

1 Department of Commerce

2

3 Adopted Permanent Rules Relating to Reciprocal Interstate

4 Branching by Savings and Loan Associations

5

6 Rules as Adopted

7 2660.0010 APPLICABILITY AND SCOPE.

8 Parts 2660.0010 to 2660.0060 govern application and
9 approval procedures by a savings and loan association with its
10 principal place of business located in another state applying to
11 acquire or operate a branch office in this state, or by a
12 savings and loan holding company with its principal place of
13 business in another state to acquire the voting shares of a
14 savings and loan holding company, a savings and loan
15 association, or a savings bank in this state under Minnesota
16 Statutes, section 51A.58.

17 2660.0020 DEFINITIONS.

18 Subpart 1. **Scope.** As used in parts 2660.0010 to
19 2660.0060, the following terms have the meanings given them.

20 Subp. 2. **Acquiree.** "Acquiree" means the Minnesota savings
21 and loan holding company, savings and loan association, savings
22 bank, or branch office being acquired by the applicant.

23 Subp. 3. **Acquisition.** "Acquisition" means obtaining
24 ownership by one association, either directly or indirectly, of
25 one or more branch offices of another association. Acquisition
26 shall include obtaining ownership of all offices of another
27 association through a merger, consolidation, purchase, or
28 assumption of some or all of the assets and liabilities.

29 Subp. 4. **Affiliate.** "Affiliate" means a person who
30 directly or indirectly has beneficial ownership of ten percent
31 or more of any class of voting securities.

32 Subp. 5. **Alternate energy loans and alternate conservation**
33 **loans.** "Alternate energy loans" and "alternate conservation
34 loans" means all loans for any purpose under Minnesota Statutes,
35 section 116M.03, subdivision 26.

1 Subp. 6. Applicant. "Applicant" means a savings and loan
2 association or a savings and loan holding company that has filed
3 an application to directly or indirectly acquire a Minnesota
4 savings and loan association or branch office under the
5 Minnesota Reciprocal Interstate Banking Act.

6 Subp. 7. Association. "Association" means a mutual or
7 capital stock savings association, a savings and loan
8 association, or a savings bank organized under Minnesota
9 Statutes, chapter 50 or 51A, or a similar statute of a
10 reciprocating state.

11 Subp. 8. Control. "Control," with respect to a savings
12 and loan holding company, association, or savings bank to be
13 organized under Minnesota Statutes, chapter 50 or 51A, and parts
14 2660.0010 to 2660.0060 has the following meaning:

15 A. the ownership, directly or indirectly, or acting
16 through one or more other persons, control of or the power to
17 vote 25 percent or more of any class of voting securities;

18 B. control in any manner over the election of a
19 majority of the directors; or

20 C. the power to exercise, directly or indirectly, a
21 controlling influence over management and policies.

22 Subp. 9. Commissioner. "Commissioner" means the
23 commissioner of the Department of Commerce.

24 Subp. 10. Community. "Community" means the area the
25 savings and loan association has designated for purposes of
26 compliance with the Community Reinvestment Act of 1977, United
27 States Code, title 12, sections 2901 to 2905, as being the area
28 that it serves.

29 Subp. 11. Community development corporation. "Community
30 development corporation" is as defined in Minnesota Statutes,
31 section 116M.04.

32 Subp. 12. Developmental loans. "Developmental loans"
33 includes the following categories:

34 A. low and moderate income housing;

35 B. operating loans for family farmers;

36 C. loans made in distressed areas;

- 1 D. minority- and woman-owned businesses;
2 E. alternative energy and energy conservation
3 practices;
4 F. community development corporations;
5 G. Indian reservations and student education loans;
6 and

7 H. any other specifically defined class of people,
8 businesses, or projects that meet the standards under Minnesota
9 Statutes, section 645.445, subdivision 5, for socially or
10 economically disadvantaged persons, projects, or businesses.

11 Subp. 13. **Developmental investments.** "Developmental
12 investments" includes investments for the following purposes:

- 13 A. low and moderate income housing;
14 B. operating loans for family farmers;
15 C. loans made in distressed areas;
16 D. minority- and woman-owned businesses;
17 E. alternative energy and energy conservation
18 practices;
19 F. community development corporations;
20 G. Indian reservations and student education loans;
21 and

22 H. other specifically defined class of people,
23 businesses, or projects that meet the standards under Minnesota
24 Statutes, section 645.445, subdivision 5, for socially or
25 economically disadvantaged persons, projects, or businesses.

26 Subp. 14. **Distressed area.** "Distressed area" is defined
27 to include any area designated as a distressed area under Code
28 of Federal Regulations, title 24, section 570.452, by the United
29 States Department of Housing and Urban Development.

30 Subp. 15. **Equity capital.** "Equity capital" means the sum
31 of common stock, preferred stock, surplus, and undivided profits.

32 Subp. 16. **Family farmers.** "Family farmers" means family
33 farms and family farm corporations as defined in Minnesota
34 Statutes, section 500.24.

35 Subp. 17. **Investments.** "Investments" means funds or
36 capital extended, contributed, or otherwise invested, but not

1 loaned.

2 Subp. 18. **Low and moderate income housing.** "Low and
3 moderate income housing" means housing as defined by any of the
4 following:

5 A. regulations adopted by the Farmers' Home
6 Administration; and

7 B. section 8 of the United States Housing Act of
8 1937, and the regulations adopted under the act.

9 Subp. 19. **Minnesota association.** "Minnesota association"
10 means a savings association, a savings and loan association, or
11 a savings bank:

12 A. organized under Minnesota law; or

13 B. whose organizational certificate identifies an
14 address in this state as the principal place of conducting its
15 business.

16 Subp. 20. **Minnesota loan.** "Minnesota loan" means loans
17 made to Minnesota residents to be used in Minnesota or loans
18 where the association has been advised by the borrower that the
19 loan proceeds will be used in Minnesota.

20 Subp. 21. **Minnesota residents.** "Minnesota residents" are:

21 A. individuals located within a Minnesota zip code;

22 B. private profit or nonprofit corporations, or their
23 subsidiaries or divisions, located and doing business within
24 Minnesota;

25 C. profit or nonprofit partnerships, trusts, or any
26 form of other business enterprise located and doing business
27 within Minnesota; and

28 D. any municipality, agency, or other public
29 authority established and operating under the laws of Minnesota.

30 Subp. 22. **Minority-owned business and woman-owned business.**

31 "Minority-owned business" and "woman-owned business" means any
32 socially or economically disadvantaged person under Minnesota
33 Statutes, section 645.445, subdivision 5. A minority-owned
34 business or woman-owned business must have at least 50 percent
35 of the ownership interest controlled by that disadvantaged class
36 of persons.

1 Subp. 23. **Net new funds.** "Net new funds" means a net
2 increase in lending, investment, and credit involvement brought
3 to Minnesota on behalf of the acquiree as described in the
4 application filed with the commissioner.

5 Subp. 24. **Reciprocating state.** "Reciprocating state" is
6 (1) a state that authorizes the establishment of branch offices
7 in that state by a Minnesota association, and the acquisition of
8 savings and loan associations and savings banks located in that
9 state by a savings and loan holding company with its
10 headquarters in this state, under conditions no more restrictive
11 than those imposed by the laws of Minnesota as determined by the
12 commissioner of commerce; and (2) comprised of the states
13 provided for in Minnesota Statutes, section 48.92, subdivision 7.

14 Subp. 25. **Relevant market area.** "Relevant market area"
15 includes the standards established by the Federal Reserve Board
16 for evaluation of concentration of financial institution
17 deposits.

18 Subp. 26. **Savings and loan holding company.** "Savings and
19 loan holding company" means any person, corporation,
20 partnership, trust, joint stock company, association, or other
21 legal entity that owns, holds, or in any manner controls,
22 directly or indirectly, the stock in an association.

23 2660.0030 ACQUISITION PROCEDURE.

24 Subpart 1. **Application.** After filing an application in
25 writing with the commissioner on the forms provided by the
26 Department of Commerce:

27 A. An association in any reciprocating state may
28 establish or operate branch offices in this state by
29 acquisition, merger, purchase, and assumption of some or all of
30 the assets or liabilities or consolidation, and may acquire by
31 direct or indirect ownership or control the voting shares of a
32 savings and loan holding company, a savings and loan
33 association, or a savings bank located in this state, and may
34 acquire and merge with a savings and loan holding company with
35 its headquarters in this state.

1 B. A savings and loan holding company with its
2 headquarters in a reciprocating state may acquire by direct or
3 indirect ownership or control the voting shares of a savings and
4 loan holding company, a savings and loan association, or a
5 savings bank located in this state, and may acquire and merge
6 with a savings and loan holding company with its headquarters in
7 this state.

8 C. The headquarters of a savings and loan holding
9 company for purposes of this part is that state in which the
10 operations of its deposit taking subsidiaries are the largest in
11 terms of total deposits.

12 D. The commissioner, upon receipt of the application,
13 shall act upon it within 30 days of the end of the public
14 comment period provided by part 2660.0110 and, unless the
15 proposed acquisition is disapproved within that period of time,
16 it becomes effective without approval, except that the
17 commissioner may extend the 30-day period an additional 30 days
18 if in the commissioner's judgment any material submitted is
19 substantially inaccurate or the acquiring party has not
20 furnished all the information required by part 2660.0030,
21 subparts 3 and 4, or the commissioner. No application for
22 approval required by this part is complete unless accompanied by
23 an application fee of \$5,000 payable to the state treasurer.
24 Within three days after making the decision to disapprove any
25 proposed acquisition, the commissioner shall notify the
26 acquiring party in writing of the disapproval. The notice must
27 provide a statement of the basis for the disapproval.

28 Subp. 2. Hearings. Within ten days of receipt of notice
29 of disapproval under subpart 1, the applicant may request an
30 agency hearing on the proposed acquisition. At the hearing, all
31 issues must be determined on the record under Minnesota
32 Statutes, chapter 14, and the rules issued by the department.
33 At the conclusion of the hearing, the commissioner shall by
34 order approve or disapprove the proposed acquisition on the
35 basis of the record made at the hearing.

36 Subp. 3. Application documentation. An application filed

1 under subpart 1 must contain the following attachments:

2 A. A certified copy of the applicant board's
3 resolution authorizing submission of the application and
4 designating the officers authorized to sign it.

5 B. A copy of the most recent Federal Home Loan Bank
6 Examination Report for the applicant or the applicable state
7 regulatory authority. If the applicant is prohibited from
8 releasing this report, it shall file a copy of a written request
9 to the appropriate federal or state authority requesting
10 delivery of the report to the commissioner.

11 C. A copy of all invitations, tenders, or
12 advertisements making a tender offer to stockholders for
13 purchase of their stock to be used in connection with the
14 proposed acquisition.

15 D. A copy of all acquisition agreements detailing the
16 terms and conditions of any proposed acquisition.

17 E. An organizational chart of the applicant and its
18 subsidiaries.

19 F. A copy of the most recent consolidated report of
20 condition and statement of earnings of the applicant.

21 G. A pro forma balance sheet of the applicant on a
22 consolidated basis both before and after the acquisition.

23 H. A statement of the assets and liabilities of the
24 applicant, as of the end of the calendar year for each of the
25 five years immediately preceding the date of the application,
26 together with related statements of income, sources, and
27 application of funds for each of the calendar years then
28 concluded, prepared in accordance with generally accepted
29 accounting principles, consistently applied.

30 I. An interim statement of assets and liabilities of
31 the applicant, together with related statements of income,
32 source, and application of funds as of a date not more than 90
33 days before the date of the filing of the application.

34 J. Any other ~~exhibit~~ information the
35 commissioner considers ~~relevant~~ necessary to determine whether
36 the application should be approved.

1 Subp. 4. Information. The application form shall include,
2 but not be limited to, the following:

3 A. The name and address of the applicant.

4 B. The name and address of the acquiree.

5 C. The full name of each shareholder who owns or
6 controls ten percent or more of the stock of the acquiree who is
7 tendering its stock.

8 D. The total number of shares presently held by each
9 shareholder who owns or controls ten percent or more of the
10 stock of the acquiree who is tendering its stock.

11 E. The total number of shares to be sold or
12 transferred by each shareholder who owns or controls ten percent
13 or more of the stock of the acquiree.

14 F. The total number of shares to be held by each
15 shareholder of the acquiree who will hold or control ten percent
16 or more of the stock following completion of the proposed
17 transaction.

18 G. The total number of voting shares authorized by
19 either the acquiree association or the acquiree savings and loan
20 holding company.

21 H. The total number of outstanding voting shares of
22 the acquiree.

23 I. The number of shares involved in this transaction.

24 J. The total number of shares of the acquiree
25 currently held by the applicant.

26 K. The total consideration for the proposed
27 transaction.

28 L. The identity, personal history, business
29 background, and experience of the applicant. If known to the
30 applicant, or any officer or director of the applicant, the
31 identity, personal history, business background, and experience
32 of its affiliates, including any material business activities
33 and affiliations during the past five years.

34 M. A description of any material pending legal or
35 administrative proceeding in which the applicant is a party, and
36 any criminal indictment or conviction of that person by a state

1 or federal court; and, if known by the applicant or an officer
2 or director of the applicant, similar proceedings involving an
3 affiliate of the applicant must be disclosed.

4 N. The names and addresses of the anticipated board
5 of directors of the Minnesota association being acquired by the
6 applicant. If a savings and loan holding company located in
7 Minnesota is being acquired, the attachment must contain the
8 names and addresses of the anticipated board of directors of the
9 subsidiary located in Minnesota of the savings and loan holding
10 company. If the anticipated board is not known, include an
11 explanation of how the directors will be determined.

12 O. If a savings and loan holding company located in
13 Minnesota is being acquired, the attachment must list the names
14 and addresses of its subsidiaries.

15 P. The source and amount of funds or other
16 consideration, except those funds borrowed, to be used in making
17 the acquisition. The applicant should particularly describe any
18 of its assets that are to be liquidated to finance the
19 acquisition.

20 Q. If any part of the funds or other consideration
21 are to be borrowed to make the acquisition, the applicant must
22 describe the collateral to be pledged and the terms of the
23 transaction, including the name of the lender, interest rates,
24 requirements, guarantors, endorsers, and any other arrangements,
25 agreements, and understandings between and among the parties.
26 The application must include copies of any loan commitments
27 obtained from lenders in connection with the proposed
28 acquisition.

29 R. If borrowed funds are to be obtained, the
30 applicant must indicate the sources of funds for debt service.
31 Additionally, the applicant shall detail the extent to which the
32 applicant intends to rely on dividends and fees or other funds
33 from the association being acquired for debt servicing
34 requirements.

35 S. The applicant must identify any person retained or
36 compensated by the applicant, or by any person on the

1 applicant's behalf, to make solicitations of recommendations to
2 stockholders for the purpose of assisting in the acquisition,
3 and a brief description of the terms of any retainer or
4 arrangement for compensation.

5 T. The applicant must disclose any plans or proposals
6 regarding any partial or full liquidation of the acquiree, of
7 any plans or proposals to sell the acquiree's assets or merge
8 it, or any other major change in the acquiree's business or
9 corporate structure or management.

10 U. The applicant must describe how the acquisition
11 will bring net new funds, under part 2660.0050 to Minnesota.

12 V. The application must also disclose how the
13 acquisition will not result in undue concentration of resources
14 or a substantial lessening of competition in Minnesota. The
15 application shall delineate the relevant market area of the
16 association or associations to be acquired and located in
17 Minnesota. This delineation is to be described by map or
18 drawing showing the other associations and commercial banks
19 accompanied by a schedule of correspondent, current total
20 deposits of each.

21 W. The applicant shall describe its plan of
22 compliance in providing the developmental loans and investments.

23 X. The applicant must describe developmental loans or
24 developmental investments as set forth in part 2660.0040.

25 Y. The commissioner may additionally require other
26 information as may be necessary to determine whether the
27 application should be approved.

28 Subp. 5. Disapproval. The commissioner shall disapprove
29 any proposed acquisition if:

30 A. the financial condition of any acquiring person is
31 such as might jeopardize the financial stability of the
32 Minnesota association or prejudice the interests of the
33 depositors of the Minnesota association;

34 B. the competence, experience, and integrity of any
35 acquiring person or of any of the proposed management personnel
36 indicates that it would not be in the interest of the depositors

1 of the Minnesota association or in the interest of the public to
2 permit the person to control the Minnesota association;

3 C. the acquisition will result in undue concentration
4 of resources or substantial lessening of competition in this
5 state;

6 D. the application fails to adequately demonstrate
7 that the acquisition proposal would bring net new funds into
8 Minnesota; or

9 E. the application is incomplete or any acquiring
10 party neglects, fails, or refuses to furnish all the information
11 required by the commissioner.

12 Subp. 6. Appeals. The court of appeals of Minnesota will
13 have exclusive original jurisdiction of any judicial review of
14 an order issued under this part. The applicant that is the
15 subject of the order may see judicial review at any time within
16 90 days of the date of an order lawfully issued under this part.

17 2660.0040 NEW ASSOCIATION APPLICATION.

18 Any application to organize an association under Minnesota
19 Statutes, chapter 51A, may include control by a reciprocating
20 state holding company if, in addition to the conditions in
21 Minnesota Statutes, chapter 51A, the application does not
22 present any facts that would be grounds for disapproval in part
23 2660.0030, subpart 5, and if the application would result in the
24 acquisition and operation of no more than one association in
25 this state by the same reciprocating state holding company.

26 ~~2660.0050-VIOLATIONS-~~

27 ~~Subpart 1. Divestiture, cease and desist. In the event a~~
28 ~~reciprocating state holding company makes an acquisition other~~
29 ~~than in full compliance with the requirements and procedures of~~
30 ~~Minnesota Statutes, section 51A.58, and parts 2660.0050 to~~
31 ~~2660.0110, the commissioner may by order require the~~
32 ~~reciprocating state holding company to:~~

33 ~~A. divest itself of its direct or indirect ownership~~
34 ~~or control of any association or branch located in this state;~~
35 or

1 ~~B.---cease-and-desist-the-violations-by-a-date-certain.~~
 2 ~~The-order-would-be-subject-to-the-procedures-applicable-to-cease~~
 3 ~~and-desist-proceedings-under-Minnesota-Statutes,sections-46-23~~
 4 ~~to-46-33,--and-any-applicable-rules.~~

5 ~~Subp.-2.--Net-new-funds,--misrepresentation.--If-the~~
 6 ~~commissioner-determines-that-at-any-time-after-the-acquisition~~
 7 ~~of-an-association-located-in-this-state-by-a-reciprocating-state~~
 8 ~~holding-company-it-has-materially-misrepresented-or~~
 9 ~~substantially-failed-to-conform-to-the-statement-submitted-in~~
 10 ~~the-application-required-by-part-2660.0030,--subpart-4,--item-U,~~
 11 ~~the-determination-shall-be-considered-prima-facie-evidence-of-a~~
 12 ~~violation-subject-to-the-divestiture-or-cease-and-desist~~
 13 ~~procedures-in-subpart-1.--In-any-proceeding-under-this-part,--the~~
 14 ~~burden-of-proving-compliance-with-the-requirements-of-Minnesota~~
 15 ~~Statutes,section-51A.58,--and-parts-2660.0050-to-2660.0110,--is~~
 16 ~~upon-the-reciprocating-state-holding-company.~~

17 2660.0060 SUPERVISION.

18 The commissioner may enter into cooperative and reciprocal
 19 agreements with federal or state regulatory authorities of
 20 reciprocating states for exchange or acceptance of reports of
 21 examination and other records from the authorities in lieu of
 22 conducting its own examinations. The commissioner may enter
 23 into joint actions with federal or state regulatory authorities
 24 of reciprocating states to carry out its responsibilities under
 25 Minnesota Statutes, section 51A.58, and parts 2660.0010 to
 26 2660.0110, and assure compliance with the laws and rules of this
 27 state.

28 2660.0070 REPORTS.

29 Any reciprocating state holding company that directly or
 30 indirectly, through any subsidiary, acquires an association
 31 under Minnesota Statutes, section 51A.58, and parts 2660.0010 to
 32 2660.0110, shall file with the commissioner copies of all
 33 regular and periodic reports that the holding company is
 34 required to file under section 13 or 15(d) of the Securities and
 35 Exchange Act of 1934, as amended, excluding any portions not

1 available to the public, and other reports the commissioner may
2 require.

3 2660.0080 PUBLIC PARTICIPATION.

4 Subpart 1. Public information. Consistent with federal
5 law, the commissioner shall make available to the public at
6 reasonable cost copies of all applications, including supporting
7 documents and any other information required to be submitted to
8 the commissioner.

9 Subp. 2. Notice. Upon the filing of an application:

10 A. an applicant shall publish in a newspaper of
11 general circulation notice of the proposed acquisition as
12 prescribed by the commissioner by rule;

13 B. the commissioner shall accept public comment on an
14 application for a period of not less than 30 days from the date
15 of the final publication required by item A, or 30 days after
16 the date of the availability of the first periodic bulletin
17 required by item B, whichever is later; and

18 C. the commissioner shall prepare and update with
19 each new application a bulletin listing all pending
20 applications. The bulletin must be published and mailed without
21 charge to any person upon request.

22 2660.0090 DEVELOPMENTAL LOANS.

23 Subpart 1. Requirements. An association located in this
24 state owned by an interstate holding company shall provide a
25 level of developmental loans as defined by the commissioner. A
26 developmental loan includes, but is not limited to: (1) loans
27 for low and moderate income housing, loans to community
28 development corporations, loans to woman- and minority-owned
29 businesses, student education loans, and alternative energy or
30 energy conservation loans; and (2) loans within distressed areas
31 and on any Indian reservation for any commercial nonreal estate
32 purpose, home loans, home improvement loans, and operating loans
33 to family farmers. The commissioner shall annually designate
34 distressed areas. A distressed area may be made for a
35 geographic region smaller than a county within the counties of

1 Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.
2 The determination of a distressed area should be made on the
3 area's unemployment rate, economic conditions, and credit needs.

4 Subp. 2. Mandatory factors to consider. The commissioner
5 shall consider the following factors in determining an
6 acceptable level of developmental loans in the community by an
7 applicant through its acquiree:

8 A. the level of developmental loans, in terms of
9 number and amount, held by the acquiree at the end of:

10 (1) its last calendar quarter immediately before
11 the date of the application; and

12 (2) each of the last two calendar years
13 immediately before the date of the application;

14 B. the projected level of developmental loans, in
15 terms of number and amount, held at the end of each of the next
16 three calendar years from the date of application;

17 C. any developmental investments for the
18 classifications listed under developmental loans held at the
19 time periods described in items A and B;

20 D. any developmental loans or developmental
21 investments originated by the acquiree that have been or will be
22 participated in or sold to other institutions during the time
23 periods described in items A and B;

24 E. the acquiree's financial condition at the close of
25 the time periods described in items A and B;

26 F. the association's asset quality at the close of
27 the time periods described in items A and B;

28 G. the economic condition of the community during the
29 time periods described in items A and B;

30 H. the asset mix of the association and the
31 socio-economic makeup of the community in terms of socially and
32 economically disadvantaged persons;

33 I. the extent of loans made by the acquiree in its
34 Community Reinvestment Act territories during the time periods
35 described in items A and B; and

36 J. the volume of developmental loans made in the

1 community during the time periods described in items A and B.

2 ~~Subp. 3. Permissive factors. The commissioner may also~~
3 ~~consider:~~

4 ~~A. any peer group average for developmental loans and~~
5 ~~investments by similar financial institutions concerning~~
6 ~~geography, financial condition, asset quality, asset mix, and~~
7 ~~community reinvestment criteria, and~~

8 ~~B. other material fact or information concerning the~~
9 ~~appropriate level of developmental loans to be made by the~~
10 ~~acquiree.~~

11 2660.0100 NET NEW FUNDS.

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

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

33 A. the total deposits of the acquiree;

34 B. the total loans of the acquiree;

35 C. the total equity capital of the acquiree;

- 1 D. the total Minnesota loans;
2 E. the total loan-to-asset ratio;
3 F. the total loan-to-deposit ratio;
4 G. the total loan-to-equity capital ratio;
5 H. the total Minnesota loan-to-asset ratio;
6 I. the total Minnesota loan-to-deposit ratio;
7 J. the total Minnesota loan-to-equity capital ratio;
8 K. the total Minnesota loan-to-total loan ratio;
9 L. the total loan-to-deposit ratio considering only
10 loans made in the acquiree's community; and
11 M. the total loan-to-deposit ratio considering only
12 loans made outside the acquiree's community.

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

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

17 B. the acquiree's asset quality on the dates
18 described in subpart 1;

19 C. the economic characteristics of the community
20 served by the acquiree including, but not limited to, population
21 trends, area use for residential, commercial, industrial, and
22 agricultural purposes, the level of socially and economically
23 disadvantaged persons, families of low and moderate income and
24 low and moderate income housing, and location in the community
25 of enterprise zones and distressed areas;

26 D. the extent of loans and investments made by the
27 acquiree in the community served by it on the dates described in
28 subpart 1; and

29 E. the initial capital investment of the applicant,
30 and with respect to the acquiree, its loan policy, investment
31 policy, dividend policy, and general plan of business, including
32 the full range of consumer and business services that will be
33 offered.

34 Subp. 4. Affiliated associations. To determine whether
35 the applicant will actively participate in the community and in
36 Minnesota, the commissioner shall also consider the following

1 data for each association affiliated with the applicant at the
2 close of its last two calendar years and at the end of its most
3 recent calendar quarter before the filing of the application:

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

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

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

29 2660.0110 NOTICE.

30 Subpart 1. **Publication.** Within 30 days of the filing of
31 an application, the applicant shall publish a notice of the
32 filing of the application in a newspaper of general circulation
33 within the county in which the association or branch office to
34 be acquired or the proposed association or bank is located. In
35 addition, the applicant shall mail by certified mail, return

1 receipt requested, notice of the filing of the application to
2 the commercial lending institutions within a three-mile radius
3 of the association or branch office to be acquired or located.

4 Subp. 2. Proof of publication. The applicant shall submit
5 to the commissioner a certified publisher's affidavit, including
6 a tear sheet of the publication, setting forth the fact that the
7 publication has been made.

8 Subp. 3. Proof of mailing. The applicant shall file with
9 the commissioner the receipts certifying that the notices were
10 sent by first class mail to the commercial lending institutions
11 located within the three-mile radius of the association or
12 branch office to be acquired or located.

13 Subp. 4. Content of notice. The application shall
14 disclose the following:

15 A. the name and address of the applicant or the
16 applicant's attorney;

17 B. the name and address of the association or branch
18 office to be acquired or chartered;

19 C. the date that the application was filed with the
20 department;

21 D. the notice that public comment addressed to the
22 name and address of the commissioner will be accepted for a
23 period of at least 30 days from the date of publication;

24 E. that the application to acquire or charter a
25 savings and loan association or branch office by an interstate
26 bank holding company must establish certain statutory criteria
27 for approval under Minnesota statutes;

28 F. that the application, before being approved, must
29 demonstrate that the acquisition of the savings and loan
30 association or branch office:

31 (1) will not result in undue concentration of
32 resources or substantial lessening of competition in the
33 locality; and

34 (2) will bring net new funds into Minnesota;

35 G. that the application, subject to any limitations
36 imposed by federal or state statutes, is available to members of

1 the public by contacting the commissioner of the Department of
2 Commerce at 500 Metro Square Building, Saint Paul, MN, 55101;
3 and

4 H. any other information that the commissioner
5 considers relevant to a proper disclosure surrounding the facts
6 and circumstances of the acquisition.

7 Subp. 5. Format. The publication required in this part
8 shall be typeset in a format acceptable for the publication of a
9 savings and loan association charter application.