

**PUBLIC DISCLOSURE**

**FEBRUARY 17, 2021**

**MORTGAGE LENDER COMMUNITY INVESTMENT  
PERFORMANCE EVALUATION**

**SHAMROCK HOME LOANS, INC.  
MC2227**

**75 NEWMAN AVENUE  
EAST PROVIDENCE, RI 02916**

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

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

## GENERAL INFORMATION

This document is an evaluation of the Mortgage Lender Community Investment (CRA) performance of **Shamrock Home Loans, Inc. (Lender or Shamrock)** pursuant to Massachusetts General Laws chapter 255E, section 8 and the Division of Banks' (Division) regulation 209 CMR 54.00, prepared by the Division, the Lender's supervisory agency, as of **February 17, 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.

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

- (a) origination of loans and other efforts to assist low- and moderate-income residents, without distinction, to be able to acquire or to remain in affordable housing at rates and terms that are reasonable considering the mortgage lender's history with similarly situated borrowers, the availability of mortgage loan products suitable for such borrowers, and consistency with safe and sound business practices;
- (b) origination of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units;
- (c) efforts working with delinquent residential mortgage customers to facilitate a resolution of the delinquency; and
- (d) other efforts, including public notice of the scheduling of examinations and the right of interested parties to submit written comments relative to any such examination to the Commissioner of Banks (Commissioner), as, in the judgment of the Commissioner, reasonably bear upon the extent to which a mortgage lender is complying with the requirements of fair lending laws and helping to meet the mortgage loan credit needs of communities in the Commonwealth of Massachusetts (Commonwealth or Massachusetts).

CRA examination procedures were used to evaluate Shamrock's community investment performance. These procedures utilize two performance tests: the Lending Test and the Service Test. This evaluation considered Shamrock'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 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 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 the year of 2019 is 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 who originated loans in the Commonwealth.

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 lender's internally maintained records of delinquencies and defaults as well as information publicly available through the Federal Reserve Banks and through 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 adequate dispersion in low- and moderate-income level census tracts.
- Given the demographics of Massachusetts, the loan distribution to borrowers reflects a satisfactory record of serving the credit needs among individuals of different income levels.
- Shamrock offers a variety of flexible lending products, which are provided in a safe and sound manner to address the credit needs of low- and moderate-income level individuals.
- Lending practices and products do not show a systematic pattern of lending resulting in mortgage loans that are not sustainable, nor do these practices or products show an undue concentration of early payment defaults, resulting in the consequent loss of affordable housing units.
- Fair lending policies and practices are considered adequate.

### **Service Test: “High Satisfactory”**

- The Lender provides an active and diverse level of community development services and qualified investments within the Commonwealth.
- Service delivery systems are accessible to geographies and individuals of different income levels in the Commonwealth.

## **PERFORMANCE CONTEXT**

### **Description of Mortgage Lender**

Shamrock incorporated in Rhode Island in 1989, and was granted a mortgage lender license by the Division on October 2, 2002. Shamrock is a retail lender engaging primarily in the origination and sale of residential mortgage loans. As of the date of the examination, the Lender was licensed or authorized to conduct business in 14 states, and maintained seven branch offices within the Commonwealth. All underwriting and major functions in the loan process are done at Shamrock’s main office. Approved loans are funded through established warehouse lines of credit, closed in the Lender’s name, and sold immediately to secondary market investors, with servicing rights released. Shamrock’s business development relies primarily on direct marketing, professional referrals, and repeat customers.

### **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>MASSACHUSETTS DEMOGRAPHIC INFORMATION</b>						
<b>Demographic Characteristics</b>	<b>Amount</b>	<b>Low %</b>	<b>Moderate %</b>	<b>Middle %</b>	<b>Upper %</b>	<b>N/A %</b>
<b>Geographies (Census Tracts)</b>	1,478	12.2	19.1	37.5	29.2	2.0
<b>Population by Geography</b>	6,705,586	10.1	18.6	38.9	31.9	0.5
<b>Owner-Occupied Housing by Geography</b>	1,583,667	3.4	13.8	44.4	38.3	0.1
<b>Family Distribution by Income Level</b>	1,620,917	23.3	16.4	19.4	40.9	0.0
<b>Distribution of Low and Moderate Income Families</b>	643,491	17.8	25.8	37.6	18.7	0.1
<b>Median Family Income</b>		\$93,145	<b>Median Housing Value</b>			\$358,764
<b>Households Below Poverty Level</b>		12.0%	<b>Unemployment Rate</b>			2.9%*
<b>2018 HUD Adjusted Median Family Income</b>		\$95,500	<b>2019 HUD Adjusted Median Family Income</b>			\$101,200

Source: 2015 ACS

\*Bureau of Labor Statistics as of 12/31/2019

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, almost 1.6 million or 56.4 percent are owner-occupied, 966,054 or 34.5 percent are rental-occupied, and 9.1 percent are vacant units.

According to the 2015 ACS data, there are 2.5 million households in the Commonwealth with a median household income of \$74,527. Over 41 percent of households are classified as low- and moderate-income. Twelve percent of the total number of households are living below the poverty level. Individuals in these categories may find it challenging 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 according to the 2015 ACS data stood at \$93,145. The Department Housing and Urban Development (HUD) adjusted median family income was \$95,500 in 2018 and \$101,200 in 2019. The adjusted median family income is updated yearly and takes into account inflation and other economic factors.

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

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

The median housing value for Massachusetts was \$358,764 according to the 2015 ACS. The unemployment rate for Massachusetts stood at 2.9 percent as of December 2019. Employment rates would tend to affect a borrower’s ability to remain current on mortgage loan obligations and also correlate with delinquency and default rates.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

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

Shamrock’s Lending Test performance was determined to be “**Satisfactory**”.

#### ***I. Geographic Distribution***

The geographic distribution of loans was reviewed to assess how well Shamrock is addressing credit needs throughout Massachusetts. The following table presents, by number, Shamrock’s 2018 and 2019 HMDA reportable loans in low-, moderate-, middle-, and upper-income level geographies, in comparison to the percentage of owner-occupied housing units in each of the census tract income level categories, and the 2019 aggregate lending data (inclusive of Shamrock).

Distribution of HMDA Loans by Income Level Category of the Census Tract						
Census Tract Income Level	Total Owner-Occupied Housing Units	2018 Shamrock		2019 Aggregate Lending Data	2019 Shamrock	
		#	%		% of #	#
<b>Low</b>	3.4	3	0.94	4.4	13	2.46
<b>Moderate</b>	13.8	50	15.67	14.6	63	11.91
<b>Middle</b>	44.4	156	48.91	43.5	259	48.96
<b>Upper</b>	38.3	110	34.48	37.4	193	36.48
<b>N/A</b>	0.1	0	0.00	0.1	1	0.19
<b>Total</b>	<b>100.0</b>	<b>319</b>	<b>100.00</b>	<b>100.0</b>	<b>529</b>	<b>100.00</b>

Source: 2018 & 2019 HMDA LAR Data and 2015 ACS Data.

As reflected in the above table, of the total loans originated in 2018 and 2019, 16.61 and 14.37 percent were in low- and moderate-income level census tracts, respectively. These percentages were comparable to the percentage of the area's owner occupied housing units in low- and moderate-income level census tracts, as well as the aggregate percentages.

Considering that over 80 percent of the area's owner-occupied housing units are in middle- and upper-income level census tracts, Shamrock's overall geographic distribution of residential mortgage loans reflects an adequate dispersion throughout low- and moderate-income level geographies within the Commonwealth.

## 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 the Commonwealth's residents. The following table shows Shamrock's 2018 and 2019 HMDA-reportable loans to low-, moderate-, middle-, and upper-income borrowers in comparison to the percentage of total families within the Commonwealth in each respective income group, and the 2019 aggregate lending data (inclusive of Shamrock).

Distribution of HMDA Loans by Borrower Income						
Median Family Income Level	% of Families	2018 Shamrock		2019 Aggregate Lending Data	2019 Shamrock	
		#	%		% of #	#
<b>Low</b>	23.3	19	5.96	6.0	103	19.47
<b>Moderate</b>	16.4	116	36.36	18.2	144	27.22
<b>Middle</b>	19.4	81	25.39	22.8	163	30.81
<b>Upper</b>	40.9	103	32.29	39.8	119	22.50
<b>N/A</b>	0.0	0	0.00	13.2	0	0.00
<b>Total</b>	<b>100.0</b>	<b>319</b>	<b>100.00</b>	<b>100.0</b>	<b>529</b>	<b>100.00</b>

Source: 2018 & 2019 HMDA LAR Data and 2015 ACS Data.

As shown in the above table, lending to low-income borrowers in 2019 was exceptionally strong. The remaining low- and moderate-income indicators from 2018 and 2019 were generally higher than the aggregate data. The Lender's overall lending performance of providing mortgage loans to low- and moderate-income borrowers is satisfactory.

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

Shamrock offers a variety of flexible lending products, which are provided in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Shamrock maintains HUD-approved Non-Supervised Federal Housing Administration (FHA) Loan Correspondent status. Although they contain imbedded insurance premiums, FHA products provide generally competitive interest rates and smaller down payments for low- and moderate-income first time homebuyers and existing homeowners. During the review period, Shamrock originated 268 FHA loans totaling over \$76 million. Of these, 49 loans were originated in low- and moderate-income level geographies, while 155 loans benefited low- to moderate-income borrowers.

The Lender is also a Department of Veterans Affairs (VA) Automatic Approval Agent. The VA Home Loan Guarantee Program is designed specifically for the unique challenges facing service members and their families. Through VA-approved lenders like Shamrock, the program offers low closing costs, no down payment requirement, and no private mortgage insurance requirement. In addition, under certain circumstances the Service Members Civil Relief Act provides military personnel with rights and protections on issues relative to mortgage interest rates and foreclosure proceedings. During the review period, Shamrock originated 38 VA loans totaling \$13 million. Of these, seven loans were originated in low- and moderate-income level geographies, while 22 loans benefited low- to moderate-income borrowers.

Shamrock also offers loan products guaranteed by the U.S. Department of Agriculture (USDA). The USDA Rural Housing Program is an innovative loan program that provides 100% financing for eligible homebuyers in rural-designated areas. This program is for home purchase transactions, offers fixed rates, and does not require a down payment. Income requirements do apply and the property must be located in a rural development designated area. Farm Service Agency loan products provide flexible temporary financing for customers who are planning to start, purchase, sustain, or expand a family farm. During the review period, Shamrock originated seven loans totaling approximately \$2 million. Of these, one loan was originated in a moderate-income level geography, and three loans benefited moderate-income borrowers.

Shamrock also offers MassHousing products. MassHousing is a self-supporting non-profit public agency that provides financing for homebuyers and homeowners, as well as for developers and owners of affordable rental housing. The agency sells bonds to fund its credit programs. In 2018 and 2019, Shamrock originated 28 MassHousing loans with a total of nearly \$7 million in dollar volume.

Shamrock offers several additional flexible loan programs, including the FNMA HomeReady and FHLMC Home Possible loans. These programs are designed to extend to consumers certain benefits and flexible credit options, in order to help them meet their home buying, refinance, or renovation needs and help mortgage lenders to confidently serve a market of creditworthy low- to moderate-income borrowers.



During the review period, the Lender's Massachusetts loans closed under these flexible lending programs totaled over \$27 million in volume.

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

As Shamrock does not routinely service mortgage loans, it would not work directly with delinquent borrowers. Therefore, this review would not include an evaluation of loan mitigation and modification efforts as the Lender would not be accountable for such action. The review of investor scorecards revealed overall default rates at or below industry averages. For the review period, lending practices and products do not show an undue concentration or a systematic pattern of lending resulting in mortgage loans that were not sustainable.

#### ***V. Fair Lending***

The Division examines a mortgage lender's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. The Lender's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. The review included, but was not limited to, review of written policies and procedures, interviews with Shamrock's personnel, and individual file review.

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

#### **Minority Application Flow**

Examiners reviewed the Lender'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, Shamrock received 1,090 HMDA-reportable mortgage loan applications from within Massachusetts. For these applications, the racial and ethnic identity was not specified in approximately 30 percent of cases. Of the remaining applications, 79 or 7.25 percent were received from racial minority applicants, and 50 or 63.29 percent resulted in originations. For the review period, Shamrock received 62 or 5.69 percent of HMDA-reportable applications from ethnic groups of Hispanic or Latino origin, and 46 or 74.19 percent were originated. This compares to a 77.8 percent overall ratio of mortgage loans originated by the Lender in Massachusetts, and the 56.3 percent approval ratio for the aggregate group.

Demographic information for Massachusetts reveals the total racial and ethnic minority population stood at 25.7 percent of the total population as of the 2015 ACS. At 15.2 percent, racial minorities consisted of

6.5 percent Black; 6.0 percent Asian/Pacific Islander; 0.1 percent American Indian/Alaskan Native; and 2.6 percent 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 loan application flow as well as a comparison to aggregate lending data 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>2018 Shamrock</b>		<b>2019 Aggregate Data</b>	<b>2019 Shamrock</b>	
	<b>#</b>	<b>%</b>	<b>% of #</b>	<b>#</b>	<b>%</b>
American Indian/ Alaska Native	0	0.00	0.2	0	0.00
Asian	11	2.44	5.8	7	1.10
Black/ African American	36	7.98	4.2	17	2.66
Hawaiian/Pacific Islander	1	0.22	0.2	0	0.00
2 or more Minority	0	0.00	0.1	0	0.00
Joint Race (White/Minority)	5	1.11	1.4	2	0.31
<b>Total Minority</b>	<b>53</b>	<b>11.75</b>	<b>11.9</b>	<b>26</b>	<b>4.07</b>
White	284	62.97	65.6	392	61.35
Race Not Available	114	25.28	22.5	221	34.58
<b>Total</b>	<b>451</b>	<b>100.00</b>	<b>100.0</b>	<b>639</b>	<b>100.00</b>
<b>ETHNICITY</b>					
Hispanic or Latino	21	4.66	5.8	31	4.85
Joint (Hisp-Lat /Non-Hisp-Lat)	6	1.33	1.1	4	0.63
<b>Total Hispanic or Latino</b>	<b>27</b>	<b>5.99</b>	<b>6.9</b>	<b>35</b>	<b>5.48</b>
Not Hispanic or Latino	312	69.18	70.3	384	60.09
Ethnicity Not Available	112	24.83	22.8	220	34.43
<b>Total</b>	<b>451</b>	<b>100.00</b>	<b>100.0</b>	<b>639</b>	<b>100.00</b>

Source: 2018 & 2019 HMDA LAR Data and 2015 ACS Data.

In 2018, Shamrock’s overall racial minority application flow was in-line with the ACS data and the aggregate data; however, this indicator fell notably in 2019. The ethnic minority flow reflected performance comparable with the aggregate data, but below demographic data. The Lender’s overall performance in this area is considered adequate.

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

This review concentrated on the suitability and sustainability of mortgage loans originated by Shamrock by taking into account delinquency and default rates of the Lender and those of the overall marketplace. Pertinent information provided by the Lender was reviewed, as were statistics available on delinquency and default rates for mortgage loans. Additionally, individual mortgage loans could be tracked for their status through local Registries of Deeds and other available sources including public records of foreclosure filings.

An extensive 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. Overall, average delinquency rates were found to be on comparable to industry averages.

## **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.

Shamrock's Service Test performance was determined to be "**High Satisfactory**" at this time.

### **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.

To raise awareness of mortgage financing options, Shamrock utilizes production of informational flyers that are distributed to consumers via direct delivery, social media, and real estate broker offices. This material addresses various topics, such as required home inspections, loan product comparisons, first time home tax credit tips, and MassHousing loan programs, and includes contact details for more information.

During the review period, the Lender's loan officers were active in several organizations that promote financial literacy and neighborhood revitalization advancement. These included the Realtor Association of Pioneer Valley, Buy Springfield Now, South Worcester Neighborhood Center, and Housing Assistance Corporation.

Shamrock is a member of several trade organizations, including the Mortgage Bankers Association, Massachusetts Mortgage Bankers Association, and Lenders One Cooperative.

### **Mortgage Lending Services**

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

Shamrock provides a satisfactory delivery of mortgage lender services that are accessible to geographies and individuals of different income levels in the Commonwealth. As described above, lending practices and products do not show an undue concentration or a systematic pattern of lending resulting in mortgage loans that were not sustainable.

## **PERFORMANCE EVALUATION DISCLOSURE GUIDE**

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

- 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. In connection with this, 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.