

PUBLIC DISCLOSURE

JULY 11, 2019

**MORTGAGE LENDER COMMUNITY INVESTMENT
PERFORMANCE EVALUATION**

MOVEMENT MORTGAGE, LLC

**8024 CALVIN HALL ROAD
INDIAN LAND, SC 29707**

**DIVISION OF BANKS
1000 WASHINGTON STREET
BOSTON, MA 02118**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this mortgage lender. The rating assigned to this mortgage lender does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this mortgage lender.</p>
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GENERAL INFORMATION

This document is an evaluation of the Mortgage Lender Community Investment (CRA) performance of **Movement Mortgage LLC (Lender or Movement)** pursuant to Massachusetts General Laws chapter 255E, section 8 and the Division of Banks' (Division) regulation 209 CMR 54.00, prepared by the Division, the Lender's supervisory agency, as of **July 11, 2019**.

SCOPE OF EXAMINATION

An evaluation was conducted using examination procedures, as defined by CRA guidelines. A review of the Division's records, as well as the Lender's public CRA file, did not reveal any complaints.

The CRA examination included a comprehensive review and analysis, as applicable, of Movement's:

- (a) origination of loans and other efforts to assist low and moderate income residents, without distinction, to be able to acquire or to remain in affordable housing at rates and terms that are reasonable considering the mortgage lender's history with similarly situated borrowers, the availability of mortgage loan products suitable for such borrowers, and consistency with safe and sound business practices;
- (b) origination of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units;
- (c) efforts working with delinquent residential mortgage customers to facilitate a resolution of the delinquency; and
- (d) other efforts, including public notice of the scheduling of examinations and the right of interested parties to submit written comments relative to any such examination to the Commissioner of Banks (Commissioner), as, in the judgment of the Commissioner, reasonably bear upon the extent to which a mortgage lender is complying with the requirements of fair lending laws and helping to meet the mortgage loan credit needs of communities in the Commonwealth of Massachusetts (Commonwealth or Massachusetts).

CRA examination procedures were used to evaluate Movement's community investment performance. These procedures utilize two performance tests: the Lending Test and the Service Test. This evaluation considered Movement's lending and community development activities for the period of January 1, 2017, through December 31, 2018. The data and applicable timeframes for the Lending Test and the Service Test are discussed below.

The Lending Test evaluates the mortgage lender's community investment performance pursuant to the following six criteria: geographic distribution of loans, lending to borrowers of different incomes, innovative and flexible lending practices, loss mitigation efforts, fair lending, and loss of affordable housing.

Home mortgage lending for 2017, together with preliminary data for 2018, is presented in the geographic distribution, lending to borrowers of different incomes, and the minority application flow tables. Comparative analysis of the Lender's lending performance for the year of 2017 is provided because it is the most recent year for which aggregate HMDA lending data is available.

The aggregate lending data is used for comparison purposes within the evaluation and is a measure of loan demand. It includes lending information from all HMDA reporting mortgage lenders, which originated loans in the Commonwealth.

In addition to gathering and evaluating statistical information relative to a mortgage lender's loan volume, the CRA examination also reflects an in-depth review of the entity's mortgage lending using qualitative analysis. This analysis includes, but is not limited to: an assessment of the suitability and sustainability of the mortgage lender's loan products by reviewing the lender's internally maintained records of delinquencies and defaults as well as information publicly available through the Federal Reserve Banks, local Registries of Deeds, and other sources available to the examination team. The examination included inspection of individual loan files for review of compliance with consumer protection provisions and scrutiny of these files for the occurrence of disparate treatment based on a prohibited basis.

The Service Test evaluates the mortgage lender's record of helping to meet the mortgage credit needs by analyzing the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products, the extent and innovativeness of its community development services, and, if applicable, loss mitigation services to modify loans and/or efforts to keep delinquent home borrowers in their homes.

MORTGAGE LENDER'S CRA RATING:

This mortgage lender is rated "Satisfactory".

Lending Test: "High Satisfactory"

- The geographic distribution of the Lender's loans reflects effective dispersion in low- and moderate-income level census tracts.
- Given the demographics of Massachusetts, the loan distribution to borrowers reflects a strong record of serving the credit needs among individuals of different income levels.
- Movement offers a variety of flexible lending products, which are provided in a safe and sound manner to address the credit needs of low- and moderate-income level individuals.
- Lending practices and products do not show a systematic pattern of lending resulting in mortgage loans that are not sustainable, nor do these practices or products show an undue concentration of early payment defaults, resulting in consequent loss of affordable housing units.
- Fair lending policies and practices are considered adequate.

Service Test: "Needs to Improve"

- The Lender's level of community development services and qualified investments could not be satisfactorily determined due to a lack of documentation regarding actual benefits provided to consumers and geographies within the Commonwealth. Movement's service delivery systems are accessible to geographies and individuals of different income levels in the Commonwealth.

PERFORMANCE CONTEXT

Description of Mortgage Lender

Movement was established as a limited liability company in Delaware in 2007 under its original name of New American Mortgage, LLC, and the entity was granted a mortgage lender and mortgage broker license by the Division in 2011. In 2013, the Lender changed its name to Movement Mortgage, LLC. The Lender is licensed in nearly all states, as well as the District of Columbia, and maintains numerous branch offices nationwide, including six in Massachusetts. All underwriting and major functions in the loan process are done at Movement's corporate office in South Carolina and two additional operation centers in Arizona and Virginia. Approved loans are funded through established warehouse lines of credit.

Movement's business development relies primarily on internet lead generators, direct marketing, professional referrals, and repeat customers. Originated loans are closed in the Lender's name and sold immediately to secondary market investors. Servicing is retained on some loans, but the majority of loans are sold with servicing rights released.

Demographic Information

The Division's regulation requires mortgage lenders to be evaluated on their performance within the Commonwealth. Demographic data is provided below to offer contextual overviews of the economic climate along with housing and population characteristics for Massachusetts.

DEMOGRAPHIC INFORMATION OF THE COMMONWEALTH						
Demographic Characteristics	Amount	Low %	Moderate %	Middle %	Upper %	N/A %
Geographies (Census Tracts)	1,478	12.2	19.1	37.5	29.2	2.0
Population by Geography	6,705,586	10.1	18.6	38.9	31.9	0.5
Owner-Occupied Housing by Geography	1,583,667	3.4	13.8	44.4	38.3	0.1
Family Distribution by Income Level	1,620,917	23.3	16.4	19.4	40.9	0.0
Distribution of Low and Moderate Income Families	643,491	17.8	25.8	37.6	18.7	0.1
Median Family Income	\$93,145		Median Housing Value		\$358,764	
Households Below Poverty Level	12.0%		Unemployment Rate		3.0%*	
2017 HUD Adjusted Median Family Income	\$91,119		2018 HUD Adjusted Median Family Income		\$95,779	

Source: 2015 ACS Data

*as of 06/30/2019

Based on the 2015 American Community Survey (ACS), the Commonwealth's population was above 6.7 million people with a total of 2.8 million housing units. Of the total housing units, almost 1.6 million or 56.4 percent are owner-occupied, 966,054 or 34.5 percent are rental-occupied, and 9.1 percent are vacant units.

According to the 2015 ACS data, there are 2.5 million households in the Commonwealth with a median household income of \$74,527. Over 41 percent of households are classified as low- and moderate-income. Twelve percent of the total number of households are living below the poverty level. Individuals in these categories may find it difficult to qualify for traditional mortgage loan products.

Households classified as “families” totaled slightly over 1.62 million. Of all family households, 23.3 percent were low-income, 16.4 percent were moderate-income, 19.4 percent were middle-income, and 40.9 percent were upper-income. The median family income according to the 2015 ACS data stood at \$93,145. The Housing and Urban Development (HUD) adjusted median family income was \$91,119 in 2017 and \$95,779 in 2018. The adjusted median family income is updated yearly and takes into account inflation and other economic factors.

The Commonwealth contains 1,478 Census tracts. Of these, 181 or 12.2 percent are low-income; 282 or 19.1 percent are moderate-income; 555 or 37.5 percent are middle-income; 431 or 29.2 percent are upper-income; and 29 or 2.0 percent are NA or have no income designation. The tracts with no income designation are located in areas that contain no housing units and will not be included in this evaluation since they provide no lending opportunities. These areas are made up of correctional facilities, universities, military installations, and uninhabited locations such as the Boston Harbor Islands.

Low-income is defined as individual income that is less than 50 percent of the area median income. Moderate-income is defined as individual income that is at least 50 percent and less than 80 percent of the area median income. Middle-income is defined as individual income that is at least 80 percent and less than 120 percent of the area median income. Upper-income is defined as individual income that is more than 120 percent of the area median income.

The median housing value for Massachusetts was \$358,764 according to the 2015 ACS. The unemployment rate for the Commonwealth stood at 3.0 percent as of June 2019, a decrease from January 2019 when the unemployment rate was at 3.1 percent. Employment rates would tend to affect a borrower’s ability to remain current on mortgage loan obligations and also correlates with delinquency and default rates.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test evaluates a mortgage lender's record of helping to meet the mortgage credit needs of the Commonwealth through its lending activities. Movement's lending efforts are rated under the six performance criteria: Geographic Distribution, Borrower Characteristics, Innovative or Flexible Lending Practices, Loss Mitigation Efforts, Fair Lending Policies and Procedures, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the mortgage lending of Movement.

Movement's Lending Test performance was determined to be "**High Satisfactory**".

I. Geographic Distribution

The geographic distribution of loans was reviewed to assess how well Movement is addressing the credit needs throughout Massachusetts. The following table presents, by number, Movement's 2017 and 2018 HMDA-reportable loans in low-, moderate-, middle-, and upper-income level geographies, in comparison to the percentage of owner-occupied housing units in each of the census tract income level categories, and the 2017 aggregate lending data (inclusive of Movement).

Distribution of HMDA Loans by Income Level Category of the Census Tract						
Census Tract Income Level	Total Owner- Occupied Housing Units	2017 Movement		2017 Aggregate Lending Data	2018 Movement	
	%	#	%	% of #	#	%
Low	3.4	34	7.98	4.84	30	6.40
Moderate	13.8	75	17.61	15.86	115	24.52
Middle	44.4	191	44.83	43.50	201	42.86
Upper	38.3	126	29.58	35.65	123	26.22
N/A	0.1	0	0.00	0.15	0	0.00
Total	100.0	426	100.00	100.00	469	100.00

Source: 2017 & 2018 HMDA LAR Data and 2015 ACS

As reflected in the above table, of the total loans originated in 2017, 25.59 percent were in the low- and moderate-income level census tracts. This percentage was above both the demographic and aggregate percentages. A preliminary review of the 2018 data confirms this trend, with 30.92 percent of loans being originated in low- and moderate-income level census tracts. Movement's overall geographic distribution of residential mortgage loans reflects an effective dispersion throughout low- and moderate-income level geographies within the Commonwealth.

II. Borrower Characteristics

The distribution of loans by borrower income levels was reviewed to determine the extent to which the Lender is addressing the credit needs of the Commonwealth's residents. The following table

shows Movement's 2017 and 2018 HMDA-reportable loans to low-, moderate-, middle-, and upper-income borrowers in comparison to the percentage of total families within the Commonwealth in each respective income group, and the 2017 aggregate lending data (inclusive of Movement).

Distribution of HMDA Loans by Borrower Income						
Median Family Income Level	% of Families	2017 Movement		2017 Aggregate Lending Data	2018 Movement	
	%	#	%	% of #	#	%
Low	23.3	35	8.22	5.24	39	8.32
Moderate	16.4	133	31.22	17.63	155	33.05
Middle	19.4	130	30.52	23.35	153	32.62
Upper	40.9	127	29.81	40.75	120	25.59
N/A	0.0	1	0.23	13.03	2	0.42
Total	100.0	426	100.00	100.00	469	100.00

Source: 2017 & 2018 HMDA LAR Data and 2015 ACS

As shown in the above table, lending to low-income borrowers in 2017 was above the aggregate data and below the demographic percentage. Movement's lending to moderate-income borrowers during that same period exceeded both the aggregate data and the demographics.

The Lender's overall performance of lending to low- and moderate-income borrowers is effective. This is further supported by a preliminary review of the data for 2018, which indicates that 41.37 percent of loans were originated to low- and moderate-income borrowers.

III. Innovative or Flexible Lending Practices

Movement offers several flexible lending products, which are provided in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Since 2008, Movement has maintained Federal Housing Administration (FHA) direct endorsement lender status. Although they contain imbedded insurance premiums, FHA products provide generally competitive interest rates and smaller down payments for low- and moderate-income first time homebuyers and existing homeowners. During the review period, Movement originated 290 FHA loans totaling \$79 million. Of these, 122 loans benefited low- to moderate-income borrowers, while 110 loans were originated in low- and moderate-income level geographies.

Since 2008, the Lender has been as a Department of Veterans Affairs (VA) non-supervised lender. The VA Home Loan Guarantee Program is designed specifically for the unique challenges facing service members and their families. Through VA-approved lenders like Movement, the program offers low closing cost, no down payment requirement, and no private mortgage insurance requirement. In addition, under certain circumstances the Service Members Civil Relief Act provides military personnel with rights and protections on issues relative to mortgage interest rates and foreclosure proceedings. During the review period, Movement originated 44 VA loans

totaling more than \$13 million. Of these, 15 loans benefited low- to moderate-income borrowers, while 11 loans were originated in low- and moderate-income level geographies.

Since 2008, Movement also offers loan products guaranteed by the U.S. Department of Agriculture (USDA). The USDA's Rural Housing Program is an innovative loan program that provides 100% financing for eligible homebuyers in rural-designated areas. This program is for home purchase transactions and does not require a down payment. Income requirements do apply and the property must be located in a rural development designated area. In addition, Farm Service Agency loan products provide flexible temporary financing for customers who are planning to start, purchase, sustain, or expand a family farm. During the review period, Movement originated nine loans totaling approximately \$2 million. Of these, five loans benefited low- to moderate-income borrowers, and one loan was originated in a moderate-income level geography.

As of 2018, Movement also offers Massachusetts Housing Finance Agency (MassHousing) products. MassHousing is a self-supporting non-profit public agency that provides financing for homebuyers and homeowners, and for developers and owners of affordable rental housing. The agency sells bonds to fund its credit programs. In 2018, Movement originated 19 MassHousing loans with a total of almost \$5 million in volume.

IV. Loss Mitigation Efforts

The Division reviews a mortgage lender's efforts to work with delinquent home mortgage loan borrowers to facilitate a resolution of the delinquency, including the number of loan modifications, the timeliness of such modifications, and the extent to which such modifications are effective in preventing subsequent defaults or foreclosures

Movement uses a third party to sub-service its retained servicing portfolio. The review of sub-servicer and investor scorecards revealed overall default rates to be consistent with industry averages.

For the review period, lending practices and products do not show an undue concentration or a systematic pattern of lending resulting in mortgage loans that were not sustainable.

V. Fair Lending

The Division examines a mortgage lender's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. The Lender's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. The examination included, but was not limited to, a review of written policies and procedures, interviews with Movement's personnel, and individual file review. No evidence of disparate treatment was identified.

Movement has established an adequate record relative to fair lending policies and practices.

Fair lending is incorporated in Movement's company-wide policies and procedures that apply to all employees. Fair lending training is incorporated in the Lender's internal online training module, and is completed by all relevant personnel on an annual basis.

Senior management is responsible for ensuring that the Lender is in compliance with current laws and regulations. Movement monitors compliance through a comprehensive tiered internal audit plan, which determines the audit schedule to evaluate all areas of regulatory compliance, including fair lending. The internal audit department reports directly to the audit committee, and findings are also reported to the business risk committee.

Minority Application Flow

Examiners reviewed the Lender's HMDA data to determine whether the mortgage application flow from various racial and ethnic groups was consistent with the area demographics.

During 2017 and 2018, Movement received 1,376 HMDA-reportable mortgage loan applications from within Massachusetts. The racial and ethnic identity was not specified in approximately six percent of cases. Of the remaining applications, 254 or 18.46 percent were received from racial minority applicants, and 147 or 57.87 percent resulted in originations. For the review period, Movement received 203 or 14.75 percent of HMDA-reportable applications from ethnic groups of Hispanic or Latino origin, and 140 or 68.97 percent were originated. This compares to the 65.04 percent overall ratio of mortgage loans originated by the Lender in Massachusetts, and the 72.3 percent approval ratio for the aggregate group.

Demographic information for Massachusetts reveals the total racial and ethnic minority population stood at 25.7 percent of the total population as of the 2015 ACS. At 15.2 percent, racial minorities consisted of 6.5 percent Black; 6.0 percent Asian/Pacific Islander; 0.1 percent American Indian/Alaskan Native; and 2.6 percent self-identified as Other Race. Ethnic minorities consisted of 10.5 percent Hispanic or Latino.

Refer to the following table for information on the Lender's minority loan application flow as well as a comparison to aggregate lending data throughout the Commonwealth. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Lender received from minority applicants.

MINORITY APPLICATION FLOW					
RACE	2017 Movement		2017 Aggregate Data	2018 Movement	
	#	%		#	%
American Indian/ Alaska Native	4	0.61	0.25	6	0.83
Asian	31	4.72	5.46	28	3.89
Black/African American	61	9.28	4.14	88	12.24
Hawaiian/Pacific Islander	3	0.46	0.15	1	0.14
2 or more Minority	1	0.15	0.08	2	0.28
Joint Race (White/Minority)	14	2.13	1.44	15	2.09
Total Minority	114	17.35	11.52	140	19.47
White	500	76.10	66.95	519	72.18
Race Not Available	43	6.55	21.53	60	8.35
Total	657	100.00	100.00	719	100.00
ETHNICITY					
Hispanic or Latino	67	10.20	5.28	106	14.74
Joint (Hisp-Lat /Not Hisp-Lat)	14	2.13	1.13	16	2.23
Total Hispanic or Latino	81	12.33	6.41	122	16.97
Not Hispanic or Latino	556	84.63	72.38	554	77.05
Ethnicity Not Available	20	3.04	21.21	43	5.98
Total	657	100.00	100.00	719	100.00

Source: 2017 & 2018 HMDA LAR Data and 2015 ACS

In 2017 and 2018, Movement's overall racial minority application flow was above the ACS data and the aggregate data. The ethnic minority flow reflected similar levels of performance for both years.

VI. Loss of Affordable Housing

This review concentrated on the suitability and sustainability of mortgage loans originated by Movement by taking into account delinquency and default rates of the Lender and those of the overall marketplace. Pertinent information provided by the Lender was reviewed, as were statistics available on delinquency and default rates for mortgage loans. Additionally, individual mortgage loans could be tracked for their status through local Registries of Deeds and other available sources including public records of foreclosure filings.

An extensive review of information and documentation, from both internal and external sources as partially described above, did not reveal lending practices or products that showed an undue concentration or a systematic pattern of lending, including a pattern of early payment defaults, resulting in the loss of affordable housing units. Overall delinquency rates were found to be comparable to industry averages.

SERVICE TEST

The Service Test evaluates a mortgage lender's record of helping to meet the mortgage credit needs in the Commonwealth by analyzing both the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products; the extent and innovativeness of its community development services; and loss mitigation services to modify loans or otherwise keep delinquent home loan borrowers in their homes. Community development services must benefit the Commonwealth or a broader regional area that includes the Commonwealth.

Movement's Service Test performance was determined to be **"Needs to Improve"** at this time.

Community Development Services

A community development service is a service that:

- (a) has as its primary purpose community development; and
- (b) is related to the provision of financial services, including technical services

The Commissioner evaluates community development services pursuant to the following criteria:

- (a) the extent to which the mortgage lender provides community development services; and
- (b) the innovativeness and responsiveness of community development services.

Movement funds the Movement Foundation, which contributes to various community development efforts, primarily in the Charlotte, North Carolina area. The Lender's employees have volunteered for various projects at non-profit organizations and through the Foundation itself. However, Movement does not track state-specific information regarding the number of hours that would have benefited low- and moderate-income individuals, and as such, the Division could not ascertain the specific benefits to Massachusetts.

Management is encouraged to seek out and identify community development services it can offer in the Commonwealth that meet the definition of "community development" under the CRA regulation. Examples may include, but are not necessarily limited to, financial literacy education initiatives, homeownership promotion targeted to low- and moderate-income individuals, foreclosure prevention counseling throughout the Commonwealth, and/or technical assistance to community organizations in a leadership capacity. All such services need to be properly captured and documented in order to receive credit under the Service Test.

Qualified Investments

For the purposes of this CRA evaluation, a Qualified Investment is a lawful investment, deposit, membership share, or grant, the primary purpose of which is community development. The evaluation considered (1) the number of investments and grants, (2) the extent to which community development opportunities have been made available to the institution, and (3) the responsiveness of the institution's community development grants to the assessment area's needs.

The Lender's Movement Foundation contributes to large-scale non-profit organizations, who distribute proceeds in various geographic locations at their discretion. Examples of non-profit organizations that received donations include:

- Samaritan's Feet
- Comfort Zone Bereavement Camp
- All Things Possible Medical Fundraising
- The Star House
- The Diaper Bank
- Pilgrim's Inn
- Harford Family House

These organizations provide diverse types of assistance to individuals and families in distress, and to under-served urban communities in general. The contributions made by the Lender were not designated to any state specifically; therefore, any actual benefit to Massachusetts consumers cannot be quantified at this time.

As with community development services, management is reminded that in order for the Division to provide lenders with full credit under the Service Test, all qualified investments or donations must be captured and documented in a way that the Division can verify. Examples of qualified investments and donations include funds promoting financial literacy education, homeownership counseling, and other initiatives targeted to low- and moderate-income consumers throughout the Commonwealth.

Mortgage Lending Services

The Commissioner evaluates the availability and effectiveness of a mortgage lender's systems for delivering mortgage lending services to low- and moderate-income geographies and individuals.

Movement provides satisfactory delivery of mortgage lender services that are accessible to geographies and individuals of different income levels in the Commonwealth. Business development relies primarily on internet lead generators, direct consumer marketing, and repeat customers. Applicants can apply to Movement for a mortgage loan via its website, over the phone, or at a physical branch. The Lender currently has six active branch locations in the Commonwealth.

As described above, lending practices and products do not show an undue concentration or a systematic pattern of lending resulting in mortgage loans that were not sustainable.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 255E, Section 8, and 209 CMR 54.00, the CRA regulation, requires all mortgage lenders to take the following actions within 30 business days of receipt of the CRA evaluation:

- 1) Make its most current CRA performance evaluation available to the public.
- 2) Provide a copy of its current evaluation to the public, upon request. In connection with this, the mortgage lender is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the mortgage lender's evaluation, as prepared by the Division of Banks, may not be altered or abridged in any manner. The mortgage lender is encouraged to include its response to the evaluation in its CRA public file.

The Division of Banks will publish the mortgage lender's Public Disclosure on its website no sooner than 30 days after the issuance of the Public Disclosure.