

# **PUBLIC DISCLOSURE**

September 16, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**GLOUCESTER FIRE DEPARTMENT CREDIT UNION**

**Certificate Number: 67905**

**8 SCHOOL STREET  
GLOUCESTER, MA 01930**

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

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

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Gloucester Fire Department Credit Union (Credit Union) prepared by the Division of Banks, the institution's supervisory agency, as of September 16, 2019. 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.

The following items summarize the Credit Union's performance.

- The average loan-to-share (LTS) ratio of 91.4 percent is good given the institution's size, financial condition, and credit needs of its assessment area.
- The distribution of consumer loans to borrowers of different income levels is reasonable.
- The institution did not receive any CRA-related complaints during the evaluation period.

The Credit Union was last examined for compliance with CRA on August 4, 2014. The examination resulted in a CRA rating of Satisfactory.

## DESCRIPTION OF INSTITUTION

### **Background**

Gloucester Fire Department Credit Union is an industrial financial institution chartered by the Commonwealth of Massachusetts in 1938 and is owned by and operated for the benefits of its members. The Credit Union's bylaws state that membership is limited to "those who are employees of the Gloucester Fire Department, including the fire alarm men, such members of the immediate families of said employees as may be admitted to membership by the Board of Directors, and to organizations of such employees." The Credit Union's current membership is 102.

### **Operations**

The Credit Union is located at 8 School Street, in Gloucester, Massachusetts (inside the fire department). Business hours are from 8:00 AM to 4:00 PM, Monday through Thursday, and 8:00 AM to 12:00 PM on Friday and is operated by one staff member.

The primary activities of the Credit Union are savings and originating consumer loans. Member shares are deposited using direct-deposit through payroll deduction. All checking and withdrawal activity is performed by the treasurer of the Credit Union during the hours of operation. All loan payments are automated through payroll deductions. The Credit Union offers the following products and services to its members: secured and unsecured personal loans, and new and used auto loans.

### **Ability and Capacity**

As of June 30, 2019, the Credit Union had total assets of \$559 thousand, total shares of \$350 thousand, and total loans of \$308 thousand. Total loans represented approximately 88.2 percent of total assets.

The Credit Union is primarily a consumer lender by dollar volume, with a majority of the loan portfolio being unsecured by residential properties. Approximately 91.1 percent of total loans are unsecured loans or lines of credit, followed by used vehicle loans at 7.1 percent, and new vehicle loans at 1.9 percent.

<b>Loan Distribution as of June 30, 2019</b>		
<b>Loan Type</b>	<b>Dollar Amount</b>	<b>Percent of Total Loans</b>
All Other Unsecured Loans/Lines of Credit	\$280,845	91.1%
New Vehicle Loans	\$5,753	1.9%
Used Vehicle Loans	\$21,835	7.0%
All other Secured Non-Real Estate Loans/Lines of Credit	\$0	0.0%
Total Loans/Lines of Credit Secured by 1st Lien 1-4 Family Residential Properties	\$0	0.0%
All Other Real Estate Loans/Lines of Credit	\$0	0.0%
<b>Total Loans</b>	<b>\$308,433</b>	<b>100.0%</b>
<i>Source: 5300 Report, Statement of Financial Condition as of June 30, 2019</i>		

### **DESCRIPTION OF ASSESSMENT AREA**

In accordance with 209 CMR 46.41, Gloucester Fire Department Credit Union delineates its membership as its assessment area. 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 consumer 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.

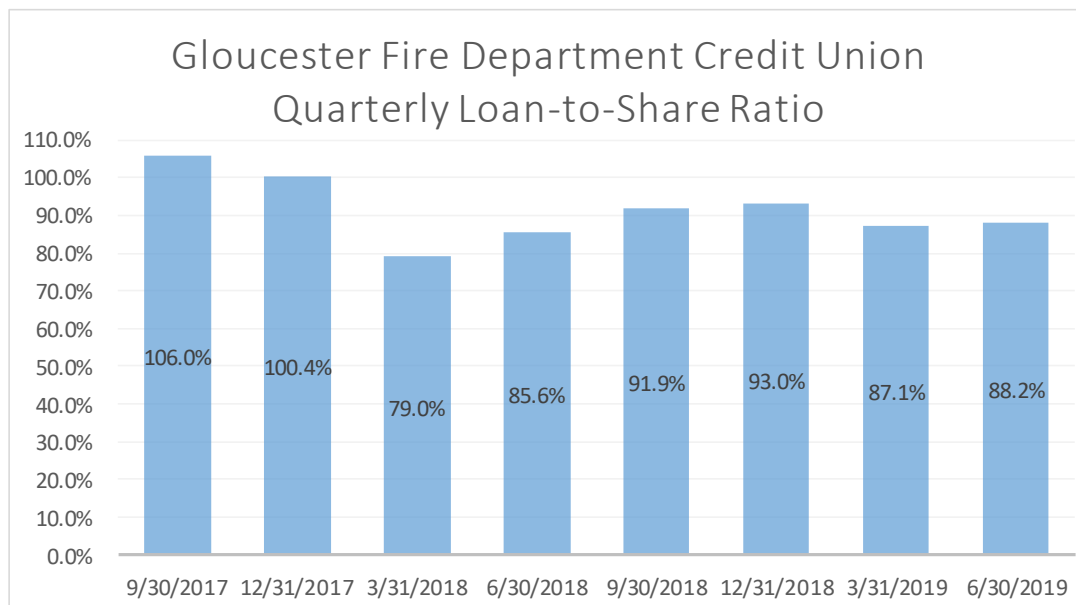
## CONCLUSIONS ON PERFORMANCE CRITERIA

### 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 LTS ratio since the previous evaluation is good 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 91.4 percent over the past eight quarters from September 30, 2017 through June 30, 2019. The ratio ranged from a high of 106.0 percent as of September 30, 2017, to a low of 79.0 percent as of March 31, 2018, having remained relatively consistent during the evaluation period. Over the past eight quarters, total loans have increased 0.7 percent, assets have increased 13.2 percent, and shares have increased 20.9 percent.

The following graph is provided for further analysis.



Source: NCUA 5300 Reports 9/30/2017 through 6/30/2019

## **Distribution of Credit Among Different Income Levels**

The distribution of consumer loans to borrowers of different income levels is reasonable.

### **Consumer Loans**

A sample of the Credit Union's consumer loans was analyzed for 2017 and 2018. In 2017, the Credit Union originated three loans to moderate-income borrowers. In 2018, the Credit Union originated four loans to moderate-income borrowers.

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>
Low				
2017	0	0.0	0	0.0
2018	0	0.0	0	0.0
Moderate				
2017	3	60.0	25,500	60.7
2018	4	80.0	18,000	54.5
Middle				
2017	2	40.0	16,500	39.3
2018	1	20.0	15,000	45.5
Upper				
2017	0	0.0	0	0.0
2018	0	0.0	0	0.0
<b>Total</b>				
<b>2017</b>	<b>5</b>	<b>100.0</b>	<b>42,000</b>	<b>100.0</b>
<b>2018</b>	<b>5</b>	<b>100.0</b>	<b>33,000</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 Procedures**

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 8 School Street, Gloucester, MA 01930."

- 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.