

PUBLIC DISCLOSURE

November 20, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Lowell Firefighters Credit Union

Certificate Number: 67767

642 Chelmsford Street
Lowell, MA 01851

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

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the Division of Banks concerning the safety and soundness of this financial institution.

INSTITUTION RATING

This document is an evaluation of the CRA performance of **Lowell Firefighters Credit Union (credit union)** prepared by the Massachusetts Division of Banks, the institution's supervisory agency as of **November 20, 2023**. 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. Lowell Firefighters Credit Union's performance under this test is summarized below:

- Lowell Firefighters Credit Union's average net loan-to-share ratio is adequate given the institution's size and financial condition, and the 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 and its fair lending procedures are adequate.

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 1, 2021, to the current evaluation dated November 20, 2023. Small Institution CRA procedures were used for the evaluation.

The evaluation references demographic and economic information from the 2015 American Community Survey (ACS) and the 2020 U.S. Census. Credit Union financial data reflects the September 30, 2023, Call Report.

Since the credit union has defined its membership as its assessment area, as opposed to a geographic area, an evaluation of credit extended within a defined geographic area was not conducted. This evaluation was based on an analysis of the credit union's loan-to-share ratio, its performance in providing loans to individuals of various incomes, its response to CRA related complaints, and fair lending performance.

DESCRIPTION OF INSTITUTION

Background

Lowell Firefighters Credit Union is a state-chartered credit union founded in 1936. Membership is available to employees, former employees, and family members of the Fire Department of the City of Lowell and the employees of the Fire Departments of Billerica, Chelmsford, Dracut, Tewksbury, Tyngsborough, and Westford and the families of all such persons. Additionally, with approval from the Credit Union Board of Directors, membership may be extended to members of the Lowell Firemen's Fund and the Lowell Firefighters Union. As of September 30, 2023, call report, the credit union serves 1,792 members.

Lowell Firefighters Credit Union received a "Satisfactory" rating at its previous Division of Banks CRA Performance Evaluation dated November 18, 2019, based on the Interagency Small Institution CRA Examination Procedures and the Division's CRA Regulation at 209 CMR 46.

Operations

The credit union's office is located at 642 Chelmsford Street, Lowell, Massachusetts, a moderate-income census tract, and maintains business hours from 9:00 a.m. to 3:00 p.m., Monday to Friday. These hours are considered satisfactory given the needs of the credit union's membership. The credit union operates no additional branches or ATMs, but is a member of the Allpoint ATM network, allowing members to access their accounts from any ATM associated with Allpoint without incurring an ATM surcharge.

The credit union offers a variety of banking products and services, including consumer checking and savings accounts, certificate accounts, and vacation and holiday club accounts; home equity, personal, education, debt consolidation, and new, used, and recreational vehicle lending; and online and mobile banking services, including mobile check deposits, card management, and bill pay capabilities. The credit union also refers members to Allanach Mortgage for home mortgages.

Ability and Capacity

As of the September 30, 2023, quarterly call report, the credit union's assets totaled approximately \$27.7 million, held shares and deposits totaling approximately \$24.2 million, and maintains a loan portfolio of approximately \$16.9 million. Since the previous evaluation, total asset size has increased by 48.1 percent, while the credit union's loan portfolio has increased by 54.3 percent.

Vehicle loans make up the majority of the credit union's loan portfolio, with new and used vehicles making up approximately 43.8 percent of all loans, followed by loans and lines of credit secured by first-liens on 1-4 family residential properties at 25.6 percent. The following table provides an overview of the credit union's loan portfolio.

Loan Portfolio Distribution as of 09/30/2023		
Loan Category	\$	%
All Other Unsecured Loans/Lines of Credit	1,461,060	8.7
New Vehicle Loans	2,422,263	14.3
Used Vehicle Loans	4,979,480	29.5
All Other Secured Non-Real Estate Loans/Lines of Credit	773,705	4.6
Total Consumer Loans	9,636,508	57.1
Loans/Lines of Credit Secured by a First Lien on a single 1-4 Family Residential Properties	4,326,624	25.6
Loans/Lines of Credit Secured by a Junior Lien on a single 1-4 Family Residential	2,621,230	15.5
Commercial Loans/Lines of Credit Not Real Estate Secured	310,747	1.8
Total Loans	16,895,109	100.0
<i>Source: Reports of Income and Condition</i>		

DESCRIPTION OF ASSESSMENT AREA

Pursuant to 209 CMR 46.41(8), Lowell Firefighters Credit Union delineates its membership as its assessment area. According to CRA regulations, an institution shall delineate one or more assessment areas where the institution will meet the credit needs and by which the Division of Banks will evaluate the institution's CRA performance. Credit unions whose membership by-laws provisions are not based upon geography are permitted to designate its membership as its assessment area.

The Federal Financial Institutions Examination Council (FFIEC) updated median family income level is used to analyze 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)				
2021 (\$120,200)	<\$60,100	\$60,100 to <\$96,160	\$96,160 to <\$144,240	≥\$144,240
2022 (\$138,700)	<\$69,350	\$69,350 to <\$110,960	\$110,960 to <\$166,440	≥\$166,440
<i>Source: FFIEC</i>				

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Loan-to-Share Ratio

This performance criterion determines what percentage of the credit union's share base is reinvested in the form of loans and evaluates its appropriateness. The average net loan-to-share (LTS) ratio for the last eight quarters is reasonable given the institution's size, financial condition, and membership needs.

The credit union's net LTS ratio, as calculated from the NCUA 5300 Quarterly Call Report data, averaged 58.1 percent over the past eight calendar quarters from December 31, 2021, through September 30, 2023. The ratio ranged from a high of 70.5 percent as of the most recent call report, to a low of 49.7 percent as of December 31, 2021. It was noted that the credit union originated fewer recreational, holiday, and vehicle loans following the Covid-19 pandemic. Additionally, due to the credit union's marketing efforts, loan volume grew by 46.2 percent during the evaluation period, increasing the loan-to-share ratio over the course of the evaluation period.

Loan-to-Share Ratio Comparison		
Institution	Total Assets as of 9/30/2023 (\$)	Average LTS Ratio (%)
Haverhill Fire Department Credit Union	24,540,736	70.6
Lowell Firefighters Credit Union	27,496,474	58.1
Lynn Police Credit Union	11,007,506	38.1
<i>Source: Reports of Income and Condition 12/31/2021 through 9/30/2023</i>		

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, primarily on lending to low- and moderate-income borrowers. Examiners selected and analyzed a random sample of consumer loans originated in 2021 and 2022 comprised of a variety of consumer loans, including new, used, and recreational auto loans, personal loans, vacation loans, and holiday loans. A majority of the credit union's sampled loans were originated to low- and moderate-income members in both 2021 and 2022.

In 2021, the credit union originated seven, or 28.0 percent of the sample, to low-income borrowers and 15, or 60.0 percent, to moderate-income borrowers. In 2022, the credit union originated 11 loans, or 44.0 percent, to low-income borrowers and 12 loans, or 48.0 percent, to moderate-income borrowers.

The following table demonstrates the distribution of consumer loans by borrower income.

Borrower Income Level	#	%	\$	%
Low				
2021	7	28	103,540	20.7
2022	11	44	253,850	54.5
Moderate				
2021	15	60	319,316	63.6
2022	12	48	190,722	41.0
Middle				
2021	3	12	78,831	15.7
2022	2	8	20,855	4.5
Upper				
2021	0	0	0	0
2022	0	0	0	0
Not Available				
2021	0	0	0	0
2022	0	0	0	0
Totals				
2021	25	100	501,688	100
2022	25	100	465,427	100

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. The credit union has an adequate record relative to fair lending policies and practices.

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 (642 Chelmsford Street, Lowell, Massachusetts 01851)."

[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.

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 credit union 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.

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.

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 (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., 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 (e.g., 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.

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.

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.

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 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.

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.