

**PUBLIC DISCLOSURE**

**April 6, 2015**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**ENERGY CREDIT UNION**

**Cert # 66369**

**156 SPRING STREET  
WEST ROXBURY, MA 02132**

**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 their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, 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 membership.

This document is an evaluation of the CRA performance of **ENERGY CREDIT UNION (or the “Credit Union”)** prepared by the Division, the institution’s supervisory agency as of June 15, 2015. The Division evaluates performance in the assessment area as it is delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution’s branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

Small institution CRA procedures were utilized for the evaluation. This procedure evaluates the performance of the Lending Test which consists of: Loan to Share Analysis, Lending Inside and Outside of the Assessment Area, Geographic Distribution, Borrower’s Characteristics and Response to CRA Complaints.

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

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

The Credit Union’s performance under this test is summarized below:

#### **Lending Test: “Satisfactory”**

- Energy Credit Union’s average net loan-to-share (LTS) ratio for the last eight quarters was adequate given the institution’s size, financial condition, and credit needs of its assessment area.
- A majority (66.7 percent) of the Credit Union’s residential loans are originated inside the assessment area.
- The geographic distribution of loans reflects an adequate dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, an adequate penetration among individuals of different income levels (including low- and moderate-income).
- The Credit Union has not received any CRA-related complaints since the last CRA evaluation.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Energy Credit Union, formerly known as Boston Gas Employees Credit Union, was incorporated in 1931 as a state chartered industrial credit union. The Credit Union changed its name from Boston Gas Employees Credit Union to Energy Credit Union and also had a charter change from Industrial to Community Credit Union. According to the Credit Union's bylaws, "Membership in this Credit Union will be limited to (a) persons who live or work in Suffolk or Norfolk Counties or in the communities of Waltham, Weston, Newton, Belmont, Lexington, Lincoln, Watertown, Burlington, Bedford, Billerica or Woburn, and (b) persons employed by utility companies transmitting or selling natural gas in Massachusetts which include, but are not limited to, the following companies: KeySpan Corporation, Boston Gas Company, Eastern Enterprises, or any entity which is 50 percent or more owned or controlled by any of the foregoing, as well as any company that may result from a merger with any of the foregoing and employees of the Credit Union. In addition, retirees of such entities, widows and widowers of employees of such entities and persons employed by organizations operated wholly by and for employees of such entities shall be eligible for membership. Also included in those eligible for membership shall be the family members of such members defined as spouses, children, siblings, parents, grandparents, grandchildren and in-laws. Persons not so eligible for membership may have joint accounts with members of the Credit Union for the purpose of deposit and withdrawal only."

As of March 31, 2015, the Credit Union has 4,527 members.

The Credit Union's main office is located at 156 Spring Street, West Roxbury. The Credit Union also operates a branch located at the National Grid Building at 40 Sylvan Road, Waltham, which is a "Bank at work location," there is no public access. Both offices are located in upper-income census tracts. Working hours for the main office are Monday through Friday 7:00 a.m. to 4:00 p.m. and Saturday 9:00 a.m. to noon and the Waltham branch office hours are Monday, Tuesday and Thursday 7:00 a.m. to 3:00 p.m. and closed Wednesday and Friday. The main and branch office have an ATM. The Credit Union also maintains one free-standing ATM located the Seaport Center on Fargo Street in Boston, located in an upper-income census tract. The Credit Union is a member of the SUM and MoneyPass, which are a surcharge free ATM networks.

Energy 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 statement savings accounts, certificates of deposits, individual retirement accounts, holiday and vacation club accounts, and NOW checking accounts. Home financing programs include mortgages, refinancing, and home equity loans. Consumer loans include personal loans, loans for new and used cars and motorcycles, boats and recreational vehicle loans, secured loans, holiday and vacation loans, computer loans and student loans. Other services offered by the Credit Union are Energy@Home which is a free Internet banking and bill payment service, eStatements, online loan applications and telephone banking with "the Energy Line" which allows members to make inquiries and conduct transactions 24 hours a day.

The Credit Union's asset size has increased from \$80.5 million to \$84.3 million since the previous examination. As of March 31, 2015, the Credit Union's asset size was \$84,391,770 with total gross loans of \$36,030,066 or 42.7 percent of total assets. The Credit Union's net loan-to-share ratio, as of the same date was 52.3 percent.

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

<b>Table 1 Energy Credit Union Loan Portfolio Distribution</b>		
<b>Loan Type</b>	<b>Dollar Volume</b>	<b>Percentage of Total Loans</b>
All Other Unsecured Loans/Lines of Credit	3,539,061	9.8
Non-Federally Guaranteed Student Loans	2,627,629	7.3
New Vehicle Loans	2,570,388	7.1
Used Vehicle Loans	1,833,062	5.1
Total 1 <sup>st</sup> Mortgage Real Estate Loans/Lines of Credit	21,574,845	59.9
Total Other Real Estate Loans/Lines of Credit	3,851,151	10.7
Total All Other Loans/Lines of Credit	33,930	0.1
<b>Total</b>	<b>36,030,066</b>	<b>100.0</b>
<i>Source: 5300 Report, Statement of Financial Condition as of March 31, 2015</i>		

First mortgage loans and lines of credit represent the largest portion of loans with 70.6 percent followed by all other unsecured loans at 9.8 percent, student loans with 7.3 percent and new vehicle loans at 7.1 percent.

The Credit Union was last examined for compliance with the Community Reinvestment Act on November 17, 2008. The examination resulted in a CRA rating of Satisfactory.

#### **Description of Assessment Area**

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

The Credit Union’s assessment area contains all the cities and town located in Suffolk and Norfolk Counties as well as the following cities and town located in Middlesex County: Bedford, Belmont, Billerica, Burlington, Lexington, Lincoln, Newton, Waltham, Watertown, Weston and Woburn.

To assess the Credit Union’s lending performance for this evaluation, consideration is given to demographic data in the assessment area. Refer to Table 2 for pertinent demographic information about the assessment area.

<b>Table 2 – Assessment Area Demographic Information</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA % of #</b>
Geographies (Census Tracts)	409	13.5	18.8	33.0	31.8	2.9
Population by Geography	1,760,493	11.5	18.1	36.8	33.5	0.1
Owner-Occupied Housing by Geography	374,099	3.8	12.3	41.6	42.2	0.1
Distribution of Families by Income Level	398,221	23.4	15.9	19.3	41.4	0.0
Distribution Households Income Level	675,018	26.8	14.2	16.6	42.4	0.0
Median Family Income (MFI) 2010 U.S. Census Data		\$95,381	Households Below Poverty Level		12.5%	
HUD Adjusted MFI 2013 Middlesex County		\$101,000	Median Housing Value		\$476,162	
HUD Adjusted MFI 2013 Norfolk County		\$88,000	Unemployment Rate (2010)		7.3%	
HUD Adjusted MFI 2013 Suffolk County		\$88,000				
Families Below Poverty Level		8.1%				

*Source: 2010 U.S. Census Data and 2013 FFIEC-Updated MFI*

### **Economic and Demographic Data**

As the data in Table 2 shows, the Credit Union’s assessment area consists of 409 census tracts, of which there are 55 low-income census tracts, 77 moderate-income census tracts, 135 middle-income census tracts, 130 upper-income census tracts and 12 N/A.

The assessment area has a total population of 1,760,493 residing in 398,221 families. Of all family households in the area, 23.4 percent are low-income, 15.9 percent are moderate-income, 19.3 percent are middle-income, 41.4 percent are upper-income and 8.1 percent are families below the poverty level. Of the 675,018 households, 180,690 or 26.8 percent are low-income and 95,928 or 14.2 percent are moderate-income and 84,611 or 12.5 percent are households that are below the poverty level. This poverty rate typically indicates a reduced ability to secure a mortgage loan, thereby reducing a financial institution’s ability to penetrate these markets through residential loan products.

The assessment area consists of 723,588 total housing units, of which 374,099 or 51.7 percent are owner-occupied, 300,919 or 41.6 percent are rental units and 48,570 or 6.7 percent are vacant units. Of the 374,099 owner-occupied housing units, 14,352 or 3.8 percent are in low-income census tracts and 46,045 or 12.3 percent are in moderate-income census tracts. The median housing value in 2010 for the assessment area was \$476,162, and the median age of the housing stock was 58 years.

The Credit Union faces strong competition from other financial institutions that originated loans within the assessment area. These institutions range in size from small credit unions and mortgage companies with single office locations to the largest banks in New England. Among the more prominent lenders competing with the Credit Union are; City of Boston Credit Union, The Cooperative Bank (Roslindale) and Dedham Savings Bank.

According to the December 2013 statistics gathered from the Massachusetts Labor and Unemployment Data, the unemployment rate statewide for Massachusetts is 6.7 percent. The unemployment rate for Norfolk County for 2013 was 6.7 percent, Suffolk County was 6.3 percent and Middlesex County was 5.5 percent.

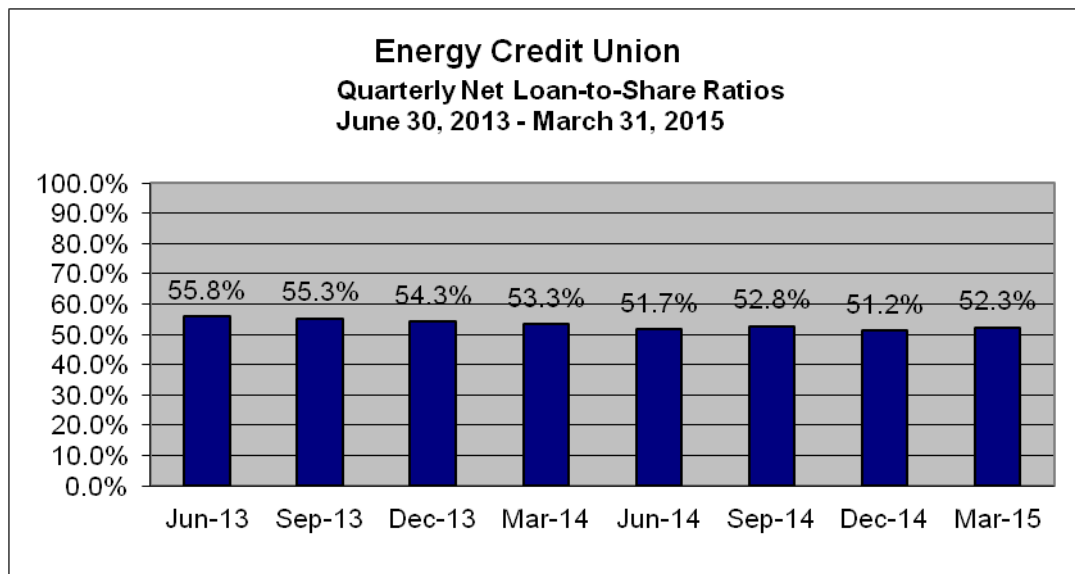
**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**LOAN-TO-SHARES (LTS) ANALYSIS**

This performance criterion determines what percentage of the Credit Union’s share base is reinvested in the form of loans and evaluates its appropriateness. The average net loan-to-share ratio serves as a measure of the institution’s distribution of loans with respect to shares. These ratios are based on total loans, net of unearned income and net of the allowance for loan and lease losses, as a percentage of total shares. The average net loan-to-share ratio since the previous evaluation is adequate given the institution’s size, financial condition, and assessment area credit needs.

The Credit Union’s net LTS ratio, as calculated from NCUA 5300 Quarterly Call Report data, averaged 53.4 percent over the past 8 calendar quarters from June 30, 2013 through March 31, 2015. The ratio ranged from a low of 51.2 percent as of December 2014, to a high of 55.8 percent as of June 2013, having remained constant during the evaluation period. Over the past 8 calendar quarters, assets have decreased 7.4%, net loans have decreased 14.2 percent and shares have decreased 8.5%. Per Credit Union Management, the decrease is due to lower loan volume and increased competition.

The following graph is provided for further analysis.



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

<b>Credit Union Name</b>	<b>Total Assets as of 3/31/15</b>	<b>Average Net LTS Ratio 6/30/13 – 3/31/15</b>
<b>Energy Credit Union</b>	<b>\$84,391,770</b>	<b>53.4%</b>
Worcester Credit Union	\$80,505,649	64.3%
Everett Credit Union	\$45,575,406	65.0%

*Source: NCUA 5300 Statement of Financial Condition as of March 31, 2015*

As shown in Table 3, the two Credit Unions' average quarterly net LTS ratios were 64.3 percent and 65.0 percent. At 53.4 percent, the Credit Union's average LTS is less than both of the similarly situated institutions.

### ASSESSMENT AREA CONCENTRATION

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 (66.7 percent) of the Credit Union's lending activity occurs within the institution's assessment area. The distribution of loans by number is weighted 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.

<b>Table 4 Distribution of Loans Inside and Outside of Assessment Area</b>										
Loan Category of Type	Number Loans					Dollar Volume				
	Inside		Outside		Total #	Inside		Outside		Total \$(000s)
	#	%	#	%		\$(000s)	%	\$(000s)	%	
<b>2013</b>										
Home Purchase	0	0.0	0	0.0	0	0.0	0.0	0	0.0	0
Refinance	7	70.0	3	30.0	10	2,046	74.8	688	25.2	2,734
Home Improvement	3	100.0	0	0.0	3	104	100.0	0	0.0	104
<b>Total</b>	<b>10</b>	<b>76.9</b>	<b>3</b>	<b>23.1</b>	<b>13</b>	<b>2,150</b>	<b>75.8</b>	<b>688</b>	<b>24.2</b>	<b>2,838</b>
<b>2014</b>										
Home Purchase	0	0.0	2	100.0	2	0	0.0	442	100.0	442
Refinance	5	71.4	2	28.6	7	848	66.7	423	33.3	1,271
Home Improvement	3	60.0	2	40.0	5	100	46.5	115	53.5	215
<b>Total</b>	<b>8</b>	<b>57.1</b>	<b>6</b>	<b>42.9</b>	<b>14</b>	<b>948</b>	<b>49.2</b>	<b>980</b>	<b>50.8</b>	<b>1,928</b>
<b>Grand Total</b>	<b>18</b>	<b>66.7</b>	<b>9</b>	<b>33.3</b>	<b>27</b>	<b>3,098</b>	<b>65.0</b>	<b>1,668</b>	<b>35.0</b>	<b>4,766</b>

Source: 2013 and 2014 HMDA LARS

### GEOGRAPHIC DISTRIBUTION

This criterion evaluates the distribution of the Credit Union's loans within the assessment area by census tract income level, particularly in low- and moderate-income census tracts. Residential mortgage loan conclusions are based primarily on the Credit Union's performance of lending in low- and moderate-income tracts relative to aggregate lending data and compared to assessment area demographics. The geographic distribution of loans reflects an adequate dispersion throughout the assessment area.

In 2013, the Credit Union did not originate any loans to low- or moderate- income census tracts. In 2014, Energy Credit Union originated 3 or 37.5 percent of home loans in the assessment area in moderate-income census tracts and the owner-occupied percentage was 12.3 percent. The Credit Union did not originate any loans in the low-income census tract for 2014.

<b>Table 5</b>						
<b>Geographic Distribution - Home Mortgage Loans</b>						
<b>Census Tract Income Level</b>	<b>2013 Aggregate Lending</b>	<b>2013 Credit Union Lending</b>		<b>Owner-Occupied Housing Units</b>	<b>2014 Credit Union Lending</b>	
	<b>%</b>	<b>#</b>	<b>%</b>		<b>#</b>	<b>%</b>
Low	4.0	0	0.0	3.8	0	0.0
Moderate	12.2	0	0.0	12.3	3	37.5
Middle	37.5	3	30.0	41.6	3	37.5
Upper	46.2	7	70.0	42.2	2	25.0
N/A	0.1	0	0.0	0.1	0	0.0
<b>Total</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>

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

## **BORROWER CHARACTERISTICS**

This performance criterion evaluates the distribution of the Credit Union’s residential loans based on borrower characteristics and emphasis is placed on loans to low- and moderate-income borrowers. Based on the review of the HMDA LARs, the Credit Union has achieved an adequate penetration of loans among individuals of different income levels.

The Credit Union did not originate any loans to low-income borrowers in 2013 and 2014.

In 2013, the Credit Union originated one loan or 10.0 percent of total loans to moderate-income borrowers, which was lower than both the aggregate and moderate-income families. In 2014, the Credit Union originated two loans or 25.0 percent to moderate-income borrowers.

<b>Table 6</b>						
<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>2013 Aggregate Lending</b>	<b>2013 Credit Union Lending</b>		<b>% of Total Families</b>	<b>2014 Credit Union Lending</b>	
	<b>%</b>	<b>#</b>	<b>%</b>		<b>#</b>	<b>%</b>
<b>Low</b>	3.8	0	0.0	23.4	0	0.0
<b>Moderate</b>	13.9	1	10.0	15.9	2	25.0
<b>Middle</b>	21.9	1	10.0	19.3	2	25.0
<b>Upper</b>	48.1	8	80.0	41.4	4	50.0
<b>N/A</b>	12.3	0	0.0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>

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



## **RESPONSE TO CRA COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES**

The Credit Union did not receive any CRA complaints during the evaluation period.

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

The Credit Union has a written Fair Lending Policy.

The Credit Union provides ongoing educational opportunities to employees, members of the Board and management on fair lending regulations.

The Credit Union employs a second review process.

The Credit Union will make exceptions to the loan policy.

## 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 45 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 "156 Spring Street, West Roxbury, MA 02132"
- 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.