UNITED STATES OF AMERICA BEFORE THE NATIONAL CREDIT UNION ADMINISTRATION BOARD

In the Matter of

XXXXXXXXXXX FEDERAL CREDIT UNION

Docket No. 95 004

Decision and Order on Appeal

This matter comes before the National Credit Union Administration Board (Board) as an appeal of the Region IV Director's denial of a streamlined expansion procedure (SEP) amendment to xxxxxxxxxxxxx Federal Credit Union's charter.

Background

An examination took place in the spring of 1994 with a follow up examination report prepared by the credit union's examiner on June 30, 1994. In August the Region IV Director wrote to the president of xxxxxxxx noting his concerns with xxxxxxxxx investment portfolio, weak earnings position and asset/liability position after reviewing the examination report. The Regional Director also stated that field of membership expansion was not appropriate for xxxxxxxx at that time. In September, xxxxxxxx submitted an SEP request to the Region IV Director but did not submit the required SEP forms. On November 15, 1994, the Region IV Director denied xxxxxxxxx SEP request for failure to take necessary corrective action. The xxxxxx xxxxxxxx xxxx field of membership expansions would be granted. The denial letter also set forth xxxxxxxxx appeal rights and stated that "substantial evidence disclosing clearly that the reason cited for denial [of the SEP request] is not valid" was necessary for an appeal.

Streamlined Expansion Procedure Policy and its Application to this Case

SEP policy is a new charter amendment policy which became effective with the issuance of Interpretive Ruling and Policy Statement (IRPS) 94 1. An SEP charter amendment permits an approved federal credit union to immediately begin serving employee groups meeting criteria set forth in the IRPS. Under this procedure, there is no formal NCUA action necessary on each group being added.

¹NCUA Chartering and Field of Membership Manual (Manual) at p. 2 9 2 10 (59 Fed. Reg. 29088, 6/3/94). A credit union designated as "distressed" is one that has suffered a severe economic reversal (e.g. a plant or base closing). Policy as set forth in IRPS 94 1 provides that such a credit union may add groups to its field of membership without regard to location. Manual at p. 2 3 (59 Fed. Reg. 29086).

Order

For the reasons set forth above, it is ORDERED as follows:

The Region IV Director's denial of the request for a Streamlined Expansion Procedure amendment for xxxxxxxx FCU is upheld based on the fact that the FCU is currently rated a xxxxxxx and is not a "well operated" FCU. It therefore does not meet the criterion set forth in IRPS 94 1 for SEP approval.

So **Ordered** this 27th day of July, by the National Credit Union Administration Board.

Becky Baker Secretary of the Board