

PUBLIC DISCLOSURE

February 13, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Haverhill Fire Department Credit Union
Certificate Number: 67710

75 Kenoza Ave.
Haverhill, MA 01830

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 Community Reinvestment Act (CRA) performance of **Haverhill Fire Department Credit Union** (Credit Union) prepared by the Division of Banks, the institution's supervisory agency, as of **February 13, 2023**. The Division of Banks rates the CRA performance of the Credit Union as per the provisions set forth in 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 neighborhoods, in a manner consistent with its resources and capabilities.

Haverhill Fire Department Credit Union's performance under this test is summarized below:

- The Credit Union's average loan-to-share (LTS) ratio of 63.8 percent is reasonable given the institution's size, financial condition, and credit needs of its membership.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels (including low- and moderate-income).
- The institution did not receive any CRA-related complaints during the evaluation period.

DESCRIPTION OF INSTITUTION

Background

Haverhill Fire Department Credit Union is a co-operative financial institution first chartered by the Commonwealth of Massachusetts in 1933. The Credit Union's membership is limited to any person who works as a public safety employee, present or retired, and their immediate families, who also reside in northern Essex County. The Credit Union had 1,222 members as of December 31, 2022.

Operations

The Credit Union is located at 75 Kenoza Avenue, Haverhill, Massachusetts, in a low-income census tract. Business hours are from 8 AM to 2 PM on Monday through Friday. The Credit Union offers checking and savings accounts; certificates of deposit; personal, secured, new and used auto, home improvement, recreational vehicle, and debt consolidation loans; and home equity lines of credit. In addition, the Credit Union offers online banking services, bill pay, ATM and debit cards, and 24-hour telephone banking services.

Ability and Capacity

As of December 31, 2022, the Credit Union had total assets of approximately \$25.2 million, total shares of \$22.8 million, and total loans of \$15.8 million. Total loans represented approximately 62.3 percent of total assets. Since the last evaluation, total assets increased by 41.8 percent, and total loans increased by 166.7 percent.

A majority of the Credit Union’s portfolio by dollar amount consists of real-estate secured loans or 65.6 percent; however, by volume, the Credit Union is primarily a consumer lender, with new and used vehicle loans representing most loans originated. The following table provides additional details regarding the Credit Union’s loan portfolio:

Loan Portfolio Distribution as of 12/31/2022		
Loan Category	\$	%
Unsecured Loans/Lines of Credit	682,468	4.3%
New Vehicle Loans	2,129,651	13.5%
Used Vehicle Loans	2,069,079	13.1%
Secured Non-Real Estate Loans/Lines of Credit	542,540	3.4%
Total Loans/Lines of Credit Secured by 1st Lien 1-4 Family Residential Properties	10,240,027	64.9%
Total Loans/Lines of Credit Secured by Junior Lien 1-4 Family Residential	107,749	0.7%
Total Loans	15,771,514	100.0%
<i>Source: NCUA 5300 Report, Statement of Financial Condition as of December 31, 2022</i>		

DESCRIPTION OF ASSESSMENT AREA

Pursuant to 209 CMR 46.41(8), Haverhill Fire Department 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:

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA MSA/MD Median Family Income (15764)				
2021 (\$120,200)	<\$60,100	\$60,100 to <\$96,160	\$96,160 to <\$144,240	≥\$144,240
2022 (\$138,700)	<\$69,350	\$69,350 to <\$110,960	\$110,960 to <\$166,440	≥\$166,440
<i>Source: FFIEC</i>				

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 the prior evaluation dated February 19, 2019, to the current evaluations dated February 13, 2023. Small Institution CRA procedures were used for the evaluation.

The evaluation references economic information from the Federal Financial Institutions Examination Council (FFIEC). Credit union financial data reflects the December 31, 2022, 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.

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, and financial condition.

The Credit Union's net loan-to-share ratio, as calculated from the NCUA 5300 Quarterly Call Report data averaged 68.8 percent over the last eight calendar quarters from March 31, 2021, through December 31, 2022. The ratio ranged from a low of 41.4 percent as of March 31, 2021, to a high of 70.4 percent as of September 30, 2022.

Borrower Profile

The distribution of consumer loans to borrowers of different income levels is reasonable. A sample of the Credit Union's consumer loans was analyzed. Examiners selected a random sample of consumer loans originated in 2021 and 2022. A majority of the Credit Union's sampled loans were originated to low- and moderate-income borrowers in both 2019 and 2020. The following table reflects the distribution of consumer loans by income:

Borrower Income Level		#	%	\$	%
Low					
	2021	1	20	10,000	8.4
	2022	1	20	24,866	19.7
Moderate					
	2021	3	60	68,521	57.4
	2022	2	40	23,000	18.3
Middle					
	2021	1	20	40,901	34.2
	2022	2	40	78,000	62.0
Upper					
	2021	0	0	0	0
	2022	0	0	0	0
Not Available					
	2021	0	0	0	0
	2022	0	0	0	0
Totals					
	2021	5	100	119,422	100.0
	2022	5	100	125,866	100.0

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, 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 75 Kenoza Avenue, Haverhill, MA 01830."
- 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.