

PUBLIC DISCLOSURE

July 14, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

ST. JEAN'S CREDIT UNION

67959

**Division of Banks
1000 Washington Street, 10th Floor
Boston, Ma 02118**

NOTE:	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 Credit Unions concerning the safety and soundness of this financial institution.
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Credit Unions (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income individuals, 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 assessment area.

This document is an evaluation of the CRA performance of **St. Jean's Credit Union (the "Credit Union")**, prepared by the Division, the institution's supervisory agency as of July 14, 2014. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00 et seq.

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

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

This evaluation is based on the Small Institution CRA evaluation procedures specified for institutions with assets under \$300 million. A summary of the Credit Union's performance is provided below.

Shares from the membership are returned to members in the form of home mortgage loans and consumer loans. The Credit Union's average net loan-to-share ratio for the previous 8 quarters is 66.8 percent and is considered reasonable.

A majority of the Credit Union's home mortgage loans, by number and dollar amount, were originated inside the designated assessment area. An additional analysis of consumer lending was conducted and a majority of consumer loans sampled were inside the Credit Union's assessment area.

The Credit Union achieved a good penetration of home mortgage loans and consumer loans among borrowers of different income levels based on the area's demographics.

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

No CRA related complaints were received during the evaluation period. A Fair Lending review indicates the Credit Union has made reasonable efforts in ensuring that all members have equal access to credit and services.

The optional review of the Credit Union's performance with respect to community development investments and services supported the overall rating.

PERFORMANCE CONTEXT

Description of Institution

St. Jean's Credit Union was chartered in 1910. Membership is open to anyone living or working in Essex, Middlesex and Suffolk Counties. The institution's main office is located at 250 Maple Street in Lynn. The Credit Union operates three other full service branch locations in Salem, Revere and Newburyport. In addition, the Credit Union has ten Automatic Teller Machines (ATMs), four of which are located at the branch offices and the remaining six are located on Western Avenue and Union Hospital in Lynn; North Shore Community College, on Humphrey Street in Swampscott; Anna Jacques Hospital in Newburyport; and Store 24 on Shirley Avenue in Revere.

As of June 30, 2014, the Credit Union's assets totaled \$153,238,317. The Credit Union's loan portfolio totaled \$95,001,438 or 61.9 percent of the Credit Union's total assets. The largest portion of the loan portfolio is first mortgage real estate loans and other real estate loans/lines of credit at 77.3 percent. The following table details the loan portfolio distribution.

Table 1 - Loan Portfolio as of June 30, 2014		
Loan Type	Dollar Amount (\$)	Percent of Total Loans (%)
First Mortgage Real Estate Loans/	45,667,883	48.3
Other Real Estate Loans/Lines of Credit	27,401,304	29.0
New vehicle loans	3,175,451	3.4
Used vehicle loans	12,956,508	13.7
All Other Unsecured Loans/Lines of Credit	4,462,445	4.7
Total All Other Loans/Lines of Credit	932,479	1.0
Less – ALLL	(594,632)	-
Total	94,001,438	100.0

Source: 6/30/2014 Consolidated Report of Condition.

The Division last examined the Credit Union for compliance with CRA on August 23, 2010. 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 meet the credit needs of its membership.

Description of Assessment Area

The CRA requires the designation of one or more assessment areas within which a financial institution's record of helping to meet the credit needs of its community will be evaluated. The Credit Union has three designated assessment areas that conform to CRA requirements: the first is designated as Lynn, Lynnfield, Nahant, Salem, Saugus, Swampscott, and Peabody. The second area is Newburyport, Newbury, West Newbury, Salisbury, Amesbury, Groveland, Georgetown, and Rowley. Lastly, the Credit Union has designated the City of Revere as part of its assessment area. The three areas will be treated as one assessment area for the purposes of this evaluation.

Geographies

The City of Revere is located in Suffolk County, which is part of the Boston-Quincy, Massachusetts (MA) Metropolitan Division (MD) #14484. The towns of Lynn, Lynnfield, Nahant, Salem, Saugus, Swampscott, Peabody, Newburyport, Newbury, West Newbury, Salisbury, Amesbury, Groveland, Georgetown, and Rowley are located in Essex County and are part of the Peabody, MA MD #37764. Suffolk and Essex Counties are part of the Boston-Cambridge- Quincy, MA-New Hampshire Metropolitan Statistical Area (MSA)/ Core Based Statistical Area #14460.

The *Geographic Distribution* section of the Lending Test evaluates the distribution of loans by census tract income level, focusing on those designated low- and moderate-income. Each census tract is assigned an income level based on the median family income (MFI) of the tract as compared to the MFI established for the MSA or MD in which the tract is located. The four income levels are defined as follows:

Low-Income: Less than 50 percent of MFI

Moderate-Income: At least 50 percent but less than 80 percent of MFI

Middle-Income: At Least 80 percent but less than 120 percent of MFI

Upper-Income: 120 percent or greater of MFI

The Credit Union's assessment area is comprised of 78 census tracts. There are nine low-income, 22 moderate-income, 30 middle-income, and 16 upper-income tracts and one census tract with no income designation.

Table 2 contains pertinent demographic information concerning the assessment area.

Table 2 – Assessment Area Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (Census Tracts)	78	11.5	28.2	38.5	20.5	1.3
Population by Geography	363,477	8.9	27.9	43.5	19.7	0.0
Owner-Occupied Housing by Geography	87,884	3.1	21.7	50.1	25.1	0.0
Businesses by Geography (2012)	81,527	5.2	17.9	46.0	30.8	0.1
Family Distribution by Income Level	90,370	20.1	17.5	23.5	38.9	0.0
2012 FFIEC Adjusted MFI–Boston-Quincy MD #14484 2012 FFIEC Adjusted MFI – Peabody MD #37764		\$88,800 \$87,300	Median Housing Value Unemployment Rate Families Below Poverty Level			\$350,577 6.0% 11.6%

Source: 2010 U.S. Census, 2012 D&B data, 2012 FFIEC Estimated MFI

Median Family Income Levels

The home mortgage loan analysis under the *Borrower Characteristics* section of the Lending Test is primarily based on the distribution of home mortgage loans to borrowers of different incomes, using the same four income levels defined in the previous section. The analysis uses income data from the 2010 U.S. Census that has been annually adjusted by the FFIEC for inflation and other economic events. The estimated 2012 FFIEC MFI figures for the Boston-Quincy, MA MD #14484 and the Peabody MD #37764 are listed in Table 2.

The analysis of the Credit Union's home mortgage lending also includes comparisons to the distribution of assessment area families by income level. Table 2 reveals that upper-income families have the highest representation by far of all income categories. The second largest group in the assessment area is middle income families, which represent 23.5 percent of all families, followed closely by low-income families representing 20.1 percent of families in the assessment area. Families below the poverty level represent 11.6 percent of families and over half of low-income families. This data suggests lending opportunities to low-income families are limited.

Housing Characteristics

Table 2 also illustrates the distribution of owner-occupied housing units by census tract income level. Table 2 shows that owner-occupied housing units in the assessment area are heavily concentrated in the middle-income -income census tracts. Only 3.1 percent of total owner-occupied units are in the low- income census tracts. The low percentage of owner occupied units limits opportunities to make home mortgage loans in the assessment area's 8 low income tracts located in Lynn and one low-income tract located Salem.

Unemployment Data

State unemployment rates were obtained from the Bureau of Labor Statistics. As of June 2014, the Massachusetts unemployment rate was 5.6 percent. The unemployment rate has dropped 1.5 percent from June 2013 of the previous year at 7.1 percent. The county unemployment rates were obtained from the Executive Office of Labor and Workforce Development and are as of June 2014. Counties in the assessment area have slightly higher unemployment rates than Massachusetts. The Suffolk County unemployment rate is 6.4 percent and Essex County unemployment rate is 5.9 percent.

Competition

The Credit Union faces strong competition from other financial institutions that originated loans within the assessment area. These institutions range in size and type from community credit unions, savings banks, and mortgage companies to large national banks and credit unions. Among the more prominent lenders competing in St. Jean's Credit Union's assessment area are Wells Fargo, N.A.; Bank of America, N.A.; and JPMorgan Chase Bank, N.A.

The 2012 Peer Mortgage data shows 369 lenders originated 20,152 residential mortgage loans in the Credit Union's assessment area with St. Jean's Credit Union ranked 44th with 0.5 percent market share. The Credit Union does not purchase loans, but many of the large national institutions ranked ahead of the Credit Union purchased large pools of residential loans.

Community Contact

As part of the evaluation process, third parties active in community affairs are contacted to assist in assessing the housing and general financial service needs of the community. Relevant information obtained from such sources helps to determine whether local financial institutions are responsive to the credit and service needs of their communities and what further opportunities, if any, are available. For purposes of this evaluation, information provided by one such contact was referenced in preparing this evaluation.

An interview was conducted with a community contact that serves the Credit Union's assessment area. This organization seeks opportunities to revitalize and renew areas of their local community. They work with many public agencies and private donors to promote economic expansion and business growth in their surrounding community which suffers from unemployment and underemployment.

The contact indicated the greatest community need is employment with benefits. They also stressed the need for financial institutions to reach out to the local immigrant community in terms of credit extension for small businesses. Overall, the contact noted they were not familiar with the participation of specific financial institutions in the area. They noted this does not mean the financial institutions do not participate in the community, just that they were not familiar with the specifics.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Small Institution CRA evaluation procedures were used to assess the CRA performance. The Lending Test considers the institution's performance pursuant to the following criteria: Loan-to-Share (LTS) Ratio, Assessment Area Concentration, Geographic Distribution, Borrower Characteristics, and Response to CRA Complaints. Overall, the Credit Union's performance under the Lending Test is "High Satisfactory." This rating indicates the Credit Union's lending performance demonstrates a good responsiveness to the credit needs of the assessment area.

LOAN-TO-SHARE 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 as of June 30, 2014 was 68.0 percent. The Credit Union's average net LTS ratio over the previous eight quarters was 66.8%. This was calculated by averaging each net LTS ratio for the previous eight quarters from September 30, 2012 to June 30, 2014. As shown in the graph below, the net LTS ratio reached a high of 68.9% in December 2012 and a low of 64.9% in March 2014.

The Credit Union's LTS ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs.

Growth patterns of loans and deposits were also analyzed to assess changes in the net LTS ratio over the course of the review period. Net loans (total loans net of unearned income and allowance for loan losses) remained relatively consistent during the review period. Net loans and total shares increased at similar rates and, therefore, there were no major fluctuations in the net Loan-to-Share ratios over the 8 quarters.

Not represented in the average loan to share ratio are loans sold on the secondary market. During the review period, the Credit Union sold 140 loans totaling \$30,136,330 to the Federal Home Loan Bank of Boston.

The Credit Union's average net LTS ratio was compared to the average net LTS ratios of two locally-based, similarly situated, depository institutions utilizing the period of September 30, 2012 to June 30, 2014. Each institution is headquartered in the Boston-Cambridge-Quincy, MA-NH MSA/CBSA #14460, had similar loan product distribution, similar asset size. The Credit Union ranked third when compared to the other credit unions' average net LTS ratios. Refer to Table 3 for the breakdown.

Table 3 – Loan-to-Share Comparison		
Credit Union Name	Total Assets as of 6/30/2014	Average Net LTS Ratio
Community Credit Union of Lynn	\$133,189,174	101.9%
Riverworks Credit Union	\$100,721,253	79.8 %
St. Jean's Credit Union	\$153,238,317	66.8%

Source: Consolidated Report of Condition and Income 6/30/2014

Based on the foregoing information, the Credit Union's asset size, resources, and the credit needs of its members, the Credit Union's net loan-to-share ratio is considered adequate.

ASSESSMENT AREA(S) CONCENTRATION

This performance criterion evaluates whether the Credit Union is meeting the credit needs within its assessment area by determining the amount of lending conducted within the assessment area. The analysis includes both residential and consumer lending. As stated previously, more weight was placed on the home mortgage lending performance given the Credit Union's focus. The following sections detail the Credit Union's performance by loan type.

Table 4 – Distribution of Loans Inside and Outside of Assessment Area										
Loan Category or Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$(‘000S)	%	\$(‘000S)	%	
Home Mortgage Loans										
2012										
Home Purchase	8	66.7	4	33.3	12	2,596	73.9	915	26.1	3,511
Refinance	97	72.9	36	27.1	133	18,179	70.0	7,800	30.0	25,979
Total	105	72.4	40	27.6	145	20,775	70.5	8,715	29.5	29,490
2013										
Home Purchase	16	69.6	7	30.4	23	3,718	70.9	1,526	29.1	5,244
Refinance	48	66.7	24	33.3	72	8,670	60.5	5,664	39.5	14,334
Total	64	67.4	31	32.6	95	12,388	63.3	7,190	36.7	19,578
1st Qtr 2014										
Home Purchase	1	50.0	1	50.0	2	245	43.4	320	56.6	565
Refinance	7	87.5	1	12.5	8	1,286	89.2	155	10.8	1,441
Total	8	80.0	2	20.0	10	1,531	76.32	475	23.7	2,006
Grand Total	177	70.8	73	29.2	250	34,694	68.0	16,380	32.0	51,074

Source: 2010 U.S. Census Data; 2012, 2013, Q1 2014 HMDA LAR Data; 2012 Aggregate HMDA Data

Home Mortgage Lending

Overall, a majority of the Credit Union's home mortgage loans, by number and dollar amount, were inside the designated assessment area. As show in Table 4, the Credit Union made 70.8 percent of its total home mortgage loans by number, and 68.0 percent, by dollar amount, inside the assessment area.

Home refinance loans were the highest volume of loans by loan purpose for each year. From 2012 to 2013, the overall loan volume decreased, as well as the percentage of home mortgage loans in the assessment area. Management indicated this was primarily due to an increasing interest rate environment, which reduced refinance activity. Due to this decreased loan volume in 2013, the total number of home loans made within the assessment area decreased, but the percentage remained relatively consistent.

Since the previous evaluation, the Credit Union's number of overall HMDA reportable loans increased and also reflected an increase in lending inside the assessment area. The current examination demonstrates loan volume has more than doubled from the previous examination period with an overall volume of 250 home mortgage loans with 177 or 70.8 percent inside the assessment area.

Consumer Loan

An additional analysis of consumer lending was conducted. The types of consumer loans sampled consisted of new and used automobile loans, and secured and unsecured personal loans. This review consisted of a sample of twenty consumer loan originations for 2012 and an additional twenty loans from 2013. The table below illustrates the Credit Union's consumer lending inside and outside the assessment area using the samples taken from 2012 and 2013.

Table 5 - Distribution of Consumer Loans Inside and Outside the Assessment Area										
	Number of Loans					Dollar Amount of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Consumer Loans										
2012	14	70.0	6	30.0	20	70,531	74.5	24,119	25.5	94,650
2013	13	65.0	7	35.0	20	65,300	61.7	40,500	38.3	105,800
Total Consumer Loans	27	67.5	13	32.5	40	135,831	67.8	64,619	32.2	200,450

Source: 2012 & 2013 Credit Union Internal Data

As displayed in Table 5, a majority of the Credit Union's consumer loans (based on the samples) were made within the assessment area. Specifically, 67.5 percent of loans by number and 67.8 percent by dollar amount were made within the assessment area over the two year period.

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 its members, particularly those of low or moderate income. The distribution of families by income level and aggregate lending information was used as a point of reference to review the Credit Union's lending performance.

The Credit Union achieved a good penetration of home mortgage loans and consumer loans among borrowers of different income levels based on the area's demographics.

Home Mortgage Lending

Table 6 – Distribution of Home Mortgage Loans by Borrower Income Level								
Income Level	% of Total Families	2012 Aggregate Lending Data (% of #)	2012 Credit Union		2013 Credit Union		YTD 2014 Credit Union	
			#	%	#	%	#	%
Low	20.1	5.5	10	9.5	11	17.2	1	12.5
Moderate	17.5	18.6	40	38.1	13	20.3	1	12.5
Middle	23.5	25.8	26	24.8	23	35.9	4	50.0
Upper	38.9	36.9	29	27.6	17	26.6	2	25.0
NA	0.0	13.2	0	0.0	0.0	0.0	0	0.0
Total	100.0	100.0	105	100.0	64	100.0	8	100.0

Source: 2010 U.S. Census Data; 2012, 2013, Q1 2014 HMDA LAR Data; 2012 Aggregate HMDA Data

Borrower incomes for loans reported in 2012 and 2013 were compared to the MFI of the appropriate MD. Table 6 shows the Credit Union’s loans by borrower income level in 2012 and 2013. Table 6 also includes the distribution of families by income level using 2010 U.S. Census data and the aggregate market data for 2012.

In 2012 the Credit Union made 9.5 percent of home mortgage loans to borrowers designated as low-income. This figure is well above the aggregate lending data and slightly less than the demographic data. In 2013, the Credit Union made 17.2 percent of its home mortgage loans to low-income borrowers. The increase in percentage of loans to low-income borrowers reflects a favorable trend. The Credit Union also made more total loans to low income borrowers in 2013 than in 2012 despite a much lower overall loan volume.

The Credit Union originated 38.1 percent of loans to borrowers designated as moderate-income in 2012. This figure is much higher than both the aggregate lending data and the demographic data. In fact, the Credit Union made the majority of its home mortgage loans to moderate income borrowers in 2012. In 2013, the Credit Union made 20.3 percent of loans to moderate-income borrowers. Although this percentage reflects a decrease from 2012, the performance is still considered favorable.

The Credit Union offers home mortgage loan programs that address the credit needs of the assessment area. The options include traditional fixed and adjustable rate home mortgage loans and home equity loans and lines of credit. The Credit Union offers more flexible lending products that address the needs of the assessment area’s low and moderate-income borrowers and include the first time homebuyer programs, the Federal Home Loan Bank Equity Builder Program, and Home Loan Payment Relief Program.

In 2012, the Credit Union was ranked 23rd out of 145 lenders who originated loans to low-income borrowers in the assessment area. Also in 2012, the Credit Union ranked 25th out of 215 lenders who originated loans to moderate-income borrowers. This ranking demonstrates the Credit Union’s ability to penetrate the market of low and moderate-income borrowers despite the heavy competition from much larger lenders and financial institutions.

On April 8, 2013, St. Jean’s Credit Union was approved as a low-income designated credit union by the Commissioner of Banks and in accordance with National Credit Union Administration (NCUA).

Consumer Loans

A sample of the Credit Union’s consumer loan data for 2012 and 2013 was analyzed in order to determine the distribution of credit based on the income level of the borrowers. A sample of twenty consumer loans was taken from 2012 and another sample of twenty loans was taken from 2013. Table 7 shows the Credit Union’s performance in lending to borrowers of different income levels based on the samples reviewed.

Table 7--Distribution of Consumer Loans by Borrower Income					
MFI Level	% of Total Families	2012 Credit Union Data		2013 Credit Union Data	
		#	%	#	%
Low	20.1	6	30.0	7	35.0
Moderate	17.5	8	40.0	7	35.0
Middle	23.5	6	25.0	6	30.0
Upper	38.9	1	5.0	0	0.0
Total	100.0	20	100.0	20	100.0

Source: 2010 Census Data; 2012 & 2013 Credit Union Internal Loan Data

In 2012, The Credit Union originated 30 percent of its consumer loans to low-income borrowers and 40 percent of its consumer loans to moderate income borrowers. In 2013, the Credit Union originated 35.0 percent of its consumer loans to low-income borrowers and 35.0 percent of its consumer loans to moderate income borrowers. According to the 2010 U.S. Census, 20.1 percent of families in the Boston-Quincy MSA are low income and 17.5 percent are moderate income. In both sample years, the Credit Union made a higher percentage of loans to both low-income and moderate income families than the percentage of low-income and moderate income families in the Boston-Quincy MSA. Given this data, the Credit Union’s performance reflects a good penetration of consumer loans among members of different income levels (including low- and moderate-income).

4. GEOGRAPHIC DISTRIBUTION

Overall, the geographic distribution of home mortgage loans and consumer loans reflects good dispersion throughout the assessment area. This conclusion was primarily based on the Credit Union’s distribution of loans in LMI census tracts. The following sections discuss the Credit Union’s performance under this criterion with regard to each product line.

Table 8 presents the Credit Union’s home mortgage lending performance by number of loans in 2012 and 2013 as well as aggregate lending data for 2012. Table 8 also includes the percentage of owner-occupied housing units for each census tract income level for comparison purposes.

Table 8 – Distribution of Home Mortgage Loans by Census Tract Income Level								
Census Tract Income Level	% of Total Owner-Occupied Housing Units	2012 Aggregate Lending Data (% of #)	2012 Credit Union		2013 Credit Union		YTD 2014 Credit Union	
			#	%	#	%	#	%
Low	3.1	2.4	4	3.8	3	4.7	1	12.5
Moderate	21.7	16.5	19	18.1	17	26.5	2	25.0
Middle	50.1	48.9	50	47.6	30	46.9	4	50.0
Upper	25.1	32.2	32	30.5	14	21.9	1	12.5
NA	0.0	0	0	0.0	0	0.0	0	0.0
Total	100.0	100.0	105	100.0	64	100.0	8	100.0

Source: 2010 U.S. Census Data; 2012, 2013, Q1 2014 HMDA LAR Data; 2012 Aggregate HMDA Data

As revealed in Table 8, a significant majority of the Credit Union’s home mortgage loans were in middle-income census tracts in 2012, which is comparable to the aggregate and demographics of the assessment area. The Credit Union maintains two branches in middle income tracts in Lynn and Salem which contributes to this result.

St. Jean’s Credit Union originated 3.8 percent of loans to borrowers residing in low- income census tracts in 2012. The figure ranks slightly above the aggregate lending performance and the percentage of owner-occupied housing units. The Credit Union’s performance in low-income tracts improved in 2013 to 4.7 percent of total home mortgage lending. In addition, despite a small sample size, the Credit Union has already made one loan (12.5 percent) to a low-income tract in Q1 2014. The continued improvement from 2012 through 2014 is also a favorable trend. These figures are comparable to the demographics and reflect good geographic lending penetration in low income tracts.

St. Jean's Credit Union made 18.1 percent of home mortgage loans to borrowers in moderate-income tracts in 2012, which was above the aggregate lending figure and the demographics. In 2013, the Credit Union originated 26.5 percent of home mortgage loans to borrowers residing in moderate-income tracts. Despite a limited sample size of only eight total loans, the Credit Union has already made 2 loans, or 25.0 percent, in moderate income tracts in the first quarter of 2014. In addition, the increase in the moderate - income loan percentage from 2012 to 2013 reflects a favorable trend. Overall, the data reflects good geographic lending penetration in moderate income tracts.

5. RESPONSE TO CRA COMPLAINTS / FAIR LENDING

St. Jean's Credit Union's fair lending performance was reviewed to determine how it conforms to the guidelines established by Regulatory Bulletin 1.3-106, the Division's Community Reinvestment and Fair Lending Policy. No indication of discriminatory or other illegal credit practices inconsistent with helping to meet the membership credit needs were identified during the evaluation.

A review of the public comment file indicated that the Credit Union received no complaints pertaining to the institution's CRA performance since the previous examination. In addition, a review of the Credit Union's residential loan application files was conducted to check for fair lending issues. There was no disparate treatment evident in the file review.

Based upon the review of the Credit Union's performance relative to fair lending policies and practices, the institution's performance level is reasonable.

MINORITY APPLICATION FLOW

According to the 2010 U.S. Census Data, the Credit Union's assessment area in 2012 contained a total population of 363,477 individuals of which 25.0 percent are minorities. The assessment area's racial population is 3.6 percent Asian, 4.2 percent Black/African American, 0.1 percent American Indian, and 2.2 percent "other" race. The assessment area's ethnic population is 14.9 percent Hispanic and 85.1 percent non-Hispanic.

For 2012 and 2013, the Credit Union received 274 HMDA-reportable loan applications from within its assessment area. Of these applications, 16 or 5.8 percent were received from racial minority applicants, of which 9 or 56.3 percent resulted in originations. Of the remaining 7 applications that were not originated, 6 were denied and 1 was withdrawn. For the same time period, the Credit Union received 13 applications from ethnic minorities of Hispanic origin and 5 applications were originated. Of the remaining 8 applications, 7 were denied and 1 was withdrawn.

The Credit Union's level of lending was compared with the aggregate's lending performance level for 2012, the most recent year for which data was available. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Credit Union received from minority residential loan applicants.

MINORITY APPLICATION FLOW					
RACE	Credit Union 2012		Aggregate 2012	Credit Union 2013	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.1	1	1.0
Asian	1	0.6	2.0	2	2.5
Black/ African American	4	2.3	1.6	6	4.1
Hawaiian/Pac Isl.	0	0.0	0.1	0	0.0
2 or more Minority	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	1	.6	0.9	1	1.4
Total Minority	6	3.5	4.7	13	9.1
White	156	91.2	72.5	84	83.2
Race Not Available	9	5.3	22.8	9	7.8
Total	171	100.0	100.0	103	100.0
ETHNICITY					
Hispanic or Latino	6	3.5	3.8	7	6.0
Not Hispanic or Latino	155	90.6	72.9	87	86.6
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.6	0.8	0	0.0
Ethnicity Not Available	9	5.3	22.5	9	7.4
Total	171	100.00	100.0	103	100.0

Source: 2010 U.S. Census Data, 2012 and 2013 Credit Union HMDA Data, and 2012 Aggregate HMDA Data

The Credit Union's performance was slightly below 2012 aggregate performance level for minority applicants. In 2012, the Credit Union received 3.5 percent of its applications from racial minorities while the aggregate data was slightly higher at 4.7 percent. In 2012, the Credit Union's ethnic minority application flow was 4.1 percent. This number is very comparable to the 2012 aggregate data which stands at 4.6 percent.

An analysis of application outcome was conducted for 2012. The Credit Union originated 6 loans, or 5.7 percent of originations, to racial and ethnic minority borrowers. This percentage is slightly above the 2012 aggregate which originated 808 loans, or 4.0 percent of total originations, to racial and ethnic minority borrowers.

In 2013, applications from both racial and ethnic minority groups increased significantly. Applications from minority racial groups nearly tripled to 9.1 percent of total applications. Applications from minority groups of Hispanic ethnicity increased to 6.0 percent. Overall, the minority application performance is considered satisfactory. The Credit Union continues to provide outreach initiatives to reach all segments of the population.

OPTIONAL EVALUATION OF INVESTMENTS AND SERVICES

The CRA regulation for small institutions provides for the review of investments and services at the institution's option. Credit Union management opted for a review of community development, investments and services. The review is included in the overall CRA rating. The Credit Union has committed time and resources to partnering with organizations in the community that meet the definition of community development and are qualified for CRA purposes.

Qualified Community Development Investments

A qualified investment for purposes of this CRA evaluation is a lawful investment, deposit, donation, or grant that has community development as its primary purpose. The Credit Union's qualified investments are in the form of deposits and donations and total \$257,157 during the examination period. A breakdown of the qualified donations and deposits are highlighted below.

Donations

From the previous evaluation through year-to-date July 14, 2014, the Credit Union has provided \$27,478 in charitable contributions; \$12,092 or 44 % are CRA qualified community development donations. The Credit Union has provided donations to organizations that support charitable endeavors through its assessment area. Some of the organizations that benefited from the Credit Union's CRA qualified donations are listed below.

Boys and Girls Club of Lynn

The Boys and Girls Club of Lynn strives to inspire and enable all young people, especially those from disadvantaged circumstances, to realize their full potential as productive, responsible, and caring citizens. Located in Lynn, MA, they offer numerous programs for the local youth including After School Drop In, The Kids Club, Basketball Leagues, Creighton Pond Day Camp, and Youth of the Year. They serve over 250 children daily during the school year and over 125 children each week at their summer day camp. St. Jean's Credit Union donated to this organization in each of the last three years.

Project COPE Inc. & Friends of Project COPE

Project Cope is a non-profit organization located in Lynn, MA that has been providing substance abuse services to those in need since 1970. In January 2014, Project COPE merged with another organization called Bridgewell, a comprehensive human services organization. Recently, COPE (affiliated with Bridgewell) has expanded their role to include services for individuals with intellectual and developmental disabilities. Among several other services for substance abuse, they offer a number of "Recovery Housing" options including transitional housing, permanent housing, and Shelter Plus Care. St. Jean's has donated either directly to this organization or to "Friends of Project COPE" in each of the last four years (2010-2013).

Mass Coalition for the Homeless

The mission of the Massachusetts Coalition for the Homeless is to eradicate homelessness from the Commonwealth of Massachusetts. They accomplish this goal through a number of programs and services that involve action, advocating, education, and coordination. For example, the coalition is very involved in advocating for the homeless via public policy initiatives such as: the availability of decent, accessible, affordable housing; adequate income maintenance programs, mental health services, social services and job training. They take pride in both advocating and

acting on behalf of the homeless. St. Jean's Credit Union donated to the coalition in 2010 and 2013.

Deposits

During the exam period the Credit Union deposited a total of \$245,065 into a low-income designated credit union located within its assessment area. These funds were used to address the needs of the community, including low-and moderate income individuals and geographies.

Qualified Community Development Services

A Community Development Service has community development has its primary purpose and is generally related to the provision of financial services or technical services or assistance. The Credit Union and its employees have devoted their time and financial expertise to several local organizations. Several of these organizations were also part of the donations section of this report. The Credit Union's Community Development Services and Activities are listed below.

Employee Services

Georgetown Affordable Housing Trust

The Trust was established to provide and preserve affordable housing in the Town of Georgetown for the benefit of low and moderate income households. Some recent accomplishments of the trust include hiring a full time planner for Georgetown, creating a master list of all affordable housing within the town, managing several re-sales of affordable housing units with significant buy-downs, and helping low income homeowners negotiate fair refinances. In addition, the Trust has designed a Housing Production Plan (HPP) and a Rental Assistance Program. The Credit Union's President has served on the Board of Trustees of the Trust since 2009.

Mass Credit Union League

The Massachusetts Credit Union League seeks to "preserve, promote, and perpetuate Credit Unions." It is focused on meeting the current and future needs of its member credit unions by providing direct support, and public, legislative, and regulatory advocacy. The four major areas the League specializes in are Advocacy, Outreach, Professional Development, and Business Services. Within each of these subsections, the League provides a number of services to benefit its member credit unions. The League, like credit unions, is a democratically controlled cooperative with a board of directors elected by and from its membership. The Credit Union's President serves as Chairman of the Board.

Lynn Arts Inc.

Lynn Arts Inc. is a multi-service community arts center offering programs for youth and adults including career development opportunities. They are dedicated to promoting cultural activity in the city of Lynn, as well as encouraging community interest and involvement in the arts in the Greater Boston area. Having successfully completed the renovation of the old Bank Building in Central Square, the organization has offered services ranging from providing artists with studio space, to providing art classes free of charge to school-aged children, to planning city wide arts and culture festivals. The Credit Union's President serves on this organization's Board of Directors and serves as their Treasurer.

Project COPE

Project Cope is a non-profit organization located in Lynn, MA that has been providing substance abuse services to those in need since 1970. In January 2014, Project COPE merged with another organization called Bridgewell, a comprehensive human services organization. Recently, COPE (affiliated with Bridgewell) has expanded their role to include services for individuals with intellectual and developmental disabilities. Among several other services for substance abuse, they offer a number of “Recovery Housing” options including transitional housing, permanent housing, and ShelterPlus Care. The Credit Union’s Executive Vice President is directly involved in the volunteer opportunities at Project Cope.

Mass Coalition for the Homeless Board of Trustees

The mission of the Massachusetts Coalition for the Homeless is to eradicate homelessness from the Commonwealth of Massachusetts. They accomplish this goal through a number of programs and services that involve action, advocating, education, and coordination. For example, the coalition is very involved in advocating for the homeless via public policy initiatives such as: the availability of decent, accessible, affordable housing; adequate income maintenance programs, mental health services, social services and job training. The Credit Union’s Marketing Director serves on the Board of Trustees. The Marketing Director also helped train and educate people within the organization about the Budgeting Program.

Social Responsibility Committee (Credit Union League)

This Committee is a subset of the MA Credit Union League (see above) which aims to develop a unified plan of social responsibility for the League. Features of this plan include state-wide efforts on affordable housing, financial literacy, and designated charitable activities. The Marketing Director at the Credit Union volunteers as a member of this committee.

Operation Bootstrap

Operation Bootstrap is an adult education program located in Lynn. They provide a range of education services to thousands of adults including non-native English speakers. The Credit Union’s Marketing Director is a committee member of this organization.

Charity Drives

The Credit Union participated in a number of charity drives including a Sweater Drive, a Blanket Drive, and a School Supplies Drive to benefit low- and moderate-income individuals.

Financial Seminars & Workshops

CU 4 Reality

The Credit Union participates in the CU 4 Reality Program—a set of school based financial literacy programs. The Credit Union developed and currently runs programs at The Lincoln Thompson School in Lynn and the Garfield Middle School in Revere. Employees of the Credit Union developed a comprehensive lesson plan and volunteered a great deal of time to teach at the schools. They first started these programs in 2010, catering to students in 4th and 5th grade. Lesson plans consist of financial literacy, an interactive portion in which students create and implement a business plan, and a culminating auction in which students see how their financial knowledge relates to the real world. From 2010-2013, this program has served 291 middle school students. The Credit Union has devoted a great deal of time and resources to the genesis

of this program and they have had great success. The program has expanded each year and continues to be received well by both teachers and students.

Know Your Credit Report Seminar

The Credit Union held an educational workshop at its main office in Lynn in October of 2013. The workshop, entitled “Understanding your Credit Report”, aimed to educate the public on how to read, obtain, understand, and dispute inaccurate information on their credit report.

Home Buying and Real Estate Seminar

The Credit Union, along with its Real Estate partners, hosted two Homebuying & Real Estate seminars in March of 2012 and May of 2014 at their main office in Lynn, MA. These seminars aimed to educate the community on prudent home shopping and the real estate market.

Budget Training

The Credit Union provided resources and training to employees of the Massachusetts Coalition for the Homeless. Specifically, they provided training to the coalition’s budgeting providers who help counsel and advise homeless and low-income families on proper budgeting.

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 370 Highland Avenue, Salem, MA 01970.

- 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.