

PUBLIC DISCLOSURE

DECEMBER 22, 2020

**MORTGAGE LENDER COMMUNITY INVESTMENT
PERFORMANCE EVALUATION**

**RADIUS FINANCIAL GROUP INC.
MC1846**

**600 LONGWATER DRIVE, SUITE 107
NORWELL, MASSACHUSETTS 02061**

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

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

This document is an evaluation of the Mortgage Lender Community Investment (CRA) performance of **Radius Financial Group Inc. (Radius Financial 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 December 22, 2020.

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 Radius Financial'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 Radius Financial's community investment performance. These procedures utilized three performance tests: the Lending Test, the Service Test, and the Investment Test. This evaluation considered Radius Financial's lending and community development activities for the period of January 1, 2018 through December 31, 2019. The data and applicable timeframes for the Lending Test, the Service Test, and the Investment Test are discussed below.

The Lending Test evaluates a 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 data for 2018 and 2019 is presented in the geographic distribution, lending to borrowers of different incomes, and the minority application flow tables. Comparative analysis of the Lender's lending performance for 2018 and 2019 is provided as they are the most recent years for which aggregate Home Mortgage Disclosure Act (HMDA) lending data is available. The aggregate

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

In addition to gathering and evaluating statistical information relative to a mortgage lender's loan volume, the CRA examination also reflects an in depth review of the entity's mortgage lending using qualitative analysis. This analysis includes, but is not limited to an assessment of the suitability and sustainability of a mortgage lender's loan products by reviewing its internally maintained records of delinquencies and defaults as well as information publicly available through the Federal Reserve Banks, local Registries of Deeds, and other sources available to the examination team. The examination included inspection of the Lender's 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.

The Investment Test evaluates the mortgage lender's lawful investment, deposit, membership share, or grant that has as its primary purpose community development by analyzing the number of investment and grants, the extent to which community development opportunities have been made available to the institution, and the responsiveness of the institution's community development grants to the assessment area's needs. A mortgage lender that achieves at least a satisfactory rating under both the Lending and Service Tests may warrant consideration for an overall rating of "high satisfactory" or "outstanding" based upon the mortgage lender's performance in making qualified investments and community development loans to the extent authorized under law.

MORTGAGE LENDER'S CRA RATING

This mortgage lender is rated “High Satisfactory”

Lending Test: “Satisfactory”

- The geographic distribution of the Lender’s loans reflects an adequate dispersion in LMI census tracts as compared to the distribution of owner occupied housing in those census tracts.
- The distribution of borrowers, given the demographics of Massachusetts, reflects a good record of serving the credit needs among individuals of different income levels.
- Radius Financial exhibited use of innovative or flexible lending products, which are provided in a safe and sound manner to address the credit needs of LMI level individuals.
- The lending practices and products did not show an undue concentration or a systematic pattern of lending resulting in mortgage loans that were not sustainable.
- Fair lending policies and practices are considered adequate.

Service Test: “Satisfactory”

- Service delivery systems are accessible to geographies and individuals of different income levels in Massachusetts.
- Radius Financial provides an adequate level of community development activities within Massachusetts.

Investment Test: “Satisfactory”

- The Lender provides a relatively high level of donations, which has as its primary purpose community development.

PERFORMANCE CONTEXT

Description of Mortgage Lender

Radius Financial was granted a mortgage lender license by the Division on March 14, 2000. The Lender's corporate office is located at 600 Longwater Drive in Norwell, Massachusetts. The Lender has nine branch offices located within Massachusetts in Boston, Braintree, Fall River, Framingham, Hyannis, Leominster, Mansfield, Marlborough, and West Springfield. Radius Financial is also licensed in Arizona, Colorado, Connecticut, Florida, Georgia, Maine, Maryland, Michigan, New Hampshire, North Carolina, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, and Virginia.

Radius Financial generates business from referrals and repeat business. The Lender's business focuses on the retail origination and underwriting of residential mortgage loans. Radius Financial is an approved direct endorsement lender for the Federal Housing Administration (FHA), an authorized lender for the Department of Veterans Affairs (VA), and the United States Department of Agriculture (USDA), in addition to offering conventional loan products and Massachusetts Housing Finance Agency (MHFA) loans. Approved closed loans are funded under the Lender's warehouse line of credit. Originated loans are closed in the Lender's name and sold immediately to secondary market investors with service rights released.

During 2018 and 2019, Radius Financial originated 3,121 loans totaling approximately \$973.6 million in Massachusetts.

Demographic Information

The Division's regulation 209 CMR 54.00 requires mortgage lenders to be evaluated on their performance within Massachusetts. Demographic data is provided below to offer contextual overviews of the economic climate along with housing and population characteristics for Massachusetts.

2015 DEMOGRAPHIC INFORMATION OF THE COMMONWEALTH						
Demographic Characteristics	Amount	Low %	Moderate %	Middle %	Upper %	N/A %
Geographies (Census Tracts)	1,478	12.2	19.1	37.5	29.2	2.0
Population by Geography	6,705,586	10.1	18.6	38.9	31.9	0.5
Owner-Occupied Housing by Geography	1,583,667	3.4	13.8	44.4	38.3	0.1
Family Distribution by Income Level	1,620,917	23.3	16.4	19.4	40.9	0.0
Distribution of Low and Moderate Income Families	643,491	17.8	25.8	37.6	18.7	0.1
Median Family Income	\$93,145		Median Housing Value			\$358,764
Households Below Poverty Level	12.0%		Unemployment Rate			2.8%*
2018 HUD Adjusted Median Family Income	\$95,500		2019 HUD Adjusted Median Family Income			\$101,200

Source: 2015 American Community Survey (ACS); *Bureau of Labor Statistics as of 12/31/2019

Based on the 2015 American Community Survey (2015 ACS), Massachusetts' population was above 6.7 million people with a total of 2.8 million housing units. Of the total housing units, 1.58 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 2015 ACS data, there are 2.5 million households in Massachusetts with a median of household income of \$74,527. Over 41 percent of households are now classified as LMI. Twelve percent of the total number of households is living below the poverty level. Individuals in these categories may find it difficult to qualify for traditional mortgage loan products.

Households classified as "families" totaled slightly over 1.6 million. Of all family households, 23.3 percent were low-income, 16.4 percent were moderate-income, 19.4 percent were middle-income, and 40.9 percent were upper-income. The median family income reported by the 2015 ACS was \$93,145. The Department of Housing and Urban Development (HUD) adjusted median family income was \$95,500 in 2018 and increased to \$101,200 in 2019. The adjusted median family income is updated yearly and takes into account inflation and other economic factors.

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

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

The median housing value for Massachusetts was \$358,764 according to the 2015 ACS. The unemployment rate for the Massachusetts as of December 31, 2019, was 2.8 percent, which was a decrease from December 31, 2018, at which time it was 3.1 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 correlates to delinquency and default rates.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TEST

LENDING TEST

The Lending Test evaluates a mortgage lender’s record of helping to meet the mortgage credit needs of the Commonwealth through its lending activities. Lending performance is rated under six performance criteria: geographic distribution, borrower characteristics, innovative or flexible lending practices, loss mitigation efforts, fair lending, and loss of affordable housing. The following information details the data compiled and reviewed, as well as conclusions on the mortgage lending of Radius Financial.

Radius Financial’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 Radius Financial is addressing the credit needs throughout Massachusetts’ low-, moderate-, middle-, and upper-income census tracts. The table below shows the distribution of HMDA-reportable loans by census tract income level. Lending activity is compared with the percent of owner-occupied housing units based on the 2015 ACS demographics and is also compared to aggregate lending performance in 2018 and 2019.

<i>Geographic Distribution of HMDA loans by Census Tract</i>						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	3.4	4.8	52	4.0	13,931	3.6
2019	3.4	4.4	53	2.9	14,267	2.4
Moderate						
2018	13.8	15.5	251	19.2	63,141	16.5
2019	13.8	14.6	273	15.0	75,595	12.8
Middle						
2018	44.4	43.2	588	45.1	166,693	43.5
2019	44.4	43.5	916	50.4	287,883	48.8
Upper						
2018	38.3	36.4	412	31.6	139,324	36.3
2019	38.3	37.3	572	31.5	211,299	35.8
Not Available						
2018	0.1	0.2	2	0.2	374	0.1
2019	0.1	0.2	2	0.1	1,151	0.2
Totals						
2018	100.0	100.0	1,305	100.0	383,463	100.0
2019	100.0	100.0	1,816	100.0	590,195	100.0
<i>Source: 2018 & 2019 Lender and Aggregate HMDA Data and 2015 ACS</i>						

Radius Financial’s geographic distribution of loans in low-income tracts was below aggregate lending and above the demographic in 2018. The Lender’s geographic distribution of loans in low-income tracts was below both the aggregate and demographic for 2019.

The Lender’s performance of lending in moderate-income tracts was above both aggregate lending and demographic for 2018 and 2019. The Lender’s performance of lending in LMI tracts decreased from 23.2 percent in 2018 to 17.9 percent in 2019, which is above the demographics. Radius Financial’s geographic distribution of residential mortgage loans is adequate in light of overall LMI tract dispersion.

II. Borrower Characteristics

The distribution of loans by borrower income levels was reviewed to determine the extent to which the Lender is addressing the credit needs of Massachusetts’ residents. The table below illustrates HMDA-reportable loan originations and purchases, categorized by borrower income level that were reported by Radius Financial during 2018 and 2019, and compares this activity to the 2018 and 2019 aggregate lending data and the percentage of families by income level within Massachusetts using the 2015 ACS demographics.

<i>Distribution of HMDA Loans by Borrower Income</i>						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	23.3	6.2	96	7.4	15,253	4.0
2019	23.3	6.0	128	7.1	24,306	4.1
Moderate						
2018	16.4	18.1	407	31.2	96,693	25.2
2019	16.4	18.2	550	30.3	145,333	24.6
Middle						
2018	19.4	23.0	397	30.4	116,860	30.5
2019	19.4	22.8	549	30.2	180,333	30.6
Upper						
2018	40.9	39.9	405	31.0	154,657	40.3
2019	40.9	39.8	589	32.4	240,223	40.7
Not Available						
2018	0.0	12.8	0	0.0	0	0.0
2019	0.0	13.2	0	0.0	0	0.0
Totals						
2018	100.0	100.0	1,305	100.0	383,463	100.0
2019	100.0	100.0	1,816	100.0	590,195	100.0
<i>Source: 2018 & 2019 Lender and Aggregate HMDA Data and 2015 ACS</i>						

Lending to low-income borrowers during 2018 was below the percentage of low-income families and above the aggregate. Lending to moderate-income borrowers during 2018 was significantly above both the percentage of moderate-income families and the aggregate.

The Lender's performance among LMI borrowers slightly decreased from 2018 to 2019 from 38.6 percent to 37.40 percent. The Lender's overall lending performance to LMI borrowers is considered good at this time.

III. *Innovative or Flexible Lending Practices*

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

The Lender is an approved HUD direct endorsement mortgage lender. FHA products provide competitive interest rates and smaller down payment requirements for LMI first time homebuyers and existing homeowners. During the review period, Radius Financial originated 591 FHA loans totaling \$184.1 million. Of these, 453 benefited LMI individuals or geographies.

The Lender is a VA Automatic Approval Agent. The VA program is designed specifically for the unique challenges facing service members, veterans, and their families. The VA program offers low closing costs, no down payment, and no private mortgage insurance. During the review period, Radius Financial originated 119 VA loans totaling \$40.9 million. Of these, 64 benefited LMI individuals or geographies.

Radius Financial is an approved USDA Rural Housing program lender. The USDA program provides 100 percent financing for eligible homebuyers in rural-designated areas. This program is for home purchase transactions, which offers a fixed rate, does not require a down payment, and includes low- and moderate-income requirements. During the review period, the Lender originated 19 USDA loans totaling \$4.2 million. Of these, 15 benefited LMI individuals or geographies.

Radius Financial offers MHFA loans. MHFA loans allow borrowers to buy homes with lower down payments. To be eligible for these loans, a borrower must meet the income and loan limit requirements and restrictions. During the exam period, the Lender originated 78 loans for \$19.3 million. Radius Financial also offers MHFA Down Payment Assistance loans. During the exam period, the Lender originated 44 MHFA Down Payment Assistance loans for \$337,971.

The Lender offers the Fannie Mae Home Possible and Freddie Mac Home Ready Programs designed to assist eligible applicants obtain an affordable mortgage. During the review period, the Lender originated 406 of these loans for \$111.1 million that benefited LMI individuals or geographies.

In addition, the Lender originated five Chenoa Down Payment Assistance loans totaling \$46,525. The Chenoa program helps homebuyers with down payments and is an important part of affordable mortgage programs.

IV. *Loss Mitigation Efforts*

The Division reviews a mortgage lender's efforts to work with delinquent home mortgage loan borrowers to facilitate a resolution of the delinquency, including the number of loan modifications,

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

As Radius Financial does not service mortgage loans, it does not work directly with delinquent borrowers. Therefore, this review does not include an evaluation of loan mitigation and modification efforts, as the Lender is not accountable for such action.

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, a review of written policies and procedures, and interviews with Radius Financial's personnel.

Radius Financial has established a reasonable record relative to fair lending policies and practices. No evidence of discriminatory or other illegal credit practices was identified.

Minority Application Flow

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

During 2018 and 2019, Radius Financial received 4,166 HMDA-reportable mortgage loan applications from within Massachusetts. Of these applications, 398 or 9.6 percent were received from racial minority applicants, and 295 or 74.1 percent resulted in originations.

For the same period, Radius Financial received 490 or 11.8 percent of HMDA-reportable applications from ethnic groups of Hispanic or Latino origin, and 333 or 68.0 percent were originated. This compares to the 74.9 percent overall ratio of mortgage loans originated by the Lender in Massachusetts in 2018 and 2019, and the 69.8 percent originated by the aggregate group in 2018 and 2019.

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

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

MINORITY APPLICATION FLOW						
RACE	2018 Lender		2018 Aggregate Data	2019 Lender		2019 Aggregate Data
	#	%	% of #	#	%	% of #
American Indian/ Alaska Native	6	0.4	0.3	2	0.1	0.2
Asian	71	4.1	5.9	80	3.3	5.8
Black/ African American	96	5.5	4.4	87	3.6	4.2
Hawaiian/Pac Isl.	1	0.1	0.2	2	0.1	0.2
2 or more Minority	0	0.0	0.1	1	0.0	0.1
Joint Race (White/Minority)	23	1.3	1.4	29	1.2	1.4
Total Minority	197	11.3	12.3	201	8.3	11.9
White	1,162	66.9	66.4	1,818	74.9	65.6
Race Not Available	379	21.8	21.3	409	16.9	22.5
Total	1,738	100.0	100.0	2,428	100.0	100.0
ETHNICITY						
Hispanic or Latino	217	12.5	5.8	202	8.3	5.8
Not Hispanic or Latino	1,156	66.5	71.4	1,791	73.8	70.3
Joint (Hisp/Lat /Not Hisp/Lat)	28	1.6	1.1	43	1.8	1.1
Ethnicity Not Available	337	19.39	21.7	392	16.1	22.8
Total	1,738	100.0	100.0	2,428	100.0	100.0
<i>Source: 2018 & 2019 Lender and Aggregate HMDA Data and 2015 ACS</i>						

In 2018, Radius Financial’s performance was below the aggregate’s performance for racial minority applicants. For the same period, Radius Financial’s performance was above the aggregate’s performance for ethnic minority applicants of Hispanic origin. For 2019, the Lender’s performance was below the aggregate for racial minority applicants and decreased from 2018, and lending to ethnic minority applicants continued to be above the aggregate.

VI. Loss of Affordable Housing

The review concentrated on the suitability and sustainability of mortgage loans originated by Radius Financial 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 of 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 Massachusetts or a broader regional area that includes Massachusetts.

Radius Financial's Service Test performance was determined to be **"Satisfactory"** 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.

Radius Financial provided an adequate level of qualified community development services in Massachusetts during the review period. Radius Financial's loan originators provided 24 homebuyer's seminars in Massachusetts during the review period. Topics included information on affordable lending products, the mortgage process, property investment, and general money topics. Loan originators also participated in two Reality Fairs, which are financial literacy events focused on middle and high school students that teaches spending and budgeting.

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. Radius Financial provides a reasonable delivery of mortgage lender services that are accessible to geographies and individuals of different income levels in Massachusetts. Customers can apply by telephone, online, or in person. The Lender offers a variety of mortgage loan products. During the exam period, the Lender opened two branches in LMI census tracts located in Framingham and Hyannis. The Lender has online resources, videos, and a blog featuring information on financial topics and the mortgage process in general. Overall, the Lender provides an adequate delivery of mortgage lending services throughout Massachusetts.

INVESTMENT TEST

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

During the review period, Radius Financial made approximately \$140,750 in donations to organizations within the Commonwealth that meet the definition of community development. The Lender provided a relatively high level of donations, which has as its primary purpose community development.

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.