

PUBLIC DISCLOSURE

August 14, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

One Twenty Credit Union

**4192 Washington Street
Roslindale, MA 02131**

CERT # 68019

**Division of Banks
1000 Washington Street, 10th Floor
Boston, Ma 02118**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income individuals, consistent with safe and sound operation of the institution. Upon conclusion of such an 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 **One Twenty Credit Union (or the Credit Union)**, prepared by the Division, the institution's supervisory agency as of August 14, 2014. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

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

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

According to CRA regulations, an institution shall delineate one or more assessment areas by which the institution will serve to meet the credit needs and by which the Division will evaluate the institution's CRA performance. Credit Unions whose membership by-law provisions are not based upon residence are permitted to designate its membership as its assessment area. One Twenty Credit Union designated its membership as its assessment area.

One Twenty Credit Union was evaluated according to Small Institution CRA Examination Procedures, which apply to an institution with assets under \$300 million as of December 31 of both of the prior two calendar years. A summary of the Credit Union's performance is provided below.

Shares from the membership are returned to members in the form of consumer loans which include personal loans and new and used vehicle loans. The Credit Union offers loan products appropriate to its size and does not engage in any mortgage secured lending. The Credit Union's average net loan-to-share ratio is 53.8 percent for the previous 8 quarters reviewed and is considered reasonable given its limited asset size and resources.

The distribution of consumer loans to borrowers of different income levels is considered adequate and is representative of the membership.

No CRA-related complaints were received during the evaluation period and fair lending policies and procedures are considered reasonable. Fair Lending performance was also found to be satisfactory.

PERFORMANCE CONTEXT

Description of Institution

One Twenty Credit Union is an industrial credit union, incorporated under the laws of the Commonwealth of Massachusetts in 1936. The Credit Union is affiliated with and serves the members of the Knights of Columbus of the Jamaica Plain, West Roxbury, and Hyde Park Councils. Membership is limited to the Jamaica Plain Council, Knights of Columbus, and Jamaica Plain Council Building Association. Credit is extended to members and their extended families. One Twenty Credit Union is headquartered in the Knights of Columbus Hall in Roslindale, Massachusetts. Credit Union hours are from 6:30 p.m. to 9:00 p.m. on Fridays.

As of June 30, 2014, One Twenty Credit Union's assets total \$364,358. Of these assets, 48.5% are in the form of loans. The Credit Union is primarily a consumer lender with 34.5% of its loan portfolio consisting of unsecured consumer loans, 50.8% representing used vehicle loans, and 14.7% representing new vehicle loans.

Table 1 - Loan Portfolio as of June 30, 2014		
Loan Type	Dollar Amount \$(000s)	Percent of Total Loans (%)
Unsecured Loans/Lines of Credit	60,813	34.5
Used vehicle loans	89,783	50.8
New vehicle loans	25,979	14.7
Total	176,575	100.0
(Less)- ALLL	(\$25,657)	0.0

Source: 6/30/2014 Statement of Financial Condition.

The Credit Union was last examined for compliance with CRA by the Division on January 11, 2001. That examination resulted in a "Satisfactory" rating.

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

In accordance with 209 CMR 46.41, the Credit Union defines its membership as its assessment area. Because the Credit Union's membership is not based on geographic boundaries, this evaluation did not include an analysis of lending by geographic location of the borrower.

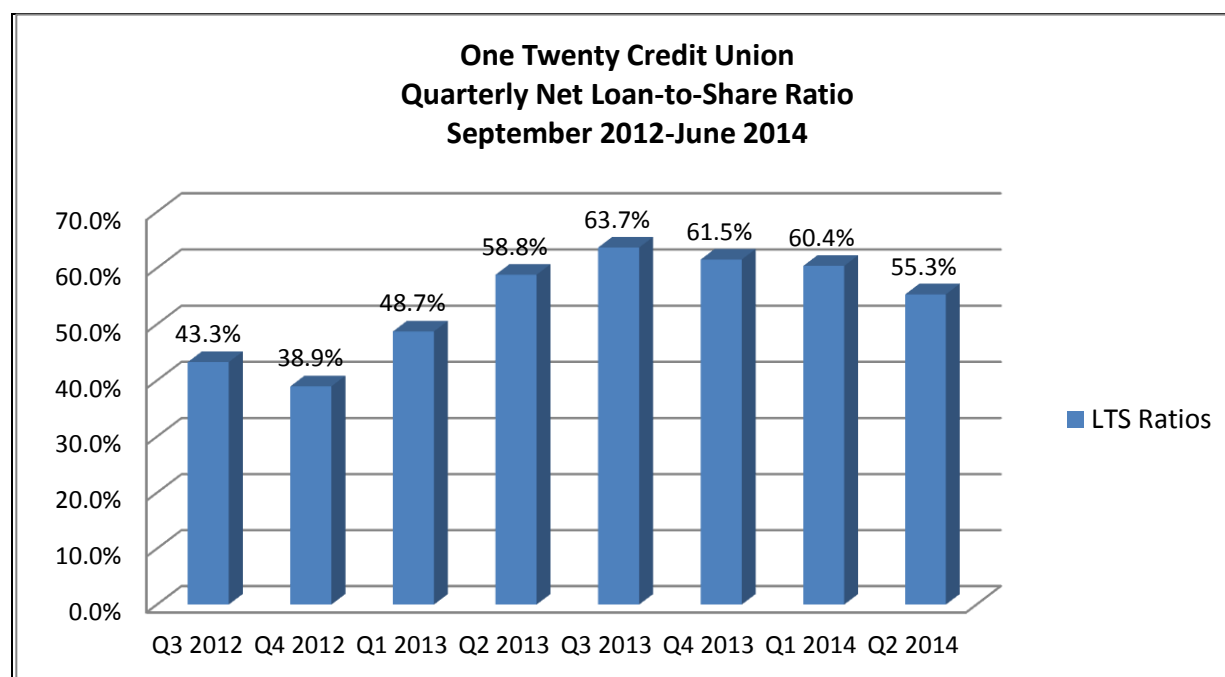
CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Small Institution CRA evaluation procedures were utilized to assess the CRA performance. These procedures utilize the Lending Test. Since the Credit Union defined its assessment area as its membership, this evaluation considered the institution's performance pursuant to the following criteria: loan-to-share (LTS) ratio, lending to borrowers of different incomes, and record of taking action in response to CRA complaints and a fair lending review.

1. LOAN TO SHARE ANALYSIS

This performance criterion determines what percentage of the Credit Union's share base is reinvested in the form of loans and evaluates its appropriateness. LTS is calculated by dividing net loans by total shares. As of June 30, 2014 net loans totaled \$150,918 and shares totaled \$272,762.

The analysis incorporated the last eight quarters of the Credit Union's net loan to total shares utilizing data from the NCUA 5300 Quarterly Call Reports. The period reviewed included September 30, 2012 through June 30, 2014. The Credit Union's average net LTS ratio over this period was 53.8 percent and fluctuated from a low of 39.0 percent in December 2012 to a high of 63.7 percent in September 2013. Management commented that given the size of the Credit Union, the slightest shift in a few loans in the portfolio will have in a disproportional impact on the LTS ratio for a particular quarter. The following graph illustrates the loan to share trends.



The CRA requires the identification of similarly situated financial institutions with which the Credit Union's lending performance will be compared. The Credit Union's average net LTS ratio was compared to the average net LTS ratios of two other locally-based, similarly situated depository institutions. The Credit Union's was comparable to these institutions, as shown in Table 2 below.

Table 2		
Net Loan-to-Deposit Comparison		
Credit Union Name	Total Assets \$(‘000s) as of 06/30/2014	Average Net LTS Ratio 09/30/2012 – 06/30/2014
Gloucester Fire	544	86.6
One Twenty	364	53.8
Gloucester Muni	1870	41.0

Overall, based on the One Twenty Credit Union’s capacity to lend, the capacity of other similarly situated credit unions, the type of loans available, and the lending opportunities available to its membership, the LTS ratio of the Credit Union meets the standards for satisfactory performance.

2. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The Credit Union originated a total of 39 loans in 2012 and 2013 with a dollar volume of \$222,884. Originations included unsecured personal loans, new and used vehicle loans. A sample of the Credit Union’s consumer loan data for 2012 and 2013 was analyzed in order to determine the distribution of credit based on the income level of the borrowers. For the analysis, a sample of seven consumer loans was taken from 2012 and another sample of seven loans was taken from 2013.

As shown in the table below, the Credit Union’s performance reflects an adequate penetration of consumer loans among members of different income levels (including low- and moderate-income).

Loan originations were categorized by the applicants’ reported income using the 2012 and 2013 FFIEC annually adjusted median family incomes of the Boston-Quincy MD which is part of the Boston-Cambridge-Quincy, MA-NH Metropolitan Statistical Area (MSA). The median family income for the Boston-Quincy MD was \$88,800 for the year 2012 and \$88,000 for the year 2013.

Because the Credit Union only makes loans to its members and only originates consumer loans, the Credit Union typically relied upon the income of only one borrower to make the credit decision. Comparing one member’s income with the median family income of the Boston-Quincy MSA potentially inflates the level of lending to low- and moderate-income borrowers because the median family income typically includes the income of two individuals.

The following tables show the Credit Union’s performance in lending to borrowers of different income levels. Comparisons were made to the percentage of families residing in the Boston-Quincy Metropolitan Division.

Distribution of Consumer Loans by Borrower Income					
Median Family Income Level	% of Total Families	2012 Credit Union Data		2013 Credit Union Data	
		#	%	#	%
Low	23.3	2	28.6	1	14.3
Moderate	16.1	4	57.1	2	28.5
Middle	20.0	0	0.0	3	42.9
Upper	40.5	1	14.3	1	14.3
Total	100.0	7	100.0	7	100.0

Source: 2010 Census Data; 2012 & 2013 Credit Union Internal Loan Data

Due to the small sample of loans, a slight shift in the number of loans has an effect on the percentages of lending in those categories, as presented in 2012 to 2013. However, the distribution of lending shows the Credit Union's willingness to serve members in the low- and moderate-income category.

Overall, the data indicates the Credit Union meets the standards for satisfactory performance.

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

One Twenty Credit Union has not received any complaints related to its CRA performance since the previous examination. The Credit Union, however, has procedures in place should any consumer complaints related to CRA be received.

The Credit Union's fair lending data was reviewed to determine how it relates to the guidelines established by the Division of Bank's Regulatory Bulletin 1.3-106. The Credit Union does not have formal fair lending procedures; however, appropriate control measures are in place. The Credit Union has developed a second review process in which all loans considered for denial are referred to the Credit Committee by the loan officer prior to issuing a written notice of denial. Based on the foregoing information, the Credit Union's fair lending performance is 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 4192 Washington Street, Roslindale, MA 02131

- 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.