



PUBLIC PROTECTION CABINET

Kentucky Department of Financial Institutions

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MERGER OF KENTUCKY CREDIT UNIONS

A voluntary merger involving a Kentucky-chartered credit union must comply with Section 286.6-710 of the Kentucky Revised Statute, and all federally insured credit unions must comply with 12 C.F.R. § Part 708b. Such mergers require approval of the Commissioner of the Department of Financial Institutions and the Regional Director of the National Credit Union Administration for federally insured credit unions.

A complete merger application must include the following:

1. The merger plan, which must include:
 - a. Current financial statements for both credit unions.
 - b. Current delinquent loan summaries and analyses of the adequacy of the Allowance for Credit Loss (“ACL”) account.
 - c. Consolidated financial statements, including an assessment of the generally accepted accounting principles (GAAP) net worth of each credit union before the merger and the GAAP net worth of the continuing credit union after the merger.
 - d. Analyses of share values ([NCUA 6311](#)).
 - e. Explanation of any proposed share adjustments, and where the net worth ratio of the merging credit union is more than 500 basis points higher than the net worth ratio of the continuing credit union, an explanation of the factors considered in establishing the amount of any proposed adjustment or in determining no adjustment is necessary.
 - f. Explanation of any provisions for reserves, undivided earnings, or dividends.
 - g. Description of any merger-related financial arrangement. Merger-related financial arrangements are defined in § 708b.2 as “a material increase in compensation or benefits because of, or in anticipation of, a merger that any covered person of a merging credit union has received during the 24 months before the date the boards of directors of both credit unions approve the merger plan. It also means a material increase in compensation or benefits that any covered person of a merging credit union will receive in the future because of the merger. This includes the sum of all increases in direct and indirect compensation, such as salary, bonuses, leave, deferred compensation, early payout of retirement benefits, or any other financial rewards, other than benefits available to all employees of the continuing credit union on identical terms and

- conditions. A material increase is an increase in value that exceeds the greater of 15 percent of existing compensation or benefits or \$10,000.”
- h. Provisions with respect to notification and payment of creditors.
 - i. Explanation of any changes relative to insurance such as life savings and loan protection insurance and insurance of member accounts.
 2. Merger Resolution, continuing credit union ([NCUA 6302](#)).
 3. Merger Resolution, merging credit union ([NCUA 6303](#)).
 4. Proposed Merger Agreement ([NCUA 6304](#)) * Submit a proposed merger agreement to the NCUA with the initial merger package. Do not sign, date, or notarize the proposed agreement. At the completion of the merger, officials of the merging and continuing credit unions must sign this agreement and have it notarized. The continuing credit union should retain the original document. Send one copy of the executed form to the Department and the NCUA Regional Director.
 5. Proposed Notice of Special meeting of the Members ([NCUA 6305A](#)), which should include;
 - a. A statement of the purpose of the meeting and the time and place;
 - b. A statement that members may vote on the merger proposal in person or by mail ballot (or electronically, if the credit union's Bylaws so permit) received by the merging credit union no later than the date and time announced for the member meeting called to vote on the merger proposal;
 - c. A statement about the availability of a website where members of the merging credit union can share comments and questions about the merger;
 - d. A summary of the merger plan, including but not necessarily limited to:
 - i. A statement that the merging credit union does or does not have a higher net worth percentage than the continuing credit union;
 - ii. A statement as to whether the members of the merging credit union will receive a share adjustment or other distribution of reserves or undivided earnings, including a summary of reasons for the decision and, at the merging credit union's discretion, a short explanation about the capital level;
 - iii. An explanation of any changes to ATM access or to services such as life savings protection insurance or loan protection insurance;
 - iv. If the continuing credit union is not federally insured, an explanation of any changes related to federal share insurance; and
 - v. A detailed description of all merger-related financial arrangements. This description must include the recipient's name and title as well as, at a minimum, the amount or value of the merger-related financial arrangement expressed, where possible, as a dollar figure;
 - e. A statement of the reasons for the proposed merger; and
 - f. A statement identifying the physical locations of the merging credit union by street address, stating whether each location is to be closed or retained, and a list of branches of the continuing credit union by street address that are located in reasonable proximity to the merging credit union's locations.
 6. Copy of the proposed Ballot to be sent to the members ([NCUA 6306A](#)).
 7. If the merging credit union's assets on its latest call report are equal to or greater than the threshold amount established and published in the Federal Register annually by

8. the Federal Trade Commission under [15 U.S.C. 18a\(a\)\(2\)\(B\)\(i\)](#), a statement about whether the two credit unions intend to make a Hart-Scott-Rodino Act premerger notification filing with the Federal Trade Commission and, if not, an explanation why not.
9. Board minutes for the merging and continuing credit union that reference the merger for the 24 months before the date the boards of directors of both credit unions approve the merger plan.

Members of the merging credit union must receive notice at least 45 calendar days, but no more than 90 calendar days from the date of the proposed meeting to vote on the merger. There must be at least a 15-day comment period prior to the vote to allow members of the merging credit union to share comments or questions with one another about the proposed merger.

Within ten calendar days after the membership vote, the merging credit union must complete [NCUA 6308A](#) and send it to the Department and the NCUA Regional Director.

Within 30 calendar days after the effective date of the merger, the continuing credit union must complete [NCUA 6309](#) and send it to the Department and the NCUA Regional Director with the documents listed on the form.

These instructions are not all inclusive. A transaction involving an out-of-state and/or federally insured credit union may have additional requirements of the other state regulatory agency and/or the NCUA. Credit unions should contact these agencies to determine additional requirements. All federally insured credit unions must comply with the NCUA merger rule set forth under 12 C.F.R. § Part 708b.

For questions, please contact Credit Union Branch Manager Cristina Pack at Cristina.pack@ky.gov, Assistant Depository Division Director Holly Ross at holly.ross@ky.gov, or General Counsel Katie Adams-Cornett at katie.adams@ky.gov.

Current as of November 2025