



**CITY CREDIT UNION**  
MAKING THE DIFFERENCE. ONE MEMBER AT A TIME.

February 7, 2014

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

RE: Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Regulated Entities

Dear Mr. Poliquin,

On behalf of City Credit Union, thank you for the opportunity to comment on the above referenced proposed regulation. City Credit Union is located in Dallas, Texas and serves a very diverse membership of over 39,000 members who primarily reside in Dallas, Ellis and Cooke counties. At year-end 2013, City CU had \$272 million in assets and employed 118 full and part-time employees.

City CU is very proud of its long history and commitment to diversity and inclusion. Our membership consists primarily of Anglos, African-Americans and Hispanics in relatively equal proportions. Our workforce has very similar demographics as does our Board of Directors. Women also occupy a significant role in our operations with women holding the positions of Board Chair, President/CEO and a majority of our other leadership, managerial and supervisory positions. We believe our very diverse leadership structure and workforce is reflective of and aligned with the diversity of our membership in every respect.

From our perspective, the proposed standards on diversity and inclusion will place a very significant reporting and administrative burden on City CU and other credit unions. Regulatory compliance and reporting at various levels is already a burden on smaller financial institutions like City CU that are not large enough to employ specialized staff to solely handle these matters. At City CU, our "specialists" wear many hats and are typically responsible for multiple functions. The proposed regulations will only exacerbate what is already a difficult situation with little tangible benefit to our ability to serve our members or provide them with competitively priced products and services. To the contrary, the proposed regulation will have the opposite effect of increasing our operating costs and diminishing our ability to provide our members with higher deposit rates and lower loan rates.

Among other things, we are particularly concerned about the provision that would require us to gather diversity related information from our third party service providers. Compliance with this provision will be extremely difficult in most cases and impossible in others. We already face significant challenges in obtaining financial and operational information from the privately held companies we do business with, and complying with internal and regulatory due diligence requirements is already a very time consuming and tedious process. We simply do not have the resources to engage in this kind of research and reporting without adversely impacting other parts of our operations.

We understand the NCUA is required to develop standards for assessing the diversity and inclusion policies and procedures of credit unions as mandated by the Dodd-Frank Act. While this legislation and the regulations adopted to implement it may be viewed (by some) as good public policy, the unintended consequences of it will be higher costs and a disparate impact on smaller financial institutions like City CU that will likely have difficulty absorbing the associated costs of compliance.

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We, therefore, strongly urge the NCUA to make every reasonable effort to ensure its final regulations minimize the impact on credit unions.

Thank you for your consideration of our concerns. If you have any questions about our comments, I can be reached by telephone at 214-319- 5070 or by email at [Sharon.moore@citycu.org](mailto:Sharon.moore@citycu.org).

Sincerely,

Sharon Moore  
President and CEO

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