

**PUBLIC DISCLOSURE**

**NOVEMBER 18, 2013**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**BRIDGEWATER CREDIT UNION  
CERT # 67984**

**75 MAIN STREET  
BRIDGEWATER, MA 02324**

**DIVISION OF BANKS  
1000 WASHINGTON STREET  
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>
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## 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 **Bridgewater Credit Union (or the Credit Union)**, prepared by the Division, the institution's supervisory agency.

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

Based on the Intermediate Small Institution CRA evaluation procedures specified for institutions with assets of at least \$296 million as of December 31 or 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. The rating of this institution is established upon a review of the Lending Test and the Community Development Test, as shown below in the public evaluation. The Credit Union achieved "Satisfactory" performance under each of these tests. A summary of the Credit Union's performance is provided below.

#### ***Lending Test***

The Credit Union's net loan-to-share ratio for the previous eight quarters was 92.7 percent; this ratio is good, given the Credit Union's size, financial condition, and the credit needs of its assessment area.

Lending activity within the Credit Union's assessment area is considered adequate as 66.9 percent of its originations reportable under the Home Mortgage Disclosure Act (HMDA) and consumer loans were within its assessment area.

The Credit Union demonstrates a reasonable level of lending to members of different income levels.

The geographic distribution of the Credit Union's HMDA reportable loans reflects a less than adequate dispersion throughout the assessment area.

Fair lending policies and practices are considered reasonable. No weight was given to complaints, as none have been received by the Credit Union since the prior examination.

#### ***Community Development Test***

The Credit Union's community development performance demonstrates a satisfactory responsiveness to the community development needs of its assessment area through its qualified donations and community development services.

## **SCOPE OF THE EXAMINATION**

The Division conducted this evaluation using Intermediate Small Bank (ISB) procedures. This evaluation considered the Credit Union's lending and community development activities since the last CRA evaluation dated August 2, 2010. The data and applicable timeframes for the Lending Test and the Community Development Test are discussed below.

The Lending Test focused on home mortgage and consumer lending. Home mortgage lending data analyzed included full-year data from January 1, 2012 through December 31, 2012 and the first three quarters of 2013 through September 30, 2013 (YTD 2013). Information related to home mortgage lending was derived from the Loan Application Registers (LARs) maintained by the Credit Union, pursuant to HMDA. The LARs contain data about home purchase and home improvement loans, including refinancing, of one- to four-family and multifamily properties (five or more units). The evaluation emphasized the Credit Union's home mortgage lending performance in 2012 as this is the most recent year for which aggregate lending data is available. The Credit Union's home mortgage lending performance is compared with aggregate HMDA data, which is a measure of home mortgage loan demand. Aggregate lending data reflects the lending activity of all HMDA reporting lenders that originated at least one home mortgage in the Credit Union's designated assessment area. The Credit Union's home mortgage lending performance was also compared with demographic data. Home mortgage lending data for YTD 2013 is referenced in the narrative to illustrate trends in the Credit Union's lending data. The Credit Union's 2012 performance is weighted more heavily for purpose of assigning a rating.

The evaluation also considered the Credit Union's consumer loans originated from January 1, 2012 through September 30, 2013. As of September 30, 2013, consumer loans accounted for 85.5 percent by loan volume and 32.0 percent by dollar volume. A sample of 44 consumer loans for 2012 and 44 consumer loans for 2013 were incorporated into the Lending Test. The consumer loan sample consisted entirely of new and used automobile loans.

The Community Development Test included an analysis of the Credit Union's qualified community development loans, investments, and services for the period of August 3, 2010, through November 18, 2013. Qualified community development grants and donations for the same time period were also included. Qualified equity investments currently held by the Credit Union were also included regardless of investment date.

Demographic information is from the 2010 U.S. Census unless otherwise noted. Financial data was derived from the Statement of Financial Condition as of September 30, 2013.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Bridgewater Credit Union is a state-chartered financial institution incorporated on September 3, 1941. The object of the Credit Union is wholly co-operative, being organized solely for the promotion of thrift among its members by the accumulation of their savings and the loaning of such accumulations to its members for provident purposes. According to the Credit Union's bylaws: "Membership in the Credit Union is limited to those persons living, working or having business within Barnstable, Bristol, Norfolk or Plymouth Counties, or organizations within a fifty (50) mile radius of the offices, for purposes of payroll deduction." As of September 30, 2013, the Credit Union had 31,487 members.

The Credit Union's main office is located at 75 Main Street, Bridgewater, Massachusetts. In addition to the main office, the Credit Union also operates four full-service branches located in Dover, Fairhaven, Plymouth and Quincy. The Credit Union also operates a call center located inside the main office in Bridgewater. Of the five offices, one is located in a low-income census tract, two in middle-income census tracts and two are located in upper-income census tracts. In 2012, the Credit Union relocated the Quincy branch (62 Clay Street) that was located in a middle-income census tract to a new location (213 Independence Avenue), located in a low-income census tract. The new location offers better conveniences and more parking. All branch locations have 24 hour Automated Teller Machines (ATMs). The Dover branch has a walk-up ATM, the main office has both a walk-up and drive-up ATMs and the remaining branches have drive-up ATMs. Business hours are readily accessible to all members and all offices are open Saturday from 9:00 am to 1:00 pm. Bridgewater Credit Union is a member of the SUM, NYCE, CIRRUS, CO-OP surcharge free ATM network.

The Credit Union was last examined for compliance with the CRA on August 2, 2010. The examination resulted in a CRA rating of Satisfactory. The Credit Union's assets have increased from \$296 million to \$334 million since the previous examination.

As of September 30, 2013, the Credit Union's asset size was \$333.6 million with total loans of \$247.8 million or 74.3 percent of total assets. The Credit Union's net loan-to-share ratio, as of the same date, was 92.4 percent. First mortgage real estate loans and lines of credit represent the largest portion of loans with 63.5 percent followed by used vehicle loans with 11.4 percent, new vehicle loans with 10.3 percent and all other loans and lines of credit at 6.0 percent.

Bridgewater Credit Union is a full-service financial institution that offers a wide variety of products and services. Savings and checking accounts offered by the Credit Union include share accounts, bridge accounts, holiday or all purpose club accounts, certificates of deposit, high yield money market accounts, free checking, interest checking, first choice checking, NOW checking and safeguard checking (overdraft protection). Home financing programs include adjustable and fixed rate options for the purchase, refinance, or home improvement loans, and home equity lines of credit. The Credit Union offers MassHousing and first-time homebuyer loans. Consumer loans include: new and used automobile loans, recreational vehicle loans, personal unsecured loans, share-secured loans, and student choice loan programs. The Credit Union also offers VISA credit and debit cards. Other services offered by the Credit Union include easy on-line applications and forms, online banking, mobile banking, text banking, and 24 hour telephone banking.

Table 1 provides additional details regarding the Credit Union's loan portfolio:

<b>Table 1 Bridgewater Credit Union Loan Portfolio Distribution</b>		
<b>Loan Type</b>	<b>Dollar Volume (\$)</b>	<b>Percentage of Total (%)</b>
Unsecured Credit Card Loans	4,545,683	1.8
All Other Unsecured Loans/Lines of Credit	2,749,659	1.1
Non-Federally Guaranteed Student Loans	3,142,790	1.3
New Vehicle Loans	25,499,107	10.3
Used Vehicle Loans	28,361,621	11.4
Total 1 <sup>st</sup> Mortgage Real Estate Loans/Line of Credit	157,153,859	63.5
Total Other Real Estate Loans/Lines of Credit	11,395,371	4.6
Total All Other Loans/Lines of Credit	14,971,388	6.0
<b>Total</b>	<b>247,819,478</b>	<b>100.0</b>
<i>Source: 5300 Report, Statement of Financial Condition as of September 30, 2013</i>		

The Credit Union offers a variety of business banking products and services such as: checking, savings, money market and certificate share accounts, business debit card, virtual item processing (VIP) deposit, access to on-line teller and on-line bill-payer services, payment processing solutions and credit union at work program. Member business loans include commercial real estate and commercial equipment loans.

The Credit Union maintains a website at [www.bridgewatercu.com](http://www.bridgewatercu.com). The website provides information about branch locations and hours, products and services, on-line services, and other financial services available to customers. The Credit Union also offers blogs on its websites. "On Your Way" blog guides teenagers and adults just beginning their finances by providing videos, games and articles from buying your first car to maintaining a personal budget. "Digital Defense" contains tips and articles to help protect your financial information and avoid identity theft. "Pocket Cents for Kids" is designed to teach school aged youth positive financial habits.

### **Description of Assessment Area**

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Office of Management and Budget establishes Metropolitan Statistical Areas (MSAs) for statistical reporting purposes by federal agencies. The Credit Union's assessment area contains 22 cities and towns located in Bristol, Norfolk and Plymouth Counties.

- *Providence-New Bedford-Fall River, RI-MA MSA:* Fairhaven, New Bedford, Raynham and Taunton all located in Bristol County.
- *Boston/Quincy, MA MSA:* Canton, Dover, Milton, Quincy, Westwood, and Weymouth all located in Norfolk County. Located in Plymouth County are Abington, Bridgewater, Brockton, Carver, East Bridgewater, Halifax, Mattapoisett, Middleborough, Plymouth, Rochester, West Bridgewater and Whitman.

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

<b>Table 2</b> <b>Assessment Area Demographic Information</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (Census Tracts)	150	12.7	22.0	48.0	16.7	0.6
Population by Geography	676,432	9.0	19.5	53.1	18.1	0.3
Owner-Occupied Housing by Geography	168,129	3.6	15.8	59.1	21.5	0.0
Family Distribution by Income Level	169,323	23.3	17.7	22.6	36.4	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	69,496	14.2	27.4	48.1	10.3	0.0
Median Family Income, Bristol County, 2012		\$75,600	Median Housing Value Unemployment Rate (2010 Census) 2012 Bureau of Labor Statistics			\$353,605
Median Family Income, Norfolk County, 2012		\$88,800				8.3%
Median Family Income, Plymouth County, 2012		\$88,800				6.7%
Families Below Poverty Level		8.1%				
Households Below Poverty Level		11.3%				

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

As the data in Table 2 shows, the Credit Union's assessment area consists of 150 census tracts. Of those tracts, 19 or 12.7 percent are low-income census tracts, 33 or 22.0 percent are moderate-income, 72 or 48.0 percent are middle-income, 25 or 16.7 percent are upper-income and 1 or 0.6 percent is N/A. The low-income census tracts are located in Bridgewater, Brockton, New Bedford, Quincy, and Taunton. The moderate-income census tracts are located in Brockton, Fairhaven, New Bedford, Quincy, Taunton and Weymouth. The N/A census tract is a state correctional facility located in Bridgewater.

The assessment area has a total population of 676,432 residing in 169,323 family households. Of all family households in the area, 23.3 percent are low-income, 17.7 percent are moderate-income, 22.6 percent are middle-income, 36.4 percent are upper-income and 8.1 percent are families below the poverty level. A closer look at the households reveals, of the 259,422 households, 68,032 or 26.2 percent are low-income; 39,160 or 15.1 percent are moderate-income; 29,216 or 11.3 percent are households that are below the poverty level and 3.2 percent of households receive some form of public assistance. 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.

The assessment area consists of 280,834 total housing units, of which 168,129 or 59.9 percent are owner-occupied, 91,293 or 32.5 percent are rental units and 21,412 or 7.6 percent are vacant units. The median housing value in 2010 for the assessment area was \$353,605, and the median age of the housing stock was 41 years. Like much of New England, the area's housing prices, until recently, saw a decrease in value since 2010. The average median sales price for housing has dropped over the past few years. Recent figures from the Bankers and Tradesman show that the assessment area's median home prices in 2012 ranged from a low of \$147,500 in Brockton to \$865,000 in Dover. Despite this recent price decline, home prices are still considered high and largely out-of-reach for many low- and moderate-income borrowers.

The unemployment rate statewide for Massachusetts is 6.7 percent according to the annual 2012 (not seasonally adjusted) statistics gathered from the Bureau of Labor Statistics. The unemployment rate for Bristol County for 2012 was 9.3 percent, Norfolk County was 5.6 percent

and Plymouth County was 6.9 percent. As of December 2012, the unemployment statistics for some of the cities and towns in the assessment area per the Bureau of Labor Statistics were: Bridgewater 6.7 percent, Brockton 9.0 percent, Dover 3.9 percent, Fairhaven 9.0 percent, New Bedford 12.5 percent, Plymouth 6.8 percent, Quincy 6.1 percent, Taunton 7.7 percent, and Weymouth 6.4 percent.

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. According to Credit Union management, the more prominent lenders competing with them are: Crescent Credit Union, Sharon Credit Union, Rockland Federal Credit Union, St. Anne's Credit Union, and First Citizens Credit Union.

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**

A community contact was conducted with a non-profit corporation devoted to the interests of the business community in the town of Bridgewater. This corporation is committed to promoting goodwill among business owners, interacting with town government and encouraging growth of in-town business. The corporation has also established a charity fund that is used to help individuals and small businesses in need.

The contact stated the community needs to invest in better infrastructure, use public funds in a more efficient manner, and attract new businesses to the area in order to prosper. The contact also believes the business climate needs to be less restrictive. The contact believes elderly homeowners are an underserved group in the area, and would like to see financial literacy workshops, foreclosure prevention seminars, and financial assistance programs implemented to help the elderly.

Overall, the contact was pleased with the responsiveness of the local community financial institutions to the area's credit needs.

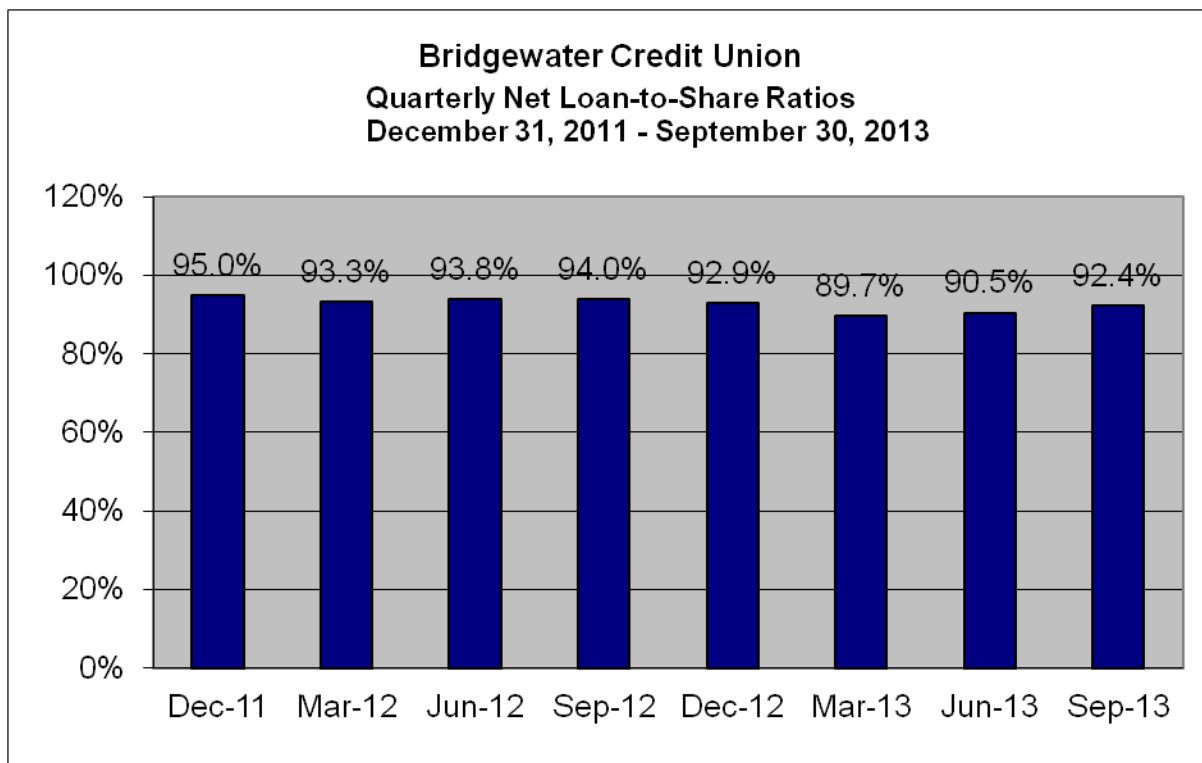


## PERFORMANCE CRITERIA

### LENDING TEST

#### 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. A comparative analysis of Bridgewater Credit Union's quarterly net LTS ratios for the period of December 31, 2011, through September 30, 2013, was conducted during this examination. Using the Credit Union's quarterly Call Reports, the average net LTS ratio for this period was 92.7 percent. This ratio is based on loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total shares. The following graph is provided for further analysis.



As shown in the graph above, the Credit Union's net LTS ratio has fluctuated from a high of 95.0 percent in December 2011 to a low of 89.7 percent in March 2013. Net loans have increased 0.2 percent and shares have increased 3.1 percent during this time period. The Credit Union's net LTS has remained consistent. Management attributed this consistency due to loan demand, market place changes, the automobile side is down, and the fact that real estate volume has slowed considerably.

For comparison purposes, the Credit Union's average net LTS ratio was compared against the average net LTS ratios of three similarly situated institutions (similar asset size and loan portfolio composition).

<b>Table 3</b> <b>Peer Group Net Loan-to-Share Comparison</b>		
<b>Credit Union Name</b>	<b>Total Assets as of 9/30/13</b>	<b>Average Net LTS Ratio 12/31/11 – 9/30/13</b>
Fall River Municipal Credit Union	\$215,074,875	76.7
<b>Bridgewater Credit Union</b>	<b>\$333,606,506</b>	<b>92.7</b>
Crescent Credit Union	\$430,155,036	107.5
Quincy Credit Union	\$443,778,568	67.0

Source: NCUA 5300 Statement of Financial Condition as of September 30, 2013

As shown in Table 3, the other three institutions average quarterly net LTS ratios ranged between 67.0 percent and 107.5 percent.

During the examination period, the Credit Union sold 418 loans totaling \$83 million to Fannie Mae. The Credit Union is a member of the Federal Home Loan Bank system and borrows funds to support additional loan commitments. This, in addition to the Credit Union's LTS ratio, demonstrates its willingness to reinvest in the community through its lending services.

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 good.

## 2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion evaluates whether the Credit Union is meeting the credit needs within its assessment area.

Based on a review of home loans, a majority, (66.9 percent) of the Credit Union's lending activity occurred within the institution's assessment area during the evaluation period. Table 4 illustrates the Credit Union's record of extending residential mortgage loans inside and outside the assessment area by number and dollar amount.

<b>Table 4</b> <b>Distribution of Residential Mortgage Loans Inside and Outside of Assessment Area</b>										
Loan Category or Type	Number of Loans					Dollar Volume ('000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
<b>2012</b>										
Home Purchase	21	70.0	9	30.0	30	4,711	67.0	2,323	33.0	7,034
Home Improvement	35	68.6	16	31.4	51	4,877	64.2	2,723	35.8	7,600
Refinance	215	68.0	101	32.0	316	37,943	65.0	20,425	35.0	58,368
<b>2012 Total</b>	<b>271</b>	<b>68.3</b>	<b>126</b>	<b>31.7</b>	<b>397</b>	<b>47,531</b>	<b>65.1</b>	<b>25,471</b>	<b>34.9</b>	<b>73,002</b>
<b>YTD 2013</b>										
Home Purchase	14	70.0	6	30.0	20	2,763	61.6	1,724	38.4	4,487
Home Improvement	25	71.4	10	28.6	35	4,142	69.3	1,834	30.7	5,976
Refinance	99	66.4	50	33.6	149	16,110	63.0	9,463	37.0	25,573
<b>YTD 2013 Total</b>	<b>138</b>	<b>67.6</b>	<b>66</b>	<b>32.4</b>	<b>204</b>	<b>23,015</b>	<b>63.9</b>	<b>13,021</b>	<b>36.1</b>	<b>36,036</b>
<b>Total Home Loans</b>	<b>409</b>	<b>68.1</b>	<b>192</b>	<b>31.9</b>	<b>601</b>	<b>70,546</b>	<b>64.7</b>	<b>38,492</b>	<b>35.3</b>	<b>109,038</b>

Source: HMDA LAR for 2012 and YTD2013

As shown in Table 4, the Credit Union originated 409 home loans totaling \$70.5 million in the assessment area during the evaluation period. This represents 68.1 percent of the total number of home loans originated by the Credit Union and 64.7 percent by dollar volume. The distribution of loans by number bears more weight on the Credit Union's rating than the distribution by dollar amount, as the number of loans correlates more closely to the number of individuals or families that were able to obtain home mortgage loans.

The Credit Union's performance under this criterion is considered adequate based on the high level of competition from other lenders, as a majority of residential loans by number were originated inside the assessment area.

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

The Credit Union's HMDA reportable loans and consumer loans were analyzed to determine the distribution of lending by borrower income level, with emphasis on loans to low- and moderate-income borrowers. The borrowers' reported incomes for 2012 and YTD 2013 were compared to the median family incomes for the Boston/Quincy MSA (Norfolk and Plymouth Counties) and the Providence/New Bedford MSA (Bristol County). The income figures are based on median family income derived from data collected during the census for the respective MSA. The income figures are adjusted annually by the Department of Housing and Urban Development to allow for factors such as inflation. The median family income (MFI) for the Boston/Quincy MSA for 2012 and YTD 2013 were \$88,800 and \$88,000, respectively. The MFI for the Providence/New Bedford MSA for 2012 and YTD2013 were \$75,600 and \$71,100, respectively.

Low-income is defined by the US 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.

#### Residential Lending

Table 5 indicates loans originated and categorized by the applicants' reported income in relation to the median family income for the MSA in which the property is located. The following table also presents the Credit Union's HMDA reportable lending performance as well as the 2012 aggregate data (exclusive of Bridgewater Credit Union). The table also reflects the percentages of family households in each of the borrower income categories.

<b>Table 5</b> <b>Distribution of HMDA Loans by Borrower Income</b> <b>(Excludes Borrowers for which income is not available)</b>						
MFI Level	% of Families	2012 Credit Union Data		2012 Aggregate Data	YTD 2013 Credit Union Data	
		#	%	%	#	%
Low	23.3	21	7.8	7.6	14	10.1
Moderate	17.7	60	22.3	22.8	37	26.8
Middle	22.6	96	35.7	28.4	41	29.7
Upper	36.4	92	34.2	41.2	46	33.4
Total	100.0	269	100.0	100.0	138	100.0

Source: 2012 and YTD2013 HMDA LARs, HMDA Aggregate for 2012, and 2010 US Census Data

The Credit Union's percentage of lending to low-income borrowers is slightly higher than the aggregate's percentage of lending in 2012. The Credit Union originated 7.8 percent of its loans to low-income borrowers while the aggregate originated 7.6 percent. It is noted lending to low-income borrowers was significantly lower than the percentage of low-income families (23.3 percent) in the assessment area. However, for a significant portion of these low-income families qualifying for home mortgage loans is difficult, given the current economic environment. According to 2010 U.S. Census data, 11.3 percent of all households and 8.1 percent of all families in the assessment area are below the poverty level and would have difficulty in seeking home financing. In addition, home purchase prices in the area undoubtedly present an obstacle in achieving homeownership for many low-income families.

In 2012, the Credit Union originated 22.3 percent of total loans to moderate-income borrowers, which is slightly lower than the aggregate's 22.8 percent, but was higher than the percentage of moderate-income families at 17.7 percent.

In YTD 2013, the Credit Union's performance for the low-income borrowers increased to 10.1 percent. For moderate-income borrowers, the Credit Union's performance increased to 26.8 percent, which is above the percentage of moderate-income families in the assessment area. However, the low volume of loans is such that a small change in numbers has a significant impact on the percentages as noted above.

### Consumer Lending

Borrower income for consumer loans was compared to the median family income. As the Credit Union is predominately a consumer loan originator, the Credit Union typically relied upon the income of only one borrower to make the credit decision. Comparing one member's income with the median family income potentially inflates the levels of lending to low- and moderate-income borrowers because the median family income typically includes the income of two individuals.

As shown in Table 6, the Credit Union's performance reflects a reasonable penetration of consumer loans among individuals of different income levels (including low- and moderate-income) in the assessment area as 48.1 percent of the loans were made to low- and moderate-income borrowers during the evaluation period.

Table 6 Distribution of Consumer Loans by Borrower Income							
Median Household Income Level	% of Families	2012 Credit Union Data		YTD 2013 Credit Union Data		Credit Union Total	
		#	%	#	%	#	%
Low	23.3	5	15.6	5	25.0	10	19.2
Moderate	17.7	9	28.1	6	30.0	15	28.9
Middle	22.6	7	21.9	5	25.0	12	23.0
Upper	36.4	11	34.4	4	20.0	15	28.9
<b>Total</b>	<b>100.0</b>	<b>32</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>

Source: 2012 and YTD2013 HMDA LARs, HMDA Aggregate for 2012, and 2010 US Census Data

As illustrated in the table above, of the sample of consumer loans originated inside the Credit Union's geographic assessment area, the Credit Union originated 15.6 percent of consumer loans to low-income borrowers and 28.1 percent to moderate-income borrowers in 2012. The

percentage of lending to low-income borrowers is below the percentage of low-income families (23.3 percent) while lending to moderate-income borrowers is higher than the percentage of moderate-income families (17.7 percent).

In YTD 2013, the Credit Union originated 25.0 percent of consumer loans to low-income borrowers and 30.0 percent to moderate-income borrowers. Overall, the Credit Union originated 19.2 percent of consumer loans to low-income borrowers and 28.8 percent to moderate-income borrowers.

The Credit Union's performance in lending to borrowers of different incomes, particularly to those of low- and moderate-income reflects a reasonable performance.

#### 4. GEOGRAPHIC DISTRIBUTION

This criterion evaluates the distribution of the Credit Union's loans within the assessment area by census tract income level, with emphasis on lending in low- and moderate-income census tracts. As mentioned previously under the Description of Assessment Area, the Credit Union's assessment area comprises 150 census tracts of which 19 are low-income, 33 are moderate-income, 72 are middle-income, 25 are upper-income census tracts and 1 is N/A.

Table 7 illustrates the geographic distribution of the Credit Union's 2012 and YTD 2013 HMDA reportable lending performance within the assessment area. For comparison purposes, the table includes the percentage of owner-occupied housing units within each tract income category and the aggregate market lending data for 2012.

<b>Table 7</b>						
<b>Distribution of HMDA Loans by Census Tract Income Level</b>						
<b>Census Tract Income Level</b>	<b>% of Owner- Occupied Housing</b>	<b>2012 Credit Union Data</b>		<b>2012 Aggregate Data</b>	<b>YTD 2013 Credit Union Data</b>	
		<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	3.6	4	1.5	2.5	3	2.2
<b>Moderate</b>	15.8	26	9.6	10.5	13	9.4
<b>Middle</b>	59.1	185	68.3	57.1	95	68.8
<b>Upper</b>	21.5	56	20.6	29.9	27	19.6
<b>Total</b>	<b>100.0</b>	<b>271</b>	<b>100.0</b>	<b>100.0</b>	<b>138</b>	<b>100.0</b>

*Source: 2012 and YTD2013 HMDA LARs, HMDA Aggregate for 2012 and 2010 U.S. Census Data*

The geographic distribution of HMDA loans, by number reflects a less than adequate dispersion throughout the assessment area. In 2012, the Credit Union originated 1.5 percent of its loans in low-income census tracts, which is lower than the aggregate (2.5 percent) and the percentage of owner occupied housing (3.6 percent). In YTD 2013, the Credit Union originated 2.2 percent in low-income tracts, which is still below the percentage of owner-occupied housing.

In 2012, the Credit Union originated 9.6 percent of HMDA loans in moderate-income census tracts, which is lower than the aggregate's percentage of 10.5 percent. The Credit Union's level of lending in YTD 2013 was comparable to its 2012 performance as 9.4 percent of its loans were originated in moderate-income census tracts. The Credit Union's percentage of loans to moderate-income tracts was lower than the percentage of owner occupied housing for both 2012 and YTD 2013.

### Consumer Lending

An analysis of the 52 consumer loans originated within the Credit Union's assessment area was also conducted to determine the borrowers' location by census tract income level. Refer to Table 8 for the Credit Union's distribution of consumer loans by income category of the census tract. Consumer loans were compared to the percentage of households in each income census tract.

<b>Table 8</b>					
<b>Distribution of Consumer Loans by Census Tracts</b>					
<b>Census Tract Income Level</b>	<b>% of Households</b>	<b>2012 Credit Union Data</b>		<b>YTD 2013 Credit Union Data</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	8.9	1	3.1	0	0.0
<b>Moderate</b>	20.2	3	9.4	1	5.0
<b>Middle</b>	54.0	22	68.7	16	80.0
<b>Upper</b>	16.9	6	18.8	3	15.0
<b>Total</b>	<b>100.0</b>	<b>32</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>

*Source: Credit Union internal records and 2010 U.S. Census Data*

In 2012, the Credit Union originated 1 loan or 3.1 percent in low-income census tracts, which is significantly lower than the percentage of households at 8.9 percent. The Credit Union originated 3 loans or 9.4 percent in moderate-income tracts, which is significantly lower than the percentage of households at 20.2 percent.

In YTD 2013, the Credit Union originated no loans to borrowers residing in low-income tracts, and only 1 loan or 5.0 percent in moderate-income tracts. Overall, the Credit Union originated 1.9 percent of consumer loans in low-income tracts and 7.7 percent in moderate-income tracts.

Based on the above information, the Credit Union's distribution of HMDA reportable and consumer loans by census tract income level reflects a less than adequate dispersion of loans throughout the assessment area.

## **5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICES AND PRACTICES**

The Credit Union's Fair Lending Policy was reviewed to determine how this information relates to the guidelines established by Regulatory Bulletin 1.3-106, the Division's Community Reinvestment and Fair Lending Policy. A review of the Credit Union's public comment file indicated the Credit Union received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

Bridgewater Credit Union has a written Fair Lending Policy. Included in this policy are the Credit Union's efforts to eliminate discrimination in all aspects of lending. The Credit Union provides annual fair lending training to all employees and Board Members, along with other applicable compliance training.

The Credit Union has a second review process to evaluate loans that have been denied to determine if any compensating factors exist that may allow the Credit Union to grant the loan.

Currently, there are 16 bilingual employees to assist the non-English speaking customers and potential customers at the Credit Union. Second languages include Portuguese, Spanish, Hindi, Pakistan, Chinese, Cape Verdean Creole, Vietnamese and Cambodian. As a result, the Credit Union is able to provide better service to customers of different ethnic backgrounds.

## MINORITY APPLICATION FLOW

According to the 2010 U.S. Census Data, the Credit Union's assessment area contained a total population of 676,432 individuals, of which 158,069 or 23.4 percent are minorities. The assessment area's minority and ethnic population is 0.2 percent Native American, 4.9 percent Asian, 7.4 percent African American, 0.1 percent Hawaiian/Pacific Islander 5.7 percent Hispanic or Latino, and 5.1 percent other.

For 2012 and YTD 2013, the Credit Union received 613 HMDA-reportable loan applications from within its assessment area. Of these applications, 19 or 3.1 percent were received from minority applicants, of which 11 or 57.9 percent resulted in originations. For the same time period, the Credit Union also received 9 applications or 1.5 percent from ethnic groups of Hispanic origin within its assessment area, of which 4 or 44.4 percent were originated.

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

Refer to Table 9 for information on the Credit Union's minority application flow as well as the aggregate lenders (excluding the Credit Union) in the Credit Union's assessment area.

<b>Table 9 MINORITY APPLICATION FLOW</b>					
<b>RACE</b>	Credit Union 2012		Aggregate Data 2012	Credit Union YTD 2013	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.1	0	0.0
Asian	2	0.5	4.2	0	0.0
Black/ African American	5	1.2	3.5	2	1.0
Hawaiian/Pac Isl.	1	0.2	0.1	1	0.5
2 or more Minority	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	5	1.2	0.9	3	1.6
<b>Total Minority</b>	<b>13</b>	<b>3.1</b>	<b>8.9</b>	<b>6</b>	<b>3.1</b>
White	395	94.3	68.8	186	95.9
Race Not Available	11	2.6	22.3	2	1.0
<b>Total</b>	<b>419</b>	<b>100.0</b>	<b>100.0</b>	<b>194</b>	<b>100.0</b>
<b>ETHNICITY</b>					
Hispanic or Latino	<b>3</b>	<b>0.7</b>	<b>1.5</b>	<b>3</b>	<b>1.5</b>
Not Hispanic or Latino	400	95.5	75.6	186	95.9
Joint (Hisp/Lat /Not Hisp/Lat)	<b>2</b>	<b>0.5</b>	<b>0.7</b>	<b>1</b>	<b>0.5</b>
Ethnicity Not Available	14	3.3	22.2	4	2.1
<b>Total</b>	<b>419</b>	<b>100.0</b>	<b>100.0</b>	<b>194</b>	<b>100.0</b>

Source: 2012 and YTD2013 HMDA/ LAR, 2012 HMDA Aggregate Data

The Credit Union's performance was lower than the 2012 aggregate's performance level for both minority and ethnicity applicants. The Credit Union received 3.1 percent for minorities while the aggregate was 8.9 percent. The Credit Union received 1.2 percent for ethnicity applications while the aggregate received 2.2 percent for ethnic minorities.

The Credit Union's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is less than adequate.

## **COMMUNITY DEVELOPMENT TEST**

Bridgewater Credit Union's community development performance demonstrates an adequate responsiveness to the community development needs of its assessment area. The Credit Union has met these community development needs through the provision of community development loans, qualified donations and community development services. For purposes of this examination, the period used for the Community Development Test was from August 2, 2010 through November 18, 2013.

### **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.

The following describes the community development loans the Credit Union originated during the evaluation period:

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

The Credit Union offers loan programs through the SBA, including the SBA 504 and SBA Express. These programs offer financing for qualified businesses that may not be eligible for traditional bank financing. Bridgewater Credit Union originated 2 SBA 504 loans totaling \$470,000.

### **Qualified Investments**

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

During the examination period, Bridgewater Credit Union made a total of \$72,391 in charitable donations, of which \$14,064 or 19.4 percent went to organizations that promote education, youth programs, health and human services for individuals in need. The following are examples of organizations that have received benefit from the Credit Union's efforts.

**St. Bonaventure Parish Fund for the Needy** - The Fund is to provide basic needs to individuals and families who are in need of emergency assistance for food, shelter, heat, utilities, and clothing.



**Father Bill's Place Dishing It Up** - Father Bill's helps people obtain a home by giving temporary shelter and food, finding safe and affordable housing, and providing permanent housing with supportive services.

**St. Vincent de Paul Society** – The mission of this organization is to offer hope and services to the poor and suffering on a direct person-to-person basis, working to break the cycles of homelessness, substance abuse and violence.

**Bridgewater Business Association** – This non-profit organization is committed to promoting goodwill among business owners, interacting with Town government, and encouraging growth of local businesses. It also provides a platform for networking between local businesses and hosts community events throughout the year.

**Homeowner Options for Massachusetts Elders (HOME)** – This nonprofit agency provides assistance for elders by assisting in: education, counseling, foreclosure prevention, consumer protection for seniors, referrals for securing low-to-no cost benefits and finding alternative resources like fuel assistance and property tax relief.

**Fall River Area Chamber of Commerce** - This organization promotes small business development by providing members benefits that include cost reducing programs, referrals, networking events, workforce training opportunities, member-to-member discount programs, and business support and information services. The organization also serves as mediator between businesses and the local government.

### **Community Development Services**

A community development service has community development as its primary purpose and is generally related to the provision of financial services or technical services or assistance.

The Credit Union's staff has demonstrated its commitment to the assessment area by volunteering their time and financial expertise to numerous community-oriented organizations and programs that provide community based services. The following are a few examples of the Credit Union's participation with various organizations which have benefited the community.

**Citizens Scholarship Committee for Bridgewater-Raynham Regional School District** – This committee requests funds from the public and local businesses to support the "Scholars for Dollars" Program by providing scholarships to graduating students based on financial need. Vice President of Business Development is the Treasurer.

**Financial Literacy and Giving (FLAG) Program** – This program teaches the many aspects of personal finances from budgeting to credit scores, to principles of social entrepreneurship, and everything in between. The Senior Vice President of Lending and Vice President Business Development are guest speakers.

**South Eastern Economic Development (SEED) Corporation** – SEED is a non-profit corporation certified by the United States Small Business Administration (SBA) established in 1982 to improve the economy of southeastern Massachusetts by helping small businesses get started, grow and create jobs. The Senior Lending Manager is a member of the Micro-Loan

Committee which approves small business loan requests to small business owners who are unable to obtain traditional financing.

**Signature Healthcare Brockton Hospital** – The core of the hospital’s mission is to care for those in greatest need and their tradition of reaching out to all patients in the community, from every walk of life, regardless of their ability to pay. The hospital provides free medication to all of their patients who are unable to pay for their required prescription drugs, as well as a wide range of health and wellness programs. The Vice President Business Development is the Chairman.

### **Educational Seminars and Services**

In 2011, 2012, and YTD 2013, the Credit Union participated in the Massasoit Community College/Brockton Employee Fair. The mission of this organization is to provide comprehensive career development services to students and alumni. Their purpose is to empower individuals in achieving their career goals through collaborative relationships with faculty, staff, employers, and members of the business community. The Fair assists students and alumni secure full or part-time employment through resume writing and job-search workshops.

During the examination period, Bridgewater Credit Union participated in the Bridgewater State University Local Business Exposition. The expo gives students an opportunity to meet local business people and review their products and services and also helps strengthen the school’s relationship with the community.

In 2012, the Credit Union collaborated with Bridgewater State University to offer a Financial Literacy and Giving (FLAG) Program. FLAG is a nine week program offered to all undergraduates. Participants learn the many aspects of personal finance, from budgeting to credit scores to principles of social entrepreneurship. This program helps students become aware of long-term implications of their financial decisions in order to make the best possible choices now. Over 87 students have participated in this program.

In 2012 and 2013, the Credit Union, in partnership with Neighborhood Housing, sponsored four first time home buyer seminars. Each workshop consists of two sessions. Attendees hear from a panel of experts including a real estate attorney, a home inspector, a homeowner’s insurance agent representative, a realtor, and a Credit Union representative. Topics included: credit and budget; working with a real estate agent; the mortgage process; bank financing; home inspection; homeowner’s insurance, the purchase and sales agreement, and closing on your home.

### **Other Services**

#### **First Time Homebuyer Mortgage Program**

This program is designed to help first time homebuyers and those who have not owned property for three years. The program currently follows the standard mortgage underwriting guidelines and is available only on fixed rate mortgage programs. To assist the homebuyer there are no points, no closing costs and is a 40 year term. During the examination period, the Credit Union did not originate any loans.

**MassHousing Mortgage Programs**

The Credit Union offers MassHousing loans to qualified low- and moderate-income eligible homebuyers and homeowners who meet income guidelines. Borrowers can take advantage of 30 year, fixed rate financing for the purchase or refinance of condominiums or one-to-four family properties. Borrowers may finance up to 97 percent of the sales price or the appraised value, whichever is less, subject to property restrictions. Loans with down payments of less than 20 percent are insured by MassHousing's Mortgage Insurance Fund. These affordable loans are just right for first-time homebuyers as well as those looking to move up or refinance. Borrowers participating in this program benefit from flexible underwriting, affordable mortgage insurance rates and low down payments. During the examination period, the Credit Union originated 48 loans totaling \$10.3 million.

**IOLTA Accounts**

Bridgewater Credit Union participates in the Interest on Lawyers' Trust Accounts (IOLTA). Interest earned on the account is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients. The Credit Union contributed \$1,606.74 in interest for the period of October 1, 2010 through November 18, 2013.

## **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 75 Main Street, Bridgewater, MA 02324."

- 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.

The format and content of the institution's evaluation, as prepared by its supervisory agency, 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.