

PUBLIC DISCLOSURE

AUGUST 5, 2020

**CRA FOR MORTGAGE LENDERS
PERFORMANCE EVALUATION**

**WILLIAM RAVEIS MORTGAGE, LLC
MC2630**

**7 TRAP FALLS ROAD
SHELTON, CONNECTICUT 01886**

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

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

This document is an evaluation of the Mortgage Lender Community Investment (CRA) performance of **William Raveis Mortgage, LLC (William Raveis or Lender)** pursuant to the Massachusetts General laws chapter 255E, section 8 and the Division of Banks' (Division) regulation 209 CMR 54.00, prepared by the Division, the Lender's supervisory agency, as of August 5, 2020.

SCOPE OF EXAMINATION

An evaluation was conducted using examination procedures, as defined by CRA guidelines. A review of the Division's records, as well as the Lender's public CRA file, did not reveal any complaints related to CRA.

The CRA examination included a comprehensive review and analysis, as applicable, of William Raveis':

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

CRA examination procedures were used to evaluate William Raveis' community investment performance. These procedures utilized two performance tests: the Lending Test and the Service Test. This evaluation considered William Raveis' 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 Service Test are discussed below.

The Lending Test evaluates a mortgage lender's community investment performance pursuant to the following six criteria: geographic distribution of loans, lending to borrowers of different incomes, innovative and flexible lending practices, loss mitigation efforts, fair lending, and loss of affordable housing.

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

It includes lending information from all HMDA reporting mortgage lenders, which originated loans in Massachusetts.

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

The Service Test evaluated the Lender's record of helping to meet the mortgage credit needs by analyzing the availability and effectiveness of the Lender's system 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 a less than adequate dispersion in LMI census tracts as compared to the distribution of owner occupied housing in those census tracts.
- The distribution of borrowers, given the demographics of Massachusetts, reflects an adequate record of serving the credit needs among individuals of different income levels.
- William Raveis exhibited use of innovative or flexible lending products, which are provided in a safe and sound manner to address the credit needs of LMI level individuals.
- The lending practices and products did not show an undue concentration or a systematic pattern of lending resulting in mortgage loans that were not sustainable.
- Fair lending policies and practices are considered adequate.

Service Test: “Needs To Improve”

- The Lender’s service delivery systems are reasonably accessible to geographies and individuals of different income levels in Massachusetts.
- William Raveis did not participate in qualified Community Development activities within Massachusetts.

PERFORMANCE CONTEXT

Description of Mortgage Lender

William Raveis was organized under the laws of Delaware in November 2004, and was granted a mortgage lender and mortgage broker license by the Division on February 13, 2004. The Lender has twenty branches located in Massachusetts. The Lender is also licensed in Connecticut, New Hampshire, New Jersey, New York, Vermont, Rhode Island, and Florida. The Lender's corporate office is located at 7 Trap Falls Road, Shelton, Connecticut.

William Raveis is an approved lender for the Federal Housing Administration (FHA), Department of Veterans Affairs (VA), and United States Department of Agriculture (USDA) in addition to offering conventional loan products and Massachusetts Housing Finance Agency (MHFA) loans.

Loan processing and underwriting is performed at William Raveis' main office and remotely through secured channels. Approved loans are funded through established warehouse lines of credit. William Raveis' business development relies primarily on referrals and repeat business. Originated loans are closed in the Lender's name and sold immediately to secondary market investors, with servicing rights released.

During the examination period, William Raveis originated 662 loans totaling approximately \$236.8 million within Massachusetts.

Demographic Information

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

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

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

Based on the 2015 American Community Survey (2015 ACS), Massachusetts' population was above 6.7 million people with a total of 2.8 million housing units. Of the total housing units, 1.58 million or 56.0 percent are owner occupied, 966,054 or 34.0 percent are rental units, and 9.8 percent are vacant units.

According to 2015 ACS data, there are 2.5 million households in Massachusetts with a median of household income of \$74,527. Over 41 percent of households are now classified as LMI. Twelve percent of the total number of households is living below the poverty level. Individuals in these categories may find it difficult to qualify for traditional mortgage loan products.

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

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

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

The median housing value for Massachusetts was \$358,764 according to the 2015 ACS. The unemployment rate for the Massachusetts as of December 31, 2019, was 2.8 percent, which was a decrease from December 31, 2018, at which time it was 3.1 percent, according to the Bureau of Labor Statistics. Employment rates would tend to affect a borrower's ability to remain current on mortgage loan obligations and also correlates with delinquency and default rates.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TEST

LENDING TEST

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

William Raveis’ Lending Test performance was determined to be **“Satisfactory”** at this time.

I. *Geographic Distribution*

The geographic distribution of loans was reviewed to assess how well William Raveis is addressing the credit needs throughout Massachusetts’ low-, moderate-, middle-, and upper-income census tracts. The table below shows the distribution of HMDA-reportable loans by census tract income level. Lending activity is compared with the percent of owner-occupied housing units based on the 2015 ACS demographics and William Raveis’ 2018 and 2019 home mortgage lending performance. The Lender’s lending performance is compared to the aggregate lending performance for both 2018 and 2019.

<i>Geographic Distribution of HMDA loans by Census Tract</i>						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	3.4	4.8	4	1.5	853	0.9
2019	3.4	4.4	0	0.0	0	0.0
Moderate						
2018	13.8	15.5	22	8.0	6,911	7.5
2019	13.8	14.6	31	8.0	9,687	6.7
Middle						
2018	44.4	43.2	137	49.8	39,043	42.7
2019	44.4	43.5	175	45.2	59,870	41.2
Upper						
2018	38.3	36.3	112	40.7	44,724	48.9
2019	38.3	37.3	181	46.8	75,724	52.1
Not Available						
2018	0.1	0.2	0	0.0	0	0.0
2019	0.1	0.2	0	0.0	0	0.0
Totals						

2018	100.0	100.0	275	100.0	91,531	100.0
2019	100.0	100.0	387	100.0	145,281	100.0
<i>Source: 2018 & 2019 HMDA Data and 2015 ACS</i>						

William Raveis has 20 licensed branch locations in Massachusetts, which are all located in middle- and upper-income census tracts. The Lender receives most of its referrals from its parent company William Raveis Real Estate, which also has offices in affluent communities, which is reflected in the loan percentages above. William Raveis' geographic distribution of loans in LMI tracts was far below aggregate lending and the demographics in 2018 and 2019. In 2019, the Lender's performance of lending in LMI tracts decreased from 9.5 percent in 2018 to 8.0 percent in 2019. The Lender's performance showed a downward trend from 2018 to 2019, and remained well below the demographics. William Raveis' geographic distribution of residential mortgage is less than adequate in light of overall LMI tract dispersion.

II. *Borrower Characteristics*

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

<i>Distribution of HMDA Loans by Borrower Income</i>						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	23.3	6.2	10	3.6	1,820	2.0
2019	23.3	6.0	16	4.1	3,053	2.1
Moderate						
2018	16.4	18.1	51	18.5	12,548	13.7
2019	16.4	18.2	60	15.5	18,263	12.6
Middle						
2018	19.4	23.0	80	29.1	25,158	27.5
2019	19.4	22.8	98	25.3	34,894	24.0
Upper						
2018	40.9	39.9	133	48.4	51,645	56.4
2019	40.9	39.8	211	54.5	88,524	60.9
Not Available						
2018	0.0	12.8	1	0.4	360	0.4
2019	0.0	13.2	2	0.6	547	0.4
Totals						

2018	100.0	100.0	275	100.0	91,531	100.0
2019	100.0	100.0	387	100.0	145,281	100.0
<i>Source: 2018 & 2019 HMDA Data and 2015 ACS</i>						

Lending to low-income borrowers during 2018 was below the percentage of low-income families and the aggregate. Lending to moderate-income borrowers during 2018 was well above the percentage of moderate-income families, but below the aggregate. The Lender’s performance among LMI borrowers decreased from 2018 to 2019 from 22.1 percent to 19.6. The Lender’s overall lending performance to LMI borrowers is considered adequate at this time.

III. Innovative or Flexible Lending Practices

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

The Lender is an approved HUD direct endorsement mortgage lender. FHA products provide competitive interest rates and smaller down payment requirements for LMI first time homebuyers and existing homeowners. During the review period, William Raveis originated 38 FHA loans totaling \$12.9 million. Of these, 21 benefited LMI individuals or geographies.

William Raveis is approved to offer products guaranteed by the USDA Rural Housing program. USDA offers an innovative loan program that provides 100 percent financing for eligible homebuyers in rural-designated areas. This program is for home purchase transactions, which offers a fixed rate and does not require a down payment. Income requirements do apply and the property must be located in a rural development designated area.. During the review period, William Raveis originated three USDA loans totaling \$940,000 thousand. Of these, two benefited LMI individuals.

William Raveis offers MHFA loans. MHFA loans allow borrowers to buy homes with lower down payments. To be eligible for these loans, a borrower must meet the income and loan limit requirements and restrictions. During the exam period, the Lender originated 12 loans for \$2.9 million.

The Lender offers the Fannie Mae Home Possible and Freddie Mac Home Ready programs designed to assist eligible applicants and first-time homebuyers obtain an affordable mortgage. During the review period, the Lender originated 90 loans for \$26.6 million that benefited LMI individuals or geographies.

William Raveis introduced the Santander CRA Affordable Mortgage Program during the examination period. The program allows borrowers to buy homes with lower down payments. There are no income limits for properties in low- and moderate-income census tracts. During the exam period, the Lender originated four loans in this program for \$1.6 million.

During 2018 and 2019, William Raveis brokered 24 VA guaranteed mortgage loans.

IV. *Loss Mitigation Efforts*

The Division reviews a mortgage lender's efforts to work with delinquent home mortgage loan borrowers to facilitate a resolution of the delinquency, including the number of loan modifications, the timeliness of such modifications, and the extent to which such modifications are effective in preventing subsequent defaults or foreclosures. As William Raveis does not service mortgage loans, it would not work directly with delinquent borrowers. Therefore, this review does not include an evaluation of loan mitigation and modification efforts as the Lender would not be accountable for such action.

V. *Fair Lending*

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

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

Minority Application Flow

Examiners reviewed William Raveis' 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, William Raveis received 898 -reportable mortgage loan applications from within Massachusetts. Of these applications, 99 or 11.0 percent were received from racial minority applicants, and 74 or 74.7 percent resulted in originations. For the same period, William Raveis received 76 or 8.5 percent of HMDA-reportable applications from ethnic groups of Hispanic or Latino origin, and 24 or 31.6 percent were originated. This compares to the 68.6 percent and 77.9 percent overall ratio of mortgage loans originated by the Lender in Massachusetts in 2018 and 2019 respectively, and the 69.8 percent originated by the aggregate group in 2018 and 2019.

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

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

MINORITY APPLICATION FLOW						
RACE	2018 Lender		2018 Aggregate Data	2019 Lender		2019 Aggregate Data
	#	%	% of #	#	%	% of #
American Indian/ Alaska Native	0	0.0	0.3	0	0.0	0.2
Asian	21	5.2	5.9	39	7.9	5.8
Black/ African American	9	2.2	4.4	8	1.6	4.2
Hawaiian/Pac Isl.	0	0.0	0.2	0	0.0	0.2
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	6	1.5	1.4	16	3.2	1.4
Total Minority	36	8.9	12.3	63	12.7	11.9
White	320	79.8	66.4	350	70.4	65.6
Race Not Available	45	11.3	21.3	84	16.9	22.5
Total	401	100.0	100.0	497	100.0	100.0
ETHNICITY						
Hispanic or Latino	10	2.5	5.8	11	2.2	5.8
Not Hispanic or Latino	319	79.6	71.4	346	69.6	70.3
Joint (Hisp/Lat /Not Hisp/Lat)	3	0.7	1.1	7	1.4	1.1
Ethnicity Not Available	69	17.2	21.7	133	26.8	22.8
Total	401	100.0	100.0	497	100.0	100.0
<i>Source: 2018 & 2019 HMDA Data and 2015 ACS</i>						

In 2018, William Raveis' performance was below the aggregate's performance for racial minority applicants. For the same period, William Raveis' performance was below the aggregate's performance for ethnic minority applicants of Hispanic origin. For 2019, William Raveis' racial minority and ethnic minority application flows exhibited an upward trend. For 2019, The Lender's performance was above the aggregate for racial minority applicants, but below the aggregate for ethnic minority applicants.

VI. Loss of Affordable Housing

The review concentrated on the suitability and sustainability of mortgage loans originated by William Raveis by taking into account delinquency and default rates of the Lender and those of the overall marketplace. Information provided by the Lender was reviewed, as were statistics available on delinquency and default rates for mortgage loans. A review of information and documentation, from both internal and external sources as partially described above, did not reveal lending practices or products that showed an undue concentration of a systematic pattern of lending, including a pattern of early payment defaults resulting in the loss of affordable housing units.

SERVICE TEST

The Service Test evaluates a mortgage lender's record of helping to meet the mortgage credit needs in the Commonwealth by analyzing both the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products; the extent and innovativeness of its community development services; and loss mitigation services to modify loans or otherwise keep delinquent home loan borrowers in their homes. Community development services must benefit Massachusetts or a broader regional area that includes Massachusetts.

William Raveis' Service Test performance was determined to be **“Needs to Improve”** during the evaluation period.

Community Development Services

A community development service is a service that:

- (a) has as its primary purpose community development; and
- (b) is related to the provision of financial services, including technical services

The Commissioner evaluates community development services pursuant to the following criteria:

- (a) the extent to which the mortgage lender provides community development services; and
- (b) the innovativeness and responsiveness of community development services.

William Raveis did not participate in qualified Community Development services during the examination period.

Management is encouraged to employ an effective focus on and a pro-active commitment to community development activities that meet the definition of community development under the CRA regulation. Examples may include, but are not necessarily limited to financial literacy education initiatives targeted to LMI individuals, foreclosure prevention counseling, and/or providing 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.

William Raveis provides a reasonable delivery of mortgage lender services that are accessible to geographies and individuals of different income levels in the Commonwealth. William Raveis generates its business in Massachusetts through referrals and repeat business. Consumers can apply for a loan online, by phone, or at its branches. The Lender has online resources on buying, selling, financing, and the mortgage process in general. 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 209 CMR 54.00, the Mortgage Lender Community Investment (CRA) regulation, require all mortgage lenders to take the following actions within 30 business days of receipt of the CRA evaluation of their mortgage lender:

- 1) Make its most current CRA performance evaluation available to the public.
- 2) Provide a copy of its current evaluation to the public, upon request. The mortgage lender is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the mortgage lender's evaluation, as prepared by the Division of Banks, may not be altered or abridged in any manner. The mortgage lender is encouraged to include its response to the evaluation in its CRA public file.

The Division of Banks will publish the Lender's Public Disclosure on its website no sooner than 30 days after the issuance of the Public Disclosure.