

APPENDIX

Voluntary Merger

- A voluntary merger¹⁰ is initiated by a credit union's board of directors. The selection of the continuing credit union partner is made by the acquired credit union's board of directors, subject to NCUA approval.
- All of the credit union's assets, shares, liabilities, contracts, field of membership, intangibles, off balance sheet items, etc. transfer to a continuing credit union.
- Continuing credit union service to the credit union's membership is maintained (e.g. the field of membership is either transferred to the continuing credit union or the continuing credit union already services the transferring field of membership).

Unassisted Supervisory Merger

- An unassisted supervisory merger¹¹ is processed without assistance from the NCUSIF.
- An unassisted supervisory merger is initiated by a credit union's board of directors or NCUA pursuant to Part 702, Prompt Corrective Action of NCUA Rules and Regulations. The selection of the continuing credit union partner resides primarily with the acquired credit union's board of directors, subject to NCUA approval.
- All of the credit union's assets, shares, liabilities, contracts, field of membership, intangibles, off balance sheet items, etc. transfer to a continuing credit union.
- Continuing credit union service to the credit union's membership is maintained (e.g. the field of membership is either transferred to the continuing credit union or the continuing credit union already services the transferring field of membership).

Assisted Merger

- An assisted merger¹² generally involves assistance from the NCUSIF and/or NCUA waiving the membership vote.
- An assisted merger is initiated by a credit union's board of directors, NCUA, or the respective SSA. If financial assistance is required by the NCUSIF to consummate the merger, NCUA selects the acquired credit union's continuing credit union partner. If financial assistance is not requested and only a waiver of

the membership vote is requested, the selection of the continuing credit union partner will reside solely with the acquired credit union's board of directors.

- All of the credit union's assets, shares, liabilities, contracts, field of membership, intangibles, off balance sheet items, etc. transfer to a continuing credit union.
- Continuing credit union service to the credit union's membership is maintained (e.g. the field of membership is either transferred to the continuing credit union or the continuing credit union already services the transferring field of membership).

Voluntary Liquidation

- Action initiated by a credit union's board of directors to dissolve the credit union.
- None of the credit union's assets, shares, liabilities, contracts, field of membership, etc. are transferred to a continuing credit union.
- The credit union's charter is cancelled when its liquidating agent has dissolved and/or resolved all of the credit union's affairs and matters.
- Continued credit union service to the credit union's membership is lost (e.g. the field of membership is not transferred).

Involuntary Liquidation

- Action initiated by NCUA or the respective SSA when the credit union is insolvent or pursuant to NCUA Rules and Regulations, Section 702.204, Prompt Corrective Action.
- All of the credit union's assets, shares, liabilities, contracts, etc. are transferred to NCUA for final disposition.
- The credit union's charter is cancelled upon NCUA dissolving and/or resolving all the credit union's affairs and matters.
- Continued credit union service to the credit union's membership is lost (e.g. the field of membership is not transferred).

Purchase and Assumption

- Before a failing credit union can be purchased and assumed, it must first be placed into involuntary liquidation by NCUA or the respective SSA. No credit union board exists in liquidation. Therefore, further action must be initiated by NCUA or the respective SSA.

- A P&A¹³ can be processed “at no cost” to the NCUSIF, and is generally requested by a continuing credit union when a merger is not desirable, as a continuing credit union might not desire to have all assets, shares, liabilities, contracts, field of membership, off balance sheet items (e.g. lawsuits, bond claims) transferred.
- Continuing service to the credit union’s membership is maintained if the continuing credit union requests it (e.g. the field of membership is either transferred to the continuing credit union or the continuing credit union already services the transferring field of membership). Otherwise, only members of record are transferred.