and unincorporated organizations located in (the target area) or maintaining a facility in (the target area); and organizations of such persons."

In recognition of the special efforts needed to help make credit union service available to persons in lowincome communities, NCUA permits credit union chartering and field of membership amendments based on associational groups formed for the sole purpose of making credit union service available to low-income persons. The association must be defined so that all its members will meet the low-income definition of § 701.32 of NCUA's Regulations. The association, in documenting its low-income membership, may use the same types of documentation as are currently permitted for determining whether a community is low-income under § 701.32 of NCUA's Regulations.

In addition, a proposed or existing low-income federal credit union whether community or associationally based, may include in its field of membership, without regard to location, one or more groups constituting an occupational, associational or community common bond. Except for the operational area requirements, the proposed or existing credit union must meet all the requisites for including the group in its charter. Moreover, the proposed or existing credit union must take care to ensure that it will continue to meet the requirements for lowincome status.

5. Chapter 1, Section V.A.3 is revised to read as follows:

V.A.3—Special Common Bond Rules for Other Federal Credit Unions Seeking to Serve Low-Income Persons

In the interest of making credit union service available to persons in low-income communities, NCUA also permits any occupational, associational, multiple group, or community federal credit union to include in its field of membership, without regard to location, communities and associational groups satisfying the low-income definition of § 701.32 of NCUA's Regulations. The associational group may be formed for the sole purpose of providing eligibility for federal credit union service, but must comprise only persons meeting NCUA's low-income definition.

The federal credit union adding the low-income community or association must document that the community or association meets the low income definition in § 701.32 of NCUA's Regulations, just as is required for a designated low-income credit union. The Regional Director will ensure that

the proposed low-income community addition is sufficient to establish a community common bond. A federal credit union adding such a community or association, however, would not be able to receive the benefits, such as expanded use of non member deposits and access to the Community Development Revolving Loan Program for Credit Unions, offered to low-income credit unions.

A federal credit union that desires to include a low-income community or association in its field of membership must first develop a business plan specifying how it will serve the entire low-income community. The business plan, at a minimum, must identify the credit and depository needs of the lowincome community or association and detail how the credit union plans to serve those needs. The credit union will be expected to regularly review the business plan as well as loan penetration rates in the community to determine if the community is being adequately served. NCUA will require periodic service status reports on its service to the low-income community and may review the credit union's service to low-income persons during examinations.

- 6. Chapter 1, Section V.B is deleted and Sections V.C. and V.D. are redesignated V.B and V.C, respectively.
- 7. Chapter 1, Section VIII.D is revised to read as follows:

VIII.D—Appeal of Regional Director's Decision

If the Regional Director denies a charter application, the group may appeal the decision to the NCUA Board. If not included with the denial notice, a copy of these procedures may be obtained from the regional director who made the decision. An appeal will be sent to the appropriate regional office within sixty days of the denial. The Regional Director will then forward the appeal to the NCUA Board. NCUA central office staff will make an independent review of the facts and present the appeal to the Board.

Before appealing, the prospective group may, within thirty days of the denial, provide supplemental information to the regional director for reconsideration. In these cases, the request will not be considered as an appeal but as a request for reconsideration by the regional director. If the request is again denied, the group may proceed with the appeal process.

8. Chapter 2, Section II.A.3.a is revised to read as follows:

## II.A.3.a—General

The special rules for credit unions serving low-income persons and serving employees at industrial parks, shopping centers and similar facilities apply equally to field of membership additions. However, there are two special situations unique to existing federal credit unions: (1) Corporate restructurings and (2) plant or base closings, and other kinds of distress to a substantial portion of a credit union's membership.

9. Chapter 2, Section III.A is revised to read as follows:

## III.A—Mergers

Generally, the standards applicable to field of membership amendments apply to mergers where the continuing credit union is a federal charter. This requires analyzing each group in the merging credit union's field of membership as if the continuing credit union was proposing to expand its own field of membership without a merger. This analysis may include the use of the planned service facility concept. Merger applicants must provide NCUA with their own analysis of how the proposed field of membership conforms to this policy. 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.

Where the merging credit union is state chartered, the field of membership rules for a credit union converting to a federal charter apply with the following differences:

- As to a merger involving a common bond addition, the requirements to provide a request for credit union service from the corporate, associational, or other unit to be added is not required, since the unit already has credit union service.
- As to a merger involving a select group addition:

For the same reason, the requirement for a letter from each group included in the credit union's field of membership is not required.

Where a state credit union is merging into a federal credit union, the operational area requirement may be waived if it can demonstrate that it will continue to be able to provide quality credit union service to its current field of membership as a federal credit union. The waiver is discretionary on the part of NCUA. Absent any waivers, only members of record of groups that do not meet operational area requirements will be transferred to the continuing credit union. Upon merging, the state credit union's field of membership will be