

PUBLIC DISCLOSURE

December 20, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Jeanne D'Arc Credit Union
Charter Number: 67352

1 Tremont Place
Lowell, MA 01854

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.

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INSTITUTION RATING

INSTITUTION’S CRA RATING: This institution is rated **Outstanding**.

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.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory		X	
Satisfactory**			
Needs to Improve			
Substantial Noncompliance			
<i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating</i>			

The Lending Test is rated Outstanding.

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- A high percentage of loans were made in the institution’s assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects excellent penetration among members of different income levels.
- The credit union makes extensive use of innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The credit union originated a relatively high level of community development loans during the evaluation period.
- The credit union has an adequate record relative to its fair lending policies and procedures.
- The credit union’s lending reflects a good record of preventing the loss of affordable housing.

The Investment Test is rated High Satisfactory.

- The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits excellent responsiveness to credit and community economic development needs.
- The institution makes excellent use of innovative and/or complex investments to support community development initiatives.

The Service Test is rated Outstanding.

- Delivery systems are accessible to essentially all portions of the institution's assessment area.
- To the extent changes have been made, the institution's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals.
- The bank provides an excellent level of community development services.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated November 13, 2018, to the current evaluation dated December 20, 2021. Examiners used Large Institution Examination Procedures to evaluate the credit union's CRA performance. These procedures include three performance tests: the Lending Test, Investment Test, and Service Test.

The assessment area consists mostly of towns in Essex, Middlesex, and Rockingham (NH) Counties, which are part of the Boston-Cambridge-Newton Metropolitan Statistical Area (MSA), and Hillsborough County, which is part of the Manchester-Nashua NH MSA. The Boston-Cambridge-Newton MA-NH MSA and the Manchester-Nashua NH MSA are part of the Boston-Worcester-Providence, MA-RI-NH-CT Combined Statistical Area (CSA). Examiners used the 2015 ACS updated data for metropolitan area boundaries, census tracts and their income levels, and demographic information.

The Lending Test considered the institution's performance according to the following criteria.

- Lending activity
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Innovative and/or flexible lending practices
- Community development loans
- Fair Lending program
- Loss of Affordable Housing

The Investment Test considered the following criteria.

- Number and dollar amount of qualified investments
- Responsiveness to credit and community development needs
- Innovativeness or complexity of qualified investments

The Service Test considered the following criteria.

- Accessibility of delivery systems
- Changes in branch locations
- Reasonableness of business hours and services
- Community development services

Loan Products Reviewed

Jeanne D'Arc Credit Union's (JDCU) major product lines are home mortgage loans and consumer loans, considering the credit union's business strategy and the number and dollar volume of loans originated during the evaluation period.

The credit union's record of originating home mortgage loans contributed more weight to overall conclusions based on origination activity during the evaluation period. This evaluation considered all home mortgage loans reported on the credit union's 2019 and 2020 HMDA loan application registers. JDCU originated 1,352 HMDA-reportable loans totaling \$319.2 million in 2019 and 1,713 HMDA-reportable loans totaling \$476.5 million in 2020. Examiners compared credit union lending in 2019 and 2020 to aggregate HMDA data for the relevant year. Examiners also compared credit union lending to applicable demographic data.

Examiners reviewed consumer loan data from credit union records for loans originated in 2019 and 2020 to draw conclusions about consumer lending performance. JDCU originated 6,260 consumer loans totaling \$55.8 million in 2019, and the credit union originated 5,763 consumer loans totaling \$83.3 million in 2020.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and consumer loans. While the tables throughout this evaluation include both the number and dollar volume of loans, examiners emphasized credit union performance by number of loans, as the number of loans better indicates the number of individuals served.

For the Community Development Test, examiners drew conclusions based on data provided by credit union management on community development loans, qualified investments, and community development services since the prior CRA evaluation dated November 13, 2018.

DESCRIPTION OF INSTITUTION

Background

JDCU is a community credit union originally chartered in the Commonwealth of Massachusetts in 1911. JDCU is a community credit union headquartered in the City of Lowell, Massachusetts with two affiliated Credit Union Service Organizations (CUSO), Callahan Credit Union Financial Services, LP and Octant Business Services LLC. Callahan Credit Union Financial Services, LP is a group of credit union executives that develop collaborative solutions to enhance the value and impact of credit unions and the communities they serve. Octant Business Services LLC is a jointly owned CUSO that provides business-lending support in the form of loan underwriting, servicing, and portfolio administration. In 2011, JDCU established “We Share a Common Thread” with is a 501(c)(3) charitable organization that works with local philanthropic organizations that provide access to food, shelter, clothing, healthcare, and education. JDCU is a “low income” designated credit union by the NCUA and Division of Banks with 94,131 members as of September 30, 2021.

JDCU received an “Outstanding” rating from the Massachusetts Division of Banks during its prior evaluation using the FFIEC Intermediate-Small Institution Examination Procedures.

Operations

JDCU operates from its corporate headquarters located at 1 Tremont Place in Lowell, MA, which maintains administrative offices and executive offices. The credit union operates eight full-service branches in the towns of Chelmsford, Dracut (2), Lowell, Methuen, Tyngsboro, Westford and Nashua, NH. The credit union also operates three branches located in local high schools in the towns of Dracut, Lowell and Nashua, NH. The high school branches are open during school hours and offer checking and savings accounts and walkup ATM machines.

The credit union’s eight full-service conventional branches maintain similar hours at most of their locations, open 8:30 or 9:00 am to 4:00 pm Monday through Wednesday, with extended hours on Thursday and Friday until 6:00 pm, and Saturday hours until 1:00 pm. The credit union’s Lowell Branch offers earlier hours, opening at 8:00 am Monday through Saturday. All the credit union’s full-service locations offer either a 24-hour walk-up or 24-hour drive-up ATM. The high school branches are open during school hours, offer checking, savings accounts, and walkup ATM machines.

The credit union offers a variety of consumer products to its members. Products offered include checking accounts, savings accounts, certificates of deposit, money market savings accounts, and individual retirement accounts. Consumer lending products include residential mortgages, home equity loans and lines of credit, new and used auto loans, motorcycle, boat and RV loans, personal loans, Mass Save HEAT loans, student loans and credit cards. For business customers, the credit union offers business checking accounts, savings accounts, Simplified Employee Pension IRAs. For business lending, the credit union offers term loans, lines of credit, Small Business Administration Loans, Commercial Real Estate Mortgages, vehicle loans, and business credit cards.

Other services that the credit union offers include online banking, mobile banking, fraud& theft protection, and insurance services. The credit union also offers member perks which include travel

discounts, identity theft protection, local restaurant and merchant deals, dining and entertainment discounts, and cash back rewards.

Ability and Capacity

As of September 30, 2021, the credit union's assets totaled \$1.7 billion, and shares and deposits totaled approximately \$1.6 billion. The credit union's loan portfolio consisted of approximately \$1.2 billion in total loans. During the evaluation period, total assets increased by 20.6 percent, shares and deposits increased by 24.8 percent and total loans decreased by 2.2 percent.

The credit union is primarily a residential mortgage lender by dollar volume. Loans secured by first liens and junior liens on residential properties account for 70.1 percent of total loans. The following table illustrates the distribution of the credit union's loan portfolio.

Loan Portfolio Distribution as of 9/30/2021		
Loan Category	\$(000)	%
Total 1 st Mortgage Loans/Lines of Credit	774,617	65.5
Total Other Real Estate Loans/Lines of Credit	54,147	4.6
Residential Loans	828,764	70.1
Commercial Loans/Lines of Credit Real Estate Secured	165,840	14.0
Commercial Loans/Lines of Credit (Not RE)	1,084	0.1
Total Commercial	166,924	14.1
Unsecured Credit Cards	25,514	2.2
Student Loans	15,841	1.3
Unsecured Loans/Lines of Credit	18,451	1.6
Secured Loans/ Lines of Credit	1,404	0.1
New Vehicle Loans	40,518	3.4
Used Vehicle Loans	84,522	7.2
Total Consumer	186,250	15.8
Total Loans	1,181,938	100.00
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the credit union's ability to meet assessment area credit needs.

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. JDCU has designated a single assessment area encompassing 43 cities and towns within Essex and Middlesex counties in Massachusetts, and Hillsborough and Rockingham counties in New Hampshire. The following table is a list of cities and towns the credit union has designated within its assessment area.

Assessment Area					
Massachusetts					
Essex County					
Andover	Haverhill	Lawrence	Methuen	Middleton	North Andover
Middlesex County					
Acton	Ayer	Bedford	Billerica	Burlington	Carlisle
Chelmsford	Concord	Dracut	Dunstable	Groton	Hanscom AFB
Littleton	Lowell	North Chelmsford	North Reading	Pepperell	Reading
Tewksbury	Townsend	Tyngsboro	Westford	Wilmington	
New Hampshire					
Hillsborough County					
Amherst	Brookline	Hollis	Hudson	Litchfield	Merrimack
Milford	Nashua	Pelham			
Rockingham County					
Atkinson	Derry	Plaistow	Salem	Windham	

Economic and Demographic Data

The assessment area includes 203 census tracts. These tracts reflect the following income designations according to the 2015 ACS U.S. Census:

- 38 low-income tracts,
- 27 moderate-income tracts,
- 78 middle-income tracts, and
- 60 upper income tracts
- 0 N/A

The low- and moderate-income census tracts are primarily located near Lowell, Lawrence, Haverhill and Nashua, NH. There are no underserved or distressed nonmetropolitan middle-income geographies or designated disaster areas within the credit union’s assessment area. However, there are several opportunity zones. Opportunity Zones are areas of economic need approved by the U.S. Department of Treasury. Within the credit union’s assessment area, there are 16 census tracts in designated opportunity zones located in Haverhill (2), Lawrence (4), Lowell (5), Methuen (2), Derry, NH (1) and Nashua, NH (2).

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	203	18.7	13.3	38.4	29.6	0.0
Population by Geography	1,042,266	15.0	13.3	39.0	32.7	0.0
Housing Units by Geography	398,939	14.9	14.3	39.3	31.5	0.0
Owner-Occupied Units by Geography	260,726	4.9	11.4	44.1	39.6	0.0
Occupied Rental Units by Geography	118,165	35.6	20.4	29.7	14.3	0.0
Vacant Units by Geography	20,048	22.3	17.7	33.7	26.3	0.0
Businesses by Geography	89,132	11.9	10.5	39.1	38.5	0.0
Farms by Geography	1,996	4.3	6.6	42.7	46.4	0.0
Family Distribution by Income Level	268,941	22.7	16.7	20.9	39.7	0.0
Household Distribution by Income Level	378,891	25.2	15.0	16.9	42.9	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA	\$100,380	Median Housing Value				\$317,105
Median Family Income MSA - 31700 Manchester-Nashua, NH MSA	\$85,966	Median Gross Rent				\$1,124
Median Family Income MSA - 40484 Rockingham County-Strafford County, NH	\$90,150	Families Below Poverty Level				6.7%
<i>Source: 2015 ACS and 2020 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Federal Financial Institutions Examination Council (FFIEC) updated median family income level is used to analyze home mortgage and consumer 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 Median Family Income (15764)				
2019 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
2020 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
Manchester-Nashua, NH MSA Median Family Income (31700)				
2019 (\$98,100)	<\$49,050	\$49,050 to <\$78,480	\$78,480 to <\$117,720	≥\$117,720
2020 (\$98,100)	<\$49,050	\$49,050 to <\$78,480	\$78,480 to <\$117,720	≥\$117,720
Rockingham County-Strafford County, NH Median Family Income (40484)				
2019 (\$103,200)	<\$51,600	\$51,600 to <\$82,560	\$82,560 to <\$123,840	≥\$123,840
2020 (\$103,200)	<\$51,600	\$51,600 to <\$82,560	\$82,560 to <\$123,840	≥\$123,840
<i>Source: FFIEC</i>				

The Geographic Distribution criterion compares home mortgage lending performance to the distribution of owner-occupied housing units. Within the credit union's assessment area, 65.4 percent of the 398,939 housing units are owner-occupied. Of these, 83.7 percent of owner-occupied units are located in middle- and upper-income census tracts, while only 16.3 percent are located in low- or moderate-income census tracts.

In addition, approximately 39.4 percent of families living in the assessment area are designated as low- or moderate-income. These percentages further demonstrate the need for affordable housing in the credit union's assessment area.

Competition

According to 2020 peer mortgage data, the assessment area overall for home mortgage loans is also very competitive with 506 home mortgage lenders originating 61,019 home mortgage loans. Large national banks, non-depository lenders and a state-chartered community bank comprised the top fifteen lenders representing 45.0 percent market share. JDCU ranked 13th out of 506 home mortgage lenders in the assessment area with 2.1 percent market share. Some of the top lenders in the assessment area are Quicken Loans, LLC, Residential Mortgage Services Inc., Citizens Bank N.A., Cross Country Mortgage, LLC, and Guaranteed Rate, Inc.

Community Contact

As part of the evaluation process, examiners contact third parties that are active in the assessment area to assist in the identifying of credit and community development needs. This information assists examiners in determining whether local financial institutions are responsive to the needs of the assessment area. It also identifies available credit and community development opportunities.

Examiners contacted a representative of a community service organization in the credit union's assessment area. The contact identified the need for educational opportunities within its service area. The contact discussed the need for financial institutions to provide financial education opportunities for individuals that discuss the basics of finances up to and including how to continue to grow assets. The contact also discussed the digital divide that was experienced during the pandemic. The need for additional classes for those who may not be internet savvy, in a world that has moved online due to the pandemic.

In addition, the contact also discussed the continued need for affordable housing, credit counseling, lack of employment and food insecurity as concerns for the area.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, credit union management, and demographic and economic data, examiners determined that education and affordable housing represent the primary community development needs in the assessment area. The lack of financial literacy, credit counseling, job, and computer training for low- and moderate-income individuals supports this need. Affordable housing is also a major concern in the credit union's assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

JDCU demonstrated Outstanding performance under the Lending Test. The credit union’s Lending Test performance in each rated area is consistent with the overall Lending Test rating and conclusions. The following sections summarize the credit union’s overall performance under each criterion.

Lending Activity

Lending levels reflect excellent responsiveness to the assessment area credit needs. In 2019, JDCU originated or purchased 1,059 home mortgage loans totaling \$218.9 million. This activity represented a market share of 2.2 percent, ranking 11th out of 516 lenders operating in the assessment area. Lending activity in 2020 increased significantly to at 1,269 home mortgage loans totaling \$318.7 million. The entire mortgage market exhibited a lending activity increase in 2020, which explains the credit union’s lower market share of 1.8 percent and rank of 16th out of 527 lenders. The credit union ranks second among state-chartered deposit institutions in terms of residential lending activity.

JDCU originated 5,599 consumer loans totaling \$44.8 million in the assessment area in 2019. In 2020, the number of small business loans decreased to 4,646 loans totaling \$58.2 million.

Assessment Area Concentration

The credit union made a high percentage of home mortgage and consumer loans, by number and dollar volume, within its assessment area. The following table illustrates the credit union’s lending inside and outside of the assessment area.

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										
2019	1,059	78.3	293	21.7	1,352	218,907	69.0	98,403	31.0	317,309
2020	1,269	74.1	444	25.9	1,713	318,696	67.2	155,585	32.8	474,281
Subtotal	2,328	76.0	737	24.0	3,065	537,603	67.9	253,987	32.1	791,590
Consumer										
2019	5,599	89.4	661	10.6	6,260	44,826	80.3	10,994	19.7	55,820
2020	4,646	80.6	1,117	19.4	5,763	58,241	70.0	25,017	30.0	83,258
Subtotal	10,245	85.2	1,778	14.8	12,023	103,067	74.1	36,011	25.9	139,078
Total	12,573	83.3	2,515	16.7	15,088	640,670	68.8	289,998	31.2	930,668
<i>Source: Credit Union Data</i>										

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area, particularly to low-or moderate-income geographies in the assessment area. The credit union's performance in both home mortgage and consumer lending supports this conclusion. Examiners focused on the number and percentage of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of loans reflects excellent dispersion throughout the assessment area, particularly to low-or moderate-income geographies in the assessment area. In 2019, lending in low-income census tracts was above the percentage of owner occupied units in the area, but below aggregate performance. In moderate-income tracts, the credit union's performance significantly exceeded aggregate performance and the percentage of owner-occupied units.

The credit union's 2020 performance improved compared to aggregate lending. While, the credit union's lending by percentage in low-income tracts decreased even with a slight increase by number, the overall percentage exceeded aggregate lending and the percentage of owner-occupied units. In moderate-income tracts, the credit union's performance continued to exceed the demographic and the aggregate performance.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	4.9	7.1	70	6.6	15,250	7.0
2020	4.9	5.5	75	5.9	23,137	7.3
Moderate						
2019	11.4	11.3	236	22.3	36,108	16.5
2020	11.4	10.3	247	19.5	49,668	15.6
Middle						
2019	44.1	43.5	497	46.9	102,034	46.6
2020	44.1	42.5	587	46.3	136,785	42.9
Upper						
2019	39.6	38.1	256	24.2	65,515	29.9
2020	39.6	41.7	360	28.4	109,106	34.2
Totals						
2019	100.0	100.0	1,059	100.0	218,907	100.0
2020	100.0	100.0	1,269	100.0	318,696	100.0

Source: 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "--" data not available.

The credit union's market share performance further supports excellent performance. The credit union ranked 6th out of 318 lenders operating in low- or moderate-income census tracts in the

assessment area, with a market share of 2.9 percent in 2020. This performance in low and moderate-income tracts exceeds the credit union’s overall market share and rank of 16th in the assessment area, reflecting a focus on neighborhoods that present investment needs.

Consumer Loans

The geographic distribution of consumer loans reflects excellent dispersion throughout the assessment area. In 2019, the credit union’s performance exceeded the percentage of households in low- and moderate-income tracts. In 2020, the number of loans in low-income census tracts decreased but remained above the demographic comparator. The credit union’s lending remained significantly above the percentage of households in moderate-income tracts in 2020.

Geographic Distribution of Consumer Loans					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2019	14.5	1,669	29.8	7,602	17.0
2020	14.5	1,023	22.0	6,473	11.1
Moderate					
2019	14.2	1,497	26.7	10,888	24.3
2020	14.2	1,131	24.3	11,632	20.0
Middle					
2019	39.6	1,793	32.0	18,749	41.8
2020	39.6	1,778	38.3	27,281	46.8
Upper					
2019	31.7	640	11.4	7,587	16.9
2020	31.7	714	15.4	12,855	22.1
Totals					
2019	100.0	5,599	100.0	44,826	100.0
2020	100.0	4,646	100.0	58,241	100.0

Source: 2015 ACS; Credit Union Data.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among retail customers of different income levels. This is supported by the credit union’s good performance of lending to low- and moderate-income borrowers in home mortgage lending and excellent performance of consumer lending to low- and moderate-income borrowers.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, reflects good penetration. The credit union’s 2019 lending to low-

and moderate- income borrowers exceeded aggregate performance. In 2020, the credit union’s lending to low-and moderate-income levels decreased by percentage. While performance continued to exceed aggregate data, the credit union’s performance was closer to the aggregate compared to 2019 activity.

In both 2019 and 2020, the aggregate performance of all lenders, including JDCU, was significantly below the percentage of families categorized as low-income or an annual income of less than \$57,750. Whereas the average loan amount originated for a 1 to 4- family residential purchase in the assessment area was approximately \$365,000. This data, coupled with around 6.7 percent of families in the assessment area falling below the poverty line, suggests a large percentage of low-income families would not meet the standards of qualification to afford to repay the average loan amount.

The credit union’s market share performance further supports good performance. The credit union ranked 12th out of 366 lenders originating loans to low- or moderate-income borrowers in the assessment area, with a market share of 2.1 percent in 2020. This performance among low and moderate-income borrowers exceeds the credit union’s overall market share and rank of 16th in the assessment area, reflecting relative focus on individuals that may exhibit particular need for access to credit.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	22.7	7.3	104	9.8	13,676	6.2
2020	22.7	6.7	97	7.6	14,148	4.4
Moderate						
2019	16.7	21.5	271	25.6	46,361	21.2
2020	16.7	20.3	280	22.1	57,294	18.0
Middle						
2019	20.9	24.1	292	27.6	61,561	28.1
2020	20.9	24.4	355	28.0	85,577	26.9
Upper						
2019	39.7	33.7	358	33.8	88,094	40.2
2020	39.7	36.0	484	38.1	140,659	44.1
Not Available						
2019	0.0	13.3	34	3.2	9,214	4.2
2020	0.0	12.6	53	4.2	21,018	6.6
Totals						
2019	100.0	100.0	1,059	100.0	218,907	100.0
2020	100.0	100.0	1,269	100.0	318,696	100.0

Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available.

Consumer Loans

The distribution of consumer loans reflects excellent penetration to consumers, particularly those within low- and moderate-income households. The credit union originated 83.8 percent of its consumer loans among individuals delineated as low- or moderate-income. This performance exceeded the 40.2 percent of households in the assessment area delineated within these same income guidelines. The excellent performance continued in 2020, as the credit union originated 75.7 percent of its consumer loans to low- or moderate-income households.

Distribution of Consumer Loans by Borrower Income Level					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2019	25.2	3,633	64.9	17,474	39.0
2020	25.2	2,484	53.5	17,659	30.3
Moderate					
2019	15.0	1,060	18.9	12,014	26.8
2020	15.0	1,030	22.2	16,171	27.8
Middle					
2019	16.9	540	9.6	8,663	19.3
2020	16.9	613	13.2	12,107	20.8
Upper					
2019	42.9	353	6.3	6,543	14.6
2020	42.9	513	11.0	12,296	21.1
Not Available					
2019	0.0	13	0.2	132	0.3
2020	0.0	6	0.1	8	0.0
Totals					
2019	100.0	5,599	100.0	44,826	100.0
2020	100.0	4,646	100.0	58,241	100.0

Source: 2015 ACS; Bank Data.

Innovative or Flexible Lending Practices

The credit union makes extensive use of innovative and/or flexible lending practices. The credit union originated 2,703 innovative and/or flexible loans, totaling approximately \$60.1 million to individuals and businesses during the evaluation period. The credit union's HomeReady program and MoneyStrong program comprise the largest portions for residential and consumer lending activity, respectively. The credit union also participated in Small Business Administration (SBA) lending, to aid small businesses during the COVID-19 pandemic.

Home Mortgage Loan Programs

- **Massachusetts Housing Finance Agency (MassHousing) Loan Products:** Loan programs through MassHousing include features such as low down payments, competitive interest rates, down payment assistance, and reduced mortgage insurance premiums. MassHousing's products primarily benefit low- and moderate-income borrowers. The credit union has 18 MassHousing loans for \$5.0 million during the evaluation period.
- **Fannie Mae HomeReady Mortgage** – The Fannie Mae HomeReady program is designed to help lenders serve low-income borrowers. Features include a low down payment requirement, qualifications for borrowers with credit scores as low as 620, and no geographic restriction on loan amounts. The product also requires homeownership education for first-time homebuyers, to ensure adequate preparation for the responsibility. The credit union originated 133 HomeReady Loans for \$34.5 million during the evaluation period.
- **Downpayment Assistance Programs** – In some cases, low-income borrowers need grants or additional financing to obtain a home. The credit union works with several programs and organizations to help first-time borrowers apply for and obtain additional funds to complete the transaction. Organizations include Masshousing, The City of Lawrence, CommunityWorks, and Merrimack Valley Housing. The credit union aided borrowers in 14 instances of down payment assistance totaling \$136,515.

Consumer Loan Programs

- **Moneystrong Credit Building** – The credit union has designed a program to aid members in pursuit of financial independence. The products within the Moneystrong program is intended to help borrowers with no credit score or even a lower credit score build a healthy credit history. Products include personal installment loans and revolving credit cards, and benefits low- and moderate-income borrowers. The credit union originated 1,277 credit cards for \$340,950. The credit union also originated 231 installment loans for \$1.1 million during the evaluation period.
- **MassSave HEAT Loans**– This program is available for borrowers to upgrade their home energy systems to improve efficiency. A no interest loan, tis credit product aids a number of low- and moderate-income families with essential credit. The credit union originated 781 MassSave loans for \$9.5 million.

Commercial Loan Programs

- **Small Business Administration Paycheck Protection Program** – The SBA works with lenders to provide loans to small businesses by providing guarantees to reduce risk. SBA loans offer benefits such as flexible underwriting criteria, lower down payment requirements, longer terms, and promote business growth and job creation. The credit union originated 249 PPP loans for \$9.5 million.

Community Development Loans

JDCU provides a relatively high level of community development loans in the assessment area. The credit union originated 75 community development loans totaling \$14.9 million that met the needs of affordable housing, economic development, and revitalization and stabilization. The credit union provided credit to several multifamily opportunities in the area that supported affordable housing and market-rate housing in low and moderate-income federally designated opportunity zones. The following table illustrates the credit union's community development lending activity.

Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize and Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
11/13/18-12/31/18	0	0	0	0	0	0	0	0	0	0
2019	1	525	0	0	2	595	0	0	3	1,020
2020	3	1,615	0	0	0	0	32	1,361	35	2,976
YTD 2021	4	1,710	0	0	4	445	35	8,641	43	10,796
Total	8	3,850	0	0	6	1,040	67	10,003	75	14,892

Source: Credit union Data

Below are notable examples of the credit union's community development loans.

- In 2019, the credit union originated an SBA 504 community development loan whose proceeds will be used to purchase a commercial property in Chelmsford, MA. The SBA504 will create jobs and the credit union extends total credit of \$595,000 as part of the deal. This loan qualifies as economic development by financing a small business.
- In 2020, the credit union originated a \$1.1 million loan to purchase a 17-unit mixed-purpose property in Lawrence MA. The residential units in the property are affordable for low- to moderate-income residents. This loan qualifies for community development as supporting affordable housing.
- In 2021, the credit union provided two loans totaling \$337,000 to purchase commercial space for a computer service and repair company in Lawrence MA. These loans are part of an SBA 504 program and to assist the business in creating jobs. This loan supports economic development by financing a small business.
- In 2021, the credit union renewed a \$250,000 loan to help finance the Lawrence Venture Fund. The aim of the fund is to assist small businesses and help revitalize the downtown Lawrence area. This loan supports revitalization and stabilization of the assessment area.
- The credit union originated a \$2.2 million loan in 2021. The funds supported the improvement of a 28-unit mixed used property in Lowell. The property is located in a federally designated opportunity zone, and the improvements will help retain residents and businesses in the area. This loan qualifies for community development as it supports revitalization and stabilization.

- The credit union originated 60 loans for approximately \$2.8 million through the PPP program. These specific loans were originated in low- or moderate-income areas, and as such qualify as revitalization and stabilization community development lending due to COVID-19 response.

Fair Lending Policies and Procedures

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the credit union's public comment file indicated the credit union received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted. The credit union's performance with regard to its fair lending program is deemed adequate.

Minority Application Flow

The credit union's HMDA LARs for 2019 and 2020 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.

According to the 2015 ACS Census Data, the credit union's assessment area contained a total population of 1,042,266 individuals of which 23.9 percent are minorities. The minority population represented is 12.7 percent Hispanic or Latino, 7.1 percent Asian, 2.1 percent Black/African American, 0.1 percent American Indian, and 1.9 percent other.

The credit union's level of applications was compared with that of the 2019 and 2020 aggregate performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the credit union received from minority home mortgage loan applicants. Refer to the table below for information on the credit union's minority application flow as well as the aggregate lenders in the credit union's assessment area.

MINORITY APPLICATION FLOW						
RACE	Credit Union 2019 HMDA		2019 Aggregate Data	Credit Union 2020 HMDA		2020 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	2	0.1	0.2	1	0.1	0.2
Asian	101	7.5	6.7	109	6.9	7.8
Black/ African American	26	1.9	2.3	22	1.4	2.1
Hawaiian/Pacific Islander	1	0.1	0.1	2	0.1	0.1
2 or more Minority	2	0.1	0.1	2	0.1	0.1
Joint Race (White/Minority)	24	1.8	1.4	30	2.0	1.4
Total Racial Minority	156	11.5	10.8	166	10.6	11.7
White	1,034	76.5	67.4	1,239	78.8	65.9
Race Not Available	160	11.6	21.8	167	10.6	22.4
Total	1,350	100.0	100.0	1,572	100.0	100.0
ETHNICITY						
Hispanic or Latino	89	6.6	7.9	79	5.0	6.7
Joint (Hisp/Lat /Not Hisp/Lat)	17	1.3	1.2	16	1.0	1.2
Total Ethnic Minority	106	7.9	9.1	95	6.0	7.9
Not Hispanic or Latino	1,063	78.7	69.3	1302	82.8	69.3
Ethnicity Not Available	181	13.4	21.6	175	11.2	22.8
Total	1,350	100.0	100.0	1,572	100.0	100.0

Source: ACS Census 2015, HMDA Aggregate Data 2019 and 2020, HMDA LAR Data 2019 and 2020

In 2019, the credit union received 1,350 HMDA reportable loan applications within its assessment area. Of these applications, 156 or 11.9 percent were received from racial minority applicants, 70 percent of which resulted in originations. The aggregate received 10.8 percent of its applications from minority consumers, of which 58.0 percent of which were originated. For the same time period, the credit union received 106 or 7.9 percent of all applications from ethnic groups of Hispanic origin within its assessment area of which 52.8 percent were originated, compared to an aggregate ethnic minority application rate of 6.8 percent with a 55.0 percent origination rate.

In 2020, the credit union received 1,572 HMDA reportable loan applications within its assessment area. Of these applications, 166 or 10.6 percent were received from racial minority applicants, 71.0 percent of which resulted in originations. The aggregate received 11.7 percent of its applications from racial minority consumers, of which 63.0 percent of which were originated. For the same time period, the credit union received 95 or 6.0 percent of all applications from ethnic groups of Hispanic origin within its assessment area of which 70.7 percent were originated, compared to an aggregate ethnic minority application rate of 7.9 percent with a 60.0 percent origination rate.

The credit union's application activity in 2019 and 2020 reflect a reasonable minority application flow. Performance is further supported by the credit union's application flow in majority-minority census tracts. The credit union is ranks 11th among all 258 lenders active in majority minority census tracts, and ranks 4th among 238 lenders active in census tracts with between 50 percent and 80 percent minority populations. The credit union provides extensive outreach through flexible lending programs and financial education services that support minority populations.

Discriminatory or Other Illegal Credit Practices

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Loss of Affordable Housing

The Division of Banks' regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution include a review of its efforts to forestall the loss of affordable housing. The Division reviews the institution's loans to ensure that there is no undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units.

The credit union's strong residential borrower profile performance along with flexible lending and community development lending reflect strong performance for this criterion. In addition, the credit union's investment initiatives within its foundation and in the development of a Credit Union Service Organization reflects commitment to helping individuals stay in their homes.

INVESTMENT TEST

The credit union demonstrated "High Satisfactory" performance under the Investment Test. The credit union has a significant level of qualified community development investments, grants, and donations, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The Investment Test evaluates an institution's record of helping to meet credit needs through qualified investments that benefit the assessment area or a broader statewide or regional area that includes the credit union's assessment area. A qualified investment is defined as a lawful investment, deposit, membership share, or grant that has a primary purpose of community development.

Investment Activity

JDCU made a significant level of qualified investments. During the evaluation period, qualified investments, grants and donations totaled \$6.4 million. The qualified investments and donations are comparable to the last evaluation period, when qualified investments totaled \$7.1 million. The following sections address the credit union's Investment Test performance.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	1	60	0	0	1	60
11/13/2018-12/31/2018	0	0	2	1,250	0	0	0	0	2	1,250
2019	0	0	2	1,250	0	0	0	0	2	1,250
2020	0	0	2	1,250	1	200	0	0	3	1,450
YTD 2021	1	35	2	1,250	0	0	0	0	3	1,285
Subtotal	1	35	8	5,000	2	260	0	0	13	5,290
Qualified Grants & Donations	1	1	124	942	19	59	8	69	152	1,071
Total	2	36	132	5,942	21	319	8	69	165	6,361

Source: Credit union Records

Equity and Debt Security Investments

The credit union has \$5.3 million in qualified equity and debt security investments. Approximately \$5.2 million represents new investments. Listed below are the qualified investments.

Current Period

- **Low-Income Credit Union Certificate of Deposit (CD)** – The credit union maintains a one-year CD with a local low-income credit union. This investment is renewed annually and qualifies as community development by financing an institution that primarily aids low- and moderate-income members. The credit union’s total qualified investment amount during the evaluation period totals \$1.25 million.
- **Credit Union Cooperative Lending Pool** – The credit union maintains a one-year investment in a cooperative lending pool for local small credit unions. The majority of credit unions currently served either are delineated as low-income or primarily serve in low-income areas. The credit union’s qualified amount of investment totals \$5 million
- **Acre Catalyst Fund** – The credit union launched a \$200,000 economic development initiative in partnership with Community Teamwork Inc. in 2020. This fund aims to support small businesses in the Lowell Acre neighborhood through financing. Applicants will also receive financial counseling and supportive resources.
- **Community Mortgage Alliance (CMA)** – The credit union launched a new Credit Union Service Organization (CUSO) in harmony with another local credit union. This CUSO will purchase affordable loans made to low- and moderate-income borrowers in underserved communities within Worcester and Lowell. The initial capital contribution from the credit union totals \$35,000.

Prior Period

- **Downtown Venture Fund** – The credit union committed \$60,000 to this fund in 2000, which is an initiative of the Lowell Development and Financial Corporation. This fund was set up to assist restaurants and retailers that are looking to open their business in downtown Lowell but are unable to obtain traditional bank financing. To date the fund has lent out over \$5 million in startup capital.

Charitable Contributions

The credit union made 152 donations for \$1.1 million during the evaluation period. The following are details of notable qualified donations that impacted the broader regional area.

- **We Share a Common Thread** – The credit union created this foundation in 2011. The mission of the organization is to partner with local philanthropic organizations to expand access to essential resources for low- and moderate-income individuals in the area. The five pillars of focus for the foundation include food, shelter, clothing, healthcare, and education. The credit union provided monthly donations to this foundation during the evaluation period.
- **Lawrence Partnership** – This organization aims to develop the economy by providing support for local businesses. Initiatives include grants and funding, technical assistance and education, and a revolving test kitchen. The credit union provided annual sponsorships and donations during the evaluation period.
- **Lowell Plan** – The mission of this organization is to improve and stabilize the city of Lowell through transformative projects. Projects include a downtown initiative, trolley revitalization, and leadership training in developing public/private partnerships. The credit union provides annual donations to this organization, which qualifies as community development under revitalization and stabilization.

Responsiveness to Credit and Community Development Needs

The credit union exhibits excellent responsiveness to credit and community development needs. The credit union's investments directly impact the assessment area. The credit union's foundation, investments and other donations reflect focus on meeting essential community needs.

Community Development Initiatives

JDCU makes extensive use of innovative and complex investments to support community development initiatives. The credit union helped create several avenues of investment for local initiatives, including the Acre Catalyst Fund and the CMA. The credit union also established its own foundation as a way to not only provide donations but also fundraise within the community. These are initiatives not routinely provided by other investors.

SERVICE TEST

The credit union’s overall Service Test performance is rated Outstanding. The credit union’s good performance with regards to retail services and excellent performance with regard to community development services support this conclusion. The following sections discuss the credit union’s performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the credit union’s assessment area. The credit union has eight traditional branches, three high school branches and one loan center within the Boston-Worcester-Providence, MA-RI-NH-CT CSA. All the credit union’s branches offer ATM services, and seven branches offer drive thru services.

The following table illustrates the branch and ATM distribution by tract income level.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	38	18.7	156,481	15.0	2	18.2	4	30.7
Moderate	27	13.3	138,603	13.3	2	18.2	2	15.4
Middle	78	38.4	406,216	39.0	4	36.4	5	38.5
Upper	60	29.6	340,966	32.7	3	27.2	2	15.4
NA	0	0.0	0	0.0	0	0.0	0	0.0
Totals	203	100.0	1,042,266	100.0	11	100.0	13	100.0

Source: 2015 ACS & Credit Union Data

As the table illustrates, the credit union’s branches in low- and moderate-income census tracts is above that of the percentage of population residing in these tracts and that of the total percentage of low- and moderate-income census tracts in the assessment area. This performance is tempered by the inclusion of the credit union’s three high school branches which are in Lowell MA, Dracut MA, and Nashua NH, all located in low- or moderate-income tracts, while they are all branches in the assessment area and provide service to an essential part of the community, they are open only during school hours. The credit union also maintains its loan center in a low-income census tract.

In addition to the credit union’s branches and ATMS, JDCU offers alternative delivery systems, which expand retail banking service access to all its members. The credit union offers online and mobile banking to all its members. Members can manage their finances 24 hours a day online or on their mobile device. Members can receive real time updates, transfer funds, make deposits, and make person-to-person transfers 24 hours a day.

The credit union also offers ATM services through the SUM and Co-Op Networks. The SUM network offers surcharge-free ATM services at thousands of ATMs nationwide. The Co-Op network also offers customers surcharge-free ATM services at over 30,000 locations. The Co-Op

network also provides a shared branch network with over 5,600 locations at credit unions in all 50 states.

Changes in Branch Locations

To the extent changes have been made, the credit union’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or to low- and moderate-income individuals.

The credit union has not opened or closed any retail branches since the last evaluation.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. All retail branches offer the same loan and deposit products and services.

The credit union maintains similar hours at most of their locations. Credit union branches located in Dracut (2), Chelmsford, and Methuen maintain hours from 8:30 am to 4:00 pm Monday through Wednesday, with extended hours on Thursday and Friday until 6:00 pm, and Saturday hours from 8:30 am to 1:00 pm. The credit union’s branches in Tyngsboro, Westford, and Nashua NH open to the public at 9:00 am, and the credit union’s Lowell location opens at 8:00 am.

The credit union’s three high school locations located in Dracut, Lowell, and Nashua NH are only open during school hours.

Community Development Services

The credit union is a leader in providing community development services. The credit union provided 801 instances of community development services to over 60 local community development organizations. The majority of the services provided were virtual and in person financial literacy classes to assist low- and moderate-income individuals. Over 20,000 individuals attended these classes, to whom the institution dedicated over 1,000 hours. The following table summarizes the credit union’s community development services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
11/13/2018 – 12/31/2018	0	77	1	2	80
2019	0	432	1	2	435
2020	5	166	3	4	178
YTD 2021	7	92	5	4	108
Total	12	767	10	12	801
<i>Source: Credit Union Data</i>					

The following are examples of community development services provided.

Financial Education Seminars

- **Lowell High School** – During the evaluation period, JDCU offered multiple financial literacy programs offered to students in grades 9-12 at Lowell High School. Topics that were discussed include Auto Buying, Basic Banking, Budgeting, Credit & Credit History, Investing, Fraud, and Wants and Needs. A majority of students who attend Lowell High School qualify for the FDA’s free or reduced-price lunch program.
- **Greater Lawrence Technical High School (GLTS)** – In 2019 and 2020, JDCU offered financial literacy courses at Greater Lawrence Technical High School. Classes were presented to juniors and seniors, and provided information on basic banking, employability, and net & gross pay. A majority of the students who attend GLTHS qualify for the FDA’s free or reduced-price lunch program.
- **Tilton Upper School** – In 2019 and 2020, JDCU provided Budget and Wants vs. Needs classes to grades 4, 5 and 6 at the Tilton Upper School in Haverhill, MA. The Tilton Upper School is located in a low-income census tract and a majority of its students qualify for the FDA’s free or reduced-price lunch program.
- **Budget Buddies** – In 2019, JDCU provided classes at House of Hope and Lazarus House. The classes provided adults with basic financial skills like Building and Repairing Credit and Protecting Yourself Against Fraud.
- **Abisi Adult Education Center (AAEC)** – In 2018, JDCU provided multiple classes at Absidi Adult Education Center. AAEC provides classes to adults in Greater Lowell to assist them in earning high school credentials and to learn or improve their English. JDCU offered classes in basic banking and credit to 262 adults at their location located in a low-income census tract.

Board and Employee Involvement

- **The Lowell Plan Inc.** – The Lowell Plan, Inc. is a non-profit organization that ensures the City of Lowell is prosperous for all to live, learn, work, play and grow. The organization facilitates and advocates for transformative data-driven change in the City of Lowell through forward thinking and collaborative strategic planning. A member of JDCU Senior Management served as Treasurer of The Lowell Plan, Inc.
- **Lowell Development & Financial Corporation (LDFC)** – The LDFC is a non-profit development corporation, which assists in the economic revitalization of The City of Lowell. The LDFC assists in this effort by providing low-interest loans as an incentive in commercial and housing development within the City of Lowell. A Vice President of the credit union serves on the Board of Directors for the LDFC.

- **Girls Inc. of Greater Lowell** – Girls Inc. of Greater Lowell is a community organization that focuses on the empowering girls and women by helping them improve the conditions in which they live. Girls, Inc. of Greater Lowell offers Junior Achievement, Operation SMART, Photovoice, Be Bold and Chicas Leyendo programs. A Vice President of the credit union serves on the Board of Directors and on the Finance Committee of this organization.
- **Family Services of the Merrimack Valley (FSMV)** – Family Services of the Merrimack Valley is a non-profit social service organization that helps vulnerable children and families through their 20 different programs focused on youth development, parental education, and emotional health to enable sustainable change within their community, family, and workplace. A financial education specialist at the credit union serves on the Advisory Board of this organization.

Technical Assistance

- **We Share A Common Thread Fundraisers** – During the evaluation period, JDCU raised annual funds for the foundation and other initiatives. The credit union offered their fundraising resources and technical expertise to collect donations from individuals to support local organizations. The organizations involved generally provide community services for low- and moderate-income individuals.
- **Lowell High School Educational Branch**– The credit union provides branch services at Lowell High School, and offers students the opportunity to gain skills working at the branch. This provides not only financial literacy skills but also workforce development and internship opportunities. As the majority of students qualify for reduced-price lunch, this service primarily benefits individuals from low- and moderate-income families.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five-year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates, which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

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 1 Tremont Place, Lowell, MA 01854"

[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.