

# **PUBLIC DISCLOSURE**

February 22, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Brookline Municipal Credit Union  
Certificate Number: 67340

334 Washington Street  
Brookline, MA 02445

Division of Banks  
1000 Washington Street, 10<sup>th</sup> 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 **Brookline Municipal Credit Union (credit union)** prepared by the Massachusetts Division of Banks, the institution's supervisory agency as of **February 22, 2022**. 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 the group has a satisfactory record of helping to meet the credit need of its assessment area, including low- and moderate-income borrowers, in a manner consistent with its resources and capabilities. Brookline Municipal Credit Union's performance under this test is summarized below:

- Brookline Municipal Credit Union's average net loan-to-share ratio (27.3 percent) is adequate given the institution's size, financial condition, and credit needs of its assessment area.
- The distribution of borrowers reflects 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.

## SCOPE OF EVALUATION

### **General Information**

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, 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 membership.

This evaluation covers the period from January 1, 2019, to the current evaluation dated February 22, 2022. Small Institution CRA procedures were used for the evaluation.

The evaluation references demographic and economic information from the 2015 American Community Survey (ACS). Credit Union financial data reflects the December 31, 2021 Call Report.

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.

## DESCRIPTION OF INSTITUTION

### Background

Brookline Municipal Credit Union is a state-chartered credit union founded in 1939. The credit union's membership is limited to those who are employees or retired employees of the town of Brookline, employees of the credit union and any person who lives or works in the town of Brookline or has retired from employment in the town of Brookline and members of the families of all such persons. As of December 31, 2021, the credit union has 2,548 members.

### Operations

The credit union maintains one office located at 334 Washington Street, Brookline, MA. The credit union's hours are Monday through Friday, 8:30 am to 4:00 pm. The credit union offers a 24-hour automated teller machine, 24-hour banking, and 24-hour online banking access. The credit union is also a member of the SUM and Money Pass ATM networks, which provides its members with ATM access without incurring a surcharge.

The credit union offers share savings accounts, checking accounts, vacation and Christmas club accounts, money market accounts, individual retirement accounts, TruStage insurance, certificates of deposit. It also provides its members with mortgage loans, home equity and lines of credit, personal loans, new and used auto loans, recreational vehicle loans, share secured loans, Visa and American Express credit cards, and online banking with bill pay.

### Ability and Capacity

As of December 31, 2021, the credit union had total assets of approximately \$46.6 million, total shares and deposits of approximately \$40.9 million, and total loans of \$10.9 million. Since the previous evaluation, total assets increased by 21.9 percent, and total loans decreased by 24.8 percent.

The credit union's primary loan portfolio is comprised of loans/lines of credit secured by a first lien on 1-4 family residential properties representing 69.1 percent of all loans, followed by new and used auto loans at 20.4 percent. The following table provides additional details regarding the credit union's loan portfolio.

<b>Loan Portfolio Distribution as of 12/31/2021</b>		
<b>Loan Category</b>	<b>\$</b>	<b>%</b>
All Other Unsecured Loans/Lines of Credit	365,621	3.4
New Vehicle Loans	1,409,086	13.0
Used Vehicle Loans	804,407	7.4
All Other Secured Non-Real Estate Loans/Lines of Credit	34,642	0.3
Loans/Lines of Credit Secured by a First Lien on a single 1-4 Family Residential Properties	7,524,589	69.1
Loans/Lines of Credit Secured by a Junior Lien on a single 1-4 Family Residential	744,742	6.8
<b>Total Loans</b>	<b>10,883,087</b>	<b>100.0</b>
<i>Source: Reports of Income and Condition</i>		

## DESCRIPTION OF ASSESSMENT AREA

Pursuant to 209 CMR 46.41(8), Brookline Municipal 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 of Banks 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.

The Federal Financial Institutions Examination Council (FFIEC) updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle, and upper-income categories are presented in the following table:

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Boston, MA Median Family Income (14454)</b>				
2019 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
2020 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
<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 adequate given the institution’s size and financial condition.

The credit union’s net loan-to-share ratio, as calculated from the NCUA 5300 Quarterly Call Report data, averaged 27.3 percent over the last eight calendar quarters from March 31, 2020, through December 31, 2021. The ratio ranged from a low of 23.7 percent as of March 31, 2021 to a high of 33.4 percent as of March 31, 2020. A decrease in travel due to emergency work-from-home government orders triggered a reduction in auto loan originations. The Credit Union also observed a notable increase in member shares, in large part attributed to members working from home and not incurring typical household expenditures. Since March 31, 2021, the credit union’s ratio has increased approximately 2.6%, which demonstrates a positive trend.

#### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. Examiners focused on lending to low- and moderate-income borrowers. A sample of the credit union’s consumer loans was analyzed. Examiners selected a random sample of loans from 2019 and

2020. The sample consisted of personal unsecured and used auto loans. A majority of the credit union’s sampled loans were originated to low- and moderate-income borrowers in both 2019 and 2020. Refer to the table below for the distribution of consumer loans by borrower income.

<b>Borrower Income Level</b>	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<b>Low</b>				
2019	1	20	3,500	6.0
2020	1	20	4,671	6.8
<b>Moderate</b>				
2019	2	40	17,500	30.0
2020	2	40	15,807	22.9
<b>Middle</b>				
2019	2	40	37,347	64.0
2020	2	40	48,579	70.3
<b>Upper</b>				
2019	0	0	0	0
2020	0	0	0	0
<b>Not Available</b>				
2019	0	0	0	0
2020	0	0	0	0
<b>Totals</b>				
2019	<b>5</b>	<b>100</b>	<b>58,347</b>	<b>100</b>
2020	<b>5</b>	<b>100</b>	<b>69,057</b>	<b>100</b>

The credit union made home mortgage loans in 2019 and 2020. In 2019, the credit union originated three home mortgage loans for \$296,000, of which one origination was to a moderate-income borrower. In 2020, the credit union originated eight home mortgage loans for \$1.5 million, of which one origination was to a moderate-income borrower.

**Response to Complaints**

The credit union has not received any CRA-related complaints since the last CRA 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 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 (334 Washington Street, Brookline, MA 02445)."

[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.