

PUBLIC DISCLOSURE

June 29, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Alpha Credit Union
Certificate Number: 67872
One Deaconess Road
Boston, Massachusetts 02215

Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118

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 concerning the safety and soundness of this financial institution.

INSTITUTION RATING

This document is an evaluation of the CRA performance of **Alpha Credit Union (credit union)** prepared by the Division, the institution's supervisory agency as of **June 29, 2020**. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "**Satisfactory.**" An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income individuals, in a manner consistent with its resources and capabilities. Alpha Credit Union's performance under this test is summarized below:

- Alpha Credit Union's average net loan-to-share ratio is reasonable given the institution's size, financial condition, and credit needs of its assessment area.
- The distribution among members reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income).
- The credit union has not received any CRA-related complaints since the last CRA evaluation.

DESCRIPTION OF INSTITUTION

Background

Alpha Credit Union is a state-chartered credit union that was established in 1942. The credit union's field of membership includes individuals that work or have worked at Beth Israel Deaconess Medical Center, Joslin Diabetes Center, Lahey Health, and Tufts Medical Center. The credit union has 4,687 members as of March 30, 2020.

Operations

The credit union is headquartered at One Deaconess Road, in Boston Massachusetts, within a low-income census tract. The credit union also maintains one additional location at 800 Washington Street, Boston Massachusetts. The credit union's hours are Monday through Friday 7:00 A.M. to 3:30 P.M.

The credit union offers its members free checking accounts, savings accounts, club accounts, ATM/Debit cards, and online banking. Members can also apply for personal loans, credit consolidation loans, new and used auto loans, Mass Save heat loans, and home equity loans.

Ability and Capacity

As of March 30, 2020, the credit union had total assets of approximately \$32.9 million, total shares and deposits of approximately \$28.3 million, and total loans of approximately \$12.6 million. Unsecured, secured, and vehicle loans account for 59.0 percent of the credit union's total loans. Loans secured by residential properties account for 41.0 percent of total loans. Pursuant to 209 CMR 46.22(1)(a), because consumer lending constitutes a substantial majority of the credit union's business, examiners sampled motor vehicle loans, secured and unsecured consumer loans.

The following table illustrates the distribution of the credit union's loan portfolio.

Loan Portfolio Distribution as of 3/30/2020		
Loan Category	\$	%
Unsecured Loans/Lines of Credit	2,446,872	19.4
New Vehicle Loans	2,241,939	17.8
Used Vehicle Loans	2,688,499	21.3
Secured Non-Real Estate Loans/Lines of Credit	59,956	0.5
Total Loans/Lines of Credit Secured by 1 st Lien 1-4 Family Residential	2,723,017	21.6
Total Loans/Lines of Credit Secured by Junior Lien 1-4 Family Residential Properties	2,448,519	19.4
Commercial Loans/Lines of Credit Real Estate Secured	0	0.0
Commercial Loans/Lines of Credit Not Real Estate Secured	0	0.0
Total Loans	12,608,802	100.0
<i>Source: Reports of Income and Condition</i>		

DESCRIPTION OF ASSESSMENT AREA

Pursuant to 209 CMR 46.41(8), Alpha Credit Union delineates its membership as its assessment area. According to CRA regulations, an institution shall delineate one or more assessment areas where the institution will meet the credit needs and by which the Division will evaluate the institution's CRA performance. Credit union's whose membership by-laws provisions are not based upon geography are permitted to designate its membership as its assessment area. Since the credit union has defined its membership as its assessment area, as opposed to a geographic area, an evaluation of credit extended within a defined geographic area was not conducted. This evaluation was based on an analysis of the credit union's loan-to-share ratio, its performance in providing loans to individuals of various incomes, its response to CRA related complaints, and fair lending performance.

Examiners used the 2018 and 2019 FFIEC estimated median income levels to analyze consumer loans under the Distribution of Credit Among Different Income Levels criterion. The following table presents low-, moderate-, middle-, and upper income categories for the Cambridge-Newton-Framingham, Massachusetts Metropolitan Division, and the Boston, MA Metropolitan Division, within which the credit union's field of membership is located.

Table B – Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA MD Median Family Income (14454)				
2018 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160
2019 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2018 (\$110,300)	<\$55,150	\$55,150 to <\$88,240	\$88,240 to <\$132,360	≥\$132,360
2019 (\$110,300)	<\$55,150	\$55,150 to <\$88,240	\$88,240 to <\$132,360	≥\$132,360
<i>Source FFIEC</i>				

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Loan-to-Share Ratio

This performance criterion determines what percentage of the credit union’s share base is reinvested in the form of loans and evaluates its appropriateness. The average net loan-to-share ratio for the last eight quarters is reasonable given the institution’s size, financial condition, and the members’ credit needs.

The credit union’s net LTS ratio, as calculated from the NCUA 5300 Quarterly Call Report data, averaged 44.4 percent over the past eight calendar quarters from June 30, 2018 through March 30, 2020. The ratio ranged from a low of 37.2 percent as of June 30, 2018, to a high of 47.8 percent as of December 31, 2019.

Distribution of Credit Among Different Income Levels

The distribution of loans reflects reasonable penetration to individuals of different income levels.

Consumer Loans

A sample of consumer loans from the credit union’s portfolio was analyzed for 2018 and 2019.

In 2018, the credit union originated two sampled loans to low-income borrowers, and four sampled loans to moderate-income borrowers. In 2019, the credit union originated two loans to low-income borrowers and two loans to moderate-income borrowers.

Please refer to the table below for more information.

Distribution of Consumer Loans by Borrower Income Level				
Borrower Income Level	#	%	\$(000s)	%
Low				
2018	2	20.0	15,880	12.6
2019	2	20.0	28,813	22.6
Moderate				
2018	4	40.0	52,301	41.4
2019	2	20.0	23,095	18.1
Middle				
2018	3	30.0	30,000	23.8
2019	3	30.0	25,000	19.6
Upper				
2018	1	10.0	28,000	22.2
2019	3	30.0	50,795	39.8
Totals				
2018	10	100.0	126,181	100.0
2019	10	100.0	127,702	100.0
<i>Source: credit union records 2018 – 2019</i>				

Response to Complaints

The credit union did not receive any CRA-related complaints during the evaluation period.

Discriminatory or Other Illegal Credit Practices Review

Fair lending Policies and Procedures

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. Based on a review of the credit union's public comment file and its performance relative to fair lending policies and procedures, no violations of anti-discrimination laws and regulations were identified.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, require all financial institution 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 (One Deaconess Road, Boston, Massachusetts 02215)."

[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.