

**KANSAS DEPARTMENT OF CREDIT UNIONS**

**FORMS AND PROCEDURES FOR MERGER OF KANSAS CHARTERED CREDIT UNIONS**

K.S.A. 17-2228 and K.A.R. 121-11-1 and 121-11-2

**Step 1. Agreement to Merge**

- A. Board of Directors of the merging and continuing credit unions agree on the intent and proposal to merge and each adopt the *Intent to Merge and Corporate Resolution* (Merger Form 1) in cooperation and communication with the Administrator, Kansas Department of Credit Unions (KDCU).
  - B. Board presiding officer and secretary of both the merging and continuing credit unions each sign a copy of *Intent to Merge and Corporate Resolution* (Merger Form 1). Completed Merger Form 1 from each credit union is submitted to the Administrator, KDCU within 14 days after signing.
- 

**Step 2. Development of Plan for Proposed Merger**

- C. The Board of Directors of the merging and continuing credit unions develop a plan for the proposed merger. The plan must be approved by a majority of each board. Merger Form 2 is completed and signed by both credit unions and submitted to the Administrator, KDCU.
- 

**Step 3 Merger Agreement Terms and Conditions and Adoption of Corporate Resolution**

- D. Both credit unions develop specific merger agreement terms and conditions. Merger Form 3 is completed, signed by both credit unions' presiding officer and secretary and submitted to the Administrator, KDCU.
  - E. The board of directors of each credit union adopts a corporate resolution to merge by completion of Merger Form 4 and 5 which are submitted to the Administrator, KDCU.
- 

**Step 4 Preliminary Approval to Merge Given by Administrator and NCUA to the Merging and Continuing Credit Unions**

---

**Step 5 Notice of Special Member Meeting and Vote to Approve Merger K.A.R. 121-11-2 (h) (i) (j)**

- F. Within 60 days of preliminary approval by the Administrator, KDCU, the proposed merger agreement must be submitted to a vote by the membership of the merging and continuing credit unions. If the vote is at a special membership meeting, advance notice of the meeting shall be given by notifying the member at the last known address currently reflected on the books of the credit union or electronically at the member's last known electronic mail address. The notice shall be sent no more than 30 days and no less than 14 days before the meeting at which the proposed merger agreement will be voted on. The notice may be posted on the credit union bulletin board or web site, or both. The notice shall meet the following requirements:
  - a. Specify the purpose, date, time, and place of the meeting;
  - b. contain a summary of the merger plan and directions specifying how a member can obtain a copy of the complete merger plan;
  - c. state the reasons for the proposed merger;
  - d. provide the name and location, including the location of each branch, of the proposed continuing credit union;
  - e. inform the members that they have the right to vote on the merger proposal in person at the meeting or by written ballot to be received no later than the date and time announced for the meeting called for that purpose; and
  - f. be accompanied by a ballot for merger proposal and instructions on how to vote by written ballot by mail.
- G. The notices of the membership meetings and a description of the voting procedures are submitted to the Administrator, KDCU.

- H. The membership meetings are held following the suggested order of business.
- i. Meeting is called to order.
  - ii. Eligible voting members in attendance are identified and totaled.
  - iii. Quorum determined.
  - iv. Purpose of meeting stated.
  - v. Motion and second to approve the proposed merger agreement is made.
  - vi. Discussion.
  - vii. Results of the Vote: a simple majority of those present is required for approval of the proposed merger agreement.
  - viii. Votes are tallied by an independent teller appointed by the board of directors.
  - ix. Voting results stated.
  - x. Adjournment.

#### **Alternative Method of Voting**

- I. With prior approval of the Administrator, a credit union may accept member votes without a special meeting by an alternative method that is reasonably calculated to ensure that each member has an opportunity to vote on the merger agreement. [K.A.R. 121-11-2(j)].
- 

#### **Step 6 Reporting the Results of Voting and Final Steps**

- J. The merging and continuing credit union remits the voting procedure and results to KDCU Administrator by submission of Merger Forms 7a-1 and 2 and 7b-1 and 2.
- K. The continuing credit union if necessary, by board action amends the field of membership and files the Certificate of Amendment (Merger Form 8) with the KDCU Administrator.
- L. The continuing credit union files the Certificate of Completion (Merger Form 9) with the KDCU Administrator.
- M. The merging credit union surrenders the corporate charter to the KDCU Administrator if charter can be located.

#### **Step 7 Actions by the KDCU Administrator to Complete the Merger**

- A. Direct merging credit union to remit any remaining books and records to the continuing credit union.
- B. Provide a complete set of merger agreement and all related papers, with Merger Form 10 attached, to the merging and continuing credit unions, the Kansas Credit Union Association and the National Credit Union Administration.
- C. File the *Certificate of Final Approval and Dissolution* (Merger Form 10) with the Register of Deeds of the County of record for the merging credit union and the Kansas Secretary of State.
- D. Complete steps specified in K.A.R. 121-11-2 (n).
-