

PUBLIC DISCLOSURE

December 6, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Worcester Fire Department Credit Union
Certificate Number: 67683

34 Glennie Street
Worcester, MA 01605

Division of Banks
1000 Washington Street, 10th 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.

INSTITUTION RATING

This document is an evaluation of the CRA performance of **Worcester Fire Department Credit Union (credit union)** prepared by the Massachusetts Division of Banks, the institution's supervisory agency as of **December 6, 2021**. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in the group has a satisfactory record of helping to meet the credit need of its assessment area, including low- and moderate-income borrowers, in a manner consistent with its resources and capabilities. Worcester Fire Department Credit Union's performance under this test is summarized below:

- The average net loan-to-share ratio (22.7 percent) is adequate given the institution's size, financial condition, and credit needs of its assessment area.
- The distribution of borrowers reflects adequate penetration among individuals of different income levels (including low- and moderate-income).
- The credit union has not received any CRA-related complaints since the last CRA evaluation.
- Fair lending policies and procedures are adequate.

DESCRIPTION OF INSTITUTION

Background

Worcester Fire Department Credit Union is an industrial credit union chartered in the Commonwealth of Massachusetts on July 6, 1937. The credit union's membership is limited to those employees of the Worcester Fire Department, the Worcester Fire Department Credit Union and associations composed of such employees of the Worcester Fire Department and to those persons who are retired on pension or have resigned in good standing from the Worcester Fire Department. Membership is also available to the spouse, mother, father, sister, brother, children, and grandchildren of all those eligible members. The credit union has 1,975 members as of September 30, 2021.

Operations

The credit union maintains one office located at 34 Glennie Street in Worcester, Massachusetts. The credit union's hours are Monday through Friday 8:00 am to 4:00 pm. The credit union offers free checking accounts, shared savings accounts, credit cards, certificate of deposits, first and second mortgages, student loans, personal loans, new and used auto loans, passbook secured loans, recreational and commercial vehicle loans, and personal unsecured loans. The credit union refers its 30-year fixed rate mortgages to Allanach Mortgage and student loans to Sallie Mae Bank or a lending partner.

Ability and Capacity

As of September 30, 2021, the credit union had total assets of approximately \$47.7 million, total shares and deposits of approximately \$42.1 million and total loans of \$7.6 million. Since the previous evaluation, total assets increased by 19.3 percent, total shares and deposits increased 22.3%, and total loans decreased by 24.1 percent.

The credit union’s primary loan portfolio by dollar amount is comprised of consumer loans representing 58.9 percent of total loans. The following table provides additional details regarding the credit union’s loan portfolio by dollar amount.

Loan Portfolio Distribution as of 9/30/2021		
Loan Category	\$	%
Unsecured Credit Card Loans	829,934	10.9
All Other Unsecured Loans/Lines of Credit	488,678	6.4
New Vehicle Loans	1,787,736	23.5
Used Vehicle Loans	1,108,736	14.6
All other Secured Non-Real Estate Loans/Lines of Credit	264,129	3.5
Total Consumer Loans	4,479,213	58.9
Total Loans/Lines of Credit Secured by 1 st Lien 1-4 Family Residential Properties	2,150,048	28.3
Total Loans/Lines of Credit Secured by a Junior Lien 1-4 Family Residential Properties	974,977	12.8
Total Residential Loans	3,125,025	41.1
Total Loans	7,604,238	100.0
<i>Source: Reports of Income and Condition</i>		

DESCRIPTION OF ASSESSMENT AREA

Pursuant to 209 CMR 46.41(8), Worcester Fire Department Credit Union delineates its membership as its assessment area. According to CRA regulations, an institution shall delineate one or more assessment areas where the institution will meet the credit needs and by which the Division of Banks will evaluate the institution’s CRA performance. Credit Union’s whose membership by-laws provisions are not based upon geography are permitted to designate its membership as its assessment area.

The Federal Financial Institutions Examination Council (FFIEC) updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table:

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Worcester, MA-CT MSA Median Family Income (49340)				
2019 (\$95,300)	<\$47,650	\$47,650 to <\$76,240	\$76,240 to <\$114,360	≥\$114,360
2020 (\$95,300)	<\$47,650	\$47,650 to <\$76,240	\$76,240 to <\$114,360	≥\$114,360
<i>Source: FFIEC</i>				

SCOPE OF EVALUATION

General Information

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks 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, 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 January 1, 2019, to the current evaluation dated December 6, 2021. Small Institution CRA procedures were used for the evaluation.

The evaluation references demographic and economic information from the 2010 United States (U.S.) Census, and the 2015 American Community Survey (ACS). Credit Union financial data reflects the September 30, 2021, Call Report.

Since the credit union has defined its membership as its assessment area, as opposed to a geographic area, an evaluation of credit extended within a defined geographic area was not conducted. This evaluation was based on an analysis of the credit union's loan-to-share ratio, its performance in providing loans to individuals of various incomes, its response to CRA related complaints, and fair lending performance.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Loan-to-Share Ratio

This performance criterion determines what percentage of the credit union's share base is reinvested in the form of loans and evaluates its appropriateness. The average net loan-to-share ratio for the last eight quarters is adequate given the institution's size, and financial condition.

The credit union's net loan-to-share ratio, as calculated from the NCUA 5300 Quarterly Call Report data averaged 22.7 percent over the last eight calendar quarters from December 31, 2019, through September 30, 2021. The ratio ranged from a low of 18.0 percent as of June 30, 2021, to a high of 29.1 percent as of December 31, 2019. During the evaluation period, the credit union experienced an increase in deposits, while the overall lending decreased due in part to automobile inventory shortages and increasing housing prices.

Borrower Profile

The distribution of consumer loans to borrowers of different income levels is adequate. A sample of the credit union's consumer loans was analyzed for 2019 and 2020. In 2019, the credit union originated two loans or 40.0 percent to low- and/or moderate-income borrowers. In 2020, the credit

union originated two loans or 40.0 percent to low- and/or moderate-income borrowers. Refer to the table below for the distribution of consumer loans by borrower income.

Distribution of Loans by Borrower Income Level				
Borrower Income Level	#	%	\$(000s)	%
Low				
2019	0	0	0	0
2020	0	0	0	0
Moderate				
2019	2	40	19,000	20.2
2020	2	40	53,067	63.4
Middle				
2019	3	60	74,969	79.8
2020	3	60	30,678	36.6
Upper				
2019	0	0	0	0
2020	0	0	0	0
Not Available				
2019	0	0	0	0
2020	0	0	0	0
Totals				
2019	5	100	93,969	100
2020	5	100	83,745	100
<i>Source: Credit Union Data</i>				

Response to Complaints

The credit union has not received any CRA-related complaints since the last CRA evaluation therefore, this criterion did not affect the CRA rating.

Fair Lending Policies and Procedures

The Division of Banks provides comments regarding the institution’s fair lending policies and practices pursuant to Regulatory Bulletin 1.3-106. Based on a review of the credit union’s performance relative to fair lending policies and practices, no violations of anti-discrimination laws and regulations were identified.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, require all financial institution to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (34 Glennie Street, Worcester, MA 01605)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

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