

PURCHASE AND ASSUMPTION OF A GEORGIA STATE CHARTERED CREDIT UNION BY
A GEORGIA STATE CHARTERED CREDIT UNION

A Georgia state chartered credit union may purchase the assets and assume all of the liabilities of another Georgia state chartered credit union after receiving approval from the Department. This transaction is considered a merger transaction. However, the Department does not charge a fee for the purchase and assumption application and a membership vote of the acquiring credit union is not required.

The transaction must also receive prior approval from the National Credit Union Administration, therefore, the applicant should check with the NCUA for specific requirements.

Application Process and Sample Forms: In the application process, the purchasing credit union may also be referred to as the continuing or acquiring credit union, and the selling credit union may be referred to as the dissolving or merging credit union.

Step 1: The following items should be completed and submitted to the Department:

- Purchase and Assumption Agreement (Plan of Dissolution)
- Resolutions of Boards of Directors (for dissolving credit union and for acquiring credit union)
- Combined Statement of Financial Condition (pro forma) and other financial information
- Request to Amend Bylaws for Change in Field of Membership
(Submit only if dissolving credit union is not within acquiring credit union's field of membership)
- Miscellaneous Information

Step 2: After receiving the Department's Certificate of Approval of Purchase and Assumption, the members of the credit union that is to be dissolved must vote to approve the Plan of Dissolution. The results of this vote should be filed with the Department by completion and submission of the Resolution of Membership form.

(Note that, upon request, the Department may waive the requirement for membership approval upon a finding that the dissolving credit union is in eminent danger of failing or that the field of membership is no longer a viable group and a membership meeting cannot realistically be held.)

Step 3: The purchase and assumption transaction may be consummated after the Resolution of Membership is submitted to the Department or a waiver of Step 2 is granted by the Department.

The following items must be submitted to the Department after consummation of the transaction so the dissolving credit union's charter may be officially dissolved by the Georgia Secretary of State:

- Certification of Completion of Merger
- Articles of Dissolution for the dissolving credit union.
- A **post-closing consolidated** Statement of Financial Condition as of the date the transaction is completed (Effective Date)

Upon a finding that the requirements of all applicable regulations have been satisfied, the Department shall approve the Articles of Dissolution and forward the appropriate certificate to the Secretary of State so that the dissolving credit union's charter may be officially dissolved.

Note for Step 1:

- Indicate the desired effective date for the purchase and assumption (merger) transaction and the anticipated date of the membership meeting to vote on the proposed purchase and assumption (merger).
- The Purchase and Assumption Agreement (Plan of Dissolution) must be signed by the Boards of Directors of both credit unions. The agreement must cover the terms and conditions of the transaction. The agreement must indicate that the acquiring credit union will pay all costs associated with the surrender and dissolution of the charter of the selling credit union and the acquiring credit union will provide for the distribution of any difference between the value of the assets being acquired and the liabilities assumed.
- The Board of Directors of each credit union shall submit the proper Resolution of Board of Directors.
- The following current financial reports should be submitted for each credit union: Statement of Financial Condition, Statement of Income, Schedule of Delinquent Loans annotated to reflect collection problems.
- The continuing credit union must apply to modify permanently its field of membership if the membership of the selling credit union is not within the approved field of membership of the acquiring credit union. Approval of such application will grant members of the dissolving credit union full member status in the acquiring credit union. Any proposed Bylaw amendment for the continuing credit union will be approved contingent upon the completion of the transaction.
- The continuing credit union should obtain prior written consent to establish branches as a result of the transaction. If any existing office will be discontinued, so indicate.
- The continuing credit union must advise the surety bond company regarding establishment of new branch offices, discontinued branches, new employees, etc. . . . , as a result of the transaction. Please advise this office in writing when this task has been accomplished.

Forward the completed items listed under Step 1 to the Department. If the Department finds the purchase and assumption plan equitable, in the best interest of the members of both credit unions, and consistent with applicable law, the Department will issue an approval of the Plan of Dissolution, subject to the membership vote. This approval will expire in six months unless an extension is requested and granted. Before the transaction may be consummated, the applicant must also receive approval of the transaction from the NCUA.

PURCHASE AND ASSUMPTION AGREEMENT
(Plan of Dissolution)

This Agreement, made and entered into this ____ day of _____ 20__, at _____, _____, between _____, (hereinafter called the "Continuing Credit Union") and _____, (hereinafter called the "Merging Credit Union(s)").

WITNESS

1. That the Merging Credit Union(s) does (do) hereby sell, assign, transfer, set over, and convey unto the Continuing Credit Union all of its (their) assets, rights, and property, and chooses in action of every character, kind, and description, and the Merging Credit Union(s) will do all acts and will execute and deliver unto the Continuing Credit Union any and all additional agreements, documents, deeds, assignments, and other instruments of conveyance which may be necessary to transfer to the Continuing Credit Union the individual assets, rights, and property, and chooses in action hereby sold by the Merging Credit Union(s) to the Continuing Credit Union;

2. The Continuing Credit Union does hereby assume and agree to pay all the liabilities of the Merging Credit Union(s) and the Continuing Credit Union agrees that, by virtue of this Agreement, all of the members of the Merging Credit Union(s) as of this date (have become members of the continuing credit union and that they are entitled to and the Continuing Credit Union will issue to them, the same amount in shares in the Continuing Credit Union which they own in the Merging Credit Union(s) as of the effective date hereof) (are non-member depositors of the Continuing Credit Union and are not subject to further rights of membership) subject to the following adjustments in such shares or deposits (if any):

3. The office of the Continuing Credit Union will be located at _____.

IN WITNESS WHEREOF, the Continuing Credit Union and the Merging Credit Union(s) have caused these presents to be executed by their respective officers there unto duly authorized.

by: _____ Chairman _____ Secretary

by: _____ Chairman _____ Secretary

State of _____)

County of _____)

Before me a Notary Public (or other officer authorized) appeared the above named _____ and _____ Chairman and Secretary of _____, who being personally known to me as (or proved by the oath of credible witnesses to be) the persons who executed the annexed instrument acknowledged the same to be their free act and deed and in

their respective capacities the free act and deed of said credit union.

(SEAL)

Notary Public

My Commission Expires _____, 20____.

State of _____)

County of _____)

Before me a Notary Public (or other officer authorized) appeared the above named _____ and _____ Chairman and Secretary of _____, who being personally known to me as (or proved by the oath of credible witnesses to be) the persons who executed the annexed instrument acknowledged the same to be their free act and deed and in their respective capacities the free act and deed of said credit union.

(SEAL)

Notary Public

My Commission Expires _____, 20____.

RESOLUTION OF BOARD OF DIRECTORS

(Acquiring Credit Union)

Whereas, the Board of Directors of this credit union is of the opinion that this credit union should acquire the assets and assume the liabilities of _____, (hereinafter called the "Merging Credit Union(s)"); and

WHEREAS, it is also the opinion of this Board that such transaction should be taken pursuant to an agreement between this credit union and the Merging Credit Union(s) whereby this credit union will assume the liabilities of said Merging Credit Union(s) in consideration of the transfer to this credit union all of the assets, rights, and property of said Merging Credit Union(s) and whereby this credit union will continue in business under its present charter.

NOW, THEREFORE, BE IT RESOLVED, That the attached Agreement is approved and the Chairman and Secretary of this credit union are authorized to seek approval by the appropriate regulatory authorities.

BE IT FURTHER RESOLVED, That upon the approval, the Chairman and Secretary are hereby authorized and directed to execute, acknowledge, and deliver said Agreement on the effective date; and the Chairman and Secretary are hereby authorized to do all things and to do and perform any and all acts and to execute all agreements, documents, and other papers which they may consider necessary or proper, or which may be required, to consummate the proposed transaction.

BE IT FURTHER RESOLVED, That, immediately upon the completion of said transaction, the Chairman and President are hereby authorized to pay all fees and charges due at that time from this credit union to complete the dissolution of the merging credit unions.

CERTIFICATION

We, the undersigned Chairman and Secretary of the _____ Credit Union, hereby certify that the foregoing is a full, true, and correct copy of a Resolution adopted by the Board of Directors of said credit union at a meeting duly called and held in accordance with the bylaws of such credit union at _____ o'clock, __m., _____ 20____; at which a quorum was present and voted and that said Resolution is duly recorded in the minutes of said meeting and has not been modified, amended, rescinded, or repealed and is still in full force and effect.

Chairman (Date)

Secretary (Date)

RESOLUTION OF BOARD OF DIRECTORS

(Merging Credit Union)

WHEREAS, the Board of Directors of this credit union is of the opinion that this credit union, _____, (hereinafter called the "Merging Credit Union(s)"), should sell its assets in consideration of the assumption of its liabilities by, _____, (herein after called the "Continuing Credit Union"); and

WHEREAS, It is also the opinion of this Board that such transaction should be made pursuant to an agreement between the Merging Credit Union(s) and the Continuing Credit Union whereby the latter will assume the liabilities of the Merging Credit Union(s) in consideration of the transfer to the Continuing Credit Union of all of the assets, rights, and property of the Merging Credit Union(s) and the Continuing Credit Union will continue in business under the same charter it now holds and the Merging Credit Union(s) will cease operation and dissolve its charter.

NOW, THEREFORE, BE IT RESOLVED, That the attached Agreement is approved and the Chairman and Secretary of this credit union are authorized to seek approval by all appropriate regulatory authorities.

BE IT FURTHER RESOLVED, That upon approval, the Chairman of this credit union is hereby authorized and directed to call a Special Meeting of members to consider and act upon the proposed Agreement and to fix the date of said special meeting of members and the Secretary is authorized to give advance notice of the meeting in accordance with the provisions of the credit union's bylaws.

BE IT FURTHER RESOLVED, That upon approval of the Agreement by the members of this credit union, the Chairman and Secretary are hereby authorized and directed to execute, acknowledge, and deliver said Agreement; and the Chairman and Secretary of this credit union are hereby authorized to do all things and to do and perform any and all acts to execute all agreements, documents, and other papers which they may consider necessary or proper, or which may be required, to consummate the proposed transaction;

BE IT FURTHER RESOLVED, That by the effective date of the merger, but prior to the completion thereof, the Chairman and President are hereby authorized to pay all fees and other charges due from this credit union.

CERTIFICATION

We, the undersigned Chairman and Secretary of _____, hereby certify that the foregoing is a full, true, and correct copy of the Resolution adopted by the Board of Directors of said credit union at a meeting duly called and held in accordance with the bylaws of such credit union at _____ o'clock, ____m., on _____, 20____: at which a quorum was present and voted and that said resolution is duly recorded in the minutes of said meeting and has not been modified, amended, rescinded, or repealed and is still in full force and effect.

Chairman (Date)

Secretary (Date)

	Continuing CU _____ Charter/Cert# _____	Merging CU _____ Charter/Cert# _____	Combined Balance Sheet
ASSETS			
Delinquent Loans			
Current Loans			
Total Loans Outstanding			
Less: Allowance for Loan Losses			
Net Loans			
Investments			
All Other Assets			

TOTAL ASSETS			
LIABILITIES AND EQUITY			
Notes Payable			
Accounts Payable			
Shares & Deposits			

Statutory Reserve			
All Other Reserves			

Undivided Earnings			

TOTAL LIABILITIES & EQUITY			
Number of Accounts/Loans			
Number of Potential Members			
Estimated Share Value			

FIELD OF MEMBERSHIP - APPLICATION FOR APPROVAL TO AMEND BYLAWS

The Bylaw amendment shall be filed by the acquiring credit union as supportive information for the application if the merging credit union is not within the acquiring credit union's field of membership.

Where the members of the merging (dissolving) credit union are not within the field of membership of the acquiring credit union, and no bylaw changes are proposed, approval of purchase and assumption transaction shall be a temporary modification to the field of membership of the acquiring credit union to the extent that assets include loans to non-members. No new loans shall be made to members of the merging (dissolving) credit union and deposits received by the acquiring credit union, shall be non-member deposits.

Bylaw approval will be granted subject to the condition that it is not effective until the effective date of the merger (i.e., new group not within field of membership until merger is complete).

General Instructions:

1. Use the Board Resolution format on the next page as a guide in the adoption of an amendment to the bylaws by the Board of Directors. Two copies of the board resolution, each with original signatures, should be forwarded to the Department.
2. NO FEE IS REQUIRED.

NOTE: THIS FORM IS PROVIDED AS A GUIDE, AND THE FOREGOING INFORMATION SHOULD BE TYPED ON THE INSTITUTION'S LETTERHEAD

**RESOLUTION OF BOARD OF DIRECTORS -
ADOPTING AMENDMENT TO BYLAWS**

We the undersigned, Chairperson and Secretary of the _____, hereby certify:

That a duly called meeting of the Directors was held on _____.
(date)

to amend the Bylaws pursuant to Section 7-1-634, as amended.

That each member of the Board of Directors was given prior written notice of said meeting, same being a copy of a written notice that members received in accordance with the notification procedure set out in Section 7-1-6 of the Financial Institutions Code of Georgia; or if so determined by the Board of Directors, by posting such notice in a conspicuous place in the office of the credit union at least ten (10) days prior to such meeting of the Board in accordance with Section 7-1-631(2),(a) of the Financial Institutions Code of Georgia.

That by affirmative vote of two-thirds of the members of the Board the following Resolution was adopted:

BE IT RESOLVED: That the following proposed amendment(s) of this credit union's Bylaws be approved by the Department of Banking and Finance pursuant to Georgia Code Section 7-1-635,(a) to become effective immediately upon said approval.

AMENDMENTS

Article _____, Section _____ shall be amended to read as follows:

Chairman Date

Secretary Date

MISCELLANEOUS INFORMATION

1. Estimated effective date of merger _____.
In selecting this date, take into consideration the time frame to schedule a membership meeting.

2. What is the reason for this merger (e.g., to expand services, sponsor plant closing)?

3. Are any share adjustments proposed? () YES () NO
(If yes, explain)

4. How does the continuing credit union propose to service the membership of the merging credit union (e.g., by mail, by establishing a branch office or by an existing office)?

5. Will there be any changes relative to insurance of member accounts?

Please list any other agreements reached between the continuing and merging credit unions. Examples:

What provision has been made for the payment of dividends if any, to the merging credit union's members?

Will a verification of the merging credit union's accounts be required in conjunction with the merger?

Will there be any changes in the existing board of directors or committees of the continuing credit union as a result of the merger

Note for Step 2:

- The membership vote should not be held until the purchase and assumption proposal has been approved by the Department.
- Upon receipt of approval of the Plan of Dissolution from the Department, the dissolving credit union should present the Plan to a called meeting of the membership and have the membership adopt an appropriate Resolution approving the Plan. Approval must be received by not less than two-thirds of the members of the dissolving credit union present and eligible to vote at a meeting called for that purpose.
- After the membership has adopted its Resolution (or immediately, in the event of Departmental waiver), proceed to complete the transaction pursuant to the Plan of Dissolution.

RESOLUTION OF MEMBERSHIP OF
(Dissolving Credit Union)

WHEREAS, the Board of Directors has by majority vote adopted the following Resolution, to wit:

WHEREAS, the Board of Directors of this credit union is of the opinion that this credit union,
, (hereinafter called the "Merging Credit Union(s)"), should sell its assets in consideration of the assumption of its liabilities by

WITH

, (herein after called the "Continuing Credit Union"); and

WHEREAS, it is also the opinion of this Board that such transaction should be made pursuant to an Agreement between the Merging Credit Union(s) and the Continuing Credit Union whereby the latter will assume the liabilities of the Merging Credit Union(s) in consideration of the transfer to the Continuing Credit Union of all of the assets, rights, and property of the Merging Credit Union(s) and the Continuing Credit Union will continue in business under the same charter it now holds and the Merging Credit Union(s) will cease operation and dissolve its charter.

NOW, THEREFORE, BE IT RESOLVED, That the attached Agreement is approved and the Chairman and Secretary of this credit union are authorized to seek approval by all appropriate regulatory authorities.

BE IT FURTHER RESOLVED, That upon approval, the Chairman of this credit union is hereby authorized and directed to call a Special Meeting of members to consider and act upon the proposed Agreement and to fix the date of said special meeting of members and the Secretary is authorized to give advance notice of the meeting in accordance with the provisions of the credit union's bylaws.

BE IT FURTHER RESOLVED, That upon approval of the Agreement by the members of this credit union, the Chairman and Secretary are hereby authorized and directed to execute, acknowledge, and deliver said Agreement; and the Chairman and Secretary of this credit union are hereby authorized to do all things and to do and perform any and all acts and to execute all agreements, documents, and other papers which they may consider necessary or proper, or which may be required, to consummate the proposed transaction;

BE IT FURTHER RESOLVED, That by the effective date of the merger, but prior to the completion thereof, the Chairman and President are hereby authorized to pay all fees and other charges due from this credit union.

Whereas, it is the view of this membership that the recommendation of the Board of Directors relative to the continuing operation of this credit union is appropriate under the circumstance and in the best interest of the membership.

NOW, THEREFORE, be it resolved, this membership and the Board of Directors and Officers hereby adopt the Resolution of the Board of Directors of this credit union are hereby authorized to do all things and to execute all documents necessary to carry out the purpose and intent of this Resolution.

CERTIFICATION

I, the undersigned Secretary of the _____, hereby certify that the foregoing is a full, true, and correct copy of the Resolution adopted by the membership of said credit union at a meeting duly called and held in accordance with the Bylaws of such credit union at _____ o'clock _____.M., on _____, 20____, at which a quorum was present and voted and that said Resolution is duly recorded in the minutes of said meeting and has not been modified, amended, rescinded, or repealed and is still in full force and effect.

Secretary

(SEAL)

Note for Step 3:

- If the application forms for this section are not submitted within 3 months from the date of the Department's approval of the Plan of Dissolution, the applicant should contact the Department to determine whether any changes in forms or instructions have occurred.
- The required forms should be completed and sent to the Department upon completion of the purchase and assumption transaction. Note the Certification of Completion of Merger should be executed as of the date the merger is completed (Effective date). This is the day the books and records, members' accounts etc. . . . , of both credit unions are actually combined.

CERTIFICATION OF COMPLETION OF MERGER

We, the undersigned officers of (continuing) Credit Union, do hereby certify as follows:

1. That the consolidation of (dissolved) Credit Union with and into (continuing) Credit Union was completed as of this date in accordance with the terms and plan approved by this Board of Directors by a Resolution adopted at the meeting held on _____, 20____, a certified copy of which Resolution has heretofore been furnished, and that the Agreement approved by said Resolution was duly executed and acknowledged by the Chairman and Secretary of this credit union as of this date.
2. That all required steps incident to completion of said consolidation have been taken and all necessary transfers of assets have been performed.
3. That we have no knowledge of any liabilities of (dissolved) Credit Union other than those shown on the books of (continuing) Credit Union as of this date: and
4. That all members of (dissolved) Credit Union who objected to said consolidation were afforded the opportunity of withdrawing their shares from the credit union at the face value thereof prior to completion of the consolidation unless otherwise provided.
5. Articles of Dissolution (for the dissolved credit union) have been properly executed and are enclosed herewith.

Merger completed on _____

This Certification signed this ____ day of _____, 20 ____.

Chairman

Secretary

State of Georgia
County of _____

TO: Department of Banking and Finance
Atlanta, Georgia

ARTICLES OF DISSOLUTION

We, the undersigned, being duly authorized officers of the within named (*dissolved*) credit union hereby file these Articles for the purpose of dissolving the corporation heretofore incorporated in this State as a credit union pursuant to the Financial Institutions Code of Georgia.

- (1) The name of the credit union is _____.
- (2) The credit union's principal place of business was at _____.
- (3) The credit union has sold all of its remaining assets in consideration of an assumption of all of its liabilities and it no longer has any remaining members, the Department of Banking and Finance approved its Plan to Dissolve on _____.
- (4) There are no legal actions, law suits, or unresolved claims pending against the credit union.

IN WITNESS WHEREOF, We have made, executed, and acknowledged this Application for Dissolution this ____ day of _____, 20__.

Chairman

Secretary

Subscribed and sworn to before me
this ____ day of _____, 20__.

Notary Public

(SEAL)