

**2660.0100 NET NEW FUNDS.**

Subpart 1. **Requirements.** The description of net new funds must be filed with the application and annually thereafter stating the amount of capital funds, including the increase in equity capital that will result from the acquisition or establishment of an association. The level of total equity capital must exceed \$3,000,000 for a new chartered association and \$1,000,000 for an acquired association. The description must state the net increase in loanable funds expressed as an increase in the total loan-to-asset ratio of Minnesota loans and assets. The statement must also include a discussion of initial capital investments, loan policy, investment policy, dividend policy, and the general plan of business, including the full range of consumer and business services that will be offered.

Subp. 2. **Lending, investment, and capital involvement.** In determining whether additional lending, investment, and capital involvement by the acquiree will occur as a result of the application being approved, the commissioner shall consider the following data at the close of each of its last two calendar years, and the close of its most recent calendar quarter before the filing of the application, together with projections of the same data for the close of its next three calendar years:

- A. the total deposits of the acquiree;
- B. the total loans of the acquiree;
- C. the total equity capital of the acquiree;
- D. the total Minnesota loans;
- E. the total loan-to-asset ratio;
- F. the total loan-to-deposit ratio;
- G. the total loan-to-equity capital ratio;
- H. the total Minnesota loan-to-asset ratio;
- I. the total Minnesota loan-to-deposit ratio;
- J. the total Minnesota loan-to-equity capital ratio;
- K. the total Minnesota loan-to-total loan ratio;
- L. the total loan-to-deposit ratio considering only loans made in the acquiree's community; and
- M. the total loan-to-deposit ratio considering only loans made outside the acquiree's community.

Subp. 3. **Acquiree; community economic factors.** The commissioner shall also consider:

- A. the acquiree's financial condition on the dates described in subpart 1;

- B. the acquiree's asset quality on the dates described in subpart 1;
- C. the economic characteristics of the community served by the acquiree including, but not limited to, population trends, area use for residential, commercial, industrial, and agricultural purposes, the level of socially and economically disadvantaged persons, families of low and moderate income and low and moderate income housing, and location in the community of enterprise zones and distressed areas;
- D. the extent of loans and investments made by the acquiree in the community served by it on the dates described in subpart 1; and
- E. the initial capital investment of the applicant, and with respect to the acquiree, its loan policy, investment policy, dividend policy, and general plan of business, including the full range of consumer and business services that will be offered.

Subp. 4. **Affiliated associations.** To determine whether the applicant will actively participate in the community and in Minnesota, the commissioner shall also consider the following data for each association affiliated with the applicant at the close of its last two calendar years and at the end of its most recent calendar quarter before the filing of the application:

- A. the total deposits of each association;
- B. the total loans of each association;
- C. the total equity capital of each association;
- D. the total loan-to-deposit ratio considering only loans made in the association's community; and
- E. the total loan-to-deposit ratio considering only loans made outside of the association's community.

Subp. 5. **Additional factors.** The commissioner shall also consider:

- A. any peer group averages of other Minnesota associations for market share, loan-to-deposit ratio, net interest spread, return on average assets, return on average equity, net charge-offs, capital, and loans for real estate consumers, financial institutions, farmers, and commercial property;
- B. any other material fact or information brought to the commissioner's attention concerning the appropriate level of net new funds; and
- C. a business plan as to any lending, investment, bank service, or grant program administered by the applicant, or any affiliate of the applicant, that serves the needs and communities of people defined by the development loan categories of these regulations, accompanied by a statement of how the programs will be applied to the applicant's or applicant affiliate's programs and activities in Minnesota.

**Statutory Authority:** *MS s 45.023; 51A.58*

**History:** *14 SR 2893*

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