

# Credit Unions Buying Banks

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## How?

12 USC 1785(b)(1)(A)



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# Let's Be Lawyers

## (b) Restrictions

(1) Except as provided in paragraph (2), no insured credit union shall, without the prior approval of the Board—

**(A) merge or consolidate with any noninsured credit union or institution;**

(B) assume liability to pay any member accounts in, or similar liabilities of, any noninsured credit union or institution;

(C) transfer assets to any noninsured credit union or institution in consideration of the assumption of liabilities for any portion of the member accounts in such insured credit union; or

(D) convert into a noninsured credit union or institution.

Washington example: Used existing authority in the statutes: RCW: 31.12.402(6); 31.12.402(1); 31.12.436(1)(a); 31.12.438(1); 31.12.402(24) and 31.12.516(8).



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# Look familiar?

(c) Considerations for waiver or enforcement of restrictions. In granting or withholding approval or consent under subsection (b) of this section, the Board shall consider—

(1) the history, financial condition, and management policies of the credit union;

(2) the adequacy of the credit union's reserves;

(3) the economic advisability of the transaction;

(4) the general character and fitness of the credit union's management;

(5) the convenience and needs of the members to be served by the credit union; and

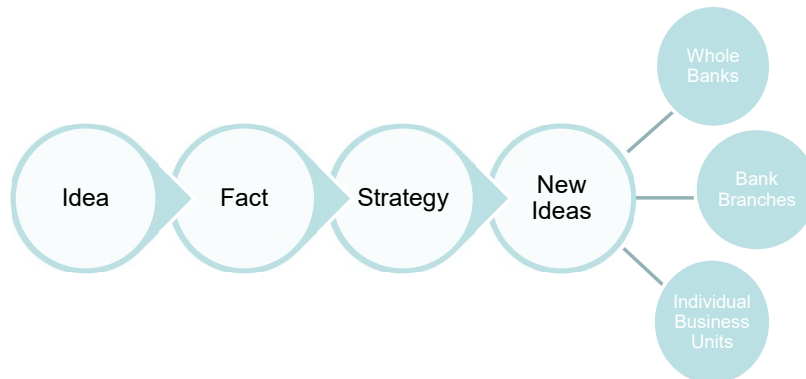
(6) whether the credit union is a cooperative association organized for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes.



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# The Evolution



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## CU Non-Organic Growth Strategy

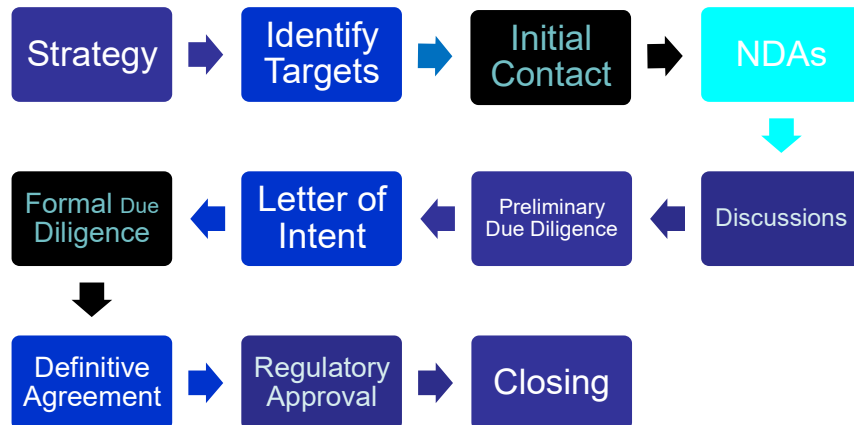
1. CU to CU Deals
2. Whole Bank
3. Bank Branch
4. Everything Else



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# Process



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## CUs Buying Banks – One CU's Journey

Presented by  
Ronald L. Westad  
President & CEO  
Arizona Federal Credit Union



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## Background



## Arizona Federal Credit Union



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## Background



## Pinnacle Bank



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# Why?

- Intentions (AzFCU and Pinnacle Bank)
- Win-win



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# How?

- Leverage Capital/NW
- Due diligence
- Business partners
- Regulators
- Communication



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# What?

- People
- Product/service
- Place
- Price
- Promotion



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# Other Considerations

- NCUA Concerns
- FDIC Concerns
- People, people, people
- Limitations and restrictions
- Timeline



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# Recommendations

- Clarity
- People, people, people management
- Regulatory management
- Manage expectations
- Prepare for others
- Honor the past, and . . .



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## Questions?

If you have any follow-up questions regarding this presentation please contact:

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