

PUBLIC DISCLOSURE

JUNE 10, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

HAVERHILL TEACHERS CREDIT UNION

4 SUMMER STREET
HAVERHILL, MA 01830

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Division of Banks (or the "Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Haverhill Teachers Credit Union** (or the "Credit Union") prepared by the Division, the institution's supervisory agency, as of **June 10, 2008**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

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

The assessment of Haverhill Teachers Credit Union's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates.

The Credit Union has defined its membership as its assessment area, as opposed to a geographic area, an evaluation of credit extended within defined geographic areas was not conducted; as such an analysis would not be meaningful. Therefore, this evaluation was based upon an analysis of the Credit Union's performance in providing loans to its membership; providing loans to individuals of various incomes, including low to moderate-income members; and the Credit Union's fair lending performance.

The Credit Union's average net loan-to-share ratio for the period was calculated at 54.2% and meets the standards for satisfactory performance at this time.

An analysis of the Credit Union's lending activity by borrower income revealed that the Credit Union's distribution of real estate secured and consumer loans to borrowers of different income levels is reasonable and is representative of the membership.

The Credit Union's fair lending performance is also considered to meet the standards of satisfactory performance.

PERFORMANCE CONTEXT

Description of Institution

Chartered by the Commonwealth of Massachusetts in 1937, Haverhill Teachers Credit Union was founded by a group of twenty-three teachers to address the savings and credit needs of the Haverhill School District. The Credit Union's sole office is located at 4 Summer Street, Haverhill, Massachusetts, in the basement of City Hall. Office hours are Monday through Friday 9:15am to 4:15pm. During the summer months, the Credit Union's office hours are from 8:00am to 2:00pm, Monday through Friday.

The Credit Union is dedicated to meeting the credit needs of its membership. Due to its small asset size and limited resources, the Credit Union was previously unable to originate home mortgage loans. The Credit Union has since contracted with an outside company which assists in the underwriting process and has enabled the Credit Union to offer mortgage products. The Credit Union also offers home equity loans, unsecured consumer loans, new and used vehicle loans and credit cards. Additionally, Haverhill Teachers Credit Union offers members a variety of services including: direct deposit, overdraft protection, wire transfers, automatic payroll deduction, travelers and gift checks and ATM cards. The Credit Union is a member of the SUM Network (SUM is a selective surcharge program designed to help consumers minimize the costs associated with using their ATM cards to make withdrawals).

According to the Credit Union's March 31, 2008 National Credit Union Administration (NCUA) Call Report of Condition, the Credit Union's assets total \$12,785,708. Total loans as of this date represented \$5,266,275, or 41.2%, of total assets. The Credit Union's primary loan base is comprised of first mortgage loans, which represent approximately 25.2% of the Credit Union's loan portfolio. The next largest segment is new vehicle loans, followed by home equity loans. The following table depicts the Credit Union's loan portfolio composition.

Loan Portfolio Distribution as of March 31, 2008		
Loan Type	Dollar Amount (\$)	Percentage of Total Loans (% of \$)
First Mortgage Loans	1,326,777	25.2
New Vehicle Loans	1,292,862	24.6
Home Equity Loans	821,829	15.6
Used Vehicle Loans	772,903	14.7
Unsecured Loans/Lines of Credit	639,817	12.1
Unsecured Credit Card Loans	338,361	6.4
Other Loans/ Lines of Credit	73,726	1.4
Less: Allowance for Loan and Lease Losses	(12,308)	---
Total:	5,266,275	100.0

Source: NCUA CALL Report of Condition

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

The Division last examined the Credit Union for compliance with the CRA on July 8, 2003. That examination resulted in a CRA rating of "Satisfactory."

Description of Assessment Area

According to CRA regulations, an institution shall delineate one or more assessment areas by which the institution will serve to meet the credit needs of its assessment area and by which the Division will evaluate the institution's CRA performance. The state CRA regulation 209 CMR 46.00 credit unions whose membership by-laws provisions are not based upon residence to designate membership as the institution's assessment area. In accordance with the regulation, for the purpose of this evaluation, Haverhill Teacher's Credit Union's membership delineates its assessment area.

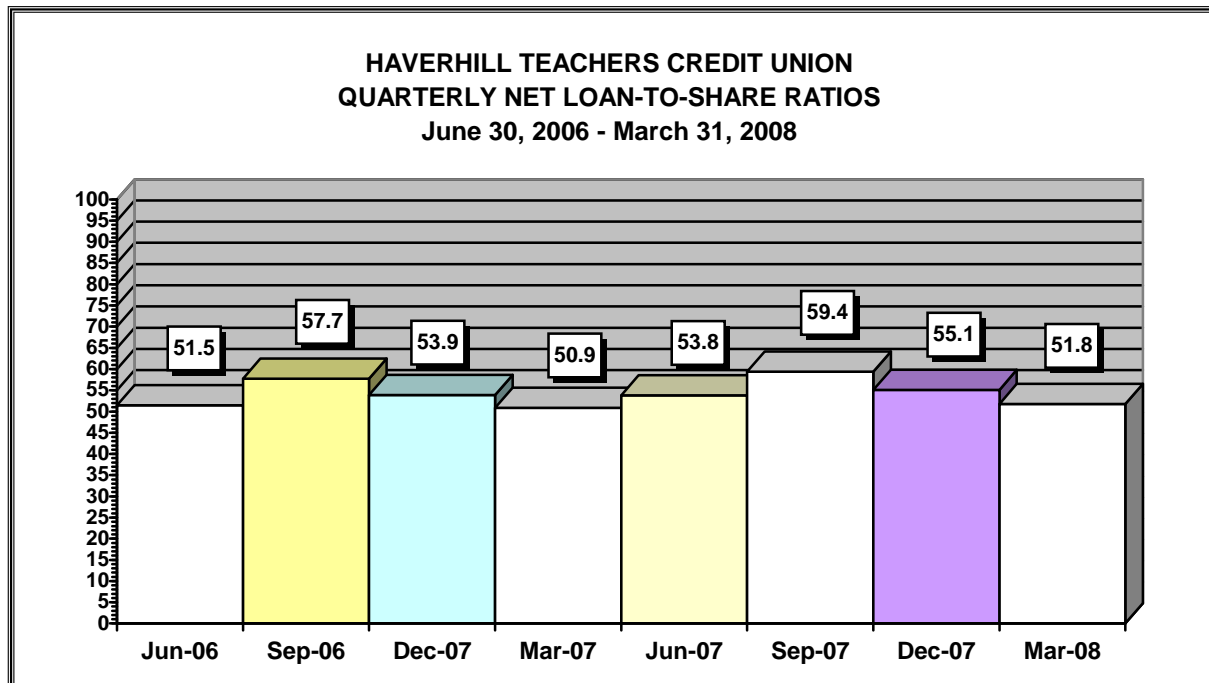
According to the Credit Union's bylaws: "Membership in this credit union is limited to those who are regularly employed by the School Department of the City of Haverhill, the school nurses, and all regularly employed personnel of the Haverhill Teachers Credit Union: except that persons not so eligible to membership may have joint accounts with members of the credit union for the purpose of deposit and withdrawal only. Also eligible will be any employee of the Whittier Regional Vocational School who was previously employed by the school department of the City of Haverhill and who was a member of the Haverhill Teachers Credit Union at the time of his/her employment at the Whittier Regional Vocational School; and a member who retires from his/her position of employment with the School Department of the City of Haverhill may retain full membership in the Haverhill Teachers Credit Union. Associate membership shall be granted to members of the immediate family of base members with full privileges in all savings programs and loan programs." The Credit Union currently has 1,607 members.

PERFORMANCE CRITERIA

LOAN TO SHARE ANALYSIS

This performance criterion determines what percentage of the Credit Union's share base is reinvested in the form of loans and evaluates its appropriateness. An analysis of the Credit Union's net loan-to-share (LTS) ratio was performed using NCUA quarterly call report data for the period of June 30, 2006 through March 31, 2008. The average net LTS for the period reviewed was calculated at 54.2%.

The following graph illustrates the loan-to-share trends.



As illustrated above, the Credit Union's net loan-to-share ratios remained relatively stable, with slight increases in September of 2006 and 2007. This is due to members' reluctance to borrow during the summer months, when teachers do not typically receive regular pay checks. With the beginning of the school year in September, lending activity increases.

The Credit Union's net loan-to-share ratio as of March 31, 2008, was compared to three comparable industrial credit unions of similar asset size; the institutions were evaluated in forming conclusions about the appropriateness of Haverhill Teachers Credit Union's LTS. The following table provides net loans-to-share ratios; the ratios shown are calculated from NCUA Call report figures as of March 31, 2008.

COMPARATIVE LOAN TO DEPOSIT RATIOS		
Name	Asset Size	LTS
Lynn Firemen's Federal Credit Union	\$11,042,242	79.1%
Lowell Firefighters Credit Union	\$13,972,846	54.4%
Haverhill Teachers Credit Union	\$12,785,708	51.8%
Alpha Credit Union	\$13,322,600	46.0%

LOAN TO SHARE ANALYSIS (CONTINUED)

As indicated, the Credit Union's loan-to-share ratio is comparable to similarly situated institutions. Based on the Credit Union's capacity to lend, its asset size, its limited resources and lending strategy, the net loan-to-share ratio is considered reasonable and meets the standards for satisfactory performance.

DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The Credit Union's real estate secured lending activity as well as a sample of consumer loans for calendar years 2006 and 2007, were analyzed in order to determine the distribution of credit based upon the income level of the borrowers. The Credit Union originated a total of seven first mortgage and home equity loans during the period under the review. The consumer loan sample consisted of unsecured consumer loans and new and used vehicle loans. The borrower income analysis was based on the median family incomes for the Essex County, MA ("MD") for 2006, which was estimated to be \$78,200. In 2007, the Essex County, MA MD (MD-21604) was changed to the Peabody, MA MD (MD-37764); the 2007 median family income was estimated to be \$77,200.

The four income categories that define the income level of borrowers include low, moderate, middle and upper-income. The analysis of borrower income level was identified as the ratio of borrower income to the Median Family Income for the Metropolitan Statistical Area ("MSA") or MD.

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

Real Estate Secured Lending

The Credit Union originated one first mortgage loan and two home equity loans in 2006. In 2007, the Credit Union originated two first mortgage loans and two home equity loans. A review of these originations revealed that of the three first mortgage loans originated, one was granted to a low-income member, one was granted to a middle-income member and one was granted to an upper income member. Three of the four home equity loans were granted to middle-income members and the remaining loan was granted to an upper-income member. Of the seven real estate secured loans originated during the time period, one loan, representing 14.3%, was granted to a low-income member; none were made to moderate-income members; four loans, or 57.1%, were made to middle-income members; and the remaining two loans, or 28.6%, were granted to upper-income members.

DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS (CONTINUED)

Consumer Lending

A review of twenty consumer loan files from 2006 and 2007 was conducted to determine the borrower's income level. The sample included 10 loan originations from 2006 and an additional 10 from 2007. In 2006, the Credit Union granted 3 loans, representing 30.0%, to low-income members and an additional 3 loans, or 30.0%, to moderate-income members. In 2007, the Credit Union granted 2 loans, or 20.0% to low-income members; and an additional 2 loans to moderate-income members. During the two years under review, the sample indicated Credit Union's consumer loan originations were evenly distributed among low-, moderate-, middle-, and upper-income members. Of the 20 loans sampled, 5 loans, representing 25.0%, were granted to members in each of the four income categories.

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

REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

A review of the Credit Union's public comment file indicated that the Credit Union received no complaints pertaining to its CRA performance since the previous examination; however, management has procedures in place if such complaints should occur.

The Credit Union has a written Fair Lending Policy which addresses the Credit Union's efforts to eliminate discrimination in all aspects of lending including, staff training, marketing and underwriting. In addition, the Credit Union also has a second review process by which all denied applications are reviewed by an objective party to ensure all lending policies and procedures are being followed.

Based upon the review of the Credit Union's performance relative to fair lending policies and practices, the institution meets the standards for satisfactory performance.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 4 Summer Street, Haverhill, Massachusetts, 01830."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area 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 agency, 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.