



<<DATE>>

<<Member Name(s)>>

<<Address>>

<<City>>, <<State>> <<Zip>>

Dear <<Member Name(s)>>,

We are pleased to announce that the results of the member vote have confirmed Coast-Tel Federal Credit Union's merger into Bay Federal Credit Union! Bay Federal's focus on providing excellent member service, active community involvement, and collaborative culture will be a benefit to our members, our employees, and our community. Moreover, as part of our merger agreement, **the team at Coast-Tel will continue to serve you at our branch in Salinas!**

We will continue operating as Coast-Tel, a division of Bay Federal Credit Union, until approximately mid-2019, when the final merger into Bay Federal Credit Union will be completed. The merger will enable us to provide enhanced services to all our membership with your long-term best interests in mind. In fact, there will be some exciting new membership benefits that you'll be able to enjoy through Bay Federal Credit Union as of February 1, 2019:

- **Expanded Mortgage Loan Offerings**
- **Access to Investment Services**
- **Member Discounts for Insurance, Entertainment, and Travel**
- **Financial Education Resources for Kids, Teens, and Adults**

Please note that branch hours will be changing to coincide with Bay Federal Credit Union's branch hours and staff training mornings. The new schedule will take effect March 1, 2019, and will be as follows:

Monday, Tuesday, Thursday: 9 AM - 5 PM

Wednesday: 10 AM - 5 PM

Friday: 9 AM - 6 PM

Saturday: 9 AM - 3 PM

Over the course of the next several months, we will be sending you more information about how the operational combination will affect you and your accounts. Until then, it's "business as usual!" Please know that we will do everything that we can to help address your concerns. If you would like to speak with Judy, please call her at 831-758-3836 or email her at judy@coast-tel.com.

We are honored that you have chosen Coast-Tel Federal Credit Union to serve your financial needs, and have confidence that our partnership with Bay Federal Credit Union will be of great benefit to you!

Sincerely,

Judy Meyers
President and CEO, Coast-Tel Federal Credit Union

Carrie L. Birkhofer
President and CEO, Bay Federal Credit Union

We realize that the merger of Coast-Tel Federal Credit Union into Bay Federal Credit Union may cause some concerns over how your accounts may be affected. We've included this series of **Frequently Asked Questions** to help alleviate some of your concerns. You can rest assured you'll be receiving detailed information as our operational combination plans are solidified, and well before any changes are made.

Frequently Asked Questions

What happens next?

The legal merger is scheduled to be complete on February 1, 2019. Starting on February 1, Coast-Tel Federal Credit Union will begin to operate as a division of Bay Federal Credit Union. The operational combination, which is specific to the migration of member loans and accounts from Coast-Tel to Bay Federal, will be completed by approximately mid-year 2019.

Why is a merger with Bay Federal good for Coast-Tel members?

Bay Federal is the largest, member-owned financial institution in Santa Cruz County, with a charter that extends into Monterey and San Benito Counties. With six branch locations and 21 ATMs, as well as a local call center, access to service is greatly expanded. Bay Federal also offers more options for deposit accounts, consumer loans and credit cards, investment services, mortgage loans, and much more. The merger with Coast-Tel expands the ability to serve Bay Federal's 3,000 existing members in Monterey County as well.

What happens to the Coast-Tel employees?

We are very excited to share that all of the Coast-Tel team members will become Bay Federal Credit Union employees. We will be adding additional team members to the staff to support the merger process. Please be sure to say hi when you come to visit!

Will Bay Federal add the current Coast-Tel branch and ATM to its branch network?

YES! We are excited that the current Coast-Tel branch will be a welcome addition to Bay Federal's branch network. The Coast-Tel branch with an ATM in Salinas is in a desirable location.

Can Coast-Tel members still contact their local branch?

Yes, Coast-Tel members may still contact their local branch directly at 831-758-3836. Any change to this will be communicated to members well in advance.

Will there be changes to signage or logos?

Yes. As of February 1, 2019, Coast-Tel Federal Credit Union is no longer considered a separate entity. Until the system integration is completed and member accounts are combined with Bay Federal systems, Coast-Tel will be operating as a division of Bay Federal Credit Union. We have designed a temporary logo during the period of the legal merger until the system integration into Bay Federal is complete.

How will Coast-Tel members be notified of how the merger will impact their accounts and loans?

It is important to note that from the date of the legal merger, from February 1 through approximately the end of June 2019, Coast-Tel members will be able to continue using their existing accounts and branch with minimal impact. The systems integration, which is when the migration of deposit accounts, loans, and other services will take



place, is expected mid-year 2019. Bay Federal Credit Union will be reaching out to Coast-Tel members via mail to inform them of the transition process.

So what does that mean for our accounts and services? What will change?

Bay Federal and the Coast-Tel team will be going through a comprehensive review of products and services. This includes consideration and mapping for all member accounts and loans, access devices such as ATM or debit cards, your online banking services, as well as direct deposits and much more. This is a highly detailed process that requires careful evaluation to ensure that the transition to Bay Federal's systems are as seamless as possible.

It is important to acknowledge that there will be changes anticipated, such as new account numbers, new checks, new debit cards, new credit cards, and the like. Members will receive a comprehensive package of information that will address how their accounts will be affected approximately 45 days prior to the operational merger (currently estimated by mid-May). Until then, it's member business as usual!

Will I be able to conduct transactions at Bay Federal Credit Union branches or ATMs?

Coast-Tel members will have to conduct in-branch transactions at the Coast-Tel branch in Salinas until the operational merger is finalized in mid-2019. However, you may use your Coast-Tel ATM/Debit card for surcharge-free withdrawals at any Bay Federal ATM in the meantime!

I need to order new checks. What do I do?

You are welcome to still place a check order with your Coast-Tel account information, but we recommend ordering no more than a single box. You'll be able to order more checks after the system integration is complete.

How can I be sure to receive all of the information?

The best way to make sure that you receive all of the information is to **make sure that your contact information is updated.** You may contact the team at Coast-Tel to advise of any changes to your mailing address, phone numbers, or email address.