

PUBLIC DISCLOSURE

January 19, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

LEOMINSTER CREDIT UNION

Certificate # 66699

**20 ADAMS ST
LEOMINSTER, MASSACHUSETTS 01453**

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

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

TABLE OF CONTENTS

General Information.....	1
Institution’s CRA Rating	1
Scope of Examination.....	3
Description of Institution	4
Description of Assessment Area.....	5
Conclusions with Respect to Performance Tests	7
Appendix A.....	13
Appendix B	15

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the 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 agencies 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 **Leominster Credit Union (Credit Union)** prepared by the Division, the institution's supervisory agency, as of **January 19, 2016**. The Division rates the CRA performance of an institution consistent with the provisions set forth in the Division's regulation 209 CMR 46.00.

INSTITUTION'S CRA RATING:

This institution is rated "Satisfactory" by the Division.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The assigned rating is based on the results of two performance tests: the Lending Test and the Community Development Test. The Credit Union's performance under each of these two tests is summarized below:

Lending Test

The institution is rated "Satisfactory" under the Lending Test. This rating is supported by the following summary of results.

Loan-to-Share Ratio

The loan-to-share (LTS) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The Credit Union's average net LTS ratio over the past 8 quarters, was 91.3 percent.

Assessment Area Concentration

A majority of the Credit Union's home mortgage loans by number and dollar amount, were within its designated assessment area. During 2014 and 2015, 72.3 percent of the number of home mortgage loans were made inside the assessment area.

Geographic Distribution

The geographic distribution of loans reflects adequate dispersion throughout the assessment area. The Credit Union's concentration of home mortgage loans in the area's moderate-income geographies is comparable to that of the aggregate.

Borrower Characteristics

The distribution of borrowers reflects, given the demographics of the assessment area, good penetration among individuals of different income levels (including low- and moderate-income). The

Credit Union performed better than the aggregate market in percentage of home mortgage loans to low- and moderate-income borrowers in 2014.

Response to Complaints

The Credit Union did not receive any CRA-related complaints during the period reviewed.

Community Development Test

The institution is rated “**Satisfactory**” under the Community Development Test.

The Credit Union demonstrates adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, considering the institution’s capacity and the need and availability of such opportunities for community development throughout the institution’s assessment area.

SCOPE OF EXAMINATION

This evaluation assesses the Credit Union's CRA performance utilizing the interagency intermediate small institution credit union examination procedures, as established by the Federal Financial Institutions Examination Council (FFIEC). An institution with this designation has assets of at least \$304 million as of December 31 of both of the prior two calendar years, and less than \$1.221 billion as of December 31 (adjusted annually) of either of the prior two calendar years. These procedures require two performance tests: the Lending Test and the Community Development Test. The Lending Test analyzes an institution's applicable home mortgage loans during a certain review period. The Community Development Test is an analysis of activities (loans, investments, and services) that an institution has completed to meet the needs of the community since the previous evaluation.

The Lending Test considered the Credit Union's home mortgage lending. The Credit Union's most recent Report of Condition and Income (Call Report), dated September 30, 2015, indicated that residential lending, including all loans secured by 1 to 4 family and multi-family residential properties, represented 59.4 percent of the loan portfolio. Residential lending also represented the significant majority of loan volume generated during the current review period. Based on this information, the overall conclusions were primarily based on the Credit Union's performance in home mortgage lending, as this product carried a greater weight in the overall lending test analysis.

Data reviewed includes all originated home mortgage loans reported on the Credit Union's Home Mortgage Disclosure Act (HMDA) loan application registers (LARs) for the full year of 2014 as well as the first three quarters of 2015 (YTD 2015). The LARs contain data about home purchase and home improvement loans, including refinances, of one to four family and multifamily (five or more units) properties. The Credit Union's 2014 home mortgage lending performance was compared against 2014 aggregate lending data. Aggregate data includes the lending activity of all institutions subject to HMDA reporting within the same defined assessment area. The evaluation focused on the Credit Union's lending performance in 2014, as aggregate data for 2015 was not yet available.

While the total dollar amounts of loans are discussed under the Lending Test, the evaluation is primarily based on the Credit Union's lending performance by the number of loans originated or purchased during the review period. Demographic information referenced in this evaluation was obtained from the 2010 United States (US) Census, unless otherwise noted. Financial data about the Credit Union was obtained from the September 30, 2015 Call Report.

The Community Development Test considered the number and dollar amount of community development loans, qualified investments, and community development services from February 6, 2012 through January 19, 2016.

The previous CRA evaluation was conducted by the Division as of February 6, 2012, also using intermediate small institution examination procedures. The evaluation resulted in an overall "Satisfactory" rating by the Division.

DESCRIPTION OF INSTITUTION

Background

Leominster Credit Union is headquartered in Leominster, Massachusetts, and serves any individual or institution residing or operating in Worcester, Middlesex, Norfolk, Hampden, Franklin, or Hampshire Counties. The Credit Union received a “Satisfactory” rating from the Division of Banks as a result of its previous Performance Evaluation.

Operations

In addition to the Credit Union’s headquarters, which serves as a full-service branch, Leominster Credit Union has six additional full-service branches in municipalities of Clinton, Holden, North Leominster, Sterling and two branches in Worcester. The Credit Union also has a limited service branch at Wachusett Regional High School and Clinton High School. These branches are opened Monday through Friday with limited hours to faculty, staff and students.

The Credit Union offers a variety of loan products, including home mortgage, commercial, auto, and student loans, along with a range of deposit services including checking and savings options for personal and business purposes. These offerings are complemented by online and mobile banking services, and a vast network of ATMs that customers may use without any surcharges.

Ability and Capacity

Assets totaled approximately \$631 million as of September 30th, 2015, including total loans of approximately \$421 million. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 9/30/2015		
Loan Type	Dollar Amount (\$)	Percent of Total Loans
All Other Unsecured Loans/Lines of Credit	3,085,730	0.7
Non-Federally Guaranteed Student Loans	3,660,197	0.9
New Vehicle Loans	47,189,471	11.2
Used Vehicle Loans	114,062,985	27.1
Total 1 st Mortgage Real Estate Loans/Lines of Credit	194,079,531	46.1
Total Other Real Estate Loans/Lines of Credit	56,221,377	13.4
Total All Other Loans/Lines of Credit	2,381,189	0.6
Total	420,680,480	100.0
<i>Source: Reports of Income and Condition</i>		

Examiners did not identify any financial, legal, or other impediments that affect the Credit Union’s ability to meet 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. Leominster designated a single assessment area encompassing 31 cities and towns within Middlesex and Worcester counties. The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The assessment area includes 117 census tracts. These tracts reflect the following income designations according to the 2010 U.S. Census:

- 14 low-income tracts,
- 26 moderate-income tracts,
- 49 middle-income tracts,
- 26 upper-income tracts,
- 2 census tracts with no income designation.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	117	12.0	22.2	41.9	22.2	1.7
Population by Geography	530,748	10.6	18.6	42.6	27.5	0.7
Housing Units by Geography	215,721	11.8	20.9	42.4	24.9	0.0
Owner-Occupied Units by	128,185	3.3	13.5	50.0	33.2	0.0
Businesses by Geography	35,504	13.0	19.0	40.5	27.5	0.0
Family Distribution by Income	128,950	23.0	17.0	21.5	38.5	0.0
Median Family Income Families Below Poverty Level		\$78,150 8.2%	Median Housing Value Unemployment Rate			\$277,126 7.7%
<i>Source: 2010 U.S. Census, 2015 D&B Data; (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The credit union's assessment area consist of 530,748 individuals. Of these, 10.6 percent are considered to be low-income, while 18.6 percent are moderate-income, denoting the local need for affordable housing and low-cost rental units. The fact that 40 percent of families are designated as low- or moderate-income further illustrates this point.

There are 35,504 businesses in the assessment area, 844 or 2.5 percent of which are farms. Among the businesses in the assessment area, nearly 49 percent are service-based. Furthermore, approximately 70 percent of businesses have four or fewer employees. Gross annual revenues (GARs) for these businesses are the following:

- 77.2 percent have \$1 million or less,
- 5.4 percent have more than \$1 million,
- 17.4 percent have unknown revenues.

Competition

Competition in the assessment area is robust. Leominster Credit Union competes directly with other local credit unions, community banks small and large, as well as larger national banks and mortgage companies. Aggregate data for 2014 shows that out of 355 lenders originating at least one home mortgage loan in the assessment area, the Credit Union ranked 16th. Among the top lenders in the assessment area included Wells Fargo Bank, NA, JP Morgan Chase Bank, NA, and Quicken Loans.

Community Contact

As part of the evaluation process, a third party, active in community affairs, is contacted to assist in assessing the housing and business needs of the Credit Union's AA. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and what further opportunities, if any, are available. An interview was conducted with a local community development corporation that assists in affordable housing and serves the communities of Leominster, Lunenburg, Sterling, Fitchburg, and Shirley. All of these communities are in the Credit Union's assessment area. The contact stressed the need for affordable housing. Greater collaboration between community banks would improve affordable housing.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Leominster Credit Union demonstrated reasonable performance under the Lending Test.

Loan-to-Share Analysis

The LTS ratio is reasonable given the Credit Union's size, financial condition, and the credit needs of its assessment area. The LTS ratio is calculated from Call Report data over the past 8 quarters, from December 31, 2013 to September 30, 2015. The average LTS ratio is 91.3 percent, ranging from a low of 86.5 percent in December 2013, to a high of 97.9 percent in September 2015. The LTS ratio has risen steadily over the past two years; conversations with credit union management indicated that the increase is part of the credit union's business strategy as it seeks to increase overall lending. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Share Ratio Comparison		
Institution	Total Assets as of 9/30/2015 \$(000s)	Average Net LTS Ratio (%)
Leominster Credit Union	631,489	91.3
Freedom Credit Union	522,864	62.3
St. Mary's Credit Union	732,358	97.1
IC Federal Credit Union	503,296	129.4
GFA Federal Credit Union	434,615	64.0
<i>Source: Reports of Income and Condition 9/30/13 through 9/30/15</i>		

Assessment Area Concentration

This performance criterion evaluates whether the Credit Union is meeting the credit needs within its assessment area. The credit union made a majority of its home mortgage loans, by number and dollar volume, within its assessment area. See the following table for further details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2014	176	75.2	58	24.8	234	24,796	80.6	5,986	19.4	30,782
2015	132	68.8	60	32.2	192	23,361	79.5	6,027	20.5	29,388
Total	308	72.3	118	27.7	426	48,157	80.0	12,013	20.0	60,170
<i>Source: 2014 and 3 quarters of 2015 HMDA and CRA Reported Data</i>										

Geographic Distribution

The geographic distribution of loans was reviewed to determine how the Credit Union is addressing the credit needs throughout the assessment area, particularly in low- and moderate-income tracts. Residential mortgage loan conclusions are based primarily on the Credit Union's performance of lending in low- and moderate-income tracts relative to aggregate lending data and compared to assessment area demographics. The distribution of home mortgage loans reflects an adequate penetration in the low-income and moderate-income geographies.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	3.3	3.9	4	2.3	317	1.3
2015	3.3	--	1	0.8	131	0.6
Moderate						
2014	13.6	13.4	24	13.6	2,723	11.0
2015	13.6	--	24	18.2	3,570	15.3
Middle						
2014	49.9	48.7	86	48.9	11,394	45.9
2015	49.9	--	56	42.4	9,007	38.5
Upper						
2014	33.2	34.0	62	35.2	10,362	41.8
2015	33.2	--	51	38.6	10,653	45.6
Totals						
2014	100.0	100.0	176	100.0	24,796	100.0
2015	100.0	--	132	100.0	23,361	100.0
<i>Source: 2010 U.S. Census; 2014 and 3 quarters of 2015 HMDA Reported Data; 2014 HMDA Aggregate Data; "--" data not available</i>						

In 2014, The Credit Union originated 4 loans in the low-income geographies in Worcester. This level of lending is below the 2014 aggregate and percentage of owner occupied housing units in the assessment area. The Credit Union's performance is reasonable considering the credit union's low-income census tracts represent the smallest portion of the assessment area at 12.0 percent of the geographies. The location of the low-income census tracts are within Fitchburg and Worcester. For the first three quarters of 2015 there is a decrease in the number and percentage of loans to low-income census tracts. The Credit Union originated one loan in Fitchburg in a low-income census tract.

Moderate income census tracts make up the second smallest portion of the Credit Union's assessment area at 22.2 percent. The moderate income-census tracts reside in Fitchburg, Leominster, Worcester, Auburn, Gardener, and Clinton. The performance in Lending to moderate-income census tracts was in line with the aggregate and percentage of owner-occupied housing units in those tracts. During the first three quarters of 2015, the Credit Union originations decreased overall but the number of loans originated in moderate-income tracts remained the same resulting in an increase in the percentage of lending in those tracts. Loan originations were in the areas of Worcester, Fitchburg, Leominster and Clinton.

Borrower Profile

Home Mortgage Loans

The distribution of loans by borrower income was reviewed to determine the extent to which the Credit Union is addressing the credit needs of the area's residents, particularly those of low- or moderate-income. Residential mortgage loan conclusions are based primarily on the Credit Union's performance of lending to low- and moderate-income borrowers relative to aggregate lending data and compared to assessment area demographics.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	23.0	6.6	17	9.7	1,247	5.0
2015	23.0	--	15	11.4	1,567	6.7
Moderate						
2014	17.0	21.0	51	29.0	5,537	22.3
2015	17.0	--	23	17.4	3,027	13.0
Middle						
2014	21.5	22.6	55	31.2	7,538	30.4
2015	21.5	--	46	34.8	8,568	36.7
Upper						
2014	38.5	34.5	51	29.0	10,182	41.1
2015	38.5	--	47	35.6	10,093	43.2
Income Not Available						
2014	0	15.3	2	1.1	292	1.2
2015	0	--	1	0.8	106	0.4
Total						
2014	100.0	100.0	176	100.0	24,796	100.0
2015	100.0	--	132	100.0	23,361	100.0
<i>Source: 2010 U.S. Census; 2014 and 3 quarters of 2015 HMDA Reported Data; 2014 HMDA Aggregate Data; "--" data not available</i>						

In 2014, the Credit Union originated 9.7 percent of home mortgage loans to low-income borrowers, which is 2.1 percent higher than the aggregate lending percentage to low-income borrowers and 13.3 percent lower than the percentage of low-income families in the assessment area. During the first three quarters of 2015, the Credit Union originated 11.4 percent of home mortgage loans to low-income borrowers. Although the Credit Union's percentage of home mortgage loans to low-income borrowers was less than the percentage of low-income families in the assessment area, it is not expected that a lender would meet this distribution as a significant portion of these families would not be able to qualify for a home mortgage loan given their limited income. Low-income families represent the second largest income category in the assessment area.

In lending to moderate-income borrowers the Credit Union originated 29.0 percent to moderate-income borrowers, which exceeds that aggregate lending to moderate-income borrowers by 8.0 percent and is higher than the percent percentage of moderate-income families in the assessment area by 12.0 percent. During the first three quarters of 2015, there was a decrease in lending to moderate-income borrower.

The Credit Union achieved a good penetration of home mortgage loans among individuals of different incomes levels, including low- and moderate-income. The Credit Unions has a number of loan products to assist low-and moderate-income borrowers. In 2015 the Credit Union originated 3 loans to low income borrowers under the Federal Home Loan Bank Program and 2 loans to low-income borrowers under the Mass Housing Loan Program. Lastly, according the 2014 aggregate data, the Credit Union ranked 10th out of 242 lenders originating loans to to low and moderate-income borrowers inside the assessment area.

RESPONSE TO CRA COMPLAINTS/FAIR LENDING POLICIES AND PRACTICES

A review of the public file indicated that the Credit Union received no complaints pertaining to the institution's CRA performance since the previous examination.

COMMUNITY DEVELOPMENT TEST

Leominster Credit Union demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. The Credit Union's responsiveness is best evidenced by their partnership with Habitat for Humanity of North Central Massachusetts. The Credit Union partnership entails extending loans and maintaining the servicing of these loans to this organization. In addition, the Credit Union is further responsive by providing charitable donations to Habitat for Humanity. Examiners considered the institution's capacity and the need and availability of such opportunities. Community Development loans, investment and services were evaluated from the previous evaluation dated February 6, 2012 through January 19, 2016, the start date of the current examination.

Community Development Loans

Leominster Credit Union originated 9 qualified community development loans totaling approximately \$1.1 million during the evaluation period. This level of activity represents 0.1 percent of average total assets and 0.2 percent of average total loans since the prior CRA evaluation. All of the community development loans had an affordable housing purpose. The loans are detailed below

From 2012 through 2015 the Credit Union extended 8 loans totaling 723,000 to Habitat for Humanity which benefited the North Central Mass chapter. The organization assists low-income individuals in obtaining affordable and sustainable housing. The Credit Union also retained the servicing for habitat loans at no charge to the organization. The servicing includes billing and collection of payments as well as setting up the escrows for real estate taxes and hazard insurance.

In 2015, the Credit Union extended a loan in a moderate income are of Leominster for the purpose of improvements to 3 separate properties that have affordable rents. The real estate properties total 16 units in Leominster, Massachusetts. Two of the units are subsidized under the Section 8 Housing program and the remaining units have rents that are below the average monthly rental income for that area, which is \$761.00 per month. In addition, low and moderate-

income families make up 64% of the families in this area. This percentage is good indicator of the likelihood that these units will benefit low-and moderate-income individuals.

Qualified Investments

Leominster Credit Union made 34 qualified investments totaling approximately \$51,127 during the examination period. This total includes qualified equity investments representing entirely of donations to charitable organizations that meet the definition of community development.

Boys and Girls Club of Fitchburg and Leominster- Since 2001, the Boys & Girls Club of Fitchburg and Leominster has worked in youth development with young people ages 8-18, from many economic, social and family circumstances. The Boys and Girls Club Fitchburg Leominster serves children in North Central Massachusetts and provides a safe place for children after school. The after school program is different from other after school programs. The focus is science, technology, engineering, arts, and math (STEAM). The program also offers health, nutrition, community service, entrepreneurship, and of course, recreation and sports. The Club provides youth an extra opportunity to practice and reinforce the skills and concepts they learn in school. Each day, programs in five core areas are offered, giving members access to activities related to Health and Life Skills, The Arts, Education & Career Development, Sports, Fitness & Recreation, and Character & Leadership Development.

Our Father's House- Our Father's House, located in Fitchburg, is a private, non-sectarian agency providing shelter and related services to homeless men, women and children. When necessary the organization provides emergency shelter and support when needed; transitional and permanent housing when possible and practical; and individual support and guidance to encourage and assist clients in becoming self-sufficient.

United Way of North Central MA- The United Way of North Central Massachusetts is working to advance the common good by creating opportunities for a better life for all in the 22 communities they serve, which include: Ashburnham, Ashby, Athol, Ayer, Devens, Fitchburg, Gardner, Groton, Harvard, Hubbardston, Leominster, Littleton, Lunenburg, Petersham, Pepperell, Phillipston, Royalston, Shirley, Templeton, Townsend, Westminster and Winchendon.

Habitat for Humanity – This nonprofit organization is dedicated to delivering simple, decent, affordable homes in partnership with families in need.

The Arc of Opportunity of North Central Massachusetts- creates and supports lifetime opportunities in the community for individuals with disabilities and their families to reach their fullest potential by providing advocacy, education, employment, residential, and recreational services to enhance quality of life.

Worcester County Food Bank – WCFB is the region's leading anti-hunger organization distributing over 5 million pounds of donated food and grocery product in partnership with food donors, financial supporters, and volunteers. WCFB provides this product to a network of 131 Partner Agencies that have programs for feeding people including food pantries, community meal sites, and shelters. WCFB also advocates within the community and at the state and federal levels for systemic and sustainable solutions to the problem of hunger.

Community Development Services

The Credit union determined that financial literacy is a primary need in the community within all age groups. Leominster Credit Union demonstrates a responsiveness to the community and its assessment area by creating and delivering financial literacy education classes within school systems and also financial workshops for adults.

Leominster Credit Union's financial literacy officer's role is to lead the literacy programs for all age groups and educational levels in the Credit Union's market area. In addition, Credit Union staff actively participate and educate at the different classes. Many of the Credit Union's literacy initiatives are in communities of low or moderate-income areas or schools system serving primarily low and moderate-income student's population. The financial literacy curriculum includes 26 different financial literacy classes in the Leominster, Worcester, and Clinton school districts and communities.

Several highlights from the financial literacy program include:

Money Island-In 2015, 60 middle school students from a school in Worcester, participated in Money Island, an interactive game lead by the financial literacy officer, teaching students the concepts of savings, spending, sharing and investing. This seminar focused on a target audience of students who have English as a Second Language.

Senior Financial Program- Consisting of four different workshops covering topics such as budgeting, improving credit and debt, and building and protecting assets. This workshop was held in the a moderate-income area of the assessment area. There were a total of 8 attendees at each workshop.

CU 4 Reality Fair – a unique learning opportunity for middle and high school students. The fair is designed for students to role play and create their own financial experience in which students identify their career choice and starting salaries, while completing a budget and living within their means. . After each student has completed their independent financial experience the student sits with a volunteer financial counselor to review the student's financial outcome. Many of the volunteers are Leominster Credit Union staff.

In addition to the financial literacy events, Leominster Credit Union offers summer internship programs for high school students. The students work at the Leominster branches. This program created two full time jobs for two previous interns who now have employment at the Credit Union's Clinton branch

APPENDIX A
Division of Banks

Fair Lending Policies and Procedures Review

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

A review of the public file indicated that the Credit Union received no complaints pertaining to the institution’s CRA performance since the previous examination.

A review of the Credit Union’s residential and consumer loan application files was conducted to evaluate fair lending policies and procedures. A review was conducted for compliance with fair lending regulations and no evidence of disparate treatment was detected.

MINORITY APPLICATION FLOW

The Credit Union’s residential loan applications was compared with the 2014 aggregate 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 the following table 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.

MINORITY APPLICATION FLOW					
RACE	2014 Leominster		2014 Aggregate Data	YDT 2015 Leominster	
	#	%	% of #	#	%
<i>American Indian/ Alaska Native</i>	0	0.0	0.3	0	0.0
<i>Asian</i>	5	1.9	4.5	7	2.9
<i>Black/ African American</i>	11	4.2	2.7	3	1.2
<i>Hawaiian/Pac Isl.</i>	0	0.0	0.1	1	0.4
<i>2 or more Minority</i>	0	0.0	0.1	0	0.0
<i>Joint Race (White/Minority)</i>	1	0.4	1.0	5	2.0
Total Minority	17	6.5	8.7	16	6.5
<i>White</i>	222	85.4	70.3	219	89.4
<i>Race Not Available</i>	21	8.1	21.0	10	4.1
Total	260	100.0	100.0	245	100.0
ETHNICITY	#	%	% of #	#	%
<i>Hispanic or Latino</i>	23	8.9	4.6	10	4.1
<i>Not Hispanic or Latino</i>	211	81.2	73.7	213	86.9
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	9	3.4	1.0	8	3.3
<i>Ethnicity Not Available</i>	17	6.5	20.6	14	5.7
Total	260	100.00	100.00	245	100.00

According to the 2010 U.S. Census, the assessment area had a population of 530,748 of which 23.8 percent was minority. The assessment area’s minority and ethnic population is 4.5 percent Asian; 5.1 percent Black/African American; 11.8 percent Hispanic or Latino; 2.3 percent “other”; and 0.1 percent American Indian.

The Credit Union's performance in 2014 is lower than the aggregate level of racial minority mortgage applications; the Credit Union received 6.5 percent from its applications from minorities, while the aggregate received 8.7 percent from racial minorities. The Credit Union exceeded the aggregate in applications to ethnic minorities representing 12.3 percent to Hispanic/Latino or Joint Hispanic or Latino applicant. In 2015, there is a decline for applications to both racial and ethnic minorities.

In 2014, the Credit Union received 260 HMDA reportable loan applications within the assessment area. Of the 17 applications received from racial minority applicants, 50.0 percent resulted in originations, which is slightly lower than the aggregate percentage for minority applicants at 61 percent.

Overall, the Credit Union's minority application flow is considered reasonable.

APPENDIX B

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

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) but excluding 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.

HOUSING TERMS

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 which 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).

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.

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.

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.

INCOME TERMS

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.

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

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

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 consist of only one person, median household income is usually less than median family income.

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.

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.

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.

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

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (“HUD”) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

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.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income. 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. 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.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

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

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 20 Adams Street, Leominster, MA 01453."

[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.