

PUBLIC DISCLOSURE

November 15, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Quincy Credit Union
Charter Number: 67709

100 Quincy Ave
Quincy, Massachusetts 02169-6714

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

INSTITUTION'S CRA RATING: This institution is rated Satisfactory. An institution in this group has an adequate 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 following points summarize the credit union's Lending Test and Community Development Test performance. The allowance of an overall satisfactory rating for a credit union is supported by the Division's Regulation at 209 CMR 46.28(2) (e).

The Lending Test is rated Satisfactory.

- The loan-to-share ratio (LTS) is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The credit union made a majority of its home mortgage loans in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects good penetration of loans among individuals of different income levels.
- The credit union did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.
- The credit union has a poor record relative to its fair lending policies and procedures.

The Community Development Test is rated Needs to Improve.

- Quincy Credit Union demonstrated poor responsiveness to the assessment area's community development needs through qualified investments and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation considered activity from the previous evaluation dated November 11, 2019, to the current evaluation dated November 15, 2021. Examiners used the Interagency Intermediate Small Institution CRA Examination Procedures to evaluate CRA performance. These procedures include the Lending Test and the Community Development Test.

The Lending Test considered the credit union's performance according to the following criteria:

- LTS ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints
- Fair Lending Program

The Community Development Test considered the following factors:

- Number and dollar amount of community development activity, including qualified services, qualified investments, and community development loans.
- The responsiveness of such activities to the community development needs of the area.

Loan Products Reviewed

Examiners analyzed home mortgage loan originations from January 1, 2019 through December 31, 2020 reported on the institution's 2019 and 2020 HMDA Loan Application Registers (LARs). Examiners presented these years of performance in the assessment area concentration, geographic distribution, and borrower profile tables.

Quincy Credit Union originated 251 home mortgage loans totaling \$46.2 million in 2019, and 430 loans totaling \$95.7 million in 2020. Examiners compared the institution's home mortgage lending performance to 2015 American Community Survey (ACS) demographic data and to available aggregate data.

Examiners focused this examination on the institution's home mortgage lending due to its higher share of the loan portfolio (70.8 percent) and its readily available data. Examiners also focused on the number of loans, rather than dollar volume, when assessing the institution's performance, as it is a better indicator of the number of individuals served.

The Community Development Test considered the number and dollar amount of community development loans, qualified investments, and community development services performed since the prior CRA evaluation dated November 11, 2019 through November 15, 2021 (YTD 2021). Financial data about the credit union was obtained from the September 30, 2021 Call Report issued to the NCUA.

DESCRIPTION OF INSTITUTION

Background

Quincy Credit Union is a community credit union headquartered in Quincy Massachusetts and was established in 1937. Membership includes anyone who lives or works in Norfolk County, Suffolk County, or Dorchester. As of September 30, 2021, the credit union has 35,559 members.

Quincy Credit Union received a “Satisfactory” rating at its previous Division of Banks CRA Performance Evaluation dated November 12, 2019, based on the Interagency Intermediate Small Institution CRA Examination Procedures and the Division’s CRA Regulation at 209 CMR 46.

Operations

The credit union’s main office and Operations Center location is 100 Quincy Ave in Lowell, MA. The credit union maintains one other branch location, located in the Weymouth. The main branch is located in a moderate-income tract, and the Weymouth branch is located in an upper-income tract. The credit union operates standalone deposit-taking Automated Teller Machines (ATMs) at the Quincy Police Department and Weymouth High School. Hours and operations are consistent at each of the credit union’s branches.

The credit union offers a variety of loan products, including home mortgage, commercial, auto, and consumer loans, along with a range of deposit services including checking and savings options for personal and business purposes. Members have access to financial services through the credit union’s online and mobile banking, and can apply for loans, open new accounts, and make loan payments or deposit transactions.

The credit union participates in co-op shared branching to expand their retail services across the country. Members of Quincy Credit Union can visit other participating institutions to receive basic financial services.

Ability and Capacity

Quincy Credit Union’s assets totaled approximately \$722.4 million as of September 30, 2021, including total loans of approximately \$363.5 million and total shares and deposits of \$632.6 million. Residential loans represent the primary credit product with approximately 70.8 percent of the loan portfolio.

Loan Portfolio Distribution as of 9/30/2021		
Loan Category	\$(000)	%
Total 1 st Mortgage Loans/Lines of Credit	207,288	57.0
Total Other Real Estate Loans/Lines of Credit	50,087	13.8
Residential Loans	257,375	70.8
Commercial Loans/Lines of Credit Real Estate Secured	1,950	0.5
Commercial Loans/Lines of Credit (Not RE)	0	0.0
Total Commercial	1,950	0.5
Unsecured Credit Cards	14,611	4.0
Student Loans	0	0.0
Unsecured Loans/Lines of Credit	9,220	2.5
Secured Loans/ Lines of Credit	2,607	0.7
New Vehicle Loans	19,854	5.5
Used Vehicle Loans	57,866	15.9
Total Consumer	104,158	28.7
Total Loans	363,483	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF THE ASSESSMENT AREA

The CRA requires financial institutions to define one or more assessment areas within which examiners will evaluate its CRA performance. Quincy Credit Union has designated one single assessment area, which includes the municipalities of Braintree, Quincy, and Weymouth. The assessment area, as currently defined, meets the technical requirements of the Division of Bank’s CRA regulation.

Economic and Demographic Data

The credit union’s assessment area consists of 38 census tracts that reflect the following income designations according to the 2015 American Community Survey (ACS):

- 1 low-income tract,
- 8 moderate-income tracts,
- 27 middle-income tracts, and
- 2 upper-income tracts

Quincy has the one low-income tract and six moderate-income tracts. Braintree and Weymouth each have one moderate-income tract. 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)	38	2.6	21.1	71.1	5.3	0.0
Population by Geography	185,386	1.6	20.2	72.6	5.6	0.0
Housing Units by Geography	79,665	1.6	22.1	71.2	5.1	0.0
Owner-Occupied Units by Geography	43,183	0.8	15.4	76.8	7.0	0.0
Occupied Rental Units by Geography	32,707	2.9	30.6	63.6	2.9	0.0
Vacant Units by Geography	3,775	0.5	24.7	71.8	3.0	0.0
Businesses by Geography	15,387	0.4	21.5	73.7	4.4	0.0
Farms by Geography	189	0.5	15.3	76.2	7.9	0.0
Family Distribution by Income Level	44,208	22.6	18.0	21.5	38.0	0.0
Household Distribution by Income Level	75,890	26.8	14.5	17.5	41.1	0.0
Median Family Income MSA - 14454 Boston, MA		\$90,699	Median Housing Value			\$341,679
Families Below Poverty Level		6.2%	Median Gross Rent			\$1,235

Source: 2015 ACS and 2020 D&B Data

The assessment area’s lending trends reflect increasing housing prices. The average credit extended for a single-family purchase transaction in 2019 was \$370,263. The average credit

extended for a purchase transaction increased in 2020 by approximately 9.2 percent, to \$404,219. Higher prices may suggest a more difficult market for first-time homebuyers.

The FFIEC Median Family Income level is used to analyze home mortgage loans under the Borrower Profile criterion. The following table displays the low-, moderate-, middle-, and upper-income categories for each year during the review period.

Table B – Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA Median Family Income (14454)				
2019 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
2020 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
<i>Source: FFIEC</i>				

In the credit union’s municipalities that comprise the assessment area, unemployment rates increased over the evaluation period. This unemployment rate increased from 2.8 percent in 2019, to an average 2021 unemployment rate of 5.4 percent. A drastic increase in the unemployment rate to 10.0 percent in 2020 was attributed to the worldwide COVID-19 pandemic, which had a significant impact on the assessment area’s economy. The assessment area’s average unemployment rate was higher than the state’s overall unemployment level, at 6.1 percent and 5.0 percent respectively. Within the assessment area, Quincy had the sharpest 2020 increase in unemployment (approximately 11.1 percent) which may reflect a more financially vulnerable segment of the area.

Increasing home purchase prices coupled with higher unemployment may reflect difficulty in obtaining credit for low- and moderate-income families.

Competition

The assessment area represents a relatively small market for deposits. According to Peer Deposit Market Share data, 18 financial institutions operated 61 full-service branches within the credit union’s assessment area. Of these institutions, Quincy Credit Union ranked 11th with a 6.4 percent deposit market share. Citizens Bank, Bank of America, and South Shore Bank are the largest institutions based on Deposit Market Share, comprising approximately 51.5 percent of the market.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2020, 342 lenders reported 11,148 residential mortgage loans originated or purchased in the credit union’s assessment area. Quincy Credit Union ranked 12th with a 2.2 percent market share. The highest ranked institutions in the assessment area are mortgage companies and national banks, including Quicken Loans LLC, Leader Bank NA., and Citizens Bank NA, totaling approximately 14.5 percent of the market.

Community Contact

Examiners conducted a community contact interview with a non-profit community action organization serving the South Shore. The group helps low- and moderate-income people by providing financial education and counseling, workforce training, affordable housing programs including emergency housing assistance, food and nutrition programs, and childcare and early childhood education. The contact described impediments to homeownership for low- and moderate-income individuals and families including the high purchase prices and monthly rental amounts, as well as a limited supply of affordable housing units, and the high cost of affordable childcare in the area. The organization anticipates the economic picture for such families might remain difficult following the COVID-19 pandemic.

The contact has good experience with local financial institutions, and relies upon their technical expertise as well as financial support to provide expanded services for the community. While larger local institutions have been able to create complex investments, smaller institutions have provided impact through donations, board involvement, and employee assistance.

The contact mentioned that the area would benefit from expanded Limited English Proficiency (LEP) resources for consumers and clients, whether for the traditional application process or through financial literacy. The contact specifically mentioned that the Asian demographic on the South Shore would benefit from additional outreach and introduction to the traditional banking system, as some may be first generation immigrants. Such LEP resources have become more attainable since COVID as more people are used to conducting business via videoconference. Involvement in local community volunteer initiatives, such as VITA or FTHB programs, also benefit the financial institutions as they provide expanded access to diverse consumers and potential employees with basic financial training. The organization suggests that institutions consistently utilize flexible underwriting characteristics such as factoring in applicant's rent, mitigating reasons for a low credit score, or the likely incidence of no two-year work history in the post-pandemic environment. Other programs that would be of benefit to the community include innovative matched saving programs (for consumer purchases as well as home mortgage or small business) and down payment assistance products or programs.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contact, the credit union, and available economic data to determine the primary credit needs of the assessment area. Based on this information, examiners determined that the community's primary credit need is services for low- and moderate-income individuals, including individuals with limited English proficiency.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Quincy Credit Union demonstrated adequate performance under the Lending Test. The institution's excellent geographic distribution and strong penetration among individuals of different income levels, combined with the reasonable loan-to-share ratio and high percentage of loan originations within the assessment area, support this conclusion.

Loan-to-Share Ratio

This performance criterion determines what percentage of the credit union's share base is reinvested in the form of loans and evaluates its appropriateness. The average net loan-to-share ratio for the last eight quarters is 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 61.9 percent over the past eight calendar quarters from December 31, 2019, through September 30, 2021. The ratio ranged from a high of 70.6 percent as of December 31, 2019, to a low of 57.0 percent as of June 30, 2021. The falling trend of the ratio was primarily driven by growing shares through 2020; Total shares and deposits increased approximately \$139.0 million from March 31, 2020 to March 31, 2021, while loans increased only \$14.5 million. The share growth is attributed to COVID-19 stimulus and increased savings among members.

The credit union's average net LTS ratio over the previous 8 quarters was compared to that of two similarly situated institutions. The institution selection is based on geographic location, lending focus, and branching structure. Quincy Credit Union's average net LTS ratio is reasonably comparable to both of the institutions used in this comparison.

Loan-to-Share Ratio Comparison		
Institution	Assets	Average LTS Ratio (%)
Quincy Credit Union	722,423,348	61.9
City of Boston	648,896,811	73.3
Liberty Bay Credit Union	705,500,093	88.7
<i>Source: Reports of Income and Condition 12/31/2019 through 9/30/2021</i>		

Assessment Area Concentration

The institution originated a majority of loans within its assessment area. The share of loans increased from 2019 to 2020. The table below highlights Quincy Credit Union's lending inside and outside the assessment area by loan category.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2019	145	57.8	106	42.2	251	26,958	58.3	19,270	41.7	46,227
2020	243	56.5	187	43.5	430	52,627	55.0	43,072	45.0	95,700
Total	388	57.0	293	43.0	681	79,585	56.1	62,342	43.9	141,927

Source: Bank Data

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The credit union’s performance in low-income census tracts is comparable to the aggregate lender trends in 2019. In 2020, the credit union’s performance exceeded both the aggregate performance and demographic of owner-occupied housing in the same areas.

In moderate-income census tracts, the credit union’s 2019 activity trails aggregate lending and demographic lending by several percentage points. The credit union improved again in 2020 to be comparable to aggregate performance in moderate-income tracts.

The credit union’s market share supports reasonable performance. The credit union ranked 1st among 37 lenders originating loans in low-income census tracts in the AA, with a market share of 12.3 percent. The credit union ranked 10th with a market share of 2.3 percent in moderate-income census tracts in 2020.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	0.8	0.6	1	0.7	415	1.5
2020	0.8	0.6	8	3.3	1,644	3.1
Moderate						
2019	15.4	15.9	15	10.3	2,756	10.2
2020	15.4	14.5	32	13.2	5,956	11.3
Middle						
2019	76.8	76.5	117	80.7	21,632	80.2
2020	76.8	77.7	177	72.8	38,714	73.6
Upper						
2019	7.0	7.1	12	8.3	2,155	8.0
2020	7.0	7.3	26	10.7	6,313	12.0
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	145	100.0	26,958	100.0
2020	100.0	100.0	243	100.0	52,627	100.0

Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, good penetration among individuals of different income levels. Examiners focused on including low- and moderate-income borrowers.

Home mortgage lending to low-income borrowers was below aggregate lending trends in 2019. The credit union’s lending to low-income borrowers increased by number and maintained a similar percentage in 2020, to exceed aggregate lending trends. The percentage of loans to low-income borrowers is far less than the percentage of low-income families (for both the institution and aggregate lenders), which reflects the difficulty for a low-income family to qualify for a mortgage using conventional underwriting standards.

The credit union’s performance to moderate-income lenders exceeded aggregate lending trends and demographic data consistently. The credit union’s performance decreased in 2020 by percentage, but remained above the aggregate lender performance and the demographic comparator.

Market share information supports good performance. The credit union shared a rank of 12th out of 125 lenders among low-income borrower originations, with a market share of 2.0 percent. The credit union ranked 11th out of 198 lenders among moderate-income borrowers, with a market share of 2.4 percent.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	22.6	6.0	7	4.8	435	1.6
2020	22.6	3.4	11	4.5	1,337	2.5
Moderate						
2019	18.0	20.6	31	21.4	4,102	15.2
2020	18.0	16.8	46	18.9	8,960	17.0
Middle						
2019	21.5	27.1	50	34.5	10,202	37.8
2020	21.5	25.5	72	29.6	14,735	28.0
Upper						
2019	38.0	34.0	57	39.3	12,219	45.3
2020	38.0	35.9	114	46.9	27,596	52.4
Not Available						
2019	0.0	12.3	0	0.0	0	0.0
2020	0.0	18.3	0	0.0	0	0.0
Totals						
2019	100.0	100.0	145	100.0	26,958	100.0
2020	100.0	100.0	243	100.0	52,627	100.0

Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available.

Response to Complaints

The credit union did not receive any CRA-related complaints during the evaluation period; therefore, this criterion did not impact the CRA rating.

Discriminatory or Illegal Credit Practices

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the credit union's overall CRA rating.

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. A review of the credit union's public

comment file indicated the credit union received no complaints pertaining to the institution’s CRA performance since the previous examination. 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, no evidence of disparate treatment was noted. However, the credit union’s current fair lending controls are in need of improvement to limit risk.

Minority Application Flow

Examiners reviewed the credit union’s 2019 and 2020 HMDA LARs to determine if the credit union’s application flow from different racial and ethnic groups reflected the assessment area’s demographics.

According to ACS U.S Census data, the credit union’s assessment area contained a total population of 185,386 individuals of which 26.7 percent are minorities. The assessment area’s minority and ethnic population is 3.0 percent Hispanic or Latino, 4.4 percent Black/African American, 16.6 percent Asian, 0.1 percent American Indian, and 2.5 percent other.

The following table exhibits the credit union’s minority application flow compared to aggregate lenders in the assessment area.

MINORITY APPLICATION FLOW						
RACE	2019		2019 Aggregate Data	2020		2020 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0	0.1
Asian	5	2.8	19.2	14	4.5	18.4
Black/ African American	2	1.1	2.2	1	0.3	1.7
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.1
2 or more Minority	0	0.0	0.1	1	0.3	0.2
Joint Race (White/Minority)	1	0.6	1.2	8	2.6	1.6
Total Racial Minority	8	4.5	23.0	24	7.7	22.1
White	172	95.6	57.1	289	92.0	57.9
Race Not Available	0	0.0	20.0	1	0.3	20.0
Total	180	100.0	100.0	314	100.0	100.0
ETHNICITY						
Hispanic or Latino	4	2.2	2.4	4	1.3	2.2
Joint (Hisp/Lat /Not Hisp/Lat)	2	1.1	0.8	3	1.0	1.2
Total Ethnic Minority	6	3.3	3.2	7	2.2	3.4
Not Hispanic or Latino	174	96.7	75.9	304	96.8	74.7
Ethnicity Not Available	0	0.0	21.0	3	1.0	21.9
Total	180	100.0	100.0	314	100.0	100.0
<i>Source: HMDA Aggregate Data (2019 and 2020), HMDA LAR Data (2019) and (2020)</i>						

In 2019, the credit union received 180 home mortgage loan applications from within its assessment area. Eight applications were received from racial minority applicants, seven of which were originated by the credit union. The aggregate received 23.0 percent from racial minority applicants and 58.3 percent were originated. For the same period, the credit union received six applications from ethnic groups of Hispanic origin, five of which were originated. Aggregate lenders received 3.2 percent of its applications from ethnic minority applicants and 57.4 percent were originated.

In 2020, the credit union received 314 home mortgage loan applications from within its assessment area. Of these applications, 24 or 7.7 percent were received from racial minority applicants, of which 79.2 percent were originated by the credit union. The aggregate lenders received 22.1 percent from minority applicants and 62.3 percent were originated. For the same period, the credit union received seven ethnic minority applications, or 2.2 percent. Six of these applications were originated. Aggregate lenders received 3.4 percent from ethnic minority applicants and 61.6 percent were originated.

The credit union's minority application flow reflects a need for improvement in the current methods. The credit union's ethnic minority application flow is comparable to aggregate performance. However, the racial minority application flow of the credit union is far below aggregate lender trends. This is primarily a result of a gap between the aggregate application flow among Asian applicants and the credit union's application flow among the same demographic. This was also the demographic in need of additional outreach as noted by the community contact. Examiners encourage the credit union to employ outreach efforts toward currently underrepresented minority populations within the assessment area. The credit union has acknowledged the need and indicated that new strategies will be implemented.

COMMUNITY DEVELOPMENT TEST

Quincy Credit Union demonstrated poor responsiveness to the assessment area’s community development needs through qualified investments and community development services. Examiners also considered the institution’s capacity and the need and availability of such opportunities. The community contact’s statements regarding service opportunities and the need for additional outreach was also weighed in the final rating for this test.

Qualified Investments

Quincy Credit Union made 45 qualified investments totaling approximately \$42,504, similar to the previous evaluation. The following table details qualified investments by year and purpose.

Qualified Donations										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize Or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
11/11/19-12/31/19	0	0	5	4,762	0	0	0	0	5	4,762
2020	1	3,600	26	19,118	0	0	0	0	27	22,718
YTD 2021	2	2,600	14	12,423	0	0	0	0	16	15,023
Totals	3	6,200	45	36,304	0	0	0	0	48	42,504

Source: Credit Union records

Qualified Donations

Below are notable examples of the credit union’s qualified donations:

- *South Shore Habitat For Humanity* – The credit union provided donations to this organization that serves the municipalities including assessment area. The goal of the organization is to develop affordable housing for low-income individuals, as well as renovate and furnish housing for individuals in need.
- *Germantown Food Pantry* – This Quincy-based organization aims to provide low-income, homeless, and food insecure individuals with food and other essential items. The credit union provided one donation to this organization during the evaluation.
- *Clifford Marshall Elementary School* – The credit union extended support to this organization by providing school supplies in 2021. The majority of students receive free- or reduced priced lunch and therefore is delineated as primarily low- or moderate-income.

Community Development Services

During the evaluation period, the credit union provided 33 instances of financial expertise or technical assistance to 3 different community development-related organizations in the assessment area. The following are summaries of the qualified activity.

- *Quincy High School: Financial Literacy* – The credit union’s Business Development Representative coordinated with Quincy high school in providing a financial literacy class to the students. Topics covered creditworthiness and money management. The majority of students attending the school are from low- or moderate-income delineated families. The credit union provided the financial literacy classes on 20 occasions.
- *Quincy Credit For Life Fair* – Quincy High School provides this special event for their students to help develop financial decisions in the future. The majority of students are from low- or moderate-income families. Topics include career planning, purchasing a home, buying a car, and paying for school. The credit union had two volunteers involved in this event in 2019, and four volunteers involved in 2020.
- *Quincy Online Education Center* – The credit union offers free online modules and calculators. Topics are beneficial for individuals that aim to increase their basic banking knowledge.
- *Moderate-Income Branch* – The credit union maintained one branch in Quincy MA, located in a moderate-income census tract. This branch provides essential retail services for a moderate-income community.

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 credit union under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

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.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI

facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the credit union or an affiliate for consideration in the credit union's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the credit union's assessment area(s) or a broader statewide or regional area including the credit union's assessment area(s).

Community Development Service: A service that

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the credit union's retail banking services under § 345.24(d).

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 Areas (CBSAs): 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.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) an unemployment rate of at least 1.5 times the national average;

- (2) a poverty rate of 20 percent or more; or,
- (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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 refinancings 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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 Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures

are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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 more than 120 percent of the area median income, or a median family income that is more than 120 percent 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, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions 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 100 Quincy St, Quincy MA 02169"

[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.