



# NEWSLETTER

WINTER 2014



**ROLAND DRAPER, CEO**

## SOMERVILLE MUNICIPAL FEDERAL CREDIT UNION

236 Holland Street  
Somerville, MA 02144  
Phone: 617-625-0898  
Fax: 617-625-0364  
[www.sommfcu.com](http://www.sommfcu.com)

### HOURS OF OPERATION

Monday, Wednesday, and Friday  
9:00 am - 4:30 pm

### PLEASE NOTE OUR EARLY AND LATE DAY CLOSING:

Tuesday 9:00 am - 3:00 pm  
Thursday 9:00 am - 6:00 pm

Of course our Virtual Branch, ATM (Automated Teller Machine) locations & automated toll-free telephone banking service at 1-866-412-0716 provide you 24/7 access to your credit union!  
**Contact us today if you are not enrolled!**

### HOLIDAY CLOSINGS

Monday, January 1, 2014  
**New Year's Day**

Monday, January 20, 2014  
**Martin Luther King Jr. Day**

Monday, February 17, 2014  
**Presidents' Day**

## CEO Message: Check out Check-Free, our Online Bill Pay

We are very excited to announce the coming of our newest service that will make paying your monthly bills easier than ever! Through Virtual Branch, our home banking service, you now will be able to pay bills online with Check-Free. This convenient service will allow you to pay vendors and retailers without ever having to write out a check. Check-Free will enable you to use your credit union checking account and make payments online when it is convenient for you. With Check-Free you will be able to schedule and review pending and completed payments. This service will be available to you 24 hours a day, 7 days a week so this is not only convenient, but it also saves you time and money! Say good-bye to stamps, envelopes, and trips to the post office, and say hello to free time and stress-free days! In order to enroll in Check-Free you must be enrolled in Virtual Branch, if you are not enrolled join now and also enjoy the freedom of banking from the comfort of your home. The expected implementation date is in April, so stay tuned for more details.

## Follow Us on Facebook!

There is now a new way to stay up to date and keep in touch with your credit union: follow us on Facebook! Somerville Municipal Federal Credit Union is now found on the world's largest social media website. Through Facebook we will be providing you with our latest announcements, news, events and promotions. Join our Facebook community by going to the link below and simply clicking the "like" button:

[www.facebook.com/SOMMFCU](http://www.facebook.com/SOMMFCU)

## SAVE THE DATE: Annual Meeting set for March 11, 2014

On Tuesday, March 11, 2014 we will be holding our Annual Meeting at 4:00 pm at the Aldermanic Chamber at the Somerville City Hall.

Now more than ever, it is important that our members attend the Annual Meeting to vote for the candidates running for seats on the Board of Directors. We ask that you give careful consideration to each of the candidates and support those whose ideas best represent your needs as a member of Somerville Municipal Federal Credit Union.

If you have any questions regarding the upcoming Annual Meeting or have an interest in running for a Board of Director position please contact Ron Draper, CEO at 617-625-0898 extension 211 or via email at [rdraper@sommfcu.com](mailto:rdraper@sommfcu.com).

## Debit and Credit Card Fraud The Target Breach Impact

On December 19, 2013, Target confirmed that there was unauthorized access to their payment card data. Customers that made purchases at Target using their debit and credit cards between November 27 and December 15 could have been affected. This is the second largest data security breach in U.S History, affecting approximately 40 million debit and credit accounts. It has been reported that the information compromised included name, card number, expiration date, and now PIN data. It was confirmed December 27 that PIN data has been stolen however Target believes the PINs remain "safe and secure." In a statement, Target spokeswoman

*continued on reverse*





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Molly Snyder said the PINs are "strongly encrypted" and were never stored on Target's systems in plain text.

So far none of our members have been comprised from the recent Target breach, however if the incident did occur, impacted members will be contacted by a credit union employee and not by an automated voice or email message. We encourage all our members to check your account activity daily and to notify us as soon as possible if there is any suspicious activity on your account. Members who are victims of debit card fraud or stolen identity should request a replacement debit card to be reissued. If you are concerned whether your card is at risk due to this incident feel free to contact us at, 617-625-0898.

## Phishing Warning!

Somerville Municipal FCU is warning it's members to be aware of fraudulent cellular phone text messages/SMS, allegedly from the Credit Union. Some of our members are receiving cellular phone text messages/SMS telling them that their debit card has been restricted and to call the number given to activate it. The phone number is a recording and specifically asks for the member to key in their card number.

***Please do not respond or provide any information!***

***Above mentioned cellular phone messages/SMS aren't originating from Somerville Municipal FCU!***

***Somerville Municipal FCU will NEVER ask you for sensitive information by cellular phone message/SMS!***

***This is obviously a phishing attempt!***

5 YR Fixed Rate 2.49% APR\*

10 YR Fixed Rate 2.75% APR\*

15 YR Fixed Rate 2.99% APR\*

\*APR - Annual Percentage Rate

Rates are subject to change and are based on the 1-4 family owner occupied, 80% loan to value (20% down payment or equity), zero point, rates in effect as of January 3, 2014. Other rates and terms are available and may apply based on individual credit score. Closing costs apply to the above rates. All loans are subject to credit approval and may be subject to secondary market rate adjustments. Higher rates apply for jumbo mortgage products.

Please contact the credit union directly at 617-625-0898 during business hours, or check online at [www.sommfcu.com](http://www.sommfcu.com) for our latest rates and terms.

Phishing is the criminally fraudulent process of attempting to acquire sensitive information such as Credit card or account details, usernames, passwords, etc. by masquerading as a trustworthy entity (e.g. our Credit Union) in an electronic communication (phone, fax, e-mail, etc.). If you have received suspicious cellular phone message/SMS, please report it to us at 617-625-0898.

## Our New Lending Philosophy is Coming Soon!

It is the philosophy of our credit union to help as many of our members as possible with their credit needs. Our credit union believes in relationship lending. We have strong evidence, based on years of lending experience, that our members pay us when they do not pay others.

Although we can not ignore the fact that others may not be getting paid on-time, we also do not solely use that fact as a reason to deny the loan if the member can demonstrate an ability to continue to pay the credit union. We will also consider a member's credit score but will not deny a loan based only on a low credit score. The credit union understands that credit scores are very volatile and can change quickly. A Loan Officer will always review each members entire loan application and supporting data.

Our objective is to counsel our members regarding their diminished credit scores and guide them on the process of increasing their credit scores. Our overall decision of whether or not to approve a loan also takes into consideration a number of factors in addition to the credit score: debt-to-income ratio, length of employment and length of residency. We place more weight

on debt-to-income ratios and credit scores because they have proven to be better predictors of possible default than the factors of length of employment or length of residency.

We believe lending has always been a judgment business. While we train our employees to use good judgment in lending decision making, no one is qualified to judge a member's character.

As the old saying unfortunately goes, "bad things can sometimes happen to good people". As a result we realize that under extreme circumstances, our members can make mistakes that will negatively impact their credit. However we believe our members deserve a second chance and an opportunity to get a fresh start.

It is the policy and practice of the credit union not to discriminate, which is the reason we will soon be implementing a Risk-Based Lending policy on consumer loans (unsecured and vehicle loans) to our members.

The credit bureaus assign risk scores to each members loan repayment profile. These scores were developed by Fair Isaacs Company (FICO), a national leader in developing credit scoring models. FICO has tested thousands of files and their results have been proven to be nondiscriminatory.

Thus the credit union will establish six (6) groups of interest rates according to the member's FICO Credit Score.

With the use of this new risk based lending philosophy, the credit union will now be able to approve many member loans that would not have been previously eligible.

***These new credit approval categories are as follows:***

1. "Platinum" FICO score of 720+
2. "A+" FICO score between 700-719
3. "A" FICO score between 680-699
4. "B" FICO score between 640-679
5. "C" FICO score between 600-639
6. "D" FICO score of 599 or less

In the event there is no credit report score, our Loan Officer will decide whether or not to approve based on information provided in the application, and if approved, will assign the rate for a "D" credit.

