

**PUBLIC DISCLOSURE**

**JUNE 17, 2013**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**CRESCENT CREDIT UNION**

**CERT # 68048**

**115 COMMERCIAL STREET  
BROCKTON, MASSACHUSETTS 02302**

**Division of Banks  
1000 Washington Street, 10<sup>th</sup> Floor  
Boston, MA 02118**

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this 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.</p>
--

## TABLE OF CONTENTS

I.	General Information.....	1
II.	Institution CRA Rating	
	a. Overall Rating .....	1
	b. Scope of the Examination.....	2
	c. Description of the Institution .....	3
	d. Description of the Assessment Area.....	4
	e. Conclusions Regarding Performance Criteria .....	8

## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting its 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 agency must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of Crescent Credit Union (or the "Credit Union"), prepared by the Division, the institution's supervisory agency as of June 17, 2013. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

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

**The Lending Test is rated: High Satisfactory**

**The Community Development Test is rated: Satisfactory**

An institution in this group has a good record of meeting the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The evaluation assessed the Credit Union's performance utilizing the Federal Financial Institutions Examination Council (FFIEC) Intermediate Small Bank (ISB) procedures. The assigned rating is based on the result of two performance tests: the Lending Test and the Community Development Test. The Credit Union achieved a High Satisfactory rating for the Lending Test and a Satisfactory rating for the Community Development Test. A summary of the Credit Union's performance is provided below:

### Lending Test

- The Credit Union's average net loan-to-share (LTS) ratio for the past eight quarters was 107.3 percent and is considered more than reasonable.
- A majority of the Credit Union's home mortgage lending and consumer lending was inside the assessment area. Overall, the Credit Union originated 75.7 percent of its loans inside the assessment area.
- Overall, the Credit Union's geographic distribution reflects good dispersion throughout the assessment area. During the evaluation period, the Credit Union originated 2.2 percent of its home mortgage loans in low-income geographies and 13.2 percent in moderate-income geographies which reflects performance that exceeded the aggregate in 2011 and demographic information for 2012. The Credit Union originated 5.3 percent of consumer loans in low-income tracts and 10.5 percent in moderate-income tracts.
- Overall, the Credit Union's distribution of borrowers reflects, given the demographics of the assessment area, a good penetration of home mortgage loans and consumer loans among individuals of different income levels, including low- and moderate-income borrowers. In 2011, the percentage of home mortgage loan originations to low- and moderate-income borrowers exceeded the aggregate data and was higher than the demographic data for

moderate-income borrowers. In 2012, home mortgage lending also exceeded the demographic data for moderate-income borrowers. During the evaluation period, the Credit Union made 28.9 percent of consumer loans to low-income borrowers and 23.7 percent to moderate-income borrowers.

- There were no CRA-related complaints received during the evaluation period. Fair lending policies and practices are considered adequate.

#### Community Development Test

- Credit Union board members and officers were involved with community development organizations within its designated assessment area. The Credit Union also participated in a number of financial education initiatives.
- The Credit Union made qualified donations and loans during the examination period.

### **SCOPE OF EXAMINATION**

Crescent Credit Union was evaluated according to ISB CRA Examination Procedures, which apply to an institution with assets of at least \$296 million as of December 31 of both of the prior two calendar years, and less than \$1.186 billion as of December 31 of either of the prior two calendar years, adjusted annually.

This evaluation considered the Credit Union's home mortgage and consumer lending from January 1, 2011 through December 31, 2012 and community development activities between September 29, 2009 and June 17, 2013. The data and applicable timeframes used for the Lending Test and Community Development Test are discussed below.

The evaluation considered the Credit Union's home mortgage loans originated in 2011 and 2012. Under CRA, a home mortgage loan is considered to be a home purchase, home improvement, or refinancing of a dwelling-secured loan. Home mortgage loans were reported pursuant to the Home Mortgage Disclosure Act (HMDA). Data was obtained from the Loan Application Register (LAR). Based on the Credit Union's loan portfolio composition as of March 31, 2013, the Credit Union's primary lending activity consists of first mortgage real estate/lines of credit, which accounted for 54.4 percent of the Credit Union's loan portfolio by dollar volume.

The evaluation also considered the Credit Union's consumer loans originated in 2011 and 2012. As of March 31, 2013, consumer loans accounted for 79.4 percent by loan volume and 31.5 percent by dollar volume. A sample of 32 consumer loans for 2011 and 32 loans for 2012 were incorporated into the Lending Test. The consumer loan sample consisted predominately of automobile loans.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Founded in 1919, Crescent Credit Union was originally chartered to serve the financial needs of employees at the Tarlow Brothers Leather Company in Brockton. The purpose of the Credit Union is to promote thrift among its members (including organizational members) by affording them an opportunity to accumulate their savings and to create for them a source of credit for provident or productive purposes. According to the Credit Union's bylaws "Membership in this corporation is limited to those who are residents, living or working, or having a place of business in the following counties: Barnstable, Bristol, Norfolk and Plymouth, or within thirty (30) miles of the main office of the corporation for the purpose of payroll deduction." As of March 31, 2013, the Credit Union has 46,776 members.

The Credit Union's corporate office is located in a middle-income tract at 1300 Belmont Street, Brockton and the main branch is located in a moderate-income tract at 115 Commercial Street, Brockton. The Credit Union operates seven full-service branches located in Brockton (5), Taunton (2), and Norwell (1). The Credit Union has a mortgage and loan center located in Brockton, which is located in a middle-income census tract. All loans are processed, underwritten and serviced at the loan center. Of the seven branches, three are located in moderate-income census tracts, three in middle-income census tracts and one is located in an upper-income census tract. Business hours are readily accessible to all members and all branches are open on Saturday.

Seven of the branch locations have 24-hour drive up automated teller machines (ATMs) and one office has a walk-up ATM. The Credit Union is a member of the Co-op Network and SUM<sup>®</sup>, an alliance between many financial institutions that have agreed not to assess ATM surcharge fees to any of the other member's customers. This service is of particular benefit to low- and moderate-income consumers. Ten of the 16 ATMs are connected to the SUM network and all 16 ATMs are connected to the Co-op Network. The Credit Union has seven remote ATMs: three located at Trucchi's Grocery Store in Abington, New Bedford and West Bridgewater; two at Tedeschi's Plaza in Taunton and West Bridgewater, one at the Good Samaritan Medical Center in Brockton and one on West Chestnut Street in Brockton. Of the seven remote ATMs, one is located in a moderate-income census tract, five are in middle-income census tracts and one is located in an upper-income census tract.

In September 2011, the branch located at 1575 Cambridge Street in Cambridge, a middle-income census tract, was closed. Also in 2011, the Credit Union relocated the branch on 1095 West Chestnut Street in Brockton to 1300 Belmont Street in Brockton, both located in middle-income census tracts. In April 2013, the Massachusetts Division of Banks approved the consolidation of Brockton Postal Credit Union with Crescent Credit Union under the charter, bylaws and name of Crescent Credit Union.

As of March 31, 2013, the Credit Union had total assets of \$401.3 million. This represents a 9.8 percent increase since the prior evaluation. The Credit Union's loan portfolio increased 7.3 percent over the same period, with loans totaling \$321.6 million. The loan portfolio accounts for 80.1 percent of the Credit Union's assets. Refer to Table 1 below for detailed information regarding the Credit Union's loan portfolio.

**Table 1 - Loan Portfolio Distribution as of March 31, 2013**

Loan Type	Dollar Volume	Percentage of Total Loans
Total 1st Mortgage Real Estate Loans/Lines of Credit	\$174,935,244	54.4
Used Vehicle Loans	\$78,390,472	24.4
Total Other Real Estate Loans/Lines of Credit	\$45,409,095	14.1
New Vehicle Loans	\$16,043,402	5.0
All Other Unsecured Loans/Lines of Credit	\$3,664,102	1.1
All Other Loans/Lines of Credit	\$3,162,379	1.0
Unsecured Credit Card Loans	\$6,910	0.0
<b>Total</b>	<b>\$321,611,604</b>	<b>100.0</b>

*Source: March 31, 2013 Consolidated Report of Condition*

Crescent Credit Union is a full-service financial institution that offers a wide variety of products and services. Savings and checking accounts include share savings accounts, money market, certificates of deposits, IRAs, holiday and vacation clubs, eRewards checking, free checking, student checking, Crescent 62 checking and relationship checking accounts. Home financing programs include fixed-rate mortgages, adjustable-rate mortgages, construction-to-permanent mortgages, mobile home loans, home equity loans and home equity lines of credit. Consumer loans include new and used automobile loans, personal loans, student loans, and recreational loans. Other services include direct deposit, payroll deduction, VISA check card, ATM access, telephone banking, online banking and bill pay.

The Credit Union offers a variety of business loans and services such as: term loans, SBA loans, lines of credit and commercial mortgages. Services include free business checking accounts, VISA business check card, free online banking, free online bill pay and check imaging.

The Credit Union maintains a website at [www.crescentcredit.org](http://www.crescentcredit.org). The website provides information about branch locations and hours, products and services, online services, and other financial services available to customers.

The Credit Union was last examined for compliance with the CRA on September 28, 2009. The examination resulted in a CRA rating of High Satisfactory.

There are no apparent financial or legal impediments that would limit the Credit Union's ability to help meet the credit needs of its assessment area.

### **Description of Assessment Area**

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The assessment area as currently defined meets the technical requirements of the CRA regulation since it: (1) consists of one or more political subdivisions, (2) includes the geographies where the institution has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans, (3) consists of whole census tracts, (4) does not extend substantially beyond state boundaries, unless otherwise permitted, (5) does not reflect illegal discrimination, and (6) does not arbitrarily exclude low- and moderate-income areas.

The Credit Union's assessment area contains 33 cities and towns located in Bristol, Norfolk and Plymouth counties. Norfolk and Plymouth counties are located within the Boston-Quincy, MA Metropolitan District while Bristol County is located in the Providence-New Bedford-Fall River, RI-MA Metropolitan District. Listed below are the cities and towns that comprise the assessment area, grouped by the county in which they are located:

*Bristol County:* Easton, Mansfield, Norton, Raynham and Taunton  
*Norfolk County:* Avon, Canton, Cohasset, Holbrook, Stoughton, and Weymouth  
*Plymouth County:* Abington, Brockton, Bridgewater, Carver, Duxbury, East Bridgewater, Halifax, Hanover, Hanson, Hingham, Kingston, Lakeville, Marshfield, Middleborough, Norwell, Pembroke, Plymouth, Plympton, Rockland, Scituate, West Bridgewater and Whitman

The Credit Union's assessment area has not changed since the previous evaluation; however, because 2012 is a transition year for the U.S. Census, there has been a change in the number of and income allocation of census tracts within the assessment area. A description of the changes between the two data sets is illustrated in the tables below.

<b>Table 2 - Assessment Area Demographic Information (2000 Census Data)</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (Census Tracts)	126	1.6	11.9	54.0	31.7	0.8
Population by Geography	680,330	0.8	10.4	53.5	35.0	0.3
Owner-Occupied Housing by Geography	181,429	0.3	6.0	55.4	38.3	0.0
Family Households by Income Level	177,241	16.0	16.7	23.7	43.6	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	57,921	1.5	17.3	58.5	22.7	0.0
Median Family Income		\$68,355	Median Housing Value			\$196,471
Families Below Poverty Level		4.6%	Unemployment Rate (2000 Census)			4.2%
Households Below Poverty Level		7.0%	Unemployment December 2011			7.3%

*Sources: 2000 US Census Data; 2011 HUD updated Median Family Income, 2011 Bureau of Labor Statistics*

<b>Table 3- Assessment Area Demographic Information (2010 Census Data)</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (Census Tracts)	141	4.9	13.5	52.5	28.4	0.7
Population by Geography	706,159	4.0	12.1	53.4	30.2	0.3
Owner-Occupied Housing by Geography	194,857	1.5	9.6	56.8	32.1	0.0
Family Households by Income Level	181,743	17.7	16.7	22.1	43.5	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	62,327	6.4	19.2	54.9	19.5	0.0
Median Family Income		\$90,461	Median Housing Value			\$382,181
Families Below Poverty Level		5.1%	Unemployment Rate (2010 Census)			7.9%
Households Below Poverty Level		7.7%	Unemployment December 2012			6.7%

*Sources: 2010 US Census Data; 2012 HUD updated Median Family Income, 2012 Bureau of Labor Statistics*

According to the 2000 U.S. Census, the Credit Union's assessment area consists of 126 census tracts, of which 1.6 percent are low-income, 11.9 percent are moderate-income, 54 percent are middle-income, 31.7 percent are upper-income, and 0.8 percent are N/A (Bridgewater

Correctional Facility). According to the 2010 U.S. Census, the number of census tracts in the Credit Union's assessment area increased from 126 to 141, of which 4.9 percent are low-income, 13.5 percent are moderate-income, 52.5 percent are middle-income tracts, 28.4 percent are upper-income census tracts, and 0.7 percent is N/A (Bridgewater Correctional Facility).

According to the 2000 Census, the assessment area has a total population of 680,330 residing in 177,241 family households. Of all family households in the area, 16 percent are low-income, 16.7 percent are moderate-income, 23.7 percent are middle-income, 43.6 percent are upper-income, and 4.6 percent are families below the poverty level. Of the 245,899 households, 21.7 percent are low-income, 15.6 percent are moderate-income, 7.0 percent are households below the poverty level, and 2.3 percent receive some form of public assistance.

According to the 2010 U.S. Census, the assessment area population increased to 706,159 residing in 181,473 family households. Of all family households in the area, 17.7 percent are low-income, 16.7 percent are moderate-income, 22.1 percent are middle-income, 43.5 percent are upper-income and 5.1 percent are families below the poverty level. Of the 257,317 households, 20.6 percent are low-income, 14.1 percent are moderate-income, 7.7 percent are below the poverty level, and 2.2 percent receive some form of public assistance. As the tables indicate, the distribution of low-income families and families below the poverty level increased between 2000 and 2010 in the assessment area while the distribution of moderate-income families remained the same. Living below the poverty level typically indicates a reduced ability to qualify for a mortgage loan, thereby reducing a financial institution's ability to originate residential loan products to lower-income individuals.

According to the 2000 U.S. Census, the assessment area consists of 257,003 total housing units, of which 70.6 percent are owner-occupied, 25.0 percent are rental units and 4.4 percent are vacant units. Of the 181,429 owner-occupied housing units, 0.3 percent are in low-income census tracts and 6.0 percent are in moderate-income census tracts. The median housing value in 2000 for the assessment area was \$196,471 and the median age of the housing stock was 35 years.

According to the 2010 U.S. Census, the total housing units increased to 276,527 of which 70.5 percent are owner-occupied, 22.6 percent are rental units and 7.0 percent are vacant units. Of the 194,857 owner-occupied housing units, 1.5 percent are in low-income census tracts and 9.6 percent are in moderate-income census tracts. The median housing value in 2010 for the assessment area was \$382,181 and the median age of the housing stock was 41 years.

Like much of New England, the area's housing prices saw dramatic increases in value since 2000. The average median sales price for housing has increased significantly over the past few years and is considered high and largely out-of-reach for many low- and moderate-income borrowers. Recent figures from the Banker and Tradesman show that the area's median home prices in 2012 ranged from a low of \$116,250 in Avon to a high of \$584,608 in Cohasset.

According to the December 2012 data from the Bureau of Labor Statistics, the non-seasonally adjusted unemployment rate for the Boston-Cambridge Metropolitan Area was 6.1 percent and the New Bedford Metropolitan Area was 10.3 percent. In 2012, the unemployment rate was 9.3 percent in Bristol County, 5.6 percent in Norfolk County, and 6.9 percent in Plymouth County. Unemployment statistics for some of the cities and towns in the assessment area were 9 percent in Brockton, 6.7 percent in Bridgewater, 5.8 percent in Canton, 5.9 percent in Easton, 5.8 percent in Mansfield, 6.8 percent in Plymouth, 6.1 percent in Quincy, 6.6 percent in Rockland, 6.3 percent in Stoughton, 7.7 percent in Taunton, and 6.4 percent in Weymouth.



The Credit Union faces strong competition from other financial institutions that originated loans within the assessment area. These institutions range in size from small credit unions and mortgage companies with single office locations to the largest banks in New England. Among the more prominent lenders competing with the Credit Union are Harbor One Bank, Bridgewater Credit Union and Eastern Bank.

The assessment area has no one primary credit need. The area's residents need a variety of retail loan products to meet personal needs and an array of home financing programs for the purchase, construction, improvement, or refinance of a residence. The area's business base also requires numerous commercial credit options to meet a wide variety of financing purposes.

### **Community Contact**

As part of the evaluation process, third parties that are active in community affairs are contacted to assess the housing and business needs in the Credit Union's assessment area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community and whether additional opportunities are available.

A community contact was conducted with a local organization which provides affordable housing to low- and moderate-income individuals and families. The contact indicated the biggest challenge to the area is increasing real estate prices. The recent rise in home prices is creating a barrier for first-time and low- and moderate-income homebuyers as neighborhoods and homes that have historically been affordable for entry level homebuyers are becoming too expensive. In addition, the contact felt that local financial institutions need a better understanding of how to process HUD vouchers and that only a few institutions do this efficiently.

Overall, the contact was enthusiastic with the level of community involvement by financial institutions. Due to the well-documented economic difficulties of the area and negative publicity received during the recent recession, local institutions have banded together for the good of the entire community by forming partnerships aimed at improving the financial services offered to those in need. The contact's outlook on financial institutions involvement was very positive.

Based on the area's demographics and the insights gained through discussions with management and the community contacts, the assessment area has no one primary credit need.

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

ISB CRA evaluation procedures utilize both a Lending and Community Development Test. The Lending Test considers the institution's performance pursuant to the following criteria: loan-to-share (LTS) ratio, assessment area concentration, geographic distribution of loans, lending to borrowers of different incomes (borrower profile), and record of taking action in response to CRA complaints. The Community Development Test considered community development services.

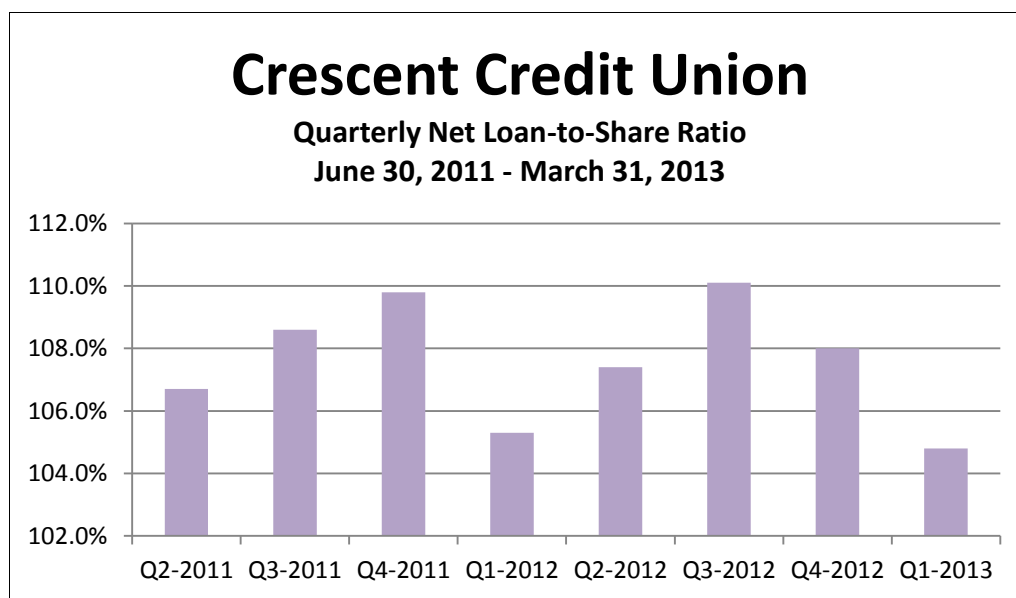
### **LENDING TEST**

Overall, the Credit Union's performance under the Lending Test is considered "High Satisfactory." This rating indicates that Crescent Credit Union's lending performance demonstrates a good responsiveness to the credit needs of the assessment area.

#### **1. LOAN-TO-SHARE (LTS) ANALYSIS**

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 Credit Union's net LTS ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.

The Credit Union's net LTS ratio as of March 31, 2013 was 104.8 percent. The average quarterly net LTS ratio was 107.6 percent and was calculated by averaging the previous eight quarterly net LTS ratios between June 30, 2011 and March 31, 2013. As shown in the graph below, the net LTS ratio reached a high of 110.1 percent in September 2012 and a low of 104.8 in March 2013.



Changes in loan and share amounts were analyzed to assess the fluctuations in the net LTS ratios. The decline in the LTS ratio between December 2011 and March 2012 resulted from a decrease in automobile loan production and the sale of 30 year fixed-rate mortgages to Fannie Mae. In addition, deposits increased in March 2012 due to the seasonal impact of members receiving tax return refunds. During this time period loans decreased by 1.7 percent and shares increased by 2.4 percent.

Management attributed the decreasing LTS ratio between September 2012 through March 2013 to a \$10 million decline in consumer lending due to automobile loan rate competition and new competitors entering the market. In addition, the Credit Union is taking on deposit shares from an influx of new members as a result of merger activity by other local institutions. During this time period, loans decreased by 3.1 percent and shares increased by 1.8 percent.

Management explained the Credit Union’s strategy is to maintain a high LTS ratio because loan yields are currently higher than investment yields. A portion of the loans are funded by the Federal Home Loan Bank and the Credit Union utilizes long term borrowing to help mitigate interest rate risk on the balance sheet. The Credit Union also sells many 30 year fixed-rate mortgages.

For evaluation purposes, the Credit Union’s net LTS ratio was compared to similarly-situated financial institutions by asset size and loan portfolio composition.

<b>Table 4 - Net Loan-to-Share Ratios</b>		
<b>Institution</b>	<b>Average Net LTS Ratio (%) (6/30/11 – 3/31/13)</b>	<b>Total Assets (\$'000s) as of 3/31/13</b>
<b>Crescent Credit Union</b>	<b>107.6</b>	<b>\$401,306</b>
Bridgewater Credit Union	93.8	\$340,140
Quincy Credit Union	66.5	\$441,990
Sharon Credit Union	59.4	\$469,580

*Source: NCUA 5300Statement of Financial Condition as of March 31, 2013*

As shown in Table 4 above, the other credit unions’ average quarterly net LTS ratios were 93.8 percent, 66.5 percent, and 59.4 percent. Based on the foregoing information, the Credit Union’s asset size and resources, and the credit needs of its members, the Credit Union’s net LTS ratio is considered more than reasonable.

## **2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA**

This performance criterion determines what percentage of the Credit Union’s lending occurs inside the assessment area. As shown in the tables below, the Credit Union originated the majority of home mortgage loans and consumer loans inside the assessment area.

The Credit Union’s assessment area concentration is adequate as a majority of home mortgage loans and consumer loans were originated inside the assessment area. In 2011, the Credit Union originated 76.4 percent of mortgage loans inside the assessment area by number and 73.6 percent by dollar volume. In 2012, the Credit Union originated 78.6 percent of loans inside the assessment by number and 77.6 percent by dollar volume. Overall, the Credit Union originated 77.7 percent of home mortgage loans in the assessment area by number and 76 percent by dollar volume.

**Table 5 - Distribution of Residential Mortgage Loans Inside and Outside of Assessment Area**

Loan Category or Type	Number of Loans					Dollar Volume (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
<b>2011</b>										
Home Purchase	21	70.0	9	30.0	30	4,653	68.9	2,104	31.1	6,757
Refinance	130	78.3	36	21.7	166	20,469	75.3	6,718	24.7	27,187
Home Improvement	14	70.0	6	30.0	20	1,852	69.0	833	31.0	2,685
<b>2011 Total</b>	<b>165</b>	<b>76.4</b>	<b>51</b>	<b>23.6</b>	<b>216</b>	<b>26,974</b>	<b>73.6</b>	<b>9,655</b>	<b>26.4</b>	<b>36,629</b>
<b>2012</b>										
Home Purchase	26	76.5	8	23.5	34	4,870	70.9	1,999	29.1	6,869
Refinance	199	78.7	54	21.3	253	32,755	78.3	9,080	21.7	41,835
Home Improvement	18	81.8	4	18.2	22	1,983	85.8	329	14.2	2,312
<b>2012 Total</b>	<b>243</b>	<b>78.6</b>	<b>66</b>	<b>21.4</b>	<b>309</b>	<b>39,608</b>	<b>77.6</b>	<b>11,408</b>	<b>22.4</b>	<b>51,016</b>
<b>Total Home Loans</b>	<b>408</b>	<b>77.7</b>	<b>117</b>	<b>22.3</b>	<b>525</b>	<b>66,582</b>	<b>76.0</b>	<b>21,063</b>	<b>24.0</b>	<b>87,645</b>
2011 Consumer	16	50.0	16	50.0	32	224	42.7	300	57.3	524
2012 Consumer	22	68.8	10	31.2	32	214	66.5	108	33.5	322
<b>Total Consumer</b>	<b>38</b>	<b>59.4</b>	<b>26</b>	<b>40.6</b>	<b>64</b>	<b>438</b>	<b>51.8</b>	<b>408</b>	<b>48.2</b>	<b>846</b>
<b>Total</b>	<b>446</b>	<b>75.7</b>	<b>143</b>	<b>24.3</b>	<b>589</b>	<b>67,020</b>	<b>75.7</b>	<b>21,471</b>	<b>24.3</b>	<b>88,491</b>

Source: HMDA LAR for 2011 and 2012 and internal consumer loan records

Based on a sample of 64 consumer loans, the Credit Union originated 50 percent inside the assessment area in 2011 and 68.8 percent in 2012. In total, the Credit Union originated 75.7 percent of home mortgage loans and consumer loans inside the assessment area.

### 3. GEOGRAPHIC DISTRIBUTION

The geographic distribution of home mortgage loans and consumer loans was reviewed to assess how the Credit Union is addressing the credit needs throughout the assessment area by census tract income level. The Credit Union achieved a good dispersion of home mortgage loans based on a comparison with assessment area aggregate lending data and demographics and an adequate dispersion for consumer loans throughout its assessment area. Refer to the tables below for the distribution of home mortgage loans and consumer loans among the census tract income categories.

#### Residential Lending

The table below shows the comparison of home mortgage loans by census tract with aggregate lending and the percentage of owner-occupied housing units in the assessment area. The Credit Union's home mortgage loan geographic distribution is considered good.

Table 6 - Distribution of HMDA Loans by Census Tract Income Level							
Census Tract Income Level	% of Total Owner-Occupied Housing Units (2000 Census)	2011 Aggregate Lending Percentage	2011 Credit Union Lending Data		% of Total Owner-Occupied Housing Units (2010 Census)	2012 Credit Union Lending Data	
			#	%		#	%
Low	0.3	0.2	1	0.6	1.5	8	3.3
Moderate	6.0	4.2	15	9.1	9.6	39	16.0
Middle	55.4	48.2	85	51.5	56.8	117	48.2
Upper	38.3	47.4	64	38.8	32.1	79	32.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>165</b>	<b>100.0</b>	<b>100.0</b>	<b>243</b>	<b>100.0</b>

Source: HMDA LAR for 2011 and 2012, 2011 Aggregate Data, 2000 U.S. Census, and 2010 U.S. Census

As shown in the table above, in 2011 the Credit Union's home mortgage originations in low-income census tracts exceeded the aggregate by 0.4 percent and the demographic data by 0.3 percent. For the same year, home mortgage lending exceeded the aggregate and the demographic data for moderate-income tracts.

In 2012, the Credit Union's home mortgage lending exceeded the demographic data by 1.8 percent for low-income tracts and by 6.4 percent for moderate-income tracts. Overall, the Credit Union originated 2.2 percent of home mortgage loans in low-income tracts and 13.2 percent in moderate-income tracts.

### Consumer Lending

As shown in Table 7, the Credit Union achieved an adequate distribution of consumer loans originated within each census tract income level in the assessment area based on the sample.

Table 7 - Distribution of Consumer Loans by Census Tract Income Level				
Census Tract Income Level	2011 Credit Union Lending Data		2012 Credit Union Lending Data	
	#	%	#	%
Low	0	0.0	2	9.1
Moderate	0	0.0	4	18.2
Middle	8	50.0	12	54.5
Upper	8	50.0	4	18.2
<b>Total</b>	<b>16</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>

Source: 2011 & 2012 Credit Union Consumer Loan Records

Based on the sample of consumer loans inside the assessment area, the Credit Union did not originate any loans in low- and moderate-income tracts in 2011. However, performance improved in 2012. The Credit Union originated 2 loans, or 9.1 percent in low-income tracts and 4 loans, or 18.2 percent in moderate-income tracts. Overall, the Credit Union originated 5.3 percent of consumer loans in low-income tracts and 10.5 percent in moderate-income tracts over the two years reviewed.

#### 4. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The distribution of home mortgage loans and consumer loans by borrower income levels was reviewed to determine the extent to which the Credit Union is addressing the credit needs of the area residents. The Credit Union achieved a good penetration of home mortgage loans and consumer loans among borrowers of different income levels based on a comparison with the assessment area demographics and aggregate lending data.

##### Residential Lending

As shown in Table 8, the Credit Union's performance reflects a good penetration of home mortgage loans among individuals of different income levels (including low- and moderate-income).

Table 8 - Distribution of HMDA Loans by Borrower Income							
Borrower Income Level	Family Distribution by Income Level (2000 Census)	2011 Aggregate Lending Percentage	2011 Credit Union Lending Data		Family Distribution by Income Level (2010 Census)	2012 Credit Union Lending Data	
			#	%		#	%
Low	16.0	6.1	14	8.9	17.6	24	9.9
Moderate	16.7	19.6	37	23.6	16.7	57	23.4
Middle	23.7	27.3	46	29.3	22.1	69	28.4
Upper	43.6	47.0	60	38.2	43.5	93	38.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>157</b>	<b>100.0</b>	<b>100.0</b>	<b>243</b>	<b>100.0</b>

Source: HMDA LAR for 2011 and 2012, 2011 Aggregate Data, 2000 U.S. Census, and 2010 U.S. Census

The distribution of borrowers reflects, given the demographics of the assessment area, a good penetration of home mortgage loans among individuals of different income levels. In 2011, the Credit Union originated 8.9 percent of home mortgage loans to low-income borrowers, which is 2.8 percent higher than the aggregate, although lower than the percentage of low-income families in the assessment area. For the same year, the Credit Union originated 23.6 percent of home mortgage loans to moderate-income borrowers, which is 4 percent higher than the aggregate and 6.9 percent higher than the percentage of moderate-income families in the assessment area.

In 2012, the Credit Union originated 9.9 percent of home mortgage loans to low-income borrowers. For the same year, the Credit Union originated 23.4 percent of home mortgage loans

to moderate-income borrowers. Overall, the Credit Union originated 9.5 percent of home mortgage loans to low-income borrowers and 23.5 percent to moderate-income borrowers.

## Consumer Lending

As shown in table 9, the Credit Union’s performance reflects good penetration of consumer loans among individuals of different income levels (including low- and moderate-income) in the assessment area as 52.6 percent of the loans were made to low- and moderate-income borrowers.

<b>Table 9 - Distribution of Consumer Loans by Median Family Income Level</b>						
<b>Median Family Income Level</b>	<b>2011 Credit Union Lending Data</b>		<b>2012 Credit Union Lending Data</b>		<b>Family Distribution by Income Level (2000/2010 Census)</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>2000</b>	<b>2010</b>
<b>Low</b>	6	37.5	5	22.7	16.0	17.6
<b>Moderate</b>	3	18.8	6	27.3	16.7	16.7
<b>Middle</b>	4	25.0	8	36.4	23.7	22.1
<b>Upper</b>	3	18.8	3	13.6	43.6	43.5
<b>Total</b>	<b>16</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Source: 2011 & 2012 Credit Union Consumer Loan Records*

As illustrated in the table above, the Credit Union has demonstrated its willingness to lend to members of all income levels.

## 5. RESPONSE TO CRA COMPLAINTS AND FAIR LENDING

The Division of Banks provides comments regarding the institution’s fair lending policies and procedures pursuant to the Regulatory Bulletin 1.3-106.

The Credit Union has a written loan policy as well as a written fair lending policy. All mortgage loans are underwritten according to Fannie Mae guidelines. Any exceptions to policy and denials are reviewed by the President/CEO.

The Credit Union participates in indirect lending. The Credit Union closely monitors dealer activity and has written agreements that address an adherence to fair lending laws.

Based upon the review of the Bank’s public comment file and its performance relative to fair lending policies and practices, no violations of anti-discrimination laws and regulations were identified.

## MINORITY APPLICATION FLOW

The Credit Union’s residential lending was compared with the 2011 aggregate’s lending performance and the demographic information of the assessment area. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Credit Union received

from minority residential loan applicants. According to the 2000 U.S. Census, the Credit Union’s assessment area contained a total population of 680,330 individuals of which 11.2 percent are minorities. The assessment area’s minority and ethnic population is 3.8 percent Black/African American; 1.1 percent Asian; 0.2 percent American Indian; 3.7 percent “other” and 2.4 percent Hispanic or Latino.

Refer to the following table for information on the Credit Union’s minority application flow as well as a comparison of the aggregate lenders throughout the Credit Union’s assessment area.

<b>Table 11 – Minority Application Flow</b>					
<b>RACE</b>	Credit Union 2011		2011 Aggregate Data	Credit Union 2012	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.1	0	0.0
Asian	5	1.9	1.4	4	1.0
Black/ African American	22	8.2	2.7	31	8.0
Hawaiian/Pac Isl.	0	0.0	0.1	0	0.0
2 or more Minority	1	0.4	0.0	1	0.3
Joint Race (White/Minority)	3	1.1	0.8	2	0.5
<b>Total Minority</b>	<b>31</b>	<b>11.6</b>	<b>5.1</b>	<b>38</b>	<b>9.8</b>
White	218	81.0	71.3	328	84.1
Race Not Available	20	7.4	23.6	24	6.1
<b>Total</b>	<b>269</b>	<b>100.0</b>	<b>100.0</b>	<b>390</b>	<b>100.0</b>
<b>ETHNICITY</b>					
Hispanic or Latino	3	1.1	1.2	7	1.8
Not Hispanic or Latino	238	88.5	74.7	351	90.0
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.4	0.6	2	0.5
Ethnicity Not Available	27	10.0	23.5	30	7.7
<b>Total</b>	<b>269</b>	<b>100.0</b>	<b>100.0</b>	<b>390</b>	<b>100.0</b>

Source: 2011 and 2012 HMDA LAR & 2011 HMDA Aggregate Data

The Credit Union’s performance in 2011 exceeded the aggregate’s level of minority applicants, but was slightly lower than the aggregate for applicants of Hispanic ethnicity. The Credit Union received 11.6 percent of its applications from minorities while the aggregate received 5.1 percent from minorities. The Credit Union received 1.5 percent Hispanic applications while the aggregate received 1.8 percent.

In total for 2011 and 2012, the Credit Union received 659 HMDA reportable loan applications within its assessment area. Of these applications, 69 or 10.5 percent were received from minority applicants, of which 42 percent resulted in originations. The Credit Union also received 2.0 percent from ethnic groups of Hispanic origin within its assessment area, of which 53.8 percent resulted in originations.

The Credit Union’s minority application flow is adequate given the demographic composition of the assessment area and the performance of the aggregate.

## COMMUNITY DEVELOPMENT TEST

Community development activities considered for the Community Development Test include:

- (1) Affordable housing (including multifamily rental housing) for low- or moderate-income individuals;
- (2) Community services targeted to low-or moderate-income individuals;



- (3) Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company Programs or have gross annual revenues of \$1 million or less; or
- (4) Activities that revitalize or stabilize low-or moderate-income geographies.
- (5) Loans, investments, and services that support, enable, or facilitate Neighborhood Stabilization Program (NSP) eligible activities in designated target areas.

The Credit Union's community development performance demonstrates a satisfactory responsiveness to the community development needs of its assessment area. The Credit Union has met these community development needs through qualified CRA community development services as well as community development investments and loans.

### **Community Development Services**

A community development service has community development as its primary purpose and is generally related to the provision of financial services. Credit Union board members, officers, and employees donate their time to many community organizations that meet the definition of community development by providing technical and financial expertise. The following is a sample of some of the organizations in which Credit Union personnel are involved:

#### **Employee Services**

**Boys and Girls Club of Brockton** – This organization provides programs and services that promote and enhance the development of boys and girls in the Brockton area by instilling a sense of competence, usefulness, belonging and influence. The clubs mission is to nurture strong minds, healthy bodies and community spirit through youth drive, quality programming in a safe and fun environment. The Credit Union had two board members who also serve on the board of the organization. One board member serves on the Resource and Development Committee, which concentrates on fundraising and also served as the chairman of the Capital Fund Drive. The second board member serves as the organization's treasurer and is heavily involved in fundraising.

**Taunton Schools Junior Achievement** – Volunteers for this program help promote work-readiness, entrepreneurship and financial literacy skills to local schools in the community. A branch manager has been involved in this program for eight years and is responsible for teaching classes on finance and business to elementary level students.

**Brockton Public Library: Financial Literacy** – Topics discussed include the benefits of banking with a financial institution, loans, identity theft, writing checks, savings and investment products, and other services such as online banking and direct deposit. A branch manager of the Credit Union teaches a monthly financial literacy course at the public library.

**Brockton Housing Partnership** – This organization is a consortium of entities consisting of local financial institutions and organizations (non-profit as well as state and local government) charged with the following goals: 1) develop and fund affordable housing and market rate housing, 2) assist in the restoration or rehabilitation of housing, and 3) educate consumers on financial literacy. A Vice President of the Credit Union served as Chairperson through the end of 2012.

**Taunton Old Colony YMCA** – This organization serves 31 communities in Southeastern Massachusetts and is dedicated to supporting the development of each individual’s healthy spirit, mind and body. Programs include youth asset building activities, childcare, after school programs, literacy training, tutoring, and mentoring. A board member of the Credit Union has served on the board of this organization for over 10 years and is active in the annual Support Campaign, which provides financial assistance and scholarships for individuals and families who cannot afford membership.

**Mayor’s Committee for the Homeless** – This is a group of business men/women within the City of Brockton that have convened to make recommendations to the Mayor’s Committee to help resolve chronic homelessness in Brockton. The Committee reaches out to financial institutions in the area to ask for their financial involvement. A Credit Union officer serves as the co-chair of this committee.

### **Financial Literacy Seminars and Educational Programs**

The Credit Union participates in community development services by offering financial literacy programs:

- In January 2010, the Credit Union opened the Learning Center in Brockton. The Learning Center focuses on four major educational components: financial literacy, English for speakers of other languages, basic computer skills, and preparation for citizenship. During the exam period, the Credit Union offered four financial literacy classes that included topics such as budgeting, saving and managing credit. These programs are promoted through outreach to community associations, the Brockton public school system, participation in ethnic events, and word of mouth.
- From September 2010 through June 2011, the Credit Union partnered with the Metro South Chamber of Commerce and Massachusetts Small Business Development Center (MSBDC) and presented six workshops that were geared toward small business owners and managers. Topics included: marketing strategies using social media; using LinkedIn and Facebook for your business; tweets and blogs and how this can help with search engine optimization.
- The Credit Union partnered with NeighborWorks of Southern Mass (formerly Neighborhood Housing Services) and conducted six first time home buyer classes during the evaluation period. Topics included: establishing a good credit history, attaining and analyzing a credit report, budgeting, the mortgage process, submitting a mortgage application, different financing programs, working with a real estate agent, signing a purchase and sales, the home inspection process, and home owners insurance.
- The Credit Union participated in two Credit for Life fairs. Credit for Life is a financial education opportunity for high school students to learn the basics of personal finance. Students participate in an interactive fair in which they are given a salary and must visit vendors to decide what lifestyle choices their budget allows them, for example, can they afford a house or rent an apartment, can they afford to buy a car or should they take public transportation. The students then sit down with financial advisors who go over their choices and help them understand the repercussions.

## **Other Services**

The Credit Union originates loans under specified programs targeted towards first-time home buyers of modest means, and although the following home mortgage originations are in analysis of HMDA reportable loans and received credit under the lending portion of the evaluation, the originations are noteworthy.

The Credit Union is an approved MassHousing lender. MassHousing, the state's affordable housing bank, supports the creation, preservation, and long-term viability of affordable homeownership and rental housing opportunities for Massachusetts residents with modest incomes who are under-served by conventional housing markets. MassHousing loan programs are not limited to first time homebuyers, allow for very low down payments, offer competitive rates and discounted mortgage insurance, and are all 30 year fixed-rate products. MassHousing loans offered by the Credit Union include MassHousing Mortgage, MassHousing Mortgage with No Mortgage Insurance, MassHousing Right Rate, MassHousing DU Refi Plus, and MassHousing Purchase and Rehabilitation Program. During the evaluation period, the Credit Union originated 5 loans totaling \$1.1 million through MassHousing programs.

The Credit Union participates in the Buy Brockton Mortgage Program, which is a partnership between the City of Brockton, the Brockton Housing Partnership, and local businesses who work together to promote homeownership in Brockton. According to the program's website, the program offers financing up to 100% of the purchase price at a below-market fixed-rate for one unit properties being sold as a result of foreclosure, short sale or deed-in-lieu of foreclosures. During the evaluation period, the Credit Union originated 7 loans totaling \$838,318.

The Credit Union's First Time Homebuyers Program is designed to make the first home financing experience easy and affordable. The program features both fixed and adjustable rate mortgage options, offers a 1/8 rate discount, a discounted attorney fee and a no-points option. Conforming loans range from \$10,000 to \$417,000 for a single-family home. Conforming loan amounts are higher for 2-4 family dwellings. There is no minimum downpayment.

## **Community Development Loans**

For the purpose of this evaluation, a community development loan is defined as a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the Credit Union for consideration under small business or home mortgage lending (unless it is a multifamily dwelling loan), and (3) benefits the Credit Union's assessment area or a broader statewide or regional area that includes the Credit Union's assessment area.

## **Small Business Administration (SBA) Loan Programs**

The Credit Union offers the SBA CDC/504 loan program and the SBA Express program. Descriptions of these programs are as follows:

- The SBA CD/504 program applies to "for profit" companies that do not receive financial assistance from other sources or have the ability or financial strength to provide all or part of the business financing. Proceeds are to be used for the financing of fixed assets like real estate or equipment. Loans cannot be made to businesses engaged in speculation or investment in rental real estate. During the evaluation period, the Credit Union originated two loans totaling \$510,000 through this program.

- The SBA Express program applies to loans up to \$350,000 with a maximum SBA guaranty of 50 percent. This program makes it easier and faster for lenders to provide small business loans; allows lenders to use their own forms and processes and provides a rapid response from the SBA (within 36 hours from a completed application); and helps lenders provide small revolving loans. The Credit Union originated six loans totaling \$1,205,000 through this program during the evaluation period.

Crescent Credit Union originated eight SBA loans totaling \$1,715,000 during the evaluation program through the SBA Express and SBA 504 loan programs.

### **Other Community Development Loans**

In February 2011, the Credit Union participated in a \$125,000 loan with a local financial institution for the Boys and Girls Club of Brockton; the Credit Union’s participation amount was \$25,000. The proceeds of the loan were used solely for payoff of higher priced obligations and for working capital which was vital for the Club’s continued operation.

### **Community Development Investments**

A qualified community development investment for the purpose of this CRA evaluation is a lawful investment, deposit, membership share, or grant that has community development as its primary purpose.

Between September 29, 2009 and June 17, 2013 Credit Union donations totaled \$142,267 of which \$89,242 or 62.7 percent were CRA qualified.

<b>Table 12 - Community Development Investment by Category</b>										
<b>Category</b>	<b>2009</b>		<b>2010</b>		<b>2011</b>		<b>2012</b>		<b>2013</b>	
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
Affordable Housing	0	0	0	0	2	750	2	1,767	0	0
Services	6	4,780	15	19,880	12	24,540	14	23,125	8	14,300
Revitalization/Stabilization	0	0	0	0	0	0	0	0	1	100
<b>Total</b>	<b>6</b>	<b>4,780</b>	<b>14</b>	<b>19,880</b>	<b>14</b>	<b>25,290</b>	<b>16</b>	<b>24,892</b>	<b>9</b>	<b>14,400</b>

Source: Internal Credit Union Records

The following is a sample of organizations that received donations from the Credit Union:

**MY TURN, Inc.** – This organization helps youth develop their skills, goals, and self-confidence through alternative education, post-secondary planning, career exploration, and employment training with partnering organizations. The organization serves youth in seven gateway cities with high rates of poverty, dropouts, and youth unemployment.

**School on Wheels of Massachusetts** – The mission of School on Wheels of Massachusetts is to educate children impacted by homelessness by providing academic support and one-on-one mentoring so children can reach their full potential.

**Pro-Home** - The purpose of the corporation is exclusively for education and charitable purposes: to produce and to advocate for the production of affordable housing; to prevent loss of, or

displacement from existing housing; to eliminate discrimination in housing; and to bring together diverse groups and individuals to aggressively work towards solutions.

**The Neighborhood Corporation** – The organization’s mission is to address community and economic development needs, especially those of low-income families and individuals, in Greater Taunton.

## **PERFORMANCE EVALUATION DISCLOSURE GUIDE**

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, require all financial institutions 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 1300 Commercial Street, Brockton, MA 02301."

- 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.