UNITED STATES OF AMERICA
BEFORE THE NATIONAL CREDIT UNION ADMINISTRATION BOARD

In the Matter of

xxxxxxxxxxxxx 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

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stated: xxxxxxxxx xxxxxxxxxxxxx xxxxxxxxxxx xxxxxxxxxxxxxxxx xxxxxxxxxx xxxxxxxxxx xxxxxxxxxxxxxxxxx xxxxxxx xxxxxxxxxxxxxxxxxx xxxxxxxxxxx xxxxxxxxxx xxxxxxxxxxxxxxx xxxxxxxxxx xxxxxxxx xxxxxxxxx xxxxxxxxxxxxx xxxxxxxxxxxxxxx xxxxxxxxxxxxxxx xxxxxxxxxxxxxxx xxxxxxxxxxxxxxx xxxx xxxxxxxxx The last supervisory contacts with xxxxxxxx took place on April 30 and June 25 of 1995. The credit union continues to be rated a xxxxxxx.

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.

The only criteria for approval of an SEP amendment is that the FCU be "well operated" and not designated as distressed.' xxxxxxxx is not designated as distressed. It is clear that xxxxxxxxxx xxxxxxxxxxx xxxxxxxxx xxxxxxxxxxx xxxxxxxxxxx xxxxxxxxxxx xxxxx xxxxxxxxx xxxxxxxx xxxxxxxx xxxxxxxx xxxxxxxx xxxxxxxx xxxxxxxx xxxxx xxxxxx xxxxxxxx xxxxxxx xxxxxxxxxx xxxxxxxxxx xxxxxxx xxxxxxxxxx xxxxxx xxxxxxxx xxxxxxxx xxxxxxx xxxxxxxx xxxxxxx xxxxxxxxxxx xxxxxxxx xxxxxxxx xxxxx xxxxx xxxxxxxxx xxxxxxxx is not eligible for an SEP amendment at this time.

[1]NCUA 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.

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Becky Baker
Secretary of the Board