

PUBLIC DISCLOSURE

July 31, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Everett Credit Union
Certificate Number: 67559
650 Broadway
Everett, MA 02149

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.

TABLE OF CONTENTS

Institution Rating	3
Scope of Evaluation	4
Description of Institution	5
Description of Assessment Area.....	6
Conclusions on Performance Criteria	8
Discriminatory or Other Illegal Credit Practices Review	11

INSTITUTION RATING

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 neighborhoods, in a manner consistent with its resources and capabilities.

The Credit Union's performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following items summarize the Credit Union's performance.

- The average loan-to-share ratio of 75.6 percent is reasonable given the institution's size, financial condition, and credit needs of its assessment area.
- A majority of the Credit Union's residential loans are made inside the assessment area.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- The distribution of home mortgage loans to borrowers of different income levels is reasonable.
- The institution did not received any CRA-related complaints during the evaluation period.

SCOPE OF EVALUATION

General Information

This evaluation covers the Credit Union's lending performance from January 1, 2015 to the current exam dated July 31, 2017. Examiners used Small Institution Examination Procedures to evaluate Everett Credit Union's CRA performance.

The Small Institution Examination Procedures includes the Lending Test, which evaluates the Credit Union's performance according the following criteria:

- Loan-to-share (LTS) ratio,
- Assessment area concentration,
- Geographic distribution,
- Borrower profile, and
- Response to CRA-related complaints.

Loan Products Reviewed

Examiners determined that the Credit Union's dominant product line is home mortgage loans. This conclusion considered the Credit Union's business strategy and the number and dollar volume of loans originated during the evaluation period. Credit Union records indicated that the lending focus and product mix remained consistent throughout the evaluation period.

This evaluation considered all home mortgage loans reported on the Credit Union's 2015 and 2016 Home Mortgage Disclosure Act Loan Application Registers.. In 2015, the Credit Union originated 24 loans totaling \$6.3 million. In 2016, it originated 22 loans totaling \$6 million. The Credit Union's 2015 performance was compared to aggregate data. For 2016, examiners compared the Credit Union data with the demographic data as aggregate data is not available for that same year.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage loans. While number and dollar volume of loans are presented, examiners gave more weight to performance by number of loans because the number of loans is a better indicator of the number of individuals served.

DESCRIPTION OF INSTITUTION

Background

Everett Credit Union is a cooperative, not-for-profit financial institution founded in 1926. The primary purpose of the Credit Union is to encourage thrift and make loans to its members. Membership is available to anyone who works, lives, or worships in Essex, Middlesex, Norfolk, or Suffolk counties.

The Credit Union is a designated low-income credit union by the Commissioner of Banks and in accordance with National Credit Union Administration (NCUA) standards. Eligibility is based in part due to the majority of the Credit Union's membership being low-income.

Operations

Credit Union headquarters are located at 650 Broadway, Everett, MA in a moderate-income census tract. The Credit Union operates on location. Business hours are from 8:30 a.m. to 4:00 p.m. Monday through Wednesday, with extended hours on Thursdays until 6:00 p.m. and Fridays until 5:00 p.m. The main office also provides drive up services from 7:30 a.m. to 4:00 p.m. and has Saturday hours from 9:00 a.m. to 12:00 p.m. The Credit Union offers a 24 hour automated teller machine and 24 hour telephone banking services.

The Credit Union offers the following products and services to its members: checking accounts, savings accounts, money market accounts, certificates of deposit, individual retirement accounts, holiday and vacation club accounts, and share accounts. It also provide its members with mortgage loans, home equity loans and lines of credit, auto loans, heat loans, personal loans, secured loans, overdraft protection, ATM/Debit cards, and online banking with bill pay.

Ability and Capacity

As of June 30, 2017, the Credit Union had total assets of \$47 million and total shares and deposits of \$40 million. Loans totaled \$31 million and represented 77.5 percent of total assets.

The Credit Union is primarily a residential lender with a majority of the loan portfolio secured by residential properties. As noted in the table below, approximately 80.4 percent of the loans are secured by first mortgage real estate loans and lines of credit, followed by other real estate loans and lines of credit.

The following table illustrates the current distribution of the Credit Union's loan portfolio.

Loan Distribution as of June 30, 2017		
Loan Type	Dollar Amount	Percent of Total Loans
Total 1st Mortgage Real Estate Loans/Lines of Credit	\$ 25,079,441	80.4%
Total Other Real Estate Loans /Lines of Credit	\$ 1,937,289	6.2%
Non-Federally Guaranteed Student Loans	\$ 1,584,692	5.1%
All Other Unsecured Loans	\$ 1,600,106	5.1%
New Vehicle Loans	\$ 412,760	1.3%
Unsecured Credit Card Loans	\$ 290,684	0.9%
Used Vehicle Loans	\$ 274,157	0.9%
Total All Other Loans/Lines of credit	\$ 13,226	0.0%
Total Loans	\$ 31,192,355	100.0%

Source: 5300 Report, Statement of Financial Condition as of June 30, 2017

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Everett Credit Union has designated its assessment area to include the municipalities of Chelsea, Everett, Malden, Medford, Revere, and Somerville. Chelsea and Revere are located in Suffolk County and are part of the Boston, MA Metropolitan Division (MD). Everett, Malden, Medford, and Somerville are located in Middlesex County and are part of the Cambridge-Newton-Framingham, MA MD. Both areas are contained within the Boston-Worcester-Manchester, MA-RI-NH Consolidated Statistical Area. The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The assessment area includes 68 census tracts (CTs). These tracts reflect the following income designations according to the 2010 U.S. Census:

- 6 low-income tracts,
- 35 moderate-income tracts,
- 24 middle-income tracts,
- 2 upper income tracts, and
- 1 tract without an income designation.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area: Everett CU						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	68	8.8	51.5	35.3	2.9	1.5
Population by Geography	319,976	9.9	51.9	34.8	3.4	0.0
Housing Units by Geography	133,162	8.5	51.4	37.0	3.1	0.0
Owner-Occupied Units by Geography	54,972	5.3	48.8	41.7	4.3	0.0
Occupied Rental Units by Geography	69,134	10.7	53.5	33.3	2.5	0.0
Vacant Units by Geography	9,056	12.1	50.9	36.1	0.9	0.0
Businesses by Geography	15,631	8.8	52.6	33.9	4.4	0.3
Farms by Geography	147	6.8	45.6	44.2	3.4	0.0
Family Distribution by Income Level	71,179	34.5	19.9	21.3	24.3	0.0
Household Distribution by Income Level	124,106	32.9	17.5	19.3	30.4	0.0
Median Family Income MSA - 14454 Boston, MA MD Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD		83,664 90,625	Median Housing Value			381,856
			Median Gross Rent			1,182
			Families Below Poverty Level			10.5%
Source: 2010 U.S. Census and 2016 D&B Data (*) The NA category consists of geographies that have not been assigned an income classification.						

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.

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)				
2015 (\$90,000)	<\$45,000	\$45,000 to <\$72,000	\$72,000 to <\$108,000	≥\$108,000
2016 (\$90,800)	<\$45,400	\$45,400 to <\$72,640	\$72,640 to <\$108,960	≥\$108,960
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2015 (\$101,700)	<\$50,850	\$50,850 to <\$81,360	\$81,360 to <\$122,040	≥\$122,040
2016 (\$98,600)	<\$49,300	\$49,300 to <\$78,880	\$78,880 to <\$118,320	≥\$118,320
<i>Source: FFIEC</i>				

There are 133,162 housing units in the assessment area. Of these, 41 percent are owner-occupied, 52 percent are occupied rental units, and 7 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Data obtained from the U.S. Bureau of Labor and Statistics indicates that the June 2017 unemployment rate was 4.3 percent for Massachusetts statewide, 4.3 percent in the Boston MD, and 3.7 percent in the Cambridge-Newton-Framingham MD.

Competition

The assessment area is highly competitive in the market for home mortgage loans. Market share data for 2016 indicates that 367 lenders originated 11,390 mortgage loans in the assessment area. The average loan amount was \$347,000. The five most prominent lenders in the assessment area were large national lenders and accounted for 19 percent of total market share.

Community Contact

As part of the examination process, examiners consulted with a local housing agency to gain a better understanding of the credit needs of the communities in the Credit Union's assessment area.

The community contact indicated that a short supply of housing in the region, coupled with increased interest in living in the area, has pushed home prices to a level where low- and moderate-income potential borrowers do not have the financial ability to afford a mortgage. The contact stressed the need for policymakers and financial institutions to find ways to boost employment and raise incomes while supporting initiatives designed to reduce housing prices.

CONCLUSIONS ON PERFORMANCE CRITERIA

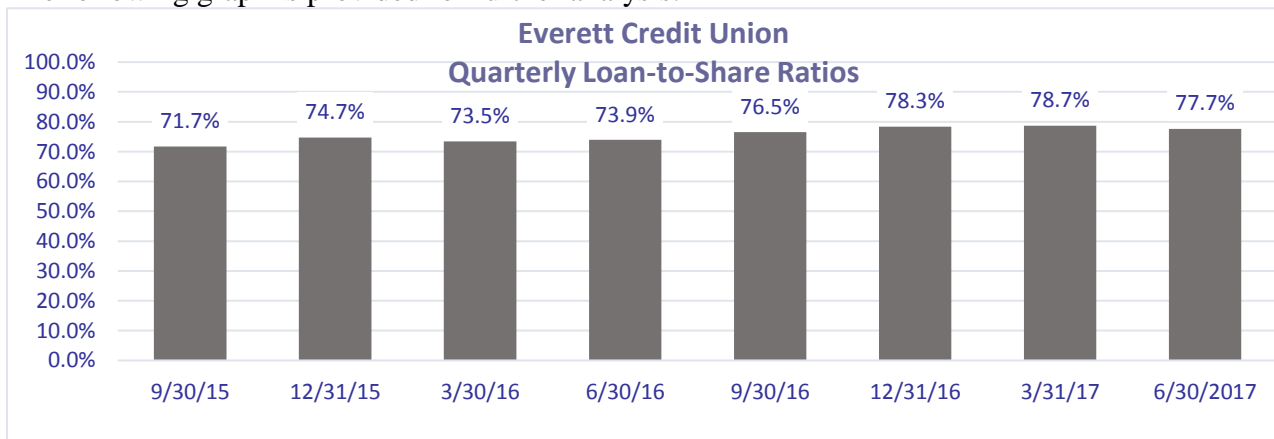
LENDING TEST

Loan-to-Share Ratio

This performance criterion determines what percentage of the Credit Union's share base is reinvested in the form of loans. This ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total shares. The LTS ratio since the previous evaluation is reasonable given the institution's size, financial condition, and assessment area credit needs.

The Credit Union's net LTS ratio, as calculated from NCUA 5300 Quarterly Call Report data, averaged 75.6 percent over the past eight calendar quarters from September 30, 2015 through June 30, 2017. The ratio ranged from a low of 71.7 percent as of September 2015, to a high of 78.7 percent as of March 2017, having remained constant during the evaluation period. Over the past eight calendar quarters, net loans have increased 8 percent, assets have increased 3.3 percent, and shares have increased 2.8 percent.

The following graph is provided for further analysis.



Assessment Area Concentration

The Credit Union originated a majority of its home mortgage loans inside its assessment area by both number and dollar volume. It made 65.2 percent of its loans by number and 60.2 percent of loans by dollar volume inside its assessment area. Please refer to the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2015	15	62.5	9	37.5	24	3,632	57.6	2,671	42.4	6,303
2016	15	68.2	7	31.8	22	3,762	62.9	2,218	37.1	5,980
Total	30	65.2	16	34.8	46	7,394	60.2	4,889	39.8	12,283
Source: Evaluation Period: 1/1/2015 - 12/31/2016										

Source: Evaluation Period: 1/1/2015 - 12/31/2016

Geographic Distribution

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

In 2015, the Credit Union originated one loan within a low-income census tract. The Credit Union originated 11 or 73.3 percent of its loans in moderate-income tracts which is above aggregate performance.

In 2016 the Credit Union did not originate any loans in low-income tracts. It originated 10 or 66.7 percent of its loans in moderate-income tracts, above demographic data. Comparison to aggregate data was not made because aggregate data for 2016 is not available.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	5.3	6.7	1	6.7	251	6.9
2016	5.3	--	0	0.0	0	0.0
Moderate						
2015	48.8	46.9	11	73.3	2,635	72.6
2016	48.8	--	10	66.7	2,325	61.8
Middle						
2015	41.7	42.7	3	20.0	746	20.5
2016	41.7	--	5	33.3	1,437	38.2
Upper						
2015	4.3	3.6	0	0.0	0	0.0
2016	4.3	--	0	0.0	0	0.0
Not Available						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
Totals						
2015	100.0	100.0	15	100.0	3,632	100.0
2016	100.0	--	15	100.0	3,762	100.0
<i>Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.</i>						

Borrower Profile

In 2015, the Credit Union did not originate any loans to low-income borrowers. It originated three loans, or 20 percent of loans by volume, to low-income borrowers in 2016, below demographic data. Examiners noted that a low-income borrower would likely not qualify for a traditional mortgage given the average loan amount in the assessment area of \$347,000.

In 2015, the Credit Union originated five, or 33.3 percent of loans by volume, to moderate-income borrowers, above the aggregate. In 2016, four or 26.7 percent of loans were made to moderate-income borrowers, above demographic data.

Given the Credit Union's assessment area demographics, the overall performance is considered reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	34.5	4.9	0	0.0	0	0.0
2016	34.5	--	3	20.0	495	13.2
Moderate						
2015	19.9	20.9	5	33.3	1,260	34.7
2016	19.9	--	4	26.7	1,069	28.4
Middle						
2015	21.3	26.6	7	46.7	1,617	44.5
2016	21.3	--	6	40.0	1,460	38.8
Upper						
2015	24.3	27.9	3	20.0	755	20.8
2016	24.3	--	2	13.3	738	19.6
Not Available						
2015	0.0	19.7	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
Totals						
2015	100.0	100.0	15	100.0	3,632	100.0
2016	100.0	--	15	100.0	3,762	100.0
<i>Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.</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

The Credit Union's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including Fair Housing and Equal Credit Opportunity. No evidence of discriminatory or other illegal credit practices were identified.

Fair Lending Policies and Practices

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 practices, no violations of the anti-discrimination laws and regulations were identified.

Minority Application Flow

The Credit Union's HMDA LARs for 2015 and 2016 were reviewed to determine if the application flow from the different racial groups within the Credit Union's assessment area was reflective of the assessment area's demographics. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Credit Union received from minority residential loan applicants.

According to the 2010 U.S. Census Data, the Credit Union's assessment area contained a total population of 319,976 individuals of which 40.7 percent are minorities. The assessment area's minority and ethnic population is 8.9 percent Black/African American, 8.8 percent Asian, 0.1 percent American Indian, 18.4 percent Hispanic or Latino, and 4.5 percent other.

In 2015 the Credit Union received 24 HMDA-reportable loan applications from within its assessment area. Of these applications, 3 or 12.5 percent were received from minority applicants, all of which resulted in originations. This is compared to aggregate data whereby 6.7 percent were received from minority applicants and 5.2 percent were originated. For the same time period the Credit Union also received 7 or 1.6 percent of applications from ethnic groups of Hispanic origin within its assessment area, all of which were originated. Aggregate data indicates 11.6 percent of applications were received from Hispanic applicants, of which 62.4 percent were originated.

In 2016, the Credit Union received 22 HMDA-reportable loan applications from within its assessment area. Of these applications, four or 18.2 percent were received from minority applicants, all of which resulted in originations. For the same time period, the Credit Union received one or 4.5 percent of applications from ethnic groups of Hispanic origin within its assessment area; the application resulted in an origination.

Refer to the table below for information on the Credit Union's minority application flow.

MINORITY APPLICATION FLOW					
RACE	2015 Bank		2015 Aggregate Data	2016 Bank	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0
Asian	0	0.0	9.2	1	4.6
Black/ African American	3	12.5	4.3	3	13.6
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0
2 or more Minority	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	0	0.0	1.8	0	0.0
Total Minority	3	12.5	15.7	4	18.1
White	21	87.5	58.5	18	81.8
Race Not Available	0	0.0	25.8	0	0.0
Total	24	100.0	100.0	22	100.0
ETHNICITY					
Hispanic or Latino	3	12.5	11.6	1	4.6
Not Hispanic or Latino	21	87.5	62.4	21	95.4
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.0	0	0
Ethnicity Not Available	0	0.00	25.0	0	0
Total	24	100.0	100.0	22	100.0

Source: US Census 2010, HMDA Aggregate Data 2015, HMDA LAR Data 2015 and 2016 *Due to rounding, totals may not equal 100.0 percent.

Considering the demographic composition of the assessment area and comparisons to aggregate data in 2015, the Credit Union's minority application flow is adequate.

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 1000 Washington Street, 10th Floor, Boston, MA 02118.

[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.