

# **PUBLIC DISCLOSURE**

August 13, 2012

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Northampton Co-operative Bank  
RSSD #149271

67 King Street  
Northampton, MA 01060

Federal Reserve Bank of Boston  
600 Atlantic Avenue  
Boston, Massachusetts 02210

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

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**INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution is rated: Satisfactory**

Northampton Co-operative Bank ("Northampton" or "the bank") demonstrates a reasonable responsiveness to the credit needs of its assessment area based on the following findings.

- The loan-to-deposit ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs.
- A substantial majority of loans and other lending related activities are in the institution's assessment area.
- The distribution of borrowers reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income) given the demographics of the assessment area.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- The bank has received no complaints relating to its CRA performance.

## SCOPE OF EXAMINATION

Northampton's CRA performance was evaluated using the Federal Financial Institution Examination Council's (FFIEC) Interagency Small Bank CRA Examination Procedures. "Small Bank" means a bank that, as of December 31 of either of the prior two calendar years, had assets of less than \$1.160 billion. As the bank's assets were also below \$290 million as of December 31 of the prior two years, the bank is also not considered an intermediate small bank and the evaluation was based on the following streamlined performance criteria: loan-to-deposit (LTD) ratio, assessment area concentration of loans, loan distribution according to the income of the borrower, the geographic distribution of loans, and response to CRA complaints.

The bank is primarily a residential lender; therefore, the analysis of the bank's lending performance focused on residential loans originated during the years 2010 and 2011. The residential loan data was obtained from the Loan Application Registers (LARs) maintained by the bank pursuant to the Home Mortgage Disclosure Act (HMDA). The LARs contain data about home purchase and home improvement loans, including refinance loans, one-to-four-family and multifamily (five or more unit) properties. The bank's data is shown in conjunction with 2010 and 2011 aggregate data. Market information for residential lending aggregate data was obtained from the Federal Reserve System's CRA/HMDA Data Analysis Tool (CHAT). Aggregate data includes lending information from all HMDA reporters that originated or purchased home mortgage loans in the bank's assessment area.

The analysis of the bank's net LTD ratio incorporated 17 quarters, representing the period since the prior examination. Demographic information referenced throughout the evaluation was obtained from the 2000 United States (U.S.) Census, unless otherwise noted.

## DESCRIPTION OF INSTITUTION

Northampton is a state-chartered mutual bank headquartered in Northampton, MA. As of June 30, 2012, the bank reported total assets of \$162 million. The bank currently operates four full-service branches: one located in Northampton, one located in Florence, MA, which is a subset of Northampton, and two offices located in Amherst, MA. A branch office at 390 College Street in Amherst was opened in March of 2010 and no branches have been closed since the previous CRA evaluation. The bank has two subsidiaries which were formed to hold the bank's investments: NCB Security Corporation, Inc. and NCB Security Corporation II.

Northampton is a full-service bank specializing in home mortgage lending. Based on the bank's quarterly FFIEC Consolidated Report of Condition and Income (Call Report) from June 30, 2012, 1-4 family residential loans represented 85.9 percent of the bank's loan portfolio. Commercial loans, including commercial and industrial, represented the next highest percentage at 11.7 percent. While commercial loans constitute a relatively high percentage of the bank's loan portfolio by dollar volume, only a small number of loans have been originated during the time period covered by this evaluation. According to internally generated bank reports, only 10 small business loans were originated in 2010 and 2011. Refer to the table below for a detailed breakdown of the bank's loan portfolio as of June 30, 2012.

<b>Loan Type</b>	<b>Dollar Amount (000's)</b>	<b>Percent of Total Loans</b>
1-4 Family Residential- First Lien	64,268	74.7
1-4 Family Residential- Junior Lien	1,374	1.6
1-4 Family Residential- Revolving	7,410	8.6
1-4 Family Residential- Construction Loans	879	1.0
Multifamily	1,907	2.2
Commercial	9,501	11.0
<b>Total Real Estate Loans</b>	<b>85,339</b>	<b>99.1</b>
Consumer	204	0.2
Commercial and Industrial	610	0.7
Less unearned income	(170)	---
<b>Total Loans</b>	<b>85,983</b>	<b>100.0</b>

*Source: Report of Condition and Income*

Financial capacity, legal impediments, local economic conditions, demographics and market competition are all considered when examining the bank's CRA performance. In terms of deposit competition, several local and regional banks have a major presence in

the assessment area. According to the most recent Federal Deposit Insurance Corporation (FDIC) Summary of Deposits report, as of June 30, 2011, 17 FDIC insured institutions operated 59 offices within the assessment area.<sup>1</sup> The leading institutions were Florence Savings Bank (\$1.0 billion in assets), which operates 10 offices in the area, Easthampton Savings Bank (\$966 million in assets), which operates 7 offices, and Country Bank for Savings (\$1.4 billion in assets), which operates 4 offices within the assessment area.<sup>2</sup> According to HMDA Market Peer Report data, the bank also faces strong competition for loans. In 2010, there were 204 institutions that originated or purchased a home mortgage loan in the bank's assessment area. The top ranked institutions also include Florence Savings Bank and Easthampton Savings Bank. Northampton identifies small, locally-based institutions as its main competitors. These include the three aforementioned institutions along with Greenfield Savings Bank and UMASSFive College Federal Credit Union. Despite competitive challenges, there are no legal or financial impediments that would prevent the bank from helping to meet the credit needs of its assessment area.

The bank was last examined under the CRA by the Federal Reserve Bank of Boston on May 19, 2008. The Massachusetts Division of Banks' last CRA evaluation was also dated May 19, 2008. Both examinations resulted in CRA ratings of "Satisfactory."

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1 Federal Deposit Insurance Corporation, Deposit Market Share, *Summary of Deposits*; available from <http://www2.fdic.gov/sod/sodMarketRpt.asp?barItem=2>

2 Asset sizes based on June 30, 2012 CALL Reports

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires a financial institution to define an assessment area within which its CRA performance will be evaluated based upon where it focuses its lending efforts. The majority of the evaluation is based upon activity within the defined assessment area.

Northampton has expanded its assessment area since the previous CRA evaluation. At that time the assessment area included 16 cities and towns in Hampshire County. Currently, the assessment area includes Hampshire County in its entirety and seven adjacent municipalities in southern Franklin County. The assessment area is located in the Springfield, MA Metropolitan Statistical Area (MSA). The assessment area contains a total of 27 municipalities including: Plainfield, Cummington, Worthington, Middlefield, Goshen, Chesterfield, Huntington, Williamsburg, Westhampton, Northampton, Southampton, Easthampton, Hatfield, Hadley, South Hadley, Granby, Amherst, Pelham, Belchertown and Ware in Hampshire County; and Ashfield, Conway, Whatley, Sunderland, Leverett, Shutesbury and New Salem, in Franklin County.

Northampton's assessment area, as currently defined, meets the technical requirements of the CRA regulation. It consists of one or more political subdivisions, includes the geographies where the bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans, and consists of whole census tracts. The assessment area does not extend substantially beyond state boundaries, unless otherwise permitted, does not reflect illegal discrimination, and does not arbitrarily exclude low- and moderate-income areas.

The U.S. Department of Housing and Urban Development (HUD) adjusts the median family income (MFI) of metropolitan areas annually, based on estimates. Low-income is defined as family income less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper-income is defined as 120 percent of median income and above. The MFI for the Springfield, MA MSA was \$67,400 in 2010, and \$69,300 in 2011. The MFIs were below the state estimates, at \$78,200 for 2010, and \$88,300 for 2011.

The assessment area consists of 35 census tracts, 2 of which are moderate-income, 16 are middle-income, 16 are upper-income, and 1 track for which the income level is unavailable. One of the assessment area's moderate-income census tracts is located in Ware; the other moderate-income tract is located in Amherst and contains the University of Massachusetts Amherst. The city of Northampton is home to Smith College and the assessment area houses four of the "Five Colleges." The "Five Colleges" is a consortium including Amherst College, Hampshire College, Mount Holyoke College, Smith College and UMass Amherst. Holyoke is located directly outside of the assessment area.

The following table provides pertinent demographic information for the assessment area. Please note that as the assessment area contains no low-income census tracts, they were excluded from portions of the table.

Table 2 Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	5,610	14.6
Moderate-income	2	5.7	956	2.5	142	14.9	6,006	15.7
Middle-income	16	45.7	22,524	58.8	1,267	5.6	8,974	23.4
Upper-income	16	45.7	14,843	38.7	466	3.1	17,733	46.3
Unknown – income	1	2.9	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>35</b>	<b>100</b>	<b>38,323</b>	<b>100</b>	<b>1,875</b>	<b>4.9</b>	<b>38,323</b>	<b>100</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Moderate-income	1,995	721	1.7	36.1	1,084	54.3	190	9.6
Middle-income	39,692	23,888	57.8	60.2	13,644	34.4	2,160	5.4
Upper-income	24,449	16,711	40.5	68.4	6,917	28.3	821	3.3
<b>Total Assessment Area</b>	<b>66,136</b>	<b>41,320</b>	<b>100.0</b>	<b>62.5</b>	<b>21,645</b>	<b>32.7</b>	<b>3,171</b>	<b>4.8</b>

Source: 2000 U.S. Census Data

According to the U.S. Census data, the population of the assessment area is 169,661. A large percentage of the assessment area's population, 9.6 percent, or 16,282 individuals, reside in college dormitories; this figure excludes students living in off-campus housing. The high percentage of more transient residents more inclined to rental housing within the assessment area will have an effect on the bank's ability to extend residential mortgage loans. Of the total population, 38,323 are families. As displayed in the table above, the majority of families in the assessment area, at 46.3 percent, are upper-income, 14.6 percent of families are low-income, 15.7 percent are moderate-income and 23.4 percent are middle-income. Approximately 4.9 percent of families in the assessment area have incomes below the poverty level. Such limited incomes can adversely affect the ability to afford or qualify for a home mortgage loan.

The table above also provides a breakout of housing units in the assessment area. According to the data, the bulk of the housing stock in the assessment area is owner-occupied, with the largest percentage of owner-occupied units located in middle-income census tracts (57.8 percent).

The U.S. Census data indicates the median home value in the assessment area is \$143,796, which mirrors that of Hampshire County at \$142,600. The median home value for Franklin County was slightly lower, at \$121,400. According to more recent data compiled by Boxwood Means, Inc., a real estate research firm in Stamford, CT, the median sales price in Hampshire County was \$206,900 in 2010, and averaged \$209,500 during the first three quarters of 2011. The median sales price in Franklin County was \$160,000 in 2010, and averaged \$163,351 during the first three quarters of 2011. The limited appreciation in home values between the 2000 U.S. Census and the 2010 data may indicate the assessment area's housing market was still struggling to recover from the foreclosure crisis and economic recession during the time period.

According to the 2000 U.S. Census data, the unemployment rate in the assessment area is 5.0 percent. Based on the same data, the Commonwealth of Massachusetts unemployment rate is 4.5 percent. According to more recent data obtained from the Bureau of Labor Statics, the unemployment rate in Massachusetts was much higher during the review period, at 8.3 percent in 2010, and 7.4 percent in 2011.<sup>3</sup> The assessment area has remained healthier in terms of employment; the unemployment rate in Hampshire County was 5.0 percent in November of 2011. The lower rate of unemployment can be in part attributed to the higher percentage of individuals in the assessment area employed in the educational service industry. As discussed, the assessment area is home to several universities. According to data compiled by PolicyMap and based on the U.S. Census' American Community Survey estimates, approximately 27.7 percent of the assessment area's workforce is employed in the educational service industry.

## **Community Contact**

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing and credit needs in the bank's assessment area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available. A community contact was conducted with an economic development office. The contact stated there was an increasing need in the area for basic services such as soup kitchens and food pantries. The contact indicated that low- and moderate-income individuals in the area are having a difficult time paying bills. The contact further stated that housing stock is stale and a basic credit need of the community is the financing of affordable housing when it becomes available. The contact stated that community banks, and Northampton specifically, are involved in the community and aid in the effort to expand affordable housing. An additional contact was made with a community development corporation. This contact also referenced the lack of affordable housing in the area.

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<sup>3</sup> National and State unemployment rates are based on a publication by the U.S. Department of Labor; available from <http://www.bls.gov/news.release/pdf/srgune.pdf>

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The following details the bank's efforts with regard to each performance criteria.

### Loan-to-Deposit Ratio

This performance criterion determines the percentage of the bank's deposit base that is reinvested in the form of loans, and evaluates its appropriateness. The loan to deposit (LTD) ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs.

The bank's net LTD figures are calculated from the bank's quarterly FFIEC Call Reports. The ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses (ALLL) as a percentage of total deposits. The following table provides a comparison between the bank's average LTD ratio and three similarly-situated institutions, in terms of asset size and product mix, operating within the bank's assessment area. In order to account for any seasonal variations and other lending-related activities, such as loan originations for sale to the secondary markets, the average LTD ratios were calculated over 17 quarters, representing the time period from the Northampton's previous CRA evaluation. As displayed below, Northampton's average LTD ratio was calculated at 68.5 percent, and compares reasonably to similarly-situated institutions.

Institution	Total Assets* (000's)	Average LTD Ratio (%)**
Family First Bank	\$57,260	90.1
Greenfield Savings Bank	\$320,013	71.1
<b>Northampton Co-operative Bank</b>	<b>\$162,317</b>	<b>68.5</b>
North Brookfield Savings Bank	\$198,624	65.7

Source Call Reports asset size as of \*6/30/12; LTD\*\*6/30/08 though 6/30/12

Overall, the LTD ratio decreased during the time period from 78.8 percent, as of June 30, 2008, to 64.1 percent, as of June 30, 2012. The ratios reflect net loans decreasing by 11.8 percent, while deposits increased by approximately 8.9 percent. Despite a slight decline in lending, the ratio nonetheless demonstrates the bank engaged in lending activities throughout the time period. The bank's LTD ratio was also impacted by its sale of fixed-rate residential mortgages in the secondary market. The bank has sold 286 loans throughout the time period, totaling \$56.6 million.

### Comparison of Credit Extended Inside and Outside of Assessment Area

This criterion evaluates the concentration of loans originated by the bank within its assessment area. The review revealed a substantial majority of loans and other lending related activities are in the institution's assessment area.

Table 4 below illustrates the bank's HMDA lending both inside and outside its assessment area in 2010 and 2011. The table also provides a breakout by loan type. As displayed below, 95.3 of home mortgage loans by number, and 96.2 percent by dollar volume, were originated within the bank's assessment area. These lending levels demonstrate that lending activities are largely focused on the local assessment area.

Table 4 Lending Inside and Outside the Assessment Area										
Loan Type	Inside				Outside				Total	
	#	%	\$ (000's)	%	#	%	\$ (000's)	%	#	\$ (000's)
Home Purchase	42	85.7	10,155	91.3	7	14.3	971	8.7	49	11,126
Refinance	215	97.3	40,180	97.2	6	2.7	1,141	2.8	221	41,321
Home Improvement	24	96.0	3,596	99.3	1	4.0	25	0.7	25	3,621
Multi-Family	1	100.0	210	100.0	0	0.0	0	0.0	1	210
<b>Total HMDA</b>	<b>282</b>	<b>95.3</b>	<b>54,141</b>	<b>96.2</b>	<b>14</b>	<b>4.7</b>	<b>2,137</b>	<b>3.8</b>	<b>296</b>	<b>56,278</b>

Source – HMDA data 2010 and 2011

As discussed, the assessment area has been expanded since the previous CRA evaluation. The whole of Hampshire County is now included, as this is where the bank's advertising and marketing is focused. The municipalities in southern Franklin County have also been added, as the bank determined there were relatively few providers of financial services in those areas. The bank was able to achieve a good dispersion of lending throughout its entire assessment area. The bank's ability to meet the credit needs within its assessment area is further demonstrated by its market rank. Of the 204 HMDA reporters in the assessment area in 2010, the bank was ranked 9<sup>th</sup> in market share, and in 2011, the bank was ranked 11<sup>th</sup> of 201 reporters, according to HMDA Market Peer Report data. The percentage of lending within the assessment area, coupled with market rank, displays a strong performance given the bank's asset size, branch network and competition within the assessment area. Furthermore, a substantial majority of home purchase, home improvement, and refinance loans were made within the assessment area.

## Lending to Borrowers of Different Incomes

This criterion analyzes the distribution of loans to borrowers of different income levels. Northampton's distribution by borrower income reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income).

Refer to the following table for an analysis of the bank's residential lending.

Table 5 Residential Loan Distribution by Borrower Income									
Borrower Income Level/ Loan Purpose	% Of Families	2010 Aggregate Data	2010 Bank Data		2011 Aggregate Data	2011 Bank Data		BANK TOTAL	
		% of #	#	%	% of #	#	%	#	%
<b>LOW</b>									
Home Purchase	----	3.6%	0	0.0%	4.9%	0	0.0%	0	0.0%
Refinance	----	3.2%	4	3.1%	3.7%	0	0.0%	4	1.9%
Home Improvement	----	6.0%	0	0.0%	5.8%	0	0.0%	0	0.0%
<b>Total Low</b>	<b>14.6%</b>	<b>3.6%</b>	<b>4</b>	<b>2.5%</b>	<b>4.2%</b>	<b>0</b>	<b>0.0%</b>	<b>4</b>	<b>1.4%</b>
<b>MODERATE</b>									
Home Purchase	----	20.3%	5	25.0%	18.9%	5	22.7%	10	23.8%
Refinance	----	13.4%	10	7.6%	13.5%	10	11.9%	20	9.3%
Home Improvement	----	18.5%	1	10.0%	16.3%	1	7.1%	2	9.1%
<b>Total Moderate</b>	<b>15.7%</b>	<b>15.7%</b>	<b>16</b>	<b>9.9%</b>	<b>15.3%</b>	<b>16</b>	<b>13.2%</b>	<b>32</b>	<b>11.4%</b>
<b>MIDDLE</b>									
Home Purchase	----	26.2%	7	35.0%	25.2%	6	27.3%	13	31.0%
Refinance	----	23.8%	29	22.1%	25.5%	14	16.7%	43	20.0%
Home Improvement	----	29.2%	2	20.0%	29.3%	4	28.6%	6	27.3%
<b>Total Middle</b>	<b>23.4%</b>	<b>24.8%</b>	<b>38</b>	<b>23.6%</b>	<b>25.7%</b>	<b>24</b>	<b>19.8%</b>	<b>62</b>	<b>22.0%</b>
<b>Upper</b>									
Home Purchase		40.9%	8	40.0%	41.7%	10	45.5%	18	42.9%
Refinance	----	49.6%	88	67.2%	48.2%	58	69.0%	146	67.9%
Home Improvement	----	43.7%	7	70.0%	44.9%	7	50.0%	14	58.3%
<b>Total Upper</b>	<b>46.3%</b>	<b>46.5%</b>	<b>103</b>	<b>64.0%</b>	<b>45.7%</b>	<b>75</b>	<b>62.0%</b>	<b>178</b>	<b>63.1%</b>
<b>N/A</b>									
Home Purchase	----	9.0%	0	0.0%	9.3%	1	4.5%	1	2.3%
Refinance	----	10.0%	0	0.0%	9.1%	2	2.4%	2	0.9%
Home Improvement	----	2.6%	0	0.0%	3.7%	2	14.3%	2	8.3%
Multi-family		100.0%	0	0.0%	100.0%	1	100.0%	1	100.0%
<b>N/A</b>	<b>0.0%</b>	<b>9.4%</b>	<b>0</b>	<b>0.0%</b>	<b>9.0%</b>	<b>6</b>	<b>5.0%</b>	<b>6</b>	<b>2.1%</b>
<b>Grand Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>161</b>	<b>100.0%</b>	<b>100.0%</b>	<b>121</b>	<b>100.0%</b>	<b>282</b>	<b>100.0%</b>

Source –2000 U.S. Census, 2010 and 2011 Aggregate HMDA Data, 2010 and 2011 HMDA LARs.

As displayed in Table 5 above, the bank made 4 loans or 2.5 percent to low-income borrowers in 2010, lagging the aggregate's 3.6 percent. The bank did not make any loans to low-income borrowers in 2011, while the aggregate extended 4.2 percent of loans to low-income borrowers in that year. Both the bank and the aggregate lagged demographic indicators; as displayed above, 14.6 percent of families in the assessment area are low-income. However, it is not expected that the bank match the percentage of low-income families, especially when considering 4.9 percent of low-income families have incomes below the poverty level.

The low percentage of loans extended by the aggregate indicates there are few opportunities to make home mortgage loans to low-income borrowers in the assessment area. This was also suggested by the community contacts; the lack of affordable housing in the area limits the opportunities to lend to low-income borrowers. The bank's market rank further supports this conclusion. With just four loans made to low-income borrowers in 2010, Northampton was ranked 10<sup>th</sup> in lending to low-income borrowers. No single institution in the assessment area was able to make more than 30 loans to low-income borrowers.

The bank extended 16 loans or 9.9 percent to moderate-income borrowers in 2010 which was below both demographic indicators and the 2010 aggregate's percentage (at 15.7 percent each). The bank's percentage of lending to moderate-income borrowers increased in 2011, with 13.2 percent of loans made to moderate-income borrowers in that year, but still fell below demographic and aggregate indicators (15.3 percent). Despite the lower performance, the bank was ranked 17<sup>th</sup> of 204 in lending to moderate-income borrowers in 2010, and 12<sup>th</sup> in 2011, suggesting a reasonable responsiveness to the credit needs of moderate-income borrowers in the assessment area.

As discussed, the aggregate data includes all institutions that originated or purchased a home mortgage loan within the bank's assessment area. The aggregate data includes larger regional and national institutions, as well as mortgage companies. Additional analysis was conducted utilizing an adjusted peer group which included only banks and credit unions, with assets under \$290 million, which originated or purchased a home mortgage loan within the assessment area. There were a total of 31 banks and credit unions in this category in 2010, and 37 in 2011. According to reports generated through CHAT, in 2010, 2.4 percent of loans made by this group were extended to low-income borrowers, and 12.2 percent were made to moderate-income borrowers. In 2011, 2.5 percent of loans were made to low-income borrowers, and 12.5 percent were made to moderate-income borrowers. The bank's performance compares more favorably to institutions in this group, exceeding the peer data in lending to low-income borrowers in 2010, and in lending to moderate-income borrowers in 2011.

As presented in Table 5 above, no anomalies were noted by loan type.

## Geographic Distribution

This performance criterion evaluates the bank's geographic distribution of loans to all income levels. The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.

The geographic distribution of residential loans by tract income within the assessment area is presented in the following table. Please note that the assessment area contains no low-income census tracts.

Table 6 Geographic Distribution of HMDA Loans by Census Tract									
Census Tract Income Level/ Loan Purpose	% Owner Occupied Units	2010 Aggregate Data	2010 Bank Data		2011 Aggregate Data	2011 Bank Data		BANK TOTAL	
			% of #	#		%	#	%	#
<b>Moderate</b>									
Home Purchase	----	2.1%	0	0.0%	1.8%	0	0.0%	0	0.0%
Multifamily		0.0%	0	0.0%	0.0%	0	0.0%	0	0.0%
Refinance	----	0.4%	0	0.0%	0.8%	0	0.0%	0	0.0%
Home Improvement	----	1.9%	0	0.0%	2.5%	0	0.0%	0	0.0%
<b>Total Moderate</b>	<b>1.7%</b>	<b>1.0%</b>	<b>0</b>	<b>0.0%</b>	<b>1.2%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>Middle</b>									
Home Purchase	----	60.2%	8	40.0%	56.7%	13	59.1%	21	50.0%
Multifamily		56.0%	0	0.0%	66.7%	1	100.0%	1	100.0%
Refinance	----	55.9%	61	46.6%	55.6%	34	40.5%	95	44.2%
Home Improvement	----	53.9%	4	40.0%	53.2%	5	35.7%	9	37.5%
<b>Total Middle</b>	<b>57.8%</b>	<b>56.8%</b>	<b>73</b>	<b>45.3%</b>	<b>55.7%</b>	<b>53</b>	<b>43.8%</b>	<b>126</b>	<b>44.7%</b>
<b>Upper</b>									
Home Purchase	----	37.7%	12	60.0%	41.5%	9	40.9%	21	50.0%
Multifamily		44.0%	0	0.0%	33.3%	0	0.0%	0	0.0%
Refinance	----	43.7%	70	53.4%	43.6%	50	59.5%	120	55.8%
Home Improvement	----	44.3%	6	60.0%	44.3%	9	64.3%	15	62.5%
<b>Total Upper</b>	<b>40.5 %</b>	<b>42.2%</b>	<b>88</b>	<b>54.7%</b>	<b>43.0%</b>	<b>68</b>	<b>56.2 %</b>	<b>156</b>	<b>55.3%</b>
<b>GRAND TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>161</b>	<b>100.0%</b>	<b>100.0%</b>	<b>121</b>	<b>100.0%</b>	<b>282</b>	<b>100.0%</b>

Source --: 2000 U.S. Census, 2010 and 2011 Aggregate HMDA Data, 2010 and 2011 HMDA LARs.

As displayed in Table 6 above, the bank made no loans in moderate-income census tracts during the time period under review. The opportunities for the bank to originate home mortgage loans within the assessment area's moderate-income census tracts are fairly limited. It should be noted that one of the assessment area's moderate-income census tracts is located in the town of Ware, which has just been added to the assessment area since the previous CRA evaluation. Ware is on the outskirts of the assessment area and is home to Country Bank for Savings and Family First Bank. Without a branch presence in close proximity to the town, the bank is at a competitive disadvantage. Country Bank for Savings has captured 90.2 percent of the deposit share in the town, according to the FDIC Summary of Deposit Report, and is the top ranked lender in moderate-income census tracts, according to HMDA Peer reports. The other moderate-income tract in the assessment area contains the UMASS Amherst campus and consists mainly of dormitories and school facilities. Further, according to the U.S. Census data, 82.4 percent of the housing units within that census tract are rental units.

### **Response to Complaints**

The bank has not received any CRA-related complaints since the previous examination; therefore, this criterion was not assessed.

### **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Concurrent with this CRA evaluation, a review of the bank's compliance with consumer protection laws and regulations was conducted, and no violations of the substantive provisions of antidiscrimination, fair lending, or other illegal credit practice rules, laws or regulations were identified.

### **CONCLUSIONS:**

The bank has met the credit needs of the assessment area by extending residential loans to borrowers of different incomes and throughout its geographies. Given the composition of the assessment area, the bank's lending represents a reasonable level of responsiveness to the credit needs of the community. Therefore, the lending performance is rated "Satisfactory."