union's home mortgage lending performance was also compared with demographic data. Home mortgage lending data for 2013 is referenced to illustrate trends in the Credit Union's lending data.

Consumer lending data was also analyzed. For the purposes of this evaluation, consumer loans are defined as new and used vehicle loans, unsecured loans, personal loans, and open end loans. The Credit Union's consumer loan data was derived from a sample of consumer loans originated from January 1, 2013 through June 30, 2014 (YTD2014) and was compared to demographic data from the 2010 U.S. Census data. Financial data was derived from the March 31, 2014 NCUA 5300 Call Report.

PERFORMANCE CONTEXT

Description of the Institution

Holyoke Credit Union was founded in 1911, as a Massachusetts state-chartered credit union. The purpose of the Credit Union is to promote thrift among its members by the accumulation of savings and the lending of such accumulation to its members for provident purposes at a moderate rate of interest. According to the Credit Union's bylaws, "membership is available to anyone who lives or works in Hampden or Hampshire Counties in Massachusetts." As of March 31, 2014 the Credit Union had 16,471 members.

The main office is located at 490 Westfield Road in Holyoke, an upper-income census tract. In addition to its main office, the Credit Union operates two full-service branch offices located in West Springfield and Agawam. Both branches are located in middle-income census tracts. Business hours are from 9:00 a.m. to 6:00 p.m. with extended hours on Thursday until 7:00 p.m. The main office and West Springfield branch offer Saturday hours, from 9:00 a.m. to 3:00 p.m., as well as Sunday hours, from 10:00 a.m. to 2:00 p.m. The Agawam branch is open on Saturday's from 9:00 a.m. to 1:00 p.m. The main office and West Springfield branch have drive-up services. The Credit Union offers automated teller machines (ATM) and is a member of the SUM Network, a surcharge free ATM network.

Holyoke Credit Union is a full-service financial institution that offers a wide variety of products and services. Savings and checking accounts offered by the Credit Union include share savings accounts, money market deposit accounts, certificates of deposit, and IRA accounts. Home financing programs include fixed rate and adjustable rate mortgages and home equity loans. Consumer loans include personal (unsecured) loans, new and used automobile loans, and credit cards. Other services offered by the Credit Union include online banking, ATM cards, debit card, direct deposit (payroll, pension and social security) and payroll deductions.

The Credit Union was last examined for CRA on September 15, 2009. The examination resulted in a CRA rating of High Satisfactory.

As of March 31, 2014, the Credit Union had total assets of \$141.8 million and total shares of \$96.3 million. Total loans were \$83.4 million and represented 58.8 percent of total assets. The Credit Union's net loan-to-share ratio, as of the same date, was 87.4 percent. Since the last CRA evaluation, the Credit Union's assets have increased 0.8 percent, shares have decreased 1.6 percent and net loans have decreased 1.3 percent.

As reflected in Table 1, the Credit Union is primarily a real estate lender. Total first mortgage real estate loans/lines of credit and total other real estate loans/lines of credit account for 77.8 percent of the portfolio. Used vehicle loans account for the second largest portion of the loan portfolio at 16.8 percent.

Table 1		
Loan Portfolio Distribution as of March 31, 2014		
Loan Type	Dollar Amount \$	Percent of Total Loans (%)
Total 1st Mortgage Real Estate Loans/Lines of Credit	41,544,682	49.9
Total Other Real Estate Loans/Lines of Credit	23,226,065	27.9
Used Vehicle Loans	14,038,084	16.8
All Other Unsecured Loans/Lines of Credit	1,838,477	2.2
New Vehicle Loans	1,267,162	1.5
Total All Other Loans/Lines of Credit	1,052,612	1.3
Unsecured Credit Card Loans	387,236	0.4
Total	83,354,318	100.0

Source: March 31, 2014 NCUA 5300 Call Report

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

Description of Assessment Area

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

Refer to Table 2 for pertinent demographic information about the assessment area.

Table 2 Assessment Area Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (Census Tracts)	139	15.8	19.4	33.8	29.5	1.4
Population by Geography	621,570	13.0	20.7	33.9	31.9	0.5
Owner-Occupied Housing by Geography	151,878	3.2	16.3	40.5	40.0	0.0
Family Distribution by Income Level	149,160	19.6	17.5	24.5	38.4	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	55,405	10.4	21.1	35.4	33.1	0.0
Median Family Income (2010)	\$65,772					
HUD Adjusted MFI-Springfield MSA (2013)	\$66,100					
Families Below Poverty Level	11.6%					
Households Below Poverty Level	15.5%					
Median Housing Value	\$231,936					
				Unemployment Rate(2010 Census)		8.9%
				Unemployment Rate-Springfield MSA (Dec. 2013 Bureau of Labor Statistics)		7.7%

Sources: 2010 U.S. Census Data

Geographies

The Credit Union’s assessment area contains all the cities and towns located in Hampden County and Hampshire County. The assessment area as currently defined meets the technical requirements of the regulation as it includes whole geographies and does not arbitrarily exclude low- or moderate-income areas or expand beyond state boundaries.

The Credit Union’s assessment area is comprised of 139 census tracts, of which 22 or 15.8 percent are low-income, 27 or 19.4 percent are moderate-income, 47 or 33.8 percent are middle-income, 41 or 29.5 percent are upper income and 2 or 1.4 percent are N/A. Of the 22 low-income census tracts in the assessment area, 14 in Springfield, 6 in Holyoke, 1 in Chicopee and 1 in Amherst. Of the 27 moderate-income census tracts, there are 14 in Springfield, 5 in Chicopee, 3 in Holyoke, 1 in West Springfield, 2 in Westfield, 1 in Ware, and 1 in Northampton. The 2 N/A census tracts in the assessment area are Amherst College and Hampshire College.

Population

The assessment area has a total population of 621,570, of which 13.0 percent live in low-income tracts, 20.7 percent live in moderate-income tracts, 33.9 percent live in middle-income tracts, 31.9 percent live in upper-income tracts, and 0.5 percent live in N/A tracts. The assessment area consists of 149,160 family households, of which 19.6 percent are low-income, 17.5 percent are moderate-income, 24.5 percent are middle-income, and 38.4 percent are upper-income, and 15.5 percent are households below poverty.

Housing

Of the 253,927 housing units in the assessment area, 151,878 or 59.8 percent are owner-occupied, 84,459 or 33.3 percent are rental units, and 17,590 or 6.9 percent are vacant. Of the 151,878 owner-occupied housing units, 3.2 percent are in low-income tracts, 16.3 percent are in moderate-income tracts, 40.5 percent are in middle-income tracts, and 40.0 percent are in upper-income tracts. According to the 2010 U.S. Census, the median housing value in the assessment

area is \$231,936. More recent data from the Warren Group indicates that as of June 2014, the median housing values for Hampden and Hampshire Counties are \$177,400 and \$242,000, respectively.

Unemployment

The unemployment rate statewide for Massachusetts is 7.1 percent according to the December 2013 statistics gathered from the Bureau of Labor Statistics. This is a slight increase from December 2012 when the unemployment rate was 6.9 percent. The unemployment rate as of December 2013 for Hampden County was 8.5 percent and Hampshire County was 5.6 percent. As of December 2013, per the Bureau of Labor Statistics, the unemployment statistics for the towns in the assessment area were: 10.5 percent in Springfield, 10.0 percent in Holyoke, 7.2 percent in Agawam, 8.4 percent in Chicopee, 7.5 percent in Westfield, and 4.8 percent Northampton.

Competition

The Credit Union faces strong competition from other financial institutions that originated loans within the assessment area. These institutions range in size from small credit unions and mortgage companies with single office locations to the largest banks in New England. According to Credit Union management, their biggest competitors are PeoplesBank, Easthampton Savings Bank, and Florence Savings Bank.

Community Contact

As part of the evaluation process, third parties active in the assessment area are contacted to assist in assessing the credit and community development needs of the community. The information obtained helps to determine whether local financial institutions are responsive to the credit and community development needs of the communities, and what credit and community development opportunities, if any, are available.

Examiners met with a local organization which was formed in 2008 to advance development and redevelopment projects, stimulate and support economic growth, and to expedite the revitalization process in the City of Springfield.

The organization stated that property values are very low and it is often cheaper to buy a house than to rent, but many low- and moderate-income individuals in the area still live in rental housing. This is primarily due to these individuals having poor or nonexistent credit scores. The contact hopes local financial institutions offer money management and financial literacy classes in conjunction with programs that encourage home ownership, such as first time homebuyer programs and down payment assistance.

Overall, the contact was pleased with the community involvement of the area's financial institutions.

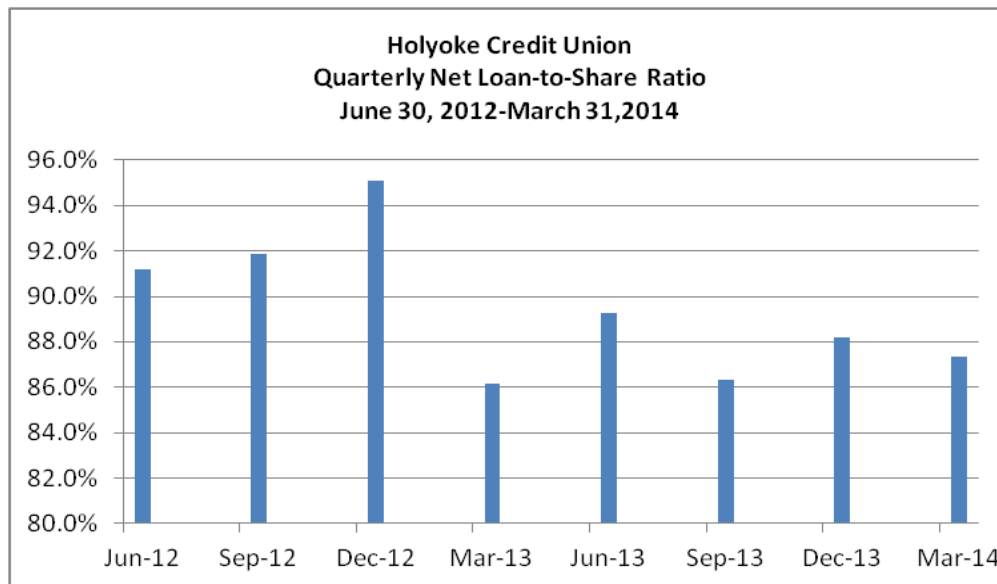
CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

1. LOAN TO SHARE (LTS) ANALYSIS

This performance criterion determines what percentage of the Credit Union's share base is reinvested in the form of loans and evaluates its appropriateness. A comparative analysis of the Credit Union's quarterly net loan-to-share ratios for the period of June 30, 2012 through March 31, 2014, was conducted during this examination. Using the Credit Union's last eight quarterly NCUA 5300 Call Reports, the average net loan-to-share ratio for this period was 89.4 percent. This ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total shares.

Since the last CRA evaluation, the Credit Union's assets have increased 0.8 percent, shares have decreased 1.6 percent and net loans have decreased 1.3 percent.

As shown in the graph below, the net LTS ratio has fluctuated from a high of 95.1 percent on December 31, 2012 and a low of 86.2 percent in March 31, 2013. Management attributed the decrease in the net LTS ratio from 2012 and 2013 to the decline of the real estate loan portfolio. This decline is due to increased competition from other financial institutions as interest rates have fallen.



Source: NCUA 5300 Report

The following table illustrates the Credit Union's average net LTS ratio as compared against the net average LTS ratios of three similarly situated institutions as of March 31, 2014. Holyoke Credit Union's average net loan-to-share ratio is higher than the other three institutions.

Table 3 Peer Group Net Loan-to-Share Comparison		
Credit Union	Total Assets as of 3/31/14 (\$)	Average Net LTS Ratio (%) 6/30/14-3/31/14
Greater Springfield Credit Union	142,738,533	46.1
STCU	119,244,206	71.8
Alden Credit Union	126,609,078	83.0
Holyoke Credit Union	141,785,330	89.4

Source: NCUA 5300 Report from June 30, 2012 through March 31, 2014

Based on the above information, the Credit Union's asset size and resources, and the credit needs of its members, the Credit Union's net loan-to-share ratio meets the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion evaluates whether the Credit Union is meeting the credit needs within its assessment area. The analysis includes both home mortgage loans and consumer loans. The Credit Union originated a substantial majority (95.0 percent) of home mortgage loans and consumer loans inside the assessment area. Table 4 illustrates the Credit Union's record of extending home mortgage loans and consumer loans inside and outside of the area by number and dollar over the period reviewed.

Table 4 Distribution of Loans Inside and Outside of Assessment Area										
Loan Category or Type	Number of Loans					Dollar Volume \$('000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2012										
Home Purchase	65	84.4	12	15.6	77	11,170	79.7	2,853	20.3	14,023
Refinance	250	96.5	9	3.5	259	37,674	94.9	2,008	5.1	39,682
Home Improvement	51	98.1	1	1.9	52	5,172	94.0	331	6.0	5,503
2012 Total	366	94.3	22	5.7	388	54,016	91.2	5,192	8.8	59,208
2013										
Home Purchase	122	91.7	11	8.3	133	21,483	89.6	2,500	10.4	23,983
Refinance	211	97.2	6	2.8	217	32,330	96.3	1,252	3.7	33,582
Home Improvement	42	95.5	2	4.5	44	3,890	94.1	244	5.9	4,134
2013 Total	375	95.2	19	4.8	394	57,703	93.5	3,996	6.5	61,699
2013 Consumer Loans	25	100.0	0	0.0	25	323	100.0	0	0.0	323
YTD2014 Consumer Loans	25	96.2	1	3.8	26	379	96.2	10	3.8	389
Grand Total	791	95.0	42	5.0	833	112,421	92.4	9,198	7.6	121,619

Sources: 2012 and 2013 HMDA LARs, Credit Union consumer loan sample

Home Mortgage Loans

In 2012, the Credit Union originated 94.3 percent of home mortgage loans in the assessment area by number and 91.2 percent by dollar volume. In 2013, the Credit Union originated 95.2 percent of home mortgage loans inside the assessment area by number and 93.5 percent by dollar volume. Over the evaluation period, the Credit Union originated 94.8 percent of home mortgage loans by number and 92.4 percent by dollar volume inside the assessment area.

The distribution of loans by number bears more weight on the Credit Union's rating than the distribution by dollar amount, as the number of loans correlates more closely to the number of individuals or families that were able to obtain home mortgage loans.

Consumer Loans

In 2013, the Credit Union originated 100.0 percent of consumer loans inside the assessment area by number and dollar volume. In YTD 2014, the Credit Union originated 96.2 percent of consumer loans inside the assessment area by number and dollar volume. Over the evaluation period, the Credit Union originated 98.0 percent of consumer loans by number and 98.6 percent by dollar amount inside the assessment area.

Based on the above information, the Credit Union's lending inside its assessment area exceeds the standards for satisfactory performance.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The Credit Union's residential and consumer loans were further analyzed to determine the distribution of lending by borrower income level, with emphasis on loans to low and moderate-income borrowers. The borrowers reported incomes were compared to the median family incomes for the Springfield MSA. The median family income for the Springfield MSA was \$70,200 in 2012 and \$66,100 in 2013.

Low-income is defined by the US Census Bureau as income below 50 percent of the MFI level for the MSA. In the Springfield MSA for 2012 and 2013, a low-income family earned less than \$35,100 and \$33,050, respectively. Moderate-income is defined as income between 50 to 79 percent of the MFI. In 2012 and 2013, a moderate-income family earned from \$35,100 to \$56,159 and from \$33,050 to \$52,879, respectively. Middle-income is defined as income between 80 and 119 percent of the MFI. Middle-income families earned from \$56,160 to \$84,240 and \$52,880 to \$79,319, respectively. Upper-income is defined as income greater than 120 percent of the MFI. Upper-income family households earned \$84,240 or more and \$79,320, respectively.

The following table shows, by number, home loans to low, moderate, middle and upper-income borrowers in comparison to the aggregate and the percentage of total families within the assessment area in each respective income group.

Table 5 Distribution of Home Mortgage Loans by Borrower Income						
Median Family Income Level	Family Distribution by Income Level (%)	2012 Aggregate	2012 Credit Union		2013 Credit Union	
			#	%	#	%
Low	19.6	7.8	17	4.6	23	6.1
Moderate	17.5	21.5	89	24.3	79	21.1
Middle	24.5	26.7	118	32.2	117	31.2
Upper	38.4	44.0	142	38.8	156	41.6
Total	100.0	100.0	366	100.0	375	100.0

Source: 2012 and 2013 HMDA LARs, 2012 Aggregate Data, & 2010 U.S. Census Data

Home Mortgage Loans

In 2012, the Credit Union originated 4.6 percent of home mortgage loans to low-income borrowers, which is lower than the aggregate lending percentage to low-income borrowers at 7.8 percent and also lower than the percentage of low-income families in the assessment area at 19.6 percent. It is noted that lending to low-income borrowers was significantly lower than the percentage of low-income families (19.6 percent) in the assessment area. However, for a significant portion of these low-income families qualifying for home mortgage loans is difficult, given the current economic environment.

In 2012, the Credit Union originated 24.3 percent of home mortgage loans to moderate-income borrowers, which is above the aggregate lending percentage at 21.5 percent and above the percentage of moderate-income families in the assessment area at 17.5 percent.

In 2013, the Credit Union originated 6.1 percent of home mortgage loans to low-income borrowers. For the same year, the Credit Union originated 21.1 percent of home mortgage loans to moderate-income borrowers, which is higher than the percentage of moderate-income families in the assessment area.

The Credit Union participates in the Buy Holyoke Program, which aims to preserve home ownership in the Holyoke area. Qualified applicants receive a special finance package and a discount on closing costs if the property is located in the city of Holyoke. Since the program's inception in June 2012, the Credit Union has made 48 loans totaling \$23,814 through the program.

Consumer Loans

A sample of the Credit Union's consumer loan data for 2013 and YTD2014 was analyzed in order to determine the distribution of credit based upon the income level of borrowers.

The Credit Union typically relies upon the income of only one borrower to make the credit decision. Comparing one member's income with the median family income of the Springfield, MA MSA potentially inflates the levels of lending to low- and moderate-income borrowers because the median family income typically includes the income of two individuals.

Table 6 Distribution of Consumer Loans by Borrower Income					
Median Household Income Level	% of Families by Income Level	2013		YTD2014	
		#	%	#	%
Low	19.6	5	20.0	3	12.0
Moderate	17.5	6	24.0	5	20.0
Middle	24.5	11	44.0	13	52.0
Upper	38.4	3	12.0	4	16.0
Total	100.0	25	100.0	25	100.0

Source: Credit Union consumer loan sample, and 2010 U.S. Census Data

In 2013, the Credit Union originated 20.0 percent of consumer loans to low-income borrowers and 24.0 percent to moderate-income borrowers. The percentage of lending to low-income borrowers is above the percentage of low-income families (19.6 percent) and the lending percentage to moderate-income borrowers is higher than the percentage of moderate-income families (17.5 percent).

In YTD 2014, the Credit Union originated 12.0 percent of consumer loans to low-income borrowers and 20.0 percent to moderate-income borrowers. Overall, the Credit Union originated 16.0 percent of consumer loans to low-income borrowers and 22.0 percent to moderate-income borrowers.

Based upon the analysis of borrower income, the Credit Union demonstrates an adequate level of performance in providing loans to borrowers of different incomes and meets the standards for satisfactory performance.

4. GEOGRAPHIC DISTRIBUTION

This criterion evaluates the distribution of the Credit Union's loans within the assessment area by census tract income level, with emphasis on lending in low- and moderate-income census tracts. As mentioned previously under the Description of Assessment Area, the Credit Union's assessment area comprises 139 census tracts of which 22 are low-income, 27 are moderate-income, 47 are middle-income, 41 are upper-income census tracts and 2 are N/A.

Table 7 illustrates the geographic distribution of the Credit Union's 2012 and 2013 HMDA reportable lending performance within the assessment area. For comparison purposes, the table includes the percentage of owner-occupied housing units within each tract income category and the aggregate market lending data for 2012.

Census Tract Income Level	% of Owner-Occupied Housing Units	2012 Aggregate	2012 Credit Union		2013 Credit Union	
			#	%	#	%
Low	3.2	1.9	14	3.8	13	3.5
Moderate	16.3	12.2	61	16.7	60	16.0
Middle	40.5	39.0	103	28.1	120	32.0
Upper	40.0	46.9	188	51.4	182	48.5
Total	100.0	100.0	366	100.0	375	100.0

Source: 2012 and 2013 HMDA LARs, 2012 Aggregate Data, and 2010 U.S. Census Data

Home Mortgage Loans

In 2012, the Credit Union originated 3.8 percent of home mortgage loans in low-income tracts, which is above both the aggregate percentage at 1.9 percent and the percentage of owner-occupied housing units at 3.2 percent. In 2013, the Credit Union originated 3.5 percent of home mortgage loans in low-income tracts, which is higher than the percentage of owner-occupied housing units within low-income tracts.

In 2012, the Credit Union originated 16.7 percent of home mortgage loans in moderate-income tracts, which again is above the aggregate lending at 12.2 percent and the percentage of owner-occupied housing units at 16.3 percent. In 2013, the Credit Union originated 16.0 percent of home mortgage loans in moderate-income tracts, which is below the percentage of owner-occupied housing units in moderate-income tracts.

Census Tract Income Level	% of Households	2013		YTD2014	
		#	%	#	%
Low	11.2	4	16.0	5	20.0
Moderate	20.6	7	28.0	5	20.0
Middle	37.0	10	40.0	8	32.0
Upper	31.3	4	16.0	7	28.0
Total	100.0	25	100.0	25	100.0

Source: Credit Union consumer loan sample & 2010 U.S. Census Data. Percentage of households does not include NA tracts.

Consumer Loans

In 2013, the Credit Union originated 16.0 percent of consumer loans in low-income tracts, which is higher than the percentage of households of 11.2 percent. YTD 2014, Credit Union originated 20.0 percent of consumer loans in low-income tracts.

In 2013, the Credit Union originated 28.0 percent in moderate income tracts, which is higher than the percentage of households of 20.6 percent. Consumer lending in moderate-income census tracts decreased in YTD 2014 to 20.0 percent.

Based on the above information, the Credit Union has excellent dispersion among the various census tract geographies and exceeds the standards for satisfactory performance.

5. RESPONSE TO CRA COMPLAINTS/FAIR LENDING POLICIES AND PRACTICES

The Credit Union's fair lending performance was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 1.3-106, the Division's Community Reinvestment and Fair Lending Policy. Based upon the review of the Credit Union's public comment file and its performance relative to fair lending policies and practices, no violations of anti-discrimination laws and regulations were identified.

MINORITY APPLICATION FLOW

The Credit Union's residential lending was compared with the 2012 aggregate's lending performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Credit Union received from minority residential loan applicants. Refer to Table 9 for information on the Credit Union's minority application flow as well as a comparison of the aggregate lenders throughout the Credit Union's assessment area.

Table 9 MINORITY APPLICATION FLOW					
RACE	Credit Union 2012		2012 Aggregate Data	Credit Union 2013	
	#	%	%	#	%
<i>American Indian/ Alaska Native</i>	3	0.5	0.2	0	0.0
<i>Asian</i>	7	1.2	1.7	2	0.4
<i>Black/ African American</i>	6	1.0	2.4	8	1.5
<i>Hawaiian/Pac Isl.</i>	3	0.5	0.2	2	0.4
<i>2 or more Minority</i>	1	0.2	0.1	2	0.4
<i>Joint Race (White/Minority)</i>	4	0.7	1.2	11	2.0
Total Minority	24	4.1	5.8	25	4.7
<i>White</i>	550	93.9	77.4	506	93.2
<i>Race Not Available</i>	12	2.0	16.8	12	2.1
Total	586	100.0	100.0	543	100.0
ETHNICITY					
<i>Hispanic or Latino</i>	46	7.9	4.2	49	9.0
<i>Not Hispanic or Latino</i>	523	89.2	77.7	469	86.4
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	6	1.0	1.0	14	2.6
<i>Ethnicity Not Available</i>	11	1.9	17.1	11	2.0
Total	586	100.0	100.0	543	100.0

Source: 2012 and 2013 HMDA LARs & 2012 HMDA Aggregate Data

According to the 2010 U.S. Census, the Credit Union's assessment area contained a total population of 621,570 individuals of which 27.6 percent are minorities. The assessment area's minority and ethnic population is 6.3 percent Black/African American; 2.6 percent Asian; 0.2 percent American Indian; 1.7 percent "other" and 16.8 percent Hispanic or Latino.

In total for 2012 and 2013, the Credit Union received 1,129 HMDA reportable loan applications within its assessment area. Of these applications, 49 or 4.3 percent were received from minority applicants. The Credit Union also received 115, or 10.2 percent, from ethnic applicants of Hispanic origin within its assessment area.

The Credit Union's racial minority application flow in 2012 was lower than the aggregate by 1.7 percent. The Credit Union received 24 applications, or 4.1 percent, from minorities while the aggregate received 5.8 percent. The Credit Union received 52 applications, or 8.9 percent, from Hispanic or Latino applicants or joint applicants in which one applicant was Hispanic or Latino, while the aggregate received 5.2 percent of applications from the same group.

In 2013, the Credit Union received 25 applications, or 4.7 percent, from minorities. This percentage is higher than the percentage in 2012. The Credit Union received 63 applications, or 11.6 percent, from Hispanic or Latino applicants or joint applicants. This is higher than the percentage in 2012.

The Credit Union's minority application flow is adequate given to the demographics of the assessment area.

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 490 Westfield Road, Holyoke, Massachusetts 01040."

- 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.