

# **PUBLIC DISCLOSURE**

October 25, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Sharon & Crescent United Credit Union  
Charter Number: 67836

30 Pond St  
Sharon, Massachusetts 02067

Division of Banks  
1000 Washington Street, 10<sup>th</sup> 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 a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Sharon and Crescent United Credit Union's (SCUCU) Satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the credit union's Lending Test and Community Development Test performance.

### **The Lending Test is rated Satisfactory.**

- The loan-to-deposit (LTD) ratio 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 reasonable penetration among individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

### **The Community Development Test is rated Satisfactory.**

- The institution demonstrated adequate responsiveness to the community needs in its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities in the assessment area.

## **SCOPE OF EVALUATION**

### **General Information**

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

This evaluation covers the period from the prior evaluation dated December 3, 2018, to the current evaluation dated October 25, 2021. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate SCUCU’s CRA performance. These procedures include two tests: the CRA Lending Test and the Community Development Test.

The Lending test was based on home mortgage loans originated by the credit union within its assessment area in 2019 and 2020. Examiners used aggregate data and the 2015 American Community Survey (ACS) demographic data to analyze performance under the Lending Test. The Community Development Test considered the credit union’s qualified community development activities since the prior examination.

### **Loan Products Reviewed**

Examiners determined that the credit union’s major product line is home mortgage loans. This conclusion considered the credit union’s business strategy and the number and dollar volume of loans originated during the evaluation period. Residential real estate loans and multi-family loans represent 59.1 percent of SCUCU’s loan portfolio as of June 30, 2021.

Home mortgage lending data analyzed included full year data from January 1, 2019, through December 31, 2020. Information related to home mortgage lending was derived from the Loan Application Registers (LARs) maintained by the credit union, pursuant to HMDA. For 2019, the credit union reported 302 originations totaling \$60.5 million within the assessment area. For 2020, the credit union reported 541 originations totaling \$121.3 million within the assessment area. The increase in originations from 2019 to 2020 can be directly attributed to the merger between Crescent Credit Union and Sharon Credit Union.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage loans. While the number and dollar volume are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals served.

For the Community Development Test, credit union management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation dated December 3, 2018.

## **DESCRIPTION OF INSTITUTION**

### **Background**

Sharon and Crescent United Credit Union is a community credit union chartered in 1956 by the State of Massachusetts. On January 1<sup>st</sup>, 2020, Sharon Credit Union merged with Crescent Credit Union to form Sharon and Crescent United Credit Union. The credit union's membership is open to persons who live, work, attend school, college, or university, or have a usual place of business in:

- Barnstable, Bristol, Dukes, Middlesex, Nantucket, Norfolk, Plymouth, and Suffolk counties in Massachusetts
- Bristol, Providence, and Newport counties of Rhode Island
- Blackstone, Hopedale, Mendon, Milford, Millville, Northbridge, Southborough, Upton, Uxbridge and Westborough in Worcester County, Massachusetts.
- Any family members of eligible persons, regardless of location.

The Massachusetts Division of Banks assigned a Satisfactory rating at its previous Performance Evaluation, dated December 3, 2018, based on Interagency Intermediate Small Institution Examination Procedures.

### **Operations**

The credit union operates 12 full-service branches and four standalone ATM machines. The credit union operates four branches in Brockton, two branches in Taunton as well as branches in East Walpole, Foxboro, Mansfield, North Attleboro, Norwell, and Sharon. The credit union maintains four standalone ATM machines, as well as one ATM at each of its branches. Since the last examination, the credit union merged with Crescent Credit Union and acquired seven branch locations through the merger. The seven locations the credit union acquired are located in Brockton (4), Taunton (2) and Norwell. Of the credit union's 12 branches, one branch is located in a low-income census tract and two are located in moderate-income census tracts in the City of Brockton.

SCUCU is a full-service financial institution that offers a wide range of products and services to retail and business customers. Deposit products include a variety of checking, savings, time deposit, and retirement accounts. Retail lending products include home mortgages, home equity lines of credit, consumer loans and credit cards. Business lending includes commercial real estate and term loans, secured lines of credit and commercial vehicle loans. SCUCU also offers a variety of alternative banking services which include online banking and bill pay, mobile banking, business online banking and bill pay, business mobile banking, and automated teller machines (ATMs).

## **Ability and Capacity**

SCUCU's assets totaled approximately \$1.2 billion as of June 30, 2021 and included total loans of \$786.6 million and total shares of \$1.0 billion. Prior to the merger with Crescent Credit Union, Sharon Credit Union had total assets of \$625.0 million as of December 31, 2019. Total assets increased 51.8 percent since the previous evaluation which includes asset growth directly related to the merger. In March 2020, SCUCU reported assets of approximately \$1.1 billion. SCUCU's loan portfolio mix predominantly reflects its residential lending focus and remains consistent with the previous evaluation. The following table illustrates the loan portfolio.

<b>Loan Portfolio Distribution as of 6/30/2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
<b>Non-Commercial Loans/Lines of Credit</b>		
Unsecured Credit Card Loan	4,060	0.5
Non-Federally Guaranteed Student Loans	4,193	0.5
All Other Unsecured Loans/Lines of Credit – includes SBA PPP Loans	18,519	2.4
New Vehicle Loans	23,286	3.0
Used Vehicle Loans	124,018	15.8
All Other Secured Non-Real Estate Loans/Lines of Credit	29,357	3.7
Loans/Lines of Credit Secured by First Lien on 1-4 Family Residential Property	464,959	59.1
Loans/Lines of Credit Secured by Junior Lien on 1-4 Family Residential Property	65,573	8.3
All Other Real Estate Loans/Lines of Credit	23	0.1
<b>Commercial Loans/Lines of Credit</b>		
Commercial Loans/Lines of Credit Real Estate Secured	46,734	5.9
Commercial Loans/Lines of Credit Not Real Estate Secured	5,894	0.7
<b>Total Loans</b>	<b>786,618</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the credit union's ability to meet assessment area credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas in which examiners will evaluate the institution's CRA performance. SCUCU designated a single assessment area which meets the technical requirements of the CRA regulation. The following sections discuss demographic and economic information relevant to the assessment area.

### **Economic and Demographic Data**

The assessment area includes 157 census tracts that make up the following towns: Abington, Attleboro, Avon, Berkley, Bridgewater, Brockton, Canton, Cohasset, Dighton, Dover, East Bridgewater, Easton, Foxboro, Halifax, Hanover, Hanson, Hingham, Holbrook, Lakeville, Mansfield, Marshfield, Medfield, Middleborough, Norfolk, North Attleboro, Norton, Norwell, Norwood, Pembroke, Plainville, Raynham, Rehoboth, Rockland, Scituate, Sharon, Stoughton, Taunton, Walpole, West Bridgewater, Westwood, Whitman, and Wrentham. The census tracts reflect the following income designations according to the 2015 American Community Survey (ACS) data.

- 6 low-income census tracts,
- 20 moderate-income census tracts,
- 53 middle-income census tracts,
- 76 upper-income census tracts, and
- 2 census tracts with no designation.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Sharon & Crescent United Credit Union						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	154	3.9	13.0	34.4	47.4	1.3
Population by Geography	805,329	3.0	11.0	33.2	52.2	0.6
Housing Units by Geography	307,177	3.2	11.9	34.5	50.3	0.1
Owner-Occupied Units by Geography	214,248	1.0	7.4	35.2	56.3	0.0
Occupied Rental Units by Geography	74,241	8.7	23.2	33.0	35.0	0.2
Vacant Units by Geography	18,688	6.6	18.0	32.7	42.7	0.0
Businesses by Geography	66,952	2.8	8.2	33.9	55.0	0.1
Farms by Geography	1,792	0.6	5.5	34.1	59.8	0.0
Family Distribution by Income Level	205,016	17.5	15.1	19.8	47.7	0.0
Household Distribution by Income Level	288,489	20.3	13.4	16.0	50.3	0.0
Median Family Income MSA - 14454 Boston, MA		\$90,699	Median Housing Value			\$352,660
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$73,950	Median Gross Rent			\$1,101
			Families Below Poverty Level			5.3%
<i>Source: 2015 ACS and 2020 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Examiners used the 2019 and 2020 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Boston, MA Median Family Income (14454)</b>				
2019 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
2020 (\$109,800)	<\$54,900	\$54,900 to <\$87,840	\$87,840 to <\$131,760	≥\$131,760
<b>Providence-Warwick, RI-MA MSA Median Family Income (39300)</b>				
2019 (\$85,100)	<\$42,550	\$42,550 to <\$68,080	\$68,080 to <\$102,120	≥\$102,120
2020 (\$89,000)	<\$44,500	\$44,500 to <\$71,200	\$71,200 to <\$106,800	≥\$106,800
<i>Source: FFIEC</i>				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. In the assessment area, 69.7 percent of the housing units are owner-occupied. The remaining units are occupied rental units (24.2 percent), and vacant units (6.1 percent). A median housing cost of \$352,660 is just below Massachusetts average of \$358,764.

### **Competition**

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders within SCUCU's assessment area. In 2020, lenders reported 82,038 residential mortgage loans originated or purchased. SCUCU ranked 29<sup>th</sup> out of 535 lenders, with a market share of 0.9 percent by number. The three most prominent home mortgage lenders accounted for 12.6 percent of total market share.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows available credit and community development opportunities.

Examiners contacted a representative from a community development corporation which serves the credit union's assessment area. During the conversation, the contact identified the need for affordable housing as the area with the most concern. The contact noted that the increased costs of home ownership have made it difficult for low- and moderate-income individuals and families to purchase homes. This increase in home prices has caused low- and moderate-income individuals and families to leave the area.

### **Credit and Community Development Needs and Opportunities**

Examiners identified the primary credit needs of the assessment area based on demographic and economic information, discussions with management, and the conversations with community contacts. Examiners determined the primary credit need of the community to be affordable housing.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

SCUCU demonstrated reasonable performance under the Lending Test. Loan-to-Deposit Ratio, Assessment Area Concentration, and Geographic Distribution, and Borrower Profile performance primarily support this conclusion.

## Loan-to-Share Ratio

The LTS ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The credit union's LTD ratio, calculated from Call Report data, averaged 87.9 percent over the past 11 calendar quarters from December 31, 2018, to June 30, 2021. The ratio ranged from a high of 96.4 percent as of December 31, 2018 to a low of 76.0 percent as of June 30, 2021. During the evaluation period, the credit union's origination rate fell below the rate of loan payoffs resulting in the decrease in LTS Ratio. SCUCU maintained a loan-to-deposit ratio comparable to similarly situated institutions. SCUCU's ratio was slightly below one similarly situated institution and higher than two other similarly situated institutions. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus. The following table contains the credit union's ratio and those of similarly situated institutions.

<b>Loan-to-Share (LTS) Ratio Comparison</b>		
<b>Credit Union</b>	<b>Total Assets as of 6/30/2021 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Sharon Credit Union</b>	<b>1,208,262</b>	<b>87.9</b>
Liberty Bay Credit Union	699,187	93.1
Quincy Credit Union	713,530	67.2
Merrimack Valley Credit Union	1,285,135	72.3
<i>Source: Reports of Condition and Income 12/31/2018 – 6/30/2021</i>		

## Assessment Area Concentration

The credit union made a majority of their home mortgage loans, by number and dollar volume within its assessment area. See the following table.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage										
2019	302	81.8	67	18.2	369	49,210	81.3	11,325	18.7	60,535
2020	541	78.2	151	21.8	692	121,345	75.2	40,065	24.8	161,410
<b>Total</b>	<b>843</b>	<b>79.5</b>	<b>218</b>	<b>20.5</b>	<b>1,061</b>	<b>170,555</b>	<b>76.8</b>	<b>51,390</b>	<b>23.2</b>	<b>221,945</b>
<i>Source: Credit Union Data</i>										

## Geographic Distribution

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area.

## Home Mortgage Loans

SCUCU's lending performance in low- and moderate-income census tracts was below that of the aggregate in 2019. In 2020, the credit union's performance was in-line with the aggregate in low-income census tracts and just below that of the aggregate in moderate-income census tracts. Market Share data for 2020 shows a high level of competition in lending to low- and moderate-income census tracts with SCUCU ranking 25<sup>th</sup> out of 252 lenders with 0.9 percent market share by number. Market share for 2020 shows that the top 10 lenders captured 38.6 percent of the market by number and were primarily large national institutions and mortgage companies. Of the 24 institutions ranked above SCUCU, only four institutions are Massachusetts state-chartered institutions. The four institutions that ranked above SCUCU are HarborOne Mortgage, LLC., Rockland Trust Company, Envision Bank, and Eastern Bank.

Geographic Distribution of Home Mortgage Loans						
Sharon & Crescent United Credit Union						
Tract Income Level	% Of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	1.0	1.2	0	0.0	0	0.0
2020	1.0	1.0	6	1.1	1,890	1.5
Moderate						
2019	7.4	7.5	3	1.0	295	0.6
2020	7.4	6.3	28	5.2	5,890	4.9
Middle						
2019	35.2	33.4	52	17.2	8,780	17.8
2020	35.2	32.0	123	22.7	25,635	21.1
Upper						
2019	56.3	57.8	247	81.8	40,135	81.6
2020	56.3	60.6	384	71.0	87,930	72.5
Not Available						
2019	0.0	0.1	0	0.0	0	0.0
2020	0.0	0.1	0	0.0	0	0.0
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>302</b>	<b>100.0</b>	<b>49,210</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>541</b>	<b>100.0</b>	<b>121,345</b>	<b>100.0</b>
<i>Source: 2015 ACS; Credit Union Data, 2019 &amp; 2020 HMDA</i>						

## **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels in the assessment area. Examiners focused on comparisons to aggregate data and area demographics. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers as this is a better indicator of the credit unions impact on borrowers of the same income levels.

### ***Home Mortgage Loans***

As shown in the following table, SCUCU's lending to low-income borrowers in 2019 and 2020 was slightly below the aggregate performance. In lending to moderate-income borrowers, the credit union was below the aggregate performance and was similar to the percentage of moderate-income families. Market share data for 2020 shows that SCUCU ranked 26<sup>th</sup> out of 318 lenders in lending to low- and moderate-income borrowers with a 0.8 percent market share. The top 10 institutions originated 37.3 percent of all loans to low- and moderate-income borrowers. Of the institutions that ranked above SCUCU in lending to low- and moderate-income borrowers, six lenders are in Massachusetts. Lenders which ranked above SCUCU include Rockland Trust Company, HarborOne Mortgage, LLC, Bridgewater Savings Bank, Envision Bank, Salem Five Mortgage Company, and Eastern Bank.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Sharon &amp; Crescent United Credit Union</b>						
<b>Borrower Income Level</b>	<b>% Of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2019	17.5	5.3	14	4.6	900	1.8
2020	17.5	4.3	18	3.3	2,220	1.8
<b>Moderate</b>						
2019	15.1	18.3	44	14.6	5,190	10.5
2020	15.1	17.0	72	13.3	12,070	9.9
<b>Middle</b>						
2019	19.8	26.4	70	23.2	10,960	22.3
2020	19.8	26.0	145	26.8	28,875	23.9
<b>Upper</b>						
2019	47.7	44.9	171	56.6	31,285	63.6
2020	47.7	46.5	294	54.3	74,190	61.1
<b>Not Available</b>						
2019	0.0	5.1	3	1.0	875	1.8
2020	0.0	6.2	12	2.3	3,990	3.3
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>302</b>	<b>100.0</b>	<b>49,210</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>541</b>	<b>100.0</b>	<b>121,345</b>	<b>100.0</b>
<i>Source: 2015 ACS; Credit Union Data, 2019 &amp; 2020 HMDA</i>						

**Response to Complaints**

The credit union did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution’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. Examiners conducted the fair lending review in accordance with the Federal Financial Institutions Examination Council (FFIEC)

Interagency Fair Lending Examination Procedures. Based on these procedures, examiners did not identify any evidence of disparate treatment.

### **MINORITY APPLICATION FLOW**

The credit union's HMDA LARs for 2019 and 2020 were reviewed to determine if the application flow from the different racial groups within the credit union's assessment area was reflective of the assessment area's demographics.

According to the 2015 ACS Census Data, the credit union's assessment area contained a total population of 805,329 individuals of which 16.9 percent are minorities. The minority population represented is 7.3 percent Black/African American, 2.7 percent Asian, 0.1 percent American Indian, 4.1 percent Hispanic or Latino, and 2.7 percent other.

The credit union's level of lending in 2019 and 2020 was compared with that of the 2019 and 2020 aggregate's lending performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the credit union received from minority home mortgage loan applicants. Refer to the table below for information on the credit union's minority application flow as well as the aggregate lenders in the credit union's assessment area.

MINORITY APPLICATION FLOW						
RACE	Credit Union 2019		2019 Aggregate Data	Credit Union 2020		2020 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	1	0.3	0.2	5	0.7	0.1
Asian	13	3.4	3.0	19	2.5	3.7
Black/ African American	7	1.8	7.6	29	3.8	5.9
Hawaiian/Pacific Islander	1	0.3	0.2	1	0.1	0.1
2 or more Minority	0	0.0	0.1	1	0.1	0.1
Joint Race (White/Minority)	3	0.7	1.2	17	2.2	1.3
<b>Total Minority</b>	<b>25</b>	<b>6.5</b>	<b>12.3</b>	<b>72</b>	<b>9.4</b>	<b>11.2</b>
White	329	85.0	64.8	582	75.5	61.2
Race Not Available	33	8.5	22.9	117	15.1	27.6
<b>Total</b>	<b>387</b>	<b>100.0</b>	<b>100.0</b>	<b>771</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	6	1.6	3.3	14	1.8	3.0
Joint (Hisp/Lat/Not Hisp/Lat)	7	1.8	1.0	8	1.0	1.0
<b>Total Ethnicity</b>	<b>13</b>	<b>3.4</b>	<b>4.3</b>	<b>22</b>	<b>2.8</b>	<b>4.0</b>
Not Hispanic or Latino	334	86.3	72.2	543	70.5	71.7
Ethnicity Not Available	40	10.3	23.5	206	26.7	24.3
<b>Total</b>	<b>387</b>	<b>100.0</b>	<b>100.0</b>	<b>771</b>	<b>100.0</b>	<b>100.0</b>
<i>Source: ACS Census 2015, HMDA Aggregate Data 2019 and 2020, HMDA LAR Data 2019 and 2020</i>						

In 2019, the credit union received 387 HMDA reportable loan applications within its assessment area. Of these applications, 25 or 6.5 percent were received from minority applicants, of which 15 or 60.0 percent resulted in originations. The credit union also received 13 or 3.4 percent of applications from ethnic groups of Hispanic origin within its assessment area of which, 10 or 76.9 percent were originated.

In 2020, the credit union received 771 HMDA reportable loan applications within its assessment area. Of these applications, 72 or 9.4 percent were received from minority applicants, of which 46 or 63.8 percent resulted in originations. The credit union also received 22 or 2.8 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 13 or 59.1 percent were originated.

Considering the demographic composition of the assessment area and comparisons to aggregate data in 2019 and 2020, the credit union’s minority application flow is adequate.

**COMMUNITY DEVELOPMENT TEST**

Sharon and Crescent United Credit Union demonstrates an adequate responsiveness to the assessment area’s community development needs through qualified community development loans, qualified donations, and community development services. Examiners considered the credit union’s capacity and the need and availability of such opportunities for community development in the assessment area.

**Community Development Loans**

SCUCU originated 25 community development loans totaling approximately \$1.1million during the evaluation period. The credit union’s community development loans promoted revitalization and stabilization through the SBA’s Paycheck Protection Program (PPP) within the assessment area as part of the Coronavirus Aid, Relief, and Economic Security Act. The PPP loans are particularly responsive as they provide funding to businesses to retain jobs in low- and moderate-income areas.

**Qualified Investments**

Sharon and Crescent United Credit Union made 68 qualified investments totaling \$233,185. This dollar amount is solely comprised of grants and donations that benefited the assessment area. These investments demonstrate the credit union’s responsiveness to the needs of the low- and moderate-income community within the assessment area. The following table illustrates the credit union’s community development investments by year and purpose.

<b>Qualified Community Development Investments</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
2019	0	0	14	25,260	0	0	0	0	<b>14</b>	<b>25,260</b>
2020	1	150	21	110,425	1	2,500	2	11,000	<b>32</b>	<b>124,075</b>
YTD 2021	0	0	22	83,850	0	0	0	0	<b>22</b>	<b>83,850</b>
<b>Total</b>	<b>1</b>	<b>150</b>	<b>64</b>	<b>219,535</b>	<b>1</b>	<b>2,500</b>	<b>2</b>	<b>11,000</b>	<b>68</b>	<b>233,185</b>

*Source: Credit Union Data*

The following are notable examples of the credit union’s qualified investment activities:

- **Boys and Girls Club of Metro South** – The credit union provided an annual donation to the Boy and Girls Club of Metro South in 2020 and 2021. This chapter primarily supports the Brockton and Taunton areas and provides numerous programs and services,

including afterschool and vacation programs, as well as transportation and healthy meal programs. The majority of the club's members receive free or reduced lunch.

- **Brockton Education Foundation** – This non-profit community-based organization in Brockton supports Brockton Public Schools. The school district is made up of primarily low-and moderate-income students. In 2020, the credit union made a donation to the organization that helped purchase laptops for students within the Brockton Public Schools.
- **City of Taunton- Small Business Recovery Fund** – This fund was used to provide grants to small businesses within the city of Taunton that were struggling with the financial impact of the Covid-19 pandemic. Grants from the fund were restricted to businesses with ten employees or fewer, with at least 51% of employees being considered low- or moderate-income individuals and who demonstrated that jobs would have been lost or not created without grant funding.
- **School on Wheels** – This non-profit community service organization provides personal tutoring and mentoring to K-12 students living in family shelters and transitional housing. The organization also provides school supplies to every student it tutors and provides college assistance.

**Community Development Services**

SCUCU provides community development services in the form of employee involvement and other services. During the prior evaluation, the credit union provided 12 instances of financial literacy through events and seminars. During the current evaluation period, SCUCU employees provided 18 instances of financial expertise or technical assistance to six different community development-related organizations in the assessment area.

The following table illustrates community development services by year and purpose.

<b>Community Development Services</b>					
<b>Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Total</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2019	0	2	0	0	<b>2</b>
2020	1	5	2	0	<b>8</b>
YTD 2021	1	5	2	0	<b>8</b>
<b>Total</b>	<b>2</b>	<b>12</b>	<b>4</b>	<b>0</b>	<b>18</b>
<i>Source: Credit Union Data</i>					

## *Employee Involvement*

SCUCU employees participate in local community development organizations and provide financial and technical expertise. The following are examples of organizations that benefited from credit union employee involvement.

- **Brockton Housing Partnership** – The Brockton Housing Partnership is a collaboration between community-based financial institutions and non-profit social service organizations to foster low and moderate-income neighborhoods in Brockton. The Brockton Housing Partnership focuses on the development and funding of affordable and market-rate housing and provides loan programs to low- and moderate-income borrowers. A Senior Vice President of the credit union serves on the organization’s board.
- **Brockton Housing Partnership** - The Brockton Housing Partnership also provides financial education through events for first-time homebuyers, homeowners facing foreclosure, and youth financial literacy through the Credit for Life Fairs at the Brockton High School. A Senior Vice President of the credit union serves on the organization’s board.
- **Grow Hope Foundation** – The Grow Hope Foundation provides outreach, advocacy, volunteer service, and financial support to projects that work to improve the lives of children and families. The organization, in partnership with the Brockton Public Schools, provides financial assistance to struggling families and children. A Vice President of the credit union serves on the organization’s foundation committee.
- **HESSCO Elder Services** – HESSCO Elder Services provides elder and disabled care and provides a variety of services related to healthcare, housing, finances, and nutrition. HESSCO programs range from free to all, voluntary contributions, and payments based on a percentage of an individual’s monthly income so that no one is excluded from their services regardless of income. Several programs offered are primarily used by low- and moderate-income individuals, including a financial literacy program and a legal services partnership with MetroWest Legal Services’ Senior Citizens’ Legal Project, with some additional benefits being restricted to low-income individuals, such as the legal service partnership. The credit union’s Compliance Officer serves on the organization’s board and finance committee.
- **South Eastern Economic Development Corporation (SEED)** – SEED is a regional nonprofit economic development corporation focused on empowering entrepreneurs, strengthening local economies, and creating jobs by financing all types of small businesses in Massachusetts and Rhode Island. The organization provides small business loan programs ranging from small microloans to SBA 504 loans. A Senior Vice President serves on the organization’s board and its microloan committee.

## 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 bank 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 bank or an affiliate for consideration in the bank'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 bank's assessment area(s) or a broader statewide or regional area including the bank'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 bank'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.