

**PUBLIC DISCLOSURE**

**JANUARY 11, 2022**

**MORTGAGE LENDER COMMUNITY INVESTMENT  
PERFORMANCE EVALUATION**

**NATIONS LENDING CORPORATION  
D/B/A Nations Lending  
D/B/A NLC LOANS  
MC32416**

**4 SUMMIT PARK DRIVE, SUITE 200  
INDEPENDENCE, OH 44131**

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

<p><b>NOTE:</b> 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>
--

## GENERAL INFORMATION

This document is an evaluation of the Mortgage Lender Community Investment (CRA) performance of **Nations Lending Corporation d/b/a Nations Lending and d/b/a NLC Loans (Nations Lending or Lender)** 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 **January 11, 2022**.

### 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 related to CRA.

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

- (a) origination of loans and other efforts to assist low- and moderate-income (LMI) 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 Nations Lending's community investment performance. These procedures utilize two performance tests: the Lending Test and the Service Test. This evaluation considered Nations Lending's lending and community development activities for the period of January 1, 2019 through December 31, 2020. 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 2019 and 2020 is presented in the geographic distribution, lending to borrowers of different incomes, and minority application flow tables. Comparative analysis of the Lender's lending performance for 2019 and 2020 is also provided. 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 Home Mortgage Disclosure Act (HMDA) reporting mortgage lenders that originated loans in Massachusetts.

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 mortgage 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 through 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 an adequate dispersion in LMI census tracts.
- Given the demographics of Massachusetts, the loan distribution to borrowers reflects a good record of servicing the credit needs among individuals of different income levels.
- Nations Lending offers flexible lending products, which are provided in a safe and sound manner to address the credit needs of LMI individuals.
- The lending practices and products did not show an undue concentration or a systematic pattern of lending resulting in mortgage loans that were not sustainable.
- Fair lending policies and practices are considered adequate.

### **Service Test: “Needs to Improve”**

- Nations Lending did not provide qualified community development activities within the Commonwealth during the evaluation period.
- Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the Commonwealth.

## **PERFORMANCE CONTEXT**

### **Description of Mortgage Lender**

Nations Lending has been licensed in Massachusetts as a mortgage lender and mortgage broker since 2007. Nations Lending engages in residential mortgage lending and brokering, and currently holds residential mortgage licenses nationwide and in the District of Columbia. The Lender's corporate office is located in Independence, Ohio. The Lender maintains local branches in Marlborough and Seekonk, Massachusetts.

Nations Lending offers both fixed and adjustable conventional products. The Licensee originates conventional, Federal Housing Administration (FHA), Department of Veterans Affairs (VA), U.S. Department of Agriculture (USDA), and Massachusetts Housing Finance Agency (MassHousing) loans in Massachusetts. The Licensee maintains servicing rights and its retained loans are serviced by a third-party loan servicer.

During 2019 and 2020, Nations Lending originated 644 loans totaling approximately \$200 million in Massachusetts.

### **Demographic Information**

The Division's regulation 209 CMR 54.00 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.

<b>DEMOGRAPHIC INFORMATION OF THE COMMONWEALTH</b>						
<b>Demographic Characteristics</b>	<b>Amount</b>	<b>Low %</b>	<b>Moderate %</b>	<b>Middle %</b>	<b>Upper %</b>	<b>N/A %</b>
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				8.4%*
2019 HUD Adjusted Median Family Income	\$101,200	2020 HUD Adjusted Median Family Income				\$104,900

*Source: 2015 ACS US Census; \* Bureau of Labor Statistics as of 12/31/2020*

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, 1.6 million or 56.4 percent are owner occupied, 966,054 or 34.5 percent are rental units, 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 LMI. Twelve percent of

the total number 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 1.6 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 reported by the 2015 ACS data was \$93,145. The Department Housing and Urban Development (HUD) adjusted median family income was \$101,200 in 2019 and increased to \$104,900 in 2020. The HUD 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 data. The unemployment rate for Massachusetts as of December 31, 2020, stood at 8.4 percent, which was a significant increase from December 31, 2019, at which time it stood at 2.9 percent according to the Bureau of Labor Statistics. Employment rates would tend to affect a borrower’s ability to remain current on mortgage loan obligations and also correlate 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. Lending performance is rated under 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 Nations Lending.

Nations Lending’s Lending Test performance was determined to be **“High Satisfactory”** at this time.

#### I. Geographic Distribution

The geographic distribution of loans was reviewed to assess how well Nations Lending is addressing the credit needs throughout Massachusetts’ low-, moderate-, middle-, and upper-income census tracts. The table below shows the distribution of HMDA-reportable loans by census tract income level. Lending activity is compared with the percent of owner-occupied housing units based on the 2015 ACS demographics and is also compared to aggregate lending performance in 2019 and 2020.

<b>Geographic Distribution of HMDA Loans by Census Tract</b>						
<b>Tract Income Level</b>	<b>% of MA Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>Nations Lending #</b>	<b>Nations Lending %</b>	<b>Nations Lending \$(000s)</b>	<b>Nations Lending %</b>
Low						
2019	3.4	4.4	8	6.2	1,584	4.1
2020	3.4	3.6	29	5.6	7,998	4.9
Moderate						
2019	13.8	14.6	31	23.9	8,566	22.3
2020	13.8	13.2	97	18.9	27,754	17.1
Middle						
2019	44.4	43.5	57	43.8	16,917	44.0
2020	44.4	42.9	234	45.5	71,590	44.2
Upper						
2019	38.3	37.4	34	26.1	11,354	29.6
2020	38.3	40.2	154	30.0	54,790	33.8
Not Available						
2019	0.1	0.1	0	0.0	0	0.0
2020	0.1	0.1	0	0.0	0	0.0
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>130</b>	<b>100.0</b>	<b>38,421</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>514</b>	<b>100.0</b>	<b>162,132</b>	<b>100.0</b>

*Source: 2015 ACS Census; 1/1/2019 - 12/31/2020 Lender HMDA Data, 2019 and 2020 HMDA Aggregate Data*

As shown in the above table, Nations Lending’s lending to low- and moderate-income geographies during 2019 and 2020 was above the performance of the aggregate. Data for 2020 showed an increase in volume but a decrease in percentage of loans made in low- and moderate-income census tracts. While there was a decrease in Nations Lending’s percentage of lending to low- and moderate-income geographies from 2019 to 2020, aggregate lending percentages also decreased during the same period in those tracts. The Lender’s lending performance is considered adequate at this time.

## II. Borrower Characteristics

The distribution of loans by borrower income levels was reviewed to determine the extent to which the mortgage lender is addressing the credit needs of the Commonwealth’s residents. The table below illustrates HMDA-reportable loan originations and purchases, categorized by borrower income level, that were reported by Nations Lending during 2019 and 2020, and compares this activity to the 2019 and 2020 aggregate lending data and the percentage of families by income level within Massachusetts using the 2015 ACS demographics.

<b>Distribution of HMDA Loans by Borrower Income</b>						
<b>Borrower Income Level</b>	<b>% of MA Families</b>	<b>Aggregate Performance % of #</b>	<b>Nations Lending #</b>	<b>Nations Lending %</b>	<b>Nations Lending \$(000s)</b>	<b>Nations Lending %</b>
<b>Low</b>						
2019	23.3	6.0	29	22.3	7,248	18.9
2020	23.3	5.0	70	13.6	19,411	12.0
<b>Moderate</b>						
2019	16.4	18.2	36	27.7	10,135	26.4
2020	16.4	17.3	167	32.5	45,153	27.8
<b>Middle</b>						
2019	19.4	22.8	38	29.2	11,306	29.4
2020	19.4	23.2	157	30.5	52,665	32.5
<b>Upper</b>						
2019	40.9	39.8	26	20.0	9,353	24.3
2020	40.9	42.6	119	23.2	44,239	27.3
<b>Not Available</b>						
2019	0.0	13.2	1	0.8	379	1.0
2020	0.0	11.9	1	0.2	664	0.4
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>130</b>	<b>100.0</b>	<b>38,421</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>514</b>	<b>100.0</b>	<b>162,132</b>	<b>100.0</b>
<i>Source: 2015 ACS Census; 1/1/2019 - 12/31/2020 Lender HMDA Data, 2019 &amp; 2020 HMDA Aggregate Data.</i>						

As shown in the above table, Nations Lending’s lending to low-income and moderate-income borrowers during 2019 and 2020 was well above that of the aggregate. Similar to the aggregate’s performance, the



overall percentage of lending decreased to low-income borrowers in 2020. However, data for 2020 showed an increase in the percentage of loans made in moderate-income census tracts. The Lender's overall lending performance to low- and moderate-income borrowers is considered strong at this time.

### **III. Innovative or Flexible Lending Practices**

Nations Lending offers flexible lending products, which are provided in a safe and sound manner to address the credit needs of LMI individuals and geographies.

During the examination period, Nations Lending offered products insured by HUD through its FHA programs. FHA products help low- and moderate-income families by offering high-LTV loans, including 97% LTV options, 3.5% down payment purchase loans, and streamline refinance transactions. During 2019 and 2020, Nations Lending closed 194 FHA loans. Of these, 114 or 58.8% were made to low- and moderate-income borrowers and 69 or 35.6% were made in low- or moderate-income census tracts.

Nations Lending also offered and originated products through the VA Home Loan Program to qualifying veterans. VA Home Loan Program offers veterans flexible terms such as low or no down payments and no monthly insurance premiums. During 2019 and 2020, Nations Lending originated 35 VA loans. Twenty-eight of these or 80% were made to low- and moderate-income borrowers and 4 or 11.4% were made in low- or moderate-income census tracts.

Nations Lending also offered and originated loans through the USDA's rural development housing programs. These programs assist low-income applicants obtain decent, safe, and sanitary housing in eligible rural areas. During 2019 and 2020, Nations Lending originated 4 USDA loans. One of these or 25% were made to low- and moderate-income borrowers and none were made in a low- or moderate-income census tracts.

Additionally, Nations Lending also offered and originated MassHousing loans. MassHousing is an independent, quasi-public agency charged with providing financing for affordable housing in Massachusetts and provides flexible options targeted to LMI areas and borrowers. During 2019 and 2020, Nations Lending originated 5 MassHousing loans totaling approximately \$874 thousand dollars.

### **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.

Nations Lending does not directly service a portfolio of loans in Massachusetts as it employs a third-party loan servicer to service the loans for which it retains servicing rights. As Nations Lending does not directly service mortgage loans for Massachusetts consumers, it would not work with delinquent borrowers; therefore, this review did not include an evaluation of loan mitigation and modification efforts.

## 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 review included, but was not limited to, review of written policies and procedures, interviews with Nations Lending’s personnel, and individual file review.

Nations Lending has established an adequate record relative to fair lending policies and procedural practices. No evidence of discriminatory or other illegal credit practices was identified.

### Minority Application Flow

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

During 2019, Nations Lending received 165 HMDA-reportable mortgage loan applications from within Massachusetts. Of these applications, 13 or 7.9 percent were received from racial minority applicants. For the same period, Nations Lending received 17 or 10.3 percent of HMDA-reportable applications from ethnic groups of Hispanic or Latino origin. This compares to the 11.9 percent of mortgage loans originated by the aggregate in Massachusetts to racial minorities and 6.9 percent to ethnic minorities in 2019.

During 2020, Nations Lending received 574 HMDA-reportable mortgage loan applications from within Massachusetts. Of these applications, 52 or 9.1 percent were received from racial minority applicants. For the same period, Nations Lending received 49 or 8.6 percent of HMDA-reportable applications from ethnic groups of Hispanic or Latino origin. This compares to the 12.1 percent of mortgage loans originated by the aggregate in Massachusetts to racial minorities and 6.2 percent to ethnic minorities in 2020.

Demographic information for Massachusetts reveals the total racial and ethnic minority population stood at 25.7 percent of total population as of the 2015 ACS data. 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 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 application flow as well as a comparison to aggregate lenders 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	2019 Nations Lending		2019 Aggregate Data	2020 Nations Lending		2020 Aggregate Data
	#	%	% of #	#	%	% of #
American Indian/ Alaska Native	0	0.0	0.2	0	0.0	0.2
Asian	2	1.2	5.8	17	3.0	6.5
Black/ African American	10	6.1	4.2	29	5.0	3.6

Hawaiian/Pac Isl.	0	0.0	0.2	1	0.2	0.1
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	1	0.6	1.4	5	0.9	1.6
<b>Total Minority</b>	<b>13</b>	<b>7.9</b>	<b>11.9</b>	<b>52</b>	<b>9.1</b>	<b>12.1</b>
White	144	87.3	65.6	410	71.4	65.2
Race Not Available	8	4.8	22.5	112	19.5	22.7
<b>Total</b>	<b>165</b>	<b>100.0</b>	<b>100.0</b>	<b>574</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	16	9.7	5.8	43	7.5	5.1
Not Hispanic or Latino	144	87.3	70.3	402	70.0	70.2
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.6	1.1	6	1.1	1.1
Ethnicity Not Available	4	2.4	22.8	123	21.4	23.6
<b>Total</b>	<b>165</b>	<b>100.0</b>	<b>100.0</b>	<b>574</b>	<b>100.0</b>	<b>100.0</b>

Source: 1/1/2019 - 12/31/2020 Lender HMDA Data, 2019 & 2020 HMDA Aggregate Data

Nations Lending's performance was below that of the aggregate for racial minorities in 2019 and 2020. It was above the aggregate's performance for ethnic minority applicants in 2019 and 2020. Overall loan volume increased in 2020, as well as applications from racial minority applicants in 2020.

## VI. Loss of Affordable Housing

This review concentrated on the suitability and sustainability of mortgage loans originated by Nations Lending by considering delinquency and default rates of the Lender and those of the overall marketplace. Information provided by the Lender was reviewed, as were statistics available on delinquency and default rates for mortgage loans.

A 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.

## **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.

Nations Lending's Service Test performance was determined to be **"Needs to Improve"** during the evaluation period.

### **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.

During the review period, Nations Lending did not provide qualified community development services to consumers and geographies in Massachusetts, as defined by the Division's regulation 209 CMR 54.12.

Management is strongly encouraged to expand its commitment to community outreach activities that meet the definition of community development under the aforementioned 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.

### **Mortgage Lending Services**

The Division evaluates the availability and effectiveness of a mortgage lender's systems for delivering mortgage lending services to LMI geographies and individuals.

Nations Lending provides an adequate level of mortgage lending services to LMI geographies and individuals through home purchase and refinance transactions in Massachusetts. During the examination period, Nations Lending provided mortgage lending services through its Massachusetts retail branches, through the internet and over the telephone. Overall, the Lender provides an adequate delivery of mortgage lending services throughout the Commonwealth. Applications could be taken in person, over the telephone, or through Nations Lending's website.

## **PERFORMANCE EVALUATION DISCLOSURE GUIDE**

Massachusetts General Laws Chapter 255E, Section 8, and the Division's regulation 209 CMR 54.00, the Mortgage Lender Community Investment (CRA) regulation, require all mortgage lenders to take the following actions within 30 business days of receipt of the CRA evaluation of their mortgage lender:

- 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. 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.