

PUBLIC DISCLOSURE

February 16, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Naveo Credit Union

Certificate Number: 68046

493 Somerville Avenue

Somerville, Massachusetts 02143

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.

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INSTITUTION RATING

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Naveo Credit Union (credit union)** prepared by the Division of Banks (Division), the institution's supervisory agency as of **February 16, 2021**. 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: Naveo Credit Union 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 neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

- The 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.
- Less than a majority of the credit union's loans are inside the assessment area.
- The geographic distribution of loans reflects good dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, good 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.
- The credit union's fair lending program and minority application flow are reasonable.

SCOPE OF EVALUATION

General Information

The CRA requires the Division to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its membership.

This evaluation covers the period the credit union's activity from January 1, 2018 to February 16, 2021. Examiners used the Interagency Small Institution Examination Procedures to evaluate the credit union's performance.

The evaluation references demographic and economic information from the 2015 American Community Survey (ACS) and the U.S. Bureau of Labor Statistics (BLS). Credit Union financial data reflects the September, 30 2020 Call Report.

Loan Products Reviewed

Examiners determined that the credit union's major product line is home mortgage loans. This conclusion considered the credit union's business strategy and the number and dollar volume of loans originated during the evaluation period.

Home mortgage lending data analyzed included full-year data from January 1, 2018 through December 31, 2019. Information related to home mortgage lending was derived from the Loan Application Registers (LARs) maintained by the credit union, pursuant to HMDA. The HMDA data was compared to aggregate lender data inside of the assessment area as well as pertinent demographics.

DESCRIPTION OF INSTITUTION

Background

The Credit Union, originally chartered by the Commonwealth of Massachusetts as Cambridge Portuguese Credit Union in 1928, is a wholly co-operative credit union organized for the promotion of thrift among its members. Membership is open to Massachusetts residents of Portuguese descent and their immediate family members, as well as individuals who reside, work or attend school in Middlesex and Suffolk Counties and the municipalities of Peabody, Lynn, Salem, Nahant, Lynnfield, Saugus, Swampscott, and Marblehead in Essex County, their immediate family members and organizations of its members. The credit union has 7,407 members as of December 31, 2020.

The credit union received a "Satisfactory" rating from during its prior evaluation using the Intermediate Small Institution Examination Procedures.

Operations

The credit union operates from its main location at 493 Somerville Avenue, Somerville, MA and one full-service branch located at 251 Hampshire Street, Cambridge, MA. Both branches have 24-7 ATMs and are located within moderate-income census tracts. The credit union did not open or close any branches during the review period.

The credit union offers both personal and business accounts to members. Members can open checking and money market accounts, savings and club accounts, certificates of deposits, and individual retirement accounts. Electronic services include online banking, Popmoney, mobile banking app, mobile deposit, online account opening, and 24-7 telephone response. Other services include ATM/debit cards, direct deposit, money orders, bank-by-mail, and telephone transfers. In addition to deposit accounts, credit union members can apply online for home mortgage loans, home equity loans and lines of credit, consumer, automobile, student, personal lifestyle loans, emergency loans, and bicycle loans. Products and services for business members include checking and savings accounts, commercial real estate loans and lines of credit, term loans, credit cards, and business certificates and money markets.

The credit union is part of the SUM and MoneyPass ATM networks, which allow members to perform ATM transactions, surcharge-free, at over 30,000 participating ATMs. The CO-OP shared branching network also allows members to access over 5,000 partner credit union branches nationwide.

Ability and Capacity

As of December 31, 2020, the credit union had total assets of approximately \$162.1 million, total shares and deposits of approximately \$147.7 million, and total loans of approximately \$90.1 million. The credit union is primarily a residential mortgage lender by dollar volume. Loans secured by first liens and junior liens on 1-4 family residential properties account for 71.8 percent of total loans. Additionally, commercial loans represented the second largest portion of the loan portfolio at 13.3 percent.

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

Loan Portfolio Distribution as of 12/31/2020		
Loan Category	\$	%
All Other Unsecured Loan/Lines of Credit	8,647,129	9.6
New Vehicle Loans	2,425,340	2.7
Used Vehicle Loans	2,283,536	2.5
Secured Non-Real Estate Loans/Lines of Credit	146,937	0.2
Total Loans/Lines of Credit Secured by 1 st Lien 1-4 Family Residential	55,058,552	61.1
Total Loans/Lines of Credit Secured by Junior Lien 1-4 Family Residential	9,597,809	10.6
Commercial Loans/Lines of Credit Real Estate Secured	10,861,129	12.1
Commercial Loans/Lines of Credit Not Real Estate Secured	1,064,343	1.2
Total Loans	90,084,775	100.0
<i>Source: Reports of Income and Condition</i>		

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. The credit union has designated a contiguous group of municipalities as its assessment area. Specifically included are the Middlesex County communities of Cambridge, Everett, Malden, Medford, and Somerville which are part of the Cambridge-Newton-Framingham, MA MD (15764). The credit union added the two communities of Everett and Malden to its assessment area in 2018. The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The assessment area includes 81 census tracts. These tracts reflect the following income designations according to the 2015 ACS U.S. Census:

- 8 low-income tracts,
- 30 moderate-income tracts,
- 28 middle-income tracts, and
- 15 upper income tracts.

It should be noted that census tract 25 017 3536.00, 3537.00 and 3539.00 are occupied by Harvard University. Further, the cities of Medford and Somerville host approximately another seven major college and university campuses. These areas have limited lending opportunities.

Fifty percent of the assessment area’s low-income census tracts are located in Everett and there are none in Medford. The moderate-income census tracts are spread across each of the five communities with a small predominance in Cambridge (7), Malden (8) and Somerville (7). There are no underserved or distressed nonmetropolitan middle-income geographies or designated disaster areas within the credit union’s assessment area. However, there are several opportunity zones. Opportunity Zones are areas of economic need approved by the U.S. Department of Treasury. The credit union’s assessment area contains seven census tracts in designated opportunity zones located in Cambridge (1), Everett (1), Malden (2), Medford (1) and Somerville (2). The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	81	9.9	37.0	34.6	18.5	0.0
Population by Geography	348,144	12.4	39.4	35.6	12.6	0.0
Housing Units by Geography	145,764	12.1	37.9	36.4	13.6	0.0
Owner-Occupied Units by Geography	54,748	8.8	36.2	39.3	15.6	0.0
Occupied Rental Units by Geography	81,816	14.2	39.3	34.5	12.0	0.0
Vacant Units by Geography	9,200	12.3	35.5	35.8	16.4	0.0
Family Distribution by Income Level	69,650	32.0	18.7	19.5	29.8	0.0
Household Distribution by Income Level	136,564	30.1	17.0	17.4	35.5	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$100,380	Median Housing Value			\$457,923
			Median Gross Rent			\$1,487
			Families Below Poverty Level			10.1%
<i>Source: 2015 ACS and 2019 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Federal Financial Institutions Examination Council (FFIEC) updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table.

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>				

The combined percentage of low- and moderate-income population by geography increased by 5.4 percent which represents just over half of the population at 51.8 percent. Approximately 10.1 percent of families are delineated below the poverty level. Families with such low incomes may not qualify for home mortgages based on the area’s home prices. These factors point to an increased local need for affordable housing units.

According to the U.S. Bureau of Labor Statistics, the 2019 annual average unemployment rate was 2.3 percent in Middlesex County. The low unemployment rate had been steady throughout the evaluation period, but sharply increased in April 2020 reaching a high of 15.0 percent in June 2020 due to the COVID-19 pandemic, then demonstrated a decreasing trend through Q3 and Q4.

The Geographic Distribution criterion compares home mortgage lending performance to the distribution of owner-occupied housing units. Within the credit union’s assessment area, opportunities for home mortgage lending are somewhat limited, as only 37.6 percent of the 145,764 housing units are owner-occupied.

Examiners also utilized home mortgage data to determine more recent housing market trends. The average dollar amount of credit extended for 1-4 family property purchases increased notably over the evaluation period within the assessment area, from \$508,887 in 2017 to \$567,148 in 2019.

Competition

The assessment area is located in a highly competitive market for financial services. Based on 2019 Deposit Market Share data, 36 financial institutions operated 111 branches within the assessment area. The credit union ranked 23rd, by Total Deposit Amount, with 0.7 percent market share. The top ranking institutions were comprised of national and community financial institutions and credit unions.

The assessment area market overall for home mortgage loans is also competitive. In 2019, the credit union ranked 52nd out of 353 home mortgage lenders within the assessment area with a 0.4 percent market share. Larger national banks, non-depository lenders and several state-chartered community banks and federal credit unions ranked above the credit union.

Credit and Community Development Needs and Opportunities

Examiners identified the primary credit needs of the assessment area based on demographic and economic information, and discussions with management. The credit union operates in an assessment area with high housing values and a large population of low- and moderate-income

families. Affordable housing is the primary need in the area, as are community services for low- and moderate-income individuals. The housing market is very active, and there is a high level of lending competition in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

The credit union demonstrated satisfactory performance under the Lending Test. The Loan-To-Share Ratio, Assessment Area Concentration, and Borrower Profile support this conclusion.

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 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 70.0 percent over the past eight calendar quarters from March 31, 2019 through December 31, 2020. The ratio ranged from a high of 73.6 percent as of December 31, 2019, to a low of 61.0 percent as of December 31, 2020. Over the last four quarters, total shares increased by approximately \$20.3 million, while loans decreased by \$3.6 million. The increase in shares correlate to economic stimulus efforts in response to COVID-19. The drop in net loans is attributed to refinance originations in a low interest rate markets.

The credit union’s average LTS ratio over the previous 8 quarters was compared to that of three similarly situated institutions. The institution selection is based on geographic location, lending focus and branching structure. the credit union’s average LTS ratio is below the two institutions used in this comparison.

Loan-to-Share Ratio Comparison		
Institution	Total Shares	Average LTS Ratio (%)
Naveo Credit Union	162,064,758	70.0
River Works Credit Union	109,839,902	72.2
Community Credit Union of Lynn	153,450,360	93.6
<i>Source: Reports of Income and Condition 3/31/2019 through 12/31/2020</i>		

Assessment Area Concentration

The credit union, overall, made less than a majority of home mortgage loans within its assessment area by number. The performance was impacted by the credit union’s participation in a county-wide state-subsidized solar panel home improvement loan program from 2016 through 2018. The credit union’s lending for 2019 was significantly higher, by number and dollar volume, with more than a majority inside the assessment area. Please see the following table for more detail.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	14	23.0	47	77.0	61	6,364	36.2	11,202	63.8	17,567
2019	37	61.7	23	38.3	60	13,179	66.8	6,551	33.2	19,730
Total	51	42.1	70	57.9	121	19,543	52.4	17,753	47.6	37,296

Source: Credit Union Data; Due to rounding, totals may not equal 100.0%

Geographic Distribution

Considering the credit union’s assessment area demographics, aggregate data, and performance context factors, the distribution of home mortgage loans shows good dispersion in the low- and moderate-income geographies.

The following table shows the credit union’s lending in low-income census tracts was below aggregate performance and the percentage of owner-occupied housing units in 2018 and 2019. Lending in low-income tracts increased modestly by number and percentage in 2019.

The credit union’s lending in moderate-income census tracts was above aggregate and demographic data in 2018. Lending increased in 2019 and exceeded aggregate data, and trended above the demographic of housing units in moderate-income census tracts.

Market share data from 2019 shows the credit union ranked 41st out of 274 lenders with a 0.5 percent market share in lending to moderate-income borrowers. This credit union’s rank exceeded its overall rank, exhibiting a concentration of lending in moderate-income census tracts.

The credit union’s branch structure supports this good dispersion as both locations are situated within moderate-income census tracts and are accessible by public transportation to low-income tracts.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	8.8	10.3	1	7.1	111	1.7
2019	8.8	10.2	3	8.1	513	3.9
Moderate						
2018	36.2	41.3	6	42.9	2,425	38.1
2019	36.2	38.7	21	56.8	7,715	58.5
Middle						
2018	39.3	36.9	5	35.7	2,054	32.3
2019	39.3	38.9	13	35.1	4,952	37.6
Upper						
2018	15.6	11.5	2	14.3	1,775	27.9
2019	15.6	12.2	0	0.0	0	0.0
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2018	100.0	100.0	14	100.0	6,364	100.0
2019	100.0	100.0	37	100.0	13,179	100.0

Source: 2015 ACS; Credit Union Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects good penetration among individuals of different incomes levels, including low- and moderate-income borrowers. Examiners focused on percentage, by number, of home mortgage loans to low- and moderate-income borrowers.

As shown in the following table, the credit union's lending to low-income borrowers was above aggregate data in both 2018 and 2019, with performance improving in 2019. The percentage of low-income families is typically higher than lending to these families, as a low-income family in the assessment area, earning less than \$57,750, may have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median credit purchase originations of \$567,148.

The credit union's lending to moderate-income borrowers was below aggregate and the percentage of families demographic data in 2018. The credit union's 2019 performance was above the aggregate.

Market share data from 2019 further supports the credit union’s good performance. The credit union ranked 17th out of 114 lenders with a 1.3 percent market share in lending to low-income borrowers and ranked 39th out of 169 lenders with a 0.5 percent market share in lending to moderate-income borrowers. In both cases, the credit union’s rank exceeded its overall rank, exhibiting a concentration of lending to low- and moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	32.0	5.7	1	7.1	18	0.3
2019	32.0	4.6	6	16.2	881	6.7
Moderate						
2018	18.7	15.8	2	14.3	1,611	25.3
2019	18.7	15.7	7	18.9	2,653	20.1
Middle						
2018	19.5	23.5	3	21.4	465	7.3
2019	19.5	22.3	13	35.1	3,957	30.0
Upper						
2018	29.8	41.1	8	57.1	4,271	67.1
2019	29.8	44.5	11	29.7	5,688	43.2
Not Available						
2018	0.0	13.9	0	0.0	0	0.0
2019	0.0	12.9	0	0.0	0	0.0
Totals						
2018	100.0	100.0	14	100.0	6,364	100.0
2019	100.0	100.0	37	100.0	13,179	100.0
<i>Source: 2015 ACS; Credit Union Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Lending-Related Activities

The credit union’s record of community development lending reflects a commitment to expanding housing for low- and moderate-income individuals and developing businesses of different sizes. The following represent notable examples of credit union lending activity linked to low- and moderate-income populations.

- The credit union originated a \$2.7 million loan in Somerville MA in 2019. The purpose of the loan is to develop a 5-unit condominium project. All five units are deed restricted and targeted specifically to moderate-income borrowers.

Response to Complaints

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

Discriminatory or Other Illegal Credit Practices – 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. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not impact the credit union's overall rating.

Minority Application Flow

The credit union's level of lending was reviewed to determine if the application flow from the different racial groups within the credit union's assessment area was reflective of the assessment area's demographics.

According to the 2015 ACS Census Data, the credit union's assessment area contained a total population of 348,144 individuals, of which 37.9 percent are minorities. The minority population represented is 10.8 percent Black/African American, 13 percent Asian, 0.1 percent American Indian, 10.2 percent Hispanic or Latino, and 3.8 percent other.

The credit union's HMDA LARs in 2018 and 2019 were compared with the aggregate's lending performance for the same years. The comparison of this data assists in deriving reasonable expectations for the rate of applications the credit union received from minority home mortgage loan applicants.

The credit union's racial minority application flow was consistently below the aggregate lending trends in 2018 and 2019. The largest gap occurred among minority application flow to the Asian demographic.

The credit union's ethnic minority application flow was consistently above the aggregate lending trends in 2018 and 2019. While the percentage of ethnic minority applications decreased in 2019, the number of applications doubled from 2018 to 2019.

While the credit union's ethnic minority application flow is good, the racial minority application flow exhibits a consistent gap between the credit union and aggregate lending trends. Difficulty in penetrating the Asian demographic is a characteristic shared by several local credit unions in the assessment area, as mortgage companies and depository institutions with broad mortgage lender operations represent a relatively larger market share among Asian applicants. All credit unions received 83 of the 1,945 applications from consumers identified as Asian in the assessment area. The credit union mitigates the performance through utilizing employees that act as resources for applicants with limited English proficiency. Languages represented include Portuguese, Spanish, and Mandarin. Further mitigating factors include the credit union's outreach and the

credit union’s geographic application flow, which exhibits reasonable penetration of majority-minority census tracts.

Considering the demographic composition of the assessment area and comparisons to aggregate data in 2018 and 2019, the credit union’s minority application flow is reasonable.

Refer to the table below for information on the credit union’s minority application flow as well as the aggregate lenders in the credit union’s assessment area.

MINORITY APPLICATION FLOW						
RACE	Credit Union 2018		2018 Aggregate Data	Credit Union 2019		2019 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.3	0	0.0	0.3
Asian	0	0.0	14.7	1	1.9	14.4
Black/ African American	2	9.1	5.1	2	3.8	4.9
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.2
2 or more Minority	0	0.0	0.3	0	0.0	0.1
Joint Race (White/Minority)	1	4.6	2.4	2	3.8	2.6
Total Racial Minority	3	13.7	22.9	5	9.5	22.4
White	17	77.2	51.6	40	75.5	50.9
Race Not Available	2	9.1	25.5	8	15.1	26.7
Total	22	100.0	100.0	53	100.0	100.0
ETHNICITY						
Hispanic or Latino	2	9.1	6.7	7	13.2	6.4
Joint (Hisp/Lat /Not Hisp/Lat)	2	9.1	1.3	1	1.9	1.0
Total Ethnic Minority	4	18.2	8.0	8	15.1	7.4
Not Hispanic or Latino	15	68.2	66.7	38	71.7	66.4
Ethnicity Not Available	3	13.6	25.3	7	13.2	26.2
Total	22	100.0	100.0	53	100.0	100.0

Source: HMDA Aggregate Data 2018 and 2019

EVALUATION OF INVESTMENTS AND SERVICES

The CRA regulation for small institutions provides for the review of investments and services at the institution’s option. Credit Union management opted for a review of community development investments and services. The review supports the overall CRA rating. The Credit Union has committed time and resources to partnering with organizations in the community that meet the definition of community development and are qualified for CRA purposes.

Community Development Services

- *Mass Alliance for Portuguese Speakers (MAPS)* – The organization’s mission is to improve the lives of Portuguese-speaking individuals and families from Massachusetts. The organization works with Brazilian, Cape Verdean, Portuguese and others to increase access

and remove barriers to health, education, social services and community development. The credit union cooperates with MAPS in several initiatives:

- Members of the Credit Union are eligible to take classes on English proficiency at MAPS for free.
 - The Credit Union developed a citizenship loan program.
 - In addition, the Credit Union has conducted several basic home buying seminars for employees and clients of MAPS.
- *Community Cooks: Shortstop Transitional Housing* – The credit union participates in the community cooks program, providing prepared meals for at risk youth in the Shortstop Transitional Housing program. In addition to providing meals, the employees use their financial expertise by providing basic financial literacy information to help the clients make wise decisions.
 - *Basic Banking College Prep* – The credit union offers a basic banking educational seminar for young people planning to attend postsecondary education. The credit union has provided this education to Somerville High School, Medford Vocational School, and a local Somerville Public after school; the majority of students at these institutions qualify for free or reduced lunch.
 - *Mutual Aid Medford and Somerville (MAMAS)* – This organization facilitates resources for Somerville and Medford Neighborhoods. A board member for the credit union acts as a point person for the Union Square Neighborhood, coordinating initiatives including food access, housing resources, and financial aid.
 - *East Cambridge Business Association* – The association provides technical assistance for small businesses in the area. The secretary of the credit union board acts as a board member for this organization.
 - *Branch Utilization* – The credit union uses its branches and retail network to host and fundraise charitable initiatives. The recent efforts that qualify for community development include:
 - Kiwanis Club of Somerville “Back to School” supply drive
 - Massachusetts Coalition for the Homeless “A Bed for Every Child” fundraiser
 - Local food, clothing, blanket, and book drives to benefit homeless shelters.

Community Development Investments

A qualified investment for the purposes of this CRA evaluation is a lawful investment deposit, membership share or grant that has community development as its primary purpose. During the examination timeframe, the Credit Union granted \$77,092 in donations granted to CRA qualified organizations as community development. The organizations are highlighted below:

- *Mass Alliance for Portuguese Speakers (MAPS)* – The organization provides social service support for first generation immigrants, which correlate to low- and moderate-income populations. The credit union provided multiple donations to this organization during the evaluation period.

- *East Cambridge Business Association* – The organization supports the economic development of small businesses in a low-income area. The credit union provided donations to support the association’s economic development efforts.
- *Community Cooks* – This organization is a food assistance program based in Somerville. The organization mobilizes volunteers from faith-based groups, businesses and individuals to provide meals to vulnerable neighbors from human service agencies. The credit union has provided multiple donations to this organization during the evaluation period.
- *Somerville Homeless Coalition* – This program provides shelter and housing assistance for individuals in need. The credit union provided donation support to this organization.
- *A Bed For Every Child* – This program was created by advocates from the Massachusetts Coalition for the Homeless. The mission is to aid families living in poverty that may not have a bed. The Cooperative Credit Union Association has partnered with this initiative, and the credit union has made multiple donations during the evaluation period.
- *Union Square Main Streets* – This business association aims to assist local businesses in a moderate-income community in Somerville. The economic development initiatives are supported by the credit union through multiple donations.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the institution under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and

nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancing of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

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 (493 Somerville Ave, Somerville, MA 02143)

[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.