

# **PUBLIC DISCLOSURE**

June 15, 2020

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Certificate Number: 67840

Lynn Police Credit Union  
300 Washington Street  
Lynn, Massachusetts 01902

Division of Banks  
1000 Washington Street, 10<sup>th</sup> Floor  
Boston, Massachusetts 02118

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

## INSTITUTION RATING

This document is an evaluation of the CRA performance of **Lynn Police Credit Union (credit union)** prepared by the Division, the institution's supervisory agency as of **June 15, 2020**. 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 this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income individuals, in a manner consistent with its resources and capabilities. Lynn Police Credit Union's performance under this test is summarized below:

- Lynn Police Credit Union's average net loan-to-share ratio is reasonable given the institution's size, financial condition, and credit needs of its assessment area.
- The distribution of members reflects, given the demographics of the assessment area, 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.
- Fair Lending policies and procedures are adequate.

## DESCRIPTION OF INSTITUTION

### **Background**

Lynn Police Credit Union is a state-chartered industrial credit union that was established in 1945. The credit union's membership is made up of current and retired employees of the Lynn and Swampscott Police Departments, and their immediate family member, as well as current employees of the Lynn District Court. The credit union has 1,058 members as of March 30, 2020.

### **Operations**

The credit union is headquartered at 300 Washington Street, Lynn, Massachusetts, within a low-income census tract. The credit union's hours are Wednesday 3:00 PM to 5:00 PM; Thursday 9:00 AM to 12:00 PM and 3:00 PM to 5:00 PM; and Friday 9:00 AM to 12:00 PM.

Members can open a share account and obtain certificates of deposit, personal loans, auto loans, boat loans, home improvement loans and share secured loans.

### **Ability and Capacity**

As of March 30, 2020, the credit union had total assets of approximately \$11.3 million, total shares and deposits of approximately \$8.4 million, and total loans of approximately \$4.1 million. Unsecured, secured, and vehicle loans account for 64.5 percent of the credit union's total loans.

Loans secured by residential properties account for 35.5 percent of total loans. Pursuant to 209 CMR 46.22(1)(a), because consumer lending constitutes a substantial majority of the credit union's business, examiners samples included motor vehicle loans, secured and unsecured consumer loans.

The following table illustrates the distribution of the credit union's loan portfolio.

<b>Loan Portfolio Distribution as of 12/31/2019</b>		
<b>Loan Category</b>	<b>\$</b>	<b>%</b>
Unsecured Loans/Lines of Credit	746,990	18.3
New Vehicle Loans	597,481	14.6
Used Vehicle Loans	1,234,916	30.2
Secured Non-Real Estate Loans/Lines of Credit	59,054	1.4
Total Loans/Lines of Credit Secured by 1 <sup>st</sup> Lien 1-4 Family Residential Properties	0	0.0
Total Loans/Lines of Credit Secured by Junior Lien 1-4 Family Residential Properties	1,449,107	35.5
Commercial Loans/Lines of Credit Real Estate Secured	0	0.0
Commercial Loans/Lines of Credit Not Real Estate Secured	0	0.0
<b>Total Loans</b>	<b>4,087,548</b>	<b>100.0</b>
<i>Source: Reports of Income and Condition</i>		

## **DESCRIPTION OF ASSESSMENT AREA**

Pursuant to 209 CMR 46.41(8), Lynn Police 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 will evaluate the institution's CRA performance. Credit union's whose membership by-laws provisions are not based upon geography are permitted to designate its membership as its assessment area. 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 members of various incomes, its response to CRA related complaints, and fair lending performance.

Examiners used the 2018 and 2019 FFIEC estimated median income levels to analyze consumer loans under the Distribution of Credit Among Different Income Levels criterion. The following table presents low-, moderate-, middle-, and upper income categories for the Cambridge-Newton-Framingham, Massachusetts Metropolitan Division, within which the geographic area of the credit union's field of membership is located.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Cambridge-Newton-Framingham, MA MD Median Family Income (15764)</b>				
2018 (\$110,300)	<\$55,150	\$55,150 to <\$88,240	\$88,240 to <\$132,360	≥\$132,360
2019 (\$110,300)	<\$55,150	\$55,150 to <\$88,240	\$88,240 to <\$132,360	≥\$132,360
<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 ratio for the last eight quarters is reasonable given the institution’s size, financial condition, and assessment area credit needs.

The credit union’s net LTS ratio, as calculated from the NCUA 5300 Quarterly Call Report data, averaged 48.7 percent over the past eight calendar quarters from June 30, 2018 through March 30, 2020. The ratio ranged from a low of 46.3 percent as of December 31, 2019, to a high of 51.2 percent as of September 30, 2019.

**Distribution of Credit Among Different Income Levels**

The distribution of loans reflects reasonable penetration to individuals of different income levels.

***Consumer Loans***

A sample of consumer loans from the credit union’s portfolio was analyzed for 2018 and 2019. The credit union originated two sampled loans to low-income borrowers in both 2018 and 2019. The credit union did not originate any sampled loans to moderate-income borrowers in either year.

Please refer to the table below for more information.

<b>Distribution of Consumer Loans by Borrower Income Level</b>				
<b>Borrower Income Level</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>				
2018	2	40.0	56,724	49.9
2019	2	40.0	25,165	38.0
<b>Moderate</b>				
2018	0	0.0	0	0.0
2019	0	0.0	0	0.0
<b>Middle</b>				
2018	1	20.0	23,999	21.1
2019	3	60.0	40,988	62.0
<b>Upper</b>				
2018	2	40.0	33,000	29.0
2019	0	0.0	0	0.0
<b>Totals</b>				
<b>2018</b>	<b>5</b>	<b>100.0</b>	<b>113,723</b>	<b>100.0</b>
<b>2019</b>	<b>5</b>	<b>100.0</b>	<b>66,153</b>	<b>100.0</b>
<i>Source: Credit Union records</i>				

### **Response to Complaints**

The credit union did not receive any CRA-related complaints during the evaluation period.

### **Fair lending Policies and Procedures**

The Division of Banks provides comments regarding the institution's fair lending policies and procedures 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 procedures, no violations of anti-discrimination laws and regulations were identified.

## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, require all financial institution to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (300 Washington St. Lynn, MA 01902)."

[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.