

February 05, 2016

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

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

Dear Gerald Poliquin,

I am writing on behalf of Xceed Financial Federal Credit Union, a workplace credit union that focuses on meeting the needs of working adults employed by our many Select Employer Group (SEG) partners. We have approximately \$1.1 billion in assets under management, 62,000 members nationwide, and operate 11 Financial Centers in five states. We are thankful for the opportunity to provide comments to the National Credit Union Administration Board on its proposal to amend its Chartering and Field of Membership (FOM) rule.

We fully support the proposed rules that would allow credit unions to serve individuals who share a common bond and need and want credit union services to help them improve their financial well-being. The proposal will provide much needed regulatory relief by streamlining NCUA's chartering and FOM procedures as well as removing many non-statutory constraints on FOM chartering and expansion.

SEG Contractors: We strongly support NCUA's initiative to allow multi-SEG credit unions to serve independent contractors. Our SEGs have independent contractors who worked for them for numerous years and yet were not eligible for membership, thus illustrating the necessity of this proposed amendment.

Office/Industrial Park Tenants: We strongly support NCUA's initiative to allow multi-SEG credit unions to serve the employees of an office or industrial park. Similar to the inclusion on SEG contractors, this proposed amendment will allow our Credit Union to reach potential members who want and need affordable financial services.

"Reasonable Proximity" through Online Access to Services: Due to the explosive growth of technology and digital communication platforms, today's society is ubiquitous and widespread. Credit union members can form a cohesive bond and be integrally related regardless of geographic location because modern technology provides platforms on which individuals can connect to one another from anywhere in the world. In today's modern world of teleconferences and webinars, credit union members can participate in activities developing common loyalties, mutual benefits without geographic restriction. Consumers and federal credit unions should not be penalized for adopting the use of these technologies to serve and grow their memberships. Therefore, we strongly support NCUA's initiative to incorporate online financial services in to the definition "service facility."

We also encourage NCUA to finalize the proposed rule and take into consideration

the improvements and concerns suggested below:

Determination of Stand-Alone Feasibility: While we appreciate NCUA's initiative in this rulemaking to streamline the determination of stand-alone feasibility, we believe that NCUA should only require overlap analysis and the standard application process when federal credit union's business plans expect more than 5,000 *actual* members, rather than merely the *potential* for 5,000 members. As the NCUA Board acknowledges in the preamble to the proposal, 80 percent of failures occurred in credit unions with fewer than 5,000 actual members, and the number of potential members of those credit unions was significantly larger. Therefore, if 5,000 actual credit union members were deemed to be the minimum number needed to charter a viable new credit union, the number of potential members needed to reach 5,000 actual members would be much larger. Accordingly, we recommend that NCUA finalize a rule that considers the *actual numbers* as determining factor for the streamlined determination of stand-alone feasibility.

Underserved Areas: We generally support this aspect of the proposal because the revisions would more accurately analyze the effectiveness of financial institutions in a particular area. To improve the ability of a credit union to evidence why an area is underserved, we suggest the NCUA to consider other metrics, such as:

- Home Mortgage Disclosure Act (HMDA), which requires banks, savings and loan associations, and other financial institutions to publicly report detailed data on their home lending activity. Data from HMDA can be used as a tool to determine whether current lenders are meeting the needs of those in minority, low-income, and otherwise underserved communities.
- Persistently Poor Counties (PPCs), tracked by the Economic Research Service of USDA, are counties with recorded poverty rates in excess of 20 percent in each of the last three decennial census reports. According to the USDA, there are currently 353 PPCs in the United States, comprising 11.2 percent of all U.S. counties. PPCs need additional attention and focus from financial institutions.
- Other local economic factors, including poverty rates, unemployment rates, and median and family income. Each of these factors can be indicative of "underservice" in an area, even in spite of a proliferation of financial institutions in that area.

Thank you for the opportunity to comment on this very important topic. We applaud

NCUA's willingness to amend the Chartering and FOM Manual to provide much-needed relief for the credit union industry. While we strongly support this proposal, we encourage NCUA to consider the improvements and concerns outlined above, as we believe these suggestions will meet the needs for credit unions

Sincerely,

Teresa Freeborn
President and CEO
Xceed Financial FCU

cc: CUNA, CCUL