

PUBLIC DISCLOSURE

February 17, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

SPRINGFIELD STREET RAILWAY EMPLOYEES CREDIT UNION
Certificate Number 67965

640 PAGE BOULEVARD
SPRINGFIELD, MA 01104

DIVISION OF BANKS
1000 WASHINGTON STREET
BOSTON, MA 02118

<p>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.</p>
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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 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 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 Community Reinvestment Act performance of **Springfield Street Railway Employees Credit Union (Credit Union)**, prepared by the Division, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**

According to CRA regulations, an institution shall delineate one or more assessment areas within which the institution will meet the credit needs and by which the Division will evaluate the institution's CRA performance. Credit unions whose membership by-laws provisions are not based upon residence are permitted to designate its membership as its assessment area. Therefore, since the Credit Union has defined its membership as its assessment area, as opposed to a geographic area, an evaluation of credit extended within defined geographic areas was not conducted. This evaluation was based upon an analysis of the Credit Union's performance in providing loans to its membership, providing loans to individuals of various incomes, including low to moderate-income members, and the Credit Union's fair lending performance.

- The Credit union's average net loan-to-share (LTS) ratio for the period was calculated at 51.4 percent, an adequate performance at this time.
- The distribution of loans to members of different income levels is considered satisfactory and is representative of its membership.
- The institution did not receive any CRA-related complaints during the evaluation period.

PERFORMANCE CONTEXT

Description of Institution

Springfield Street Railway Employees Credit Union is an industrial credit union chartered by the Commonwealth of Massachusetts on November 6, 1926. Membership is limited to those who are employed by Springfield Street Railway Company and the families of the employees and employees of Springfield Street Railway Employees Credit Union and Peter Pan Bus Company.

The Credit Union has one office located at 640 Page Boulevard in Springfield. Office hours are Monday through Friday, 8:30 a.m. to 3:30 p.m. The Credit Union offers shared savings accounts, personal loans, new and used vehicle loans, share pledged loans and unsecured loans.

The Credit Union was last examined for compliance with CRA on September 26, 2006. The examination resulted in a CRA rating of Satisfactory. The Credit Union's assets have increased from \$1.1 million to \$1.6 million since the previous examination.

As of December 31, 2015, the Credit Union's asset size was \$1,591,086 with total loans of \$651,491 or 40.9 percent of total assets. The Credit Union's net-loan-to-share ratio, as of the same date, was 51.5 percent. As of December 31, 2015, the Credit Union has 235 members.

The Credit Union's primary loan base is comprised of all other unsecured loans/lines of credit representing the largest portion of loans with 58.7 percent followed by used vehicle loans at 31.6 percent. The following table provides additional details regarding the Credit Union's loan portfolio:

Loan Type	Dollar Amount	Percent of Total Loans
All Other Unsecured Loans/Lines of Credit	382,127	58.7
New Vehicle Loans	61,090	9.4
Used Vehicle Loans	205,995	31.6
Total All Other Loans/Lines of Credit	2,279	0.3
Total Loans	651,491	100.0

Source: NCUA Call Report

Other than its small asset size and limited resources, there are no apparent financial or legal impediments that would limit the Credit Union's ability to help meet the credit needs of its membership.

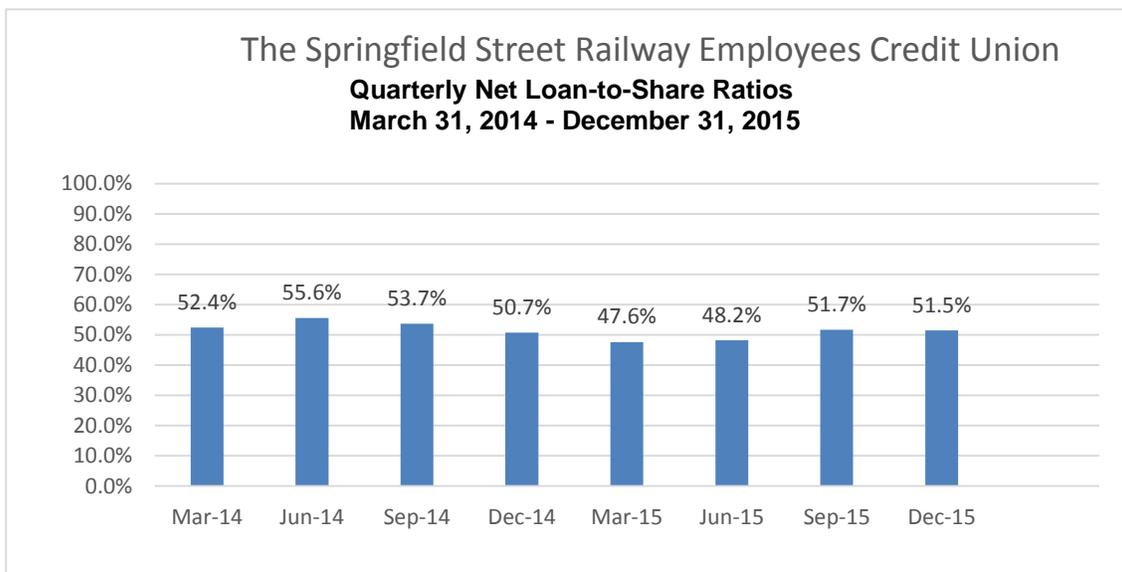
Description of Assessment Area

In accordance with the requirements of 209 CMR 46.41(8), the Credit Union defines its membership as its assessment area.

PERFORMANCE CRITERIA

LOAN TO SHARE ANALYSIS

A comparative analysis of Springfield Street Railway Employees Credit Union's last eight quarterly net loan-to-share (LTS) ratios for the period of March 31, 2014 through December 31, 2015, was conducted during this examination. The analysis was conducted to determine the extent of the Credit Union's lending compared to shares received from its membership. Using the National Credit Union Administration (NCUA) quarterly Call Reports, the average net loan-to-share ratio for this period was 51.4 percent. This ratio is based on loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total shares. The following graph is provided for further analysis.



As shown in the graph above, the Credit Union's net loan-to-share ratio has fluctuated from a high of 55.6 percent on June 30, 2014 to a low of 47.6 percent on March 31, 2015. During this time period, net loans have decreased 3.8 percent, shares have decreased 2.1 percent and assets have decreased 0.7 percent.

For comparison purposes, the Credit Union’s average net LTS ratio was compared against the average net LTS ratios of two similarly situated institutions (asset size and loan portfolio composition).

Table 2 Peer Group Net Loan-to-Share Comparison		
Credit Union Name	Total Assets as of 12/31/15	Average Net LTS Ratio 3/31/14 – 12/31/15
The Springfield Street Railway Employees Credit Union	\$1,591,086	51.4
Gloucester Municipal Credit Union	\$1,885,249	41.6
Holyoke Postal Credit Union	\$3,550,546	12.9

Source: NCUA Call Reports

As shown in Table 2, the two other Credit Unions’ average quarterly net LTS ratios were 41.6 percent and 12.9 percent. At 51.4 percent, the Credit Union’s average LTS is higher than both of the other similarly situated institutions.

Based on the foregoing information, the Credit Union’s asset size, resources and the credit needs of its members, the Credit Union’s net loan-to-share ratio is satisfactory.

DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

A sample of the Credit Union’s consumer loan data from January 1, 2014 through December 31, 2015, was analyzed in order to determine the distribution of credit based upon the income level of borrowers. The loan sample consisted of unsecured loans and new and used automobile loans. This examination compares the borrower income to the median family income for the Metropolitan Statistical Area (MSA) in which the borrower resides. The borrower income analysis was based on the median family incomes for the Springfield MSA for 2014 and 2015 which was \$66,000 and \$67,300, respectively.

As defined by the U.S. Department of Housing and Urban Development (HUD) low-income is defined as income level or area that earns less than 50 percent of the MSA’s median family income. Moderate-income is defined as income level or area that earns 50 percent to less than 80 percent of the MSA’s median family income. Middle-income is defined as income level or area that earns 80 percent to less than 120 percent of the MSA’s median family income, while upper-income is defined as income level that is equal to or greater than 120 percent of the MSA’s median family income as illustrated in the following table.

Table 3 –Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
MSA Median Family Income (\$00,000)				
2014 (\$66,000)	<\$32,999	\$33,000 to <\$52,799	\$52,800 to <\$79,199	≥\$79,200
2015 (\$67,300)	<\$33,639	\$33,650 to <\$53,839	\$53,840 to <\$80,759	≥\$80,760

Source: FFIEC

A review of 20 loans for 2014 and 20 loans for 2015 was conducted to determine the borrower's income level. Refer to Table 4 for the distribution of loans by borrower income.

Table 4				
Distribution of Loans by Borrower Income				
Median Family Income Level	2014 Credit Union		2015 Credit Union	
	#	%	#	%
Low	1	5.0	2	10.0
Moderate	10	50.0	12	60.0
Middle	4	20.0	4	20.0
Upper	5	25.0	2	10.0
Total	20	100.0	20	100.0

Source: Credit Union's 2014 and 2015 Internal Records

For both years reviewed, the majority of the sampled loans were to borrowers in the low- and moderate-income category. This is not unexpected as such loans are generally originated with one borrower, while median income data is based on family or household income. However, the balanced distribution of lending across all levels of income reflects the Credit Union's willingness and ability to service its entire membership.

Based upon the analysis of borrower income, the Credit Union demonstrates a satisfactory level of performance in providing loans to borrowers of different incomes.

REVIEW OF COMPLAINTS AND FAIR LENDING POLICES AND PRACTICES

The Credit Union's Fair Lending Policy was reviewed to determine how this information relates to the guidelines established by Regulatory Bulletin 1.3-106, the Division's Community Reinvestment and Fair Lending Policy. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no violations of the anti-discrimination laws and regulations were identified.

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 640 Page Boulevard, Springfield, MA 01104.

- 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.