

# **PUBLIC DISCLOSURE**

June 21, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Greenfield Savings Bank  
Certificate Number: 90206

400 Main Street  
Greenfield, Massachusetts 01301

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

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

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

## TABLE OF CONTENTS

Institution Rating .....	1
Scope of Evaluation .....	2
Description of Institution .....	4
Description of Assessment Area.....	6
Conclusions on Performance Criteria .....	10
Discriminatory or Other Illegal Credit Practices Review .....	21
Division of Banks Fair Lending Policies and Procedures .....	22
Glossary .....	24

## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Outstanding**. An institution in this group has an excellent 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 following points summarize the bank's Lending Test and Community Development Test performance.

**The Lending Test is rated Outstanding.**

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

**The Community Development Test is rated High Satisfactory from the Division.**

**The Community Development Test is rated Satisfactory from the FDIC.**

*Note: Although the Division and FDIC agree on Community Development Test conclusions, the FDIC does not have a High Satisfactory rating.*

- The institution's community development performance demonstrates adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

## SCOPE OF EVALUATION

### **General Information**

This evaluation, conducted jointly by the Commonwealth of Massachusetts Division of Banks (Division) and Federal Deposit Insurance Corporation (FDIC), considered activity from the previous evaluation dated June 4, 2018, to the current evaluation dated June 21, 2021. Examiners used the Interagency Intermediate Small Bank CRA Examination Procedures to evaluate Greenfield Savings Bank's CRA performance. These procedures include the CRA Small Bank Lending Test and the Community Development Test.

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

- LTD 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**

Considering the bank's business strategy and the number and dollar volume of loans originated during the evaluation period, examiners determined that the bank's major product lines are home mortgage and small business loans. No other loan types, such as small farm or consumer loans, represent a major product line; therefore, examiners did not present them in the evaluation.

Examiners analyzed home mortgage loan originations from January 1, 2018, through December 31, 2020 reported on the institution's 2018, 2019, and 2020 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). Examiners presented all three years under the Assessment Area Concentration criterion. For the Geographic Distribution and Borrower Profile criteria, examiners only presented 2019 home mortgage data, as 2019 is the most recent year for which aggregate data is available, and the bank's performance in 2019 is representative of the bank's performance during the entire evaluation period.

Greenfield Savings Bank (GSB) originated 460 home mortgage loans totaling \$86.6 million in 2018, 433 loans totaling \$93.1 million in 2019, and 517 loans totaling \$109.0 million in 2020.

Examiners compared the institution's home mortgage lending performance to 2015 American Community Survey (ACS) demographic data and 2019 aggregate data.

The bank was not required to collect or report small business data during the evaluation period; however, the bank voluntarily collected small business data. Examiners analyzed small business loan originations from January 1, 2018, through December 31, 2020 collected by GSB. The institution originated 172 small business loans totaling \$24.9 million in 2018, 195 loans totaling \$27.1 million in 2019, and 837 loans totaling \$72.0 million in 2020. The significant increase in the volume of small business lending in 2020 resulted from the origination of 708 Small Business Administration (SBA) Paycheck Protection Program (PPP) loans totaling \$51.1 million. The PPP was implemented in 2020 to provide economic relief to small businesses adversely impacted by COVID-19 and to help small businesses maintain their workforce during the pandemic. Examiners compared the institution's small business lending performance to D&B demographic data.

Examiners presented all three years of small business lending under the Assessment Area Concentration criterion, and presented 2019 and 2020 small business lending performance under the Geographic Distribution and Borrower Profile tables. Given the significant increase in small business lending in 2020, examiners presented 2019 data to reflect the bank's performance over the evaluation period more accurately.

Examiners placed more weight on the institution's home mortgage lending due to its higher origination activity compared to small business lending during the evaluation period. Examiners also focused on the number of loans, rather than dollar volume, when assessing the institution's performance, as it is a better indicator of the number of individuals and businesses served.

The Community Development Test considered the number and dollar amount of community development loans, qualified investments, and community development services performed since the prior CRA evaluation dated June 4, 2018. Financial data about the bank was obtained from the March 31, 2021 Consolidated Report of Condition and Income (Call Report).

## DESCRIPTION OF INSTITUTION

### **Background**

GSB was established as a Massachusetts chartered mutual savings bank in 1869 and is wholly owned by GSB, MHC, a mutual holding company. The bank is headquartered in Greenfield, Massachusetts, and primarily serves Franklin County and north-central Hampshire County. Separately, the bank has two wholly-owned subsidiaries; GSB Securities Corporation and Shelburne Securities Corporation. Neither subsidiary is involved in retail lending.

GSB received an “Outstanding” rating at its previous joint Division and FDIC CRA Performance Evaluation dated June 4, 2018, based on Interagency Intermediate Small Bank CRA Examination Procedures.

### **Operations**

GSB’s main office is located in a middle-income census tract at 400 Main Street in Greenfield. The bank offers traditional products and services through its main office and nine additional full-service branch offices located in Conway, Shelburne Falls, South Deerfield, and Turner Falls in Franklin County, and Amherst (Downtown and University Drive), Hadley, and Northampton (Downtown and King Street) in Hampshire County. One branch is located in a moderate-income census tract (Turner Falls), three branches are in middle-income census tracts (Greenfield, Northampton – King Street, Shelburne Falls), and five branches are in upper-income census tracts (Amherst – Downtown and University Drive, Conway, Hadley, Northampton – Downtown, and South Deerfield). Most of the bank’s branches are open Monday through Friday from 9:00 a.m. - 4:30 p.m. and Saturday from 9:00 a.m. - 12:00 p.m. Two of the bank’s branches, which are located in commercial areas, have shorter hours and operate from 10:00 a.m. - 3:00 p.m., Monday through Friday. GSB has not opened or closed any branches since the previous evaluation.

GSB maintains an ATM at each of its branches in addition to four stand-alone ATMs. Two of GSB’s stand-alone ATMs are located in Greenfield and are deposit-taking, while the other two are located in Ashfield and Turner Falls and are only cash dispensing. The institution also maintains an interactive teller machine (ITM) at nine out of ten branches. The ITMs function as ATMs, but also allow customers to interact with bank tellers remotely during specific hours. ITM access is available 7:00 a.m. - 7:00 p.m. Monday through Friday, and 9:00 a.m. - 3:00 p.m. on Saturday.

The bank offers both personal and business accounts to customers. Customers can open checking accounts, savings accounts, money market accounts, certificates of deposits, and individual retirement accounts, as well as business checking accounts. Services include ATM and debit cards, online banking, Mobile Wallet, and online banking with bill pay. In addition to deposit accounts, customers can apply for consumer-purpose loans such as mortgage loans, home equity loans and lines of credit, consumer loans, new and used auto loans, and MassHousing loans. Commercial loans include business loans, commercial mortgage loans, secured and

unsecured loans, lines of credit, SBA guaranteed loans, and loans guaranteed by the Massachusetts Capital Access Program.

### **Ability and Capacity**

GSB's assets totaled \$1.1 billion as of March 31, 2021, and included total loans of \$763.9 million and total securities of \$116.1 million. The bank had total deposits of \$908.2 million. From March 31, 2018, to March 31, 2021, the bank's assets increased by 20.7 percent. Net loans increased by 11.1 percent, total securities increased by 19.0 percent, and total deposits increased by 24.4 percent.

The following table illustrates the loan portfolio. As noted in the table, approximately 73.9 percent of the bank's loans are secured by residential properties, followed by commercial loans at 26.0 percent.

<b>Loan Portfolio Distribution as of 3/31/2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	19,381	2.5
Secured by Farmland	69	0.0
Secured by 1-4 Family Residential Properties	490,745	64.2
Secured by Multifamily (5 or more) Residential Properties	54,919	7.2
Secured by Nonfarm Nonresidential Properties	110,472	14.5
<b>Total Real Estate Loans</b>	<b>675,586</b>	<b>88.4</b>
Commercial and Industrial Loans	87,759	11.5
Agricultural Production and Other Loans to Farmers	-	0.0
Consumer Loans	386	0.1
Obligations of State and Political Subdivisions in the U.S.	-	0.0
Other Loans	192	0.0
Lease Financing Receivable (net of unearned income)	-	0.0
Less: Unearned Income	-	0.0
<b>Total Loans</b>	<b>763,923</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

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

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires financial institutions to define one or more assessment areas within which examiners will evaluate their CRA performance. The bank's designated assessment area has not changed since the previous examination. GSB designated a single assessment area in the Springfield, MA MSA. The assessment area encompasses Franklin County (excluding the city of Orange) and contiguous portions of Hampshire County. The assessment area, as currently defined, meets the technical requirements of the CRA regulation.

### **Economic and Demographic Data**

The bank's assessment area consists of 33 census tracts that reflect the following income designations according to the 2015 ACS:

- 1 low-income tract
- 1 moderate-income tract
- 15 middle-income tracts
- 12 upper-income tracts
- 4 unknown income census tracts

The one low-income census tract is located in Greenfield and the one moderate-income tract is in Montague.

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)	33	3.0	3.0	45.5	36.4	12.1
Population by Geography	140,097	2.0	3.0	43.7	38.4	12.9
Housing Units by Geography	56,088	2.0	3.5	51.9	42.0	0.6
Owner-Occupied Units by Geography	31,806	1.1	2.5	51.6	44.7	0.0
Occupied Rental Units by Geography	19,414	3.8	5.0	52.3	37.7	1.3
Vacant Units by Geography	4,868	0.9	3.6	52.6	41.2	1.7
Businesses by Geography	11,421	1.2	2.1	48.0	45.6	3.0
Farms by Geography	561	0.5	1.1	58.6	39.8	0.0
Family Distribution by Income Level	28,257	18.4	15.7	20.7	45.2	0.0
Household Distribution by Income Level	51,220	24.9	15.2	16.7	43.2	0.0
Median Family Income MSA - 44140 Springfield, MA MSA		\$67,203	Median Housing Value			\$265,308
			Median Gross Rent			\$981
			Families Below Poverty Level			7.6%
<i>Source: 2015 ACS and 2020 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

As shown in the previous table, a very low percentage of the owner-occupied housing units in the assessment area are located within the low- and moderate-income census tracts, limiting homeownership opportunities in those areas. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

The median housing value in the assessment area is high when compared to the median income of low- and moderate-income individuals. Additionally, 7.6 percent of families in the assessment area live below the poverty level. These factors may limit the number of low- and moderate-income families that may qualify for a mortgage. These factors contribute to limited opportunities and a higher level of competition for home mortgage lending to low- and moderate-income families in the assessment area.

In the Springfield, MA MSA, as throughout the Commonwealth of Massachusetts, unemployment rates increased over the evaluation period. The unemployment rate for the MSA increased from 3.6 percent in December 2018, to 6.8 percent as of April 2021. A drastic increase in the unemployment rate to 15.1 percent in April 2020 was attributed to the worldwide COVID-19 pandemic, which had a significant impact on the assessment area's economy.

According to 2020 D&B data, there were 11,421 businesses within the bank's assessment area. Education and health services represent the largest portion of businesses at 27.5 percent,

followed by government at 13.6 percent and retail trade at 18.5 percent. The breakdown of these businesses by gross annual revenue (GAR) category is shown below:

- 83.5 percent have \$1 million or less;
- 4.8 percent have more than \$1 million;
- 11.8 percent have unknown revenues.

The FFIEC Median Family Income figures are used to analyze home mortgage loans under the Borrower Profile criterion. The following table displays the low-, moderate-, middle-, and upper-income categories in 2019.

<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>				
2019 (\$76,700)	<\$38,350	\$38,350 to <\$61,360	\$61,360 to <\$92,040	≥\$92,040
<i>Source: FFIEC</i>				

### **Competition**

The assessment area represents a competitive market for financial services. According to FDIC Deposit Market Share data, 12 financial institutions operated 49 full-service branches within the bank’s assessment area. Of these institutions, GSB ranked 1<sup>st</sup> with a 20.4 percent deposit market share.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2019, 180 lenders reported 2,587 residential mortgage loans originated or purchased in the assessment area. GSB ranked 1<sup>st</sup> with a 13.9 percent market share, illustrating that the bank is a leader within its assessment area. The 2<sup>nd</sup> ranked lender within the assessment area had a significantly lower market share than GSB at 8.6 percent.

GSB is not required to collect or report its small business loan data; therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data.

### **Community Contact**

Examiners contacted a community organization serving Franklin County to assist in identifying the credit and community development needs of the assessment area. The contact primarily focuses on economic development and providing small businesses with technical assistance. The contact noted economic pressure is compounded by falling wages due to underemployment and rising housing prices. In 2020, a higher portion of the population required additional social services, such as access to basic essentials and food, caused by the COVID-19 pandemic. The contact noted that even prior to the COVID-19 pandemic, low wages presented a challenge in the region.

The contact also noted that while skilled manufacturing and agricultural industries represent employment opportunities in the assessment area, additional support for businesses is necessary. The contact mentioned that additional flexibility in small business lending is needed, and innovative access to capital for startup businesses would help expand the business loan application pool.

The contact noted that local banks and credit unions are involved in the area through donations, loans, and services. The contact specifically noted that GSB and other institutions continue to contribute, particularly as other banks merge and expand their areas of focus beyond Western Massachusetts. Lastly, the contact noted the need for additional equity investments in the area. An equity investment supporting local businesses (to create capital access for entrepreneurs without resources) would be particularly responsive and denote leadership.

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

Examiners considered information gathered from the community contact and the bank, as well as available economic data, to determine the primary credit needs of the assessment area. Based on this information, examiners determined that the community's primary credit needs are affordable housing and economic development. Economic development, in the form of additional equity investments to support local businesses, and providing access to capital for entrepreneurs and small business owners, could aid in creating job opportunities within the area.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

GSB demonstrated outstanding performance under the Lending Test. The institution's excellent performance under the Geographic Distribution, LTD Ratio, and Assessment Area Concentration criteria, and reasonable performance under the Borrower Profile criterion, support this conclusion

### Loan-to-Deposit Ratio

The bank's LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's quarterly LTD ratio averaged 95.4 percent over the past 11 calendar quarters. The LTD ratio reached a high of 99.6 percent as of September 30, 2019, and a low of 83.3 percent most recently as of March 31, 2021. After a spike in PPP loan originations during 2020, the subsequent slowdown in lending activity combined with an increase in deposits contributed to the decrease.

Examiners compared the bank's average quarterly LTD ratio to that of similarly situated institutions, which were selected based on asset size, geographic location, and lending focus. The following table illustrates that GSB's average quarterly LTD ratio was higher than that of the similarly situated institutions.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Institution</b>	<b>Total Assets \$(000s)</b>	<b>Average LTD Ratio (%)</b>
<b>Greenfield Savings Bank</b>	<b>1,049,795</b>	<b>95.4</b>
Florence Bank	1,795,045	79.3
Greenfield Co-operative Bank	783,989	75.6

*Source: Call Report data*

### Assessment Area Concentration

The institution originated a substantial majority of loans within its assessment area. The table below highlights GSB's lending inside and outside the assessment area by loan category.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	368	80.0	92	20.0	460	67,044	77.4	19,553	22.6	86,597
2019	359	82.9	74	17.1	433	76,574	82.3	16,522	17.7	93,096
2020	415	80.3	102	19.7	517	86,969	79.8	22,049	20.2	109,018
<b>Subtotal</b>	<b>1,142</b>	<b>81.0</b>	<b>268</b>	<b>19.0</b>	<b>1,410</b>	<b>230,588</b>	<b>79.9</b>	<b>58,124</b>	<b>20.1</b>	<b>288,711</b>
Small Business										
2018	146	84.9	26	15.1	172	22,603	90.7	2,305	9.3	24,908
2019	150	76.9	45	23.1	195	22,549	83.1	4,580	16.9	27,129
2020	702	83.9	135	16.1	837	61,684	85.9	10,102	14.1	71,786
<b>Subtotal</b>	<b>998</b>	<b>82.9</b>	<b>206</b>	<b>17.1</b>	<b>1,204</b>	<b>106,836</b>	<b>86.3</b>	<b>16,987</b>	<b>13.7</b>	<b>123,823</b>
<b>Total</b>	<b>2,140</b>	<b>81.9</b>	<b>474</b>	<b>18.1</b>	<b>2,614</b>	<b>337,423</b>	<b>81.8</b>	<b>75,111</b>	<b>18.2</b>	<b>412,534</b>
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

## Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects excellent dispersion throughout the assessment area.

### *Home Mortgage Lending*

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. As shown in the following table, the bank's performance in low- and moderate-income census tracts exceeded both aggregate and demographic data in 2019.

This conclusion is further supported by market share data. In 2019, the bank ranked 1<sup>st</sup> out of 23 lenders that originated or purchased a home mortgage loan in the sole low-income tract, achieving a 20.0 percent market share. The lender with the second highest market share (11.1 percent) was a mortgage company. In the moderate-income census tract, the bank ranked 1<sup>st</sup> out of 24 lenders that originated or purchased a home mortgage loan in 2019, achieving a 25.7 percent market share. Another local bank ranked 2<sup>nd</sup> with a 21.4 percent market share. This data demonstrates that the bank remains a leader in lending in the low- and moderate-income tracts within the assessment area.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	1.1	1.7	9	2.5	1,123	1.5
Moderate						
2019	2.5	2.7	18	5.0	2,382	3.1
Middle						
2019	51.6	49.6	214	59.6	39,696	51.8
Upper						
2019	44.7	45.8	117	32.6	33,203	43.4
Not Available						
2019	0.0	0.2	1	0.3	170	0.2
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>359</b>	<b>100.0</b>	<b>76,574</b>	<b>100.0</b>

*Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

### *Small Business Lending*

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. The following table shows that the bank's performance in the low-income census tract exceeded demographic data in 2019. While the percentage of loans in these tracts fell slightly below demographic data in 2020, the number of small business loans in 2020 doubled from GSB's lending volume in 2019, which reflects the institution's commitment to lend to small businesses in the low-income census tract.

The bank's performance in moderate-income census tracts exceeded demographics in 2019 and 2020. Despite a similar decrease, the bank more than doubled its lending in the moderate-income census tract from 2019 to 2020.

The lower lending percentages in low- and moderate-income census tracts 2020 is attributed to the increase in overall small business lending due to the bank's involvement in originating PPP loans throughout the assessment area. The bank's involvement in this program further demonstrates the bank's commitment to serving the needs of small businesses throughout the assessment area.

<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>					
2019	1.2	3	2.0	310	1.4
2020	1.2	6	0.9	347	0.6
<b>Moderate</b>					
2019	2.3	8	5.3	772	3.4
2020	2.1	19	2.7	1,027	1.7
<b>Middle</b>					
2019	47.9	81	54.0	11,623	51.5
2020	48.0	405	57.7	38,037	61.7
<b>Upper</b>					
2019	45.5	56	37.3	9,164	40.6
2020	45.6	266	37.9	21,544	34.9
<b>Not Available</b>					
2019	3.1	2	1.3	680	3.0
2020	3.0	6	0.9	729	1.2
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>150</b>	<b>100.0</b>	<b>22,549</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>702</b>	<b>100.0</b>	<b>61,684</b>	<b>100.0</b>
<i>Source: 2019 &amp; 2020 D&amp;B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

## **Borrower Profile**

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

### *Home Mortgage Lending*

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income individuals, is reasonable. Home mortgage lending to low-income borrowers was below demographic data; however, it was consistent with aggregate performance. Although the bank's percentage of loans to low-income borrowers is well below the percentage of low-income families (18.4 percent), it would be difficult for a low-income family to qualify for a mortgage using conventional underwriting standards considering the income level of low-income families (\$38,350) compared to the relatively high median housing value (\$265,308) within the assessment area. In addition, 7.6 percent of families within the assessment area are below the federal poverty level, which is a subset of low-income families.

Furthermore, in 2019, the bank ranked 2<sup>nd</sup> out of 35 lenders in lending to low-income borrowers in the assessment area, with a 12.7 percent market share based on the number of loans. Only one

local bank had a higher market share (13.5 percent), which supports the determination that the bank’s performance is reasonable.

GSB’s lending to moderate-income borrowers was below the demographics and aggregate performance; however, market share data supports reasonable performance. In 2019, the bank ranked 1<sup>st</sup> out of 73 lenders in lending to moderate-income borrowers in the assessment area, with an 11.6 percent market share. Market share data indicates that the bank is a leader in lending to moderate-income borrowers in the assessment area.

<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>
Low						
2019	18.4	4.9	16	4.5	1,105	1.4
Moderate						
2019	15.7	17.3	52	14.5	6,658	8.7
Middle						
2019	20.7	23.7	73	20.3	11,137	14.5
Upper						
2019	45.2	42.1	180	50.1	41,047	53.6
Not Available						
2019	0.0	12.1	38	10.6	16,627	21.7
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>359</b>	<b>100.0</b>	<b>76,574</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### *Small Business Lending*

The distribution of small business loans reflects reasonable penetration among businesses with GARs of \$1 million or less within the bank’s assessment area. GSB’s record of lending to businesses with GARs of \$1 million or less is demonstrated by its 2019 lending performance, which slightly exceeds the assessment area’s demographic data.

The following table shows that the bank originated only 11.7 percent of small business loans to businesses with GARs of \$1 million or less in 2020; however, this decrease is a result of the bank’s substantial PPP lending. Institutions were not required to consider or collect business revenues for PPP loans; therefore, all of the bank’s PPP loans are reflected in the “Revenue Not Available” category. GSB met a significant need in its community during the COVID-19 pandemic through originating PPP loans to small businesses in 2020. The institution’s lending performance reflects a reasonable penetration to small businesses considering the bank’s lending performance in 2019 and its commitment to PPP lending in 2020.



<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>					
2019	82.8	127	84.7	17,251	76.5
2020	83.5	82	11.7	12,243	19.8
<b>&gt;\$1,000,000</b>					
2019	5.0	23	15.3	5,298	23.5
2020	4.8	24	3.4	5,614	9.1
<b>Revenue Not Available</b>					
2019	12.1	0	0.0	0	0.0
2020	11.8	594	84.6	43,757	70.9
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>150</b>	<b>100.0</b>	<b>22,549</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>700</b>	<b>100.0</b>	<b>61,614</b>	<b>100.0</b>
<i>Source: 2019 &amp; 2020 D&amp;B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

### **Response to Complaints**

The bank did not receive any CRA-related complaints during the evaluation period; therefore, this criterion did not impact the CRA rating.

### **COMMUNITY DEVELOPMENT TEST**

GSB demonstrated adequate responsiveness to the assessment area's community development needs 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**

GSB originated 25 community development loans totaling \$21.3 million during the evaluation period. The bank's community development lending activity increased significantly by dollar amount from the previous examination when the bank originated 21 community development loans for \$9.8 million. Community development loans exhibited responsiveness to the affordable housing and community service needs identified by the community contact, as well as revitalization and stabilization of low- and moderate-income areas.

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

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize Or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
6/4/18-12/31/18	1	475	0	0	0	0	0	0	1	475
2019	7	3,215	1	274	0	0	0	0	8	3,489
2020	7	2,763	2	2,023	0	0	1	250	10	5,036
YTD 2021	1	8,650	3	448	1	30	1	3,180	6	12,308
<b>Totals</b>	<b>16</b>	<b>15,103</b>	<b>6</b>	<b>2,745</b>	<b>1</b>	<b>30</b>	<b>2</b>	<b>3,430</b>	<b>25</b>	<b>21,308</b>

*Source: Bank records*

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

- In 2021, the bank originated an \$8.7 million construction loan for a 33-unit senior housing project located in Sunderland, Massachusetts. All units in the project are income-restricted to 60.0 percent of area median income or below, and 12 of the units are set aside specifically for Section 8 housing. The project supports affordable housing for low- and moderate-income families.
- In 2021, the bank originated a \$2.0 million SBA PPP loan to support the operations of a Greenfield community development organization. The mission of the non-profit is to support low- and moderate-income residents in the area through social service programs, including food pantries, tax assistance, child care, and energy assistance. This loan supports community services for low- and moderate-income individuals.
- In 2019, the bank originated a \$7.9 million loan in Amherst, Massachusetts to construct a residential property. The property consists of 36 residential units, 4 of which have rents designated for low- or moderate-income tenants. The loan supports affordable housing for low- and moderate-income families, with a qualified amount of \$877,778.
- In addition to the community development loans that directly benefited the bank’s assessment area, the bank made a \$3.2 million construction loan in 2021 to a Federally Qualified Health Center (FQHC) that serves all of Franklin County. The loan specifically helped the organization construct a new community health center in Orange, Massachusetts, just outside of the bank’s assessment area. The health center primarily serves individuals in the area, including uninsured individuals and individuals reliant on public assistance. The community health center is in a moderate-income census tract and opportunity zone, and helps to revitalize and stabilize the area.

### **Qualified Investments**

GSB made 166 qualified investments totaling approximately \$5.5 million. This represented approximately 4.2 percent of average total investments and 0.6 percent of average total assets over the evaluation period. Equity investments totaled \$4.6 million, and qualified donations totaled \$867,908.

The following table details qualified investments by year and purpose.

<b>Qualified Investments</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize Or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000)</b>	<b>#</b>	<b>\$(000)</b>	<b>#</b>	<b>\$(000)</b>	<b>#</b>	<b>\$(000)</b>	<b>#</b>	<b>\$(000)</b>
Prior Period	0	0	0	0	2	2,143	0	0	2	2,143
9/4/18-12/31/18	0	0	0	0	2	2,451	0	0	2	2,451
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
YTD 2021	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>4,594</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>4,594</b>
<b>Qualified Grants &amp; Donations</b>	<b>6</b>	<b>12</b>	<b>145</b>	<b>730</b>	<b>9</b>	<b>114</b>	<b>2</b>	<b>12</b>	<b>162</b>	<b>868</b>
<b>Totals</b>	<b>6</b>	<b>12</b>	<b>145</b>	<b>730</b>	<b>13</b>	<b>4,708</b>	<b>2</b>	<b>12</b>	<b>166</b>	<b>5,462</b>

*Source: Bank records*

### ***Equity Investments***

The bank’s wholly owned subsidiary has four CRA-qualified debt security investments in its portfolio totaling \$4.6 million. All investments are in the form of Massachusetts Development Finance Agency Industrial Revenue Bonds (IRB). The bank purchased two IRBs for \$2.4 million during the evaluation period, while the others are prior period investments with a current book value of approximately \$2.2 million. The bonds are part of a Refunding Project to assist a small business in Franklin County in expanding and creating new jobs. The small business manufactures complex machine components, and the jobs created are likely to be filled by individuals from low- or moderate-income households. The investments are notable in that they respond directly to the economic development needs identified by the community contact.

### ***Qualified Donations***

During the evaluation period the bank responded specifically to the COVID-19 pandemic by making \$56,500 in additional donations to local organizations that served a variety of community needs. Many of these organizations primarily serve low- and moderate-income populations by providing services such as youth services, food security, and health care.

Below are notable examples of the bank’s other qualified donations. These donations are particularly responsive to the economic development, affordable housing, and community service needs identified by the community contact.

- *Franklin County CDC* – This local non-profit organization provides technical assistance support for small and startup businesses. The industries receiving particular focus include food production and agriculture. Programs include financial literacy and business planning education for entrepreneurs, financial support and working capital, and commercial space coordination. The bank donates to this organization annually to provide economic development support for small businesses.

- *Valley CDC* – This organization aims to assist low- and moderate-income families in the Pioneer Valley area of Massachusetts obtain economic self-sufficiency. The organization primarily focuses on affordable housing initiatives, including first-time homebuyer and foreclosure prevention workshops as well as housing development. Other initiatives include small business development and support. The bank provided donations to this organization in 2019 and 2020. These donations provided support for essential affordable housing services to benefit low- and moderate-income residents.
- *Baystate Health Center* – The bank made several donations to Baystate Health Center throughout the evaluation period. This not-for-profit organization provides essential health services throughout Western Massachusetts, with community hospitals in Greenfield and Springfield. The hospitals are High Public Payer health centers and primarily serve low- and moderate-income individuals reliant on Medicare and Medicaid. These donations support community services for low- and moderate-income individuals.
- *The Progress Partnership, Inc.* – This non-profit organization aims to revitalize downtown Greenfield and other areas of need. Initiatives include small business development and public education regarding opportunity zone designation. The bank provided donations to this organization in 2019 and 2020. These donations supported revitalization and stabilization of low- and moderate-income areas.

### **Community Development Services**

During the evaluation period, the bank provided 91 instances of financial expertise or technical assistance to 33 different community development-related organizations in the assessment area. The following table illustrates the community development services by year and purpose.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
09/4/2018-12/31/2018	1	23	3	1	28
2019	2	20	5	1	28
2020	1	19	4	1	25
YTD 2021	1	8	1	0	10
<b>Total</b>	<b>5</b>	<b>70</b>	<b>13</b>	<b>3</b>	<b>91</b>

*Source: Bank records*

Below are notable examples of community development services:

### ***Employee Involvement***

- *Franklin County Technical School Building Society (FCTSBS)* – GSB established a

Building Society Program, which purchases land and funds the building of homes for the benefit of the students' vocational training. This program reflects an innovative and responsive approach to meeting an area need. Franklin County Technical School is a Title I school, defined by a large population of low- and moderate-income students. In recent years, the school lacked resources to purchase land or a home for vocational students to build or renovate. GSB extended the initial credit used to begin the first project and continues to provide technical assistance or credit as needed. The bank president is also president of the FCTSBS and remains involved in the strategic planning of the organization.

- *Franklin County CDC* – This local CDC plays a significant role in the economic development of the region, focusing on assisting small businesses, farms, and startups. The CDC provides technical assistance, a venture center with operational space for startups, and financing for small businesses. A bank vice president is the vice chair of the Board, and two other vice presidents served on the loan committee during the evaluation period.
- *Community Action: VITA Tax Prep* – Community Action helps low-income individuals achieve economic stability. The VITA program provides free tax assistance for people with lower incomes, ensuring they receive all available benefits. A bank employee provided several sessions of tax assistance to community members in 2019 and 2020.

### ***Financial Education***

- *Valley CDC* – This organization seeks to improve the quality of life for low- and moderate-income individuals through small business assistance, housing services, and affordable housing development. An employee of GSB participated in two first-time homebuyer sessions in 2019 and 2021. Topics covered include the application process, credit scores, budgeting, and the responsibilities of homeownership.
- *Rural Development Inc.* – This organization was created by the Franklin Housing and Redevelopment Authority to expand housing and economic opportunities for residents in rural Franklin County. The organization develops multifamily properties in the region primarily occupied by low- or moderate-income residents. An employee of GSB participated in two first-time homebuyer sessions in 2018 and 2020. Topics covered include the application process, credit scores, budgeting, and the responsibilities of homeownership.
- *Northampton Chamber of Commerce: Elder Fraud Prevention* – GSB coordinated with the chamber of commerce in response to increasing concerns of financial exploitation of the elderly. A bank officer led an elder fraud prevention seminar for local small businesses to help them identify signs of elder financial exploitation in their community. This provides technical assistance for small businesses that serve the local economy.

### *Technical Assistance Services*

- *Grant Administration* – The bank applied for and administered grants to local organizations and businesses using funds from the Federal Home Loan Bank’s Jobs for New England Program. These grants supported youth nonprofits and restaurants in the area, two areas of the community facing severe challenges during the COVID-19 pandemic.
- *ServiceNet Fee-Free Check Cashing* – ServiceNet is a human service agency in Western Massachusetts assisting vulnerable individuals with disabilities and those in recovery from addiction. The bank has coordinated with ServiceNet to provide their clientele with free access to check cashing services during the COVID-19 pandemic. This service primarily aids low- and moderate-income individuals.
- *Turner Falls Branch* – The bank maintains a branch in a moderate-income census tract in the Turner Falls village in Montague, Massachusetts. This branch provides essential retail services for a low- and moderate-income community.
- *Massachusetts Interest on Lawyers Trust Accounts (IOLTAs)* – GSB participates in the Massachusetts IOLTA Program. This program, mandated by the Supreme Judicial Court, requires lawyers and law firms to establish interest-bearing accounts for client deposits. The interest earned is used to fund law-related public service programs to help low-income clients. The bank remitted approximately \$10,918 in IOLTA funds during the evaluation period.

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

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

## **APPENDIX**

### **FAIR LENDING POLICIES AND PROCEDURES**

The Division provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the FFIEC Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

### **MINORITY APPLICATION FLOW**

The bank's HMDA LARs for 2019 and 2020 were reviewed to determine if the application flow from the different racial groups within the bank's assessment area was reflective of the assessment area's demographics.

According to the 2015 ACS Census Data, the bank's assessment area contained a total population of 140,097 individuals, of which 15.9 percent are minorities. The minority population represented is 2.5 percent Black/African American, 5.7 percent Asian, 0.2 percent American Indian, 5.4 percent Hispanic or Latino, and 2.0 percent other.

The bank's loan data from 2019 and 2020 was compared with that of aggregate loan data from 2019 and 2020. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants.

The following table details the bank's minority application flow and aggregate data in its assessment area.



MINORITY APPLICATION FLOW						
RACE	Bank 2019		2019 Aggregate Data	Bank 2020		2020 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	1	0.2	0.3	0	0.0	0.1
Asian	11	2.2	2.9	17	2.8	2.9
Black/ African American	2	0.4	0.8	3	0.5	1.0
Hawaiian/Pacific Islander	0	0.0	0.1	1	0.2	0.1
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	6	1.2	1.6	9	1.5	1.8
<b>Total Racial Minority</b>	<b>20</b>	<b>4.0</b>	<b>5.8</b>	<b>30</b>	<b>5.0</b>	<b>6.0</b>
White	418	82.3	76.5	499	81.0	74.6
Race Not Available	70	13.8	17.8	87	14.1	19.4
<b>Total</b>	<b>508</b>	<b>100.0</b>	<b>100.0</b>	<b>616</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	5	1.0	1.7	8	1.3	1.6
Joint (Hisp/Lat /Not Hisp/Lat)	10	2.0	1.2	11	1.8	1.3
<b>Total Ethnic Minority</b>	<b>15</b>	<b>3.0</b>	<b>2.9</b>	<b>19</b>	<b>3.1</b>	<b>2.9</b>
Not Hispanic or Latino	404	79.5	78.3	490	79.6	75.9
Ethnicity Not Available	89	17.5	18.8	107	17.4	21.3
<b>Total</b>	<b>508</b>	<b>100.0</b>	<b>100.0</b>	<b>616</b>	<b>100.0</b>	<b>100.0</b>

In 2019, the bank received 508 HMDA reportable loan applications within its assessment area. Of these applications, 20 or 4.0 percent were received from minority applicants. The aggregate received 5.8 percent of its applications from minority applicants. For the same time period, the bank received 15 or 3.0 percent of all applications from ethnic groups of Hispanic origin within its assessment area, compared to the aggregate at 2.9 percent.

In 2020, the bank received 616 HMDA reportable loan applications within its assessment area. Of these applications, 30 or 5.0 percent were received from minority applicants. The aggregate received 6.0 percent of its applications from minority applicants. For the same time period, the bank received 19 or 3.1 percent of all applications from ethnic groups of Hispanic origin within its assessment area, compared to the aggregate at 2.9 percent.

The bank's minority application flow is comparable to aggregate lending trends. The bank also has made efforts to reach out to the community to expand diversity initiatives, and employs resources to assist individuals with limited English proficiency. Languages spoken include Hindi, Spanish, Portuguese, and American and Indian Sign Languages. Considering the demographic composition of the assessment area, comparisons to aggregate data in 2019 and 2020, and the number of applications received, the bank's minority application flow is reasonable.

## 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. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

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

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

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

**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, 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 (Address at main office)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (Address at main office)."

[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.