

National Credit Union Administration

§ 708b.2

and the incentive should not be so large that it distracts the member from the purpose of the vote. If the board desires to use such incentives, the cost of the incentive should be included in the directors' deliberation and determination that the conversion is in the best interests of the credit union's members.

(3) The credit union should ensure that the incentive is available to every member that votes regardless of how or when he or she votes. All of the credit union's written materials promoting the incentive to the membership must disclose to the members, as required by § 708a.12 of this part, that they have an equal opportunity to participate in the incentive program regardless of whether they vote for or against the conversion. The credit union should also design its incentives so that they are available equally to all members who vote, regardless of whether they vote by mail or in person at the special meeting.

PART 708b—MERGERS OF FEDERALLY-INSURED CREDIT UNIONS; VOLUNTARY TERMINATION OR CONVERSION OF INSURED STATUS

Sec.

708b.1 Scope.

708b.2 Definitions.

Subpart A—Mergers

708b.101 Mergers generally.

708b.102 Special provisions for federal insurance.

708b.103 Preparation of merger plan.

708b.104 Submission of merger proposal to the NCUA.

708b.105 Approval of merger proposal by the NCUA.

708b.106 Approval of the merger proposal by members.

708b.107 Certificate of vote on merger proposal.

708b.108 Completion of merger.

Subpart B—Voluntary Termination or Conversion of Insured Status

708b.201 Termination of insurance.

708b.202 Notice to members of proposal to terminate insurance.

708b.203 Conversion of insurance.

708b.204 Notice to members of proposal to convert insurance.

708b.205 Modifications to notice and ballot.

708b.206 Share insurance communications to members.

Subpart C—Forms

708b.301 Conversion of insurance (State Chartered Credit Union)

708b.302 Conversion of insurance (Federal Credit Union).

708b.303 Conversion of insurance through merger.

AUTHORITY: 12 U.S.C. 1752(7), 1766, 1785, 1786, 1789.

SOURCE: 70 FR 3288, Jan. 24, 2005, unless otherwise noted.

§ 708b.1 Scope.

(a) Subpart A of this part prescribes the procedures for merging one or more credit unions with a continuing credit union where at least one of the credit unions is federally-insured.

(b) Subpart B of this part prescribes the procedures and notice requirements for termination of federal insurance or conversion of federal insurance to non-federal insurance, including termination or conversion resulting from a merger.

(c) Subpart C prescribes required forms for use in conversion of federal insurance to nonfederal insurance.

(d) Nothing in this part restricts or otherwise impairs the authority of the NCUA to approve a merger pursuant to section 205(h) of the Act.

(e) This part does not address procedures or requirements that may be applicable under state law for a state credit union.

§ 708b.2 Definitions.

(a) *Continuing credit union* means the credit union that will continue in operation after the merger.

(b) *Convert, conversion, and converting*, when used in connection with insurance, refer to the act of canceling federal insurance and simultaneously obtaining insurance from another insurance carrier. They mean that after cancellation of federal insurance the credit union will be nonfederally-insured.

(c) *Federally-insured* means insured by the National Credit Union Administration (NCUA) through the National Credit Union Share Insurance Fund (NCUSIF).