

**PUBLIC DISCLOSURE**

**January 4, 2016**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**METRO CREDIT UNION**

**CERT #: 66364**

**200 REVERE BEACH PARKWAY  
CHELSEA, MASSACHUSETTS 02150**

**Division of Banks**

**1000 Washington Street**

**Boston, Massachusetts 02118**

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate- income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the Division of Banks concerning the safety and soundness of this financial institution.

## TABLE OF CONTENTS

I.	General Information.....	1
II.	Institution Rating	
	a. Overall Rating .....	2
	b. Scope of Exam .....	3
III.	Performance Context	
	a. Description of the Institution .....	5
	b. Description of the Assessment Area.....	6
IV.	Performance Criteria	
	a. Lending Test .....	9
	b. Investment Test.....	20
	c. Service Test.....	23
III.	Appendix	
	a. General Definitions .....	30

## **GENERAL INFORMATION**

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) to use its authority when examining financial institutions subject to their supervision, to assess the institution’s record of meeting the credit needs of its community, 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 (AA).

This document is an evaluation of the CRA performance of **Metro Credit Union (or “the credit union”)**, prepared by the Division, the institution's supervisory agency, as of **January 4, 2016**. The agency evaluates performance in assessment area(s), as they are 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 209 CMR 46.00.

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

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

The assigned rating is based on the results of three performance tests: the Lending Test, Investment Test and the Service Test. The Credit Union’s performance under each of these three tests is summarized below:

*The following table indicates the performance level of Metro Credit Union with respect to the Lending, Investment, and Service Tests.*

PERFORMANCE LEVELS	<u>METRO CREDIT UNION</u>		
	PERFORMANCE TESTS		
	Lending Test (*)	Investment Test	Service Test
Outstanding		X	X
High Satisfactory			
Satisfactory	X		
Needs to Improve			
Substantial Noncompliance			

\* NOTE: The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The following factors determine the assigned rating:

**Lending Test**

Given the credit union’s performance context, lending levels reflect good responsiveness to the credit needs of its AA. The credit union made an adequate percentage of loans within its AA during the review period. The geographic distribution of loans reflects good penetration throughout the AA. The distribution of borrowers reflects very good penetration among individuals of different income levels. The credit union is a leader in originating community development loans. During the review period, the credit union originated 29 community development loans totaling approximately \$18.7 million. The credit union makes use of innovative and flexible lending programs to assist in meeting the credit needs of its AA.

## **Investment Test**

Metro Credit Union has an excellent level of qualified community development investments and grants for a credit union. Qualified equity and debt investments total \$4.0 million and qualified donations total \$175,395. These all consist of new investments during the evaluation period. This is an indication of the credit union's commitment to meeting community development needs by making qualified investments and donations. The credit union has taken the lead in making use of innovative initiatives that are not routinely provided by private investors in the AA.

## **Service Test**

In addition to branch locations, the credit union offers alternative delivery systems that are readily accessible to essentially all portions of its AA. The credit union's record of opening and closing of branches has generally not adversely affected the accessibility of its delivery systems to low- and moderate-income individuals or geographies. The credit union's business hours are consistent with those of other financial institutions and do not vary in a way that inconveniences certain portions of the AA. The credit union also provides an excellent level of community development services in the forms of employee involvement, educational seminars, and additional programs.

## **Fair Lending or Illegal Credit Practices**

A review of the credit union's indirect auto loan portfolio revealed a high fair lending risk as stipulated in the Consumer Financial Protection Bureau's Regulation B, Equal Credit Opportunity Act, and the Division's Regulatory Bulletin 1.3-106 Community Reinvestment and Fair Lending Policy. The credit union's limited procedures in response to the monitoring of these products resulted in a high risk of disparate treatment of certain borrowers.

## **SCOPE OF EXAMINATION**

This evaluation considered the credit union's performance under the Lending, Investment, and Service Tests in accordance with large institution evaluation procedures for activities conducted since the prior evaluation, dated November 19, 2012. The following section details the data evaluated as well as applicable timeframes for each test under large institution procedures.

As reflected in the third quarter (Q3) 2015 Call Report, the credit union's loan portfolio indicates that residential and consumer loans comprise of 64.6 percent and 35.0 percent respectively of the \$1.2 billion in total loans. The review of the lending activity in 2014 and the first three quarters in 2015 revealed that during the evaluation period, the credit union has originated 1,381 home mortgage loans totaling \$383.3 million and 17,078 small business loans totaling \$336.1 million. Therefore, considering the dollar volume of home mortgage loans during the evaluation period and the range of aggregate data available for analysis (see below), slightly greater weight was assigned to residential loans when arriving at overall conclusions and rating under the Lending Test.

The Division analyzed residential loans (data maintained pursuant to the Home Mortgage Disclosure Act data) and consumer loans (CRA data collected by the institution) originated or purchased between January 1, 2014, and September 30, 2015 (YTD 2015).

The evaluation assigns greater weight to the 2014 lending performance to arrive at conclusions, as the most recent year for which HMDA aggregate lending data is available is 2014. Comparison to aggregate lending data refers to the credit union's HMDA information as it compares to all home mortgage loans originated and purchased within the particular geographic area. The aggregate comparisons in this evaluation include only lenders that reported HMDA data in 2014. No aggregate data is available for consumer loans. Additionally, examiners compared both residential and consumer lending activity from 2014 and YTD 2015 to relevant demographic information in the assessment area.

The CRA evaluation also reviewed the credit union's community development loans, innovative or flexible loans, qualified investments (including donations), and services from November 19, 2012, through January 4, 2016.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

The credit union is a community credit union, incorporated under the laws of the Commonwealth of Massachusetts in 1926. Membership is open to any individuals who live or work in Barnstable, Bristol, Essex, Middlesex, Norfolk, Plymouth, Suffolk, or Worcester County. The credit union's headquarters is at 200 Revere Beach Parkway in Chelsea, and maintains 14 other full service offices in Boston, Chelsea, Burlington, Framingham, Peabody, Salem, Newton, Melrose, and Tewksbury. The credit union also runs two high-school educational branches in Peabody and Chelsea.

Since the prior evaluation, the credit union has merged with Fenwal Credit Union (February 2013) Newton Municipal Credit Union (February 2014), and Malden City Employees Credit Union (October 2015).

As of September 30, 2015, the credit union had total assets of \$1.5 billion. The prior evaluation noted total assets of \$1.1 billion as of September 30, 2012, which represents a 36.3 percent increase. The credit union's loan portfolio, which represents 82.1 percent of total assets, increased 46.2 percent since the prior evaluation. The following table details the distribution of the Credit Union's loan portfolio as of September 30, 2015.

<b>Loan Portfolio Distribution as of 09/30/2015</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Unsecured Credit Card Loans	30,479	2.5
All Other Unsecured Loans/Lines of Credit	35,007	2.9
Non-Federally Guaranteed Student Loans	0	0.0
New Vehicle Loans	232,789	19.4
Used Vehicle Loans	122,215	10.2
1 <sup>st</sup> Mortgage Real Estate Loans/Lines of Credit	481,840	40.0
Other Real Estate Loans/Lines of Credit	296,227	24.6
All other Loans/Lines of Credit	4,934	0.4
<b>Total Loans and Leases</b>	<b>1,203,491</b>	<b>100.0</b>

*Source: 09/30/2015 Call Report*

As shown by the data above, residential loans comprise 64.6 percent of the credit union's portfolio. These loans include closed-end mortgage loans (including junior liens), as well as revolving home equity lines of credit. Consumer loans account for approximately 35.0 percent of the loan portfolio.

The Division last evaluated the credit union's CRA performance on November 19, 2012, which resulted in a rating of "High Satisfactory". There are no apparent financial or legal impediments limiting the credit union's ability to help meet the credit needs of its assessment area. Based upon the credit union's asset size, product offerings, and branch network, the credit union has the capacity to meet credit needs of the area.

## **Description of Assessment Area**

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. The credit union has designated its AA in the Cambridge-Newton-Framingham, MA Metropolitan District (MD) (15764) and the Boston MA MD (14454). The credit union's AA conforms to CRA requirements since it consists of whole geographies, does not arbitrarily exclude low- and moderate-income areas, and does not reflect illegal discrimination. The following sections discuss demographic and economic information for the AA.

### ***Economic and Demographic Data***

Since becoming a community credit union, the chosen AA includes those who live, work, or go to school in the following towns:

Andover	Danvers	Melrose	Somerville
Arlington	Everett	Methuen	Stoneham
Ashland	Framingham	Nahant	Swampscott
Bedford	Haverhill	Natick	Tewksbury
Belmont	Lawrence	Newton	Wakefield
Beverly	Lexington	N. Andover	Waltham
Billerica	Lowell	N. Reading	Watertown
Boston	Lynn	Peabody	Wellesley
Brookline	Lynnfield	Reading	Wilmington
Burlington	Malden	Revere	Winchester
Cambridge	Marblehead	Salem	Winthrop
Chelsea	Medford	Saugus	Woburn

The overall AA consists of 590 census tracts with the following income designations according to the 2010 U.S. Census:

- 96 low-income tracts,
- 147 moderate-income tracts,
- 193 middle-income tracts, and
- 142 upper-income tracts.

There are also twelve census tracts with no corresponding income delineation. These census tracts cover the following areas: The Boston Harbor Islands, Franklin Park, the Stony Brook Reservation, the Arnold Arboretum, the Forest Hills Cemetery, the South Boston Reserved Channel, Castle Island, the Suffolk Downs Racetrack, Belle Island Reservation, the Boston Commons, and the Back Bay Fens.

To assess the credit union's lending performance for this evaluation, consideration is given to demographic data in the AA. Refer to table below for pertinent demographic information about the credit union's AA.

<b>Demographic Information for the AA</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)	590	16.3	24.9	32.7	24.1	2.0
Population by Geography	2,520,079	14.4	25.5	35.7	24.3	0.1
Owner-Occupied Housing Units by Geography	518,060	5.8	19.8	42.9	31.5	0.0
Households by Geography	975,351	13.1	25.4	36.9	24.5	0.0
Distribution of Households by Income Level	975,351	29.6	15.2	17.1	38.1	0.0
Distribution of Families by Income	571,074	27.3	17.0	19.5	36.2	0.0
<b>Median Family Income (2010 U.S. Census)</b>		\$87,305		<b>Median Housing Value</b>		\$423,460
<b>2015 FFIEC-Estimated Median Family Income</b>		\$97,298		<b>Unemployment Rate</b>		4.8%
<b>Families Below Poverty Level</b>		7.3%				

Sources: 2010 U.S. Census data, 2014 D&B data, 2015 FFIEC-Estimated Median Family Income

The table above shows that the majority of the population and the majority of owner occupied units are located in middle and upper income geographies.

FFIEC Estimated Median Family Income data is used to analyze home mortgage loans under the Borrower Profile section of the Lending Test. The table below presents the low-, moderate-, middle-, and upper-income categories. These categories are based on the 2015 FFIEC estimate median family incomes of \$101,700 for the Cambridge-Newton-Framingham, MA MD, and \$90,000 for the Boston, MA MD.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>2015 Entire AA Median Family Income (\$97,298)</b>				
2015	<\$48,649	\$48,649 to <\$77,838	\$77,838 to <\$116,758	≥\$117,758
<b>2015 Cambridge-Newton-Framingham MA MD Median Family Income (\$101,700)</b>				
2015	<\$50,850	\$50,850 to <\$81,360	\$81,360 to <\$122,040	≥\$122,040
<b>2015 Boston MA MD Median Family Income (\$90,000)</b>				
2015	<\$45,000	\$45,000 to <\$72,000	\$72,000 to <\$108,000	≥\$108,000

Source: 2015 FFIEC-Estimated Median Family Income

There are 1,047,931 housing units in the AA, 518,060 of which are owner occupied, 457,291 are occupied rental units, and 72,580 are vacant. The median housing value of \$423,460 suggests a relatively expensive housing market, compared to the state of Massachusetts.

Further analysis used Warren Group housing sales data. In 2015, median home sales averaged \$421,316 throughout the four counties that formed the AA. Median sales prices ranged from \$489,000 in Suffolk to \$338,767 in Essex. This further suggests a relatively affluent area and potential barriers to lower-income families obtaining affordable housing.

### ***Competition***

The credit union operates in a very competitive lending environment. The credit union faces competition from large national and regional institutions, including mortgage companies, community banks, and credit unions in the area. Residential lending market share reports for 2014 revealed that 502 lenders reported 49,762 originations totaling approximately \$18.9 trillion in the overall AA. The top three financial institutions were Guaranteed Rate Inc., Mortgage Master, and Quicken Loans, with a combined 9.8 percent market share.

### ***Community Contact***

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available.

Examiners contacted two organizations that operate in the credit union's AA. The first contact primarily dealt with affordable housing in the Greater Boston area. The contact mentioned that it posed a challenge to originate small dollar projects that do not comprise a relatively significant CRA investment. In spite of the current needs, the contact noted that area institutions are very involved and willing to provide assistance in the form of donations, while there has been difficulty in obtaining participation from national institutions. One potential area of improvement was more organization and accessibility to individuals involved in making CRA decisions on behalf of the financial institutions; the contact noted that at times it was difficult to identify the CRA officer representing the bank or credit union. An additional need identified was in the form of services. It was mentioned that assistance in advocacy and fundraising on behalf of CRA-qualified organizations would be very useful, particularly utilizing the networking and technical resources of a financial institution to more efficiently pursue grants. The contact mentioned the community tax investment credit to local CDCs as a form of investment that many financial institutions have not pursued or a product of which they may not be aware.

The second contact was an affordable housing organization centered on the cities of Revere and Chelsea. In addition to affordable housing, the community contact organization also attempts to build economic opportunities through workforce development, financial literacy, and civic engagement. Affordable housing and financing for small businesses were two needs identified by the community contact, in addition to reaching out to non-English speaking individuals in need of assistance. The contact made mention of several local and national financial institutions, but noted the credit union in particular as a financial institution that has been deeply involved in the development and growth of the programs. The contact mentioned that the credit union has provided financial and technical assistance on a consistent basis directly to the organization. Additionally, the community contact mentioned that the Credit Union also collaborates with the organization and its goals of reaching the underbanked population through their lending strategies and products.

## **PERFORMANCE CRITERIA**

### **LENDING TEST**

The Lending Test evaluates the institution's record of helping to meet the credit needs of its AA by considering an institution's home mortgage, small business, small farm, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the volume of lending activity; 2) the proportion of lending within the AA; 3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the AA; 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income; 5) the volume of community development lending; and 6) the use of innovative or flexible lending practices.

The credit union's overall Lending Test performance is rated High Satisfactory. The sections below discuss the credit union's performance under each criterion.

#### **Lending Activity**

This performance criterion considers the volume of the credit union's lending in relation to its financial condition and resources. The credit union's lending levels reflect good responsiveness to AA credit needs. During 2014 and YTD 2015, the credit union originated or purchased a combined 18,459 home mortgage and consumer loans totaling \$719,402,000. Of this total, 887 home mortgage loans totaling approximately \$250.4 million and 9,381 consumer loans totaling approximately \$149.6 million were inside the AA.

During 2014 the credit union attained an reasonable market rank for HMDA lending inside the AA. The credit union was the 27<sup>th</sup> largest originator of home mortgage loans by loan volume, among the 502 HMDA lenders in the AA. The credit union's market share was 0.9 percent by both number and dollar volume.

Among the higher ranked lenders were larger financial institutions and mortgage companies that operate on a regional or national basis. These include Wells Fargo Bank, NA; Guaranteed Rate Inc; Bank of America, NA; and Quicken Loans. Additionally, several local institutions also ranked higher than the credit union in terms of loan originations, including Eastern Bank, Berkshire Bank, and Sage Bank.

Market rank information for 2015 was not available as of the evaluation date. In 2015, the credit union's HMDA loan volume increased by both number and dollar amount. The consumer loan volume remained consistent.

The credit union's loan volume appears consistent with its financial resources and capabilities. One indication of this is the credit union's loan to share ratio, which was approximately 107.0 percent as of September 2015.

### Assessment Area Concentration

The credit union made a majority of home mortgage and consumer loans, by number and dollar volume, within its AA. Please see the following table for more detail.

Lending Inside and Outside of the AA										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2014	427	64.3	237	35.7	664	112,010	67.7	53,438	32.3	165,448
YTD 2015	460	64.2	257	35.8	717	138,431	63.6	79,394	36.5	217,825
<b>Subtotal</b>	<b>887</b>	<b>64.2</b>	<b>494</b>	<b>35.8</b>	<b>1,381</b>	<b>250,441</b>	<b>65.3</b>	<b>132,832</b>	<b>34.7</b>	<b>383,273</b>
Consumer 2014	5,306	55.6	4,229	44.4	9,535	82,000	44.7	101,367	55.3	183,367
Consumer YTD 2015	4,075	54.0	3,468	46.0	7,543	67,648	44.3	85,114	55.7	152,762
<b>Subtotal</b>	<b>9,381</b>	<b>54.9</b>	<b>7,697</b>	<b>45.1</b>	<b>17,078</b>	<b>149,648</b>	<b>44.5</b>	<b>186,481</b>	<b>55.5</b>	<b>336,129</b>
<i>Source: 2014 and three quarters of 2015 HMDA Reported Data, (*)2014 and YTD2015 Credit Union Records</i>										

## Geographic Distribution

The geographic distribution of loans reflects good dispersion throughout the AA. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts in 2014 and YTD 2015.

### *Home Mortgage Loans*

The geographic distribution of home mortgage loans reflects very good dispersion throughout the AA. Examiners focused on the comparison to aggregate data. The following table shows that the credit union's 2014 performance in low-income census tracts is above aggregate data and demographics of the AA. Similarly, the credit union's performance in moderate-income census tracts is above aggregate and demographic data.

For YTD 2015, the credit union's performance improved in low- and moderate-income census tracts; both the percentage of total originations as well as the overall number rose in YTD 2015 compared to all of 2014.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2014	5.8	6.5	34	8.0	8,511	7.6
YTD 2015	5.8	--	42	9.1	10,007	7.2
<b>Moderate</b>						
2014	19.8	20.3	103	24.1	23,799	21.2
YTD 2015	19.8	--	128	27.8	36,230	26.2
<b>Middle</b>						
2014	42.9	42.1	188	44.0	41,415	37.0
YTD 2015	42.9	--	175	38.1	44,193	31.9
<b>Upper</b>						
2014	31.5	31.1	102	23.9	38,285	34.2
YTD 2015	31.5	--	115	25.0	48,001	34.7
<b>NA</b>						
2014	0.0	0.0	0	0.0	0	0.0
YTD 2015	0.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2014</b>	<b>100.0</b>	<b>100.0</b>	<b>427</b>	<b>100.0</b>	<b>112,010</b>	<b>100.0</b>
<b>YTD 2015</b>	<b>100.0</b>	<b>--</b>	<b>460</b>	<b>100.0</b>	<b>138,431</b>	<b>100.0</b>
<i>Source: 2010 U.S. Census; 2014 and YTD 2015 HMDA Reported Data; 2014 HMDA Aggregate Data "--" data not available</i>						

## Consumer Loans

The geographic distribution of consumer loans reflects good dispersion. In 2014, the credit union originated approximately 16.5 percent of consumer loans in low-income census tracts, which is above the demographic of households in the same area. The table shows that the credit union's performance in moderate-income census tracts is slightly below household geography demographics. The YTD 2015 performance is consistent with 2014.

Geographic Distribution of Consumer Loans					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2014	13.1	875	16.5	6,266	7.6
YTD 2015	13.1	644	15.8	5,185	7.7
Moderate					
2014	25.4	1,264	23.8	15,882	19.4
YTD2015	25.4	995	24.4	14,154	34.2
Middle					
2014	36.9	2,028	38.2	34,854	42.5
YTD2015	36.9	1,528	37.5	27,216	40.2
Upper					
2014	24.5	1,139	21.5	24,998	30.5
YTD2015	24.5	907	22.3	21,055	31.1
<b>Total</b>					
<b>2014</b>	<b>100.0</b>	<b>5,306</b>	<b>100.0</b>	<b>82,000</b>	<b>100.0</b>
<b>YTD2015</b>	<b>100.0</b>	<b>4,075</b>	<b>100.0</b>	<b>67,648</b>	<b>100.0</b>

*Source: 2010 Census Data, Credit union Records*

## Borrower Profile

The distribution of borrowers reflects good penetration among individuals of different income levels in the AA. The credit union's performance of home mortgage and consumer lending support this conclusion. Examiners focused on the percentage by number of home mortgage and consumer loans to low- and moderate-income borrowers.

### *Home Mortgage*

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is very good. Examiners focused on the comparison to aggregate data.

The credit union's 2014 home mortgage lending to low-income borrowers, at 4.2 percent is similar to aggregate performance for families of comparable incomes. The credit union is above the aggregate lender performance, as well as the demographic of families, for moderate-income originations. In the case of low-income families, the credit union performed below the

demographic. The income of low-income families (including the segment below the poverty line) compared to the relatively affluent median housing prices helps explain the difference between the credit union's performance and the income level demographics of the area.

For YTD 2015, the credit union's percentage of loans to low-income families increased significantly; the number of originations doubled as did the percentage of originations. The credit union's performance toward moderate-income borrowers remained consistent.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2014	27.3	4.9	18	4.2	2,590	2.3
YTD 2015	27.3	--	37	8.0	6,843	4.9
<b>Moderate</b>						
2014	17.0	15.0	92	21.6	15,322	13.7
YTD 2015	17.0	--	95	20.7	21,245	15.3
<b>Middle</b>						
2014	19.5	21.3	116	27.2	24,462	21.8
YTD 2015	19.5	--	136	29.6	35,315	25.5
<b>Upper</b>						
2014	36.2	40.6	179	41.9	60,450	54.0
YTD 2015	36.2	--	174	37.8	62,888	45.4
<b>Income Not Available</b>						
2014	NA	18.2	22	5.1	9,186	8.2
YTD 2015	NA	--	18	3.9	12,140	8.8
<b>Total</b>						
<b>2014</b>	<b>100.0</b>	<b>100.0</b>	<b>427</b>	<b>100.0</b>	<b>112,010</b>	<b>100.0</b>
<b>YTD 2015</b>	<b>100.0</b>	<b>--</b>	<b>460</b>	<b>100.0</b>	<b>138,431</b>	<b>100.0</b>
<i>Source: 2010 U.S. Census; 2014 and three quarters of 2015 HMDA Reported Data; 2014 HMDA Aggregate Data; "--" data not available</i>						

## Consumer Lending

The distribution of the consumer loans reflects good penetration of borrowers of different incomes. The following table shows that the majority of consumer loans were extended to individuals falling within the low- and moderate-income household delineations. The credit union's lending to low-income households is comparable to the demographic of households. The level of lending to moderate-income households exceeds the demographics of individuals in the same income delineations and as such reflects good performance.

<b>Borrower Distribution of Consumer Loans</b>					
<b>Income Level</b>	<b>% of Households</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2014	29.6	1,492	28.1	11,162	13.6
YTD 2015	29.6	1,222	30.0	10,966	16.2
<b>Moderate</b>					
2014	15.2	1,460	27.5	20,991	25.6
YTD2015	15.2	1,079	26.5	16,522	24.4
<b>Middle</b>					
2014	17.1	1,117	21.1	20,735	25.3
YTD2015	17.1	824	20.2	16,432	24.3
<b>Upper</b>					
2014	38.1	1,225	23.1	29,055	35.4
YTD2015	38.1	934	22.9	23,662	34.9
<b>NA</b>					
2014	--	12	0.2	57	0.1
YTD2015	--	16	0.4	106	0.2
<b>Total</b>					
<b>2014</b>	<b>100.0</b>	<b>5,306</b>	<b>100.0</b>	<b>82,000</b>	<b>100.0</b>
<b>YTD2015</b>	<b>100.0</b>	<b>4,075</b>	<b>100.0</b>	<b>67,648</b>	<b>100.0</b>
<i>Source: 2010 Census Data, Credit union Records</i>					

## Response to CRA Complaints and Fair Lending Policies and Practices

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

The Division performed a review of the credit union's public comment file and its fair lending policies and practices. Through the course of its review, the Division identified monitoring and policy deficiencies related to the credit union's fair lending program. The credit union administers multiple layers of control for fair lending risk in the form of second review monitoring and policies and procedures, and periodic self-testing. It is recommended the credit union to continue enhancing its oversight and monitoring practices to reduce its overall fair lending risk.

## Minority Application Flow

The credit union's HMDA LARs for 2014 and the first three quarters of 2015 were reviewed to determine if the application flow from different minority groups within the credit union's AA was reflective of the AA demographics. As mentioned in the performance context the credit union's AA analyzed in 2014 and YTD 2015 consist of all of Suffolk County, and portions of Essex, Middlesex, and Norfolk Counties.

The credit union's residential lending in 2014 was compared to the 2014 aggregate lending performance. 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 the table below for information on the credit union's minority application flow as well as a comparison to aggregate lending data within the credit union's AA.

Minority Application Flow					
RACE	Credit Union 2014		Aggregate Data 2014	Credit Union YTD 2015	
	#	%	%	#	%
American Indian/ Alaska Native	4	0.5	0.2	5	0.6
Asian	49	5.7	7.2	46	5.4
Black/ African American	62	7.2	3.6	68	8.0
Hawaiian/Pacific Islander	2	0.2	0.1	3	0.3
2 or more Minority Races	0	0.0	0.1	1	0.1
Joint Race (White/Minority)	11	1.3	1.5	18	2.1
<b>Total Minority</b>	<b>128</b>	<b>14.9</b>	<b>12.7</b>	<b>140</b>	<b>16.5</b>
White	563	65.4	61.5	534	62.6
Race Not Available	169	19.7	25.8	178	20.9
<b>Total</b>	<b>860</b>	<b>100.0</b>	<b>100.0</b>	<b>853</b>	<b>100.0</b>
<b>ETHNICITY</b>					
Hispanic or Latino	87	10.1	5.8	127	14.9
Joint (Hisp/Lat /Not Hisp/Lat)	15	1.7	1.0	18	2.1
Not Hispanic or Latino	612	71.2	67.6	614	66.6
Ethnicity Not Available	146	17.0	25.6	140	16.4
<b>Total</b>	<b>860</b>	<b>100.0</b>	<b>100.0</b>	<b>853</b>	<b>100.0</b>

Source: U.S. Census 2010, HMDA LAR Data 2014 and 2015, HMDA Aggregate Data 2014

According to the 2010 U.S. Census data, the credit union's AA had a population of 2,520,079 individuals, of which 34.4 percent are minorities. The AA's minority and ethnic population consists of 0.1 percent American Indian, 8.3 percent Asian/Pacific Islander, 8.9 percent Black, 14.0 percent Hispanic, and 3.2 percent other.

In 2014, the credit union received 860 HMDA reportable loan applications within its AA. Of these applications, 14.9 percent were received from minority applicants. The credit union's application flow was above the aggregate's performance of 12.7 percent of applications received from minorities. In 2014, the credit union received 102 applications representing 11.8 percent of applications from the Hispanic or Latino ethnic group. The credit union's application flow from ethnic minority applicants was above the aggregate's performance of 6.8 percent of applications received from the Hispanic or Latino ethnic group. In YTD 2015, the credit union improved its performance to both racial (16.5 percent) and ethnic (17.0 percent) minority applicants.

It is important to note that the credit union has a relatively high rate of withdrawn and incomplete loans compared to the aggregate. This results in a lower rate of minority originations in spite of the high application flow. However, the origination rate is consistent across race and ethnicity, and raises no fair lending concerns.

The credit union's minority application flow when compared to the aggregate's lending performance levels and the AA demographics, and considering the credit union's business composition, is satisfactory.

## **COMMUNITY DEVELOPMENT LENDING**

The credit union's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

The credit union is a leader in originating community development loans. The credit union originated 29 community development loans during the review period totaling approximately \$18.7 million, which represented 1.6 percent of total loans (\$1.2 billion) and 1.3 percent of total assets (\$1.5 billion) as of YTD 2015. The largest portion of loans by dollar amount are directed toward affordable housing projects.

The credit union's community development lending for the current review period represents an increase of approximately \$11.5 million. The credit union's community development loans convey the continued commitment to providing financing for community development purposes throughout the AA. The purpose of these loans aligns with the needs identified by the community contact, which further underscores the credit union's overall community development responsiveness. Additionally, there were two loans originated outside of the AA that also qualified for community development. The table below details the credit union's community development lending by community development purpose and by year.

Community Development Lending						
Activity Year	Affordable Housing		Economic Development		Totals	
	#	\$(000)	#	\$	#	\$
2013	9	6,617	4	397	13	7,014
2014	2	390	3	1,896	5	2,286
2015	9	8,893	2	480	11	9,573
<b>Total</b>	<b>20</b>	<b>15,900</b>	<b>9</b>	<b>2,773</b>	<b>29</b>	<b>18,673</b>
<i>Source: Credit union Records</i>						

The following community development loans are examples of originations by the credit union during the evaluation period.

### 2013

- The credit union originated a \$60,000 loan to a small business refinancing its current debt incurred through capital acquisition. Headquartered in a moderate-income census tract in Cambridge MA, this loan specifically aids the small business in improving their economic position and improving the current jobs available to employees.
- The credit union originated a \$1.6 million loan to an LLC refinancing three properties, located in Dorchester, MA. Of the 21 units, 19 units qualified as affordable based on HUD market guidelines. The qualified community development amount of this transaction was \$1.4 million.
- The credit union originated a \$588,000 loan to an LLC to purchase a six-unit property located in East Boston, MA. All units in the purchase have rent rolls that qualify as affordable based on HUD market guidelines.

### 2014

- The credit union originated two loans totaling \$1.7 million toward the purchase and improvement of a small business in Dorchester, MA. The purchase of the small business promotes job retention in the low-income census tract.
- The credit union originated a \$380,000 loan to a borrower purchasing a multifamily property in Lawrence. Of the nine units included in the deal, six units fall into the affordable category based on HUD market rent guidelines. The qualified CRA amount of this transaction was \$253,333.

### 2015

- The credit union originated a \$180,000 working capital loan to a small business located in Hingham, MA. The business is a restaurant, and employs primarily low- and moderate income workers.
- The credit union originated a \$2.8 million loan towards the refinance of a multifamily project located in Malden, MA. The project consists of 39 units, and primarily houses clients of local

social service organizations (e.g. Pine Street Inn). Approximately 95 percent of the units are affordable housing, and the CRA-qualified amount of the loan is \$2.6 million.

- The credit union originated one loan totaling \$2.2 million to a local community development organization. The organization is located in Chelsea MA, and aims to increase the stock of affordable housing in the area. The purpose of the loan is to refinance the existing debt.

### **Innovative or Flexible Lending Practices**

The credit union's innovative and flexible lending practices are evaluated pursuant to the following criteria: (1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the credit union; and (2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period. This criterion includes all innovative and flexible lending activities since the prior evaluation, covering the time-period of November 19, 2012 through January 4, 2016.

The credit union makes use of innovative and flexible lending programs to assist in meeting the credit needs of its AA. The following highlights the various innovative and flexible loan programs offered by the credit union.

#### **Residential Lending Programs**

- *MassHousing Mortgage Program:* This loan program is designed for low- and moderate-income families to purchase homes at market rates with or without affordable mortgage insurance. Customers who qualify for the MassHousing Program have access to down payment and closing cost grants, low down payments, fixed-rates, refinance options, affordable loan limits and mortgage insurance options. During the evaluation period, the credit union originated 89 MassHousing loans totaling \$20,592,845.
- *Boston Home Center Financial Assistance Program:* This loan program is the result of a partnership that Metro Credit Union has with the Boston Home Center. Borrowers of this loan program have access to a zero interest, 10-year term loan that is forgivable at the end of the term. Eligible applicants must be first-time homebuyers who have attended required first time home buyer education seminars, must be purchasing a 1, 2, or 3 family residential property or a condominium as a primary residence located in Boston, and the applicant's household assets must not be greater than \$75,000. During the evaluation process, the credit union originated 11 loans totaling \$2,192,723.
- *Deed Restricted Real Estate Loans:* Certain properties contain covenants or restrictions to ensure that they retain their affordable housing status. Refinancing, selling or purchasing such a property often requires additional effort on the part of the lender. The credit union participates in the process of extending credit on behalf of prospective owners of deed-

restricted units. During the evaluation process, the credit union originated 10 loans for \$1,457,800.

- *At Home in Chelsea:* A special product insured by MassHousing, the At Home in Chelsea program encourages homeownership by offering credit for the purchase and rehabilitation of owner-occupied properties in the area. All borrowers must fall within income guidelines and take a First Time Homebuyer course to qualify. The program began in 2015, and since then the credit union has originated one loan for \$285,490.

### Consumer Lending Programs

- *Credit Builder Loan:* The Credit Builder Loan program is designed to provide customers with limited or damaged credit to improve their credit score. The money borrowed is secured through a credit union savings account through the term of the loan. Loan amounts range from \$500-\$3,000. During the evaluation period, the credit union originated 1,176 Credit Builder loans totaling \$1,180,001.
- *MassSave – HEAT loan Program:* The goals of this product are to assist homeowners purchase and install energy efficient improvements in their properties. Eligible improvements can include window replacement, solar hot water systems or other weatherization measures. Residential customers are eligible for loans at an interest rate of 0 percent for up to \$25,000. The credit union originated 466 HEAT loans totaling \$4,151,404 during the evaluation period.
- *Secured Credit Card Programs:* The credit union offers secured credit card programs that allow customers to establish or repair damaged credit where funds are guaranteed by a credit union savings account. The credit union provided these credit-building products in concert with local community organizations such as CONNECT and COMPASS. During the evaluation period, Metro originated 46 secured credit cards totaling \$25,500.

## INVESTMENT TEST

The Investment Test evaluates the credit union's record of helping to meet the credit needs of its AA(s) through its use of qualified investments that benefit the AA or a broader statewide or regional area that includes the credit union's AA. A qualified investment for the purpose of this CRA evaluation is a lawful investment, deposit, donation, or grant that has community development as its primary purpose. Community development purposes include those that either: 1) provide affordable housing for low- or moderate-income individuals or areas; 2) provide community services targeting low- or moderate-income individuals or areas; 3) promote economic development by financing small businesses; or 4) revitalize or stabilize low- or moderate-income geographies. Activities considered under the Lending Test or Service Test may not be considered under the Investment Test.

The credit union's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

The credit union's qualified community development investments and donations reflect an excellent responsiveness to the credit and community development needs. During the evaluation period, the credit union has made innovative investments not routinely provided by other investors. The credit union has also been responsive to community needs by providing donations to organizations that support community development services and affordable housing initiatives.

During the evaluation period, the credit union made 154 qualified investments totaling \$4,195,395.

### Equity Investments

Qualified equity investments total \$4,020,000, which represents 0.3 percent of total assets and 2.9 percent of total investments as of September 30, 2015.

- SimpliCD Fund – SimpliCD is a certificate of deposit program that allows credit union investors to invest substantial funds in federally insured jumbo CDs. This gives credit unions an effective means of generating liquidity. During the evaluation period, the credit union has made CD investments through this fund totaling \$4,020,000 to 18 different MWLI (Minority, Women-owned, or Low-income) credit unions. This is a unique investment that qualifies irrespective of the subject financial institutions AA.

### Donations

From November 19, 2012 through December 31, 2015, the credit union contributed \$175,395 to qualified organizations and programs. The table below illustrates the community development categories of the credit union's qualified grants. These grants were responsive to the specific community development needs of the AA.

Qualified Donations								
Activity Year	Affordable Housing		Community Services		Revitalization/ Stabilization		Totals	
	#	\$	#	\$	#	\$	#	\$
2012 *	0	0	6	11,772	0	0	6	11,772
2013	7	27,099	51	41,073	0	0	58	68,172
2014	7	7,735	38	29,694	1	1,000	46	38,429
2015	7	15,000	36	42,022	0	0	43	57,022
<b>Total</b>	<b>21</b>	<b>49,834</b>	<b>131</b>	<b>124,561</b>	<b>1</b>	<b>1,000</b>	<b>153</b>	<b>175,395</b>

Source: Credit Union Records- \*From November 19, 2012 through December 31, 2012.

The following is a sample of organizations that received donations from the credit union:

- Chelsea REACH Program – This program grew out of a special community planning process to create a new resource in Chelsea to support young people in graduating from high school with aspirations and goals for the future. Chelsea REACH is a partnership between Chelsea Public Schools and local community organizations that focuses on school success and college preparation, career awareness, family inclusion, community collaborations, leadership development, and healthy living. A majority of the students at Chelsea High School participate in a free or reduced lunch program.
- Citizens for Adequate Housing, Inc. (CAH) – The Goal of CAH is to end homelessness, serving families along the North Shore. This organization provides emergency housing services, a sober-living transitional housing program and develops and operates affordable housing units. CAH is dedicated to not only providing families a place to stay but also to empower families to find permanent solutions to break the patterns of instability in their lives.
- Community Action Programs Inter-City, Inc. (CAPIC) – Chartered in 1967, CAPIC is focused on identifying and eradicating poverty in Chelsea, Revere, and Winthrop. This non-profit organization assists more than 5,000 low-income individuals and families annually by enabling them to achieve and maintain self-sufficiency.
- Housing Families, Inc. – This organization works to end family homelessness and provides safe temporary shelter and quality affordable housing. Housing Families, Inc. offers individualized supportive services to enrich children’s lives, nurture the potential of each family member, and help families maintain permanent housing. A majority of the families are low- or moderate-income.
- La Vida Scholars – La Vida Scholars is dedicated to equipping low-income, high-achieving Lynn students with resources and preparation needed to enter great colleges. This organization offers low-income parents and students the necessary resources to navigate the college admissions process such as financial preparation courses, college test

preparation, scholarship application information, and other individualized college advising resources.

- *Lawrence CommunityWorks* – Lawrence CommunityWorks is a multi-service, non-profit, organization that is dedicated to improve the economic state of the city of Lawrence and to find a way to help its many struggling families to build assets, escape poverty, and build networks of support they need to succeed. This organization provides safe and affordable rental and home ownership properties for struggling working and poor families. Lawrence CommunityWorks offers financial literacy seminars, homeownership seminars, and adult education courses as well.
- *Lazarus House Ministries* - Located in Lawrence, Lazarus House Ministries helps heads of households and individuals living in poverty regain their dignity and become self-sufficient members of the community by offering emergency shelter, food and clothing to people in crisis and then providing transitional housing, advocacy, health services, education and work preparation to permanently break the cycle of poverty.
- *Making a Difference in Peabody, Inc.* – Founded in 2002, this volunteer organization’s mission is to provide assistance to financially distressed Peabody residents in the form of food, clothing, oil, rent, electric, and other services.
- *The Neighborhood Developers* – This organization helps revitalize communities and support families as they gain greater economic security. This community development organization helps develop mixed-income homes and apartments providing healthy, stable homes for low- and moderate-income families and individuals in Chelsea.
- *Roca, Inc.* – Roca’s goal is to disrupt the cycle of incarceration and poverty by helping young people transform their lives. Founded in 1988, Roca has helped the most high-risk young people in the Greater Boston area including the communities of Chelsea, Revere, Everett, and East Boston produce consistent and positive outcomes in their lives.

## SERVICE TEST

The Service Test evaluates the credit union’s record of helping to meet the credit needs of its AA(s) by analyzing both the availability and effectiveness of the credit union’s systems for delivering retail banking services and the extent and innovativeness of its community development services. The credit union’s retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the credit union’s branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the credit union’s community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

The credit union’s overall Service Test performance is rated Outstanding. The credit union’s retail delivery systems are readily accessible to all portions of the combined AA, including low- and moderate-income census tracts. The credit union’s business hours are consistent with those of other financial institutions in the area and do not vary in a way that inconveniences certain portions of the combined AA. Changes in branch locations did not adversely affect low- and moderate-income geographies or borrowers. The credit union provides an excellent level of community development services.

### Distribution of Branches

Metro Credit Union’s service delivery systems are readily accessible to essentially all portions of the credit union’s AA. Banking services are available at any time both online and via ATMs. In addition, branch hours are similar to other local financial institutions and feature extended hours on select days. The credit union’s corporate headquarters is located in Chelsea, Massachusetts. In addition to the main office, the credit union operates 16 branch offices.

<b>Branch and ATM Distribution with Demographic Data</b>					
<b>Census Tract Income Level</b>	<b>Number of Tracts</b>	<b>Percent of Tracts</b>	<b>Percent of Population (%)</b>	<b>Branches/Main Office</b>	
				<b>#</b>	<b>%</b>
Low	96	16.3	14.4	3	17.6
Moderate	147	24.9	25.5	7	41.2
Middle	193	32.7	35.7	5	29.4
Upper	142	24.1	24.3	2	11.8
N/A	12	0.0	0.1	0	0.0
<b>Total</b>	<b>590</b>	<b>100.0</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>

As shown in the table above, the credit union operates 3, or 17.6 percent, of its branches in low-income tracts and 7 branches, or 41.2 percent, in moderate-income tracts. This is higher than the percentage of low- and moderate-income tracts and populations throughout the AA, which confirms that full service branches and deposit-taking ATM's are available to the population.

### **Record of Opening and Closing Branches**

To the extent changes have been made, the credit union's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

The credit union opened three new branches and closed two during the evaluation period. The two closed branches were both located in upper-income census tracts. Of the three branches opened, two are located in upper-income census tracts and one branch is located in a moderate-income census tract.

### **Retail Banking Services**

Banking services, including business hours, do not vary in a way that inconveniences its AA, particularly low- and moderate-income geographies or low- to moderate-income individuals.

The credit union's retail services are readily accessible to all customers including low- and moderate-income individuals and residents of low- and moderate-income geographies of the AA. Services include traditional savings and checking products which are available, online, as well as residential, consumer and commercial loan products.

The credit union's hours of operation are convenient and comparable to other local area institutions. A majority of the credit union's locations are open between 8:00 A.M. to 4:00 P.M. during the week and offer additional hours on Saturday from 9:00 A.M. to 1:00 P.M. Several locations also offer drive-through ATM services.

### **Alternative Delivery Systems**

The credit union's delivery systems are readily accessible to essentially all portions of the AA. Branch locations are distributed in such a way that no portion of the AA is inconvenienced. Alternative delivery systems include multiple online channels that give customers 24/7 access to their accounts.

- Automated Teller Machines- The credit union is a member of the SUM network of ATMs, and maintains at least one ATM in each aforementioned full-service branch location. Additionally, Metro's reward checking program reimburses any fee imposed by an ATM outside of the credit union's network.
- Online Banking- The credit union offers free online banking services that allow customers 24/7 access to their accounts via the internet. Customers are able to make online bill

payments, check account balances, transfer funds, view transactions, and live chat with a Metro representative.

- Mobile Banking- The credit union has several mobile banking products designed to increase the availability of the banking services. Programs include text banking, remote deposit capture, Popmoney (a person-to-person payment service), and a comprehensive mobile application.
- Free Checking Account- The credit union's free personal checking account features no minimum balance and gives customers free access to Online Banking.

### **Community Development Services**

The credit union provides an excellent level of community development services in the forms of employee involvement, educational seminars, and other programs. The following lists a sample of the credit union's involvement in community development services during the evaluation period.

#### **Employee Involvement**

*CONNECT*: CONNECT is a collaboration of six community organizations for the purpose of integrating resources to meet housing, financial, educational, and employment needs. Metro Credit Union is one of the six founding partners of the organization. The organization is structured to ensure outcomes through its client-support network; Individualized support, peer group assistance, service integration and networking are all provided for members of the program. The types of programs provided through CONNECT cover a wide array services for vulnerable populations, including housing assistance (such as rent or utility arrearages), job placement counseling, ESOL and GED training, startup business counseling, and financial literacy. CONNECT has been recognized for its substantial impact in its economic support of the Greater Boston area. Additionally, Federal Reserve Chair Janet Yellen visited CONNECT in recognition of the efforts to assist Chelsea residents with challenges and issues they are facing. Metro Credit Union's SVP of Community Relations and Business Development is one of six managing partners of CONNECT, and is instrumental in setting the strategic directions of the organization.

*The Neighborhood Developers (TND)*: The Neighborhood Developers is a Chelsea-based community development organization focused on undertaking revitalization work in distressed neighborhoods and expanding affordable housing. These goals are met through a three-pronged strategy: real estate development, community engagement, and asset development. Programs offered by TND include financial literacy education, the provision of affordable residential rental units, and community networking events. Metro Credit Union's SVP of Community Relations and Business Development is deeply involved in the direction of TND; she has maintained a Presidential seat on the Board of Directors, and is also involved in the Executive and Finance Committees.

*Greater Lawrence Community Action Council (GLCAC)*: The mission of the GLCAC is to end poverty through the support and empowerment of people in serious financial need. The

organization provides numerous services to vulnerable populations, including energy assistance, housing advocacy, health and wellness support, early learning services, and adult education and professional development. A Business Development Officer of Metro Credit Union serves on the Planning Development Committee, the Personnel Committee, and the Governance Committee, and is responsible for critical components of the organizations development strategy.

*Merrimack Valley YMCA-Lawrence:* The Lawrence location of the Merrimack Valley YMCA serves a predominately low- and moderate-income area. The programs provided are based on the interests and needs of the community, and focus on youth development, social responsibility, and healthy living. Specifically, programs include preschool and afterschool childcare for children between 2 and 13 years of age, as well as providing housing and supportive services for homeless men in the city of Lawrence. A Business Development Officer of Metro Credit Union serves as the Chairperson of the Board of Directors, and also maintains a seat on the Fundraising Committee.

*Inversant (Formerly known as FUEL):* The mission of Inversant is to help families invest in higher education. The program is geared toward involving the entire family in the decision-making process for higher education. The program achieves its goals through a combination of savings assistance, family financial literacy education, and ongoing support. The President of Metro Credit Union is a Board and Audit Member of this organization, and Metro Credit Union manages the savings accounts of over 500 families involved in this program.

*Zonta Club of Chelsea:* The Zonta organization's overall aim is to empower women worldwide through service and advocacy. The local club, established in 1981, maintains strong ties to the community. Activities of the Zonta Club of Chelsea include food assistance to needy families, scholarships to those from demographics representative of financial need, and support for a local domestic violence shelter. An Executive Assistant of Metro Credit Union acts as the Vice President of the organization.

*Massachusetts Community and Banking Council (MCBC):* MCBC is a collaboration of community organizations, public officials, and financial institutions. The aim is to address community credit issues and outreach of banking services to low- and moderate-income populations. The organization is structured through a series of committees, each co-chaired by a financial institution representative and a community representative. The Mortgage Lending Committee aims to stabilize home ownership opportunities for low- and moderate-income individuals and areas. Metro Credit Union's Vice President of Mortgage Sales is an acting member of the Mortgage Lending Committee.

*Casa Myrna:* The social service agency is geared toward providing assistance to women living in abusive households. Approximately 1000 survivors of domestic abuse are helped to build self-sufficiency through legal advocacy, financial literacy education, counseling, and housing assistance. Other investments are made in education, awareness, and prevention programs throughout the state in the form of workshops and seminars to vulnerable populations. The comprehensive range of services are provided in both English and Spanish. A Community Relations and Business Development Officer of Metro Credit Union is on the Development Committee of Casa Myrna, and has been deeply involved in the fundraising and event planning for the organization.

YMCA Training, Inc.: Located in Boston, MA, this program is a 20-week full time workforce development program. The program is focused on low-income individuals, and advocates self-sufficiency through employment; the aim is to prepare participants with the technical and job readiness skills to succeed. Part of the program is utilizing industry partners to evaluate its relevance and continuously make improvements to correspond to the job market. In 2013, a Senior Vice President of Human Relations from Metro Credit Union acted as a Training and Education Branch Board Council Member.

Volunteer Income Tax Assistance (VITA): This program offers free tax assistance to individuals that fall within low- or moderate income guidelines. Sites for tax assistance are located across the state, often in community organization facilities. Several Metro Credit Union employees have volunteered their time as tax preparers for this organization, including a Branch Manager, a Commercial Services Manager, and a Staff Accountant.

### **Educational Services and Seminars**

Jamaica Plain Neighborhood Development Corporation (JPNDC): The mission of the JPNDC is to provide equitable development and equal opportunity in Jamaica Plain through initiatives to improve the lives of low- and moderate-income people. The credit union has coordinated with the Jamaica Plain Neighborhood Development Corporation in 2012 to provide financial literacy training to area residents. The class was attended by 20 individuals, and covered topics including creating a family budget, managing your credit score, and setting financial goals.

Chelsea REACH Program: REACH is an initiative which grew out a community planning process to provide resources for young people graduating from high school. In coordination with Chelsea Public Schools and the REACH program, Metro Credit Union created a program on basic banking tools for students in the area. In 2012, approximately 20 students learned about the features of savings and checking accounts.

Rosie's Place: A Boston-based organization, Rosie's place was the first women's shelter in the United States. In addition to meals and shelter Rosie's place provides support for low-income women in the form of housing and educational services. In 2013, Metro Credit Union participated in a Financial Wellness Fair provided by Rosie's Place, which was attended by 50 individuals. Metro Credit Union also participated in several money management seminars in 2013 and 2014.

Pine Street Inn: The credit union works in concert with the American Consumer Credit Counseling (ACCC) to provide a presentation on budgeting and credit scores. In 2013, 23 local residents of the Pine Street inn attended this seminar.

Operation Bootstrap: This is a nonprofit organization geared toward providing support, employment training, and educational opportunities for adult learners in the Lynn area. In 2013, Metro Credit Union held a financial education seminar for 96 members of the organization. The topics covered included savings and credit tips, tools for budgeting, and resources for credit building.

Centerboard: Centerboard is a community-based organization that provides support for young people and families in Lynn. In 2013, Metro Credit Union provided a couple of financial education programs to the Centerboard organization. The credit union crafted a presentation to a small business class of 12 on options for banking, focusing on small business deposit accounts. Additionally, Metro Credit Union organized a Financial Education workshop for Lynn Public High School teachers. The workshop detailed information necessary for the teachers to put together their own financial education curriculum. The workshop was attended by 12 teachers from the Lynn Classical High School, an institution attended predominantly by students from low- or moderate-income families.

Allston-Brighton CDC: Metro Credit Union sponsored and participated in three First-Time Homebuyer Seminars with this community development corporation. Each seminar consists of multiple sessions, in which attendees are taken through the entire home-buying process by real estate professionals. The three seminars were conducted in 2013, and attended by a total of 125 individuals.

Lynn Vocational High School: Metro Credit Union participated in a seminar in the spring of 2014 to 600 students of an area High School. The majority of students attending the school are from low-income households. The aim of the seminar was to provide basic information on credit tools as well as ways of monitoring and protecting oneself from identity theft.

Chelsea Brown Middle School – Citizen Schools: The goal of the Citizen Schools Afterschool program is to enrich the educational experience of students from low-income areas. Chelsea Browne Middle school is attended by over 500 student, approximately 80 percent of which qualify for reduced price lunch. Metro Credit Union collaborated with the Citizen Schools Afterschool program in creating a weekly class centered on entrepreneurship and investment that ran throughout the fall of 2014. The class was attended by 15 students.

Lawrence CommunityWorks: Lawrence CommunityWorks is an organization focused on community building through a network of support to address the challenges facing struggling families and the city overall. In 2015, Metro Credit Union presented two First Time Homebuyer classes, regarding the mortgage application process when purchasing a home. One class was held in English, and another conducted in Spanish. Over 75 individuals attended these seminars.

Lynn Chamber of Commerce: Lynn Chamber of Commerce assists businesses of all sizes in networking and development. In light of the diverse demographic of the city, the chamber of commerce developed an International Committee (of which a Metro Credit Union employee is the chair) to better serve the community. In 2015, Metro Credit Union organized and presented an orientation for local multicultural businesses in the area, providing information on resources available to continue to grow and thrive. There were 21 individuals in attendance.

CONNECT – Cooking Matters: Cooking Matters is a program run in partnership with CONNECT to provide nutritional support for predominantly low-income families. The goal of the program is to empower families to make healthy decisions and maintain an effective budget. Metro Credit Union participated in the six week course for 15 individuals, helping them “shop smarter” and buying the most within their food budget. These courses were held in 2012, 2013, 2014, and 2015.

English for New Bostonians – ESOL for Entrepreneurs: In 2015, Metro Credit Union organized a class offering English classes to small business owners in Chelsea. The class is structured as a 10 week session, and the curriculum includes English skills, market expansion, workplace health and safety, and business assistance resources. There were 11 business owners involved in this pilot program engineered by Metro Credit Union in partnership with other area organizations, and the aim is to increase the attendance to 60 individuals by the next class.

### **Other Community Development Services**

Working Cities Challenge Initiative: As part of the Boston Federal Reserve’s larger goal of revitalization of specific neighborhoods across the state, Metro Credit Union has become a key player in the Chelsea and Lawrence Initiatives. Metro Credit Union takes an active leadership role in this initiative through strategizing new products to increase investment in distressed neighborhoods and participating in code enforcement meetings to prevent any further deterioration of the low- or moderate-income areas.

Community Rooms: A Community Room is a multi-functional room provided expressly for holding meetings, cultural activities and events that are of interest to the communities the credit union serves. The community rooms are located in the main office as well as several Boston branches. Examples of community groups that utilize these rooms include Bay Cove Human Services, Inversant, ABCDC, The Neighborhood Developers, MassSaves, The Midas Collaborative, and CONNECT.

Education Branches: Metro Credit Union has created two branches for primarily for student use, located in two area high schools. One of the participating high schools is located in Chelsea, and primarily serves students from low- or moderate-income families. The students work at the credit union as part of a finance or accounting class, providing real world experience in concert with financial literacy. A Metro Branch representative assists in the development of this class. Topics include finance, money management, retail, and marketing. Additionally, all students involved in the program have the opportunity to obtain a college scholarship.

## APPENDIX GENERAL DEFINITIONS

**Aggregate lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/AA.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1.0 million or less; activities that revitalize or stabilize low- or moderate-income geographies; or activities that support, enable or facilitate projects or activities that meet "eligible uses" criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA) and are conducted in designated target areas identified in plans approved by HUD in accordance with the Neighborhood Stabilization Program (NSP)

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion; Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Consumer loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

**Full-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/AA.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1.0 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans

have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## 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 1976 Main Street, Springfield, MA 01101

- 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.