

**PUBLIC DISCLOSURE**

**January 3, 2017**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**WORKERS CREDIT UNION**

**Certificate # 66479**

**815 MAIN STREET  
FITCHBURG, MA 01420**

**Division of Banks  
1000 Washington Street, 10<sup>th</sup> 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 their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies 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 **Workers Credit Union (credit union)** prepared by the Division, the institution's supervisory agency, as of **January 3, 2017**. The Division rates the CRA performance of an institution consistent with the provisions set forth in the Division's regulation 209 CMR 46.00.

### **INSTITUTION'S CRA RATING:**

**This institution is rated “Outstanding” by the Division.**

An institution in this group has an excellent 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 assigned rating is based on the results of two performance tests: the Lending Test and the Community Development Test. The credit union's performance under each of these two tests is summarized below:

#### **Lending Test**

The institution is rated “**Outstanding**” under the Lending Test. This rating is supported by the following summary of results.

#### ***Loan-to-Share Ratio***

The loan-to-share (LTS) ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The credit union's average net LTS ratio over the past 8 quarters, was 92.5 percent.

#### ***Assessment Area Concentration***

A majority of the credit union's home mortgage loans by number and dollar amount, were within its designated assessment area. During 2015 and 2016, 75.8 percent of the number of home mortgage loans were made inside the assessment area. This is an increase in percentage of loans inside the assessment in comparison to the previous examination where approximately 52 percent were originated. According to the 2015 market share data, the credit union was ranked 4<sup>th</sup> out of 448 institutions originating loans in the assessment area.

#### ***Borrower Characteristics***

The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels (including low- and moderate-income). The credit union

performed better than the aggregate market in percentage of home mortgage loans to low- and moderate-income borrowers in 2015. According to the 2015 market share data, the credit union ranked 2<sup>nd</sup> in lending to low- and moderate-income borrowers in the assessment area.

### ***Geographic Distribution***

The geographic distribution of loans reflects adequate dispersion throughout the assessment area. The credit union's concentration of home mortgage loans in the area's moderate-income geographies is comparable to that of the aggregate. According to the 2015 market share, the credit union ranked 16<sup>th</sup> in lending to low-income areas within the assessment area. For lending to moderate-income areas inside the assessment area, the Credit union ranked 2<sup>nd</sup> among peers.

### ***Response to Complaints***

The credit union did not receive any CRA-related complaints during the period reviewed.

### **Community Development Test**

The institution is rated "**High Satisfactory**" under the Community Development Test.

The credit union demonstrates a good responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, considering the institution's capacity and the need and availability of such opportunities for community development throughout the institution's assessment area. The credit union originated 49 community development loans totaling approximately \$1.9 million during the evaluation period. The credit union made approximately \$966,000 in qualified community development investments representing entirely of donations to organizations within the community. Lastly, credit union management participated with 37 qualified community organizations by providing financial expertise and assistance.

## SCOPE OF EXAMINATION

This evaluation assesses the credit union's CRA performance utilizing the interagency intermediate small institution credit union examination procedures, as established by the Federal Financial Institutions Examination Council (FFIEC). An institution with this designation has assets of at least \$307 million as of December 31 of both of the prior two calendar years, and less than \$1.226 billion as of December 31 (adjusted annually) of either of the prior two calendar years. These procedures require two performance tests: the Lending Test and the Community Development Test. The Lending Test analyzes an institution's applicable home mortgage loans during a certain review period. The Community Development Test is an analysis of activities (loans, investments, and services) that an institution has completed to meet the needs of the community since the previous evaluation.

The Lending Test considered the credit union's home mortgage lending. The Credit union's most recent Report of Condition and Income (Call Report), dated September 30, 2016, indicated that residential lending, including all loans secured by 1 to 4 family and multi-family residential properties, represented 54.5 percent of the loan portfolio. Residential lending also represented the significant majority of loan volume generated during the current review period. Based on this information, the overall conclusions were primarily based on the credit union's performance in home mortgage lending, as this product carried a greater weight in the overall lending test analysis.

Data reviewed includes all originated home mortgage loans reported on the credit union's Home Mortgage Disclosure Act (HMDA) loan application registers (LARs) for 2015 and 2016. The LARs contain data about home purchase and home improvement loans, including refinances, of one to four family and multifamily (five or more units) properties. The credit union's 2015 home mortgage lending performance was compared against 2015 aggregate lending data. Aggregate data includes the lending activity of all institutions subject to HMDA reporting within the same defined assessment area. The evaluation focused on the credit union's lending performance in 2015, as aggregate data for 2016 was not yet available.

While the total dollar amounts of loans are discussed under the Lending Test, the evaluation is primarily based on the credit union's lending performance by the number of loans originated or purchased during the review period. Demographic information referenced in this evaluation was obtained from the 2010 United States (US) Census, unless otherwise noted. Financial data about the credit union was obtained from the September 30, 2016 Call Report.

The Community Development Test considered the number and dollar amount of community development loans, qualified investments, and community development services during September 26, 2011 through January 3, 2017.

The previous CRA evaluation was conducted by the Division as of September 26, 2011 also using intermediate small institution examination procedures. The evaluation resulted in an overall "Outstanding" rating by the Division.

## DESCRIPTION OF INSTITUTION

### Background

Workers Credit Union is headquartered in Fitchburg, Massachusetts. Membership is open to those who reside in Massachusetts or work for a company that is based in Massachusetts.

### Operations

In addition to the credit union's headquarters located at 815 main street in Fitchburg, there are fifteen full service branches; 3 branches in Acton, 3 in Chelmsford, Gardner, Groton, Lancaster, 3 in Leominster, Lunenburg, Orange, and Townsend. In addition, there are two limited service branches at Chelmsford High School and Montachusett Technical High School in Fitchburg (opened 2015).

Branch activity since the last examination included the closing of the Acton Boxborough Regional High School Branch in May 2016. Several branches were opened since the last exam and include Montachusett Technical High School in Fitchburg opened in 2015, Little Road Westford Branch opened in 2014, and Hannaford Supermarket branch in Chelmsford in 2012.

Most branch lobbies are open from 9:00 AM to 5:00 PM on weekdays and 9:00 AM to 12:00 PM on Saturdays. Also, branches are opened extended evening hours on Thursdays or Fridays at select locations. The Chelmsford High School is open 7:30 AM to 3:00 PM on weekdays whenever school is in session and only open to students and faculty, while the Monty Tech High School branch is open from 8:00 AM to 4:00 PM on Monday, Tuesday, Wednesday and Friday, and 7:45 AM to 4 PM on Thursdays whenever until 6:00 p.m. This branch is available to students, faculty and the public.

Drive-up windows open at 8:00 AM for most branches, Monday through Saturday. Most branches have ATMs that are available 24 hours a day and 7 days a week. The Chelmsford High School, Acton-Boxborough Regional High School and the Monty Tech High School branches have ATMs that are available 24 hours a day and 7 days a week to those who have access to the building. The Wal-Mart and Hannaford branches have an ATM that is available during the hours each respective store is open. In addition, the Credit union is a member of the SUM, Cirrus, Money Pass, NYCE and CO-OP ATM networks, giving members' access to thousands of ATMs without incurring an ATM surcharge.

The credit union also participates in the national CO-OP Shared Branching network. This network, which operates like an ATM network, but with expanded transactional capabilities, allows Workers members to conduct transactions at over 5,000 locations nation-wide, plus internationally.

The credit union operates an automated telephone response system called PhoneLink. Through this service, members obtain account balances, review account activity, perform funds transfers between accounts and make loan payments. The service is available 24 hours a day with either a touch-tone or rotary dial phone. Information can be requested and given in either English or Spanish. Workers Credit union also offers Internet-based financial services through Workers OnLine. Workers OnLine allows members to obtain account balances, obtain product and service information, open new accounts and apply for loans. In addition, members may transfer funds between accounts and make loan payments as well as transfer funds to third-party accounts outside the credit union using the u-Transfer option. Workers also offers mobile banking access to its members. The mobile access feeds into the Workers OnLine secured

home banking site, using the same log in credentials, allowing members to view balances, transfer funds between accounts, deposit checks via remote deposit capture and initiate pre-established bill payments.

The credit union’s Call Center is open Monday through Friday from 8:00 AM to 6:00 PM. On Saturdays, the Call Center is open from 9:00 AM to 12:00 PM. Members may make inquiries, transfer funds, obtain rates and apply for loans over the telephone. The Call Center is staffed with both English and Spanish speaking employees. In addition, Workers Credit Union has contracted for extended Call Center coverage hours with a third-party CUSO, essentially making a bi-lingual, Call Center available on a 24 hour, 7-day per week basis.

The credit union has made access easier for Spanish speaking members. Spanish speaking staff is available throughout the Credit union’s branch network and in the Call Center. Phonenumber is available in Spanish. All ATMS currently provide access to transaction screens in Spanish.

The credit union offers a variety of loan products, including home mortgage, commercial, auto, and student loans, along with a range of deposit services including checking and savings options for personal and business purposes.

**Ability and Capacity**

Assets totaled approximately \$1.4 billion as of the September 30<sup>th</sup>, 2016 quarterly call report, including total loans of approximately \$1 billion. Total loans and assets have increased since the last examination in November 2011. Total loans have increased by 419 million or 40.4 percent and total assets have increased by 690 million or 46 percent. The credit union attributed the overall loan and asset growth to an increase in loan production in home mortgage and consumer lending and also an increase in membership. The credit union’s loan portfolio is illustrated in the following table.

<b>Table X - Loan Portfolio Distribution as of 9/30/2016</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
All Other Unsecured Loans/Lines of Credit	14,832,410	1.4
Non-Federally Guaranteed Student Loans	32,341,692	3.1
New Vehicle Loans	5,737,364	0.6
Used Vehicle Loans	146,430,643	14.1
Total 1 <sup>st</sup> Mortgage Real Estate Loans/Lines of Credit	565,950,635	54.5
Total Other Real Estate Loans/Lines of Credit	125,592,819	12.1
Total All Other Loans/Lines of Credit	148,328,240	14.3
<b>Total Loans</b>	<b>1,039,213,803</b>	<b>100.0</b>
<i>Source: Reports of Income and Condition</i>		

Examiners did not identify any financial, legal, or other impediments that affect the credit union’s ability to meet assessment area credit needs.

## 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. Workers Credit union designated a single assessment area encompassing 44 cities and towns within Franklin, Middlesex and Worcester counties. The following sections discuss demographic and economic information for the assessment area.

### Economic and Demographic Data

The assessment area includes 128 census tracts. These tracts reflect the following income designations according to the 2010 U.S. Census:

- 8 low-income tracts in Lowell and Fitchburg,
- 32 moderate-income tracts in Athol, Clinton, Fitchburg, Lowell, Leominster, Gardner, and Orange,
- 49 middle-income tracts,
- 38 upper-income tracts,
- 1 census tracts with no income designation.

The following table illustrates select demographic characteristics of the assessment area. The one census tract that is considered NA is the Fort Devens-Sudbury Training Annex, which was a former army training facility that was operational from 1942 to the 1990s. Since then, the 2,000 acres site has turned into the Assabet River National Wildlife Refuge.

<b>Demographic Information of the Assessment Area</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)	128	6.2	25.0	38.3	29.7	0.8
Population by Geography	596,768	4.4	22.1	41.8	31.7	0.0
Housing Units by Geography	233,913	4.8	23.9	41.7	29.6	0.0
Owner-Occupied Units by	157,089	1.3	17.3	45.4	36.0	0.0
Occupied Rental Units by	60,053	12.9	39.0	33.1	15.0	0.0
Family Distribution by	151,667	20.9	17.2	22.2	39.8	0.0
<b>Median Family Income</b>		<b>\$90,081</b>	<b>Median Housing Value</b>			
<b>Families Below Poverty Level</b>		<b>9.1%</b>	<b>Unemployment Rate</b>			<b>\$322,644</b>
						<b>4.7%</b>

*Source: 2010 U.S. Census, 2015 D&B Data; (\*) The NA category consists of geographies that have not been assigned an income classification.*

The credit union’s assessment area consist of 596,768 individuals. Of these, 26.5 percent are considered to be low-income and moderate-income individuals. In addition, approximately 38 percent of families are designated as low- or moderate-income. These percentages further demonstrates the need for affordable housing in the assessment area.

## **Competition**

Competition in the assessment area is robust. Workers Credit union competes directly with other local credit unions, community banks small and large, as well as larger national banks and mortgage companies. Aggregate data for 2015 shows that out of 458 lenders originating at least one home mortgage loan in the assessment area, the Credit union ranked 4th. Among the top three lenders in the assessment area included Wells Fargo Bank, NA, JP Morgan Chase Bank, NA, and Quicken Loans.

## **Community Contact**

As part of the evaluation process, a third party, active in community affairs, is contacted to assist in assessing the housing and business needs of the Credit union's AA. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and what further opportunities, if any, are available. An interview was conducted with a local community development corporation that assists in affordable housing and serves the communities of Leominster, Lunenburg, Sterling, Fitchburg, and Shirley. All of these communities are in the Credit union's assessment area. The contact stressed the need for affordable housing. Greater collaboration between community banks would improve affordable housing.



## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Workers Credit Union demonstrated an excellent performance under the Lending Test.

### Loan-to-Share Analysis

The average LTS ratio is more than reasonable given the credit union's size, financial condition, and the credit needs of its assessment area. The average LTS ratio is calculated from Call Report data over the past 8 quarters, from December 31, 2014 to September 30, 2016. The average LTS ratio is 92.5 percent, ranging from a high of 109.0 percent in December 2014 to 105.4 in June 2016. The LTS ratio has risen steadily over the past two years; conversations with credit union management indicated that the increase is part of the credit union's business strategy as it seeks to increase overall lending, membership, and a large portion of the market share. An average LTS ratio of 92.5 demonstrates the credit union's ability to lend within the community. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

<b>Loan-to-Share Ratio Comparison</b>		
<b>Institution</b>	<b>Total Assets as of 9/30/2016 \$(000s)</b>	<b>Average Net LTS Ratio (%)</b>
<b>Workers Credit union</b>	\$1,484,571,172	<b>92.5</b>
Leominster Credit union	\$648,396,761	97.3
St. Mary's Credit union	\$568,350,225	83.1
<i>Source: Reports of Income and Condition 12/31/2014 through 9/30/16</i>		

### Assessment Area Concentration

This performance criterion evaluates whether the credit union is meeting the credit needs within its assessment area. The credit union made a majority of its home mortgage loans, by number and dollar volume, within its assessment area. The percentage of home mortgage loans inside the assessment area increased from 55 percent in the last examination to 75.6 percent in this current exam. According to the 2015 market share data, Workers Credit Union ranked 4<sup>th</sup> in the assessment area of 458 lenders. The assessment area is highly competitive and the credit union is able to capture a large portion of home mortgage lending applications and origination. See the following table for further details.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollars Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2015	555	77.3	163	22.7	718	93,329	71.4	37,425	28.6	130,754
2016	544	78.1	152	21.8	696	93,334	72.4	35,556	27.6	128,890
<b>Total</b>	<b>1,09</b>	<b>77.7</b>	<b>315</b>	<b>22.3</b>	<b>1,414</b>	<b>186,663</b>	<b>71.9%</b>	<b>72,981</b>	<b>28.1%</b>	<b>259,644</b>
<i>Source: 2015 and 2016 HMDA data and 2015</i>										

## **Borrower Profile**

### ***Home Mortgage Loans***

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. The credit union achieved an excellent penetration of home mortgage loans among individuals to different incomes levels, including low- and moderate-income. In 2015, the credit union ranked 2<sup>nd</sup> in lending to low-and moderate-income individuals in the assessment area.

<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>						
2015	20.9	6.9	68	12.3	7,059	7.6
2016	20.9	--	45	8.3	4,411	4.7
<b>Moderate</b>						
2015	17.2	18.3	157	28.3	21,919	23.5
2016	17.2	--	148	27.2	21,511	23.0
<b>Middle</b>						
2015	22.2	22.6	155	27.9	28,809	30.9
2016	22.2	--	152	27.9	23,673	25.3
<b>Upper</b>						
2015	39.8	35.6	174	31.4	35,522	38.1
2016	39.8	--	198	36.4	43,243	46.3
<b>Income Not Available</b>						
2015	0	16.7	1	0.2	20	0.1
2016	0	--	1	0.1	496	0.5
<b>Total</b>						
<b>2015</b>	<b>100.0</b>	<b>100.0</b>	<b>555</b>	<b>100.0</b>	<b>93,329</b>	<b>100.0</b>
<b>2016</b>	<b>100.0</b>	<b>--</b>	<b>544</b>	<b>100.0</b>	<b>93,334</b>	<b>100.0</b>
<i>Source: 2010 U.S. Census; 2014 and 3 quarters of 2015 HMDA Reported Data; 2014 HMDA Aggregate Data; "--" data not available</i>						

In 2015, the credit union originated 12.3 percent of home mortgage loans to low-income borrowers, which exceeded the aggregate lending percentage to low-income borrowers. 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. This is expected that an institution may not meet this distribution percentage as a significant portion of these families would not be able to qualify for a home mortgage loan given their limited income. Low-income families represent the second largest income category in the assessment area.

In lending to moderate-income borrowers the credit union originated 28.3 percent to moderate-income borrowers, which exceeds that aggregate lending to moderate-income borrowers and is higher than the percent percentage of moderate-income families in the assessment area.

The credit union achieved an excellent penetration of home mortgage loans among individuals to different incomes levels, including low- and moderate-income. The credit union has a number of loan products to assist low-and moderate-income borrowers and first time homebuyers. Lastly, according the 2015 aggregate data, the credit union ranked 2nd out of 247 lenders originating loans to low and moderate-income borrowers inside the assessment area.

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

<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>						
2015	1.3	1.6	5	0.9	553,000	0.6
2016	1.3	--	3	0.5	359,000	0.4
<b>Moderate</b>						
2015	17.3	14.8	93	16.7	11,783	12.6
2016	17.3	--	93	17.1	12,595	13.5
<b>Middle</b>						
2015	45.4	44.0	311	56.0	49,328	52.8
2016	45.4	--	297	54.6	45,043	48.3
<b>Upper</b>						
2015	36.0	39.6	146	26.3	31,665	33.9
2016	36.0	--	151	27.8	35,337	37.9
<b>Totals</b>						
<b>2015</b>	<b>100.0</b>	<b>100.0</b>	<b>555</b>	<b>100.0</b>	<b>93,329</b>	<b>100.0</b>
<b>2016</b>	<b>100.0</b>	<b>--</b>	<b>544</b>	<b>100.0</b>	<b>93,334</b>	<b>100.0</b>
<i>Source: 2010 U.S. Census; 2014 and 3 quarters of 2015 HMDA Reported Data; 2014 HMDA Aggregate Data; "--" data not available</i>						

In 2015, the credit union originated 5 loans in the low-income geographies in Fitchburg and Lowell. This level of lending is below the 2015 aggregate and percentage of owner occupied housing units in the assessment area. The credit union’s performance is reasonable considering the credit union’s low-income census tracts represent the smallest portion of the assessment area at 6.2 percent of the geographies. In

terms of market share performance, the credit union ranked 16<sup>th</sup> in lending low-income geographies. For 2016, the credit union had a similar performance in lending to low-income census tracts. The credit union originated three loans in Lowell and Fitchburg.

Moderate income census tracts make up the second smallest portion of the credit union's assessment area at 25 percent. The moderate income-census tracts are located in Athol, Lowell, Gardiner, Leominster, Fitchburg, Clinton, and Orange. The credit union's performance in lending to moderate-income census tracts was above with the aggregate and percentage of owner-occupied housing units in those tracts in 2015. According to 2015 market share reports, the credit union ranked 2<sup>nd</sup> in originating loans in moderate-income areas.

## **COMMUNITY DEVELOPMENT TEST**

Workers Credit Union demonstrated good responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. The credit union's responsiveness is best evidenced by their partnership with United Way of North Central Massachusetts and the North Central Chamber of Commerce. The credit union partnership involves active involvement with these organization by providing time and financial expertise. In addition, the credit union is further responsive by providing charitable donations to these organizations. Examiners considered the institution's capacity and the need and availability of such opportunities. Community development loans, investment and services were evaluated from the previous evaluation dated September 26, 2011 through January 3, 2017, the start date of the current examination.

### **Community Development Loans**

Workers Credit Union originated 49 qualified community development loans totaling approximately \$1.9 million during the evaluation period. All of the community development loans were small business loans, with loan amounts less than \$1 million and for the purpose of economic development. There were no community development loans presented for consideration in the last examination.

### **Qualified Investments**

Workers Credit Union made approximately 1.0 million in investments to organizations within the community from the period of September 26, 2011 through January 3, 2017. Of this amount, approximately 966,000 were considered qualified investments representing entirely of donations to charitable organizations that meet the definition of community development. Donations have increased significantly since the last examination. At the last examination, a total of 466,000 donations were provided in the community and 216,000 considered qualified for CRA purposes. Highlights of organizations where the credit union was responsive in the community are below.

Boys and Girls Club of Fitchburg and Leominster: Since 2001, the Boys & Girls Club of Fitchburg and Leominster has worked in youth development with young people ages 8-18, from many economic, social and family circumstances. The Boys and Girls Club Fitchburg Leominster serves children in North Central Massachusetts and provides a safe place for children after school. The after school program is different from other after school programs. The focus is science, technology, engineering, arts, and math (STEAM).

The program also offers health, nutrition, community service, entrepreneurship, and of course, recreation and sports. The Club provides youth an extra opportunity to practice and reinforce the skills and concepts they learn in school. Each day, programs in five core areas are offered, giving members access to activities related to Health and Life Skills, The Arts, Education & Career Development, Sports, Fitness & Recreation, and Character & Leadership Development.

**Our Father's House:** Our Father's House, located in Fitchburg, is a private, non-sectarian agency providing shelter and related services to homeless men, women and children. When necessary the organization provides emergency shelter and support when needed; transitional and permanent housing when possible and practical; and individual support and guidance to encourage and assist clients in becoming self-sufficient.

**United Way of North Central Massachusetts:** The United Way is working to advance the common good by creating opportunities for a better life for all in the 22 communities they serve, which include: Ashburnham, Ashby, Athol, Ayer, Devens, Fitchburg, Gardner, Groton, Harvard, Hubbardston, Leominster, Littleton, Lunenburg, Petersham, Pepperell, Phillipston, Royalston, Shirley, Templeton, Townsend, Westminster and Winchendon.

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

**The Arc of Opportunity of North Central Massachusetts:** creates and supports lifetime opportunities in the community for individuals with disabilities and their families to reach their fullest potential by providing advocacy, education, employment, residential, and recreational services to enhance quality of life.

### **Community Development Services**

During the exam period over 250 employees participated with the community for a total of 7,120 service hours. The credit union tracks the individual employee community involvement by hours,

In addition to the credit union wide employee involvement, management has devoted their time and financial expertise to community development organizations that have a primary purpose of community development. During the exam period there were 37 qualified organizations that benefited from the Credit union's involvement. Highlights of several organizations are listed below. These activities are responsive to the community and promote economic development and also community development services towards low and moderate-income individuals.

**North Central Mass Workforce Investment Board:** The Board serves 23 cities and towns within North Central Worcester County. The Board is responsible for the policy and oversight of all state and federal workforce development initiatives in the region. A Vice President Regional Manager serves on the Board of Directors.

**North Central Massachusetts Chamber of Commerce:** The North Central Massachusetts Chamber of Commerce is a business advocacy, economic development organization working to create and sustain relationships among businesses and between businesses and the community. Several credit union staff and Management are involved with the Chamber. The President serves as Chairman of the Board, a Sr. Vice

President of Commercial Lending serves on the Board and a Sr. Vice President of Human Resources participate at the Chamber on the Board level and on Committees.

Community Action Committee Gardener: The Committee promotes self-sufficiency for low-income individuals and families, by identifying needs, providing essential services, eliminating barriers, and advocating for the rights of the under-served. A branch manager serves as Director of the Committee.

North Central Massachusetts United Way: As previously mentioned, The United Way of North Central Massachusetts is working to advance the common good by creating opportunities for a better life for all, particularly those of low-income. The President serves as Chairman of the Board and is also involved with several committees within this non-profit organization. In addition, a Sr. Vice President of Retail serves on the Community Impact Leadership Team of the United Way.

### **Response to CRA Complaints and 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.

A review of the credit union's residential and consumer loan application files was conducted to evaluate fair lending policies and procedures. A review was conducted for compliance with fair lending regulations and no evidence of disparate treatment was detected.

### **Minority Application Flow**

The credit union's residential loan applications was compared with the 2015 aggregate 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.

<b>MINORITY APPLICATION FLOW</b>					
<b>RACE</b>	<b>2015 Workers Credit Union</b>		<b>2015 Aggregate Data</b>	<b>2016 Workers Credit Union</b>	
	<b>#</b>	<b>%</b>	<b>% of #</b>	<b>#</b>	<b>%</b>
<i>American Indian/ Alaska Native</i>	1	0.1	0.2	2	0.2
<i>Asian</i>	20	2.6	6.9	27	3.2
<i>Black/ African American</i>	8	1.0	1.6	12	1.4
<i>Hawaiian/Pac Isl.</i>	0	0.0	0.1	0	0.0
<i>2 or more Minority</i>	0	0.0	0.1	0	0.0
<i>Joint Race (White/Minority)</i>	10	1.3	1.2	7	0.8
<b>Total Minority</b>	<b>39</b>	<b>5.0</b>	<b>10.1</b>	<b>48</b>	<b>5.6</b>
<i>White</i>	627	81.1	67.5	724	84.7
<i>Race Not Available</i>	107	13.8	22.4	83	9.7
<b>Total</b>	<b>773</b>	<b>100.0</b>	<b>100.0</b>	<b>855</b>	<b>100.0</b>
<b>ETHNICITY</b>	<b>#</b>	<b>%</b>	<b>% of #</b>	<b>#</b>	<b>%</b>
<i>Hispanic or Latino</i>	28	3.6	2.9	24	2.8
<i>Not Hispanic or Latino</i>	629	81.4	73.5	722	84.4
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	8	1.0	1.2	12	1.4
<i>Ethnicity Not Available</i>	108	14.0	22.4	97	11.4
<b>Total</b>	<b>773</b>	<b>100.00</b>	<b>100.00</b>	<b>855</b>	<b>100.00</b>

According to the 2010 U.S. Census, the assessment area has a population of 596,768 of which 19.9 percent are minority. The assessment area's minority and ethnic population is 7.2 percent Asian; 2.7 percent Black/African American; 7.8 percent Hispanic or Latino; 2.0 percent "other"; and 0.1 percent American Indian.

The credit union's performance in 2015 is lower than the aggregate level of racial minority mortgage applications; the credit union received 5.0 percent from its applications from minorities, while the aggregate received 10.6 percent from racial minorities. The credit union is in line with the aggregate in applications to ethnic minorities representing 4.6 percent from Hispanic/Latino or Joint Hispanic or Latino applicant, while the aggregate is 4.1 percent. In 2016, there is an increase in applications from both racial and ethnic minorities.

The credit union received 773 HMDA reportable loan applications within the assessment area in 2015. Of the applications received from racial and ethnic minority applicants, 57.0 percent resulted in originations, which is comparable to the aggregate percentage for minority applicants.

Overall, the credit union's minority application flow is considered reasonable.

## 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, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, 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 815 Main Street in Fitchburg, MA."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 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.