

PUBLIC DISCLOSURE

October 5, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Lynn Teacher Credit Union
Certificate Number: 67882
33 North Common Street
Lynn, Massachusetts 01902

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 **Lynn Teachers Credit Union (Credit Union)** prepared by the Division, the institution's supervisory agency as of **October 5, 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 Teachers Credit Union's performance under this test is summarized below:

- Lynn Teachers Credit Union's average net loan-to-share ratio is adequate given the institution's size, financial condition, and credit needs of its assessment area.
- The distribution among borrowers reflects, given the demographics of the assessment area, adequate 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

Lynn Teachers Credit Union is a state-chartered credit union that was established in 1935. The credit union's field of membership includes individuals that work or have worked at the Lynn School Departments. The credit union has 739 members as of June 30, 2020.

The credit union closed the 181 Union Street, Suite 206F Lynn, Massachusetts office as of August 25, 2020, and is now headquartered at 33 North Common Street Lynn, Massachusetts, within a low-income census tract. The credit union's hours are Monday through Thursday 9:00 A.M. to 3:30 P.M with reduced hours during school vacations and summer months.

The credit union offers its members savings accounts, payroll deduction and automatic loan payments. Members can also apply for personal loans, new and used auto loans, home improvement loans, and holiday and vacation loans.

As of June 30, 2020, the credit union had total assets of approximately \$5.4 million, total shares and deposits of approximately \$4.6 million, and total loans of approximately \$1 million. The credit union is primarily a consumer lender by dollar volume. Unsecured loans account for 95.5 percent of the credit union's total loans. Vehicle loans account for 4.5 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 sampled unsecured personal and home improvement loans.

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

Loan Portfolio Distribution as of 6/30/2020		
Loan Category	\$	%
All Other Unsecured Loans/Lines of Credit	1,001,735	95.5
New Vehicle Loans	11,379	1.1
Used Vehicle Loans	35,227	3.4
Total Loans	1,048,341	100.0
<i>Source: Reports of Income and Condition</i>		

DESCRIPTION OF ASSESSMENT AREA

Pursuant to 209 CMR 46.41(8), Lynn Teachers 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 individuals 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.

Table B – Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2018 (\$110,300)	<\$55,150	\$55,150 to <\$88,240	\$88,240 to <\$132,360	≥\$132,360
2019 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
<i>Source FFIEC</i>				

CONCLUSIONS ON PERFORMANCE CRITERIA

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 adequate 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 31.7 percent over the past eight calendar quarters from September 30, 2018 through June 30, 2020. The ratio ranged from a low of 25.9 percent as of June 30, 2019, to a high of 40.1 percent as of June 30, 2018. The credit union's summer loan and winter holiday programs account for the significant portion of its lending, contributing to the seasonal increases in the ratio.

Distribution of Credit Among Different Income Levels

The distribution of loans reflects adequate 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. In 2018, the credit union originated three sampled loans to moderate-income borrowers. In 2019, the credit union originated four sampled loans to moderate-income borrowers.

Please refer to the table below for more information.

Distribution of Consumer Loans by Borrower Income Level				
Borrower Income Level	#	%	\$(000s)	%
Low				
2018	0	0	0	0
2019	0	0	0	0
Moderate				
2018	3	30	21,700	33.2
2019	4	40	38,000	71.7
Middle				
2018	1	10	40,000	61.1
2019	1	10	15,000	28.3
Upper				
2018	1	10	3,740	5.7
2019	0	0	0	0
Totals				
2018	5	100.0	65,440	100.0
2019	5	100.0	53,000	100.0
<i>Source: credit union records</i>				

Response to Complaints

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

Fair lending Policies and Procedures

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. No violations of anti-discrimination laws and regulations were identified during the review. Fair lending policies and procedures are adequate.

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 (33 North Common Street, Lynn, Massachusetts 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.