each group in the merging credit union's field of membership as if the continuing credit union was expanding its own field of membership without a merger. For those groups from the merging credit union that do not meet operational area requirements, only the members of record will be transferred to the continuing credit union. Merger applicants must provide NCUA with their own analysis of how the proposed field of membership conforms to the requirements set forth in the Chartering Manual.

The Board is seeking comment on the application of operational area requirements to mergers involving select group additions. Specifically, in addition to welcoming comment on the above analysis, the Board requests comment on whether mergers should be further limited to credit unions which primarily serve groups in the same geographic location. If so, the continuing credit union would only be permitted to continue to serve groups in that geographic location.

B. Views of Overlapped Credit Unions. The Chartering Manual does not require the Region when it reviews the merger plan to apply an overlap analysis to a group in a discontinuing credit union's field of membership that has service available from another credit union. The Board requests comment on whether such an analysis is necessary and whether an affected credit union should be notified of the merger and be given an opportunity to object to the continuing credit union retaining the overlapped group in its field of membership.

The Board also requests comment on whether credit unions that may be adversely affected by the merger should have the right to appeal the Regional Director's determination. An appeal after the merger is approved may pose administrative and procedural difficulties. Because of these potential problems, the Board is requesting comment on whether it should establish a formal process for credit unions to comment on a merger prior to the Regional Director making a determination. One procedure would be to require the merging credit unions to notify all affected credit unions of the proposed merger. Credit unions would have 30 days from receipt of the notification to send written comments regarding their views to the Regional Director. Only after consideration of the comments would the Regional Director make a determination.

C. *Waivers.* An operational area waiver procedure is available when a state-chartered credit union is merged into an FCU "on a proper showing that the [continuing] credit union will continue to be able to provide quality service to its current field of membership as a federal credit union." Chapter 2, Section III.A, 59 FR at 29086. A waiver is discretionary on the part of NCUA and permits groups already receiving quality credit union services, who are located outside of the credit union's operational area, to continue to have credit union service after the merger. It is the responsibility of the merger applicants, not NCUA, to provide an adequate basis for a waiver. Absent any waivers, only members of record of those groups that do not meet operational area requirements may be transferred to the continuing credit union. Finally, operational areas requirements do not apply in emergency mergers. 12 U.S.C. 1785(h).

Streamlined Expansion Procedure ("SEP")

SEP was adopted by the Board in IRPS 94-1 and permits well operated FCUs to add small groups of less than 100 persons with an occupational common bond without prior NCUA approval. The group must be located within 25 miles of one of the FCU's service facilities and have made a written request to the FCU for service. In general, the group must not have credit union service currently available. The Board is proposing three clarifications to the SEP program. First, an FCU may use SEP if the only other credit union service available is from a community credit union. NCUA does not afford overlap protection to a community credit union when it is being overlapped by an occupational group. Chapter I, IV.B.1, Chartering Manual, 59 FR at 29080. Second, consistent with standard field of membership expansions, the group as a whole will be considered to be within a credit union's 25 mile limit when: a majority of the group's members live, work, or gather regularly within the 25 mile limit; the group's headquarters is located within the 25 mile limit; or the group's "paid from" or "supervised from" location is within the 25 mile limit. Third, if an FCU has SEP in its charter and merges into a credit union without SEP, the continuing credit union must submit a charter amendment and receive NCUA approval if it wishes to use SEP. This can be accomplished as part of the merger process. The Board is proposing to amend the Chartering Manual to incorporate all three clarifications.

Documentation Requirements to Establish Low-Income Services

Generally, a low-income credit union is chartered as a community or associational credit union. To further the interest of making credit union service available to persons in lowincome communities, NCUA also permits 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 Regulation. The Board believes that any low-income community requesting either a new charter or inclusion in an existing field of membership expansion must meet the requirements of the Chartering Manual for demonstrating a community common bond, i.e., the geographic area's boundaries must be clearly defined; and the charter applicant must establish that the area is recognized as a distinct "neighborhood, community or rural district." Chapter 1, Section II.C.1, 59 FR at 29077. In many cases, a lowincome community already has the common interest and characteristic by lacking the basic financial services found in more affluent communities. The Board is proposing that for new low-income charters or community expansions, the Regional Director will decide what documentation satisfies the community common bond requirement. Such documentation must clearly define the area's geographic boundaries and whether the area is recognized as a distinct neighborhood, community or rural district.

Community Charters

Many credit unions use surveys to demonstrate the need for a community charter. A survey of the residents and employees of the area often indicates whether there is interest in credit union service. Although surveys are useful in demonstrating whether a community exists, they are not required if other evidence is more relevant or demonstrates the sentiment of the community. Consequently, the Board is proposing to amend the IRPS to clarify that surveys are not always required to demonstrate a community charter.

Procedures for Appealing Chartering and Field of Membership Determinations

IRPS 94–1 did not articulate any timeframes for an appeal of a Regional Director's decision. In order to deal with appeals expeditiously, the Board is proposing that all appeals of the Regional Director's determination be made within 60 days of his/her