

# **PUBLIC DISCLOSURE**

December 18, 2017

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Brookline Municipal Credit Union  
Certificate Number: 67340

334 Washington Street  
Brookline, MA 02445

Division of Banks  
1000 Washington Street, 10<sup>th</sup> Floor  
Boston, Massachusetts 02118

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.

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## GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Brookline Municipal Credit Union (Credit Union) prepared by the Division of Banks, the institution's supervisory agency, as of December 18<sup>th</sup>, 2017. The Division of Banks rates the CRA performance of the Credit Union as per the provisions set forth in 209 CMR 46.00.

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its members, 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 within which the institution will meet the credit needs and by which the Division will evaluate the institution's CRA performance. Credit unions whose membership by-laws provisions are not based upon geography are permitted to designate its membership as its assessment area. Therefore, since the Credit Union has defined its membership as its assessment area, as opposed to a geographic area, an evaluation of credit extended within defined geographic areas was not conducted. This evaluation was based upon an analysis of the Credit Union's loan-to-share ratio; its performance in providing loans to individuals of various incomes, including low to moderate-income members; and the Credit Union's response to CRA complaints and fair lending performance.

The following items summarize the Credit Union's performance:

- The average loan-to-share (LTS) ratio of 41.8 percent is adequate given the institution's size, financial condition, and credit needs of its assessment area.
- The distribution of home mortgage loans and consumer loans to borrowers of different income levels is adequate.
- The institution did not received any CRA-related complaints during the evaluation period.

The Credit Union was last examined for compliance with CRA on May 23, 2011. The examination resulted in a CRA rating of Satisfactory.

## DESCRIPTION OF INSTITUTION

### Background

Brookline Municipal Credit Union is a Massachusetts state-chartered credit union founded in 1939.

### Operations

The Credit Union is located at 334 Washington Street, Brookline MA 02445. Business hours are from 8:30 a.m. to 4:00 p.m. Monday through Friday. The Credit Union offers a 24 hour automated teller machine, 24 hour telephone banking, and 24 hour online banking access. The Credit Union is also a member of the SUM network, which provides its members with ATM access without incurring a surcharge.

The Credit Union offers the following products and services to its members: checking accounts, savings accounts, money market accounts, vacation and Christmas club accounts, certificates of deposit, and individual retirement accounts. It also provide its members with mortgage loans, home equity loans and lines of credit, auto loans, personal loans, share secured loans, Visa and American Express credit cards, ATM/Debit cards, and online banking with bill pay.

### Ability and Capacity

As of September 30, 2017, the Credit Union had total assets of \$38.2 million, total shares of \$32.9 million, and total loans of \$14.5 million. Total loans represented approximately 38.1 percent of total assets.

The Credit Union is primarily a residential lender by dollar volume, with a majority of the loan portfolio secured by residential properties. Approximately 77.9 percent of total loans are secured by first mortgage real estate loans and lines of credit, followed by other real estate loans and lines of credit at 7.7 percent. Consumer loans make up 14.4 percent of the loan portfolio.

The following table illustrates the current distribution of the Credit Union's loan portfolio.

<b>Loan Distribution as of September 30, 2017</b>		
<b>Loan Type</b>	<b>\$</b>	<b>%</b>
All Other Unsecured Loans/Lines of Credit	481,300	3.3
New Vehicle Loans	1,082,550	7.4
Used Vehicle Loans	412,282	2.8
All Other Secured Non-Real Estate Loans/Lines of Credit	124,930	0.9
Total Loans/Lines of Credit Secured by 1st Lien 1-4 Family Residential Properties	11,331,115	77.9
All Other Real Estate Loans/Lines of Credit	1,116,685	7.7
<b>Total Loans</b>	<b>14,548,862</b>	<b>100.0</b>

*Source: NCUA 5300 Report, Statement of Financial Condition as of September 30, 2017*

## DESCRIPTION OF ASSESSMENT AREA

Brookline Municipal Credit Union delineates its membership as its assessment area. The Credit Union’s bylaws state that membership is limited to those who are employees or retired employees of the Town of Brookline, employees of the Credit Union, any person who lives or works in the Town of Brookline or has retired from employment in the Town of Brookline and members of the families of all such persons. The Credit Union has a current membership of 2,764 members.

### Demographic Data

The Federal Financial Institutions Examination Council (FFIEC) Median Family Income (MFI) level within the Boston, MA Metropolitan Division (MD) is used to analyze the institution’s lending under the *Distribution of Credit Among Different Income Levels* criterion.

The low-, moderate-, middle-, and upper-income categories are presented in the following table.

<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>Boston, MA MD Median Family Income (14454)</b>				
<b>2016 (\$90,800)</b>	<\$45,400	\$45,400 to <\$72,640	\$72,640 to <\$108,960	≥\$108,960
<b>2017 (\$94,300)</b>	<\$47,150	\$47,150 to <\$75,440	\$75,440 to <\$113,160	≥\$113,160
<i>Source: FFIEC</i>				

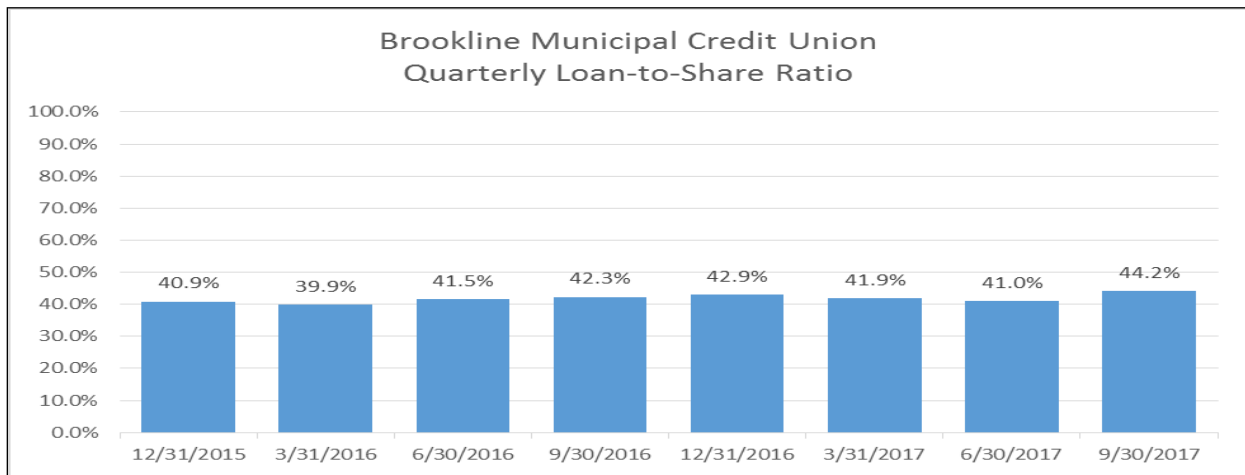
## CONCLUSIONS ON PERFORMANCE CRITERIA

### Loan-to-Share Ratio

This performance criterion determines what percentage of the Credit Union’s share base is reinvested in the form of loans. This ratio is based on total loans as a percentage of total shares. The loan-to-share (LTS) ratio since the previous evaluation is adequate given the institution’s size, financial condition, and assessment area credit needs.

The Credit Union’s LTS ratio, as calculated from NCUA 5300 Quarterly Call Report data, averaged 41.8 percent over the past eight quarters from December 31, 2015 through September 30, 2017. The ratio ranged from a low of 39.9 percent as of March 31, 2016, to a high of 44.2 percent as of September 30, 2017, having remained consistent during the evaluation period. Over the past eight quarters, total loans have increased 1.5 percent, assets have decreased 4.0 percent, and shares have decreased 6.2 percent.

The following graph is provided for further analysis.



Source: NCUA 5300 Reports 12/31/2015 through 09/30/2017

The Credit Union’s average LTS ratio over the previous eight quarters was compared to that of two similarly situated institutions. The institution selection is based on asset size, geographic location and lending focus. Brookline Municipal Credit Union’s average LTS ratio is in between those of the two institutions.

<b>Loan-to-Share Ratio Comparison</b>		
<b>Institution</b>	<b>Total Assets as of 9/30/17</b>	<b>Average LTS Ratio (%)</b>
600 Atlantic Federal Credit Union	28,746,339	54.2
<b>Brookline Municipal Credit Union</b>	<b>38,174,386</b>	<b>41.8</b>
Alpha Credit Union	31,263,759	33.8

Source: NCUA 5300 Reports 12/31/2015 through 09/30/2017

## Distribution of Credit Among Different Income Levels

The distribution of home mortgage loans and consumer loans to borrowers of different income levels is adequate.

### Home Mortgage Loans

The Credit Union originated seven home mortgage loans in 2016 and four home mortgage loans in 2017. Examiners reviewed these loans in order to determine the distribution of credit based on the income level of the borrowers.

In 2016, the Credit Union originated two loans or 28.6 percent to low- and/or moderate-income borrowers. In 2017, the Credit Union originated three loans or 75.0 percent to low- and/or moderate-income borrowers.

Refer to the table below for the distribution of home mortgage loans by borrower income.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>		<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
	2016	0	0.0	0	0.0
	2017	1	25.0	213	22.9
<b>Moderate</b>					
	2016	2	28.6	432	26.8
	2017	2	50.0	352	37.8
<b>Middle</b>					
	2016	2	28.6	619	30.9
	2017	0	0.0	0	0.0
<b>Upper</b>					
	2016	3	42.8	681	42.3
	2017	1	25.0	365	39.3
<b>Total</b>					
	<b>2016</b>	<b>7</b>	<b>100.0</b>	<b>1,732</b>	<b>100.0</b>
	<b>2017</b>	<b>4</b>	<b>100.0</b>	<b>930</b>	<b>100.0</b>
<i>Source: Credit Union Records</i>					

### Consumer Loans

A sample of the Credit Union's consumer loans was also analyzed. Examiners selected a sample of 20 loans from 2016 and 20 loans from 2017. The sample consisted of personal unsecured loans, as well as new and used automobile loans.

A majority of the Credit Union's sampled consumer loans were originated to moderate-income borrowers in 2016. Lending to low-income borrowers was consistent at 5.0 percent for both years. Refer to the table below for the distribution of consumer loans by borrower income.

<b>Distribution of Consumer Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>		<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<b>Low</b>					
	2016	1	5.0	4,000	1.9
	2017	1	5.0	17,723	6.7
<b>Moderate</b>					
	2016	11	55.0	116,196	55.7
	2017	9	45.0	107,098	40.4
<b>Middle</b>					
	2016	7	35.0	68,284	32.8
	2017	8	40.0	84,033	31.7
<b>Upper</b>					
	2016	1	5.0	20,000	9.6
	2017	2	10.0	56,039	21.2
<b>Total</b>					
	<b>2016</b>	<b>20</b>	<b>100.0</b>	<b>208,480</b>	<b>100.0</b>
	<b>2017</b>	<b>20</b>	<b>100.0</b>	<b>264,893</b>	<b>100.0</b>
<i>Source: Credit Union Records</i>					

### **Response to Complaints**

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

### **FAIR LENDING POLICIES AND PRACTICES**

The Division of Banks provides comments regarding the institution's fair lending policies and practices pursuant to Regulatory Bulletin 1.3-106. Based on a review of the Credit Union's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.



## 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 334 Washington St. Brookline, MA 02445."

- 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.