



## **SOMERVILLE MUNICIPAL FEDERAL CREDIT UNION**

February 7, 2016

National Credit Union Administration  
Gerald Poliquin, Secretary of the Board  
1775 Due Street  
Alexandria, VA 22314-3428

**RE: Comments on Notice of Proposed Rulemaking for Field of Membership – RIN: 3133-AE31**

Dear Mr. Gerald Poliquin,

I am writing on behalf of the Somerville Municipal Federal Credit Union, a \$38 million in assets (2,430 member) multiple common bond credit union, with a field of membership primarily comprised of a specific employee group within a single municipality (the City of Somerville, MA), the housing authority for the same municipality, and most recently (added in late 2014) two stand-alone groups of less than 3,000 members (the Somerville Garden Club and the Disabled American Veterans Chapter 27). We exist and compete in our City of Somerville against many larger financial institutions, both banks and credit unions, as well as some smaller ones, such as the Somerville School Employees Federal Credit Union and the Somerville Massachusetts Firefighters Federal Credit Union. In essence the existence of two other municipal-based credit unions within the same city make it a continual challenge to serve an ever decreasing niche and pool of potential core municipal employees. Therefore, the purpose of my writing is to express my support, and indeed gratitude, for NCUA's proposed field of membership (FOM) rule changes. In addition to serving as the CEO of my small credit union, I also was elected in 2015 as a Director of the Cooperative Credit Union Association to represent the needs of my state's small credit union peer group.

The proposed FOM rules are of paramount importance to my credit union, as well as to my peer's, in not only surviving but continuing to thrive and better serve our membership both in the present and the future. The immediate impact of the proposed changes will allow smaller credit unions, especially those that have a single or multiple bond, to have options to grow their membership. Without your proposed changes we will be forced to struggle with an attenuated process of applying for FOM expansions. My first-hand experience of seeking to add two very small stand-alone groups (comprised of 200-300 participants and well under the 2,999 threshold) in 2014 resulted in a pro-longed 3-month process (despite using the field of membership internet application [FOMIA—Form 4015EZ]), with multiple follow-up emails and calls to several NCUA contacts before it was favorably resolved. Your specific proposed change relative to increasing the threshold to a group of 3,001-5,000 via the FOMIA is certainly a move in the right

direction and one that will benefit many small credit unions. However, I must note that our credit union has a nearby (within 2 miles) local college that is a leader in providing undergraduate and graduate level education to primarily working adults, many who are minorities and women. This college has approximately 6,000 students, and as a low-income designated credit union we would like to approach them as a stand-alone group, both to offer our traditional financial services as well as our affordable student loan initiatives, yet even this new proposed limit of 5,000 would be insufficient to allow this local college to pass the proposed FOM test. I understand that NCUA's test was developed to select a potential membership range that would demonstrate that the stand-alone group is too small, and thus unable to establish a single common bond credit union. However, the establishment of a newly chartered credit union is not easily accomplished, even by a stand-alone group that exceeds 5,000, and therefore I suggest that NCUA consider a greater sized stand-alone group threshold of 10,000 members.

Thanks to NCUA's previous FOMIA approvals for our two aforementioned stand-alone groups in late 2014, we have been able to demonstrate a consistent growth in membership attributed solely to those two recently added groups. Most importantly these new stand-alone group members are generally in a younger demographic, and as a result have often taken out loans, the life blood of any credit union, especially a smaller one such as ours, with an aging core membership. We believe that the proposed changes impacting community FOM expansion will also ultimately benefit our credit union, as well as my peer credit unions, in fiscally serving more members.

We are very pleased to see that NCUA has proposed to allow veterans of the U.S. Armed Forces join credit unions within their affinity groups. Our recent addition of the local chapter of the Disabled American Veterans has opened up another avenue for new member expansion while being able to serve a deserving, underserved niche. With the proposal provision we will be able to add additional veteran service groups without having to invest the time and resources presently required under the FOMIA process.

Thank you for this opportunity to weigh in and opine on the effect that NCUA's proposed Field of Membership changes will have on our credit union, as well as our small credit union peer group within the state of Massachusetts, and those nationwide. We strongly urge and support the National Credit Union Administration to approve the proposed changes so that all credit unions and their membership can benefit from flexibility within their field of membership.

Sincerely,



Roland J. Draper III  
Chief Executive Officer  
Somerville Municipal Federal Credit Union  
236 Holland Street  
Somerville, MA 02144  
Phone: (617) 625-0898, extension 211

cc: Cooperative Credit Union Association