

§ 708b.302

12 CFR Ch. VII (1-1-99 Edition)

terminate as of the close of business on the ___ day of _____ (day preceding merger date).

3. Any deposits made by you after that date, either new deposits or additions to existing accounts, will not be insured by the National Credit Union Administration.

4. Accounts in the Credit Union on the ___ day of _____, (day preceding merger date), up to a maximum of \$100,000 for each member, will continue to be insured, as provided by the Federal Credit Union Act, for one (1) year after close of business on the ___ day of _____ (day preceding merger date); Provided, however, that any withdrawals after the close of business on the ___ day of _____, (day preceding merger date), will reduce the insurance coverage by the amount of such withdrawals.

(Name of Credit Union)
(Address)

(c) A Federal credit union that is converting its charter to that of an insured state credit union shall use the language contained in paragraph (a) of this section, but shall modify the language in paragraph (a)(1) of this section to indicate that it is converting its charter and terminating Federal insurance.

[52 FR 12374, Apr. 16, 1987, as amended at 54 FR 43280, Oct. 24, 1989; 63 FR 10519, Mar. 4, 1998]

§ 708b.302 Conversion of insurance.

(a) A federally-insured state credit union shall use the following language for purposes of converting from Federal insurance to nonfederal insurance:

(1) Notice of Proposal to Convert to Nonfederally-Insured Status

The Board of Directors of _____ Credit Union has approved a proposition to convert from Federal share (deposit) insurance to nonfederal insurance. The conversion must be approved by a majority of the members who vote on the proposal and at least 20% of the entire membership must participate in the vote. The membership vote will be taken on (date). (Add directions regarding membership meeting and/or mail ballot.)

If the membership approves the conversion, the share (deposit) insurance you now have (up to \$100,000 provided by the National Credit Union Administration, an agency of the Federal Government) will terminate on the effective date of the conversion. Shares (deposit) in the _____ Credit Union will be insured up to \$_____ by _____, a corporation chartered by the State of _____. The insurance provided by the National Credit

Union Administration, an independent agency of the United States, is backed by the full faith and credit of the United States government. The private insurance you will receive from _____ is not guaranteed by the Federal or any State government.

(2) The ballot to obtain membership approval of the conversion shall contain the following language:

This ballot must be received by the Credit Union by (date for vote).

I understand that, if the conversion of insurance is approved, the share (deposit) insurance that I now have (up to \$100,000 provided by the National Credit Union Administration, an agency of the Federal Government) will terminate upon the effective date of the conversion and my shares will be insured up to \$_____ by _____, a corporation chartered by the State of _____. The private insurance provided by _____ is not backed by the full faith and credit of the United States government as is the Federal insurance provided by the National Credit Union Administration.

- [] Approve conversion of insurance.
[] Do not approve conversion of insurance.

Signed _____
Member's Name
Date _____

(3) Notice of Conversion

(Date) _____

1. The status of the _____ as an insured credit union under the provisions of the Federal Credit Union Act will cease as of the close of business on the _____ day of _____, _____.

2. As of that date, your deposits will no longer be insured by the National Credit Union Share Insurance Fund.

3. Accounts in the credit union will be insured up to \$_____ by _____, a corporation chartered by the State of _____.

(Name of Credit Union)
(Address)

(b) A federally-insured credit union that is merging with a nonfederally-insured credit union shall use the following language for purposes of converting from Federal to nonfederal insurance:

(1) Notice of Proposal to Merge and Convert to Nonfederally-Insured Status

The Board of Directors of (merging) Credit Union has approved a proposition to merge the Credit Union into (continuing) Credit Union. The merger must be approved by a majority of the members of (merging) Credit Union who vote on the proposal and at least 20% of the entire membership must participate in the vote. The membership vote will

be taken on (date) (Add directions regarding membership meeting and/or mail ballot.)

If the membership approves the merger, the share (deposit) insurance you now have (up to \$100,000 provided by the National Credit Union Administration, an agency of the Federal Government) will terminate on the effective date of the merger. Shares (deposit) in the (continuing) Credit Union will be insured up to \$_____ by _____, a corporation chartered by the State of _____. The insurance provided by the National Credit Union Administration, an independent agency of the United States, is backed by the full faith and credit of the United States government. The private insurance you will receive from _____ is not guaranteed by the Federal or any State government.

(2) The ballot to obtain membership approval shall contain the following language:

This ballot must be received by the Credit Union by (date for vote).

I understand that if the merger of the (merging) Credit Union into the (continuing) Credit Union is approved, the share (deposit) insurance that I now have (up to \$100,000 provided by the National Credit Union Administration, an agency of the Federal Government) will terminate upon the effective date of the merger and my shares in the (continuing) Credit Union will be insured up to \$_____ by _____, a corporation chartered by the State of _____. The private insurance provided by _____ is not backed by the full faith and credit of the United States government as is the federal insurance provided by the National Credit Union Administration.

[] Approve merger and conversion of insurance.

[] Do not approve merger and conversion of insurance.

Signed _____

Member's Name

Date _____

(3) Notice of Merger and Conversion of Insured Status

(Date) _____

1. The merger of the (merging) Credit Union into the (continuing) Credit Union has been approved, effective (date).

2. As of that date, your shares (deposit) are no longer insured by the National Credit Union Administration.

3. Accounts in the (continuing) Credit Union will be insured up to \$_____ by _____, a corporation chartered by the State of _____.

(Name of Credit Union)

(Address)

(c) A Federal credit union that is converting its charter to that of a non-federally-insured credit union shall use the language contained in paragraph (a) of this section, but shall modify the language in paragraph (a)(1) of this section to indicate that it is converting its charter and converting from Federal insurance.

[52 FR 12374, Apr. 16, 1987, as amended at 54 FR 43280, Oct. 24, 1989; 63 FR 10519, Mar. 4, 1998]

§ 708b.303 Modifications to notice.

(a) Any modifications or additions to the notices or ballot concerning insurance coverage, and any additional communications concerning insurance coverage included with the notices or ballot, may be made with the approval of the Regional Director and, in the case of a state credit union, the appropriate state authority. Approval of such modifications, additions or additional communications will not be withheld unless it is determined that the credit union, by inclusion or omission of information, would materially mislead or misinform its membership.

(b) Federally-insured state credit unions may include additional language in the notice and ballot regarding state requirements for mergers, where appropriate.

[52 FR 12374, Apr. 16, 1987, as amended at 54 FR 43280, Oct. 24, 1989]

PART 709—INVOLUNTARY LIQUIDATION OF FEDERAL CREDIT UNIONS AND ADJUDICATION OF CREDITOR CLAIMS INVOLVING FEDERALLY INSURED CREDIT UNIONS IN LIQUIDATION

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