

NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314

DATE: November 2010 LETTER NO.: 10-CU-22

TO: Federally Insured Credit Unions

SUBJECT: NCUA's Merger Partner Registry

Dear Board of Directors:

If your credit union is interested in expanding your field of membership by merging with another credit union, you can now let your regulators know by signing up for NCUA's new Merger Partner Registry.

The Merger Partner Registry responds to requests from many credit unions which were calling for more transparency in the merger process.

Types of Mergers Involved

The Registry does *not* change the process for voluntary mergers between healthy credit unions. Voluntary mergers may continue to take place without regulatory intervention.

The Registry *does* apply to two types of transactions in which healthy credit unions can acquire another credit union's field of membership:

- 1) **Assisted merger** of a troubled credit union, or;
- 2) **Purchase and assumption** (P&A) of a liquidated credit union.

In both of these transactions, NCUA offers financial assistance from the National Credit Union Share Insurance Fund and selects the continuing credit union from a number of bidders.

What We Hope to Achieve

NCUA hopes to achieve two important goals through the Registry:

- Establish a **wider pool** of interested credit unions to consider assisted merger and P&A opportunities, and;
- Improve **transparency** by shedding more light on NCUA's process of selecting partners.

What You Can Expect

On the Registry, you will find that you can target the geographic area(s) where your credit union is seeking a partner. You can establish very wide or very narrow geographic areas of interest.

However, please understand that ***just because you sign up for the Registry does not mean that your credit union will be selected.*** The selection process is very involved. It requires a great deal of due diligence to find a partner for a troubled credit union that is suitable in terms of financial health, asset base, field of membership, service facilities, product offerings, and several other factors. We often ask dozens and dozens of credit unions before we find a suitable partner.

Even as we open the process as much as possible, NCUA will continue to safeguard proprietary information about credit unions involved in merger and P&A considerations.

For more details on this process, please review NCUA's Letter to Credit Unions titled *Information on NCUA's Merger and Purchase & Assumption Process* (NCUA Letter 10-CU-11, June 2010).

How to Register

The registration application is available through Credit Union Online, the system on [NCUA's](http://www.ncua.gov) website where most credit unions file Call Reports. To access the Registry:

- Set your web browser to www.ncua.gov;
- Scroll under **Credit Union Data** and click **Credit Union Online**;
- Log in to Credit Union Online, and;
- Click **Merger Partner Registry** on the left margin.

If your credit union files Call Reports manually, you can fill out NCUA Form 4501A on paper and send it to NCUA or your state regulator to input into the online system.

I encourage you to register if your credit union is financially sound and has the ability to serve an expanded field of membership.

Questions?

If you have any questions about the Registry or the merger and P&A process, please contact your NCUA Regional Office.

Sincerely,

/s/

Debbie Matz
Chairman