

Community Reinvestment Act

Massachusetts CRA Provisions Tailored to Credit Unions

Massachusetts CRA provisions are tailored uniquely to credit unions.

a. Assessment Area

A credit union whose membership by-law provisions are not based on residence or defined geographic areas may delineate its membership as its assessment area. This process begins where credit unions have main and branch offices.

b. Exemption from Data Collection, Reporting and Disclosure

Credit unions are exempt from the data collection, reporting and disclosure requirements for small business, small farm and community development loans, except that those subject to HMDA must report the location of the home mortgage loan application, origination or purchase outside the metropolitan statistical area in which the credit union has a home or branch office.

c. Optional Data Collection and Maintenance

A credit union may collect and maintain in a machine readable format data for consumer loans originated or purchased for consideration under the lending test in the following categories: motor vehicle, credit card, home equity, secured and unsecured loans. The loan amount, loan location and gross annual income of the borrower are maintained. Additional loan distribution data may also be maintained.

d. Exemption from Investment Test

Credit unions are generally exempt from evaluation under the Investment Test. However, a credit union that achieves at least a "Satisfactory" rating under the lending and service tests may warrant consideration for an overall rating of "High Satisfactory" or "Outstanding." In assessing whether a credit union's performance is "High Satisfactory" or "Outstanding," a credit union's performance in making qualified investments and community development loans, to the extent authorized under law, will also be considered.

e. Income Guidelines

Guidelines exist to assist examiners in evaluating the distribution of lending among borrowers of different income levels for those credit unions whose membership eligibility is defined by an affiliation with a particular industry or employer rather than by geography. Under CRA, lending is reviewed amongst low-, moderate-, middle-, and upper income borrowers. These income classifications are determined by using the HUD estimated median family income for specific metropolitan statistical areas where loans are originated. As credit unions serve a membership where a majority of members have incomes above the low- and moderate-income levels established by HUD, the guidance permits exam staff to consider not only HUD income data, but also alternative income data sources, such as wage and salary information of members, and factors such as the penetration of credit amongst members of different classifications (professional, managerial and non-managerial members) and the penetration amongst potential credit union membership based upon the size and complexity of the institution.

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Incentives in the Massachusetts CRA scheme of regulation:

Incentives greatly assist in expediting and ensuring compliance with any statutory and regulatory provisions. The following incentives have been developed over the course of decades of experience operating under the Massachusetts CRA provisions:

➤ **Expedited Regulatory Application/Transaction Consideration**

Records of performance under CRA will be considered in required regulatory approval transactions for branches, mergers, acquisitions, automated teller machines, mobile branches or any other regulatory approvals. A high rating of “Outstanding” makes institutions eligible for alternative applications (notice filing).

➤ **Extended/Alternative Examination Cycles**

For all “Outstanding” and “High Satisfactory” CRA ratings, state regulatory examination cycles are extended 36 months following the prior state examination or 18 months following the prior federal examination. CRA examinations for all other institutions are completed on a 24-month cycle.