

PURCHASE AND ASSUMPTION OF A FEDERAL CHARTERED OR  
OUT-OF-STATE CHARTERED CREDIT UNION  
BY A STATE CHARTERED CREDIT UNION

A Georgia state chartered credit union may purchase the assets and assume all of the liabilities of a federal chartered or out-of-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
- 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 Purchase and Assumption Agreement. 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 of the applicant, 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.)

The purchase and assumption transaction may be consummated after the Resolution of Membership is submitted to the Department or a waiver of the resolution requirement is granted by the Department. **After consummation of the transaction**, the Certification of Completion of Purchase of Assets and Assumption of Liabilities and a post-closing consolidated Statement of Financial Condition (as of the date the transaction is completed) should be submitted to the Department.

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 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 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 the approval of the NCUA.

## PURCHASE AND ASSUMPTION AGREEMENT

This Agreement, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_, \_\_\_\_\_, by and between . . . **CREDIT UNION**, (hereinafter called the "Continuing Credit Union") and . . . **CREDIT UNION**, (hereinafter called the "Acquired Credit Union")

### WITNESS

That in consideration of the mutual agreements, promises, covenants, and acts herein described and contained, the Continuing Credit Union and the Purchased Credit Union hereby agree, promise, and covenant to and with each other as follows:

1. That the Acquired Credit Union does hereby sell, assign, transfer, set over, and convey unto the Continuing Credit Union all of its assets, rights, and property, and chooses in action of every character, kind, and description, and the acquired Credit Union 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 Acquired Credit Union to the Continuing Credit Union;
2. The Continuing Credit Union does hereby assume and agree to pay all the liabilities of the Acquired Credit Union; and the Continuing Credit Union agrees that, by virtue of this Agreement, all of the members of the Acquired Credit Union as of this date; (Select a or b)
  - a. 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 Acquired Credit Union as of the effective date hereof; or
  - b. 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 Acquired Credit Union have caused these present to be executed by their respective officers there unto duly authorized.

State of \_\_\_\_\_)

County of \_\_\_\_\_)

... **CREDIT UNION**

by: \_\_\_\_\_ Chairman \_\_\_\_\_ Secretary

Before me a Notary Public (or other officer authorized) appeared the above named \_\_\_\_\_ and

Chairman and Secretary of ... **CREDIT UNION**, 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 \_\_\_\_\_)

... **CREDIT UNION**

by: \_\_\_\_\_ Chairman \_\_\_\_\_ Secretary

Before me a Notary Public (or other officer authorized) appeared the above named \_\_\_\_\_ and

Chairman and Secretary of ... **CREDIT UNION**, 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 . . . **CREDIT UNION**, (hereinafter called the "Acquired Credit Union"); 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 Acquired Credit Union whereby this credit union will assume the liabilities of said Acquired Credit Union in consideration of the transfer to this credit union of all of the assets, rights, and property of said Acquired Credit Union 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 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 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 purchased credit union.

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



**COMBINED STATEMENT OF FINANCIAL CONDITION**  
**AS OF \_\_\_\_\_**

Anticipated Completion Date

\_\_\_\_\_ **CREDIT UNION**

\_\_\_\_\_ **CREDIT UNION**

	Name Charter/Inc. Cert. #	Acquired CU Name Charter/Inc. Cert. #	Combined Balance Sheet
<b>ASSETS</b>			
DELINQUENT LOANS			
CURRENT LOANS			
TOTAL LOANS OUTSTANDING			
LESS VALUATION RESERVE FOR LOANS			
NET LOANS			
ALL OTHER ASSETS			
<b>TOTAL ASSETS</b>			
<b>LIABILITIES AND EQUITY</b>			
NOTES PAYABLE			
ACCOUNTS PAYABLE			
SHARES			
STATUTORY RESERVE			
ALL OTHER RESERVES			
UNDIVIDED EARNINGS			
NET INCOME/LOSS			
<b>TOTAL LIABILITIES &amp; EQUITY</b>			
NUMBER OF ACCOUNTS/LOANS			
NUMBER OF POTENTIAL MEMBERS			
<b>ESTIMATED SHARE VALUE</b>			

## **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 . . . . **CREDIT UNION**, 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 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 purchase \_\_\_\_\_. In selecting this date, take into consideration the time frame to schedule a membership meeting.
2. What is the reason for this transaction (e.g., to expand services, sponsor plant closing)?
3. Are any share adjustments proposed? ( ) NO ( ) YES (If yes, explain)
4. How does the continuing credit union propose to service the membership of the acquired 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 acquired credit unions. Examples:

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

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

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

Note for Step 2:

- The membership vote should not be held until the purchase and assumption proposal has been approved by the Department of Banking and Finance.
- Upon receipt of approval of the Purchase and Assumption Agreement from the Department, present the agreement to a called meeting of the membership and have the membership adopt an appropriate Resolution on the matter. Membership approval must be indicated 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. The Resolution should be filed with the Department.
- After the membership has adopted its Resolution (or immediately, in the event of Departmental waiver), proceed to complete the transaction pursuant to the Purchase and Assumption Agreement.
- This Certification of Completion of Purchase of Assets and Assumption of Liabilities form is to be completed and sent to the Department upon completion of the transaction (the day the books and records, member's accounts etc., of both credit unions are actually combined).
- Please attach a Statement of Financial Condition of the continuing credit union as of the effective date, which includes the assets and liabilities of the acquired (dissolving) credit union.

**RESOLUTION OF MEMBERSHIP OF  
..... 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,  
..... **CREDIT UNION**, (hereinafter called the "Acquired Credit Union), should sell its  
assets in consideration of the assumption of its liabilities by

... **CREDIT UNION**, (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 Acquired Credit Union and the Continuing Credit Union whereby the latter will assume the liabilities of the Acquired Credit Union in consideration of the transfer to the Continuing Credit Union of all of the assets, rights, and property of the Acquired Credit Union and the Continuing Credit Union will continue in business under the same charter it now holds and the Acquired Credit Union 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 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 transaction, 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.

AND, 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, the Resolution of the Board of Directors is hereby adopted by this membership and the Board of Directors and Officers 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 ..... **CREDIT UNION**, 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)

**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.

Merger completed on \_\_\_\_\_

This Certification signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary