

PUBLIC DISCLOSURE

November 18, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Lowell Firefighters Credit Union
Certificate Number: 67767
642 Chelmsford St
Lowell, MA 01851

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

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

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Lowell Firefighters Credit Union (Credit Union) prepared by the Division of Banks (Division), the institution's supervisory agency, as of November 18, 2019. The Division rates the CRA performance of the Credit Union as per the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its members, including low- and moderate-income individuals, in a manner consistent with its resources and capabilities.

The following items summarize the Credit Union's performance.

- The average loan-to-share (LTS) ratio of 70.8 percent is reasonable given the institution's size, financial condition, and credit needs of its assessment area.
- The distribution of consumer loans to borrowers of different income levels is reasonable.
- The institution did not receive any CRA-related complaints during the evaluation period.

The Credit Union was last examined for compliance with CRA on August 11, 2014. The examination resulted in a CRA rating of Satisfactory.

DESCRIPTION OF INSTITUTION

Background

Lowell Firefighters Credit Union is a member owned and operated financial institution chartered by the Commonwealth of Massachusetts in 1936. The Credit Union's bylaws state that membership is limited to those who are employees or those who were former employees of the Fire Department of the City of Lowell and their family members. Membership shall also be open to those who are employees of or were former employees and their family members of the following surrounding towns' Fire Departments: Billerica, Chelmsford, Dracut, Tewksbury, Tyngsborough, and Westford. Additionally, membership is open to any of these cities' or towns' Fire Department Union Locals, The Lowell Fireman's Fund, and employees of the Lowell Firefighters Credit Union and their family members. The Credit Union's current membership is 1,725.

Operations

The Credit Union is located at 642 Chelmsford Street, in Lowell, Massachusetts. Business hours are from 9:00 AM to 3:00 PM, Monday through Friday.

The primary activities of the Credit Union are checking accounts, savings accounts and originating consumer loans. The Credit Union offers the various consumer products and services to its members, such as secured and unsecured personal loans, new and used auto loans, new and used motorcycle loans, and recreational vehicle loans.

Ability and Capacity

As of September 30, 2019, the Credit Union had total assets of \$18.6 million, total shares of \$15.3 million, and total loans and leases of \$11.0 million. Total loans represented approximately 59.0 percent of total assets.

The Credit Union is primarily a consumer lender by dollar volume, with a majority of the loan portfolio being used vehicle loans. Approximately 27.3 percent of total loans are used vehicle loans, followed by all other unsecured loans/lines of credit at 18.5 percent, and loans/lines of credit secured by 1st lien 1-4 family residential at 15.7 percent.

Loan Distribution as of September 30, 2019		
Loan Type	Dollar Amount	Percent of Total Loans
All Other Unsecured Loans/Lines of Credit	\$2,026,026	18.5%
New Vehicle Loans	\$1,708,072	15.6%
Used Vehicle Loans	\$2,991,055	27.3%
All other Secured Non-Real Estate Loans/Lines of Credit	\$477,738	4.4%
Total Loans/Lines of Credit Secured by 1st Lien 1-4 Family Residential Properties	\$1,724,199	15.7%
Total Loans/Lines of Credit Secured by Junior Lien 1-4 Family Residential Properties	\$1,544,507	14.1%
Commercial Loans/Lines of Credit Not Real Estate Secured	\$481,728	4.4%
Total Loans	\$10,953,325	100.0%

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

DESCRIPTION OF ASSESSMENT AREA

According to CRA regulations, an institution shall delineate one or more assessment areas within which the institution will meet the credit needs and by which the Division will evaluate the institution's CRA performance. In accordance with 209 CMR 46.41, Lowell Firefighters Credit Union delineates its membership as its assessment area. Credit unions whose membership by-law provisions are not based upon geography are permitted to designate its membership as its assessment area. Therefore, since the credit union has defined its membership as its assessment area, as opposed to a geographic area, an evaluation of credit extended within defined geographic areas was not conducted.

This evaluation was based upon an analysis of the credit union's Loan-to-Share ratio; its performance in providing consumer loans to individuals of various incomes, including low- to moderate-income members; and the credit union's response to CRA complaints and fair lending performance.

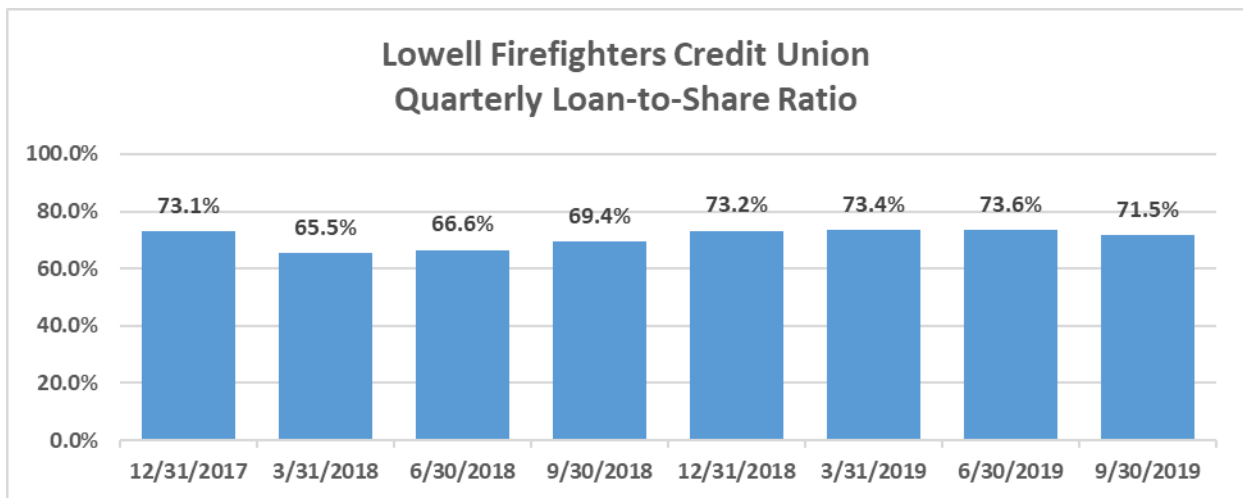
CONCLUSIONS ON PERFORMANCE CRITERIA

Loan-to-Share (LTS) Ratio

This performance criterion determines what percentage of the Credit Union’s share base is reinvested in the form of loans. This ratio is based on total loans as a percentage of total shares. The average LTS ratio since the previous evaluation is adequate given the institution’s size, financial condition and credit needs of its members.

The Credit Union’s LTS ratio, as calculated from NCUA 5300 Quarterly Call Report data, averaged 70.8 percent over the past eight quarters from December 31, 2017 through September 30, 2019. The ratio ranged from a low of 65.5 percent as of March 31, 2018, to a high of 73.6 percent as of June 30, 2019, having remained consistent during the evaluation period. Over the past eight quarters, total loans have increased 13.8 percent, assets increased by 13.7 percent, and shares increased by 16.2 percent.

The following graph is provided for further analysis.



Source: NCUA 5300 Reports 12/31/2017 through 09/30/2019

The Credit Union’s average LTS ratio over the previous eight quarters was compared to that of two similarly situated institutions. The institution selection is based on asset size, geographic location and lending focus. Lowell Firefighters Credit Union’s LTS ratio was higher than that of the two similarly situated institutions.

Loan-to-Share Ratio Comparison		
Institution	Total Assets as of 9/30/2019	Average LTS Ratio (%)
Lowell Firefighters Credit Union	18,568,140	70.8
Haverhill Fire Department Credit Union	18,182,783	37.9
Lynn Police Credit Union	11,522,688	48.2

Source: NCUA 5300 Reports 12/31/2017 through 9/30/2019

Borrower Profile

The distribution of consumer loans to borrowers of different income levels is reasonable. A sample of the Credit Union's consumer loans was analyzed for 2017 and 2018. In 2017, the Credit Union originated three loans to low-income borrowers and four loans to moderate-income borrowers. In 2018, the Credit Union originated four loans to low-income borrowers and five loans to moderate-income borrowers. Refer to the table below for the distribution of consumer loans by borrower income.

Distribution of Consumer Loans by Borrower Income Level					
Borrower Income Level		#	%	\$	%
Low					
	2017	3	30.0	42,500	25.2
	2018	4	40.0	61,098	41.1
Moderate					
	2017	4	40.0	73,191	43.4
	2018	5	50.0	81,374	54.7
Middle					
	2017	3	30.0	52,830	31.3
	2018	0	00.0	0	0.0
Upper					
	2017	0	0.0	0	0.0
	2018	1	10.0	6,299	4.2
Total					
	2017	10	100.0	168,521	100.0
	2018	10	100.0	148,771	100.0
<i>Source: Credit Union Records Due to rounding, totals may not equal 100.0</i>					

Response to Complaints

The Credit Union did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the CRA rating.

Fair Lending Policies and Procedures

The Division of Banks provides comments regarding the institution's fair lending policies and practices pursuant to Regulatory Bulletin 1.3-106. Based on a review of the Credit Union's public comment file and its performance relative to fair lending policies and practices, no violations of anti-discrimination laws and regulations were identified.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, 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 642 Chelmsford Street, Lowell, MA 01851."
- 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.