

PUBLIC DISCLOSURE

January 23, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**HTM CREDIT UNION
Certificate Number: 67749**

**4 SUMMER STREET
HAVERHILL, MA 01830**

Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118

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.

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of HTM Credit Union (Credit Union) prepared by the Division of Banks, the institution's supervisory agency, as of January 23, 2020. The Division of Banks rates the CRA performance of the Credit Union 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 members, including low- and moderate-income individuals, in a manner consistent with its resources and capabilities.

The following items summarize the Credit Union's performance.

- The average loan-to-share (LTS) ratio of 56.9 percent is reasonable given the credit union's size, financial condition, and credit needs of its members.
- The distribution of consumer loans to borrowers of different income levels is reasonable.
- The institution did not receive any CRA-related complaints during the evaluation period.

The Credit Union was last examined for compliance with CRA on February 4, 2014. The examination resulted in a CRA rating of "Satisfactory."

DESCRIPTION OF INSTITUTION

Background

HTM Credit Union was chartered by the Commonwealth of Massachusetts in 1937 as the Haverhill Teachers Credit Union. Today, membership is available to persons who are employees or former employees of the City of Haverhill, including the school department, and employees or former employees of the Central Northern Essex Division of the Trial Court of the Commonwealth; persons working in any building owned or, in any building in which at least 50 percent of such building is leased by healthcare facilities; employees and former employees of cities and towns in the Greater Haverhill area; employees and former employees of healthcare facilities; employees of the Credit Union and the immediate family of Credit Union members; and "friends" of the Haverhill Public Library. The Credit Union's current membership totals 2,365.

Operations

The Credit Union 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 through Friday, except for the months of July and August, when the Credit Union closes at noon on Wednesdays.

The Credit Union's activities primarily consist of providing traditional banking services. It offers the following products and services to its members: Free checking accounts, regular share savings accounts, CDs, credit cards, home mortgages, home equity lines of credit, new and used vehicle loans, secured and unsecured consumer loans, and Mass Save heat loans.

Ability and Capacity

As of September 30, 2019, the Credit Union had total assets of \$20 million, total shares of \$16.5 million, and total loans of \$9.8 million. Total loans represented approximately 50.9 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 92.1 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, other secured, and other unsecured consumer loans in evaluating the Distribution of Credit Among Different Income Levels criterion. The following table depicts total loans by dollar amount and the percentage of total loans that dollar amount represents.

Loan Distribution as of September 30, 2019		
Loan Type	Dollar Amount (\$)	Percentage of Total Loans
Unsecured Credit Card Loans	637,332	6.3
All Other Unsecured Loans/Lines of Credit	723,194	7.1
New Vehicle Loans	979,827	9.6
Used Vehicle Loans	1,920,907	18.9
All Other Secured Non-Real Estate Loans/Lines of Credit	158,450	1.6
Loans/Lines of Credit Secured by a First Lien on a single 1- to 4- Family Residential Property	4,729,060	46.5
Loans/Lines of Credit Secured by a Junior Lien on a single 1- to 4- Family Residential Property	1,013,763	10.0
Total Loans	10,162,533	100.0

Source: 5300 Report, Statement of Financial Condition as of September 30, 2019

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 2018 and 2019 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 geographic area of the Credit Union’s field of membership is located.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2018 (\$104,800)	<\$52,400	\$52,400 to <\$83,840	\$83,840 to <\$125,760	≥\$125,760
2019 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
<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. The ratio is based on total loans as a percentage of total shares, net of any allowance for loans and lease losses. 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 LTS ratio, as calculated from NCUA 5300 Quarterly Call Report data, averaged 56.9 percent over the past eight quarters from December 31, 2017 through September 30, 2019.

The ratio ranged from a high of 61.3 percent as of September 30, 2019, to a low of 52.1 percent as of March 31, 2018, remaining relatively consistent during the evaluation period. Over the past eight quarters, total loans have increased by 8.7 percent, assets increased by 0.3 percent, and shares decreased by 1.0 percent.

Distribution of Credit Among Different Income Levels

The distribution of loans to borrowers of different income levels is reasonable.

Consumer Loans

A sample of the Credit Union’s consumer loans was analyzed for 2018 and 2019.

In 2018, the Credit Union originated no sampled loans to low-income borrowers, and nine sampled loans to moderate-income borrowers. In 2019, the Credit Union originated four sampled loans to low-income borrowers and four to moderate-income borrowers. Examiners placed more weight on the number of loans originated rather than dollar volume, as these figures correlate more closely to the number of individuals served. Further, examiners took into account that consumer loans are often underwritten using the income of a single individual, whereas loans secured by real estate tend to rely on the incomes of two or more borrowers.

Refer to the table below for the distribution of consumer loans by borrower income.

Distribution of Consumer Loans by Borrower Income Level				
Borrower Income Level	#	%	\$	%
Low				
2018	0	0.0	0	0.0
2019	4	40.0	60,614	37.5
Moderate				
2018	9	90.0	140,889	74.6
2019	4	40.0	79,445	49.2
Middle				
2018	0	0.0	0	0.0
2019	1	10.0	15,000	9.3
Upper				
2018	1	10.0	48,000	25.4
2019	1	10.0	6,500	4.0
Total				
2018	10	100.0	188,889	100.0
2019	10	100.0	161,560	100.0
<i>Source: Credit Union Records</i>				

Response to Complaints

The Credit Union did not receive any CRA-related complaints during the evaluation period.

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 public comment file and its performance relative to fair lending policies and practices, no violations of the 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 4 Summer Street, 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.