

PUBLIC DISCLOSURE

MAY 11, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

ST. MARY'S CREDIT UNION

Cert #67864

46 LIZOTTE DRIVE

MARLBOROUGH, MA 01752

Division of Banks

1000 Washington Street

Boston, MA 02118

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this 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.

TABLE OF CONTENTS

I.	General Information.....	3
II.	Institution CRA Rating	
	a. Overall CRA Rating.....	3
	b. Scope of the Examination.....	4
	c. Description of the Institution.....	5
	d. Description of the Assessment Area.....	6
	e. Conclusions With Respect to Performance Tests.....	10

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 the 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 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. Mary's Credit Union (or the Credit Union)**, prepared by the Division, the institution's supervisory agency as of **May 11, 2015**. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

Based on Intermediate-Small Institution CRA evaluation procedures specified for institutions with assets of at least \$305 million, and less than \$1.221 billion as of December 31 of both of the prior two calendar years, St. Mary's Credit Union's overall CRA performance is considered Satisfactory. The rating of this institution is established upon a review of the Performance Criteria, as shown below.

- The Credit Union's net loan-to-share ratio for the previous eight quarters was excellent (94.3 percent), given the Credit Union's size, financial condition and other needs of the assessment area.
- A majority of loans (62.6 percent) and other lending-related activities are in the Credit Union's assessment area.
- Given the demographics of the assessment area, the distribution of borrowers reflects an adequate penetration among individuals of different income levels (including low- and moderate-income).
- The geographic distribution of loans reflects good dispersion throughout the assessment area.
- Fair lending policies and practices are considered adequate. No weight was given to CRA complaints, as the Credit Union and the Division have not received any since the prior examination.

Community Development Test

- The Credit Union's community development performance demonstrates an adequate responsiveness to the community development needs of its assessment area through its qualified donations and provisions of services to local community organizations and non-profit organizations.

SCOPE OF THE EXAMINATION

This evaluation considered the Credit Union's performance under the lending and community development tests in accordance with Intermediate Small Institution CRA Evaluation Procedures. The evaluation period considers activities conducted by the Credit Union from August 9, 2010 through May 11, 2015, with the exception of the lending test.

Through discussions with management and as reflected in Call Report data, the Credit Union's primary lending focuses are residential and vehicle lending. First mortgage residential lending represents 57.7 percent of the Credit Union's loan portfolio while vehicle loans account for 39.1 percent of the portfolio. Therefore, the Credit Union's CRA performance focuses on residential loans originated between January 1, 2013 and December 31, 2014. Analysis of these loans is presented within this evaluation. Commercial lending was not included in the analysis since it accounts for only a small portion of the Credit Union's overall lending activity.

Residential lending data was obtained from the Credit Union's 2013 and 2014 Loan Application Registers (LARs) maintained pursuant to the Home Mortgage Disclosure Act (HMDA). The LARs contain data on home improvement loans, home purchase loans, and refinances of one-to-four-family and multifamily (five or more unit) properties.

Calendar years 2013 and 2014 lending data was analyzed. Aggregate data for 2013 was available during the on-site portion of the evaluation. The data presented in this evaluation with respect to the Geographic Distribution and Borrower Characteristics criteria presents both the Credit Union's 2013 and 2014 lending data. Aggregate lending data is the lending performance of all other financial institutions within the defined assessment area, as reported on their HMDA LARs, for 2013. Aggregate lending data is referenced in this evaluation for comparison purposes.

Community Development activities were reviewed as part of this examination. No community development loans were granted during the period and it is recognized that St. Mary's Credit Union's ability to be involved in community development lending is limited by restrictions imposed by Massachusetts General Laws. As such, no rating was assigned to the Credit Union's community development lending. Although exempted from being rated separately under 209 CMR 46.61, St. Mary's Credit Union's charitable contributions and community development services were reviewed.

PERFORMANCE CONTEXT

Description of Institution

St Mary's Credit Union is a state-chartered community Credit Union established in July, 1913 and headquartered in Marlborough, Massachusetts; serving Middlesex and Worcester County in Central Massachusetts.

In addition to its main office located at 46 Lizotte Drive in Marlborough, Massachusetts, the Credit Union operates six branch offices: three in Marlborough, one in Hudson, one in Northborough and one in Westborough. In June 2013, the Credit Union opened a branch at 96 Turnpike Road in Westborough, Massachusetts. The Credit Union relocated its corporate office to 46 Lizotte Drive from 293 Boston Post Road West, Marlborough, Massachusetts in January 2015. All branch locations are equipped with 24-hour ATMs, card access and drive-up service. The Credit Union is a member of the SUM Network and CO-OP Network, which are surcharge free ATM networks. The Credit Union also offers online access through its websites StMarysCU.org and ABetterCreditUnion.com.

St Mary's Credit Union offers numerous types of deposit products for consumer and business customers, as well as a variety of residential, commercial and consumer loan products. Consumer-oriented loan products include adjustable-rate and fixed-rate mortgages, state agency affordable mortgages, home equity lines and loans, home energy loans, indirect automobile loans, recreational vehicle loans, CD loans, student loans, and personal loans. Business loan products include business lines of credit and term loans, small business loans and commercial real estate mortgages.

As of March 31, 2015, the Credit Union's assets totaled \$706,850,191 and total loans totaled \$560,618,723, or 79.3 percent of total assets. The Credit Union's asset size has increased 23.3 percent and the loan portfolio has increased 48.3 percent since the last examination. The Credit Union's assets totaled \$573,255,390 and loans totaled \$378,079,628 at the previous examination.

St Mary's Credit Union is primarily a residential lender with a loan portfolio consisting of primarily residential mortgages and vehicle loans. As noted in Table 1, approximately 57.7 percent of the loans are secured by real estate, followed by vehicle loans at 39.1 percent.

Table 1 Loan Portfolio Distribution as of March 31, 2015		
Loan Type	Dollar Amount	Percent of Total Loans
Total 1 st Mortgage Real Estate Loans/Lines of Credit	257,693,571	46.0
Other Real Estate Loans/Lines of Credit	65,442,424	11.7
Total Real Estate Loans/Lines of Credit	323,135,995	57.7
New Vehicle Loans	93,989,928	16.8
Used Vehicle Loans	125,263,836	22.3
New and Used Vehicle Loans	219,253,764	39.1
Total All Other Loans/Lines of Credit	12,111,720	2.1
Unsecured Loans/Line of Credit	6,117,244	1.1
Total Loans	560,618,723	100

Source: March 31, 2015 NCUA 5300 Call Report

There are no apparent financial or legal impediments that limit the Credit Union's ability to help meet the credit needs of its assessment area. Based on the Credit Union's asset size, product offerings and branch network, its ability to meet the community's credit needs is satisfactory.

The Credit Union's CRA performance was deemed "High Satisfactory" at the previous evaluation on August 9, 2010, which was conducted by the Division of Banks.

Description of Assessment Area

The CRA requires financial institutions to define an assessment area; or areas within which they will concentrate their lending efforts and within which its record of helping to meet the needs of its community will be evaluated. The assessment area meets the technical requirements of the CRA since it: (1) consists of one or more political subdivisions; (2) includes geographies where the Credit Union has its main office, branches and deposit-taking ATMs, as well as the surrounding geographies in which the Credit Union originated a substantial portion of its loans; (3) consists of whole census tracts; (4) does not reflect illegal discrimination; and (5) does not arbitrarily exclude low- and moderate-income areas. The assessment area as currently defined meets the technical requirements of the CRA.

The Credit Union's Assessment Area is comprised of 54 census tracts located in Middlesex and Worcester County. The assessment area contains the city of Marlborough and the towns of Ashland, Berlin, Bolton, Framingham, Grafton, Hopkinton, Hudson, Northborough, Shrewsbury, Southborough, Stow, Sudbury, Upton and Westborough. Seven cities and towns are located in Middlesex County, while eight are located in Worcester County. Towns and cities located in Middlesex County within the assessment area are in the Cambridge-Newton-Framingham Metropolitan Division (MD) #15764. Towns and cities located in Worcester County in the assessment area are in the Worcester Metropolitan Statistical Area (MSA) #49340. The Credit Union added the towns of Ashland, Bolton, Grafton, Stow and Upton to the assessment area since the previous examination.

To assess the Credit Union’s lending performance within this evaluation, certain demographic data is reviewed to determine the assessment area’s characteristics. The 2014 Census Reports use a limited number of demographic, income, population, and housing data from the FFIEC's 2014 Census file prepared for HMDA and CRA data. The Office of Management and Budget (OMB) released the revised delineations of Metropolitan Statistical Areas (MSAs) in February 2013. The new MSA definitions released in February 2013 apply to HMDA and CRA data collected on or after January 1, 2014 and are incorporated in the 2014 Census data and Geocoding System.

Due to the implementation of the new OMB delineations the FFIEC has recalculated the MSA/MD (or statewide Non-Metro) Median Family and Household Incomes, as well as the FFIEC Estimated MSA/MD (or statewide Non-Metro) Median Family Income in cases where a boundary change has occurred. The Median Family Income percentage and Income indicators were also recalculated because of their dependency on the MSA/MD Median Family Income.

Refer to Table 2 for pertinent demographic information about the assessment area.

Table 2 Assessment Area Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts) 2013	54	1.9	14.8	38.9	44.4
Geographies (Census Tracts) 2014	54	1.8	9.3	37.0	51.9
Population by Geography (2013)	293,024	1.7	13.4	38.5	46.4
Owner-Occupied Housing by Geography (2013)	78,099	0.3	9.1	40.9	49.7
Distribution of Families by Income Level (2013)	75,428	17.0	15.0	20.5	47.5
Distribution of Households by Income Level (2013)	108,554	21.3	13.7	16.5	48.5
Median Family Income (MFI) MSA #49340 FFIEC Updated MFI, 2014 MD #15764 FFIEC Updated MFI, 2014 Families Below Poverty Level		\$106,176 \$77,900 \$93,300 3.9%	Households Below Poverty Level Median Housing Value Unemployment Rate (2010 U.S. Census)		6.6% \$399,572 5.2%

Source: 2010 U.S. Census, 2013 and 2014 Estimated Median Family Incomes

Geographies

The Credit Union’s assessment area consists of 54 census tracts, including 1 low-income census tract or 1.8 percent, 8 moderate-income tracts or 9.3 percent, 21 middle-income tracts or 37.0 percent and 24 upper-income tracts or 51.9 percent. Reallocation of census tracts in 2014 reduced the number of moderate-income tracts within the assessment area from 8 to 5 and the number of middle-income tracts from 21 to 20. The one low-income census tract is located in

Framingham and the 5 moderate-income tracts are located in Framingham (4) and Marlborough (1).

Population

The assessment area has a total population of 293,024 individuals residing in 75,428 households that are families. Of all individuals, 1.7 percent reside in low-income tracts, 9.4 percent reside in moderate-income tracts, 35.9 percent reside in middle-income tracts and 53.0 percent reside in upper-income tracts. Of all families, 11,948 or 15.8 percent are low-income, 10,598 or 14.1 percent are moderate-income, 14,738 or 19.5 percent are middle income, 38,144 or 50.6 percent are upper income and 3.9 percent are below the poverty level.

Median Family Income Levels

According to the 2010 U.S. Census data, the assessment area contains 108,554 households, of which 75,428, or 69.5 percent, are considered families. In 2014, the Median Family Income (MFI) for the assessment area was \$106,176. As per the 2010 U.S. Census, 3.9 percent of families in the assessment area are below the poverty level.

Housing Characteristics

There are 113,937 total housing units within the assessment area, of which 78,099, or 68.6 percent, are owner-occupied; 30,455, or 26.7 percent, are occupied rental units; and 5,383, or 4.7 percent, are vacant. Of the owner-occupied units, 0.3 percent were located in low-income census tracts and 9.1 percent were located in moderate-income tracts in 2013. In 2014, 0.3 percent were located in low-income tracts, while 5.2 were located in moderate-income tracts. The limited number of owner-occupied housing units in the assessment area's low-income tracts may limit the Credit Union's ability to make home mortgages in these areas during the review period.

As displayed in Table 2, the assessment area median housing value is \$399,572. Additional information, as obtained from The Warren Group housing statistics, shows that the average median sales price for Middlesex County was \$399,000 in 2013 and \$420,000 in 2014. The average median sales price for Worcester County was \$212,250 in 2013 and \$220,000 in 2014.

Competition

The Credit Union faces stiff competition within the assessment area. In 2013, there were 432 lenders, which included large regional and national banks, credit unions and mortgage companies. These lenders originated a total of 21,499 residential mortgage loans within the assessment area. For the same year, the Credit Union originated 352 home mortgage loans, which ranked them 14th with a share of 1.6 percent within the assessment area. The top five lenders were Wells Fargo Credit Union, NA; JP Morgan Chase Credit Union, NA; Mortgage Master, CitiBank, N.A. and Bank of America, N.A. Collectively, these top lenders accounted for 24.2 percent of the area's total market share.

Unemployment Data

According to the 2010 U.S. Census, the assessment area's unemployment rate was 5.2 percent. More recent data from the U.S. Bureau of Labor Statistics shows that the unemployment rate for Middlesex County was 5.5 percent in 2013 and 4.6 percent in 2014. The unemployment rate for Worcester County was 7.3 percent in 2013 and 6.2 percent in 2014. The unemployment rate for the state of Massachusetts was 6.7 percent in 2013 and 5.8 percent in 2014.

Community Contact

As part of the evaluation process, third parties active in community affairs are contacted to assist in assessing the housing and general banking 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.

A community contact was conducted with a local community development organization that works to increase employment and development in Marlborough. The organization helps attract businesses to the city and maintain growth from a housing and business perspective.

The contact indicated the Marlborough area is experiencing strong economic growth, as several large companies such as GE Life Sciences, Raytheon, Boston Scientific and TJX have all opened large campuses in Marlborough in the past few years. The city has added approximately 5,000 new jobs in the past two years, which has seen the unemployment rate fall to 3.5 percent as of June 1, 2015. The contact explained that an increase in the city's demand for housing because of increased employment far exceeds the supply, with two large housing developments currently being built to address that need.

The contact expressed that there are areas in the city that need further development to alleviate poverty and increase affordable housing availability, but the availability for funding for these developments could improve. These areas could benefit greatly from increased financial education. The contact was emphatic that the local community financial institutions have been effective in their work with the community through volunteerism and donations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

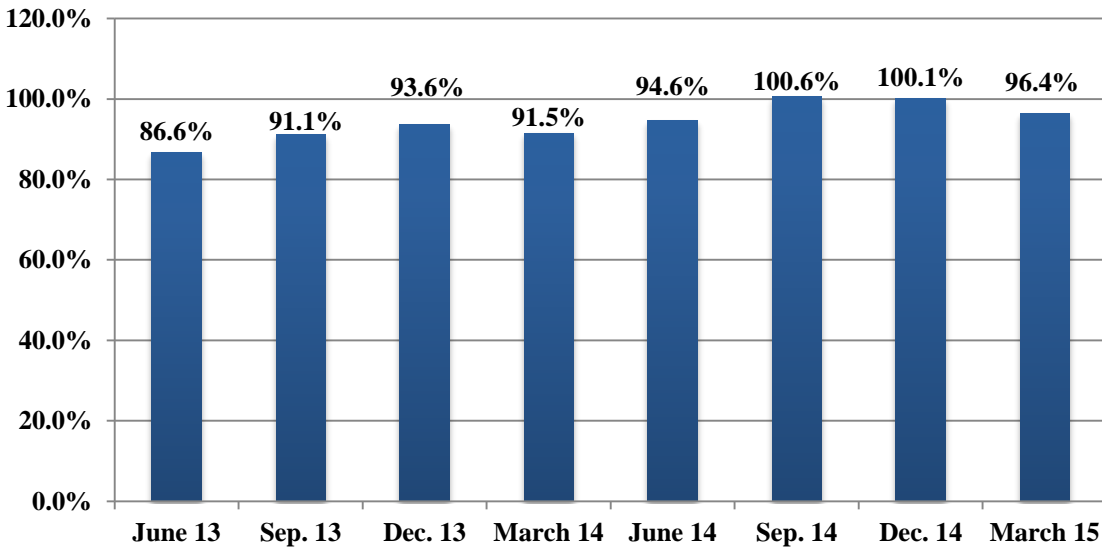
The Lending Test considers the Credit Union's performance pursuant to the following criteria: LTS Ratio, Assessment Area Concentration, Geographic Distribution, Borrower Profile and Response to CRA Complaints. Overall, the Credit Union's performance under this test is "Satisfactory."

LOAN-TO-SHARE ANALYSIS

The loan-to-share (LTS) ratio criterion evaluates the percentage of the Credit Union's share base that is reinvested in the form of loans. The appropriateness of the Credit Union's LTS ratio was evaluated. A comparative analysis of the Credit Union's quarterly net LTS ratios for the period of June 30, 2013 through March 31, 2015, was conducted during this examination. The LTS ratio is strong given the institution's size, financial condition and assessment area credit needs. The ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses (ALLL) as a percentage of total shares.

The average LTS ratio for the evaluation period was 93.4 percent. This was higher than the LTS ratio cited at the prior evaluation of 82.5 percent. As of March 31, 2015, the ratio remained above the average at 96.4 percent. The LTS ratio increased on aggregate, although it decreased in March 2014 and the most recent two quarters. The ratio ranged from a low of 86.6 percent as of March 31, 2013 to a high of 100.6 percent as of September 30, 2014. The Credit Union's net loans increased from \$467,230,193 as of June 30, 2013 to \$557,953,707 as of March 31, 2015. This represents an overall increase of approximately \$101,911,338, or 19.4 percent. Shares only increased from \$539,404,857 to \$578,800,519 in that same period, representing a gain of \$39,395,662 or 7.3 percent. This reflects the Credit Union's loan growth more than doubling its growth in shares. The Credit Union sold 65 loans totaling \$12,497,990.34 in 2013 and 148 loans totaling \$33,971,336.67 in 2014.

LTS Ratio June 2013-March 2015



The Credit Union’s net LTS ratio was compared to the average LTS ratios of two similarly situated institutions, as determined by geographic location, asset size, and loan portfolio composition. As shown in Table 3, the similarly situated institutions had net LTS ratios of 87.7 percent and 75.2 percent respectively, which are below the Credit Union’s performance.

Table 3		
Loan-to-Share Comparison		
Credit Union Name	Total Assets \$(000) as of 3/31/2015	Average Net LTS Ratio 6/30/2013- 3/31/2015
St. Mary’s Credit Union	\$706,850	94.3%
Leominster Credit Union	\$626,831	87.7%
Jeanne D’Arc Credit Union	\$1,121,666	75.2%

Source: 6/30/2013 through 3/31/2015 Call Reports

St. Mary’s Credit Union’s average net LTS ratio is well above the two similarly situated institutions. Based on the Credit Union’s asset size, resources and the credit needs of its members, the net loan-to-share ration is excellent and meets the standards of high satisfactory performance.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA

This performance criterion evaluates whether the Credit Union is meeting the credit needs within its assessment area. The analysis includes residential lending.

Based on a review of home loans, a majority (62.6 percent) of the Credit Union's lending activity occurs within the institution's assessment area. The distribution of loans by number is weighed more in this analysis, as the number of loans correlates more closely to the number of individuals or families that were able to obtain home mortgage loans and is not skewed by large dollar amounts inside or outside the assessment area.

Table 4 illustrates the Credit Union's record of extending residential mortgage loans inside and outside the assessment area by number and dollar amount over the period reviewed.

Table 4 Distribution of Loans Inside and Outside of Assessment Area										
Loan Type	Number Loans					Dollar Volume (000's)				
	Inside		Outside		Total #	Inside		Outside		Total \$
	#	%	#	%		\$	%	\$	%	
2013 HMDA										
Home Purchase	58	50.9	56	49.1	114	13,995	53.5	12,150	46.5	26,145
Refinance	142	70.7	59	29.3	201	27,574	68.8	12,499	31.2	40,073
Home Improvement	54	68.4	25	31.6	79	5,953	68.2	2,774	31.8	8,727
2013 Total	254	64.5	140	35.5	394	47,522	63.4	27,423	36.6	74,945
2014 HMDA										
Home Purchase	62	49.6	63	50.40	125	15,211	50.1	15,132	49.9	30,343
Refinance	59	72.8	22	27.2	81	11,959	73.3	4,361	26.7	16,320
Home Improvement	51	63.8	29	36.2	80	6,725	68.3	3,126	31.7	9,851
2014 Total	172	60.1	114	39.9	286	33,895	60.0	22,619	40.0	56,514
TOTAL HOME	426	62.6	254	37.4	680	81,417	62.0	50,042	38.0	131,459

Source: 2013 & 2014 HMDA data

In 2013, the Credit Union originated 64.5 percent of home mortgage loans in the assessment area by number and 63.4 percent by dollar volume. In 2014, the Credit Union originated 60.1 percent of home mortgage loans inside the assessment area by number and 60.0 percent by dollar volume. For the entire evaluation period, the Credit Union originated 62.6 percent of home mortgage loans by number and 62.0 percent by dollar volume inside the assessment area.

BORROWER PROFILE

The Credit Union's HMDA reportable home mortgage loans were analyzed to determine the distribution of lending within the assessment area by borrower income level. This section analyzes the Credit Union's residential mortgage loans inside the assessment area based on borrower income. Emphasis is placed on loans to low- and moderate-income borrowers. Based on the review of the HMDA LARs, the Credit Union has achieved adequate penetration of loans among individuals of different income levels.

Borrower reported income was compared to MFI for the Worcester MSA and Cambridge-Newton-Framingham MD for 2013 and 2014. The income figures are based on MFI derived from data collected during the 2010 census for the respective MSAs.

Low-income is defined by the U.S. Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

Table 5 shows, by number, HMDA reportable loans to low-, moderate-, middle- and upper-income borrowers compared to aggregate lending data and the percentage of total families within the assessment area in each respective income group.

Table 5						
Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	2013 Aggregate Lending	2013 Credit Union Lending		% of Total Families	2014 Credit Union Lending	
	%	#	%		#	%
Low	5.9	12	4.7	17.0	13	7.6
Moderate	15.6	47	18.5	15.0	30	17.4
Middle	23.8	75	29.5	20.5	39	22.7
Upper	51.9	117	46.1	47.5	90	52.3
N/A	2.8	3	1.2	0.0	0	0.0
Total	100.0	254	100.0	100.0	172	100.0

Source: 2013 Aggregate Data, 2013 and 2014 HMDA LARs and 2010 U.S. Census Data

In 2013, the Credit Union originated 12 HMDA reportable loans to low-income borrowers, representing 4.7 percent of total originations inside the assessment area. The Credit Union originated 47 loans or 18.5 percent to moderate-income borrowers, exceeding the percentage of moderate-income families in its assessment area at 15.0 percent. The Credit Unions lending to low-income borrowers was less than the aggregate lending performance, however, the Credit

Union's lending to moderate-income borrowers at 18.5 percent slightly exceeded the aggregate at 15.6 percent.

In 2014, despite a 32.3 percent decrease in the number of loans originated in the assessment area, the Credit Union originated one more loan by number to low-income borrowers than the previous year. While the Credit Union's lending to low-income borrowers was below the percentage of low-income families, its lending to moderate-income borrowers exceeded the percentage of moderate-income families.

Despite the decrease in the number of loans in 2014, the Credit Union continued to lend to moderate-income borrowers as a percentage of its originations at a rate higher than the percentage of moderate-income families inside the assessment area. The Credit Union originated 17.4 percent of its 2014 loans to moderate-income borrowers, a 1.1 percent decrease below the 2013 level.

Given the demographics of the assessment area, the distribution of borrowers reflects adequate penetration among individuals of different income levels including low- and moderate-income.

GEOGRAPHIC DISTRIBUTION OF LOANS

The Credit Union’s lending activity in the assessment area was reviewed in order to determine the distribution of lending among the various census tracts. This performance criterion focuses on the distribution of lending in the area’s low- and moderate-income census tracts. Considering assessment area demographics, aggregate data and performance context factors, the distribution of home mortgage loans reflects good penetration in moderate-income geographies. The Credit Union did not originate any loans in 2013 or 2014 in the one low-income tract within its assessment area.

Table 6 presents the Credit Union’s 2013 and 2014 HMDA reportable lending performance, as well as the 2013 aggregate data within the assessment area. The table also reflects the percentage of owner-occupied housing units in each of the census tract income categories from the 2010 census.

Table 6						
Distribution of Home Mortgage Loans by Income Category of the Geography						
Census Tract Income Level	2013 Aggregate Lending	2013 Credit Union Lending		Owner-Occupied Housing Units	2014 Credit Union Lending	
	%	#	%		#	%
Low	0.3	0	0.0	0.3	0	0.0
Moderate	6.9	34	13.4	9.1	13	7.6
Middle	36.2	149	58.7	40.9	94	54.6
Upper	56.6	71	27.9	49.7	65	37.8
Total	100.0	254	100.0	100.0	172	100.0

Source: 2013 Aggregate Data, 2013 and 2014 HMDA LARs and 2010 U.S. Census Data

During the review period, the Credit Union did not originate any loans inside the lone low-income census tract within its assessment area. In 2013, The Credit Union’s lending in moderate-income tracts nearly doubled when compared to the aggregate, as it originated 34 loans or 13.4 percent to the aggregate’s 6.9 percent. The institution’s lending in moderate-income tracts fell to 13 or 7.6 percent in 2014. The Credit Union originated loans at a higher percentage than owner-occupied housing units in moderate-income tracts for 2013.

Based on this analysis, the geographic distribution of loans represents good dispersion throughout the assessment area.

MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number of HMDA-reportable applications the Credit Union received from minority applicants. In 2013 and 2014, the Credit Union received 597 residential loan applications from within its assessment area. During this period, the Credit Union received 31 applications from racial minorities and 23 applications were from individuals of Hispanic or Latino ethnic backgrounds, representative of 7.9 percent of all applications.

Table 9 Minority Application Flow					
RACE	Credit Union 2013		2013 Aggregate Data	Credit Union 2014	
	#	%	%	#	%
<i>American Indian/Alaska Native</i>	0	0	0.2	0	0
<i>Asian</i>	8	2.3	8.5	9	3.7
<i>Black/African American</i>	3	0.9	1.0	2	0.8
<i>Hawaiian/Pac Isl.</i>	0	0	0.1	0	0
<i>2 or more Minority</i>	0	0	1.3	0	0
<i>Joint Race (White/Minority)</i>	2	0.5	0.0	7	2.9
Total Minority	13	3.7	11.1	18	7.4
<i>White</i>	316	89.8	66.8	214	87.3
<i>Race Not Available</i>	23	6.5	22.1	13	5.3
Total	352	100	100	245	100
ETHNICITY	#	%	%	#	%
<i>Hispanic or Latino</i>	9	2.6	2.4	9	3.7
<i>Not Hispanic or Latino</i>	311	88.4	74.5	218	89.0
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	3	0.8	1.1	2	0.8
<i>Ethnicity Not Available</i>	29	8.2	22.0	16	6.5
Total	352	100	100	245	100

Source: 2013, 2014 HMDA/LAR; 2013 HMDA Aggregate Data

In order to derive reasonable expectations for the rate of applications the Credit Union received from minority residential loan applicants, the Credit Union's minority application flow in each year was compared to the racial and ethnic composition of the assessment area and the 2013 aggregate data for all other HMDA reporters within the assessment area.

The Credit Union's assessment area contains a total population 293,024 individuals, of which 20.9 percent are minority and ethnic applicants. The assessment area's minority and ethnic population consists of 2.4 percent Black/African-American, 7.4 percent Asian/Pacific Islander, 0.1 percent American Indian, 6.5 percent Hispanic or Latino and 4.5 percent other race.

In 2013, the Credit Union received approximately 3.7 percent of all applications from minority individuals, well below the 2013 aggregate data at 11.1 percent. Hispanic or Latino borrowers composed 3.4 percent of the Credit Union's applicants compared to the aggregate benchmark at 3.5 percent.

REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

A thorough review of the public comment file revealed that the Credit Union received no complaints pertaining to the institution's CRA performance since the previous examination.

The Credit Union's fair lending performance was reviewed to determine how it related to the guidelines established by Regulatory Bulletin 1.3 106: the Division's Community Reinvestment and Fair Lending Policy. Based upon the review of the Credit Union's public comment file and its performance relative to fair lending policies and practices, no violations of anti-discrimination laws and regulations were identified. Additionally, based upon a review of the compliance report, no violations impacted the overall CRA rating.

The Credit Union's Loan Policy includes a written fair lending policy statement, which the Board of Directors reviews and approves annually. The loan policy prohibits discrimination against all the prohibited classes listed under the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA). The Credit Union has a second review procedure in place whereby all denied applications are reviewed. All exceptions to policy are reviewed and ratified by the Loan Committee. Languages spoken at the Credit Union include Spanish, Portuguese, French, Swedish, Urdu, Tagalog (Filipino), Korean, Khmer and Russian. St. Mary's Credit Union uses online resources and classroom training to Credit Union officers and staff covering compliance with HMDA, ECOA and other fair lending laws and regulations.

COMMUNITY DEVELOPMENT TEST

St. Mary's Credit Union's community development test demonstrates a adequate performance related to the community development needs of its assessment area. The Credit Union has helped meet community development needs within the assessment area through qualified grants and community development services.

Community Development Investments

A qualified investment for purposes of this CRA evaluation is a lawful investment, donation, membership share, or grant that has community development as its primary purpose. The evaluation considered (1) investment and grant activity, (2) the responsiveness to credit and community development needs, and (3) community development initiatives.

During the examination period, the Credit Union's qualified CRA investments totaled \$368,346.

For the period of August 9, 2010 through December 31, 2010, the Credit Union made qualified grants and donations that totaled \$10,500 (or 21.2 percent of total donations). During calendar year 2011, qualified donations totaled \$55,781 (or 38.3 percent of total donations). For calendar year 2012, the Credit Union made qualified grants and donations totaling \$56,050 (or 38.8 percent of total donations). For calendar year 2013, the Credit Union made qualified grants and donations totaling \$70,474 (or 48.8 percent of total donations). For calendar year 2014, the Credit Union made qualified grants and donations totaling \$77,943 (or 44.3 percent of total donations) and for the period of January 1, 2015 through May 11, 2015, qualified grants and donations totaled \$47,598 or 60.2 percent. These qualified grants and donations went to organizations that promote education, youth programs, health and human services for individuals in need, and economic development throughout the assessment area. The following are examples of organizations that have received benefit from the Credit Union's efforts.

Habitat for Humanity: This organization promotes, affordable housing for all, and supports the commitment that housing is a basic human right. The organization advocates for a just and fair housing policy to eliminate the constraints that contribute to poverty housing.

Employment Options: This organization serves those in the Metro West region who are looking to improve and manage their mental health and wellness including individuals who have experienced economic disadvantages. The organization provides an environment where individuals support and encourage each other to live life to its fullest and gain the dignity and respect we all deserve as individuals.

United Way: United Way is an organization whose main goal is to raise funds that support programs and services provided by local health and human service agencies. United Way can support families of all incomes. Funded agencies use their allocation to provide services for low- and moderate-income families primarily.

Boys & Girls Clubs of Metrowest: This organization provides social, educational, physical and cultural programs for boys and girls. In addition, the organization serves more than 3,200 children and youth each year and the Credit Union's support helps programs for lower income individuals in Framingham, Marlborough and Hudson.

BayPath Elder Services, Incorporated: This organization's mission is to promote and prolong independent living for at-risk elders and the disabled populations by providing help to manage their day-to-day finances through the dedication and support of its volunteers.

Money Management International: This organization offers financial counseling and education targeted to low to moderate-income consumers. Given the current economic difficulties, the demand for these services has been unprecedented.

Metrowest Legal Services: This organization provides legal advocacy to protect and advance the rights of the poor, elderly, disabled and other disenfranchised people.

Credit Union Community Hope Initiative: This organization is rooted in the Credit Union philosophy and is undertaken by Massachusetts Credit Unions to improve the quality of life for low and moderate-income families. This effort will help the families to find and maintain affordable and permanent homes.

Community Development Services

The CRA regulation defines a community development service as an activity having community development as its primary purpose and related to the provision of financial services or technical expertise of the institution. Detailed below are the Credit's Unions qualified community development services.

Involvement in Community Organizations

Boys & Girls Clubs of Metrowest: The Credit Union's CEO serves on the Board of Directors offering financial expertise. This organization provides social, educational, physical and cultural programs for boys and girls. In addition, the organization serves many children and youth each year and the Credit Union's support helps programs for lower income individuals in Framingham, Marlborough and Hudson.

Marlborough Economic Development Corporation formally Marlborough 2010 Corporation: The Credit Union's former CEO served on the Board and currently the Executive Vice President/Lending serves as a member of the organizations' loan committee. The Corporation's mission is to implement proactive initiatives for business and industrial expansion in the City with a goal of creating and preserving valued jobs, fostering commercial growth and revitalizing the City's downtown and historic neighborhoods.

United Way of Tri-County: The Credit Union's former CEO served on the Board of Directors and was Second Vice Chair of this organization. This organization has raised funds in support of organizations within their 34 MetroWest communities. These funds have helped many low and moderate-income individuals receive food, clothing, housing, domestic violence support, quality in-school and after-school programming, and many more services to survive and thrive.

Bay Path Elder Services: The Credit Union's Vice President of Marketing serves on the Advisory Board offering financial expertise. The organization offers a Money Management Program that is designed to help elders and the at risk disabled population who, for a variety of reasons, are having difficulty managing their finances. This organization has developed a joint venture between the Executive Office of Elder Affairs, AARP and Legal Counsel for the Elderly.

Educational Seminars/ Financial Literacy

Throughout the evaluation period, Credit Union personnel and management participated in various education and outreach events that had community development as their primary purpose. The following illustrates examples of these community development activities.

First Time HomeBuyer Seminars: The Credit Union sponsored or participated in 10 First Time Homebuyers Seminars during the examination period. Topics discussed included borrower qualifications, the pre-qualification process, private mortgage insurance, products offered, and the legal process. The Credit Union furnished mortgage application packages to all interested attendees. Three of these seminars were sponsored by Neighborworks, a Community Development Corporation located in Worcester.

Auto Buying Seminars: The Credit Union sponsored 5 Auto Buying Seminars during the examination period. Credit Union members were advised on how to purchase a vehicle, from research through the actual purchase from the auto dealership. Some of the topics discussed were purchasing a vehicle versus leasing a vehicle and budgeting issues.

Financial Literacy Workshops: The Credit Union held 7 financial literacy workshops during the review period. The Credit Union's mortgage loan originator who is fluent in Spanish held 6 financial literacy workshops at the Main South Community Development Corporation in Worcester and one at Plumley Village, a subsidized housing complex in Worcester.

Financial Literacy Seminar for Youth: The credit union sponsored 2 community service financial literacy seminars specifically for young people. These seminars were free and open to anyone wishing to attend. The program was held at St. Mary's Credit Union. It taught the basics of financial management to approximately 60 young people, ages 16 to 22, including lessons on credit, saving and budgeting to meet financial goals.

Reality Fair: The purpose of the fairs is to instruct young people how to manage money and finances within a simulated environment. Students learn the importance of budgeting for

necessities and saving for luxuries as well as the importance of having money available for unexpected emergencies. The Credit Union participated in 12 Reality Fairs for local high school students during the review period. The Credit Union participated in 4 Hudson High School events, 4 Marlborough High School events and 4 Assabet Valley regional Technical High School events.

Basic Finance: The Credit Union held 9 Basic Finance courses for the period reviewed at Hudson High School to help students understand the principles and importance of finance.

Other Community Services

- On February 23, 2015 the Credit Union's Credit Committee approved a commitment to fund an equity investment totaling \$50,000 with the Marlborough area Community Development Loan Fund. The fund will provide access to capital targeting local businesses and entrepreneurs for the purpose of business expansion; that promotes economic development, job creation or neighborhood revitalization within the city of Marlborough. The Fund seeks to provide loans to supplement a market segment that cannot secure financing through traditional means. The Credit Union has partnered with the City of Marlborough and two other Financial Institutions to accomplish the funds goals. No funds have been disbursed as of the examination date.
- *Interest on Lawyers Trust Accounts (IOLTA)* – The Credit Union maintains Interest on Lawyers Trust Accounts (IOLTA), a funded program of Massachusetts, which provides legal assistance to over 100,000 individuals across the state. IOLTA continues to be the primary source for consumer, family, education, disability and elder law services for low-income clients. The goal of the program is to use the interest received for the improvement of the administration of justice and for civil and legal services for low-income clients. During the evaluation period, the Credit Union paid \$14,961 in interest on these accounts.
- The Credit Union also participates in the Massachusetts Community and Banking Council's (MCBC) Basic Banking in Massachusetts program. This statewide program is designed to offer low cost checking and savings accounts to low- and moderate-income individuals.

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 1000 Washington Street, Boston, MA 02118."

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

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

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