

BOARD ACTION MEMORANDUM

TO: NCUA Board
DATE: November 6, 2012

FROM: Kent D. Buckham
Director, Office of Consumer
Protection
SUBJ: The Atlantic Federal Credit Union's
Application to Convert to a Community
Charter

ACTION REQUESTED: Approve application for a conversion to a community charter for The Atlantic Federal Credit Union located in Kenilworth, Union County, New Jersey, under Section 109 of the Federal Credit Union Act, and Interpretive Ruling and Policy Statement (IRPS) 08-2, as amended by IRPS 10-1.

DATE ACTION REQUESTED: December 6, 2012.

OTHER OFFICES CONSULTED: Office of Examination and Insurance.

VIEWS OF OTHER OFFICES CONSULTED: Concur.

BUDGET IMPACT, IF ANY: None.

RESPONSIBLE STAFF MEMBERS: Consumer Access Analyst David Nichols and Division of Consumer Access Director Robert C. Leonard.

SUMMARY: The Atlantic Federal Credit Union (AFCU) was chartered in 1935 to serve AT&T Western Electric Employees in Kearny, New Jersey. It is a multiple common bond serving more than 275 occupational and associational groups. AFCU also added the City of Newark, New Jersey as an underserved area in June 2004.

AFCU seeks a community charter to offset a decline in membership and its potential membership base and more efficiently direct marketing resources. As of September 30, 2012, AFCU had assets of \$274.2 million and 18,411 members.

AFCU proposes to serve persons who live, work, worship, or attend school in, and businesses and other legal entities located in Union and Essex Counties, New Jersey. Union and Essex Counties are part of the Newark-Union, NJ-PA Metropolitan Division. The two-county area has a population in excess of 1,000,000; therefore, NCUA Board approval is required under Delegated Authority CHA 3A.

AFCU's application meets NCUA requirements to convert to a community charter. As required by IRPS 10-1, the two-county area meets NCUA's definition of a well-defined local community because it is part of a Metropolitan Division with a population of 2.5 million or less. The City of Newark, the Metropolitan Division's principal city, is located in the requested community.

AFCU's business plan addresses the required elements for community conversions and expansions discussed in Letter to FCUs, 11-FCU-03. The credit union has a history of solid financial performance and capable management. It has the infrastructure to serve the community through proprietary branches, shared branches, and electronic access. In addition,

its comprehensive products and services are well-suited for the various demographic groups in the community.

RECOMMENDED ACTION: Approve the application to convert to a community charter for The Atlantic Federal Credit Union.

Attachments