

PUBLIC DISCLOSURE

APRIL 26, 2024

**MORTGAGE LENDER COMMUNITY INVESTMENT
PERFORMANCE EVALUATION**

**SIERRA PACIFIC MORTGAGE COMPANY, INC.
D/B/A GEN LENDING
MC1788**

**950 GLENN DRIVE, SUITE 150
FOLSOM, CALIFORNIA 95630**

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

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.
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GENERAL INFORMATION

This document is an evaluation of the Mortgage Lender Community Investment (CRA) performance of **Sierra Pacific Mortgage Company, Inc. D/B/A Gen Lending (Lender or Sierra Pacific)** 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 **April 26, 2024**.

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 Sierra Pacific's:

- (a) origination of loans and other efforts to assist low- and moderate-income residents (LMI), 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 Sierra Pacific's community investment performance. These procedures utilize two performance tests: the Lending Test and the Service Test. This evaluation considered Sierra Pacific's lending and community development activities for the period of January 1, 2021, through December 31, 2022. 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 2021 and 2022 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 both years 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 LMI level census tracts.
- Given the demographics of Massachusetts, the loan distribution to borrowers reflects an adequate record of serving the credit needs among individuals of different income levels.
- Sierra Pacific offers flexible lending products, which are provided in a safe and sound manner to address the credit needs of LMI 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 consequent loss of affordable housing units.
- Fair lending policies and practices are considered adequate.

Service Test: “Needs to Improve”

- The Lender did not provide community development services 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

Sierra Pacific was incorporated in California on July 14, 1986. The Division granted a mortgage lender and a mortgage broker license to Sierra Pacific on October 2, 2001. The Lender's corporate office is located at 950 Glenn Drive, Suite 150, in Folsom, California. Sierra Pacific is authorized to conduct business in all 50 states and the District of Columbia. There are no licensed branches in Massachusetts. The Lender's business in Massachusetts focuses on the retail origination and underwriting of full documentation residential mortgages including conventional, Federal Housing Administration (FHA), United States Department of Agriculture (USDA), Department of Veterans Affairs (VA) and Massachusetts Housing Finance Agency (MassHousing) loans. The Lender's business focuses both on the wholesale and retail origination and underwriting of residential first mortgage loans. Sierra Pacific retains mortgage servicing rights on the majority of its originations. The Lender outsources the mortgage servicing function to two sub-servicers. During 2021 and 2022, Sierra Pacific originated 813 loans totaling approximately \$287.1 million in Massachusetts.

Demographic Information

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

DEMOGRAPHIC INFORMATION OF THE COMMONWEALTH						
Demographic Characteristics	Amount	% Low	% Moderate	% Middle	% Upper	% N/A
Geographies (Census Tracts)	1,620	10.5	19.1	37.0	30.0	3.4
Population by Geography	7,029,917	9.4	19.0	37.8	32.6	1.2
Owner-Occupied Housing by Geography	1,654,892	3.1	14.6	43.1	38.9	0.3
Family Distribution by Income Level	1,673,992	22.8	16.4	19.8	41.0	0.0
Distribution of Low- and Moderate-Income Families	655,582	15.8	27.3	37.1	19.1	0.7
Median Family Income	\$114,076		Median Housing Value			\$449,342
Households Below Poverty Level	10.6%		2022 Unemployment Rate			3.8%*
2021 HUD Adjusted Median Family Income	\$106,200		2022 HUD Adjusted Median Family Income			\$120,400

*Source: 2020 US Census; * Bureau of Labor Statistics annual average*

Based on the 2020 United States (US) Census, the Commonwealth's population was above 7 million people with a total of 2.9 million housing units. Of the total housing units, almost 1.6 million or 56.8 percent are owner-occupied, 992,088 or 34.1 percent are rental-occupied, and 9.1 percent are vacant units.

According to the 2020 US Census, there are 2.6 million households in the Commonwealth with a median household income of \$91,426. Nearly 40 percent of households are classified as low- and moderate-income (LMI). Over ten 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 1.67 million. Of all family households, 22.8 percent were low-income, 16.4 percent were moderate-income, 19.8 percent were middle-income, and 41.0 percent were upper-income. The median family income according to the 2020 US Census data stood at \$114,076. The Department of Housing and Urban Development (HUD) adjusted median family income was \$106,200 in 2021 and \$120,400 in 2022. The HUD adjusted median family income is updated yearly and takes into account inflation and other economic factors.

Massachusetts contains 1,620 census tracts. Of these, 170 or 10.5 percent are low-income; 309 or 19.1 percent are moderate-income; 599 or 37.0 percent are middle-income; 486 or 30.0 percent are upper-income; and 56 or 3.4 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 \$449,342 according to the 2020 US Census data. The unemployment rate for Massachusetts stood at an annual average of 3.8 percent for 2022, a decrease from the 2021 annual average rate of 5.5 percent, according to the Bureau of Labor Statistics. Employment rates would tend to affect a borrower’s ability to remain current on mortgage loan obligations and also correlate 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. Lending performance is rated under 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 Sierra Pacific.

Sierra Pacific's Lending Test performance was determined to be "**Satisfactory**".

I. Geographic Distribution

The geographic distribution of loans was reviewed to assess how well Sierra Pacific is addressing credit needs throughout Massachusetts. The following table presents, by number, Sierra Pacific's 2021 and 2022 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 2021 and 2022 aggregate lending data (inclusive of Sierra Pacific).

Geographic Distribution of HMDA Loans by Census Tract					
Tract Income Level	Year	% of MA Owner-Occupied Housing Units	Aggregate Performance % of #	Sierra Pacific #	Sierra Pacific %
Low	2021	3.1	4.2	34	5.6
	2022		4.4	18	8.7
Moderate	2021	14.6	14.3	101	16.7
	2022		16.0	59	28.5
Middle	2021	43.1	42.7	299	49.3
	2022		42.0	96	46.4
Upper	2021	38.9	38.6	172	28.4
	2022		37.1	32	15.4
Not Available	2021	0.3	0.2	0	0.0
	2022		0.5	2	1.0
Total	2021	100.0	100.0	606	100.0
	2022		100.0	207	100.0

Source: 2020 US Census; 1/1/2021 - 12/31/2022 Lender HMDA Data, 2021 and 2022 HMDA Aggregate Data

Sierra Pacific's geographic distribution of loans in LMI tracts was above both aggregate lending and demographics for both 2021 and 2022.

The Lender's performance of lending in LMI tracts trended upwards from 22.3 percent to 37.2 percent. Originated loans decrease from 2021 to 2022 which affected the percentage. Sierra Pacific's

distribution of lending is considered adequate when compared to the demographics and aggregate lending data for the time period of January 1, 2021, through December 31, 2022.

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

II. Borrower Characteristics

The distribution of loans by borrower income was reviewed to determine the extent to which the Lender is addressing the credit needs of the Commonwealth's residents. The following table shows Sierra Pacific's 2021 and 2022 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 2021 and 2022 aggregate lending data (inclusive of Sierra Pacific).

Distribution of HMDA Loans by Borrower Income					
Borrower Income Level	Year	% of MA Families	Aggregate Performance % of #	Sierra Pacific #	Sierra Pacific %
Low	2021	22.8	5.9	65	10.7
	2022		7.4	29	14.0
Moderate	2021	16.4	17.8	193	31.9
	2022		19.7	90	43.5
Middle	2021	19.8	22.5	168	27.7
	2022		23.0	47	22.7
Upper	2021	41.0	39.9	174	28.7
	2022		37.5	41	19.8
Not Available	2021	0.0	13.9	6	1.0
	2022		12.4	0	0.0
Total	2021	100.0	100.0	606	100.0
	2022		100.0	207	100.0

Source: 2020 US Census; 1/1/2021 - 12/31/2022 Lender HMDA Data, 2021 and 2022 HMDA Aggregate Data

Lending to low-income borrowers during 2021 and 2022 was above the aggregate and below the percentage of low-income families. The Lender's performance to moderate-income borrowers was above both aggregate lending and the percentage of low-income families in 2021 and 2022. The Lender's overall lending performance to LMI borrowers is considered adequate at this time.

The Lender's performance of lending to LMI borrower trended upward from 42.6 percent to 57.5 percent overall. Sierra Pacific's distribution of lending is considered adequate when compared to the demographics and aggregate lending data for the time period of January 1, 2021 through December 31, 2022.

III. Innovative or Flexible Lending Practices

Sierra Pacific 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.

Sierra Pacific maintains HUD-approved Non-Supervised FHA Loan Correspondent status. Although they contain imbedded insurance premiums, FHA products provide generally competitive interest rates and smaller down payments for LMI first-time homebuyers and existing homeowners. During the review period, Sierra Pacific originated 156 FHA loans totaling \$70.0 million. Of these, 82 loans benefited LMI borrowers, while 78 loans were originated in LMI level geographies.

The Lender is also a VA Automatic Approval Agent. The VA Home Loan Guarantee Program is designed specifically for the unique challenges facing service members and their families. The program offers low closing costs, with no down payment requirement and no private mortgage insurance requirements. 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, Sierra Pacific originated 15 VA loans totaling \$5.0 million. Of these, five loans benefited LMI borrowers, while two were originated in LMI level geographies.

Sierra Pacific also offers loan products guaranteed by the 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, Sierra Pacific originated seven USDA loans totaling \$1.8 million. Of these, five loans benefited LMI borrowers, while one was originated in a LMI level geography.

Sierra Pacific 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 2021 and 2022, Sierra Pacific originated seven MassHousing loans with a total of \$2.1 million in dollar volume.

In addition, Sierra Pacific offers additional flexible loan programs, including FNMA HomeReady and FHLMC Home Possible loans. These programs are designed to extend to consumers certain benefits and flexible credit options, to help them meet their home buying, refinance, or renovation needs, and help mortgage lenders to confidently serve a market of creditworthy LMI borrowers. During the review period, Sierra Pacific closed 237 loans under these flexible lending programs totaling \$77.5 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 of such modifications, and the extent to which such modifications are effective in preventing subsequent defaults or foreclosures.

Sierra Pacific uses third party to sub-servicers to manage its retained servicing portfolio. The review of sub-servicer and investor scorecards revealed overall default rates that were on average comparable to industry averages. Consequently, lending practices and products for the review period 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 Sierra Pacific's personnel, and individual file review.

Sierra Pacific 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 2021 and 2022, Sierra Pacific received 1,055 HMDA-reportable mortgage loan applications from within Massachusetts. For these applications, the racial and ethnic identities were not specified in 51.3 percent of cases. Of the remaining applications, 228 or 21.6 percent were received from racial minority applicants, and 160 or 70.1 percent resulted in originations. For the review period, Sierra Pacific received 124 or 11.7 percent of HMDA-reportable applications from ethnic groups of Hispanic or Latino origin, and 98 or 79.0 percent were originated.

This compares to the 78.3 percent overall ratio of mortgage loans originated by the Lender in Massachusetts in 2021 and the 61.7 percent approval ratio by the aggregate group in 2021. In 2022, the Lender originated 55.6 percent of applications and the aggregate group originated 58.3 percent.

Demographic information for Massachusetts reveals the total racial minority population stood at 30.4 percent of total population as of the 2020 US Census data. Racial minorities consisted of 7.0 percent Black; 7.3 percent Asian/Pacific Islander; 0.3 percent American Indian/Alaskan Native; 8.7 percent two or more minority races; and 7.1 percent identified as Other Race. Ethnic minorities consisted of 12.6 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.

Minority Application Flow						
Race	2021 Aggregate Data	2021 Sierra Pacific		2022 Aggregate Data	2022 Sierra Pacific	
	% of #	#	%	% of #	#	%
American Indian/ Alaska Native	0.3	2	0.3	0.3	0	0.0
Asian	6.6	50	6.5	6.6	19	6.6
Black/ African American	4.6	84	10.9	5.8	63	22.0
Hawaiian/Pacific Islander	0.1	1	0.1	0.2	0	0.0
2 or more Minority	0.1	0	0.0	0.2	0	0.0
Joint Race (White/Minority)	1.6	7	0.9	1.7	2	0.7
Total Minority	13.3	144	18.7	14.8	84	29.3
White	61.2	423	55.0	61.0	122	42.7
Race Not Available	25.5	202	26.3	24.2	80	28.0
Total	100.0	769	100.0	100.0	286	100.0
Ethnicity	% of #			% of #		
Hispanic or Latino	6.0	77	10.0	7.4	36	12.6
Joint (Hisp-Lat /Non-Hisp-Lat)	1.2	8	1.0	1.5	3	1.1
Total Hispanic or Latino	7.2	85	11.0	8.9	39	13.7
Not Hispanic or Latino	67.4	497	64.6	67.6	174	60.8
Ethnicity Not Available	25.4	187	24.4	23.5	73	25.5
Total	100.0	769	100.0	100.0	286	100.0

Source: 1/1/2021 - 12/31/2022 Lender HMDA Data, 2021 & 2022 HMDA Aggregate Data

In 2021 and 2022, Sierra Pacific's performance was above the aggregate's performance for racial and ethnic minority applicants of Hispanic origin.

VI. Loss of Affordable Housing

This review concentrated on the suitability and sustainability of mortgage loans originated by Sierra Pacific 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 delinquency rates were found to be on average 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.

Sierra Pacific's Service Test performance was determined to be **"Needs to Improve"** 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.

During the review period, Sierra Pacific did not provide qualified community development services.

Management is strongly encouraged to expand its commitment to community outreach activities that meet the definition of community development under the aforementioned regulation. Examples may include, but are not necessarily limited to, financial literacy education initiatives, homeownership promotion targeted to low- and moderate-income individuals, foreclosure prevention counseling throughout the Commonwealth, and/or technical assistance to community organizations in a leadership capacity.

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.

Sierra Pacific provides mortgage lender services that are accessible to geographies and individuals of different income levels in the Commonwealth. The Lender offers a variety of mortgage products such as FHA, VA, USDA, Freddie Mac Home Possible, Fannie Mae Home Ready, and MassHousing loans. The Lender receives applications through its retail and wholesale channels. Applicants can apply for a mortgage by telephone and e-mail. The Lender does not have branches in Massachusetts. During the examination period, most originations were sold with servicing rights retained with a smaller portion servicing rights released. The Licensee uses LoanCare, LLC and PHH Mortgage Corporation as sub-servicers for its mortgage loan servicing portfolio.

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.