

PUBLIC DISCLOSURE

DECEMBER 29, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

QUINCY CREDIT UNION

CERT # 67709

**100 QUINCY AVENUE
QUINCY, MASSACHUSETTS 02169**

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

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

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

This document is an evaluation of the CRA performance of **Quincy Credit Union (or the "Credit Union")**, prepared by the Division, the institution's supervisory agency as of December 29, 2014. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00 et seq.

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

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

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

The evaluation assessed the Credit Union's performance utilizing the Federal Financial Institutions Examination Council (FFIEC) Intermediate Small Bank (ISB) procedures. The assigned rating is based on the result of two performance tests: the Lending Test and the Community Development Test. A summary of the Credit Union's performance is provided below:

Lending Test

- The Credit Union's average net loan-to-share (LTS) ratio for the past eight quarters was 68.0 percent and is considered adequate.
- The Credit Union originated a majority of home mortgage and consumer loans inside the assessment area.
- The distribution of home mortgage loans and consumer loans reflects adequate penetrations of borrowers of different income levels.
- The geographic distribution of home mortgage loans and consumer loans reflects adequate penetrations throughout the assessment area.
- No CRA-related complaints were received during the evaluation period and there were no fair lending issues or concerns.

Community Development Test

- The Credit Union participated in financial education initiatives within the assessment area. The Credit Union offers consumer loan products that meet the needs of low- and moderate-income members.
- The Credit Union made qualified donations during the examination period.

SCOPE OF THE EXAMINATION

Quincy Credit Union was evaluated according to ISB CRA Examination Procedures, which apply to an institution with assets of at least \$300 million as of December 31 of both of the prior two calendar years, and less than \$1.202 billion as of December 31 of either of the prior two calendar years, adjusted annually.

This evaluation considered the Credit Union's home mortgage lending and consumer lending from January 1, 2013 to September 30, 2014 (YTD 2014). Under CRA, a home mortgage loan is considered to be a home purchase, home improvement, or refinancing of a dwelling-secured loan. Home mortgage loans were reported pursuant to the Home Mortgage Disclosure Act (HMDA). Data was obtained from the Loan Application Register (LAR). Consumer loan data was obtained from internal reports provided by the Credit Union. The consumer loan categories included in the analysis consist of credit builder loans, fuel assistance loans, holiday loans, new car loans, recreational loans, secured personal loans, unsecured personal loans, used car loans, and VISA credit card loans.

Based on the Credit Union's loan portfolio composition as of September 30, 2014, the Credit Union's primary lending activity by dollar volume consists of first mortgage real estate loans and other real estate loans and lines of credit, at 72.3 percent. Consumer loans account for 87.5 percent of the Credit Union's loan portfolio composition by number.

The Credit Union's 2013 home mortgage lending activity was compared against 2013 aggregate lending data. Aggregate data includes the lending activity of all HMDA reporters that originated or purchased at least one loan within the Credit Union's assessment area. All demographic data was derived from the 2010 U.S. Census.

Community development activities from May 12, 2009 through December 29, 2014 were considered for the evaluation.

PERFORMANCE CONTEXT

Description of the Institution

Quincy Credit Union, formerly Quincy Municipal Credit Union, was incorporated under the laws of the Commonwealth of Massachusetts in 1937 to serve the employees of the City of Quincy. Quincy Municipal Credit Union amended its by-laws to expand membership eligibility to include persons who reside or are employed in Norfolk County, Plymouth County, Barnstable County, and Dorchester, Massachusetts. The Credit Union changed its name to Quincy Credit Union in 2004 and merged with Braintree Educators & Municipal Employees Federal Credit Union in 2006. Membership in the Credit Union is now limited to employees of the City of Quincy, individuals who live or work in Norfolk County, Plymouth County, Dorchester, and family members of existing members. As of September 30, 2014, the Credit Union has 30,847 members.

The Credit Union's main office is located at 100 Quincy Avenue in Quincy, Massachusetts. The Credit Union operates one branch located at 519 Columbian Street in Weymouth, Massachusetts. Business hours for both locations are from 8:30 a.m. to 5:00 p.m. Monday through Wednesday, with extended hours until 7:00 p.m. at the main office on Friday and at the Weymouth branch on Thursday. Both locations are open on Saturday from 8:30 a.m. to noon. The Credit Union participates in the CO-OP Shared Branching network, which allows members to access their accounts and conduct business at selected Shared Branch locations, of which there are approximately 92 participating credit union locations statewide.

Branch services and hours of operation are similar to those of competing institutions. The main office and the branch location offer uniform products and services, although the Weymouth branch does not offer safe deposit boxes. The Credit Union has one deposit-taking ATM at each branch and four satellite ATMs, of which three are located in Quincy and one in Weymouth. All ATMs are connected to the CIRRUS, NYCE, VISA, and Surcharge-Free networks.

The Credit Union offers a range of products aimed to meet the needs of its members. Personal loan products include new and used vehicle loans, VISA credit cards, unsecured personal loans, holiday and vacation loans, fixed and adjustable-rate mortgages, first-time homebuyer loans, home equity loans and HELOCs. The Credit Union offers share savings and club accounts, checking accounts, investment accounts, and also business checking, saving, and investment accounts. The Credit Union offers electronic services such as bill payment, online check deposit, direct deposit, and mobile banking.

The Credit Union maintains a website at www.qcu.org. The website includes information about products and services, loan rates, savings rates, branch locations, hours of operation, and online-banking services such as viewing account balances, account history, account transfers, e-statements, and account openings.

As of September 30, 2014, the Credit Union's assets totaled \$452.0 million and loans totaled \$226.3 million, or 58.9 percent of total assets. Since the previous examination, the Credit Union's assets have increased by 51.4 percent and loans have increased 35.7 percent. The increase in assets is attributed to an increase in cash on deposit, loans, and total investments. The increase in loans can be attributed to an \$86.9 million increase in first mortgage real estate loans and a \$9.1 million increase in used vehicle loans.

As reflected in Table 1, the Credit Union is primarily a real estate lender. Total first mortgage real estate loans/lines of credit and total other real estate loans/lines of credit account for 72.3 percent of the portfolio. Used vehicle loans account for the second largest portion of the loan portfolio at 12.5 percent.

Table 1		
Loan Portfolio Distribution as of September 30, 2014		
Loan Type	Dollar Volume (\$'000s)	Percent of Total Loans (%)
Total 1st Mortgage Real Estate Loans/Lines of Credit	145,814	54.8
Total Other Real Estate Loans/Lines of Credit	46,631	17.5
Used Vehicle Loans	33,284	12.5
Unsecured Credit Card Loans	16,839	6.3
New Vehicle Loans	14,976	5.6
All Other Unsecured Loans/Lines of Credit	5,844	2.2
Total All Other Loans/Lines of Credit	2,920	1.1
Total	\$266,308	100.00

Source: September 30, 2014 Consolidated Report of Condition

The Credit Union was last examined for compliance with the CRA by the Division on May 11, 2009. The examination resulted in a CRA rating of Satisfactory.

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

Description of Assessment Area

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

The Credit Union's assessment area is comprised of the cities and towns of Braintree, Quincy, and Weymouth. Refer to the table below for pertinent demographic information.

Table 2 Assessment Area Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	38	5.3	10.5	65.8	18.4
Population by Geography	181,758	4.1	10.6	68.5	16.8
Owner-Occupied Housing by Geography	45,534	2.1	8.6	67.6	21.7
Family Households by Income Level	43,962	20.6	18.0	23.1	38.3
Distribution of Low and Moderate Income Families throughout AA Geographies	16,939	7.1	14.9	66.5	11.4
Median Family Income	\$83,632		Median Housing Value		\$361,101
Families Below Poverty Level	6.1%		Unemployment Rate (2010)		7.4%
Households Below Poverty Level	9.0%		*Unemployment Rate (2014)		6.0%

Sources: 2010 U.S. Census data & 2014 Bureau of Labor Statistics

*Not seasonally adjusted average unemployment rate of Braintree, Quincy, and Weymouth as of September 2014

The Credit Union's assessment area is comprised of 38 census tracts, of which 5.3 percent are low-income, 10.5 percent are moderate-income, 65.8 percent are middle-income, and 18.4 percent are upper income. Quincy contains two low-income tracts as well as three moderate-income tracts. The other moderate-income tract is located in Weymouth.

The assessment area has a total population of 181,758, of which 4.1 percent live in low-income tracts, 10.6 percent live in moderate-income tracts, 68.5 percent live in middle-income tracts, and 16.8 percent live in upper-income tracts. The assessment area contains 43,962 family households, of which 20.6 percent are low-income, 18.0 percent are moderate-income, 23.1 percent are middle-income, and 38.3 percent are upper-income. Of all families, 6.1 percent are below the poverty level.

Of the 80,808 housing units in the assessment area, 56.4 percent are owner-occupied, 38.3 percent are rental units, and 5.3 percent are vacant. Of the owner-occupied housing units, 2.1 percent are in low-income tracts, 8.6 percent are in moderate-income tracts, 67.6 percent are in middle-income tracts, and 21.7 percent are in upper-income tracts. According to the 2010 U.S. Census, the median housing value in the assessment area is \$361,101. Recent data indicates that as of November 2014, the median housing values for the towns within the assessment area are as follows: Braintree, \$342,500; Quincy, \$329,900; and Weymouth, \$305,000.

According to the 2010 U.S. Census, the unemployment rate of the assessment area is 7.4 percent. Recent data indicates that as of September 2014, the unemployment rates for the towns within the assessment area are as follows: Braintree, 5.8 percent; Quincy, 6.0 percent; and Weymouth, 6.2 percent.

Community Contact

As part of the evaluation process, third parties active in the assessment area are contacted to assist in assessing the credit and community development needs of the community. The information obtained helps to determine whether local financial institutions are responsive to the credit and community development needs of the communities, and what credit and community development opportunities, if any, are available.

A contact was conducted with an organization that is dedicated to helping low- and moderate-income people improve the quality of lives and achieve self-sufficiency. Programs offered by the organization include housing programs, money management, adult education, nutrition, early childhood education and care, and energy assistance programs. The contact indicated the biggest need in the community is financial literacy, such as the necessary knowledge to establish a checking account and budgeting.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

ISB CRA evaluation procedures utilize both a Lending and a Community Development Test. The Lending Test considers the institution's performance pursuant to the following criteria: loan-to-share (LTS) ratio, assessment area concentration, lending to borrowers of different incomes (borrower profile), geographic distribution of loans, and record of taking action in response to CRA complaints. The Community Development Test considered community development services during the evaluation period. Community Development investments are included in the analysis at the request of the Credit Union.

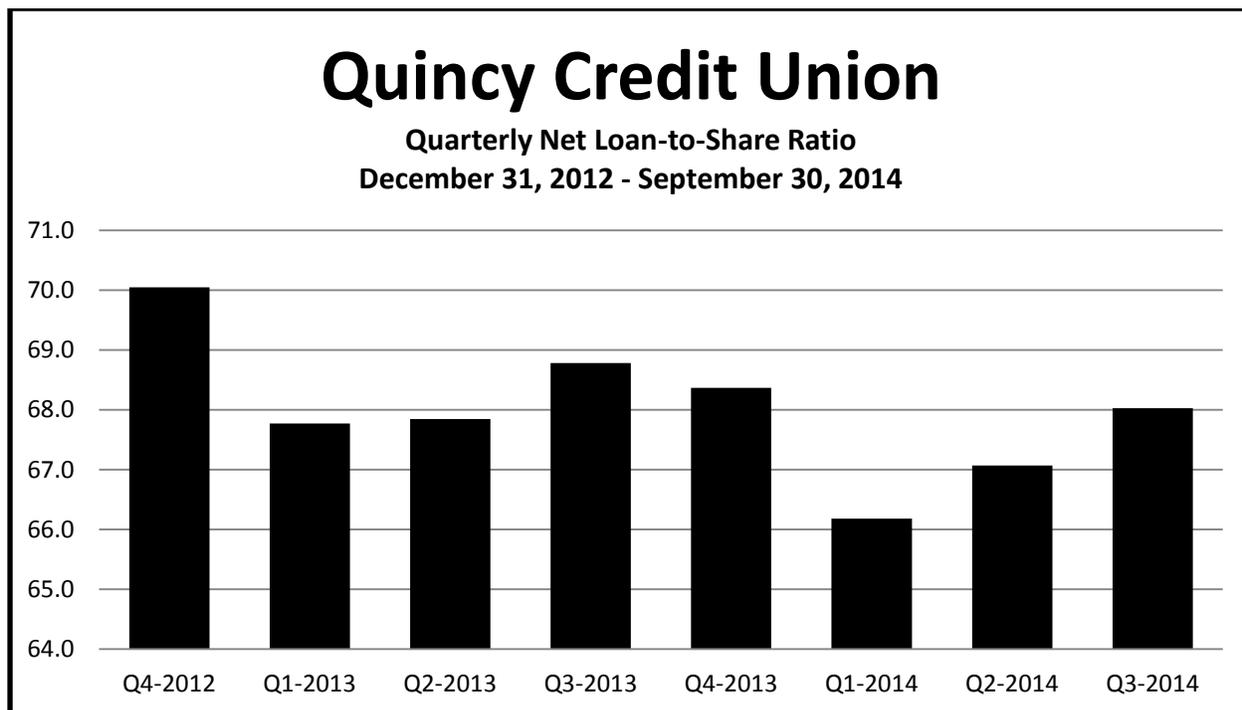
LENDING TEST

Overall, the Credit Union's performance under the Lending Test is considered "Satisfactory." This rating indicates that Quincy Credit Union's lending performance demonstrates an adequate responsiveness to the credit needs of the assessment area.

1. LOAN TO SHARE (LTS) ANALYSIS

This performance criterion determines what percentage of the Credit Union's share base is reinvested in the form of loans and evaluates its appropriateness. The Credit Union's average LTS ratio is considered adequate.

The Credit Union's net LTS ratio as of September 30, 2014 was 68.0 percent. The Credit Union's average quarterly net LTS ratio was 68.0 percent and was calculated by averaging the previous eight quarterly net LTS ratios between December 31, 2012 and September 30, 2014. As shown in the graph below, the net LTS ratio reached a high of 70.0 percent in December 2012 and a low of 66.2 percent in March 2014.



Source: Call Reports from December 31, 2012 through September 30, 2014

Changes in loan and share amounts were analyzed to assess fluctuations in the net LTS ratios. Since the previous exam, the Credit Union's average net LTS ratio has decreased approximately 15.4 percent. From Q4-2012 to Q1-2013, the Credit Union's LTS ratio decreased by 3.2 percent due to a 0.9 percent decrease in loans and a 2.4 percent increase in shares. The LTS ratio experienced another 3.2 percent decrease from Q4-2013 to Q1-2014 due to a 1.2 percent decrease in loans and a 2.1 percent increase in shares. Although share-growth was relatively consistent during the eight-quarter period, loan levels experienced both increases and decreases; from Q2-2013 to Q3-2013 loans increased by \$4.5 million, or 1.7 percent, but then decreased by \$3.1 million, or 1.2 percent, from Q4-2013 to Q-1 2014.

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

Institution	Average Net LTS Ratio (%) (12/31/12 – 9/30/14)	Total Assets as of 9/30/14
Quincy Credit Union	68.0	\$451,975,551
Sharon Credit Union	62.6	\$470,137,874
Crescent Credit Union	100.9	\$425,292,045

Source: NCUA 5300 Statement of Financial Condition as of September 30, 2014

Based on the foregoing information, the Credit Union's asset size and resources, and the credit needs of its members, the Credit Union's net LTS ratio is considered reasonable.

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

This performance criterion evaluates whether the Credit Union is meeting the credit needs within its assessment area. The analysis includes both home mortgage loans and consumer loans. As shown in the table below, the Credit Union originated a majority of home mortgage loans and consumer loans inside the assessment area.

Loan Category or Type	Number of Loans					Dollar Volume \$('000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage Loans										
2013	143	59.8	96	40.2	239	23,538	58.9	16,398	41.1	39,936
YTD 2014	82	62.6	49	37.4	131	13,394	62.6	7,911	37.4	21,385
Total Home Loans	225	60.8	145	39.2	370	36,932	60.3	24,309	39.7	61,241
Consumer Loans										
2013	1,814	58.5	1,285	41.5	3,099	19,349	52.6	17,419	47.4	36,768
YTD 2014	1,268	59.4	868	40.6	2,136	8,537	55.5	6,856	44.5	15,393
Total Consumer Loans	3,082	58.9	2,153	41.1	5,235	27,886	53.5	24,275	46.5	52,161
Grand Total	3,307	59.0	2,298	41.0	5,605	64,818	57.1	48,584	42.9	113,402

Sources: 2013 and Q1-Q3 2014 HMDA LARs, and Credit Union generated consumer loan reports

Residential Lending

In 2013, the Credit Union originated 59.8 percent of home mortgage loans in the assessment area by number and 58.9 percent by dollar volume. During the YTD 2014, the Credit Union originated 62.6 percent of home mortgage loans by number and 62.6 percent by dollar volume in the assessment area. During the evaluation period, the Credit Union originated 60.8 percent of home mortgage loans within the assessment area by number and 60.3 percent by dollar volume.

Consumer Lending

In 2013, the Credit Union originated 58.5 percent of consumer loans inside the assessment area by number and 52.6 percent by dollar volume. During YTD 2014, the Credit Union originated 59.4 percent of consumer loans inside the assessment area by number and 55.5 percent by dollar volume. For the entire evaluation period, the Credit Union originated 59.0 percent of home mortgage loans and consumer loans inside the assessment area by number and 57.1 percent by dollar volume.

3. DISTRIBUTION OF CREDIT BY INCOME LEVEL OF THE BORROWER

The distribution of loans by borrower income was reviewed to determine the extent to which the Credit Union is addressing the credit needs of the area's residents, particularly those of low- or moderate-income. Residential mortgage loan conclusions are based primarily on the Credit Union's performance of lending to low- and moderate-income borrowers relative to aggregate lending data and compared to assessment area demographics. Consumer loan conclusions are based primarily on the Credit Union's lending activity to low- and moderate-income borrowers as compared to demographics of the assessment area. Overall, the Credit Union achieved an adequate penetration of home mortgage and consumer loans among individuals of different income levels, including low- and moderate-income.

Residential Lending

Borrower Income Level	Family Distribution by Income Level	Aggregate Lending 2013	Credit Union 2013		Credit Union 1/1/2014 – 9/30/2014	
		%	#	%	#	%
Low	20.6	6.7	13	9.1	3	3.7
Moderate	18.0	22.6	25	17.5	12	14.6
Middle	23.1	32.2	35	24.5	25	30.5
Upper	38.3	38.5	70	48.9	42	51.2
Total	100.0	100.0	143	100.0	82	100.0

Source: 2013 and Q1-Q3 2014 HMDA LARs, 2013 Aggregate Data, & 2010 U.S. Census.

In 2013, the Credit Union originated 9.1 percent of home mortgage loans to low-income borrowers, which is higher than the aggregate lending percentage to low-income borrowers and lower than the percentage of low-income families in the assessment area. For the same year, the Credit Union originated 17.5 percent to moderate-income borrowers, which is 5.1 percent lower

than the aggregate lending to moderate-income borrowers and 0.5 percent lower than the percentage of moderate-income families in the assessment area.

During the first three quarters of 2014, the Credit Union originated 3.7 percent of home mortgage loans to low-income borrowers, which is significantly lower than the percentage of low-income families within the assessment area. For the same year, the Credit Union originated 14.6 percent of home mortgage loans to moderate-income borrowers, which is 3.4 percent lower than the percentage of moderate-income families in the assessment area. The number of loans and the overall percentage of home mortgage originations to low- and moderate-income decreased from 2013 to 2014.

Although the Credit Union’s percentage of home mortgage loans to low-income borrowers was less than the percentage of low-income families in the assessment area, it is not expected that a lender would meet this distribution as a significant portion of these families would not be able to qualify for a home mortgage loan given their limited income.

The Credit Union achieved an adequate penetration of home mortgage loans among individuals of different incomes levels, including low- and moderate-income.

Consumer Lending

Borrower income for consumer loans was compared to the median family income (MFI) for the Boston-Quincy MSA (14484) for 2013 and the Boston MD (14454) for 2014. The median family income for the MSA was \$88,000 in 2013 and \$87,200 in 2014.

Considering the loan amounts and nature of consumer lending, the Credit Union typically relied upon the income of only one borrower to make a credit decision. Out of the 1,814 consumer loans originated inside the assessment area in 2013, 79.4 percent only had one borrower’s income considered in making the credit decision. For 2014, 82.2 percent of consumer loans originated in the assessment area only considered a single income in making the credit decision. It should be noted that comparing one member’s income with the median family income of the Boston MSA/MD potentially inflates the levels of lending to low- and moderate-income borrowers because the median family income typically includes the income of two individuals.

Borrower Income Level	% of Families by Income Level	Credit Union 2013		Credit Union YTD 2014	
		#	%	#	%
Low	20.6	589	32.9	484	38.5
Moderate	18.0	529	29.5	342	27.2
Middle	23.1	378	21.1	235	18.7
Upper	38.3	296	16.5	196	15.6
Total	100.0	*1,792	100.0	*1,257	100.0

Source: Credit Union generated consumer loan report, MFI for Boston MSA/MD, and 2010 U.S. Census

** Borrower income not indicated on 22 consumer loans in 2013 and 11 loans in 2014*

In 2013, the Credit Union originated 32.9 percent of consumer loans to low-income borrowers and 29.5 percent to moderate-income borrowers. The percentage of lending to low-income

borrowers is 12.3 percent higher than the percentage of low-income families in the assessment area. The percentage of lending to moderate-income borrowers is 11.5 percent higher than the percentage of moderate-income families in the assessment area. From 2013 through the first three quarters of 2014, consumer lending to low-income borrowers increased by 5.6 percent and lending to moderate-income borrowers decreased by 2.3 percent.

The distribution of borrowers reflects, given the demographics of the assessment area, an adequate penetration of consumer loans among individuals of different incomes levels, including low- and moderate-income.

4. GEOGRAPHIC DISTRIBUTION

The geographic distribution of loans was reviewed to determine how the Credit Union is addressing the credit needs throughout the assessment area, particularly in low- and moderate-income tracts. Residential mortgage loan conclusions are based primarily on the Credit Union’s performance of lending in low- and moderate-income tracts relative to aggregate lending data and compared to assessment area demographics. The consumer loan conclusions are based primarily on the Credit Union’s lending activity in low- and moderate-income tracts as compared to demographics of the assessment area. The distribution of home mortgage and consumer loans reflects an adequate penetration in the low-income and moderate-income geographies.

Residential Lending

Table 7– Distribution of Home Mortgage Loans by Tract Income Level						
Tract Income Level	% of Total Owner- Occupied Housing Units	Aggregate Lending 2013	Credit Union 2013		Credit Union 1/1/2014 – 9/30/2014	
		%	#	%	#	%
Low	2.1	2.4	2	1.4	2	2.4
Moderate	8.6	8.6	10	7.0	10	12.2
Middle	67.6	66.1	105	73.4	51	62.2
Upper	21.7	22.9	26	18.2	19	23.2
Total	100.0	100.0	143	100.0	82	100.0

Source: 2013 and Q1-Q3 2014 HMDA LARs, 2013 Aggregate Data, and 2010 U.S. Census.

In 2013, the Credit Union originated 1.4 percent of home mortgage loans in low-income tracts, which is below the aggregate home mortgage lending percentage and below the percentage of owner-occupied housing units in the assessment area. For the same year, the Credit Union originated 7.0 percent to moderate-income borrowers, which is lower than the aggregate and the percentage of owner-occupied housing units in the assessment area.

During the first three quarters of 2014, the Credit Union originations decreased overall but the number of loans originated in low-income tracts and moderate-income tracts remained the same resulting in an increase in the percentage of lending in those tracts.

The distribution of home mortgage loans reflects an adequate penetration in the low- and moderate-income geographies.

Consumer Lending

Table 8 - Distribution of Consumer Loans by Tract					
Tract Income Level	% of Households	2013		YTD 2014	
		#	%	#	%
Low	4.0	80	4.4	63	5.0
Moderate	11.7	190	10.5	168	13.2
Middle	68.4	1,249	68.9	846	66.7
Upper	15.8	295	16.3	191	15.1
Total	100.0	1,814	100.0	1,268	100.0

Source: Credit Union generated consumer loan reports & 2010 U.S. Census. Percentage of households does not include NA tracts.

In 2013, the Credit Union originated 4.4 percent of consumer loans in low-income tracts and 10.5 percent in moderate-income tracts. The lending percentage in low-income tracts was slightly higher than the percentage of households within low-income tracts and the lending percentage in moderate-income tracts was 1.2 percent below the percentage of households within moderate-income tracts. From 2013 through the first three quarters of 2014, the Credit Union increased its consumer lending in low-income tracts and moderate-income tracts.

The distribution of consumer loans reflects an adequate penetration in the low- and moderate-income geographies.

5. RESPONSE TO CRA COMPLAINTS/FAIR LENDING POLICIES AND PRACTICES

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

A review of the public file indicated that the Credit Union received no complaints pertaining to the institution's CRA performance since the previous examination.

The Credit Union has a written fair lending policy as well as residential and consumer loan policies that incorporate fair lending.

All mortgage loans are written to secondary market guidelines with no exceptions to pricing. All denied loans are given a second review.

MINORITY APPLICATION FLOW

The Credit Union's residential lending was compared with the 2013 aggregate's 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

following table for information on the Credit Union’s minority application flow as well as a comparison of the aggregate lenders throughout the Credit Union’s assessment area.

Table 9 - Minority Application Flow					
RACE	Credit Union 2013		Aggregate Data 2013	Credit Union YTD 2014	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.1	1	0.5
Asian	7	3.7	13.6	17	8.3
Black or African American	2	1.1	1.1	2	1.0
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0
2 or more Minority Races	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	2	1.0	1.2	4	2.0
Total Minority	11	5.8	16.1	24	11.8
White	180	94.2	62.5	179	88.2
Race Not Available	0	0.0	21.4	0	0.0
Total	191	100.0	100.0	203	100.0
ETHNICITY					
Hispanic or Latino	1	0.5	1.3	1	0.5
Not Hispanic or Latino	189	99.0	76.7	201	99.0
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.5	0.7	1	0.5
Ethnicity Not Available	0	0.0	21.3	0	0.0
Total	191	100.0	100.0	203	100.0

Source: 2013 and Q1-Q3 2014 HMDA LARs & 2013 HMDA Aggregate Data

According to the 2010 U.S. Census, the assessment area had a population of 181,758, of which 23.9 percent was minority. The assessment area’s minority and ethnic population is 14.6 percent Asian; 3.5 percent Black/African American; 3.0 percent Hispanic or Latino; 2.7 percent “other”; and 0.1 percent American Indian.

The Credit Union’s performance in 2013 is lower than the aggregate level of racial and ethnic minority mortgage applications; the Credit Union received 6.8 percent from its applications from minorities, while the aggregate received 18.1 percent from minorities. Although the minority application flow for 2013 was below the aggregate, it should be noted there was an increase in application rates from minorities within the first three quarters of 2014. Management accounted for the lag in its minority application flow compared to the aggregate by highlighting a local financial institution that excels in attracting minority applicants.

In 2013, the Credit Union received 191 HMDA reportable loan applications within the assessment area. Of the 13 applications received from minority applicants, 69.2 percent resulted in originations, which is slightly lower than the aggregate percentage for minority applicants at 72.1 percent.

The Credit Union’s minority application flow is adequate.

COMMUNITY DEVELOPMENT TEST

Community development activities considered for the Community Development Test include:

- (1) Affordable housing (including multifamily rental housing) for low- or moderate-income individuals;
- (2) Community services targeted to low-or moderate-income individuals;
- (3) 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 or have gross annual revenues of \$1 million or less; or
- (4) Activities that revitalize or stabilize low-or moderate-income geographies.
- (5) Loans, investments, and services that support, enable, or facilitate Neighborhood Stabilization Program (NSP) eligible activities in designated target areas.

The Credit Union's community development performance demonstrates a satisfactory responsiveness to the community development needs of its assessment area. The Credit Union has met these community development needs through qualified CRA community development services as well as community development investments.

Community Development Services

A community development service has community development as its primary purpose and is generally related to the provision of financial services. The information below details management's involvement in a community development organization, financial literacy programs and seminars provided by the Credit Union, and other community development services offered by the Credit Union that met the credit needs of low- and moderate-income members.

Employee Service

The Chief Marketing/Business Development Officer was on the Board of Directors for the School-Community Partnership during the evaluation period. The partnership is comprised of businesses and local institutions that look to improve the relationship between the community and the school systems within the assessment area. The employee is currently on the Financial Literacy Grant Team, whose mission is to raise money to support and implement financial literacy activities to local schools and organizations.

Financial Literacy Seminars and Educational Programs

The Credit Union participates in community development services by offering financial literacy programs:

- The Credit Union presented twenty-four seminars focusing on Teens & Money to multiple schools throughout the assessment area. Topics included financial independence, money management, preparing for future bills, opening/maintaining checking and savings accounts, use of credit, investing, setting goals, budgeting, and loans.

- The Credit Union presented eleven financial literacy sessions titled “Preparing for Financial Independence” at high schools and colleges within the assessment area. Topics included reaching financial goals, establishing an emergency fund, making major purchases, retirement planning, savings accounts, spending plans, budgeting, checking accounts, utilizing credit scores, and types of loans.
- The Credit Union participated in six Credit for Life fairs at local high schools during the evaluation period. This program is a financial education opportunity for high school students to learn the basics of personal finance. Students participate in an interactive fair where students are given a “salary” and visit vendors to decide what lifestyle they can afford.
- The Credit Union provided four check-writing classes at the Point Webster Middle School in Quincy. The lesson provided information about the concept of a checking account, proper endorsement, how to write a check, how to complete a deposit slip, and basic calculation activities.
- The Credit Union provided two interview workshops at Youthworks, which is a state-funded summer and year-round job program for Massachusetts low-income youth. The workshops included interviewing skills, tips, and mock interviews.

Other Services

To assist members with establishing or improving their credit score, the Credit Union offers a Credit Builder Loan Program. These loans are for members who wish to build or rebuild their credit, but do not have the available funds in their share account to secure the loan and/or do not qualify for a loan under their existing circumstances. In 2013, the Credit Union originated fourteen loans under this program, of which ten were originated inside the assessment area. Of the ten originations, five were to low-income borrowers and three were to moderate-income borrowers. In 2014, the Credit Union originated five loans, of which two were to low-income borrowers inside the assessment area.

The Credit Union offers a Fuel Assistance Line of Credit to supplement home heating costs for its members. During the evaluation period, the Credit Union originated 37 loans under this program, of which 28 were inside the assessment area. Of the twenty-eight borrowers, nine were low-income borrowers and ten were moderate-income borrowers.

The Credit Union has a relationship with Balance, a company that provides free counseling and educational tools for members of the Credit Union. Counseling and education is aimed at members who are falling behind on payments, were denied a loan, have immediate money management or credit questions, and need delinquency intervention counseling. Members that would benefit from financial education or counseling are referred to the company by Credit Union staff. Since 2009, there have been approximately 500 instances of Credit Union members contacting the company, with the most common reasons being to get information about credit reports, debt management and budgeting.

Community Development Investments

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

Between May 12, 2009 and December 29, 2014 Credit Union donations totaled \$324,366 of which \$107,893, or 33.3 percent, were CRA qualified.

Table 10 - Community Development Investment by Category												
Category	2009		2010		2011		2012		2013		2014	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	1	500	0	0	2	600	1	1,000	1	900	0	0
Services	17	17,884	22	18,371	25	18,084	18	12,003	20	21,234	20	17,317
Total	18	18,384	22	18,371	27	18,684	19	13,003	21	22,134	20	17,317

Source: Internal Credit Union Records

The following is a sample of organizations that received donations from the Credit Union:

Father Bill's and Mainspring - The mission of this organization is to help homeless people obtain a home by giving temporary shelter and food, finding safe and affordable housing, providing permanent housing with supportive services, and achieving self-sufficiency.

NeighborWorks Southern Mass - The mission of the organization is to help people have a safe and affordable place to live by developing and managing affordable housing, educating and assisting homeowners and homebuyers, and helping homeowners repair and maintain their homes.

Interfaith Social Services - Services include a food pantry, homelessness prevention, life skills education, and free clothes to low- and moderate-income individuals looking for a job.

Germantown Neighborhood Center – This organization provides critical support services, needed resources, and workshops to the youth and families of the community. The center serves mostly low-income, single partner households.

South Shore Habitat for Humanity – This nonprofit organization is dedicated to delivering simple, decent, affordable homes in partnership with families in need.

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 100 Quincy Avenue Quincy, Massachusetts 02169."

- 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.