

**PUBLIC DISCLOSURE**

**03/30/2021**

**MORTGAGE LENDER COMMUNITY INVESTMENT  
PERFORMANCE EVALUATION**

**PROVINCE MORTGAGE ASSOCIATES, INC.  
MC2861**

**50 OFFICE PARKWAY  
EAST PROVIDENCE, RI 02914**

**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>
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## GENERAL INFORMATION

This document is an evaluation of the Mortgage Lender Community Investment (CRA) performance of **Province Mortgage Associates, Inc. (Province Mortgage or Lender)** pursuant to the 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 **March 30, 2021**.

## 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 Province Mortgage'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 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 Province Mortgage's community investment performance. These procedures utilize two performance tests: the Lending Test and the Service Test. This evaluation considered Province Mortgage's lending for the period of January 1, 2019 through December 31, 2020 and community development activities for the same period. 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 which 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: “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 an adequate record of servicing the credit needs among individuals of different income levels.
- Province Mortgage 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 are considered adequate.

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

- Province Mortgage provided no 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**

Province Mortgage has been licensed by the Division of Banks as a mortgage broker since 2005 and as a mortgage lender license since 2010. The Lender’s main office is located at 50 Office Parkway in East Providence, Rhode Island. Province Mortgage has branches located in East Providence, Bristol, South Kingstown, Lincoln, Cranston, Rhode Island and Westport, Massachusetts. The Licensee operates in five states and currently offers conventional, Federal Housing Administration (FHA), Veterans Affairs (VA), and United States Department of Agriculture (USDA) loans. Loans are sold on the secondary market with servicing rights released. The Licensee’s business is derived from word of mouth and referrals.

During 2019 and 2020, Province Mortgage originated 410 loans totaling approximately \$123 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
<i>Source: 2015 ACS US Census; * Bureau of Labor Statistics as of 12/31/2020</i>						

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 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 now classified as LMI. 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 reported by the 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 contained 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 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 to delinquency and default rates.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

Lending performance is rated under six performance criteria: geographic distribution, borrower characteristics, innovative or flexible lending practices, loss mitigation efforts, fair lending, and loss of affordable housing. The following information details the data compiled and reviewed, as well as conclusions on the mortgage lending of Province Mortgage. Province Mortgage’s Lending Test performance was determined to be “Satisfactory” at this time.

#### I. Geographic Distribution

The geographic distribution of loans was reviewed to assess how well Province Mortgage 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. The lending activity is compared with the percent of owner-occupied housing units based on ACS Census demographics, and Province Mortgage’s 2019 and 2020 home mortgage lending performance comprised of loans originated and purchased by Province Mortgage. This lending performance is compared to aggregate lending performance in 2019 and 2020.

Geographic Distribution of HMDA Loans by Census Tract						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	3.4	4.4	3	2.2	568	1.4
2020	3.4	3.6	5	1.8	1,467	1.8
Moderate						
2019	13.8	14.6	19	13.9	4,967	12.3
2020	13.8	13.2	25	9.2	6,274	7.6
Middle						
2019	44.4	43.5	51	37.2	14,469	35.8
2020	44.4	42.9	120	44.0	34,992	42.3
Upper						
2019	38.3	37.4	64	46.7	20,366	50.4
2020	38.3	40.3	123	45.1	40,052	48.4
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>137</b>	<b>100.0</b>	<b>40,370</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>273</b>	<b>100.0</b>	<b>82,785</b>	<b>100.0</b>

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

As shown in the above table, Province Mortgage’s lending to low- and moderate-income geographies during 2019 and 2020 was below the performance of the aggregate data. Data for 2020 showed an increase in the number of loans made in low- and moderate-income census tracts but a decrease in those percentages. Aggregate percentages also decreased from 2019 to 2020 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 Province Mortgage 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 the assessment area using ACS Census demographics.

<b>Distribution of HMDA Loans by Borrower Income</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2019	23.3	5.5	3	2.2	502	1.2
2020	23.3	5.0	7	2.6	1,106	1.3
Moderate						
2019	16.4	18.2	31	22.6	7,426	18.4
2020	16.4	17.3	60	22.0	15,448	18.7
Middle						
2019	19.4	22.8	50	36.5	14,124	35.0
2020	19.4	23.2	111	40.7	34,293	41.4
Upper						
2019	40.9	39.8	52	38.0	17,992	44.6
2020	40.9	42.6	92	33.7	30,876	37.3
Not Available						
2019	0.0	13.7	1	0.7	325	0.8
2020	0.0	11.9	3	1.1	1,064	1.3
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>137</b>	<b>100.0</b>	<b>40,370</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>273</b>	<b>100.0</b>	<b>82,785</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, Province Mortgage’s lending to low-income borrowers during 2019 and 2020 was below the aggregate but above the aggregate in both 2019 and 2020 for lending to moderate income



borrowers. Also, lending to moderate income borrowers in 2019 and 2020 was above the percentage of families. The Lender's overall lending performance to low- and moderate-income borrowers is considered adequate at this time.

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

Province Mortgage originated flexible lending products, which were provided in a safe and sound manner to address the credit needs of LMI individuals and geographies. During the examination period, Province Mortgage offered products insured by the Department of Housing and Urban Development through its FHA programs. Examples of products which may have helped low- and moderate-income families included high-LTV offerings, including 97% LTV FHA options, 3.5% down FHA purchase, and streamline refinance transactions. During 2019 and 2020, Province Mortgage closed 44 FHA loans. Of these, 15 or 34% were made to low- and moderate-income borrowers and 12 or 27% were made in low- or moderate-income census tracts. During the evaluation period, Province Mortgage also originated products through The VA Home Loan Program to qualifying veterans. VA Home Loans offer veterans flexible terms such as low or no down payments and no monthly insurance premiums. During 2019 and 2020, Province Mortgage originated 11 VA loans. Six of these or 55% were made to low- and moderate-income borrowers and 1 or 9% were made in low- or moderate-income census tracts. Additionally, Province Mortgage 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, Province Mortgage originated 4 USDA loans. Two of these or 50% were made to low- and moderate-income borrowers and 0 were made in low- or moderate-income census tracts.

### **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, and the extent to which such modifications are effective in preventing subsequent defaults or foreclosures.

Province Mortgage does not service a portfolio of loans in Massachusetts. As Province Mortgage does not service mortgage loans for Massachusetts consumers, it would not work directly 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, written policies and procedures and interviews with mortgage lender personnel.

Province Mortgage's compliance with the laws relating to discrimination and other illegal credit practices was reviewed. Province Mortgage has established an adequate record relative to fair lending policies and practices. No evidence of discriminatory or other illegal credit practices was identified.

Minority Application Flow

Examiners reviewed Province Mortgage’s HMDA data to determine whether the mortgage application flow from various racial and ethnic groups was consistent with the area demographics. During 2019, Province Mortgage received 174 HMDA-reportable mortgage loan applications from within the Commonwealth. Of these applications, 9 or 5.2 percent were received from racial minority applicants. For the same period, Province Mortgage received 4 or 2.3 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, Province Mortgage received 334 HMDA-reportable mortgage loan applications from within the Commonwealth. Of these applications, 20 or 6 percent were received from racial minority applicants. For the same period, Province Mortgage received 13 or 3.9 percent of HMDA-reportable applications from ethnic groups of Hispanic or Latino origin. This compares to the 12.2 percent of mortgage loans originated by the aggregate in Massachusetts to racial minorities and 6.3 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 ACS data. 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.

<b>MINORITY APPLICATION FLOW</b>						
<b>RACE</b>	<b>2019 Lender</b>		<b>2019 Aggregate Data</b>	<b>2020 Lender</b>		<b>2020 Aggregate Data</b>
	#	%	% of #	#	%	% of #
American Indian/ Alaska Native	0	0.0	0.2	0	0.0	0.2
Asian	3	1.7	5.8	8	2.4	6.6
Black/ African American	4	2.3	4.2	5	1.5	3.6
Hawaiian/Pac Isl.	0	0.0	0.2	0	0.0	0.1
2 or more Minority	0	0.0	0.1	1	0.3	0.1
Joint Race (White/Minority)	2	1.2	1.4	6	1.8	1.6
<b>Total Minority</b>	<b>9</b>	<b>5.2</b>	<b>11.9</b>	<b>20</b>	<b>6.0</b>	<b>12.2</b>
White	165	94.8	65.6	313	93.7	65.4
Race Not Available	0	0.0	22.5	1	0.3	22.4
<b>Total</b>	<b>174</b>	<b>100.0</b>	<b>100.0</b>	<b>334</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	4	2.3	5.8	8	2.4	5.1
Not Hispanic or Latino	170	97.7	70.3	321	96.1	70.4

Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.1	5	1.5	1.2
Ethnicity Not Available	0	0.0	22.8	0	0.0	23.3
<b>Total</b>	<b>174</b>	<b>100.0</b>	<b>100.0</b>	<b>334</b>	<b>100.0</b>	<b>100.0</b>

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

In 2019 and 2020 Province Mortgage’s performance was below the aggregate’s performance for racial minorities and ethnic minority applicants. Performance and overall loan volume increased to racial and ethnic minority applicants in 2020.

## **VI. Loss of Affordable Housing**

This review concentrated on the suitability and sustainability of mortgage loans originated by Province Mortgage by taking into account 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.

Province Mortgage'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.

Province Mortgage provided no qualified community development services to homeowners in Massachusetts during the review period.

### **Mortgage Lending Services**

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

Province Mortgage 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, Province Mortgage provided mortgage lending services by internet and telephone as well as through its mobile app and its Westport, MA branch. Overall, the Lender provides an adequate delivery of mortgage lending services throughout the Commonwealth.

## **PERFORMANCE EVALUATION DISCLOSURE GUIDE**

Massachusetts General Laws Chapter 255E, Section 8, and 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.