

PUBLIC DISCLOSURE

May 26, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**BOSTON FIREFIGHTERS CREDIT UNION
CERT # 67837**

**60 HALLET STREET
DORCHESTER, MASSACHUSETTS 02124**

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

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 Boston Firefighters Credit Union (or the credit union), prepared by the Division, the institution's supervisory agency as of October 15, 2013. 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 an adequate record of meeting the credit needs of its membership, including low- and moderate-income members, in a manner consistent with its resources and capabilities.

According to CRA regulations, an institution shall delineate one or more assessment areas by which the institution will serve to meet the credit needs and by which the Division will evaluate the institution's CRA performance. Credit unions whose membership by-law provisions are not based upon residence are permitted to designate its membership as its assessment area.

Boston Firefighters Credit Union was evaluated according to Small Institution CRA Examination Procedures, which apply to an institution with assets of at least \$326 million as of December 31 of both of the prior two calendar years, adjusted annually and currently at \$326 million. A summary of the credit union's performance is provided below.

- The credit union's average net loan to share (LTS) ratio for the past eight quarters was 91.2 percent and is considered good.
- The credit union's distribution of borrowers reflects, given the characteristics of its membership and area demographics, reasonable penetration of low- and moderate-income borrowers.
- No CRA-related complaints were received during the evaluation period.
- Fair lending policies and procedures are considered reasonable.

SCOPE OF EXAMINATION

Based on the credit union's loan portfolio composition as of June 30, 2013, the credit union's primary lending activity by dollar volume consists of first mortgage real estate loans and other real estate loans and lines of credit at 76.1 percent. Consumer loans consisted primarily of unsecured personal loans and auto loans, accounting for 23.0 percent of the loan portfolio by dollar volume.

This evaluation considered the credit union's home mortgage lending from January 1, 2018 through December 31, 2019. Under CRA, a home mortgage loan is considered to be a home purchase, home improvement, or refinancing of a dwelling-secured loan. Data was obtained from the Loan Application Register (LAR) maintained pursuant to the Home Mortgage Disclosure Act (HMDA).

A sample of 20 consumer loans for 2018 and 19 consumer loans for 2019 were incorporated into the borrower profile analysis. The consumer loans samples consisted of used auto loans, unsecured personal loans, share/CD secured loans, holiday loans, motorcycle loans, and unsecured lines of credit.

Because the credit union has designated its membership as its assessment area, no direct demographic comparator was readily available for the evaluation of the credit union's lending performance. The Boston Metropolitan Division (MD) demographics using the 2015 ACS Census data were utilized as a performance context within the borrower profile analysis, as was readily available salary information from the Boston Fire Department.

DESCRIPTION OF INSTITUTION

Background

Boston Firefighters Credit Union is an industrial credit union chartered by the Commonwealth of Massachusetts in 1947. The purpose of the credit union, as outlined in its bylaws, is to deliver financial services through the promotion of thrift amongst its members by affording them the opportunity to accumulate savings and to create for its members a source of credit for provident or productive purposes.

Membership in the credit union is limited to the employees and retirees (or family members thereof) of the following organizations: The Boston Fire Department; Boston Emergency Medical Services (EMS); The Massachusetts State Police; The Suffolk County Sheriff's Department; Police Departments within a 25-mile radius of Boston; and members of the Professional Fire Fighters of Massachusetts (PFFM) labor organization. As of March 31, 2020, the credit union has 10,509 members.

Operations

The credit union main branch is located at 60 Hallet Street, Dorchester, Massachusetts. Hours of operation are 8:30am to 3:30pm on Monday through Wednesday and on Friday. The credit union offers extended hours on Thursday from 8:30am to 7:00pm and on Saturday from 8:30am to 12:30pm.

The credit union opened a second branch in 2016 located in West Roxbury. Hours of operation are 10:00am to 5:00pm on Monday through Thursday. The credit union offers extended hours on Friday from 8:30am to 5:00pm and on Saturday from 8:30am to 12:30pm.

The credit union also participates in a shared branching program. Boston Firefighters Credit Union is part of a network that allows members to conduct transactions at any other credit union in the network, including deposits, withdrawals, and loan payments. Additionally, the credit union is part of the SUM, Co-Op ATM, and Moneypass networks, allowing transactions at multiple ATMs without surcharge. These programs expand access to banking services beyond the two Boston Firefighters Credit Union branches.

The credit union offers its members a variety of deposit and loan products including: share savings accounts, checking accounts, money market savings accounts, and individual retirement accounts. Additionally, the credit union originates home mortgage loans, new and used automobile loans and secured and unsecured personal loans. The credit union regularly originates loans to members and subsequently sells them on the secondary market, yet retains the servicing of those loans. The credit union is also involved in providing financial education and a variety of activities to the City of Boston community.

Ability and Capacity

As of March 31, 2020, the credit union’s assets totaled \$311.2 million and loans totaled \$236.6 million, or 76.0 percent of its assets. Since the previous examination, the credit union’s assets have increased by 65.2 percent and loans increased by 14.9 percent.

The credit union’s loan portfolio is comprised primarily of first mortgage real estate loans/lines of credit and other real estate loans/lines of credit, which represent approximately 71.2 percent. Consumer loans account for the remainder of the portfolio with used vehicle loans accounting for the largest portion at 8.6 percent. Refer to the table below for detailed information regarding the credit union’s loan portfolio.

Loan Portfolio as of March 31, 2020		
Loan Type	Dollar Amount \$(‘000s)	Percent of Total Loans (%)
Total 1st Mortgage Real Estate Loans/Lines of Credit	141,136	59.6
Total Other Real Estate Loans/Lines of Credit	27,415	11.6
Real Estate Loans	168,551	71.2
Used Vehicle Loans	20,304	8.6
New Vehicle Loans	8,775	3.7
All Other Unsecured Loans/Lines of Credit	19,208	8.1
Total All Other Secured Loans/Lines of Credit	90	0.0
Unsecured Credit Card Loans	7,381	3.1
Consumer Loans	55,758	23.6
Non-Federally Guaranteed Student Loans	3,115	1.3
Commercial Loans/Lines of Credit RE Secured	9,223	3.9
Total Loans	236,647	100.0

Source: 5300 Report, Statement of Financial Condition as of 3/31/20

The credit union maintains a website at www.bosfirecu.com. The website provides information about the branch location, hours of operation, consumer and real estate loans, deposit accounts, checking accounts, and electronic services.

The credit union was last examined for compliance with the CRA on October 15, 2013. The examination resulted in a CRA rating of Satisfactory.

There are no apparent financial or legal impediments that would limit the credit union's ability to help meet the credit needs of its membership.

DESCRIPTION OF ASSESSMENT AREA

In accordance with 209 CMR 46.41, the credit union defines its membership as its assessment area. Because the credit union's membership is not based on geographic boundaries, this evaluation did not include an analysis of lending by geographic location of the borrower.

CONCLUSIONS ON PERFORMANCE CRITERIA

Small Institution CRA evaluation procedures were utilized to assess the CRA performance. These procedures utilize the Lending Test. Since the credit union defined its assessment area as its membership, this evaluation considered the institution's performance pursuant to the following criteria: loan-to-share (LTS) ratio, lending to borrowers of different incomes, record of taking action in response to CRA complaints and a fair lending review.

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 credit union's net LTS ratio as of March 31, 2020 was 88.3 percent. Excluded in the calculation of the ratio by definition are loans originated by the credit union and sold on the secondary market, but for which the credit union retains servicing. The credit union's average quarterly net LTS ratio was 91.2 percent and was calculated by averaging the previous eight quarterly net LTS ratios between June 30, 2018 and March 31, 2020. The net LTS ratio reached a high of 96.2 percent in December 2018 and a low of 88.3 percent in March 2020.

Changes in loan and share amounts were analyzed to assess fluctuations in the net LTS ratios. The credit union's downward ratio correlates to strong share growth from March 2019 to March 2020. Management attributed the increase in shares during this period to both membership expansion (to include the Boston Police Department) and increased assets as a result of updated contracts for local fire fighter unions. Overall, the credit union's deposit shares grew 16.9 percent over the previous eight quarters, compared to loan growth of 12.9 percent.

For evaluation purposes, the credit union's net LTS ratio was compared to two similarly situated financial institutions by asset size and loan portfolio composition.

Net Loan-to-Share Ratios		
Institution	Average Net LTS Ratio (%)	Total Assets (\$000) as of 3/31/20
Mass Bay Credit Union	106.6	\$271,210
City of Boston Credit Union	92.4	\$469,721
<i>Boston Firefighters Credit Union</i>	<i>91.2</i>	<i>\$311,200</i>

Source: NCUA 5300 Statements of Financial Condition as of March 31, 2020

Based on the credit union's asset size, resources, and credit needs of its members, the credit union's net loan-to-share ratio is considered good.

Distribution of Credit Among Different Income Levels

The distribution of home mortgage loans and consumer loans by borrower income levels was reviewed to determine the extent to which the credit union is addressing the credit needs of its members. The distribution of families by income level and aggregate lending information for the Boston-Quincy MA MD was used as a point of reference to review the credit union's lending performance.

The credit union achieved an adequate penetration of home mortgage loans and consumer loans among borrowers of different income levels based on a comparison to the median family incomes for the Boston-Quincy, MA Metropolitan Division, which was estimated to be \$99,300 in 2018 and \$105,500 in 2019.

Home Mortgage Loans

The credit union's performance reflects an adequate penetration of home mortgage loans among members of different income levels (including low- and moderate-income).

The credit union originated no loans to low income borrowers in 2018 and one loan to a low-income borrower in 2019. The credit union originated 3 loans to moderate-income borrowers in 2018 and 3 loans to moderate-income borrowers in 2019. This performance is below the demographic comparator for low- and moderate-income families.

Credit union membership information provides additional demographic context. The average starting salary of a Boston Fire Department (BFD) firefighter was approximately \$70,293 in 2018 and \$72,883 in 2019. In both cases, the starting salary exceeds the low-income family delineation for each year. Additionally, income qualifications for residential loans usually combine income of all household members, adding to the already relatively high salaries mentioned. These reasons clarify the limited performance among low- and moderate-income borrowers.

The credit union established a Veterans Mortgage Program in 2014 and a Piggyback Loan Program in 2006. The Veterans Mortgage Program was designed in part to assist Veterans with limited assets as a result of their time overseas. While their income will increase as a result of BFD/BPD employment, obtaining homeownership in Boston (a requisite of employment) presents a challenge to first time homebuyers with limited savings. Eighteen loans were originated under the Veterans Mortgage Program, totaling \$8.3 million, during the evaluation period. Similarly, the Piggyback Loan Program provides an option for borrowers who cannot meet the 20 percent down payment requirements without also obtaining private mortgage insurance. Both programs reflect the credit union's commitment to originating loans to all borrowers within their membership, including those with limited financial resources.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2018	24.5	0	0.0	0	0.0
2019	24.5	1	1.3	70	0.2
Moderate					
2018	15.9	3	4.8	689	2.9
2019	15.9	3	3.8	510	1.8
Middle					
2018	18.6	11	17.5	4,778	20.3
2019	18.6	30	38.0	9,779	33.7
Upper					
2018	41.1	49	77.8	18,058	76.8
2019	41.1	45	57.0	18,701	64.4
Totals					
2018	100.0	63	100.0	23,525	100.0
2019	100.0	79	100.0	29,060	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 credit union Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Consumer Loans

The credit union's performance reflects an adequate penetration of consumer loans among members of different income levels (including low- and moderate-income).

The credit union originated one of the sampled consumer loans, approximately 5.0 percent, to a low-income borrower in 2018. The 2019 sample reflected 26.3 percent of loans to low-income borrowers. While 2018 was below the demographic comparator of low-income households, the sampled performance in 2019 is comparable.

The consumer loan sample exhibited good performance in the category of moderate-income borrowers. The credit union was above the demographic comparator of moderate-income households in both 2018 and 2019.

Distribution of Consumer Loans by Borrower Income Level					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2018	27.4	1	5.0	30	6.1
2019	27.4	5	26.3	66	18.5
Moderate					
2018	13.9	4	20.0	54	10.9
2019	13.9	3	15.8	56	15.7
Middle					
2018	15.7	5	25.0	126	25.5
2019	15.7	3	15.8	38	10.7
Upper					
2018	43.0	7	35.0	208	42.0
2019	43.0	6	31.6	135	37.9
Not Available					
2018	0.0	3	15.0	77	15.6
2019	0.0	2	10.5	61	17.1
Totals					
2018	100.0	20	100.0	495	100.0
2019	100.0	19	100.0	356	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 credit union Data. Due to rounding, totals may not equal 100.0</i>					

Response to CRA Complaints and Fair Lending Policies

The Division provides comments regarding the institution’s fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the credit union’s public comment file indicated the credit union received no complaints pertaining to the institution’s CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

Minority Application Flow

The credit union’s HMDA LARs for 2018 and 2019 were reviewed to determine if the application flow from the different racial groups was reflective of the credit union’s membership demographics. Considering the demographic composition of the credit union membership and the credit union’s outreach efforts, the minority application flow is reasonable.

Demographics of the Boston Fire Department provides a sample of credit union membership from which comparisons can be derived. The Boston Fire Department is only one selection of a broader membership base, and does not reflect a direct comparison. According to the Boston Fire

Department statistics, the 2019 minority demographic is approximately 25.1 percent. The minority and ethnic population breakdown is 17.1 percent Black/African American; 0.8 percent Asian; and 7.2 percent Hispanic or Latino.

Minority Application Flow				
RACE	Credit Union 2018		Credit Union 2019	
	#	%	#	%
American Indian/ Alaska Native	0	0.0	0	0.0
Asian	0	0.0	0	0.0
Black/ African American	9	9.8	15	11.7
Hawaiian/Pacific Islander	0	0.0	0	0.0
2 or more Minority	0	0.0	0	0.0
Joint Race (White/Minority)	0	0.0	1	0.8
Total Racial Minority	9	9.8	16	12.5
White	71	77.2	92	71.9
Race Not Available	12	13.0	20	15.6
Total	92	100.0	128	100.0
ETHNICITY				
Hispanic or Latino	5	5.4	5	3.9
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1	0.8
Total Ethnic Minority	5	5.4	6	4.7
Not Hispanic or Latino	74	80.4	81	63.3
Ethnicity Not Available	13	14.1	41	32.0
Total	92	100.0	128	100.0

The credit union’s racial minority application flow increased from 2018 to 2019, by both number and percentage. The credit union’s ethnic minority application flow was generally consistent from year to year.

The credit union’s minority application flow compares reasonably to available demographics. Additionally, the credit union provides extensive outreach to individuals that qualify for membership through collaboration with labor organizations. Forms of outreach include advertisements and provision of informational materials, as well as in-person presentations to field questions regarding financial services (e.g. retirement services). One such organization that collaborates with the credit union is specifically geared to support minority fire fighters in Massachusetts. These forms of outreach convey the credit union’s goal to reach all possible members, regardless of race or ethnicity.

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 60 Hallet Street, Dorchester, MA 02124."

- 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.