



On August 28, 2024, your Board of Directors unanimously approved a resolution to merge with Texas Trust Credit Union (TXTCU), a Texas chartered credit union. You are encouraged to attend a special meeting of your credit union at 3501 Western Center Blvd, Fort Worth, TX 76137 on January 6, 2025 at 5:00 PM.

The meeting will have two purposes:

- To consider and act upon a plan and proposal for merging our credit union, a federally chartered credit union, with and into TXTCU, the continuing credit union.
- To approve the action of the Board of Directors of our credit union in authorizing the officers of our credit union, subject to member approval, to carry out the proposed merger.

The Board of Directors encourages you to attend the meeting and vote on the proposed merger. Whether or not you plan to attend the meeting, we urge you to sign, date and properly return the enclosed ballot in the enclosed postage paid envelope to vote on the proposed merger.

If the merger is approved, our credit union will transfer all its assets and liabilities to TXTCU. As a member of our credit union, you will become a member of TXTCU following the completion of the merger. On the completion date of the merger, you will receive shares in TXTCU for the shares you now own in our credit union.

Your Board of directors recommends that you vote "yes" on the merger.

If you wish to submit comments about the merger to share with other members, you may submit them to the National Credit Union Administration at:

- <https://ncua.gov/support-services/credit-union-resources-expansion/credit-union-merger-resources/comments-proposed-credit-union-mergers>
- Office of Credit Union Resources and Expansion (CURE), NCUA, 1775 Duke Street, Alexandria, VA 22314.

The NCUA will post comments received from members on its website along with the member's name, subject to the limitations and requirements of its regulations.

Reasons for the Merger with TXTCU

Over the last few years, the combination of the Corona virus pandemic, the great resignation then the rapid increase in interest rates have proven difficult to overcome. These have combined to challenge our ability to produce sufficient income to support operations. When you add these challenges on top of the CECL standard for loan losses and a few 1-4 family rental delinquencies, the prospect for continued positive earnings and growing operations looks dim. The financial services industry is also undergoing continuing commoditization that makes it difficult for smaller institutions to find the economies of scale and critical mass necessary to support operations. Our size also makes it difficult to take risks that could lead to added earnings but might also lead to higher losses.

The Board of Directors is committed to providing the most current products and services to the membership. The cost to maintain this goal is steadily rising and combined with the other challenges mentioned, we are facing an earnings crisis that nothing short of harsh measures will change. We do not believe that any harsh measures are in the best interest of our membership.

The merger with TXTCU will bring about increased scale which will afford our members dividends, added convenience, and access to products and services we were unable to offer. Employees will also benefit by experiencing competitive wages along with enhanced benefits.

Benefits of the Merger with TXTCU

The directors of both credit unions have concluded that proposed merger is desirable and in the best interests of members for a number of reasons, such as added convenience and services, additional products, continued employee representation and lower operating costs.

Expanded Access and Services

- Access to 55,000 surcharge free ATM locations
- 20 branch locations in Texas, 17 in the Metroplex
- An expanding branch network
- Full-service member care center with expanded hours and Saturday operations
- Apple Pay, Google Pay and Samsung Pay
- A highly competitive credit card offering
- In house Mortgage offerings with local loan officers and servicing
- High yield checking account
- Competitive certificate offerings
- Wealth management, insurance and investment offerings
- Enhanced direct deposit (funds available when received)
- Business lending and deposit services

More Branch Locations

TXTCU intends to maintain the current branch location.

TXTCU operates 17 branch locations in the Metroplex along with 2 in San Angelo and 1 in Athens. A complete list of branch locations is attached.

Investment in Future Branch Locations

One of the advantages of partnering with TXTCU is their commitment to increasing convenience for their membership. In addition to continuing investment in technology, TXTCU believes that the convenience of dealing with friendly employees face-to-face is part of what makes them different. As such, they have invested in their branch network, more than tripling their branch footprint over the last 10 years.

Other Information Related to the Merger

The Board of Directors has carefully evaluated and analyzed the assets and liabilities of the credit unions and the value of the shares in both. The financial statements of both credit unions, as well as the projected combined financial statement follow as separate documents. In addition, the following information applies to the proposed merger.

The net worth of a merging credit union at the time of a merger transfers to the continuing credit union. As of June 30, 2024, our credit union reported a net worth ratio of 6.21% and Texas Trust reported a ratio of 10.34%.

Because the net worth ratio at TXTCU is higher than ours, your Board of Directors has determined that distribution of net worth to members as a result of the merger is unnecessary because of the increase in member value inherent in TXTCU's current and future product and service offerings. Moreover, our members will receive shares in TXTCU, and the Board of Directors had determined that no share adjustment is necessary.

Merger-related Financial Arrangements

Merger Related Financial Arrangements

TXTCU will make every effort to retain our employees. However, in recognition of the long tenure of our employees, a severance offer will be made available to all employees commensurate with level and tenure. All employees will also receive a retention bonus of one-months' salary if they remain with the credit union through the effective date of the merger and an additional month if they remain thru the date of the combination of records.

NCUA Regulations require merging credit unions to disclose certain increases in compensation that any of the merging credit unions officials or 5 most highly compensated employees have received or will receive in connection with the merger. The following details the specific arrangements those individuals have received or will receive according to the specifications described above:

Name and Title	Tenure	Description of Increase	Amount
Sandra Szymanski	29 years	Severance Bonus (12 months salary)	130,627.00
President / CEO		Retention (2 months)	21,771.17
		Accrual for unrecorded vacation (680 hours)	42,704.98
Cecilia Rodriguez	24 years	Severance Bonus (12 months salary)	72,450.00
Vice President		Retention (2 months)	12,075.00
		Accrual for unrecorded vacation (400 hours)	13,932.69
Erica Acosta	6 months	Retention (2 months)	8,146.67
Accountant			
Carlos Hernandez	6 years	Severance Bonus (6 weeks salary)	5,192.31
Head Teller /MSR		Retention (2 months)	7,500.00
Matt Szymanski	7 years	Severance Bonus (7 weeks salary)	4,620.00
Accounting Clerk		Retention (2 months)	5,720.00

If our employee accepts continued employment with TXTCU, instead of the severance option, they will be protected from termination, except for cause, for 18 months for the CEO and VP and 12 months for all others. Salaries will also be set at the market rate for similar TXTCU positions.

Please note that the proposed merger must have the approval of the majority of members who vote.

Enclosed with this Notice of Special Meeting is a Ballot for Merger Proposal. If you cannot attend the meeting, please complete the print ballot and return it in the postage paid envelope provided to Cornerstone Resources, PO Box 655147, Dallas, TX 75265-5147. To be counted your ballot must be received no later than 5:00pm December 20, 2024.


Craig Wilborn - Chairman

**Texas Trust and Family 1st of Texas Statement of Financial Condition
as of June 30, 2024**

	TXTCU	Family 1st	Combined
Assets			
Total Loans Outstanding	\$ 1,479,825,012	\$ 17,840,839	\$ 1,497,665,851
(less) Allowance for Loan Losses	(7,470,084)	(114,025)	(7,584,109)
Net Loans	1,472,354,928	17,726,814	1,490,081,742
Investments	176,365,897	14,708	176,380,605
Cash	186,211,709	1,136,968	187,348,677
Land and Buildings (net)	66,640,799	396,950	67,037,749
Other Fixed Assets (net)	7,044,755	42,018	7,086,773
All Other Assets	116,876,440	1,907,039	118,783,479
Total Assets	2,025,494,528	21,224,497	2,046,719,025
Liabilities and Equity			
Dividends Payable	2,712,408	-	2,712,408
Notes Payable	252,193,563	-	252,193,563
All Other Liabilities	25,133,036	237,679	25,370,715
Total Liabilities	280,039,007	237,679	280,276,686
Total Shares	1,582,483,097	19,862,258	1,602,345,355
Equity			
Regular Reserves	6,408,925	-	6,408,925
Undivided Earnings and Other Reserves	178,383,831	1,124,560	179,508,391
Equity Acquired in Mergers	17,920,934	-	17,920,934
FASB 115 Valuation Reserve	(12,741,266)	-	(12,741,266)
Total Reserves and Undivided Earnings	189,972,424	1,124,560	191,096,984
Total Liabilities and Equity	\$ 2,052,494,528	\$ 21,224,497	\$ 2,073,719,025
Net Worth Ratio (Equity to Assets)	10.34%	6.21%	10.18%

Texas Trust and Family First of Texas Combined Statements of Income
Year to Date ending June 30, 2024

	TXTCU		Family 1st		Combined
Interest Income:					
Loan Interest	\$	34,574,777	\$	463,432	\$ 35,038,209
Investment Interest		5,901,858		20,379	5,922,237
Total Interest Income		40,476,635		483,811	40,960,446
Interest Expense					
		15,697,930		212,413	15,910,343
Dividends on Member Shares		4,544,355		-	4,544,355
Interest on Borrowed Funds		20,242,285		212,413	20,454,698
Total Interest Expense		20,234,350		271,398	20,505,748
Net Interest Income		3,102,188		156,671	3,258,859
Provision for Loan and Lease Losses		17,132,162		114,727	17,246,889
Net Interest after Provision					
Non-Interest Income		12,985,388		59,349	13,044,737
Fee Income		(1,124)		38,060	36,936
Trading and Other Operating Income		410,055		-	410,055
Non-Operating Gain or Loss		13,394,319		97,409	13,491,728
Total Non-interest Income		30,526,481		212,136	30,738,617
Income Before Non-Interest Expenses					
Non-Interest Expenses		14,088,787		237,749	14,326,536
Compensation and benefits		605,583		54,902	660,485
Loan Costs		1,997,691		64,021	2,061,712
Office Occupancy		5,662,723		146,752	5,809,475
Office Operations		6,285,566		151,801	6,437,367
Other Operating Costs		28,640,350		655,225	29,295,575
Total Non-Interest Expense	\$	1,886,131	\$	(443,089)	\$ 1,443,042
Net income					

Texas Trust Credit Union Branches

Arlington Bardin Branch

Bardin & Matlock 700 W. Bardin Rd.
Arlington, TX 76017

Arlington Pantego Branch

Bowen & Pioneer Pkwy
2427 West Pioneer Pkwy
Arlington, TX 76013

Arlington Little Rd. Branch

Little & Green Oaks
4351 Little Rd.
Arlington, TX 76016

Arlington Pioneer Branch

SH 360 & Pioneer
2501 E. Pioneer Pkwy.
Arlington, TX 76010

North Arlington Branch

NE Green Oaks & N Collins St
1060 NE Green Oaks Blvd.
Arlington, TX 76006

Athens Palestine Branch

Palestine & Cayuga
808 S. Palestine St.
Athens, TX 75751

Bedford Mid-Cities Branch

Hwy 121 & Cheek-Sparger
3800 Cheek-Sparger Rd.
Bedford, TX 76021

Cedar Hill Uptown Village Branch

FM 1382 & Uptown
109 W. FM 1382
Cedar Hill, TX 75104

Flower Mound Branch

Flower Mound Rd & Towne View Blvd
2501 Flower Mound Rd.
Flower Mound, TX 75028

Grand Prairie Camp Wisdom Branch

Camp Wisdom & SH 360
3060 W. Camp Wisdom Rd.
Grand Prairie, TX 75052

Grand Prairie Vought Branch

Jefferson & 4th St.
425 W. Jefferson St.
Grand Prairie, TX 75051

Grand Prairie Carrier Branch

Carrier and I 20
3925 S. Carrier Pkwy
Grand Prairie, TX 75052

Hurst Harwood Branch

Harwood & Norwood
103 W. Harwood Rd.
Hurst, TX 76054

Irving Las Colinas

SH 161 & MacArthur Blvd.
7255 State Hwy 161
Irving, TX 75039

Mansfield Main St. Branch

Main & Dallas
317 S. Main St.
Mansfield, TX 76063

Mansfield Country Club Branch

Country Club & Matlock
1900 Country Club Dr.
Mansfield, TX 76063

Midlothian Avenue G Branch

Avenue G & 10th
201 E Avenue G
Midlothian, TX 76065

San Angelo Sherwood Branch

Sherwood and Drexal Dr
3712 S FM 2288
San Angelo, TX 76901

San Angelo Twohig Branch

Twohig and Abe
337 W. Twohig Ave
San Angelo, TX 76903

Desoto Pleasant Run Branch

Pleasant Run and The Meadows Pkwy
1021 E Pleasant Run Rd
Desoto, TX 75115



Ballot for Merger Proposal

Name of Member: _____ Last 4 of Social Security# _____

Please bring to the meeting which will be held at Family 1st of Texas Federal Credit Union on January 6, 2025 at 5 p.m.
or mail it to:

Cornerstone Resources
P.O. Box 655147
Dallas, TX 75265-5147

Cornerstone Resources must receive this ballot by 5:00pm December 20, 2024

I have read the Notice of Special Meeting for the Members of Family 1st of Texas Federal Credit Union. The meeting will be held on the above date to consider and act upon the merger proposal described in the notice. I vote on the proposal as follows (check one box).

☐ **Approve** the proposed merger and authorize the Board of Directors to take all necessary action to accomplish the merger.

☐ **Do not approve** the proposed merger

Signed: _____ Member's Name: _____ Date: _____

***Ballot must include member's name and last four of your Social Security Number to validate your membership and your vote.**