

PUBLIC DISCLOSURE

FEBRUARY 11, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MEMBERS PLUS CREDIT UNION

CERT # 66706

**29 HIGH STREET
MEDFORD, MASSACHUSETTS 02155**

**DIVISION OF BANKS
1000 WASHINGTON STREET, 10TH FLOOR
BOSTON, MA 02118**

<p>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.</p>
--

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting its needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Members Plus Credit Union (or the Credit Union)**, prepared by the Division, the institution's supervisory agency as of **February 11, 2013**. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts regulation 209 CMR 46.00 et seq.

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

An institution in this group has an adequate record of meeting the credit needs of its membership, including low- and moderate-income members, in a manner consistent with its resources and capabilities.

This evaluation is based on the Small Institution CRA evaluation procedures specified for institutions with assets under \$250 million adjusted annually and currently at \$290 million, as of December 31 of either of the prior two calendar years. A summary of the Credit Union's performance is provided below:

- The Credit Union's average net loan-to-share (LTS) ratio for the past eight quarters was 81.3 percent and is considered reasonable.
- The Credit Union originated a majority (79.7 percent) of its home mortgage loans inside the assessment area.
- The Credit Union lending in low-income census tracts was good, outperforming both the aggregate and the percentage of owner-occupied housing units. The Credit Union's lending in moderate-income census tracts was consistent with both the aggregate and the percentage of owner-occupied housing units.
- The Credit Union lending to low- and moderate-income borrowers was consistent with the aggregate and the assessment area demographics.
- No CRA-related complaints were received during the evaluation period and there were no fair lending issues or concerns.

SCOPE OF EXAMINATION

This evaluation considered the Credit Union's home mortgage loans from January 1, 2011 through December 31, 2012. Under CRA, a home mortgage loan is considered to be a home purchase, home improvement, or refinancing of a dwelling-secured loan. Home mortgage loans were reported pursuant to the Home Mortgage Disclosure Act (HMDA). Data was obtained from the Loan Application Register (LAR). Based on the Credit Union's loan portfolio composition as of December 31, 2012, the primary lending activity consists of first mortgage real estate loans and other real estate loans, which account for 91.9 percent of the loan portfolio.

Home mortgage lending data for 2012 is referenced in the narrative to illustrate trends in the Credit Union's lending data. The 2012 data was compared only to demographic data provided by the 2010 U.S. Census as aggregate lending data was not available. The Credit Union's 2011 lending data is compared to aggregate data and demographic data provided by the 2000 U.S. Census and is weighed more heavily for the purpose of assigning a rating.

PERFORMANCE CONTEXT

Description of Institution

Members Plus Credit Union is a state-chartered credit union, organized solely for the promotion of thrift among its members. Membership in this Credit Union is limited to those who are employed in the utility industry, including but not limited to employees of NSTAR, Entergy, Exelon, RCN, Northwind, any corporate subsidiary, affiliate or joint venture as well as any corporate successor thereto. In addition, employees of Dunkin Brands, Inc. are eligible for membership. Retirees of such entities, widows, and widowers of employees of such entities are eligible for membership. Furthermore, residents, employers, employees and members of fraternal, religious, civic or social organizations having their principal place of business, employment, or assembly within Middlesex, Norfolk, Plymouth, and Suffolk counties shall be eligible for membership. Also included in those eligible for membership are the immediate family members of such Members defined as those living in the same household as the Member as well as spouses, children, siblings, parents, grandparents, grandchildren, in-laws, and domestic partners. As of December 31, 2012, the Credit Union has 9,994 members.

The Credit Union's main branch is located at 29 High Street, Medford, Massachusetts, a middle-income census tract. In addition to the main branch, the Credit Union maintains a branch at 1165 Massachusetts Avenue, Dorchester, a moderate-income census tract, and three branches in middle-income census tracts: 494 Gallivan Boulevard in Dorchester, 111 Lenox Street in Norwood, and 600 Rocky Hill Road in Plymouth. The branches at 1165 Massachusetts Avenue in Dorchester and 600 Rocky Hill Road in Plymouth are not open to the public as they are located in an NSTAR facility and a nuclear power plant, respectively. The branches open to the public maintain regular hours during the week and are open on Saturdays.

The main branch was relocated from Somerville to Medford in 2007; and the Westwood branch was relocated to Norwood in 2010. Management stated both relocations were in response to hindered accessibility for retail services for its members due to the branch locations.

As of December 31, 2012, the Credit Union had total assets of \$225.1 million, which represents a 6.3 percent increase since the prior evaluation. The Credit Union's loan portfolio increased 2.9 percent over the same period, with net loans totaling \$150.8 million as of December 31, 2012. The loan portfolio accounts for 67 percent of assets. Refer to Table 1 below for detailed information regarding the Credit Union's loan portfolio.

Table 1 - Loan Portfolio Distribution as of December 31, 2012		
Loan Type	Dollar Volume	Percentage of Total Loans
First Mortgage Real Estate Loans	\$121,862,978	80.8
Other Real Estate Loans	\$16,734,531	11.1
All Other Unsecured Loans/Lines of Credit	\$5,337,256	3.5
Used Vehicle Loans	\$2,986,693	2.0
Unsecured Credit Card Loans	\$2,087,423	1.4
New Vehicle Loans	\$1,638,506	1.1
Total All Other Loans/Lines of Credit	\$138,836	0.1
Non-Federally Guaranteed Student Loans	\$18,123	0.0
Total	\$150,804,346	100.0

Source: 12/31/12 Consolidated Report of Condition

The Credit Union’s product offerings include but are not limited to: checking and savings accounts; money market accounts; CDs; IRAs; consumer loans; home equity loans; credit cards; and mortgage loans. Services include but are not limited to: online and telephone banking; direct deposit/payroll deduction; personal checks; ATM cards; money orders; and check cashing. The Credit Union is a member of the SUM, CIRRUS, NYCE and Presto ATM networks.

The Credit Union maintains a website at www.memberspluscu.org. The website provides information about products and services; deposit accounts, rates and fees; branch locations and hours; and offers online banking services.

The Credit Union was last examined for compliance with the CRA on December 10, 2003. The examination resulted in a CRA rating of Satisfactory.

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

Description of Assessment Area

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

The Credit Union’s assessment area is comprised of Norfolk, Plymouth, Suffolk, and Middlesex counties. The following table provides information about the assessment area:

Table 2 - Assessment Area Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	685	7.9	23.4	43.1	25.4
Population by Geography	3,278,333	5.4	23.0	44.3	27.1
Owner-Occupied Housing by Geography	741,795	1.5	14.6	50.0	33.9
Business by Geography	353,484	6.3	15.6	42.5	35.6
Family Households by Income Level	1,257,631	24.3	15.5	18.2	41.9
Distribution of Low and Moderate Income Families throughout AA Geographies	304,002	9.5	32.8	42.8	15.0
Median Family Income for 2000		\$72,296	Median Housing Value (2000)		\$250,941
HUD Adjusted Median Family Income for 2011		\$87,600	Unemployment rate (2000)		4.2%
Households Below Poverty Level		9.3%	Unemployment Rate of		6.1%
Families Below Poverty Level		6.0%	Boston-Quincy-Cambridge MSA/MD (Dec 2012)		

Sources: 2000 US Census, 2011 HUD updated Median Family Income for Boston-Quincy, MSA/MD, 2012 Bureau of Labor Statistics. Percentages may not equal 100 due to two NA census tracts (a correctional facility and a treatment plant).

The assessment area is comprised of 685 census tracts, of which 54 or 7.9 percent are low-income and 160 or 23.4 percent are moderate-income. The assessment area has a total population of 3,278,333 residing in 1,257,631 family households. Of all family households in the area, 24.3 percent are low-income and 15.5 percent are moderate-income. Of the families living in the assessment area, 6 percent are below the poverty level, approximately one fourth of those considered low-income.

The assessment area consists of 1,305,879 total housing units, of which 741,795 or 56.8 percent are owner-occupied, 515,335 or 39.5 percent are occupied rental units and 48,749 or 3.7 percent are vacant units. Of the 741,795 owner-occupied housing units, 11,015 or 16.6 percent are in low-income census tracts and 108,401 or 35.4 percent are in moderate-income census tracts. According to the 2000 U.S. Census, the median housing value in the assessment area was \$250,941. However, recent data from *The Warren Group* reflects higher median sales prices as of December, 2012 for each of the four counties of the Credit Union's assessment area. The median sales price for Suffolk County is \$399,000; Plymouth County is \$275,000; Norfolk County is \$365,000; and Middlesex County is \$380,000.

According to the Bureau of Labor Statistics, the seasonally adjusted unemployment rate for the Boston-Cambridge-Quincy, Metropolitan Statistical Area/Metropolitan Division (MSA/MD) was 6.1 percent as of December 2012.

Community Contact

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

A community contact was conducted with a non-profit organization that looks to identify and address the needs, problems and concerns of those in poverty and to enable the individually poor to achieve and maintain self-sufficiency. The contact believes that a lack of jobs, affordable housing and affordable childcare are the most persistent challenges to the community. The contact stated there are many areas in which local financial institutions could improve their outreach and services to better help those affected by poverty, such as establishing accounts without minimum balance requirements, offering credit building and financial literacy programs, increasing flexible lending opportunities, promoting employment opportunities within their institutions, and to increase fundraising efforts with other organizations in the community.

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

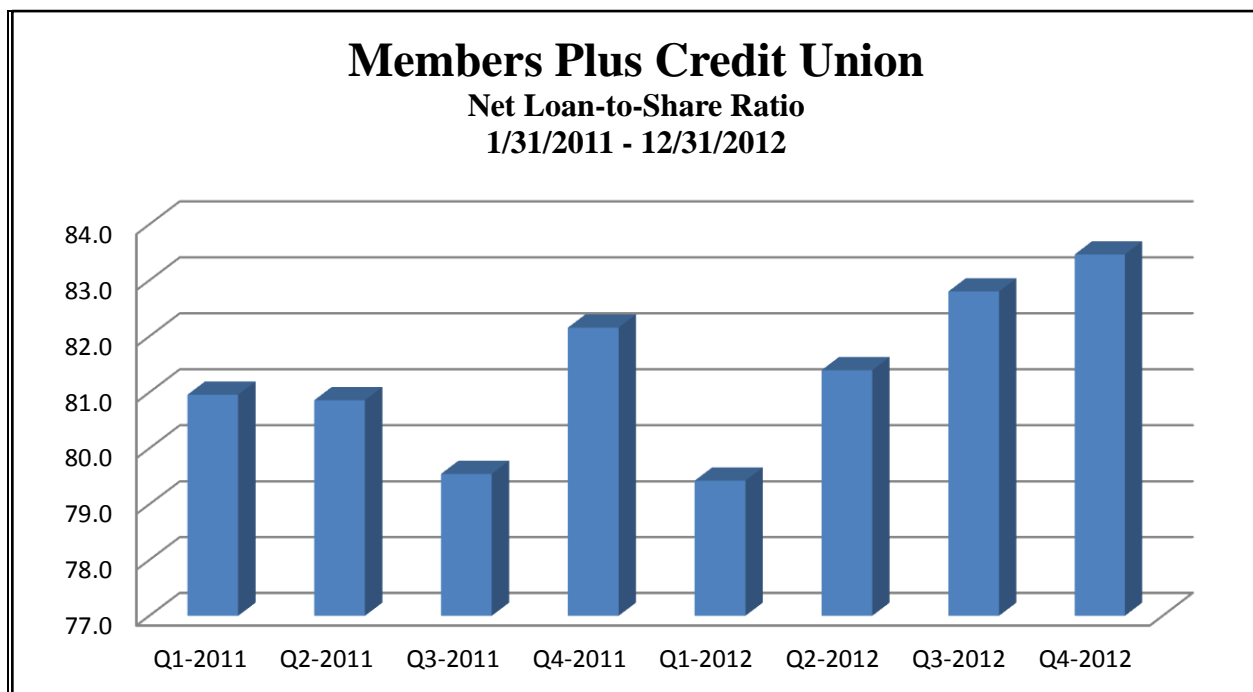
Small Institution CRA evaluation procedures were utilized to assess the CRA performance. These procedures consider the institution's performance pursuant to the following criteria: net loan-to-share (LTS) ratio, assessment area concentration, geographic distribution of loans, lending to borrowers of different incomes, and the institution's record of taking action in response to CRA complaints.

Overall, the Credit Union's performance is considered "Satisfactory." Members Plus Credit Union's lending performance demonstrates a reasonable responsiveness to the credit needs of the assessment area.

1. LOAN-TO-SHARE (LTS) ANALYSIS

This performance criterion determines the percentage of the Credit Union's share base reinvested in the form of loans and evaluates its appropriateness.

The Credit Union's net LTS ratio as of December 31, 2012 was 83.5 percent. The Credit Union's average quarterly net LTS ratio was 81.3 percent and was calculated by averaging the previous eight quarterly net LTS ratios between January 31, 2011 and December 31, 2012. As shown in the graph below, the net LTS ratio reached a high of 83.5 percent in December 2012 and a low of 79.4 in January 2012.



During the review period, loans experienced a total increase of 2.5 percent while shares decreased by 0.6 percent. During the last four quarters, loans increased by 1.7 percent while shares decreased by 3.2 percent, which resulted in an increase in the loan-to-share ratio of 4.1 percent. Management attributed the decrease in shares during this period to an outflow of certificates of deposit due to members seeking higher rates of return on investable funds.

For evaluation purposes, the Credit Union's net LTS ratio was compared to a group of three similarly situated financial institutions by asset size and loan portfolio composition.

Table 3 - Net Loan-to-Share Ratios		
Institution	Average Net LTS Ratio (%) (January 2011 – December 2012)	Total Assets (\$000) as of 12/31/2012
Mass Bay Credit Union	82.4	\$196,388
Members Plus Credit Union	81.3	\$225,113
Boston Firefighters Credit Union	74.2	\$182,519
City of Boston Credit Union	57.4	\$289,594

Source: NCUA 5300 Statement of Financial Condition as of December 31, 2012

As shown in the table above, at 81.3 percent, Members Plus Credit Union is greater than two of the similarly situated institutions and less than one of them.

Based on the Credit Union's asset size and resources, and the credit needs of its members, the Credit Union's net loan-to-share ratio is reasonable and meets the standards of satisfactory performance.

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

This performance criterion determines the percentage of the Credit Union's lending that occurs inside the assessment area. As shown in Table 4, the Credit Union originated the majority of home mortgage loans inside the assessment area.

Table 4 - Distribution of Loans Inside and Outside of Assessment Area										
Loan Type	Number of Loans					Dollar Volume ('000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2011										
Home Purchase	9	64.3	5	35.7	14	2,165	66.7	1,079	33.3	3,244
Refinance	91	82.7	19	17.3	110	20,665	82.1	4,497	17.9	25,162
Home Improvement	10	71.4	4	28.6	14	1,348	89.3	162	10.7	1,510
Total	110	79.7	28	20.3	138	24,178	80.8	5,738	19.2	29,916

Source: 2011 HMDA LAR

In 2011, the Credit Union originated 79.7 percent of loans inside the assessment area by number and 80.8 percent by dollar volume. In 2012, the Credit Union originated 82.8 percent of loans inside the assessment by number and 80.4 percent by dollar volume.

The Credit Union's assessment area concentration meets the standards of satisfactory performance as it originated a majority of home mortgage loans inside the assessment area.

3. GEOGRAPHIC DISTRIBUTION

The geographic distribution of home mortgage loans was reviewed to assess how the Credit Union is addressing the credit needs throughout the assessment area by census tract income level. The table below shows the comparison of home mortgage loans by census tract with aggregate lending data and the percentage of owner-occupied housing units in the assessment area.

Table 5 - Distribution of 2011 HMDA Loans by Census Tract Income Level				
Census Tract Income Level	% of Total Owner-Occupied Housing Units	Aggregate Lending Percentage	Credit Union Lending Data	
			#	%
Low	1.5	1.5	3	2.7
Moderate	14.6	11.6	10	9.1
Middle	50.0	45.7	64	58.2
Upper	33.9	41.2	33	30.0
Total	100.0	100.0	110	100.0

Source: 2011 HMDA LAR, 2011 aggregate data, and the 2000 U.S. Census.

In 2011, the Credit Union's home mortgage originations in low-income census tracts exceeded both the percentage of owner-occupied housing units and the aggregate lending data by 1.2 percent. The Credit Union originated 9.1 percent of home mortgage loans in moderate-income census tracts, which is slightly below both the aggregate and the percentage of owner-occupied housing units.

In 2012, the Credit Union originated 1.8 percent of home mortgage loans in low-income census tracts and 17.1 percent in moderate-income census tracts. According to the 2010 U.S. Census, 2.9 percent of housing units in low-income tracts and 14 percent of housing units in moderate-income tracts are owner-occupied.

The Credit Union achieved a reasonable dispersion of home mortgage loans throughout the assessment area based on a comparison with the demographic data and aggregate lending data and meets the standard of satisfactory performance.

4. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The distribution of home mortgage loans by borrower income levels was reviewed to determine the extent to which the Credit Union is addressing the credit needs of its membership. The table below shows the comparison of home mortgage loans by borrower income with aggregate lending data and the family distribution by income level in the assessment area.

Table 6 - Distribution of 2011 HMDA Loans by Borrower Income				
Borrower Income Level	Family Distribution by Income Level	Aggregate Lending Percentage	Credit Union Lending Data	
			#	%
Low	20.6	5.8	3	2.8
Moderate	17.7	17.6	15	14.0
Middle	22.1	27.1	42	39.3
Upper	39.6	49.5	47	43.9
Total	100.0	100.0	107	100.0

Source: 2011 HMDA LAR, 2011 aggregate data, and the 2000 U.S. Census. Does not include loans for which borrower income was unknown

In 2011, 2.8 percent of home mortgage loans were made to low-income borrowers and 14 percent were made to moderate-income borrowers, which was slightly below the aggregate for both income levels. The Credit Union's home mortgage lending to low-income borrowers was below the percentage of low-income families in the assessment area and lending to moderate-income borrowers was slightly below the percentage of moderate-income families in the assessment area. According to the 2000 U.S. Census data, 6 percent of families in the assessment area are below the poverty level and 39.5 percent of the housing units are rental properties. A high poverty level and the general availability of rental units in the assessment area can serve as mitigating factors for an institution's inability to originate home mortgage loans to low-income families.

In 2012, the Credit Union originated 6.1 percent of home mortgage loans to low-income borrowers and 16.7 percent to moderate-income borrowers. According to the 2010 U.S. Census, 19.4 percent of families in the assessment area are low-income and 17.7 percent are moderate-income.

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels, including low- and moderate-income and meets the standards of satisfactory performance.

5. RESPONSE TO CRA COMPLAINTS AND COMPLIANCE WITH FAIR LENDING LAWS

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

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 2.3-101.

Based upon a review of the Credit Union's performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

The Credit Union has a fair lending policy which is incorporated into its lending philosophy. The prohibited bases of Regulation B and the Fair Housing Act are expressly mentioned. The Credit Union has second review procedures for all denied loans and all lending staff receives annual fair lending training.

The Division conducts a review of the institution's receipt of applications from minority applicants. The Credit Union's application flow in 2011 was compared to the aggregate's performance. The Credit Union's performance is further evaluated in comparison to the assessment area's demographic information. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Credit Union received from minority residential loan applicants.

According to the 2000 U.S. Census data, the Credit Union's assessment area contained a total population of 3,278,333 individuals of which 21.6 percent are minorities. The assessment area minority and ethnic population is 7 percent Black/African American; 5.5 percent Asian; 0.2 percent American Indian; 2.9 percent "other" and 6 percent Hispanic/Latino.

Refer to the table below for information on the Credit Union and the aggregate's minority application flow in the assessment area.

Minority Application Flow				
RACE	2011		2011 Aggregate (MA)	
	#	%	#	%
American Indian/ Alaska Native	0	0.0	290	0.1
Asian	5	2.4	14,234	6.3
Black/ African American	15	7.3	5,281	2.3
Hawaiian/Pacific Islander	0	0.0	230	0.1
2 or More Minority Races	0	0.0	72	0.0
Joint Race (White/Minority)	2	1.0	2,943	1.3
Total Minority	22	10.7	23,050	10.1
White	171	83.4	145,329	63.9
Race Not Available	12	5.9	59,099	26.0
Total	205	100.0	227,478	100.0
ETHNICITY				
Hispanic or Latino	2	1.0	3,923	1.7
Not Hispanic or Latino	186	90.7	162,727	71.5
Joint (Hisp/Lat / Not Hisp/Lat)	2	1.0	1,764	0.8
Ethnicity Not Available	15	7.3	59,064	26.0
Total	205	100.0	227,478	100.0

Source: 2011 HMDA LAR

As indicated in the table above, the Credit Union's performance is consistent with the performance of the aggregate for applications received from both racial and ethnic minority applicants. The Credit Union received 10.7 percent of its applications from minorities while the aggregate received 10.1 percent of applications from minorities. The Credit Union received 2 percent of applications from Hispanic or Latino borrowers and joint applications in which at least one borrower was Hispanic or Latino. The aggregate received 2.5 percent from the same group of applicants.

Members Plus Credit Union received 205 HMDA reportable loan applications from within its assessment area in 2011. Of these applications, 22 or 10.7 percent were received from minority applicants, of which 10 or 45.5 percent resulted in originations. The Credit Union also received 4 HMDA reportable applications, or 2 percent, from borrowers who identified as Hispanic/Latino (2 applications) and Joint (Hisp/Lat / Not Hisp/Lat) (2 applications). One of the applications was originated. The Credit Union's minority application flow is deemed adequate.

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 29 High Street, Medford, Massachusetts 02155."

- 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.