



National Credit Union Administration
Office of Consumer Protection

TO: NCUA Board

DATE May 7, 2014

FROM: Gail Laster
Director, Office of Consumer
Protection

SUBJ: AERO Federal Credit Union's
Application to Add 2 Underserved Areas

ACTION REQUESTED: Approve the subject application to serve two underserved areas for AERO Federal Credit Union (AERO) in Glendale, Arizona, under Section 109 of the Federal Credit Union Act, and Appendix B of Part 701 of the NCUA Rules and Regulations. The population of one of the underserved areas exceeds 1 million people.

DATE ACTION REQUESTED: May 22, 2014

OTHER OFFICES CONSULTED: Region V and Examination and Insurance

VIEWS OF OTHER OFFICES CONSULTED: Concur

BUDGET IMPACT, IF ANY: None

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Not applicable

RESPONSIBLE STAFF MEMBERS: Director Gail Laster, Office of Consumer Protection; Director Robert C. Leonard, Consumer Access Division; and, Consumer Access Analyst Annette Moore.

SUMMARY: AERO was chartered in 1958 to serve employees of Sperry Phoenix Company which later became Sperry Flight Systems. In 1986, Sperry Flight Systems merged with Burroughs Corporation and became Unisys, and then Unisys sold Sperry Flight Systems to Honeywell. In 2003, AERO began adding other select groups, with a majority of them (74 percent) added after 2008. However, AERO has experienced extended negative loan and membership growth over the last several years and thereby is seeking a field of membership expansion to resolve these concerns. As such, AERO is requesting to add two underserved areas in the two geographic areas it has a strong presence in, the greater Phoenix, Arizona area and the Albuquerque Metropolitan Statistical area comprised of four counties.

AERO is requesting to serve persons who live, work, worship or attend school in, and businesses and other legal entities in 413 census tracts in Maricopa County, Arizona and 81 census tracts in Bernalillo County, New Mexico.

The underserved area in Maricopa County, Arizona has a population in excess of 1,000,000; therefore, National Credit Union Administration Board approval is required.

As of December 31, 2013, AERO reported assets of \$205 million and 15,621 members from a potential of 40,000, representing a penetration rate of 39 percent.

AERO's application meets NCUA underserved area requirements as required by Appendix B of Part 701 of the NCUA Rules and Regulations. Additionally, AERO's business and marketing plan demonstrates its ability to serve residents throughout the two underserved areas. The plan is comprehensive and demonstrates AERO has the facilities, staff, and infrastructure to serve residents throughout the area, based on technical capacity and an understanding of its demographics.

RECOMMENDED ACTION: Approve AERO's application to serve the two requested underserved areas, one exceeding a population of 1 million people.

ATTACHMENT: Supporting package.