a group satisfies this common bond requirement, NCUA will consider the totality of the circumstances, such as whether the members pay dues, have voting rights, hold office, hold meetings, whether there is interaction among members and whether the group has its own bylaws. See, Chapter 1, Section II.B. of the Chartering Manual, 59 FR at 29076. Provided operational area requirements are met, senior citizen/ retiree associations formed for purposes other than seeking credit union service will then qualify to join an existing FCU. An FCU may still assist a senior citizen group to form an association that will qualify under the Chartering Manual. Accordingly, the Board is proposing to eliminate the section of IRPS 94–1 which permits Communicator FCU-like senior citizen/ retiree associations to join FCUs, Chapter 1, Section V.B of the Chartering Manual, 59 FR 29082.

The Board is requesting comment on this proposal as well as how to address existing senior citizen/retiree groups in other FCU's fields of membership that do not meet the proposed characteristics of an association. The Board requests comment on the following proposed treatment of existing groups. First, FCUs that currently have a senior citizen/ retiree group in their field of membership and wish to continue to add members from this group must ensure that the group meets the normal associational common bond requirements. Many of these groups may already meet the proposed requirements. The examination program will monitor compliance. Second, no new group members may join an FCU that does not have the characteristics of an association. In this case, the group should be deleted from the FCUs charter. This will also be monitored through the exam process. However, if the FCU has adopted the once a member, always a member bylaw, it could continue to serve members that had joined based on their membership in the senior citizen/retiree group.

Until the Board approves a final policy, it is continuing its moratorium on FCUs adding self-created senior citizen/retiree groups to their field of membership. The moratorium has no effect on groups that are already in an FCU's field of membership and it does not apply to the addition of senior citizen groups that have the characteristics of an association as defined in the Chartering Manual. 59 FR at 29076.

Low-Income Associations

The Board is also considering the possible effects of the *Communicators*

FCU decision on low-income group additions. Congress and the Board have long recognized that special efforts must be made for those who are attempting to serve the needs of persons of limited means. IRPS 94-1 provided new methods for credit unions to serve lowincome persons with the establishment of two new policies. The first policy permitted any occupational, associational, multiple group or community FCU to include in its field of membership, without regard to location, communities satisfying the low-income definition of § 701.32 of NCUA's Regulations. The second policy allowed any FCU to add associational groups of low-income persons to their fields of membership. Current policy allows low-income groups to be formed solely for the purpose of obtaining credit union service without meeting the standard characteristics of an association.

The Board proposes that FCUs continue to be allowed to add lowincome groups formed solely for the purpose of seeking credit union service. NCUA defines as "low-income" persons earning less than 80 percent of the average for all wage earners and persons whose annual household income falls at or below 80 percent of the median household income for the nation. 12 CFR 701.32(d)(2). The FCU Act was enacted "to make more available to people of small means credit for provident purposes through a national system of cooperative credit." 12 U.S.C. 1751. Congress established a special segment of credit unions serving predominantly low-income members. 12 U.S.C. 1752(5). Congress also established and funded a Community Development Revolving Loan Fund for Credit Unions, designed to help, through loans to credit unions serving predominantly low-income persons, in providing "basic financial and related services" to low-income persons and in "stimulating economic activities * * which will result in increased income, ownership and employment opportunities for low-income residents." 12 CFR 705.2(a). See also, 12 U.S.C. 1766(k) (giving the Board authority over the Community Development Revolving Loan Fund for Credit Unions). The Board believes that the current low income credit union program continues to serve an important governmental purpose and is not proposing any changes to its lowincome association policy.

Technical Changes

The Board is proposing five technical amendments to its policy to clarify operational issues. The amendments

address: (1) The application of field of membership rules to credit union mergers; (2) the use of streamlined expansion procedure; (3) the documentation requirements for low-income community credit unions as well as low-income additions; (4) the use of surveys to support a community charter; and (5) appeal procedures.

Mergers

A. Operational Area. The Board wishes to clarify how it applies operational area and field of membership requirements to mergers. NCUA's field of membership expansion rules apply to mergers where the continuing credit union is a federal charter. If the merging credit union is state chartered, the field of membership rules for conversions from state to federal charter also apply. Chapter 2, Section III.A, Chartering Manual. 59 FR at 29086. The following is an explanation of how field of membership expansion, and particularly operational area, requirements apply in the merger context.

For each group in the merging credit union's field of membership, there are two means of merging into an occupational, associational or multiple group FCU. First, if the merging group is part of an occupational or associational common bond which constitutes a majority of the continuing credit union's field of membership, the group may be added regardless of location. These are called "common bond additions." For any other occupational or associational common bond, the group must be within the credit union's operational area. These are commonly called "select group additions." A "select group" can also be added if it is within the operational area of a planned service facility of the continuing credit union provided:

* The planned facility begins operation shortly after the group is added; and

* The current field of membership constitutes a significant portion of the total field of membership to be served initially by the proposed facility. Although the addition of a new select group is not enough to justify a planned service facility, it is permissible to include new groups as partial justification for such a facility.

Chapter 2, Section II.A.1 of the Chartering Manual, 59 FR at 29085. Mergers will usually fall into either the common bond addition or select group addition categories, but some may fall into both. Field of membership requirements are met for each merging group only if the group could have been added to the continuing credit union without the benefit of the merger. The continuing credit union must analyze