

**~SAN MATEO~
CREDIT UNION**

P.O. Box 910 • Redwood City, CA 94064-0910

March 3, 2010

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Subject: National Credit Union Administration Chartering of Field of Membership for Federal Credit Unions 12CFR Part 701 Proposed Rules

Dear Ms. Rupp:

We have reviewed the proposed NCUA Field of Membership Rules and respectfully submit the following comments. For over forty years, San Mateo Credit Union's initial field of membership consisted of the employees of San Mateo County; however, we have since converted to a community charter. Since our conversion, we have been proudly serving those individuals living, working, attending school and worshipping in San Mateo County, not just those individuals employed by the county. Although we are a state-chartered institution, we believe the proposed rule to the chartering of field of membership for federal credit unions will detrimentally impact the credit union industry.

Under the proposed rules for multiple political jurisdictions, an area will be considered a well-defined local community (WDLC) if all of the following requirements are met:

1. The area has a population of no more than 2.5 million for population;
2. The majority of the jobs must reside in the hub of the Core Based Statistical Area (CBSA);
3. One-third (1/3) of the population must also reside within the Core Based Statistical Area or otherwise known as hub; and
4. The area contains a dominant city, county or equivalent with a majority of jobs in the Core Based Statistical Area.

We believe these requirements will make it extremely challenging for federal credit unions to qualify for a multiple community charter. At a minimum, we believe the Agency should conduct additional research into how many cities and counties would meet the proposed requirements for multiple political jurisdictions.

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We are also concerned with the requirement to develop a marketing plan to show how a credit union will provide products and services to the underserved. Under the proposal, the NCUA regional office would follow-up with the federal credit union every three years after it has been granted new or expanded community charter and at any other intervals NCUA believed appropriate to determine whether the credit union was satisfying the terms of its marketing and business plan. Any federal credit union failing to satisfy the terms of its marketing plan to the underserved would then be subject to supervisory action.

In 2007 we opened a branch in the North Fair Oaks community of Redwood City. North Fair Oaks is a largely Hispanic community with recent immigrants to the U.S. Over the course of the last 3 years, our Marketing plan to grow and develop this branch has been in a state of constant evolution as we learn more about the community and the needs of its members. We believe it would not be a prudent course of action to subject a credit union to supervisory action if it fails to meet its marketing plan for the underserved communities. This provision appears more as a Community Reinvestment Act type requirement of the banking industry and ignores the voluntary efforts of many credit unions to serve the underserved across this country, particularly in rural areas.

We thank you for the opportunity to comment on the proposed changes to the field of membership rules. We hope that you will conduct additional research to evaluate the feasibility of the rules and to ensure that any field of membership changes do not detrimentally impact credit unions from growing and serving their local communities. Should you have any questions, please feel to contact me at bjollette@smcu.org or our Compliance Officer, Karen Niederkohr at kniederkohr@smcu.org.

Sincerely,



Barry Jollette
President and CEO
San Mateo Credit Union

cc: Mary Dunn, CUNA
Jeremy Empol, California Credit Union League