

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL INSTITUTIONS

PROCEDURE TO MERGE A CREDIT UNION

Minnesota Statute, Section 52.203 states any credit union chartered by this state may merge with and be absorbed by any other state or federal credit union, and any credit union chartered by this or any other state or any federal credit union may be merged into a successor credit union chartered by this state, upon approval of all regulatory agencies (NCUA), concerned and upon compliance with this section as regards the credit union chartered by this state.

A credit union may be absorbed after two-thirds of its members present and entitled to vote shall have voted in favor of the merger at a special meeting called by a majority of the board of directors for that purpose, upon fourteen days mailed written notice to each member at his last known address clearly stating the purpose of the special meeting, or at any regular meeting after like notice of the purpose has been given. Thereafter, the board of directors shall have the authority to execute an agreement of merger with the successor credit union, subject to approval or disapproval of said agreement within 60 days of the date the agreement is submitted to him.

If the successor credit union which absorbs one or more credit unions is chartered by this state it shall have the authority to execute an agreement of merger upon approval of such agreement by the Commissioner and by the board of directors of the credit union. The Commissioner shall approve the merger agreement if it is in the best interest of the credit unions involved. In any event, the Commissioner shall approve or disapprove of the merger agreement within 60 days of the date the agreement is submitted to him. The merger must also be approved by the NCUA. Members of the credit union being absorbed shall have all the rights of the membership in the successor credit union.

The charter and license and all other rights and property of the credit union being absorbed shall be deemed to be transferred to an investor in the successor credit union upon such execution and approval of the merger agreement without further action. Any pending action or other judicial proceeding to which the credit union being absorbed is a party at the date of merger shall not abate by reason of the merger. If the credit union being absorbed is chartered by this state, its corporate existence shall cease upon such execution and approval of the merger agreement without further action.

PROCEDURE TO MERGE A CREDIT UNION – cont.
FORM SCHEDULE

I. Initial Documents

- Application for Merger Approval. To record the intent to merge and proposed successor. This application, all forms through D-3, and the financial statement and delinquency report of the same date for both the merging and successor credit union are to be submitted to commence regulatory merger approval. A copy of these documents must be forwarded to the NCUA's Region V office in Austin, Texas. A cover letter is requested to identify the proposed merger date, and special agreements if any between the merging, and successor credit unions. A \$100 fee, payable to the "**Department of Commerce**", is required with the initial documents.
- Form A. Minutes of the Directors. This is the record of the minutes of the meeting held to realize merger and notice of the same to the membership.
- Form B. Notice of Special Membership Meeting.
Form B-1. Notice of Regular Membership Meeting.
This is the record of notice for the meeting. It must be sent out to members 14 days before the meeting is held.
- Form C. Minutes of Members' Meeting. This is the record of minutes of the members meeting. The certification by the secretary and resolution to merge are a part of this form.
- Form D-1 through D-3. Merger Agreement, Recitals, Witnesseth, and Notarized. (Duplicate)

II. The following forms are to be forwarded, after approval by the Department of Commerce and NCUA, effective the date of merger.

- Form D-4 through D-5, Exhibit A and B. Assets and liabilities of the credit union to be merged are to be submitted for the date of merger following state and NCUA approval.
- Form E. Members' Accounts Totals. This is a summary listing of member's individual accounts as of the date of merger. Loans and shares totals must agree with those on Exhibit A and B.
- Form F. Certificate of Transfer and Delivery (Merged Credit Union).
- Form F-1. Certificate of Assumption (Surviving Credit Union).
- Form F-2. Certificate of Treasurer Attesting to Assets and Liabilities (Merged Credit Union).
- Form F-3. Certificate of Treasurer Attesting to Assets and Liabilities (Surviving Credit Union). (Duplicate)
- Form F-4. Consolidated Statement of Combined Assets and Liabilities. On standard credit union financial statement format. Credit unions planning to merge should obtain the advice of a qualified accountant on the accounting implications of the planned merger.
- All books properly posted and closed records and papers must be deposited with the surviving credit union upon completion of the merger.
- Upon completion with the foregoing requirements, the Commissioner of Commerce shall issue a merger completion bulletin which will be provided the NCUA.

**STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL EXAMINATIONS
85 7th PLACE EAST, SUITE 500
ST. PAUL, MINNESOTA 55101-2198**

APPLICATION FOR MERGER APPROVAL

FOR OFFICIAL USE ONLY
STATE NUMBER _____ NCUA NUMBER _____
APPLICATION RECEIVED _____
FEE RECEIVED _____
APPROVED BY INSURER _____
APPROVED BY COMMISSIONER _____
FILING RETURNED _____
MERGER DOCUMENTS COMPLETED _____
COMPLETION CERTIFICATE ISSUED _____

To: Commissioner of Commerce
Department of Commerce
Division of Financial Examinations
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198

The below named credit unions hereby make this application for merger approval, as provided in Minnesota Statute, Section 52.203. Submitted with this application is a fee of \$100 payable to the Commissioner of Commerce.

SUCCESSOR CREDIT UNION	MERGING CREDIT UNION
Name	Name
Street Address (P.O. Box)	Street Address (P.O. Box)
City, State, Zip Code	City, State Zip Code
Telephone Number ()	Telephone Number ()

As officials of the Successor Credit Union we certify that at a proper meeting of the Board of Directors on _____, 20____ a resolution was passed approving a merger agreement with the merging credit union and now agree to provide supporting information as required by the Division of Financial Examinations. Upon approval of this application appropriate actions will be taken in conformity with the requirements of application law to promptly conclude this merger.

Successor Credit Union

Dated _____

President/Chairman of the Board

Secretary

As officials of the Merging Credit Union, we certify that at a proper meeting the membership approved the merger and directed the Board of Directors to execute an agreement of merger with the Successor Credit Union and now agree to provide supportive information as required by the Division of Financial Examinations. Upon approval of this application appropriate actions will be taken in conformity with the requirements of applicable law to promptly conclude the merger.

Merging Credit Union

Dated _____

President/Chairman of the Board

Secretary

**MINUTES
OF
DIRECTORS MEETING**

Minutes of Special Director's meeting of the _____ Credit Union, held at _____, Minnesota, on _____, 20____. The meeting was called to order by the President, at ____o'clock, ____M. The following directors constituting a quorum, answered roll call:

Director _____ read and moved the adoption of the following Resolution:

BE IT HEREBY RESOLVED by the Board of Directors of the _____ Credit Union, that (a special meeting) (at its regular meeting) be held at _____, in _____, Minnesota at ____o'clock, ____M, on _____, 20____, for the purpose of determining whether said Credit Union shall be voluntarily merged with _____ Credit Union.

AND FURTHER that in the event two-thirds of the members present and entitled to vote shall vote that the Credit Union be merged with _____ Credit Union, the Board of Directors shall have that authority to execute an agreement of merger with the _____, successor Credit Union, and which agreement shall be subject to the approval of the Commissioner of Commerce, in accordance with Minnesota Statute, Section 52.203.

AND FURTHER "written notice of such special meeting be mailed to each member of the Credit Union to the last known address at least 14 days prior to the date of meeting."

Upon being put to a vote the Resolution, as read, was adopted by a majority vote of directors present.

Thereupon the President instructed the Secretary to prepare and transmit to all members proper notice in accordance with Resolution passed.

There being no further business, the President declared the meeting adjourned at _____P.M.
_____ A.M.

Attest:

Secretary

NOTICE OF SPECIAL MEETING

A special meeting of the members of the _____ Credit Union will be held at _____ in the city of _____, Minnesota, on _____ day of _____, 20____, at ____ o'clock, ____M, for the purpose of considering the adoption or rejection of the following resolutions:

“RESOLVED that the members of the _____, a credit union organized under the laws of the State of Minnesota, with its principal place of business at _____, Minnesota do hereby authorize the board of directors to execute an agreement of merger with _____ successor credit union, and which agreement shall be subject to the approval of the Commissioner of Commerce in accordance with Minnesota Statute, Section 52.203.

Dated this _____ day of _____, 20____.

Secretary

Note: This is a very important meeting and it is necessary that every member of the credit union be in attendance at the meeting in order to protect their interests.

For the information of the membership, the proposed merger agreement mentioned above will be read and explained prior to voting on the resolution.

NOTICE OF REGULAR MEETING

A regular meeting of the members of the _____ Credit Union will be held at _____ in the city of _____, Minnesota, on the _____ day of _____, 20____, at ____ o'clock, ____M, for the purpose of considering the adoption or rejection of the following resolution:

“RESOLVED that the members of the _____, a credit union organized under the laws of the State of Minnesota, and with its principal place of business at _____, Minnesota do hereby authorize the board of directors to execute an agreement of merger with _____ successor credit union, and which agreement shall be subject to the Commissioner of Commerce in accordance with Minnesota Statute, Section 52.203.

Dated this _____ day of _____, 20_____.

Secretary

Note: This is a very important meeting and it is necessary that every member of the credit union be in attendance at the meeting in order to protect their interests.

For the information of the membership, the proposed merger agreement mentioned above will be read and explained prior to voting on the resolution.

**MINUTES
OF
MEMBERS MEETING**

Minutes of the meeting of members of the _____ Credit Union, of _____, Minnesota, held at _____, Minnesota, on _____, 20____. The meeting was called to order at ____ o'clock, ____M, by the (Vice) President.

The Secretary reported _____ members present and entitled to vote.

The (Vice) President called for proof of the notice of the meeting which was read and attached to and made a part of these minutes.

(Certification of Secretary)

I, _____, Secretary of the _____ Credit Union of _____, Minnesota, do hereby certify that there was mailed to each member of record to the last known address, at least 14 days prior to the convening of this meeting a notice of this meeting.

(To be signed)

Secretary

It was duly moved, seconded and carried that proof of notice be accepted as read. Thereupon member _____ read and moved the adoption of the following resolution:

“RESOLVED that the members of the _____, a credit union organized under the laws of the State of Minnesota, and with its principal place of business at _____, Minnesota do hereby authorize the board of directors to execute an agreement of merger with _____, successor credit union, and which agreement shall be subject to the approval of the Commissioner of Commerce in accordance with Minnesota Statute, Section 52.203.

Upon being put to a vote the resolution as read was adopted by a vote of _____ for and _____ against.

Attest:

Signed:

(Vice) President

Secretary

OUTLINE REASONS WHY MERGER IS IN BEST INTEREST OF THE CREDIT UNION INVOLVED:

MERGER AGREEMENT

THIS AGREEMENT made and entered into this _____ day of _____, 20____, at _____, Minnesota by and between the _____ Credit Union, _____, Minnesota, (hereinafter called the “Merging Credit Union”) acting through its Board of Directors and _____ Credit Union of _____, Minnesota (herein called the “Successor Credit Union”) acting through its Board of Directors, under authority of Minnesota Statute, Section 52.203 at a Board meeting held on _____, 20_____.

RECITALS

The purpose of this agreement is to merge the _____ Credit Union into the _____ Credit Union and to transfer all assets and liabilities from the Merging Credit Union to the Successor Credit Union.

This merger is being accomplished by following the merger procedures stated in Minnesota Statute, Section 52.203.

WITNESSETH

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

1. That Merging Credit Union does hereby sell, assign transfer, set over and convey unto the Survivor Credit Union all of its assets, rights, and property, to be detailed on page D-4, marked Exhibit "A" (effective the date of merger) and made a part hereof, and chooses in action, of every character, kind and description, and the Merging Credit Union will do all acts and will execute and deliver unto the Survivor Credit Union any and all additional agreements, documents, deeds, assignments, and other instruments of conveyance which may be necessary to transfer to the Successor Credit Union the individual assets, rights, and property, and chooses in action hereby sold by the Merging Credit Union to the Successor Credit Union;
2. The Successor Credit Union does hereby assume and agree to pay all the liabilities of the Merging Credit Union to be detailed on page D-5 marked Exhibit "B" (effective the date of merger) and made part hereof and the Successor Credit Union agrees that by virtue of this agreement, all of the members of the Merging Credit Union as of this date have become members of the Successor Credit Union and that they are entitled to, and the Successor Credit Union will issue to them, the same amount in shares in the Successor Credit Union which they own in the Merging Credit Union as of the effective date hereof.
3. The office of the Successor Credit Union will be located at _____
_____.

IN WITNESS WHEREOF, the Merging Credit Union and the Successor Credit Union have caused these presents to be executed by their respective officers thereunto duly authorized the day and year first above written.

**Witness by Merging Credit Union's
Board of Directors**

_____ Credit Union
of _____, Minnesota

Before me a Notary Public appeared the above named _____, _____,
_____, _____, _____ and _____
the members of the _____ Credit Union Board of Directors, who being
personally known to me as 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.

WITNESSETH – cont.

Notary Public _____
County of _____
My commission expires _____

NOTARY SEAL

STATE OF _____)
COUNTY OF _____) ss.

Witness by Successor Credit Union _____ Credit Union
of _____, Minnesota

President (Chairman) Secretary

Before me a Notary Public appeared the above named _____ and
_____, of the _____ Credit Union, who
being personally known to me as 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.

Notary Public _____
County of _____
My commission expires _____

NOTARY SEAL

STATE OF _____)
COUNTY OF _____) ss.

APPROVAL BY DEPARTMENT OF COMMERCE

The merger between _____ Credit Union and
_____ Credit Union under provisions of Minnesota Statute, Section 52.203 is
approved this _____ day of _____, 20_____.

By: M. Shane Deal, Deputy Commissioner

(Merging Credit Union)

ASSETS

As of Close of Business _____, 20____.
(date of the merger)

Loans	\$
Cash	\$
Investments	\$
Furniture & Fixtures	\$
Prepaid Expense	\$

Total	\$ _____

President

(Merging Credit Union)

LIABILITIES

As of Close of Business _____, 20____.
(date of the merger)

Shares	\$
Deposits	\$
Notes Payable	\$
Reserve Fund	\$
Bills Payable	\$
Entrance Fees	\$
Undivided Earnings	

Total	\$ _____

President

FORM E (MERGER)

Complete in duplicate.
Retain one copy for your files.

(Merging Credit Union)

MEMBERS' INDIVIDUAL ACCOUNTS TOTALS

Attach a summary trial balance for member loans and savings as of the merger date. The amounts listed should tie to the totals shown on Exhibit A for loans (Form D-4) and Exhibit B for shares and deposits (Form D-5).

(Merging Credit Union)

CERTIFICATE OF TRANSFER AND DELIVERY
Board Resolution

_____, Minnesota
_____.

STATE OF MINNESOTA)
COUNTY OF _____) ss.

I, _____ Secretary
Treasurer of _____ Credit
Union of _____, Minnesota, do hereby certify that the
_____ Credit Union of _____, Minnesota, has
this day, pursuant to a resolution of its Board of Directors, transferred and delivered the property and assets of
said Credit Union, as set forth on Exhibit A, to the _____ Credit Union of
_____, Minnesota.

Secretary-Treasurer

(Corporate Seal)

(Successor Credit Union)

CERTIFICATE OF ASSUMPTION
Board Resolution

_____, Minnesota
_____.

STATE OF MINNESOTA)
COUNTY OF _____) ^{ss.}

I, _____ Treasurer of the _____
Credit Union of _____, Minnesota, do hereby certify that the
_____ Credit Union of _____, Minnesota, has
this day assumed and agreed to pay the debts and liabilities (Exhibit B) of the
_____ Credit Union of _____, Minnesota, as per
Schedule attached, pursuant to a resolution by the Board of Directors of
_____ Credit Union of _____, Minnesota.

Secretary-Treasurer

(Corporate Seal)

(Merging Credit Union)

CERTIFICATE OF TREASURER ATTESTING ASSETS AND LIABILITIES

_____, Minnesota
_____.

STATE OF MINNESOTA)
COUNTY OF _____) ss.

I, _____ Secretary
_____, Treasurer of the _____
Credit Union of _____, Minnesota do hereby certify that the attached statements of
assets and liabilities (Exhibit A & B) of the said Credit Union are true and correct statements thereof as shown
by the books of the Credit Union at the close of business on the _____ day of _____,
20____, immediately before the assets and liabilities of said Credit Union were transferred to and assumed by
the _____ Credit Union of _____, Minnesota,
and of the remaining assets and liabilities immediately after the transfer.

Secretary-Treasurer

(Corporate Seal)

(Successor Credit Union)

CERTIFICATE OF TREASURER ATTESTING ASSETS AND LIABILITIES

_____, Minnesota

_____.

STATE OF MINNESOTA)

COUNTY OF _____) ss.

Secretary

I, _____ Treasurer of the _____
Credit Union of _____, Minnesota, do hereby certify that the attached statements of
assets and liabilities of the said Credit Union are true and correct statements thereof as shown by the books and
records of the Credit Union at the close of business on the _____ day of _____, 20____,
immediately before the assets and liabilities of the _____ Credit Union of
_____, Minnesota were transferred to and assumed by the said Credit Union and
immediately after the transfer.

Secretary-Treasurer

(Corporate Seal)

CONSOLIDATED STATEMENT

_____ Credit Union

Statement of Assets and Liabilities

_____, 20____.
(consolidation date)

<u>ASSETS</u>	Before Consolidation	After Consolidation
Cash in Bank	\$	\$
Cash on Hand		
Personal Loans		
Real Estate Loans		
Invested in other Credit Unions		
Other Investments		
Office Furniture and Fixtures		
Prepaid Insurance and Bond Premiums		
TOTAL ASSETS	\$	\$
<u>LIABILITIES</u>		
Borrowed Money – Notes Payable	\$	\$
Payroll Taxes Payable		
Shares		
Deposits		
Christmas Club and Other Deposits		
Reserve Fund		
Undivided Earnings		
TOTAL LIABILITIES	\$	\$