



## **PUBLIC DISCLOSURE**

March 07, 2016

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Windsor FS & LA  
Charter Number: 703781

250 Broad Street  
Windsor, CT 06095

Office of the Comptroller of the Currency

New York Field Office (8109)  
343 Thornall Street Suite 610  
Edison, NJ 08837

**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.

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

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Outstanding.**

Major factors supporting the rating include:

- The bank's average loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's primary loan product is within the bank's AA.
- The bank's borrower distribution reflects reasonable dispersion of loans and meets the standards for satisfactory performance.
- The bank's responsiveness to community development (CD) needs and opportunities in its AA is excellent, considering its capacity and AA opportunities.

## **Scope of Examination**

This Performance Evaluation assesses Windsor FS & LA's (Windsor) record of meeting the credit needs of the communities in which it operates. We evaluated the bank under the Intermediate Small Bank (ISB) performance criterion, which consisted of a Lending Test and a CD Test.

The Lending Test evaluates a bank's record of helping meet the credit needs of its AA through its lending activities. The evaluation period under the lending test covers the bank's performance from January 1, 2013 through September 30, 2015. Under the lending test, we focused our review on the bank's residential mortgage loan portfolio, as this was the bank's primary lending product by number and dollar volume purchased and originated during the evaluation period. While the bank also engages in small business lending, it is not the primary lending product; as such, small business loans were not included in our evaluation.

The CD test, which includes CD loans, qualified investments, and CD services, was evaluated over the period from May 6, 2013 through March 7, 2016. This test assesses the bank's responsiveness to identified CD needs and takes into consideration the volume, mix, and qualitative aspects of the activities. All CD activities were reviewed to ensure they met the regulatory definition for CD.

In assessing the bank's CRA performance, consideration is given to the bank's financial capacity, its size, local economic and demographic factors, market competition, and any legal impediments.

The bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). As part of this CRA evaluation, the HMDA data was tested for accuracy. The

HMDA data was found to be reliable and was used in our analysis, as no significant errors were identified in the loan data.

In February 2013, the Office of Management and Budget (OMB) revised the Metropolitan Area (MA) and census tract geographic definitions and boundaries. Those revisions became effective for CRA purposes on January 1, 2014. The OMB changes did not affect the delineation of the bank's AA, as such the loan data for 2012 through 2015 was combined, producing one set of data tables. The 2010 Census information was used for the evaluation period.

## **Description of Institution**

Founded in 1936, Windsor is a federally chartered savings association located in Windsor, Connecticut. Windsor is organized under a two-tiered mutual holding company structure, including Windsor Federal Mutual Holding Company and Windsor Federal Bancorp. The sole purpose of the Holding Company and the Bancorp is to support the bank operations of the Association (Windsor).

The bank primarily serves the Hartford County area and operates ten branches located in the towns of Windsor, East Windsor, Granby, and Bloomfield. Two of the branches within the town of Windsor are located in moderate-income geographies. Six of the branches are full-service branches that offer a full line of traditional banking products and services. Four branches were opened over the evaluation period and no branches were closed. Of the four new branches, two are limited branches, one is a mini branch, and one is a full-service branch. The limited branches are opened two days per week and offer limited lobby hours. Services needed outside of hours of operation are by appointment only. The mini branch is located within a high school in the town of Bloomfield. The mini branch is only opened during the school year with seasonal lobby hours. The full service branch that opened is located in East Windsor. There are full service automated teller machines (ATMs) located in all full service and mini branch offices. There are no ATMs at the limited branch offices.

Windsor offers a traditional range of loan and deposit products. Loan products include consumer loans, home equity loans, home equity lines of credit, residential mortgage loans, commercial loans, and commercial real estate loans. The bank also originates and participates in Federal Housing Administration (FHA), Connecticut Housing Finance Authority (CHFA), and Small Business Administration (SBA) guaranteed loans. Windsor's primary lending product and business focus is 1 to 4 family first mortgages.

As of September 30, 2015, Windsor reported total assets of \$413 million, with \$284 million in total loans and \$329 million in total deposits. See Table 1 below for detailed information on the composition of the bank's loan portfolio.

<b>Table 1 - Loan Distribution as of September 30, 2015</b>		
<b>Loan Type</b>	<b>Dollar Amount (000s)</b>	<b>Percent of Total Loans (%)</b>
1-4 Family Residential Properties Closed-end	\$135,857	48.0
1-4 Family Residential Properties Open-end	11,105	4.0
1-4 Family Residential Construction	1,409	0.5
Commercial Construction and Land Development	4,988	1.8
Multifamily Residential	15,099	5.3
Owner Occupied Non-Farm Non-Residential Properties	41,108	14.4
Other Non-Farm Non-Residential Properties	25,680	9.0
<b>Total Real Estate Loans</b>	<b>\$235,246</b>	<b>83.0</b>
Commercial and Industrial	26,762	9.4
Consumer Open-end	600	0.2
All Other	21,253	7.4
<b>Total Loans</b>	<b>\$283,861</b>	<b>100</b>

Source: September 30, 2015 Consolidated Report of Income and Condition

Windsor competes with institutions conducting business locally, regionally, and nationally. Windsor ranks 13<sup>th</sup> out of 30 institutions within the Hartford-West Hartford-East Hartford, CT Metropolitan Statistical Area (MSA), with a deposit market share of 0.78 percent according to the Federal Deposit Insurance Company's (FDIC) Deposit Market Share Report as of June 2015. Windsor's market share for lending is competitive. In 2014, Windsor ranked fourth amongst 190 lenders in total number and total dollars of loans made in the AA. Driving the totals are the bank's home improvement and home refinance loans. Windsor ranked first amongst 34 institutions in total number and dollars of home improvement loans originated or purchased in the AA with 20.63 percent market share and fifth amongst 127 institutions in home refinance loans originated or purchased in the AA with 3.77 percent market share.

There are no financial or legal factors impeding the bank's ability to help meet the credit needs of the communities it serves. Windsor received a "Satisfactory" rating for the previous CRA evaluation dated March 6, 2013.

## Description of Assessment Area(s)

Windsor has one AA located in Connecticut. This AA consists of six of the 29 cities and towns within Hartford County, including the towns of Bloomfield, East Granby, Granby, East Windsor, Windsor, and Windsor Locks. Hartford County is part of the Hartford-West Hartford-East Hartford, CT MSA #25540. The bank's AA contains 21 contiguous census tracts (CTs or geographies). Windsor added one branch in the East Windsor community in 2013, adding two census tracts to the AA since the last examination. Windsor's performance from 2013-2015 is evaluated using 2010 US Census Data.

Windsor's AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income (LMI) geographies. The bank does not conduct business in the city of Hartford, the largest city in Hartford County, due to the bank's limited resources. Table 2 below illustrates the demographic information for Windsor's AA.

Table 2 - Demographic Information for Windsor's Assessment Area in 2015					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	21	0.00	23.81	52.38	23.81
Population by Geography	89,620	0.00	17.18	55.47	27.36
Owner-Occupied Housing by Geography	28,281	0.00	16.18	52.35	31.46
Business by Geography	7,717	0.00	15.71	56.14	28.16
Farms by Geography	307	0.00	9.77	50.49	39.74
Family Distribution by Income Level	24,077	14.74	17.50	25.41	42.36
Distribution of Low and Moderate Income Families throughout AA Geographies	7,762	0.00	26.08	57.49	16.44
Median Family Income HUD Adjusted Median Family Income for 2015 Households Below Poverty Level		\$82,299 \$87,500 5.0%	Median Housing Value Unemployment Rate (BLS 2015)	\$244,938 5.0%	

Source: 2010 US Census and 2015 HUD updated MFI

According to the 2010 US Census, the total population of the AA was 89,620 with 28,281 households and 24,077 families. The AA consists of 21 CTs. Of the 21 CTs, 23.81 percent are moderate-income geographies, 52.38 percent are middle-income geographies, and 23.81 percent are upper-income geographies. There are no low-income geographies in this AA.

The 2015 Housing and Urban Development Agency (HUD) adjusted median family income for the AA was \$87,500. Within this AA, 14.74 percent of the families were low-income, 17.50 percent were moderate-income, and 5.0 percent of all households had incomes below the poverty level.

The unemployment rate as of year-end 2015 for Hartford County was 5.0 percent, which is higher than the national average of 4.80 percent. The 5.0 percent unemployment rate represents a decline from 8.70 percent in 2012. There is no dominant industry within the AA. According to the Bureau of Labor Statistics (BLS) Labor Force Data for

December 2015, the largest industry sectors in the Hartford County are Education and Health Services (18.80 percent), Trade, Transportation, and Utilities (16.0 percent), Government (15.80 percent), Professional and Business Services (12.40 percent) and Financial Activities (10.0 percent).

We contacted one local community organization regarding the credit needs of the community. The organization seeks help from local financial institutions through loans, grants, donations, and the participation of bank staff for CD projects. Our community contact identified affordable housing and financial literacy as two of the more important CD needs.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

Windsor's performance under the lending test is satisfactory. The borrower distribution portion of the test receives the majority of the weight in the rating. Windsor is found to have reasonable distribution among borrowers of different income levels and meets the standard for satisfactory performance. Windsor's geographical distribution of loans is reasonable. Less weight is placed on this rating, as the bank's AA does not contain any census tracts located in low-income geographies and only two census tracts are moderate-income geographies.

The evaluation period covered home mortgage loans reported under HMDA from January 1, 2013 through September 30, 2015. The bank originated only two multi-family loans during the evaluation period. Therefore, under the CRA, multi-family loans are not evaluated since the bank did not originate a volume large enough to provide any meaningful analysis.

### **Loan-to-Deposit Ratio**

Windsor's quarterly average loan-to-deposit (LTD) ratio is reasonable given the bank's size, lending opportunities, and the credit needs in the AA. The bank's quarterly average LTD ratio over the 11 quarters since the last CRA evaluation was 80.81 percent. During this period, Windsor's performance ranged from a low of 73.03 percent on March 31, 2013 to a high of 86.51 percent on September 30, 2015.

Windsor's quarterly average LTD ratio is within the range of the four other financial institutions of similar size, location, and product offerings. Windsor ranks third amongst four similarly situated banks. The average LTD ratios for the other four banks over the same 11 quarters averaged 87.88 percent and ranged from a low of 77.82 percent to a high of 99.96 percent.

## Lending in Assessment Area

Windsor originated a majority of residential loans inside its AA during the evaluation period. Windsor meets the standard for satisfactory performance under this criterion. Table 3 below details the bank's lending within the AA by number and dollar amount of loans.

<b>Table 3 - Lending in Windsor's AA for 2013-2015</b> (dollar amounts in thousands)										
Loan Type:	Number of Loans					Dollars of Loans				
	Inside AA		Outside AA		Total	Inside AA		Outside AA		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	85	48.85	89	51.15	174	15,217	40.10	22,733	59.90	37,950
Home Improvement	99	69.72	43	30.28	142	6,505	63.42	3,752	36.58	10,257
Home Refinance	188	67.38	91	32.62	279	25,983	62.78	15,404	37.22	41,387
<b>Total</b>	<b>372</b>	<b>62.52</b>	<b>223</b>	<b>37.48</b>	<b>595</b>	<b>47,705</b>	<b>53.25</b>	<b>41,889</b>	<b>46.75</b>	<b>89,594</b>

Source: 2013 -2015 HMDA Data based on 2010 US Census

## Lending to Borrowers of Different Incomes

The distribution of loans to borrowers reflects reasonable distribution among borrowers of different income levels. Homeownership is difficult for most LMI borrowers in the Hartford-West Hartford-East Hartford, CT MSA. The unemployment rate in Hartford County is 5.0 percent, which exceeds the national average of 4.80 percent. Additionally, it is a challenge for a LMI individual to meet the criteria for home ownership, given the cost of housing in the MSA (moderate-income median value cost of housing at \$193 thousand). Table 4 below illustrates the bank's lending to borrowers of different income levels for 2013-2015.

The bank made 10.53 percent of home purchase loans to low-income borrowers. The ratio is somewhat below both the aggregate lending level of 12.77 percent and the 14.74 percent of low-income families in the AA. The bank made 11.11 percent of home improvement loans to low-income borrowers. The ratio significantly exceeds the aggregate lending level of 7.05 percent but is slightly below the percentage of low-income families in the AA. The bank made 10.70 percent of home refinance loans to low-income borrowers. The ratio is slightly below both the aggregate lending level of 11.10 percent and the percentage of low-income families in the AA.

The bank made 22.37 percent of home purchase loans to moderate-income borrowers. The ratio is below the aggregate lending level of 33.04 percent but somewhat above the 17.50 percent of moderate-income families in the AA. The bank made 31.31 percent of home improvement loans to moderate-income borrowers. The ratio is slightly above the aggregate lending level of 26.92 percent and significantly exceeds the percentage of moderate-income families in the AA. The bank made 28.88 percent of home refinance loans to moderate-income borrowers. The ratio is above the aggregate lending level of

24.38 percent and significantly exceeds the percentage of moderate-income families in the AA.

The bank’s performance in lending to moderate-income borrowers provides the most weight in arriving at a satisfactory rating for the lending test, as there are limited opportunities for home loan lending to low-income families in the AA, given housing prices, the unemployment rate, and high competition. Additionally, the bank’s record of originating home refinance loans to moderate-income borrowers received the most weight because these loans comprise 51.0 percent of total home loans originated in the AA during the evaluation period.

**Table 4 - Distribution of Residential Real Estate Loans By Borrower Income Levels in AA for 2013-2015**

Borrower Income Level		Low		Moderate		Middle		Upper		Low	Mod	Mid	Upper
Loan Type	# of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	Aggregate Lending Data			
Home Purchase	83	14.74	10.53	17.50	22.37	25.41	25.00	42.36	42.11	12.77	33.04	25.93	28.27
Home Improvement	99	14.74	11.11	17.50	31.31	25.41	32.32	42.36	25.25	7.05	26.92	35.26	30.77
Home Refinance	188	14.74	10.70	17.50	28.88	25.41	26.20	42.36	34.22	11.10	24.38	28.08	36.44

Source: 2013 -2015 HMDA Data based on 2010 US Census

### Geographic Distribution of Loans

The bank’s geographic distribution of home loans reflects reasonable distribution throughout the census tracts of different income levels. There are no low-income geographies in this AA. Within the two moderate-income geographies in the AA, the ratio to total housing units available (owner occupied 1 to 4 family units) is approximately 50 percent. The remaining 50 percent mainly consists of multi-unit rental properties. Combined with the amount of local and regional competition, the bank has limited opportunities in owner occupied 1 to 4 family units in LMI geographies. Table 5 below illustrates the bank’s geographic lending distribution for 2013-2015.

The bank made 8.43 percent of home purchase loans in moderate-income tract areas. The ratio is significantly below both the aggregate lending level of 16.33 percent and the 16.18 percent of available owner occupied housing units in moderate-income tracts. The bank made 7.07 percent of home improvement loans in moderate-income tract areas. The ratio is slightly below the aggregate lending level of 10.00 percent and significantly below the percentage of available owner occupied units in moderate-income tracts. The bank made 7.98 percent of home refinance loans in moderate-income tract areas. The ratio is significantly below both the aggregate lending level of 15.91 percent and the percentage of available owner occupied units in moderate-income tracts.



Census Tract Income Level		Low		Moderate		Middle		Upper		Low	Mod	Mid	Upper
Loan Type	# of Loans	% of AA Owner Occupied Housing Units	% of # of Loans	% of AA Owner Occupied Housing Units	% of # of Loans	% of AA Owner Occupied Housing Units	% of # of Loans	% of AA Owner Occupied Housing Units	% of # of Loans	Aggregate Lending Data			
Home Purchase	83	0.00	0.00	16.18	8.43	52.35	48.19	31.46	43.37	0.00	16.33	56.41	27.27
Home Improvement	99	0.00	0.00	16.18	7.07	52.35	50.51	31.46	42.42	0.00	10.00	51.88	38.13
Home Refinance	188	0.00	0.00	16.18	7.98	52.35	46.28	31.46	45.74	0.00	15.91	52.61	31.48

Source: 2013 -2015 HMDA Data based on 2010 US Census

### Responses to Complaints

A review of OCC’s Customer Assistance Group complaints records, as well as the bank’s Public CRA File, revealed no CRA-related complaints filed since the prior evaluation.

### COMMUNITY DEVELOPMENT TEST

The bank’s performance under the CD Test is rated outstanding. During the evaluation period, Windsor provided over \$18.4 million in qualified investments, grants, and donations to help meet the CD needs of its AA. In addition, bank personnel provided financial expertise to CD organizations serving the AA. The bank’s level of CD activities is excellent given its size and capacity, and considering the CD needs and opportunities of its AA.

Windsor has demonstrated excellent responsiveness to the CD needs of its AA, considering its capacity and the needs and opportunities of its AA.

### Number and Amount of Community Development Loans

Windsor provided an excellent level of CD loans during the evaluation period. We determined six loans, totaling approximately \$10 million, met the definition of CD and qualified for CD lending consideration. These loans provided community service, affordable housing, and economic development opportunities for LMI individuals and communities within the bank’s AA.

During the review period, Windsor provided funding for four CD loans totaling approximately \$963 thousand in its AA:

- \$150 thousand for a non-profit organization to support the construction of six new residential homes for LMI individuals
- \$525 thousand for a line of credit to a non-profit organization that builds homes for LMI households
- \$12.2 thousand to train police cadets benefiting community programs that need police protection in a LMI community

- \$275.8 thousand for a non-profit organization to purchase and renovate a single-family residence for three LMI and handicapped individuals with special needs

Windsor provided funding for two CD loans totaling \$9 million outside of its AA, which we considered due to the excellent level of CD lending in the bank's AA:

- \$6.9 million for a non-profit organization to construct a facility for community youth and substance abuse programs in the Greater Hartford region
- \$2.1 million for a non-profit organization that provides shelter for neglected and at risk children, behavioral health treatment for children and youth, and community support services for children and families in the Greater Hartford region.

### **Number and Amount of Qualified Investments**

Windsor provided an excellent level of qualified investments throughout its AA. The bank made seven qualified investments totaling \$2.6 million for the primary purpose of providing affordable housing, economic development, rural development, revitalization and stabilization for LMI individuals or geographies, which benefited the AA. Six of these investments were municipal bonds and one was a US Department of Agriculture (USDA) loan to an individual. The investment purchases since the last evaluation include:

- \$1.9 million in six municipal bonds to finance schools and town hall construction and renovations; reduce the cost of mortgage financing; support the construction of housing; and finance wastewater and public drinking plants in LMI communities
- \$772 thousand in one USDA loan to individual for rural development

Windsor continues to have nine CD investments from the prior evaluation, with a current balance of \$5.7 million. Two are municipal bonds totaling \$1.9 million made in the bank's AA for school construction. The remaining seven investments, with a current balance of \$3.8 million, did not directly benefit the bank's AA. However, due to the excellent level of qualified investments in the bank's AA, we considered these investments, as there is limited CD opportunities in the bank's AA. These investments include:

- \$1.2 million in a mortgage-backed security secured by loans to LMI borrowers for affordable housing
- \$1.6 million in four SBA loans to individuals
- \$962 thousand in two USDA loans to individuals for rural development

Windsor provided \$105 thousand in grants and donations to 34 CD organizations within the bank's AA. Contributions supported organizations providing LMI individuals with food and cold weather fuel supplies, LMI children with backpacks and financial literacy training, LMI youths at risk of entering the criminal justice system with mentoring, and LMI individuals with medical care. The bank also donated a foreclosed home to Habitat for Humanity with an appraised fair market value of \$45 thousand.

### **Extent to Which the Bank Provides Community Development Services**

Windsor provided an excellent level of CD services throughout its AA. The bank board of directors, bank executive officers, and bank employees serve as board members, committee members, and volunteers for several other organizations in the AA. These organizations support matters such as affordable housing, financial literacy, behavioral health, public education and other economic development projects in the AA.

### **Responsiveness to Community Development Needs**

Windsor demonstrates excellent responsiveness to the CD needs of its AA. This is noteworthy considering the needs, opportunities, and the performance context surrounding the bank. Identified needs include more affordable housing and financial literacy for LMI individuals. A notable amount of the bank's CD loans, qualified investments, and CD services target the identified need for affordable housing.

### **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.