

PUBLIC DISCLOSURE

December 18, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

City of Boston Credit Union
Certificate Number: 67841

One Union Street, Third Floor
Boston, MA 02108

Division of Banks
1000 Washington Street, 10th Floor
Boston, MA 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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INSTITUTION RATING

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 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 **City of Boston Credit Union (Credit Union)** prepared by the Division, the institution's supervisory agency, as of **December 18, 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 “Satisfactory”.

An institution in this group has a satisfactory rating 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 “**Satisfactory**” 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 98.8 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, 82.2 percent of the number of home mortgage loans were made inside the assessment area.

Geographic Distribution

The geographic distribution of loans reflects good dispersion throughout the assessment area.

Borrower Characteristics

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

Loss of Affordable Housing

The Credit Union's number and amount of loans does not show an undue concentration or a systematic pattern of lending resulting in the loss of affordable housing.

Response to CRA Complaints and Fair Lending Policies

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 an adequate responsiveness to community development needs in its assessment area through 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 made approximately \$213,895 in qualified community development investments representing entirely of donations to organizations within the community. In addition Credit Union management participated with 18 qualified community organizations by providing financial expertise and assistance.

SCOPE OF EVALUATION

General Information

This evaluation assesses the Credit Union's CRA performance utilizing the Interagency Intermediate Small Institution Credit Union Examination Procedures. An institution with this designation has assets of at least \$313 million as of December 31 of both of the prior two calendar years, and less than \$1.252 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 during a certain review period. The Community Development Test is an analysis of activities (investments and services) that an institution has completed to meet the needs of the community since the previous evaluation.

Loan Products Reviewed

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, 2017, indicated that residential lending, including all loans secured by 1 to 4 family and multi-family (five or more units) residential properties, represented 69.5 percent of the loan portfolio and consisted of a significant majority of loan volume generated during the current review period. Based on the information in the Call Report, 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 properties. The evaluation focused on the Credit Union's lending performance in 2015 and 2016. The Credit Union's 2016 home mortgage lending performance was compared against 2016 aggregate lending data. Aggregate data includes the lending activity of all institutions subject to HMDA reporting within the same defined assessment area.

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, 2017 Call Report.

The Community Development Test considered the number and dollar amount of qualified donations, and community development services from November 28, 2012 through December 18, 2017.

DESCRIPTION OF INSTITUTION

Background

City of Boston Credit Union is a state-chartered credit union established on November 15, 1915. Its membership includes individuals who live or work in Norfolk or Suffolk counties, organization members located in Norfolk or Suffolk counties, employees of the City of Boston, the Commonwealth of Massachusetts, or any department, commission, or authority within the Commonwealth of Massachusetts, and family members of those who fit the preceding criteria. As of September 30, 2017, the Credit Union's membership was 25,344.

The Credit Union received a Satisfactory rating at its previous evaluation by the Division of Banks on November 27, 2012. The Credit Union was designated as a Low-Income Credit Union by the Division of Banks and the National Credit Union Administration (NCUA) on July 10, 2014. Eligibility is based on the majority of the Credit Union's membership qualifying as low-income.

Operations

The Credit Union's administrative office is located at One Union Street in Boston. The Credit Union operates five full-service branches. These are located at Boston City Hall, in the Dorchester neighborhood of Boston, in the West Roxbury neighborhood of Boston, in the town of Canton, and in South Boston. The Canton and South Boston branches have been added since the previous exam. Most branches are open from 8:00 AM to 5:00 PM Monday through Friday and from 8:00 AM to Noon on Saturdays. The Boston City Hall branch is the only branch without Saturday hours. Every branch is equipped with an ATM. The Credit Union also operates eleven (11) additional ATMs throughout the city of Boston. In addition, the Credit Union is a member of the SUM Network, which is comprised of an alliance of financial institutions that waive ATM surcharge fees.

The Credit Union offers the following products and services to its members: checking accounts, savings accounts, money market accounts, certificates of deposit, individual retirement accounts, and saving and club accounts. It also provides its members with mortgage loans, home equity loans and lines of credit, auto loans, home improvement loans, personal loans, tuition loans, secured loans, overdraft protection, ATM/Debit cards, and online banking with bill pay.

Ability and Capacity

Assets totaled approximately \$385 million as of the September 30, 2017 quarterly call report, including total loans of approximately \$304 million. Total loans and assets have increased since the last examination in November 27, 2012. Total loans have increased by \$162 million or 46.5 percent and total assets have increased by \$92 million or 31.3 percent.

Loan Portfolio Distribution as of September 30, 2017

Loan Type	\$	%
First Mortgage Real Estate Loans/Lines of	186,269,771	61.4
Total Loans/Lines Secured by Junior Liens 1-4	24,978,762	8.2
Non Federally Guaranteed Student Loans	4,464,865	1.5
Unsecured Credit Card Loans	4,737,926	1.6
Used Vehicle Loans	8,426,550	2.8
All Other Unsecured Loans/Lines of Credit	65,909,200	21.7
Total All Other Loans/Lines of Credit	546,966	0.2
New Vehicle Loans	8,195,336	2.7
Total Loans	303,529,376	100.0
<i>Source: NCUA Call Report</i>		

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. City of Boston Credit Union designated a single assessment area encompassing all cities and towns within Norfolk and Suffolk Counties.

Economic and Demographic Data

The assessment area includes 334 Census Tracts, of which 55 are low-income tracts, 64 are moderate-income tracts, 101 are middle-income tracts, 102 upper-income tracts and 12 census tracts have no income designation. The census tracts representing N/A are within the City of Boston and include the Boston Harbor Islands, Boston Common, Franklin Park Zoo, college and university campuses and several parks. The following table illustrates select demographic characteristics of the Credit Union's assessment area.

Demographic Information of the Assessment Area						
Assessment Area: City of Boston Credit Union						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	334	16.5	19.2	30.2	30.5	3.6
Population by Geography	1,392,873	14.5	19.3	33.6	32.4	0.1
Housing Units by Geography	579,951	13.2	19.6	35.1	32.1	0.0
Owner-Occupied Units by Geography	283,426	5.1	13.5	38.8	42.6	0.0
Occupied Rental Units by Geography	255,708	21.7	25.5	31.7	21.2	0.0
Vacant Units by Geography	40,817	16.9	24.7	31.1	27.2	0.0
Businesses by Geography	105,795	8.8	11.9	28.2	50.5	0.6
Farms by Geography	1,279	2.8	9.6	36.3	51.3	0.0
Family Distribution by Income Level	307,653	25.3	15.7	18.7	40.3	0.0
Household Distribution by Income Level	539,134	28.5	14.1	16.3	41.1	0.0
FFIEC Median Family Income 2015		\$90,000	Median Housing Value			\$428,362
FFIEC Median Family Income 2016		\$90,800				
Families Below Poverty Level		9.4%	Median Gross Rent			\$1,189
<i>Source: 2010 U.S. Census and 2016 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The 2015 and 2016 Federal Financial Institutions Examination Council (FFIEC) median family income (MFI) level is used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents low-, moderate-, middle-, and upper-income categories based on the 2015 and 2016 FFIEC updated median family income.

Table B – Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA MD Median Family Income (14454)				
2015 (\$90,000)	<\$45,000	\$45,000 to <\$72,000	\$72,000 to <\$108,000	≥\$108,000
2016 (\$90,800)	<\$45,400	\$45,400 to <\$72,640	\$72,640 to <\$108,960	≥\$108,960
<i>Source: FFIEC Due to rounding, totals may not equal 100.0</i>				

The Credit Union’s assessment area consists of 1.4 million individuals. Of these, 33.8 percent are considered to be low-income and moderate-income individuals. In addition, approximately 41 percent of families are designated as low- or moderate-income. These percentages demonstrate the need for affordable housing to low and moderate-income individuals in the assessment area when taking into account the high cost of housing. The median housing value is \$428,362.

Competition

Competition in the assessment area is robust. The 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 2016 shows that out of 570 lenders originating at least one home mortgage loan in the assessment area, the Credit Union ranked 53rd. Among the top lenders in the assessment area included LoanDepot, Wells Fargo Bank, NA, and JP Morgan Chase Bank, NA.

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. The contact stressed the need for affordable housing and also communicated that greater collaboration between community banks and credit unions would improve affordable housing.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contact, the Credit Union, and available economic data to determine the primary credit needs of the assessment area. Both the Credit Union and the community contact indicated generally strong economic conditions within the assessment area; however, a need for affordable housing was identified. Economic data for the assessment area supports this assessment of credit and community development needs in this region.

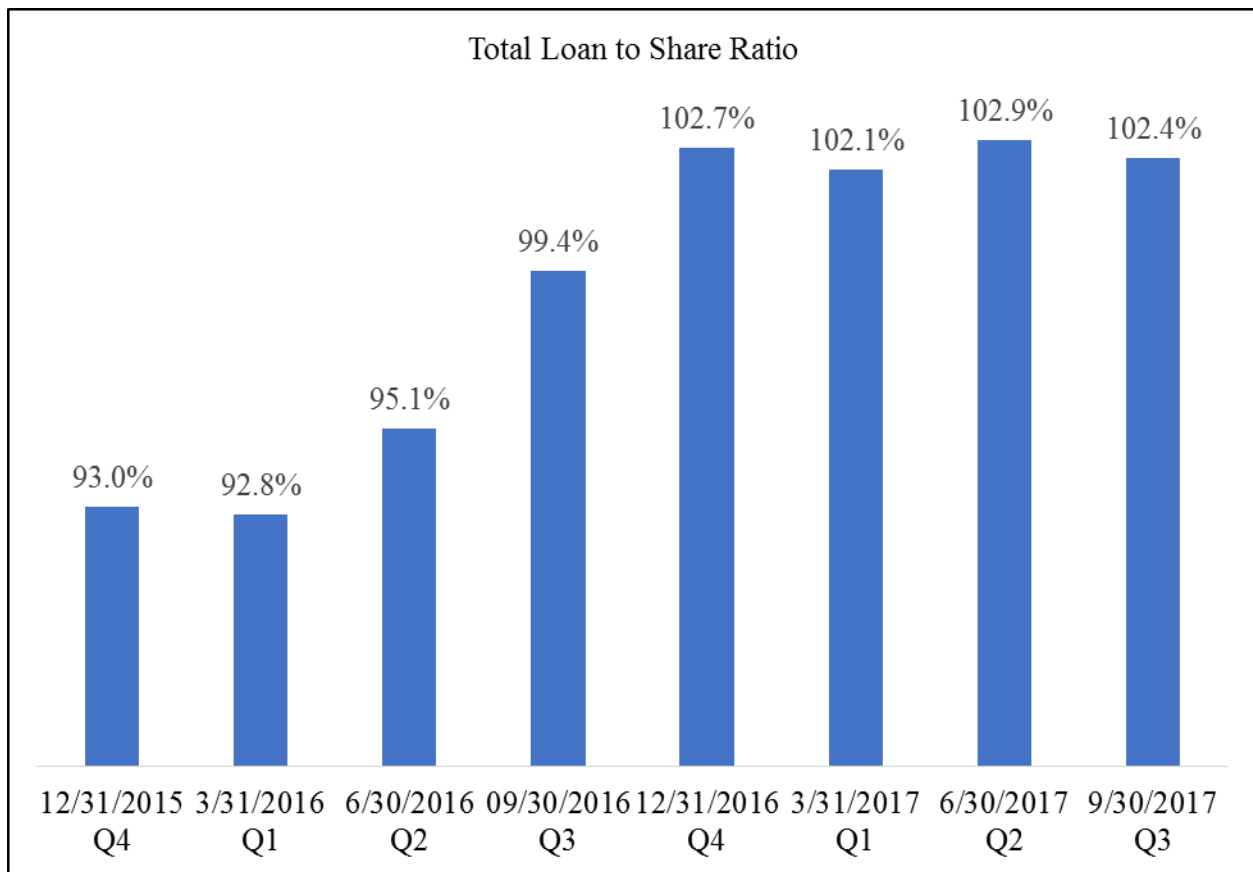
CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The City of Boston Credit Union demonstrated a Satisfactory 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, 2015 to September 30, 2017. The average LTS ratio is 98.8 percent, ranging from a low of 93 percent on December 31, 2015 to 102.4 percent on September 30, 2017. The LTS ratio has risen steadily over the past five years; conversations with the Credit Union's 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 98.8 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.



Loan-to-Share Ratio Comparison		
Institution	Total Assets as of September 30, 2017 \$	Average Net LTD Ratio (%)
City of Boston Credit Union	385,065,889	98.8
Mass Bay Credit Union	247,956,435	86.4
Boston Firefighters Credit Union	267,325,429	82.3
<i>Source: Reports of Income and Condition 12/31/15 through 9/30/17</i>		

Assessment Area Concentration

The Credit Union made a majority of home mortgage loans, by both number and dollar volume, within its assessment area.

The following table illustrates that 82.2 percent of the home mortgage loan originations were within the assessment area. Furthermore, the Credit Union's home mortgage performance from 2015 to 2016 shows a stable trend, as the Credit Union continued to focus on meeting the housing needs within the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2015	262	82.9	54	17.1	316	37,059	82.8	7,673	17.2	44,732
2016	249	81.4	57	18.6	306	52,640	80.3	12,915	19.7	65,555
Subtotal	511	82.2	111	17.8	622	89,699	81.3	20,588	18.7	110,287
<i>Source: Evaluation Period: 1/1/2015 - 12/31/2016 Credit Union Data</i>										

Geographic Distribution

The geographic distribution of home mortgage loans reflects a good dispersion throughout the assessment area. Examiners focused on the percentage by number of loans in low- and moderate-income (LMI) census tracts.

The following table shows that the Credit Union's performance in low-income census tracts is similar to the aggregate at 0.9 percentage points; however, its performance was slightly lower in 2015 and 0.7 percentage points lower in 2016. In moderate-income areas, the Credit Union's lending in 2015 and 2016 is higher than the aggregate. In 2015, the Credit Union's performance in moderate-income areas was 7.8 percentage points higher than the aggregate while in 2016 it was 10.1 percentage points above the aggregate.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: City of Boston Credit Union						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	5.1	6.2	14	5.3	1,843	5.0
2016	5.1	5.9	13	5.2	2,251	4.3
Moderate						
2015	13.5	14.0	57	21.8	8,007	21.6
2016	13.5	14.0	60	24.1	13,543	25.7
Middle						
2015	38.8	36.6	116	44.3	15,604	42.1
2016	38.8	36.9	99	39.8	19,056	36.2
Upper						
2015	42.6	43.2	75	28.6	11,605	31.3
2016	42.6	43.1	77	30.9	17,790	33.8
Not Available						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	0.0	0	0.0	0	0.0
Totals						
2015	100.0	100.0	262	100.0	37,059	100.0
2016	100.0	100.0	249	100.0	52,640	100.0

Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Credit Union Data, 2015 & 2016 HMDA

Borrower Profile

The distribution of home mortgage loans to individuals of different income levels, including LMI borrowers, reflects reasonable market penetration.

In 2015, the Credit Union's home mortgage lending to low-income borrowers, at 1.9 percent, trailed the aggregate data at 2.7 percent, and was less than the percent of low-income households in the assessment area. In 2016, the Credit Union's performance slightly declined with respect to lending among low-income borrowers, at 1.2 percent compared to the aggregate figure of 2.9 percent. The Credit Union's lending to moderate-income borrowers in 2015, at 8.8 percent, trailed both aggregate performance and demographics. The Credit Union's performance among moderate-income borrowers notably improved in 2016, to 16.1 percent, a figure that exceeded both the aggregate performance and demographic levels.

These figures indicate a positive trend and overall improved performance, taking into account the high cost of housing in the assessment area, and the median family income of borrowers designated as low-income. Low-income families in the area have annual incomes of less than

\$45,400. Such a family would be unlikely to qualify for a conventional mortgage, given that the median housing value is \$428,362. Lending opportunities to low-income families are further limited as 14.1 percent of families in the assessment area live below the poverty level. These factors help to explain the difference between the Credit Union's performance and percent of low-income families.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: City of Boston Credit Union						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	25.3	2.7	5	1.9	749	2.0
2016	25.3	2.9	3	1.2	536	1.0
Moderate						
2015	15.7	12.0	23	8.8	2,035	5.5
2016	15.7	11.8	40	16.1	5,708	10.8
Middle						
2015	18.7	20.6	72	27.5	8,469	22.9
2016	18.7	21.6	62	24.9	10,403	19.8
Upper						
2015	40.3	45.5	162	61.8	25,806	69.6
2016	40.3	50.4	142	57.0	35,965	68.3
Not Available						
2015	0.0	19.2	0	0.0	0	0.0
2016	0.0	13.3	2	0.8	28	0.1
Totals						
2015	100.0	100.0	262	100.0	37,059	100.0
2016	100.0	100.0	249	100.0	52,640	100.0

*Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Credit Union Data, 2015 & 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Loss of Affordable Housing

The review concentrated on the suitability and sustainability of mortgage loans originated by City of Boston Credit Union by taking into account delinquency and default rates of the Credit Union and those of the overall marketplace. Information provided by the Credit Union was reviewed, as were statistics available on delinquency and default rates for mortgage loans. Additionally other available sources, including public records of foreclosure filings and individual meeting minutes, were examined.

A review of information and documentation, from both internal and external sources as partially described above, did not reveal lending practices or products that showed an undue concentration of a systematic pattern of lending, including a pattern of early payment defaults resulting in the loss of affordable housing units. Furthermore, delinquency rates were found to be consistent with industry averages.

Response to CRA Complaints and Fair Lending Policies

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 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 HMDA LARs for 2015 and 2016 were reviewed to determine if the application flow from the different racial groups within the Credit Union’s assessment area was reflective to the demographics. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Credit Union received from minority residential loan applicants. Examiners took into account applications and originations made within Credit Union’s defined assessment area.

MINORITY APPLICATION FLOW					
RACE	Credit Union 2015		2016 Aggregate Data	Credit Union 2016	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.2	1	0.4
Asian	4	1.3	7.9	3	1.0
Black/ African American	69	23.1	6.3	68	23.3
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0
2 or more Minority	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	2	0.7	1.5	0	0.0
Total Minority	75	25.1	16.1	72	24.7
White	218	72.9	62.1	213	72.9
Race Not Available	6	2.0	21.8	7	2.4
Total	299	100.0	100.0	292	100.0
ETHNICITY					
Hispanic or Latino	21	7.0	4.5	27	9.2
Not Hispanic or Latino	271	90.6	73.1	259	88.7
Joint (Hisp/Lat /Not Hisp/Lat)	2	0.7	1.1	2	0.7
Ethnicity Not Available	5	1.7	21.3	4	1.4
Total	299	100.0	100.0	292	100.0

According to the 2010 US Census, the assessment area has a population of 1.4 million, of which 36.4 percent are minority. The assessment area's minority and ethnic population is 8.4 percent Asian; 12.9 percent Black/African American; 11.9 percent Hispanic or Latino; 3.1 percent "other" and 0.2 percent American Indian.

The Credit Union's performance in 2016 is higher than the aggregate level of racial minority mortgage applications; the Credit Union received 24.6 percent of its applications from minorities, while the aggregate received 16.1 percent from racial minorities. The Credit Union is also higher than the aggregate in applications to ethnic minorities representing 9.9 percent from Hispanic/Latino or Joint Hispanic or Latino applicant, while the aggregate is 5.6 percent. 2015 data shows a slight decrease in applications from both racial and ethnic minorities.

The Credit Union received 292 HMDA reportable loan application within the assessment area in 2016. Of the applications received from racial and ethnic minority applicants, 29.5 percent resulted in originations.

Overall, the Credit Union's minority application flow is considered reasonable.

COMMUNITY DEVELOPMENT TEST

The Community Development Test is rated High Satisfactory. City of Boston Credit Union demonstrates good responsiveness to the community development needs of its assessment area through qualified investments, and community development services. The Credit Union's responsiveness is best evidenced by their commitment to financial literacy. The Credit Union participates in a number of financial literacy initiatives. In addition, the Credit Union is further responsive by providing charitable donations to organizations. Examiners considered the institution's capacity and the need and availability of such opportunities. Community investments and services were evaluated from the previous evaluation to the start date of the current examination.

Qualified Investments

The Credit Union made approximately \$213,895 in qualified community development investments representing entirely of donations to organizations within the community.

The Credit Union provided donations to the Chef's Table Foundation. The Chef's Table Foundation is a non-profit organization whose mission is dedicated to support homeless U.S. veterans and homeless young adults with a culinary arts education.

The Credit Union donated to the Massachusetts Affordable Housing Alliance. The Massachusetts Affordable Housing Alliance is a grassroots organization of tenants, homebuyers, and homeowners dedicated to improving the support for affordable and sustainable homeownership in both the public and private sectors.

The Credit Union donated to the Commission on Affairs of the Elderly. The Commission on Affairs for the Elderly is dedicated to improving the lives of Boston's older adults by offering such services as assistance in applying for government benefits, housing advice, and transportation options.

The Credit Union donated to Rodman for Kids. Rodman for kids is a charity dedicated towards raising funds for youth-focused social-service organizations that support at-risk children in Massachusetts.

The Credit Union donated to Interfaith Social Services. Interfaith Social Services focuses on improving life for South Shore families and individuals in need. The Credit Union's donation assists Interfaith Social Services with delivering programs focusing on hunger, mental health, and emergency assistance.

Community Development Services

Employee Involvement

Massachusetts Affordable Housing Alliance (MAHA) – MAHA educates and mobilizes individuals and communities to increase affordable and sustainable home ownership across Massachusetts. MAHA's activities range from grassroots activism to homebuyer classes. The Credit Union's Vice President of Marketing serves on the organization's fundraising committee.

Bank on Boston Coalition – Bank on Boston Coalition is designed to connect Boston residents with reliable financial services that can help them save, grow, and access their money. The Coalition identified, within the City of Boston, approximately 10% of households are "unbanked," meaning they do not have a checking or savings account, and instead rely on costly alternative financial services, such as check-cashing and payday lending. There is a tremendous need to establish mainstream banking relationships throughout Boston. Bank On Boston will also raise public awareness of basic banking, expand access to financial education, and help connect residents to other financial programs.

The Bank On Boston Coalition brings together government agencies (City, State, and Federal), financial institutions, and community organizations to guide Bank On Boston. Together, the Coalition analyzes the landscape of financial services offered throughout the city, gathers resident input, and establishes program processes and policies. The Coalition is led by the City of Boston Mayor's Office of Financial Empowerment and the City of Boston Mayor's Office of New Urban Mechanics. The Credit Union is a Member of the Coalition. The Credit Union's President, the Vice President of Operations, the Vice President of Marketing, and the Business Development Officer serve this organization on the operations side and participate on a task force.

Boston Builds Credit – Boston Builds Credit offers free credit building workshops and financial coaching. The Credit Union's Consumer Loan Manager and the Business Development Officer serve on this organization.

The Children's Trust – The Children's Trust develops and supports programs that help parents build and sustain healthy families where children are safe. The organization invests in high-quality programs informed by rigorous research in order to improve outcomes for children and families across the Commonwealth. The First Vice President at the Credit Union was appointed by the Governor to serve as a Director at the Children's Trust.

Financial Education and Support

Credit Union management and staff participated with 18 qualified community organizations by providing financial literacy.

Mattapan/ABCD Family Services – From 2014 to 2017, the Credit Union conducted a series of seminars at the Mattapan/ABCD Family Service Center. The seminars dealt with topics such as banking basics and dealing with debt. The Mattapan/ABCD Family Service Center offers a wide-variety of programs targeted to LMI individuals and families, such as English as a Second Language classes, job readiness workshops, and fuel assistance.

Dimock Center – In 2016, the Credit Union conducted a series of seminars at the Dimock Center. The seminars dealt with such topics as personal banking basics, dealing with debt, and credit. The Dimock Center provides the residents of Boston with convenient access to high quality, low cost health care and human services that might not otherwise be available.

GLOSSARY

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

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that

- (1) has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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

Core Based Statistical Areas (CBSAs): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or,
- (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

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

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

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

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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

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

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA).

SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved middle-income nonmetropolitan geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

- Population size, density, and dispersion indicating the area's population is sufficiently small, thin, and
- Distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized area

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 One Union Street, Third Floor, Boston, MA 02108.

[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.