

PUBLIC DISCLOSURE

AUGUST 17, 2021

**MORTGAGE LENDER COMMUNITY INVESTMENT
PERFORMANCE EVALUATION**

HOMEBRIDGE FINANCIAL SERVICES, INC.

**d/b/a FinanceMyHome.com
d/b/a Real Estate Mortgage Network
MC6521**

**194 WOOD AVENUE SOUTH, 9TH FLOOR
ISELIN, NJ 08830**

**DIVISION OF BANKS
1000 WASHINGTON STREET
BOSTON, MA 02118**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this mortgage lender. The rating assigned to this mortgage lender does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this mortgage lender.

GENERAL INFORMATION

This document is an evaluation of the Mortgage Lender Community Investment (CRA) performance of **HomeBridge Financial Services, Inc. (Lender or HomeBridge)** pursuant to Massachusetts General Laws chapter 255E, section 8 and the Division of Banks' (Division) regulation 209 CMR 54.00, prepared by the Division, the Lender's supervisory agency, as of **August 17, 2021**.

SCOPE OF EXAMINATION

An evaluation was conducted using examination procedures, as defined by CRA guidelines. A review of the Division's records, as well as the Lender's public CRA file, did not reveal any complaints.

The CRA examination included a comprehensive review and analysis, as applicable, of HomeBridge's:

- (a) origination of loans and other efforts to assist low- and moderate-income residents, without distinction, to be able to acquire or to remain in affordable housing at rates and terms that are reasonable considering the mortgage lender's history with similarly situated borrowers, the availability of mortgage loan products suitable for such borrowers, and consistency with safe and sound business practices;
- (b) origination of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units;
- (c) efforts working with delinquent residential mortgage customers to facilitate a resolution of the delinquency; and
- (d) other efforts, including public notice of the scheduling of examinations and the right of interested parties to submit written comments relative to any such examination to the Commissioner of Banks (Commissioner), as, in the judgment of the Commissioner, reasonably bear upon the extent to which a mortgage lender is complying with the requirements of fair lending laws and helping to meet the mortgage loan credit needs of communities in the Commonwealth of Massachusetts (Commonwealth or Massachusetts).

CRA examination procedures were used to evaluate HomeBridge's community investment performance. These procedures utilize two performance tests: the Lending Test and the Service Test. This evaluation considered HomeBridge's lending and community development activities for the period of January 1, 2019, through December 31, 2020. The data and applicable timeframes for the Lending Test and the Service Test are discussed below.

The Lending Test evaluates the mortgage lender's community investment performance pursuant to the following six criteria: geographic distribution of loans, lending to borrowers of different incomes, innovative and flexible lending practices, loss mitigation efforts, fair lending, and loss of affordable housing.

Home mortgage lending for 2019 and 2020 is presented in the geographic distribution, lending to borrowers of different incomes, and the minority application flow tables. Comparative analysis of the Lender's lending performance for both years is provided. The aggregate lending data is used for comparison purposes within the evaluation and is a measure of loan demand. It includes

lending information from all Home Mortgage Disclosure Act (HMDA) reporting mortgage lenders who originated loans in the Commonwealth.

In addition to gathering and evaluating statistical information relative to a mortgage lender's loan volume, the CRA examination also reflects an in-depth review of the entity's mortgage lending using qualitative analysis. This analysis includes, but is not limited to, an assessment of the suitability and sustainability of the mortgage lender's loan products by reviewing the lender's internally maintained records of delinquencies and defaults as well as information publicly available through the Federal Reserve Banks and through local Registries of Deeds and through other sources available to the examination team. The examination included inspection of individual loan files for review of compliance with consumer protection provisions and scrutiny of these files for the occurrence of disparate treatment based on a prohibited basis.

The Service Test evaluates the mortgage lender's record of helping to meet the mortgage credit needs by analyzing the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products, the extent and innovativeness of its community development services, and, if applicable, loss mitigation services to modify loans and/or efforts to keep delinquent home borrowers in their homes.

MORTGAGE LENDER'S CRA RATING:

This mortgage lender is rated “Satisfactory.”

Lending Test: “Satisfactory”

- The geographic distribution of the Lender’s loans reflects an adequate dispersion in low- and moderate-income level census tracts.
- Given the demographics of Massachusetts, the loan distribution to borrowers reflects an adequate record of serving the credit needs among individuals of different income levels.
- HomeBridge offers a variety of flexible lending products, which are provided in a safe and sound manner to address the credit needs of low- and moderate-income level individuals.
- Lending practices and products do not show a systematic pattern of lending resulting in mortgage loans that are not sustainable, nor do these practices or products show an undue concentration of early payment defaults, resulting in consequent loss of affordable housing units.
- Fair lending policies and practices are considered satisfactory.

Service Test: “Satisfactory”

- The Lender is actively involved in community development services within the Commonwealth.
- Service delivery systems are accessible to geographies and individuals of different income levels in the Commonwealth.

PERFORMANCE CONTEXT

Description of Mortgage Lender

HomeBridge was incorporated in New Jersey in 1991, for the purposes of originating and selling residential mortgage loans, as well as servicing loans. The Division granted the Lender mortgage lender, mortgage broker, and debt collector licenses on October 8, 2015. HomeBridge focuses on the origination of first lien conventional and Federal Housing Administration (FHA) purchase money and refinance transactions, through both retail and wholesale channels.

As of the date of the examination, HomeBridge was licensed or authorized to conduct business throughout the United States, and maintained 11 licensed locations within Massachusetts. All underwriting and major functions in the loan process are done at HomeBridge's main office, or remotely via coordination with the main office. Approved loans are funded through established warehouse lines of credit.

HomeBridge's business development relies primarily on personal and professional referrals and repeat customers. Originated loans are closed in the Lender's name and sold immediately to secondary market investors, with servicing rights both retained and released. HomeBridge uses third parties to sub-service its retained servicing rights portfolio.

Demographic Information

The Division's regulation 209 CMR 54.00 requires mortgage lenders to be evaluated on their performance within the Commonwealth. Demographic data is provided below to offer contextual overviews of the economic climate along with housing and population characteristics for Massachusetts.

MASSACHUSETTS DEMOGRAPHIC INFORMATION						
Demographic Characteristics	Amount	Low %	Moderate %	Middle %	Upper %	N/A %
Geographies (Census Tracts)	1,478	12.2	19.1	37.5	29.2	2.0
Population by Geography	6,705,586	10.1	18.6	38.9	31.9	0.5
Owner-Occupied Housing by Geography	1,583,667	3.4	13.8	44.4	38.3	0.1
Family Distribution by Income Level	1,620,917	23.3	16.4	19.4	40.9	0.0
Distribution of Low and Moderate Income Families	643,491	17.8	25.8	37.6	18.7	0.1
Median Family Income	\$93,145		Median Housing Value		\$358,764	
Households Below Poverty Level	12.0%		Unemployment Rate		8.4%*	
2019 HUD Adjusted Median Family Income	\$101,200		2020 HUD Adjusted Median Family Income		\$104,900	

Source: 2015 ACS

* Bureau of Labor Statistics as of 12/31/2020

Based on the 2015 American Community Survey (ACS), the Commonwealth's population was above 6.7 million people with a total of 2.8 million housing units. Of the total housing units, almost 1.6 million or 56.4 percent are owner-occupied, 966,054 or 34.5 percent are rental-occupied, and 9.1 percent are vacant units.

According to the 2015 ACS data, there are 2.5 million households in the Commonwealth with a median household income of \$74,527. Over 41 percent of households are classified as low- and moderate-income. Twelve percent of the total number of households are living below the poverty level. Individuals in these categories may find it challenging to qualify for traditional mortgage loan products.

Households classified as "families" totaled slightly over 1.62 million. Of all family households, 23.3 percent were low-income, 16.4 percent were moderate-income, 19.4 percent were middle-income, and 40.9 percent were upper-income. The median family income according to the 2015 ACS data stood at \$93,145. The Department Housing and Urban Development (HUD) adjusted median family income was \$101,200 in 2019 and \$104,900 in 2020. The adjusted median family income is updated yearly and takes into account inflation and other economic factors.

The Commonwealth contains 1,478 Census tracts. Of these, 181 or 12.2 percent are low-income; 282 or 19.1 percent are moderate-income; 555 or 37.5 percent are middle-income; 431 or 29.2 percent are upper-income; and 29 or 2.0 percent are NA or have no income designation. The tracts with no income designation are located in areas that contain no housing units and will not be included in this evaluation since they provide no lending opportunities. These areas are made up of correctional facilities, universities, military installations, and uninhabited locations such as the Boston Harbor Islands.

Low-income is defined as individual income that is less than 50 percent of the area median income. Moderate-income is defined as individual income that is at least 50 percent and less than 80 percent of the area median income. Middle-income is defined as individual income that is at least 80 percent and less than 120 percent of the area median income. Upper-income is defined as individual income that is more than 120 percent of the area median income.

The median housing value for Massachusetts was \$358,764 according to the 2015 ACS. The unemployment rate for Massachusetts stood at 8.4 percent as of December 2020, a significant increase from December 2019 when the rate was 2.9 percent. Employment rates would tend to affect a borrower's ability to remain current on mortgage loan obligations and also correlate with delinquency and default rates.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test evaluates a mortgage lender's record of helping to meet the mortgage credit needs of the Commonwealth through its lending activities. HomeBridge's lending efforts are rated under the six performance criteria: geographic distribution, borrower characteristics, innovative or flexible lending practices, loss mitigation efforts, fair lending policies and procedures, and loss of

affordable housing. The following information details the data compiled and reviewed, as well as conclusions on the mortgage lending of HomeBridge.

HomeBridge’s Lending Test performance was determined to be “Satisfactory”.

I. *Geographic Distribution*

The geographic distribution of loans was reviewed to assess how well HomeBridge is addressing credit needs throughout Massachusetts. The following table presents, by number, HomeBridge’s 2019 and 2020 HMDA reportable loans in low-, moderate-, middle-, and upper-income level geographies, in comparison to the percentage of owner-occupied housing units in each of the census tract income level categories, and the 2019 and 2020 aggregate lending data (inclusive of HomeBridge).

Distribution of HMDA Loans by Income Level Category of the Census Tract							
Census Tract Income Level	Total Owner-Occupied Housing Units	2019 Aggregate Lending Data	2019 HomeBridge		2020 Aggregate Lending Data	2020 HomeBridge	
			#	%		#	%
	%	% of #	#	%	% of #	#	%
Low	3.4	4.4	40	2.95	3.6	91	4.09
Moderate	13.8	14.6	209	15.45	13.2	329	14.80
Middle	44.4	43.5	568	41.98	42.9	955	42.96
Upper	38.3	37.4	534	39.47	40.2	846	38.06
N/A	0.1	0.1	2	0.15	0.1	2	0.09
Total	100.0	100.0	1,353	100.00	100.0	2,223	100.00

Source: 2019 & 2020 HMDA LAR Data and 2015 ACS Data.

As reflected in the above table, of the total loans HomeBridge originated in Massachusetts, 18.4 percent and 18.9 percent were in low- and moderate-income level census tracts in 2019 and 2020, respectively. These percentages were generally comparable to the percentage of the area’s owner-occupied housing units in low- and moderate-income level census tracts, as well as the aggregate lending data.

Considering that over 80 percent of the area’s owner-occupied housing units are in middle- and upper-income level census tracts, HomeBridge’s overall geographic distribution of residential mortgage loans reflects an adequate dispersion throughout low- and moderate-income level geographies within the Commonwealth.

II. *Borrower Characteristics*

The distribution of loans by borrower income was reviewed to determine the extent to which the Lender is addressing the credit needs of the Commonwealth’s residents. The following table shows HomeBridge’s 2019 and 2020 HMDA-reportable loans to low-, moderate-, middle-, and upper-income borrowers in comparison to the percentage of total families within the Commonwealth in each respective income group, and the 2019 and 2020 aggregate lending data (inclusive of HomeBridge).

Distribution of HMDA Loans by Borrower Income							
Median Family Income Level	% of Families	2019 Aggregate Lending Data	2019 HomeBridge		2020 Aggregate Lending Data	2020 HomeBridge	
			#	%		#	%
	%	% of #	#	%	% of #	#	%
Low	23.3	6.0	59	4.36	5.0	123	5.53
Moderate	16.4	18.2	261	19.29	17.3	426	19.17
Middle	19.4	22.8	347	25.65	23.2	610	27.44
Upper	40.9	39.8	427	31.56	42.6	765	34.41
N/A	0.0	13.2	259	19.14	11.9	299	13.45
Total	100.0	100.0	1,353	100.00	100.0	2,223	100.00

Source: 2019 & 2020 HMDA LAR Data and 2015 ACS Data.

As shown in the above table, at 23.7 percent and 24.7 percent respectively, lending to low- and moderate-income borrowers in 2019 and 2020 was in-line with the aggregate data. However, HomeBridge’s lending to low-income borrowers during that same period was below the demographics.

Although lending to low-income borrowers was below the demographic, the Lender’s overall lending performance is considered adequate.

III. Innovative or Flexible Lending Practices

HomeBridge offers a variety of flexible lending products, which are provided in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

HomeBridge maintains HUD-approved Non-Supervised FHA Loan Correspondent status. Although they contain imbedded insurance premiums, FHA products provide generally competitive interest rates and smaller down payments for low- and moderate-income first time homebuyers and existing homeowners. During the review period, HomeBridge originated 980 FHA loans totaling nearly \$323 million. Of these, 334 loans were originated in low- and moderate-income level geographies, while 270 loans benefited low- to moderate-income borrowers.

The Lender is also a Department of Veterans Affairs (VA) Automatic Approval Agent. The VA Home Loan Guarantee Program is designed specifically for the unique challenges facing service members and their families. Through VA-approved lenders like HomeBridge, the program offers low closing costs, no down payment requirement, and no private mortgage insurance requirement. In addition, under certain circumstances the Service Members Civil Relief Act provides military personnel with rights and protections on issues relative to mortgage interest rates and foreclosure proceedings. During the review period, HomeBridge originated 156 VA loans totaling \$58 million. Of these, 19 loans were originated in low- and moderate-income level geographies, while 38 loans benefited low- to moderate-income borrowers.

HomeBridge also offers loan products guaranteed by the U.S. Department of Agriculture (USDA). The USDA Rural Housing Program is an innovative loan program that provides 100% financing for eligible homebuyers in rural-designated areas. This program is for home purchase transactions, offers fixed rates, and does not require a down payment. Income requirements do apply, and the property must be located in a rural development designated area. Farm Service Agency loan products provide flexible temporary financing for customers who are planning to start, purchase, sustain, or expand a family farm. During the review period, HomeBridge originated 12 loans totaling approximately \$3 million. Of these, two loans were originated in moderate-income level geographies, and four loans benefited low- to moderate-income borrowers.

HomeBridge also offers MassHousing products. MassHousing is a self-supporting non-profit public agency that provides financing for homebuyers and homeowners, as well as for developers and owners of affordable rental housing. The agency sells bonds to fund its credit programs. In 2019 and 2020, HomeBridge originated 46 MassHousing loans with approximately \$9 million in dollar volume.

In addition, HomeBridge offers several additional flexible loan programs, including the FNMA HomeReady and FHLMC Home Possible programs. These programs are designed to extend to consumers certain benefits and flexible credit options, to help them meet their home buying, refinance or renovation needs, and help mortgage lenders to confidently serve a market of creditworthy low- to moderate-income borrowers. During the review period, the Lender's Massachusetts loans closed under these flexible lending programs totaled \$27 million in volume.

IV. Loss Mitigation Efforts

The Division reviews a mortgage lender's efforts to work with delinquent home mortgage loan borrowers to facilitate a resolution of the delinquency, including the number of loan modifications, the timeliness of such modifications, and the extent to which such modifications are effective in preventing subsequent defaults or foreclosures.

HomeBridge uses a third party to sub-service its retained servicing portfolio. The review of sub-servicer and investor score cards revealed overall default rates that were on average comparable to industry averages. Consequently, lending practices and products for the review period do not show an undue concentration or a systematic pattern of lending resulting in mortgage loans that were not sustainable.

V. Fair Lending

The Division examines a mortgage lender's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. The Lender's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. The review included, but was not limited to, review of written policies and procedures, interviews with HomeBridge's personnel, and individual file review.

HomeBridge has established an adequate record relative to fair lending policies and procedural practices. No evidence of discriminatory or illegal credit practices was identified.

Minority Application Flow

Examiners reviewed the Lender’s HMDA data to determine whether the mortgage application flow from various racial and ethnic groups was consistent with the area demographics.

During 2019 and 2020, HomeBridge received 4,305 HMDA-reportable mortgage loan applications from within Massachusetts. For these applications, 949 or 22 percent were received from racial minority applicants, and 791 or 83.4 percent resulted in originations. For the review period, HomeBridge received 275 or 6.4 percent of HMDA-reportable applications from ethnic groups of Hispanic or Latino origin, and 189 or 68.7 percent were originated. This compares to an 83.1 percent overall ratio of mortgage loans originated by the Lender in Massachusetts, and the 56.3 percent approval ratio for the aggregate group. The racial and ethnic identity was not specified in 16 percent of cases.

Demographic information for Massachusetts reveals the total racial and ethnic minority population stood at 25.7 percent of the total population as of the 2015 ACS. At 15.2 percent, racial minorities consisted of 6.5 percent Black; 6.0 percent Asian/Pacific Islander; 0.1 percent American Indian/Alaskan Native; and 2.6 percent self-identified as Other Race. Ethnic minorities consisted of 10.5 percent Hispanic or Latino.

Refer to the following table for information on the Lender’s minority loan application flow as well as a comparison to aggregate lending data throughout the Commonwealth. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Lender received from minority applicants.

MINORITY APPLICATION FLOW						
RACE	2019 Aggregate Data	2019 HomeBridge		2020 Aggregate Data	2020 HomeBridge	
	% of #	#	%	% of #	#	%
American Indian/ Alaska Native	0.2	4	0.25	0.2	5	0.19
Asian	5.8	169	10.31	6.6	302	11.32
Black/ African American	4.2	126	7.69	3.6	282	10.58
Hawaiian/Pacific Islander	0.2	0	0.00	0.1	8	0.30
2 or more Minority	0.1	0	0.00	0.1	4	0.15
Joint Race (White/Minority)	1.4	13	0.79	1.6	36	1.35
Total Minority	11.9	312	19.04	12.1	637	23.89
White	65.6	1,120	68.33	65.4	1,535	57.58
Race Not Available	22.5	207	12.63	22.5	494	18.53
Total	100.0	1,639	100.00	100.0	2,666	100.00
ETHNICITY	% of #			% of #		
Hispanic or Latino	5.8	78	4.76	5.1	157	5.89
Joint (Hisp-Lat /Non-Hisp-Lat)	1.1	10	0.61	1.2	30	1.12
Total Hispanic or Latino	6.9	88	5.37	6.3	187	7.01
Not Hispanic or Latino	70.3	1,331	81.21	70.4	1,981	74.31
Ethnicity Not Available	22.8	220	13.42	23.3	498	18.68
Total	100.0	1,639	100.00	100.0	2,666	100.00

Source: 2019 & 2020 HMDA LAR Data and 2015 ACS Data.

In 2019 and 2020, HomeBridge’s overall racial minority application flow was above the ACS data and the aggregate data. The ethnic minority flow reflected performance levels comparable to the aggregate data, but below the ACS demographic data. The Lender’s overall performance is considered satisfactory.

VI. Loss of Affordable Housing

This review concentrated on the suitability and sustainability of mortgage loans originated by HomeBridge by taking into account delinquency and default rates of the Lender and those of the overall marketplace. Pertinent information provided by the Lender was reviewed, as were statistics available on delinquency and default rates for mortgage loans. Additionally, individual mortgage loans could be tracked for their status through local Registries of Deeds and other available sources including public records of foreclosure filings.

An extensive review of information and documentation, from both internal and external sources as partially described above, did not reveal lending practices or products that showed an undue concentration or a systematic pattern of lending, including a pattern of early payment defaults, resulting in the loss of affordable housing units. Overall delinquency rates were found to be on average comparable to industry averages.

SERVICE TEST

The Service Test evaluates a mortgage lender's record of helping to meet the mortgage credit needs in the Commonwealth by analyzing both the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products, the extent and innovativeness of its community development services, and loss mitigation services to modify loans or otherwise keep delinquent home loan borrowers in their homes. Community development services must benefit the Commonwealth or a broader regional area that includes the Commonwealth.

HomeBridge’s Service Test performance was determined to be “**Satisfactory**” at this time.

Community Development Services

A community development service is a service that:

- (a) has as its primary purpose community development; and
- (b) is related to the provision of financial services, including technical services

The Commissioner evaluates community development services pursuant to the following criteria:

- (a) the extent to which the mortgage lender provides community development services; and
- (b) the innovativeness and responsiveness of community development services.

HomeBridge’s employees and local loan officers are involved in numerous community development services in the Commonwealth. One of the Lender’s loan officers is an active member of the Realtor Association of Pioneer Valley Inc., where her activities include participating in educational classes for the public about various mortgage loan options and promoting opportunities for realtors to help their clients obtain affordable housing. Furthermore, this loan

officer also serves as Vice-Chair for the Town of Agawam Housing Committee, whose mission is the development and support of provisions that promote housing options for low- to moderate-income families and individuals.

In September 2020, HomeBridge's Chief Diversity & Inclusion Officer registered as a member of National Association of Minority Mortgage Bankers of America, a national trade association dedicated to the enrichment and betterment of women and minorities who work in the real estate finance industry. HomeBridge is also a member of the Mortgage Bankers Association (MBA), including its Diversity, Equity and Inclusion (DEI) Committee. In November 2020, the Lender's Chief Diversity & Inclusion Officer was a presenter at the MBA's DEI Coffee Talk Series.

In Massachusetts, HomeBridge employees participate in local organizations including the South Shore Board of Realtors Fair Housing Task Force, Worcester Board of Realtors, Women's Council of Realtors, and Habitat for Humanity. Furthermore, HomeBridge's local Regional Manager serves on two realtor association committees and has participated in educating realtors on various down payment assistance programs and other low- to moderate-income programs.

Qualified Investments

For the purposes of this CRA evaluation, a Qualified Investment is a lawful investment, deposit, membership share, or grant, the primary purpose of which is community development. The evaluation considered (1) the number of investments and grants, (2) the extent to which community development opportunities have been made available to the institution, and (3) the responsiveness of the institution's community development grants to the assessment area's needs.

During the examination period, HomeBridge did not engage in any qualified community development investments.

Management is encouraged to capture and properly document investments and donations promoting financial literacy education, homeownership counselling, and other initiatives targeted to low- and moderate-income consumers throughout the Commonwealth.

Mortgage Lending Services

The Commissioner evaluates the availability and effectiveness of a mortgage lender's systems for delivering mortgage lending services to low- and moderate-income geographies and individuals.

HomeBridge provides adequate delivery of mortgage lender services that are accessible to geographies and individuals of different income levels in the Commonwealth. Business development relies primarily on personal and professional referrals and repeat customers. Consumers can apply to HomeBridge for a mortgage loan over the telephone or via its website.

As described previously, lending practices and products do not show an undue concentration or a systematic pattern of lending resulting in mortgage loans that were not sustainable.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 255E, Section 8, and the Division's regulation 209 CMR 54.00, require all mortgage lenders to take the following actions within 30 business days of receipt of the CRA evaluation:

- 1) Make its most current CRA performance evaluation available to the public.
- 2) Provide a copy of its current evaluation to the public, upon request. In connection with this, the mortgage lender is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the mortgage lender's evaluation, as prepared by the Division of Banks, may not be altered or abridged in any manner. The mortgage lender is encouraged to include its response to the evaluation in its CRA public file.

The Division of Banks will publish the mortgage lender's Public Disclosure on its website no sooner than 30 days after the issuance of the Public Disclosure.