

**Pt. 708a**

12 CFR Ch. VII (1–1–11 Edition)

2. *Format.* Credit unions may use inserts to a document (see Sample Form B–11) or fill-in blanks (see Sample Forms B–4 and B–5, which use double underlining to indicate terms that have been filled in) to show current rates, fees or other terms.

3. *Disclosures for opening accounts.* The sample forms illustrate the information that must be provided to a member when an account is opened, as required by §707.4(a)(1). (See §707.4(a)(2), which states the requirements for disclosing the annual percentage yield, the dividend rate, and the maturity of a term share account in responding to a member’s request.)

4. *Compliance with Regulation E.* Credit unions may satisfy certain requirements under part 707 with disclosures that meet the requirements of Regulation E. (See §707.3(c).) The model clauses and sample forms do not give examples of disclosures that would be covered by both this regulation and Regulation E (such as disclosing the amount of a fee for ATM usage). Credit unions should consult appendix A to Regulation E for appropriate model clauses.

5. *Duplicate disclosures.* If a requirement such as a minimum balance applies to more than one account term (to obtain a bonus and determine the annual percentage yield, for example), credit unions need not repeat the requirement for each term, as long as it is clear which terms the requirement applies to.

6. *Guide to model clauses.* In the model clauses, italicized words indicate the type of disclosure a credit union should insert in the space provided (for example, a credit union might insert “March 25, 1995” in the blank for “(date)” disclosure). Brackets and diagonals (“/”) indicate a credit union must choose the alternative that describes its practice (for example, [daily balance/average daily balance]).

7. *Sample forms.* The sample forms (B–4 through B–11) serve a purpose different from the model clauses. They illustrate various ways of adapting the model clauses to specific accounts. The clauses shown relate only to the specific transactions described.

[59 FR 59899, Nov. 21, 1994, as amended at 60 FR 21699, May 3, 1995; 61 FR 68129, Dec. 27, 1996; 63 FR 71575, Dec. 29, 1998; 66 FR 33163, June 21, 2001; 70 FR 72899, Dec. 8, 2005; 72 FR 30246, May 31, 2007; 74 FR 36105, July 22, 2009; 75 FR 47175, Aug. 5, 2010]

EDITORIAL NOTE: At 74 FR 36105, July 22, 2009, part 707, appendix C was amended by redesignating (a)(1)–3 through (a)(1)–8 as (a)(1)1 through (a)(1)–6 however (a)(1)7ndash;1 already existed.

**PART 708a—BANK CONVERSIONS AND MERGERS**

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AUTHORITY: 12 U.S.C. 1766, 1785(b), and 1785(c).

SOURCE: 71 FR 77167, Dec 22, 2006, unless otherwise noted.

**Subpart A—Conversion of Insured Credit Unions to Mutual Savings Banks**

**§ 708a.1 Definitions.**

As used in this part:

*Clear and conspicuous* means text in bold type in a font size at least one size

**National Credit Union Administration**

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larger than any other text used in the document (exclusive of headings), but in no event smaller than 12 point.

*Credit union* has the same meaning as insured credit union in section 101 of the Federal Credit Union Act.

*Federal banking agencies* have the same meaning as in section 3 of the Federal Deposit Insurance Act.

*Mutual savings bank and savings association* have the same meaning as in section 3 of the Federal Deposit Insurance Act.

*Regional director* means the director of the NCUA regional office for the region where a natural person credit union's main office is located. For corporate credit unions, *regional director* means the director of NCUA's Office of Corporate Credit Unions.

*Senior management official* means a chief executive officer, an assistant chief executive officer, a chief financial officer, and any other senior executive officer as defined by the appropriate federal banking agencies pursuant to section 32(f) of the Federal Deposit Insurance Act.

EDITORIAL NOTE: At 75 FR 80680, Dec. 23, 2010, §708a.1 was amended by adding a definition for 'Regional director'; however, the amendment could not be incorporated because the definition already exists.

EFFECTIVE DATE NOTE: At 75 FR 81386, Dec. 28, 2010, §708a.1 was redesignated to 708a.101 and amended by adding definitions of "conducted by an independent entity," "independent entity," and "secret ballot", effective Jan. 27, 2011. For the convenience of the user, the added text is set forth as follows:

**§ 708a.101 Definitions.**

\* \* \* \* \*

*Conducted by an independent entity* means:

(1) The independent entity will receive the ballots directly from voting members.

(2) After the conclusion of the special meeting that ends the ballot period, the independent entity will open all the ballots in its possession and tabulate the results. The entity must not open or tabulate any ballots before the conclusion of the special meeting.

(3) The independent entity will certify the final vote tally in writing to the credit union and provide a copy to the NCUA Regional Director. The certification will include, at a minimum, the number of members who voted, the number of affirmative votes, and the number of negative votes. During the

course of the voting period the independent entity may provide the credit union with the names of members who have not yet voted, but may not provide any voting results to the credit union prior to certifying the final vote tally.

\* \* \* \* \*

*Independent entity* means a company with experience in conducting corporate elections. No official or senior management official of the credit union, or the immediate family member of any official or senior management official, may have any ownership interest in, or be employed by, the entity.

\* \* \* \* \*

*Secret ballot* means no credit union employee or official can determine how a particular member voted. Credit union employees and officials are prohibited from assisting members in completing ballots or handling completed ballots.

\* \* \* \* \*

**§ 708a.2 Authority to convert.**

A credit union, with the approval of its members, may convert to a mutual savings bank or a savings association that is in mutual form without the prior approval of the NCUA, subject to applicable law governing mutual savings banks and savings associations and the other requirements of this part.

EFFECTIVE DATE NOTE: At 75 FR 81386, Dec. 28, 2010, §708a.2 was redesignated as §708a.102, effective Jan. 27, 2011.

**§ 708a.3 Board of directors' approval and members' opportunity to comment.**

(a) A credit union's board of directors must comply with the following notice requirements before voting on a proposal to convert.

(1) No later than 30 days before a board of directors votes on a proposal to convert, it must publish a notice in a general circulation newspaper, or in multiple newspapers if necessary, serving all areas where the credit union has an office, branch, or service center. It must also post the notice in a clear and conspicuous fashion in the lobby of the credit union's home office and branch offices and on the credit union's Web site, if it has one. If the notice is not on the home page of the Web site, the