

PUBLIC DISCLOSURE

July 19, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Align Credit Union
Charter Number: 66365

40 Market Street
Lowell, Massachusetts 01852

Division of Banks
1000 Washington Street, 10th 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.

TABLE OF CONTENTS

Institution Rating	1
Scope of Evaluation	2
Description of Institution	3
Description of Assessment Area	5
Conclusions on Performance Criteria	8
Glossary	18

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Outstanding. 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 following points summarize the credit union's Lending Test and Community Development Test performance.

The Lending Test is rated High Satisfactory.

- The loan-to-share ratio (LTS) is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The credit union made a high percentage of its home mortgage loans and small business loans in the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects good penetration of loans among individuals of different income levels.
- The credit union did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.
- The credit union has an adequate record relative to its fair lending policies and procedures.

The Community Development Test is rated Outstanding.

- Align Credit Union demonstrated excellent responsiveness to the assessment area's community development needs through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation considered activity from the previous evaluation dated March 13 2017, to the current evaluation dated July 19, 2021. Examiners used the Interagency Intermediate Small Institution CRA Examination Procedures to evaluate CRA performance. These procedures include the Lending Test and the Community Development Test.

The Lending Test considered the credit union's performance according to the following criteria:

- LTS ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints
- Fair Lending Program

The Community Development Test considered the following factors:

- Number and dollar amount of community development activity, including loans, qualified investments, and services
- The responsiveness of such activities to the community development needs of the area.

Loan Products Reviewed

Examiners analyzed home mortgage loan originations from January 1, 2019 through December 31, 2020 reported on the institution's 2019 and 2020 HMDA Loan Application Registers (LARs). Examiners presented these years of performance in the assessment area concentration, geographic distribution, and borrower profile tables.

Align Credit Union originated 517 home mortgage loans totaling \$146.0 million in 2019, and 631 loans totaling \$189.4 million in 2020. Examiners compared the institution's home mortgage lending performance to 2015 American Community Survey (ACS) demographic data and to available aggregate data.

Examiners focused this examination on the institution's home mortgage lending due to its higher share of the loan portfolio (75.4 percent) and its readily available data. Examiners also focused on the number of loans, rather than dollar volume, when assessing the institution's performance, as it is a better indicator of the number of individuals served.

The Community Development Test considered the number and dollar amount of community development loans, qualified investments, and community development services performed since the prior CRA evaluation dated March 13, 2017 through July 19, 2021 (YTD 2021). Financial data about the credit union was obtained from the March 31, 2021 Call Report issued to the NCUA,

DESCRIPTION OF INSTITUTION

Background

Align Credit Union is headquartered in Lowell Massachusetts and was established in 1922 as the Northern Massachusetts Telephone Workers Credit Union. Membership has expanded to include anyone who lives works or attends school in Massachusetts Counties (including Middlesex, Essex, Suffolk, Norfolk and parts of Worcester County) and Southern New Hampshire communities. The credit union adopted the name Align Credit Union in 2013. As of March 31, 2021, the credit union has 27,406 members.

Align Credit Union received a “High Satisfactory” rating at its previous Division of Banks CRA Performance Evaluation dated March 13, 2017, based on the Interagency Intermediate Small Institution CRA Examination Procedures and the Division’s CRA Regulation at 209 CMR 46.

Operations

The credit union’s main office and operations center location is 40 Market St in Lowell, MA. The credit union maintains eight branch locations, located in the Massachusetts municipalities of Amesbury, Danvers, Framingham, Haverhill, Lowell, Methuen, and Wilmington, as well as one branch in Seabrook, New Hampshire. One branch is located in a low- income census tracts, two branches are located in moderate-income census tracts, and five branches are located in middle-income census tracts. The credit union operates one standalone Automated Teller Machine (ATM) located in a middle-income census tract in Haverhill. Hours and operations are consistent across the branch network, with the exception of the Methuen Hospital branch that currently runs limited hours.

The credit union closed one branch in Lowell and opened the Wilmington, MA and Seabrook, NH branches since the previous evaluation.

The credit union offers a variety of loan products, including home mortgage, commercial, auto, and consumer loans, along with a range of deposit services including checking and savings options for personal and business purposes. Members have access to financial services through the credit union’s online and mobile banking, and can apply for loans, open new accounts, and make loan payments or deposit transactions.

Ability and Capacity

Align Credit Union’s assets totaled approximately \$717.9 million as of March 31, 2021, including total loans of approximately \$376.1 million and total shares and deposits of \$592.5 million. Residential loans represent the primary credit product with approximately 75.4 percent of the loan portfolio.

Loan Portfolio Distribution as of 3/31/2021		
Loan Category	\$(000)	%
Total 1 st Mortgage Loans/Lines of Credit	249,705	66.4
Total Other Real Estate Loans/Lines of Credit	34,042	9.0
Residential Loans	283,747	75.4
Commercial Loans/Lines of Credit Real Estate Secured	39,786	10.6
Commercial Loans/Lines of Credit (Not RE)	1,534	0.4
Total Commercial	41,320	11.0
Unsecured Credit Cards	12,143	3.2
Student Loans	6,571	1.8
Unsecured Loans/Lines of Credit	7,827	2.1
Secured Loans/ Lines of Credit	1,961	0.5
New Vehicle Loans	5,981	1.6
Used Vehicle Loans	16,569	4.4
Total Consumer	51,052	13.6
Total Loans	376,119	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF THE ASSESSMENT AREA

The CRA requires financial institutions to define one or more assessment areas within which examiners will evaluate its CRA performance. The credit union's designated assessment area has expanded since the previous examination to account for its newest Seabrook NH branch. Align Credit Union has designated one single assessment area which encompasses Middlesex and Essex Counties in Massachusetts and Southern portions of Hillsborough and Rockingham Counties in New Hampshire. The assessment area, as currently defined, meets the technical requirements of the Division of Bank's CRA regulation.

Economic and Demographic Data

The credit union's assessment area consists of 549 census tracts that reflect the following income designations according to the 2015 American Community Survey (ACS):

- 11 low-income tracts
- 17 moderate-income tracts
- 42 middle-income tracts
- 29 upper-income tracts
- 1 unknown income census tract

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	549	11.5	17.3	41.5	29.1	0.5
Population by Geography	2,649,550	10.0	16.9	43.2	29.9	0.0
Housing Units by Geography	1,062,024	9.8	17.8	44.2	28.3	0.0
Owner-Occupied Units by Geography	638,930	3.7	13.1	47.4	35.8	0.0
Occupied Rental Units by Geography	361,984	20.0	25.0	39.1	15.9	0.0
Vacant Units by Geography	61,110	11.8	23.8	41.3	23.0	0.0
Family Distribution by Income Level	658,229	22.5	16.6	20.3	40.6	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$100,380	Median Housing Value			\$395,307
Median Family Income MSA - 31700 Manchester-Nashua, NH MSA		\$85,966	Median Gross Rent			\$1,252
Median Family Income MSA - 40484 Rockingham County-Strafford County, NH		\$90,150	Families Below Poverty Level			6.3%
<i>Source: 2015 ACS and 2020 D&B Data</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The assessment area’s lending trends reflect increasing housing prices. The average credit extended for a purchase transaction in 2019 was \$459,984. The average credit extended for a purchase transaction increased in 2020, to approximately \$501,116. Higher prices may suggest a more difficult market for first-time homebuyers.

The FFIEC Median Family Income level is used to analyze home mortgage loans under the Borrower Profile criterion. The following table displays the low-, moderate-, middle-, and upper-income categories for each year during the review period.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA Median Family Income (15764)				
2020 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
Manchester-Nashua, NH MSA Median Family Income (31700)				
2020 (\$98,100)	<\$49,050	\$49,050 to <\$78,480	\$78,480 to <\$117,720	≥\$117,720
Rockingham County-Strafford County, NH Median Family Income (40484)				
2020 (\$103,200)	<\$51,600	\$51,600 to <\$82,560	\$82,560 to <\$123,840	≥\$123,840
<i>Source: FFIEC</i>				

In the Credit Union’s counties that comprise the assessment area, unemployment rates increased over the evaluation period. This unemployment rate increased from 3.3 percent in 2017, to an average 2021 unemployment rate of 4.6 percent. A drastic increase in the unemployment rate to 7.8 percent in 2020 was attributed to the worldwide Covid-19 pandemic, which had a significant impact on the assessment area’s economy.

Increasing home purchase prices coupled with higher unemployment may reflect difficulty in obtaining credit for low- and moderate-income families.

Competition

The assessment area represents a competitive market for financial services. According to Peer Deposit Market Share data, 135 financial institutions operated 891 full-service branches within the credit union’s assessment area. Of these institutions, Align Credit Union ranked 44th with a 0.4 percent deposit market share.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2020, 629 lenders reported 173,631 residential mortgage loans originated or purchased in the credit union’s assessment area. Align Credit Union ranked 71st with a 0.3 percent market share. The highest ranked institutions in the assessment area are mortgage companies and national banks, including Quicken Loans LLC, Guaranteed Rate Inc., and Citizens Bank NA, totaling approximately 13.3 percent of the market.

Community Contact

The examination team reached out to a community organization serving Northern Middlesex and Essex County, to obtain context on the assessment area. The contact primarily focuses on developing and supporting affordable housing initiatives in Lowell and Haverhill, as well as nearby areas. The contact noted economic inequalities are magnified by the pandemic, food security and technology are issues for vulnerable populations including undocumented families and elderly individuals.

Stimulus money has aided low- and moderate-income families in building their savings. However, rising prices are crowding out lower-income families. Also the low-interest rate market has limited options for modifications to extending the term which may risk an individual's financial health.

The contact stated that local banks and credit unions are involved in the area through donations and board involvement. Align and other institutions were noted as strong participants. The contact noted that equity investments through affordable housing tax credits are a useful tool, it is difficult to collaborate on such projects with intermediate-small institutions (which reflects limited investment opportunities). The contact mentioned that translation services can be very helpful for financial literacy and workforce development efforts, and ongoing mentoring and technology assistance can be helpful, particularly from financial institutions.

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. Based on this information, examiners determined that the community's primary credit needs are affordable housing and services for low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Align Credit Union demonstrated good performance under the Lending Test. The institution's excellent geographic distribution and strong penetration among individuals of different income levels, combined with the reasonable loan-to-share ratio and high percentage of loan originations within the assessment area, support this conclusion.

Loan-to-Share Ratio

This performance criterion determines what percentage of the credit union's share base is reinvested in the form of loans and evaluates its appropriateness. The average net loan-to-share ratio for the last eight quarters is reasonable given the institution's size, financial condition, and assessment area credit needs.

The credit union's net LTS ratio, as calculated from the NCUA 5300 Quarterly Call Report data, averaged 81.3 percent over the past eight calendar quarters from June 30, 2019, through March 31, 2021. The ratio ranged from a high of 91.1 percent as of September 30, 2019, to a low of 64.1 percent as of March 31, 2021. The falling trend of the ratio was primarily driven by growing shares through 2020; Total shares and deposits increased approximately \$100 million from March 31, 2020 to March 31, 2021. The share growth is attributed to COVID-19 stimulus and increased savings among members.

The credit union's average net LTS ratio over the previous 8 quarters was compared to that of two similarly situated institutions. The institution selection is based on geographic location, lending focus, and branching structure. Align Credit Union's average net LTS ratio is reasonably comparable to both of the institutions used in this comparison.

Loan-to-Share Ratio Comparison		
Institution	Total Shares	Average LTS Ratio (%)
Align Credit Union	584,229,109	81.3
Leominster Credit Union	677,262,912	92.4
Liberty Bay Credit Union	553,682,298	91.2
<i>Source: Reports of Income and Condition 6/30/2019 through 3/31/2021</i>		

Assessment Area Concentration

The institution originated a high percentage of loans within its assessment area. The share of loans increased from 2019 to 2020. The table below highlights Align Credit Union's lending inside and outside the assessment area by loan category.

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										
2019	407	78.7	110	21.3	517	110,794	75.9	35,162	24.1	145,956
2020	514	81.5	117	18.5	631	151,381	79.9	37,992	20.1	189,373
Total	921	80.2	227	19.8	1,148	262,174	78.2	73,154	21.8	335,329

Source: Credit Union Data

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The credit union's performance in low-income census tracts nearly doubles the aggregate lending percentage to the same areas. The credit union's lending also exceeds the demographic of owner-occupied housing. In moderate-income census tracts, the credit union's activity also exceeds aggregate lending and demographic lending by several percentage points. This metric is consistent from 2019 to 2020.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	3.7	5.1	41	10.1	11,946	10.8
2020	3.7	4.1	37	7.2	11,715	7.7
Moderate						
2019	13.1	13.6	76	18.7	17,654	15.9
2020	13.1	12.5	88	17.1	24,981	16.5
Middle						
2019	47.4	46.9	224	55.0	58,393	52.7
2020	47.4	46.2	273	53.1	75,383	49.8
Upper						
2019	35.8	34.4	66	16.2	22,801	20.6
2020	35.8	37.3	116	22.6	39,302	26.0
Totals						
2019	100.0	100.0	407	100.0	110,794	100.0
2020	100.0	100.0	514	100.0	151,381	100.0

Source: 2015 ACS; Credit Union Data, 2019 & 2020 HMDA Aggregate Data.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, good penetration among individuals of different income levels. Examiners focused on including low- and moderate-income borrowers.

Home mortgage lending to low-income borrowers was above aggregate lending trends in 2019 and 2020. The credit union's lending to low-income borrowers fell by number and percentage year over year. The percentage of loans to low-income borrowers is far less than the percentage of low-income families (for both the institution and aggregate lenders), which reflects the difficulty for a low-income family to qualify for a mortgage using conventional underwriting standards.

The credit union's performance to moderate-income lenders exceeded aggregate lending trends and demographic data consistently. The credit union's performance improved in 2020 by number, dollar amount and percentage.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	22.5	5.8	46	11.3	6,767	6.1
2020	22.5	5.5	36	7.0	6,812	4.5
Moderate						
2019	16.6	18.7	88	21.6	18,489	16.7
2020	16.6	18.0	117	22.8	28,491	18.8
Middle						
2019	20.3	23.5	132	32.4	33,793	30.5
2020	20.3	23.8	151	29.4	41,251	27.3
Upper						
2019	40.6	39.6	125	30.7	44,447	40.1
2020	40.6	41.6	193	37.5	65,120	43.0
Not Available						
2019	0.0	12.3	16	3.9	7,298	6.6
2020	0.0	11.1	17	3.3	9,628	6.4
Totals						
2019	100.0	100.0	407	100.0	110,794	100.0
2020	100.0	--	514	100.0	151,301	100.0

Source: 2015 ACS; Credit Union Data, 2019 & 2020 HMDA Aggregate Data.

Response to Complaints

The credit union did not receive any CRA-related complaints during the evaluation period; therefore, this criterion did not impact the CRA rating.

Discriminatory of Other Illegal Credit Practices

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the bank's overall CRA rating.

Fair Lending Policies and Procedures

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the credit union's public comment file indicated the credit union received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

Minority Application Flow

Examiners also reviewed the credit union's 2019 and 2020 HMDA LARs to determine if the credit union's application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to 2015 ACS data, the credit union's assessment area contains a population of 2,621,616 individuals, of which 24.0 percent are minorities. The assessment area's minority population is 3.7 percent Black/African American, 7.6 percent Asian/Pacific Islander, 0.1 percent American Indian, 10.2 percent Hispanic or Latino, and 2.4 percent Other.

In 2019, the credit union received 543 HMDA-reportable loan applications from within its assessment area. Of these applications, the credit union received 80, or 14.7 percent, from racial minorities. This was above aggregate data of 11.8 percent. For the same period, the credit union received 26, or 4.8 percent, of its applications from ethnic minority consumers. The credit union's performance was below aggregate data of 7.4 percent.

In 2020, the credit union received 834 HMDA-reportable loan applications from within its assessment area. Of these applications, the credit union received 96, or 11.5 percent, of applications from racial minority applicants. This is comparable to aggregate lending trends, which received 12.5 percent of its applications from racial minority individuals. The credit union received 46, or 5.5 percent, of applications from ethnic minority applicants which was comparable to the aggregate performance of 6.4 percent. This represents improvement from the previous year's ethnic minority application flow.

The following table details the credit union’s minority application flow and aggregate data in its assessment area.

MINORITY APPLICATION FLOW						
RACE	Credit Union 2019		2019 Aggregate Data	Credit Union 2020		2020 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	3	0.6	0.2	2	0.2	0.2
Asian	55	10.1	7.5	69	8.3	8.5
Black/ African American	6	1.1	2.2	11	1.3	1.8
Hawaiian/Pacific Islander	1	0.2	0.2	1	0.1	0.1
2 or more Minority	4	0.7	0.1	1	0.1	0.1
Joint Race (White/Minority)	11	2.0	1.6	12	1.4	1.7
Total Racial Minority	80	14.7	11.8	96	11.5	12.5
White	425	78.3	66.0	636	76.3	65.0
Race Not Available	38	7.0	22.3	102	12.2	22.6
Total	543	100.0	100.0	834	100.0	100.0
ETHNICITY						
Hispanic or Latino	23	4.2	6.3	37	4.4	5.3
Joint (Hisp/Lat /Not Hisp/Lat)	3	0.6	1.2	9	1.1	1.2
Total Ethnic Minority	26	4.8	7.4	46	5.5	6.4
Not Hispanic or Latino	475	87.5	70.2	654	78.4	70.3
Ethnicity Not Available	42	7.7	22.4	134	16.1	23.3
Total	543	100.0	100.0	834	100.0	100.0

Source: ACS Census 2015, HMDA Aggregate Data 2019 and 2020, HMDA LAR Data 2019 and 2020

Overall, the credit union’s minority application performance is adequate. The most recent year’s performance is comparable to aggregate lending. Examiners also reviewed lending in majority-minority census tracts within the area, and no disparities were identified.

COMMUNITY DEVELOPMENT TEST

Align Credit Union demonstrated excellent responsiveness to the assessment area’s community development needs through community development loans, qualified investments, and community development services. Examiners also considered the institution’s capacity and the need and availability of such opportunities.

Community Development Loans

Align Credit Union originated 40 community development loans totaling approximately \$14.3 million during the evaluation period. The credit union’s community development lending activity increased significantly from the previous examination, up from \$2.2 million. The credit union exhibited responsiveness in the areas of affordable housing and economic development of small businesses.

The following table illustrates the credit union’s community development lending activity by year and purpose.

Community Development Loans										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize Or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	7	3,160	1	38	10	1,549	2	556	20	5,303
2020	9	5,380	1	44	6	1,364	1	400	17	7,188
YTD 2021	1	720	0	0	0	0	2	1,080	3	1,800
Totals	17	9,260	2	82	16	2,913	5	2,036	40	14,291

Source: Credit Union records

Below are notable examples of community development loans:

- The credit union originated a loan for \$992,000 to purchase an 8-unit dwelling in 2020 located in Haverhill, MA. Five of the eight units are set below the area fair market rents as determine by Housing and Urban Development (HUD). The project qualifies as a community development loan supporting affordable housing.
- The credit union originated two loans in 2021 totaling \$1.3 million to purchase and convert a mixed-use property in Lowell, MA. The property is currently vacant and will be renovated to provide market rate housing for the area. The property is built in an opportunity zone in Lowell, MA, and revitalizes and stabilizes the low-income area by providing additional housing in the city.
- The credit union originated a \$292,000 Small Business Administration (SBA) 504 loan to support a Lawrence Jewelry Store in 2020. The SBA 504 loan program automatically qualifies as economic development by creating jobs in the area.
- The credit union originated a \$594,563 loan in 2019 to purchase a multifamily property in Gloucester, MA. The property consists of 8 residential units, all with rents below the fair market rent level set by HUD. The loan qualifies for community development as affordable housing.
- The credit union originated four loans in 2019 to purchase vehicles for a livery service in Tewksbury, MA. The vehicles will create and improve employment for the drivers, a line of work benefitting moderate-income individuals. The loans total \$194,108 and qualifies as economic development of a small business.

Qualified Investments

Align Credit Union made 235 qualified investments totaling approximately \$357,613, significant growth since the previous evaluation. The credit union’s equity investment totals \$45,213, and qualified donations total \$312,400.

The following table details qualified investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize Or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
3/4/17-12/31/17	4	12,750	68	63,830	0	0	5	11,750	77	88,300
2018	3	2,000	47	47,350	1	300	1	500	52	50,150
2019	6	4,900	40	56,220	1	1000	3	15,500	50	77,260
2020	6	5,300	46	70,500	0	0	4	20,500	56	96,300
YTD 2021	0	0	0	0	0	0	0	0	0	0
Donation Subtotals	19	24,950	201	237,900	2	1,300	13	48,250	235	312,400
Investments	0	0	0	0	0	0	1	45,213	1	45,213
Totals	19	24,950	201	237,900	2	1,300	14	93,463	236	357,613

Source: Credit Union records

Equity Investment

The credit union made one equity investment in July 2021 to the Lowell Downtown Venture Fund. The aim of the fund is to revitalize the primarily low- and moderate-income area by providing capital access for small businesses. Several area institutions participated in the fund. The credit union’s investment was made in response to another financial institution revoking its funding. The credit union’s investment totaled \$45,213.

Qualified Donations

Below are notable examples of the credit union’s qualified donations:

- *The Lowell Plan*– The credit union made several donations to this initiative to revitalize the area of Lowell through economic development. The initiative collaborates between public, private, and non-profit sectors to develop a vision for Lowell’s success, a primarily low- and moderate-income area. These donations support revitalization for low- and moderate-income areas.
- *Massachusetts Coalition for the Homeless* – This organization provides essential service for homeless individuals and those at risk of homelessness. The credit union extended several donations to the organizations and sponsored initiatives in collaboration with the cooperative credit union association during the evaluation period.
- *Project Learn* – This local non-profit organization develops programs to assist Lowell students. Programs include mentoring, book drives, fundraising, and college preparation. The credit union donated to this organization annually to support low- and moderate-income individuals.
- *Habitat For Humanity* – The credit union provided donations to several chapters of the organization in the assessment area. The goal of the organization is to develop affordable

housing for low-income individuals, as well as renovate and furnish housing for individuals in need.

- *Merrimack Valley Food Bank* – This Lowell-based organization aims to provide low-income, homeless, and food insecure individuals with food and other essential items. Initiatives include a community market, a mobile pantry, food rescue from local supermarkets, and a summer program for youths in coordination with local organizations. The credit union provided several donations to this organization during the evaluation.
- *Mill City Grows* – This non-profit organization aims to increase access to locally-grown food. The organization engages in community gardening, cooking, and education in the primarily low- and moderate-income area of Lowell. The credit union extended several donations to this organization.
- *Boys and Girls Clubs* – The credit union provided donations and grant support to several Boys and Girls clubs in the Assessment Area, including Haverhill, Lowell, and Merrimack Valley. These clubs operated in low- and moderate-income areas and benefitted families living in these areas.

Community Development Services

During the evaluation period, the credit union provided 182 instances of financial expertise or technical assistance to 40 different community development-related organizations in the assessment area. The following table illustrates the community development services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
3/4/17-12/31/17	7	16	10	2	35
2018	7	20	10	2	39
2019	1	23	11	2	37
2020	1	23	11	2	37
YTD 2021	2	19	11	2	34
Total	18	101	53	10	182
<i>Source: Credit Union records</i>					

During the evaluation period, the credit union provided technical assistance through employee expertise, financial education, and other programs designed to expand services to low- and moderate-income communities. The following are notable qualified examples.

Employee Involvement

- *Lawrence Partnership* – The Lawrence Partnership is a collaboration launched in 2015

between the private sector, the public sector, area banks and nonprofits to build a local economy. Initiatives include small business support and development, as well as workforce growth. A Vice President of the credit union sits on the Loan Committee of the Lawrence Partnership, using their technical expertise to provide access to capital for small businesses.

- *Girls Inc.: Lowell* – This nonprofit provides young women and girls with educational opportunities. Programs include financial literacy, sciences, math, photography, and conflict resolution. The organization operates in a primarily low- and moderate-income area and serves individuals in the area. An Executive Assistant of the credit union sits on the Board of Directors as well as the Diversity Equity and Inclusion Committee.
- *Elder Services of Merrimack Valley* – This organization aims to provide programs and resources for older adults and individuals with disabilities. Programs include transportation, housing, home care, meals, and money management. The organization is headquartered in a low-income area in Lawrence MA and many of the individuals receiving assistance subsist off of social security and qualify as low-income. The credit union's CRA Officer sits on the advisory committee of this organization.
- *LEADS Economic Development Program* – The educational program curriculum offers local business and civic leaders the opportunity to strategize and develop their community building skills. The credit union's CRA Officer acted as a fellow for this program, strategized affordable housing opportunities for the area, and raised grant funds for a local housing coalition.

Financial Education

- *Reality Fairs* – The credit union coordinated with four Lowell Public Schools to provide a financial literacy program for eighth graders on an annual basis. The aim is to help prepare students to make real personal financial decisions in the future, including career development and money management. Several credit union employees hosted the events, and all schools involved primarily serve students from low- and moderate-income families.
- *Community Teamwork Inc.* – The credit union collaborated with this local nonprofit organization as part of its American Dream Initiative, with an aim of increasing access to homeownership. The credit union provided twelve first-time homebuyer classes during the evaluation period in 2017 and 2018.
- *UMASS Lowell: First Generation* – The credit union conducted two virtual financial literacy sessions in concert with this program in 2020. The aim is to assist students who are the first in their families to navigate the college experience. The financial literacy classes will help them to make sound financial decisions.
- *Lowell House* – The credit union provided basic financial literacy seminars to clients of this nonprofit in 2019 and 2020. This program serves individuals in recovery from

substance abuse, and correlates with low- and moderate-income populations.

Technical Assistance Services

- *Low- and Moderate-Income Branches* – The credit union maintained three branches in Lowell MA, Framingham MA, and Seabrook NH. These were located in low and moderate-income census tracts. These branches provide essential retail services for a low- and moderate-income community.

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 credit union 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 credit union or an affiliate for consideration in the credit union'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 credit union's assessment area(s) or a broader statewide or regional area including the credit union'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 credit union'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 areas.

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 40 Market St, Lowell MA 01852"

[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.