

# **PUBLIC DISCLOSURE**

April 22, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

HTM Credit Union  
Certificate Number: 67749

4 Summer Street,  
Haverhill, Massachusetts 01830

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 HTM Credit Union (Credit Union) prepared by the Massachusetts Division of Banks, the institution's supervisory agency as of April 22, 2024. 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. HTM Credit Union's performance under this test is summarized below:

- HTM Credit Union's average net loan-to-share ratio (51.0 percent) is reasonable 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 24, 2020, to the current evaluation dated April 22, 2024, using Small Institution CRA procedures. The most recent two calendar years of 2022 and 2023 were used in financial data findings. The evaluation references demographic and economic information from the 2020 US Census data. Financial data about the Credit Union was obtained from the **March 31, 2024**, Call Report issued to the NCUA.

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**

HTM Credit Union is a member owned, state-chartered institution that was initially formed in 1937 as the Haverhill Teachers Credit Union. In 2008, the institution merged into what is now known as, HTM Credit Union. A membership within this Credit Union is available to persons who are employees or former employees of any city or town in the Greater Haverhill area, including the school department; employees or former employees of the Central Northern Essex Division of the Trial Court of the Commonwealth; employees or former employees of any healthcare facility in the Greater Haverhill area; persons working

in any building owned or, in any building in which at least 50 percent of such building is leased by healthcare facilities; any member of any public library in the Greater Haverhill area; or employees of this Credit Union and the “immediate family” of a member of this Credit Union. The institution defines the ‘Greater Haverhill area’ as Massachusetts municipalities of Amesbury, Andover, Boxford, Georgetown, Groveland, Haverhill, Lawrence, Merrimac, Methuen, Newbury, Newburyport, North Andover, Rowley, Salisbury, West Newbury, and the New Hampshire municipalities of Atkinson, Kingston, Hampstead, Plaistow, Salem, Sandown, and Seabrook. As of April 22, 2024, the Credit Union’s current membership totals 1,794.

HTM Credit Union received a “Satisfactory” rating at its previous Division of Banks CRA Performance Evaluation dated January 23, 2020, based on the Interagency Small Institution CRA Examination Procedures and the Division’s CRA Regulation at 209 CMR 46.00.

**Operations**

The Credit Union is comprised of one branch which is located at 4 Summer Street in Haverhill, Massachusetts, inside Haverhill City Hall. Business hours are from 9:00 AM to 4:00 PM Monday, Tuesday, Thursday, and Friday. On Wednesdays, the business hours are from 9:00 AM to 12:00 PM.

The Credit Union’s activities primarily consist of providing traditional banking services, such as checking accounts, regular share savings accounts, CDs, credit cards, home equity lines of credit, new and used vehicle loans, secured and unsecured consumer loans, and Mass Save heat loans. The Credit Union does not originate home mortgages; however, it maintains a third-party referral relationship with Allanach Mortgage Group Corporation.

**Ability and Capacity**

As of March 31, 2024, the Credit Union had total assets of \$27.1 million, total shares of \$23.2 million, and total loans of \$13.3 million. Total loans represented approximately 49.3 percent of total assets.

The Credit Union is primarily a residential lender by dollar amount, but consumer lending represents a substantial majority of its lending by volume; approximately 89.7 percent of loans by number are consumer loans. Because consumer lending constitutes a substantial majority of the Credit Union’s business, examiners, pursuant to 209 CMR 46.22(1)(a), sampled motor vehicle, personal unsecured, and consolidation loans, in evaluating the Distribution of Credit Among Different Income Levels criterion. The following table provides additional details regarding the credit union’s loan portfolio.

<b>Loan Portfolio Distribution as of 3/31/2024</b>		
<b>Loan Category</b>	<b>\$</b>	<b>%</b>
Unsecured Credit Card Loans	572,582	4.3
All Other Unsecured Loans/Lines of Credit	649,210	4.9
New Vehicle Loans	2,241,239	16.8
Used Vehicle Loans	1,880,256	14.1
Secured Non-Real Estate Loans/Lines of Credit	116,348	0.9
Total Loans/Lines of Credit Secured by 1st Lien 1-4 Family Residential Properties	5,100,242	38.2
Total Loans/Lines of Credit Secured by Junior Lien 1-4 Family Residential Properties	2,789,065	20.9
<b>Total Loans</b>	<b>13,348,942</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

**DESCRIPTION OF ASSESSMENT AREA**

Pursuant to 209 CMR 46.41(8), HTM Credit Union delineates its membership as its assessment area. According to CRA regulations, an institution shall delineate one or more assessment areas within which the institution will meet the credit needs and by which the Division will evaluate the institution’s CRA performance. Credit Unions whose membership by-laws provisions are not based upon geography are permitted to designate its membership as its assessment area. Therefore, since the Credit Union has defined its membership as its assessment area, as opposed to a geographic area, an evaluation of credit extended within defined geographic areas was not conducted. This evaluation was based upon an analysis of the Credit Union’s loan-to-share ratio; its performance in providing loans to individuals of various incomes, including low- to moderate-income members; its response to CRA complaints; and fair lending performance.

Examiners used the 2022 and 2023 FFIEC estimated median family income levels to analyze consumer loans under the Distribution of Credit Among Different Income Levels criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for the Cambridge-Newton-Framingham, Massachusetts MD, within which the Credit Union is located.

<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>Cambridge-Newton-Framingham, MA Median Family Income (15764)</b>				
2022 (\$138,700)	<\$69,350	\$69,350 to <\$110,960	\$110,960 to <\$166,440	≥\$166,440
2023 (\$146,200)	<\$73,100	\$73,100 to <\$116,960	\$116,960 to <\$175,440	≥\$175,440
<i>Source: FFIEC</i>				

**CONCLUSIONS ON PERFORMANCE CRITERIA**

**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 NCUA 5300 Quarterly Call Report data, averaged 51.0 percent over the past eight quarters from June 30, 2022, through March 31, 2024. The ratio ranged from a low of 44.0 percent as of June 30, 2022, to a high of 58.8 percent as of December 31, 2023, maintaining a relatively consistent increase over the evaluation period. Over the past eight quarters, total loans have increased by 25.6 percent, assets increased by 3.2 percent, and shares increased by 3.0 percent.

**Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. Examiners focused on activity among low- and moderate-income borrowers using a sample of consumer loans for each of 2022 and 2023.

A majority of the Credit Union’s loans within the sample were originated to low- and moderate-income borrowers. In both years, the institution originated 30.0 percent of consumer loans to low-income borrowers. In 2022, the Credit Union originated 40.0 percent to moderate-income borrowers, while in

2023 the institution originated 50.0 percent. Refer to the table below for the distribution of consumer loans by borrower income.

<b>Distribution of Consumer Loans by Borrower Income Level</b>				
<b>Borrower Income Level</b>	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
Low				
2022	3	30.0	21,770	9.5
2023	3	30.0	42,025	31.3
Moderate				
2022	4	40.0	95,248	41.7
2023	5	50.0	75,374	56.1
Middle				
2022	2	20.0	60,902	26.6
2023	0	0.0	0	0.0
Upper				
2022	1	10.0	50,681	22.2
2023	2	20.0	17,000	12.6
Not Available				
2022	0	0.0	0	0.0
2023	0	0.0	0	0.0
<b>Totals</b>				
2022	<b>10</b>	<b>100.0</b>	<b>\$228,602</b>	<b>100.0</b>
2023	<b>10</b>	<b>100.0</b>	<b>\$134,399</b>	<b>100.0</b>

*Source: 1/1/2022 – 12/31/2023 Credit Union Data*

### **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 (4 Summer Street Haverhill, Massachusetts 01830)."

[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.