

PUBLIC DISCLOSURE

November 4, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Billerica Municipal Employees Credit Union
Certificate Number: 66336
365 Boston Road
Billerica, Massachusetts 01821

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.

GENERAL INFORMATION

This document is an evaluation of the CRA performance of **Billerica Municipal Employees Credit Union (credit union)** prepared by the Division of Banks (Division), the institution's supervisory agency as of **November 4, 2019**. 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. The credit union's performance under this test is summarized below:

- Billerica Municipal Credit Union's average loan-to-share (LTS) ratio of 33.0 percent is adequate given the institution's size, financial condition, and credit needs of its assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, an adequate 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.
- Fair lending policies and procedures are adequate.

The credit union was last examined for compliance with CRA on April 6, 2015.

DESCRIPTION OF INSTITUTION

Background

Billerica Municipal Employees Credit Union is state-chartered credit union chartered in 1971. Credit union membership is limited to employees and retirees of the Town of Billerica and their families. The credit union had 1,236 members as of September 30, 2019.

Operations

The credit union is located at 365 Boston Road in Billerica, MA. The credit union is open Monday through Friday 9 am to 4 pm.

The credit union offers basic savings and checking accounts and various types of consumer loans including auto and personal loans. The credit union does not originate mortgage products, but does maintain a referral relationship with Members Mortgage.

Ability and Capacity

As of September 30, 2019, the credit union had total assets of \$14.6 million and total shares of \$11.4 million. Loans totaled \$4.6 million and represent 31.5 percent of total assets.

The credit union is primarily a consumer lender. As noted in the table below, approximately 67.8 percent of the loans are secured by consumer loans. The credit union does not originate mortgage loans, but does occasionally purchase mortgage loans.

The following table illustrates the current distribution of the loan portfolio.

Loan Distribution as of September 30, 2019		
Loan Type	Dollar Amount (\$)	Percent of Total Loans (%)
All Other Unsecured Loans/Lines of Credit	442,451	9.5
New Vehicle Loans	1,497,874	32.2
Used Vehicle Loans	854,722	18.3
All Other Secured Non-Real Estate Loans/Lines of Credit	363,607	7.8
Loans/Lines of Credit Secured by 1 st Lien 1-4 Family Residential Properties	1,499,313	32.2
Total Loans	4,657,967	100.0
<i>Source: 5300 Report, Statement of Financial Condition as of September 30, 2019</i>		

DESCRIPTION OF ASSESSMENT AREA

According to CRA regulations, an institution shall delineate one or more assessment areas within which the institution will meet the credit needs and by which the Division will evaluate the institution’s CRA performance. In accordance with 209 CMR 46.41, Billerica Municipal Employees Credit Union delineates its membership as its assessment area. Credit unions whose membership by-law provisions are not based upon geography are permitted to designate its membership as its assessment area. Therefore, since 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.

This evaluation was based upon an analysis of the credit union’s Loan-to-Share ratio; its performance in providing consumer loans to individuals of various incomes, including low- to moderate-income members; and the credit union’s response to CRA complaints and fair lending performance.

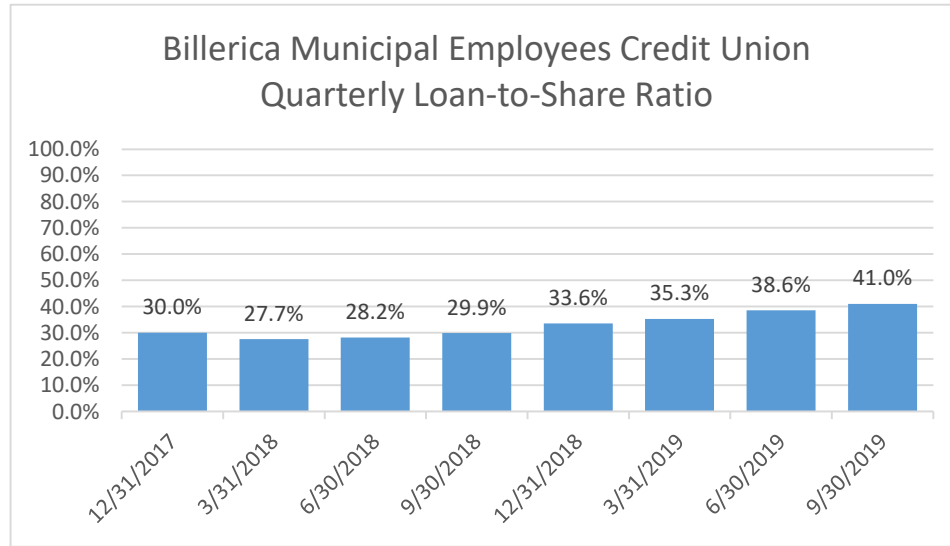
CONCLUSIONS ON PERFORMANCE CRITERIA

Loan-to-Share (LTS) 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 LTS ratio since the previous evaluation is adequate given the institution’s size, financial condition and credit needs of its members.

The credit union’s LTS ratio averaged 33.0 percent over the past eight calendar quarters from December 31, 2017, to September 30, 2019. The ratio ranged from a low of 27.7 percent on March 31, 2018, to a high of 41.0 percent on September 30, 2019.

The following graph is provided for further analysis.



Source: NCUA 5300 Reports 12/31/2017 through 9/30/2019

Borrower Profile

The distribution of borrowers reflects adequate penetration among borrowers of different income levels. A sample of the credit union’s consumer loans was analyzed for 2017 and 2018. In 2017, the credit union originated one loan to a low-income borrower and three loans to moderate-income borrowers. In 2018, the credit union originated four loans to low-income borrowers, and three loans to moderate-income borrowers. Refer to the table below for the distribution of consumer loans by borrower income.

Distribution of Consumer Loans by Borrower Income Level				
Borrower Income Level	#	%	\$	%
Low				
2017	1	10.0	6,895	3.3
2018	4	40.0	62,751	33.5
Moderate				
2017	3	30.0	57,342	27.1
2018	3	30.0	59,179	31.6
Middle				
2017	4	40.0	72,496	34.2
2018	1	10.0	22,348	11.9
Upper				
2017	2	20.0	75,000	35.4
2018	2	20.0	43,031	23.0
Totals				
2017	10	100.0	211,733	100.0
2018	10	100.0	187,309	100.0

Source: 1/1/2017 - 12/31/2018 Credit Union Data

Response to Complaints

The credit union did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the CRA rating.

Fair Lending Policies and Procedures

The Division of Banks provides comments regarding the institution's fair lending policies and practices 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 practices, 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 (365 Boston Rd, Billerica, MA 01821)."

[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.