

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Proposed Adoption of Rules Relating to Reciprocal Interstate Branching By Savings and Loan Associations	FINDINGS OF FACT, CONCLUSIONS, AND ORDER ADOPTING RULE WITHOUT A PUBLIC HEARING

Notice of the Commissioner's intent to adopt the above entitled rule was published in the State Register on November 6, 1989 at 14 S. R. 1123 and was sent by United States mail to all persons on the list maintained by the department pursuant to Minnesota Statutes, section 14.14, subdivision 1a and 14.22 on November 2, 1989. The statement of need and reasonableness was prepared before the notice of intent to adopt a rule without a public hearing was mailed to all persons on the rulemaking list and published in the State Register and was available to the public.

All persons were given the opportunity to submit comment on the rule for 30 days after notice of proposed rulemaking. No requests for a public hearing on the rule were received by the department. The agency received no requests for a public hearing. No submissions or comment on the rules were received by the department. No requests for notice of submission to the attorney general were received by the department.

Based on the comments and evidence in the record before the agency, I find the following:

That Part 2660.0030, subpart 3, item J conveys an inappropriate degree of discretion and should be modified by replacing the existing language with the following:

J. Any other information the commissioner considers necessary to determine whether the application should be approved.

That Part 2660.0050 repeats the statutory language and should be deleted in its entirety.

That Part 2660.0090 subpart 3 allows an inappropriate degree of discretion and should be deleted in its entirety.

The foregoing changes are not substantial changes as their effect is merely to remove duplicative language and discretionary authority, does not impose or remove any obligation or requirement of the rules, does not affect a class of persons who could not have been expected to comment on the proposed rule as originally noticed, does not introduce significant new subject matter which a reasonable person, on the basis of the rule as originally noticed, would not have anticipated would occur during the rulemaking proceeding and does not make a major substantive change that was not raised by the proposed rule as originally noticed in such a way as to invite reaction.

NOW THEREFORE, IT IS ORDERED that the rules identified as Rules Relating to Reciprocal Interstate Branching by Savings and Loan Associations as modified are adopted the 15th day of May 1990, pursuant to the authority vested in me by Minnesota Statutes, sections 45.023 and 51A.58.

Thomas M. Borman

THOMAS H. BORMAN
Commissioner of Commerce

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Proposed Adoption of Rules Relating to Reciprocal Interstate Branching By Savings and Loan Associations

FINDINGS OF FACT, CONCLUSIONS, AND ORDER ADOPTING RULE WITHOUT A PUBLIC HEARING

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All persons were given the opportunity to submit comment on the rule for 30 days after notice of proposed rulemaking. No requests for a public hearing on the rule were received by the department. The agency received no requests for a public hearing. No submissions or comment on the rules were received by the department. No requests for notice of submission to the attorney general were received by the department.

Based on the comments and evidence in the record before the agency, I find the following:

The above-captioned rule is needed and reasonable.

NOW, THEREFORE, IT IS ORDERED that the rule identified as Rules Relating to Reciprocal Interstate Branching by Savings and Loan Associations is adopted this 5th day of January 1990, pursuant to authority vested in me by Minnesota Statutes, sections 45.023 and 51A.58.

MICHAEL A. HATCH
Commissioner of Commerce

Dated this 5th day of
January 1990.

1697 F

SF-00006-05 (4/86)

DEPARTMENT : ATTORNEY GENERAL

STATE OF MINNESOTA

Office Memorandum

DATE : May 29, 1990

TO : RICHARD G. GOMSRUD
Department Counsel
Department of Commerce

FROM : CHRISTIE B. ELLER CBE by mjc
Assistant Attorney General
525 Park Street, Suite 500 (55103)

PHONE : 296-9421

SUBJECT : In the Matter of the Adopted Department of Commerce Rule Relating to Reciprocal Interstate Branching by Savings and Loan Associations

The above-referenced rule has been approved as to its legality by the Attorney General on May 29, 1990.

Enclosed is your copy of the approved rule. This office has already filed two copies with the Secretary of State, who will forward one copy to the Revisor of Statutes. The fourth is being retained by this division of the Attorney General's Office for its records.

Also enclosed are any petitions, requests, submissions or comments along with any extra copies of documents which you submitted to the Attorney General.

Your next step is to arrange for publication of the Notice of Adoption in the State Register. In a day or two, you should receive from the Revisor's Office three copies of the notice of adoption of your rule. You should submit two copies of the Notice of Adoption to the State Register for publication. A permanent rule without a hearing does not become effective until five days after a notice of adoption is published in the State Register in accordance with Minn. Stat. § 14.27. An emergency rule becomes effective five working days after approval by the Attorney General; however, the agency must publish a notice in the State Register in accordance with Minn. Stat. § 14.34.

If you have any questions in this regard please contact me.

CBE/rlb
Enclosures
cc: William Brown, Chief Judge (memo only)
MaryAnn Hruby " "
Greg Huwe " "

State of Minnesota
Department of Commerce

In the Matter of the Proposed Adoption of Rules Relating to Reciprocal Interstate Branching by Savings and Loan Associations

Notice of Intent to Adopt Rules Without a Public Hearing

Notice is hereby given that the Department of Commerce intends to adopt the above-entitled rules without a public hearing following the procedures set forth in the Administrative Procedures Act for adopted rules without a public hearing in Minnesota Statutes, section 14.22-14.28. Authority for the adoption of these rules is contained in Minnesota Statutes, Section 45.023 and 51A.58.

All persons have 30 days to submit comments in support of or in opposition to the proposed rule or any part or subpart of the rule. Comment is encouraged. Each comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed. The proposed rules may be modified if the modifications are supported by the data and views submitted to the Department and do not result in a substantial change.

Any person may make a written request for a public hearing within the 30 day comment period. If 25 or more persons submit a written request for a public hearing within the 30 day comment period, a public hearing will be held unless a sufficient number withdraw their request in writing. Any person requesting a hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed. If a public hearing is required, the department will proceed pursuant to Minnesota Statutes, sections 14.13 to 14.20.

Persons who wish to submit comments or a written request for a public hearing should submit them to:

James G. Miller, Deputy Commissioner
Division of Financial Examinations
Department of Commerce
500 Metro Square Building
St. Paul, MN 55101
(612) 296-2135

A Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rule and identifies the data and information relied upon to support the proposed rules has been prepared and is available upon request from James G. Miller.

Pursuant to Minnesota Statutes Section 14.115, subdivision 2, the impact on small business has been considered in the promulgation of the rules. Anyone wishing to present evidence or argument as to the rules' effect on small business may do so. The Department's position regarding the impact of the rules on small business is set forth in the Statement of Need and Reasonableness.

If no hearing is required, upon adoption of the rule, the rule and the required supporting documents will be submitted to the Attorney General for review as to legality and form to the extent the form relates to legality. Any person may request notification of the date of submission to the Attorney General. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the adopted rule, must submit the written request to James G. Miller.

Michael A. Hatch
Commissioner of Commerce

Department of Commerce

Adopted Permanent Rules Relating to Reciprocal Interstate Branching by Savings and Loan Associations

Rules as Adopted

2660.0010 APPLICABILITY AND SCOPE.

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

2660.0020 DEFINITIONS.

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

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

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

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

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

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

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

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

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

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

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

Subp. 9. **Commissioner.** "Commissioner" means the commissioner of the Department of Commerce.

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

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

Subp. 12. **Developmental loans.** "Developmental loans" includes the following categories:

A. low and moderate income housing;

B. operating loans for family farmers;

C. loans made in distressed areas;

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D. minority- and woman-owned businesses;

E. alternative energy and energy conservation practices;

F. community development corporations;

G. Indian reservations and student education loans; and

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

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

A. low and moderate income housing;

B. operating loans for family farmers;

C. loans made in distressed areas;

D. minority- and woman-owned businesses;

E. alternative energy and energy conservation practices;

F. community development corporations;

G. Indian reservations and student education loans; and

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

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

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

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

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

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loaned.

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

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

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

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

A. organized under Minnesota law; or

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

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

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

A. individuals located within a Minnesota zip code;

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

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

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

Subp. 22. **Minority-owned business and woman-owned business.** "Minority-owned business" and "woman-owned business" means any socially or economically disadvantaged person under Minnesota Statutes, section 645.445, subdivision 5. A minority-owned business or woman-owned business must have at least 50 percent of the ownership interest controlled by that disadvantaged class of persons.

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

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

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

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

2660.0030 ACQUISITION PROCEDURE.

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

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

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

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

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

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

Subp. 3. **Application documentation.** An application filed

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under subpart 1 must contain the following attachments:

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

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

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

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

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

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

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

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

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

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

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

A. The name and address of the applicant.

B. The name and address of the acquiree.

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

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

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

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

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

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

I. The number of shares involved in this transaction.

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

K. The total consideration for the proposed transaction.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2660.0040 NEW ASSOCIATION APPLICATION.

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

~~2660.0050 VIOLATIONS.~~

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

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

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~~B.--cease-and-desist-the-violations-by-a-date-certain.~~ ~~The-order-would-be-subject-to-the-procedures-applicable-to-cease and-desist-proceedings-under-Minnesota-Statutes,-sections-46.23 to-46.33,-and-any-applicable-rules.~~

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

2660.0060 SUPERVISION.

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

2660.0070 REPORTS.

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

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

2660.0080 PUBLIC PARTICIPATION.

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

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

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

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

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

2660.0090 DEVELOPMENTAL LOANS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

J. the volume of developmental loans made in the

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

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

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

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

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;

Approved
by Revisor _____

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

Approved
by Revisor _____

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.

2660.0110 NOTICE.

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

Approved
by Revisor _____

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

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

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

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

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

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

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

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

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

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

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

(2) will bring net new funds into Minnesota;

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

Approved
by Revisor _____

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

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

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

Approved
by Revisor _____

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
MAY 3 1990
Joan Anderson [illegible]
Secretary of State
8:55AM

APPROVED AS TO FORM AND LEGALITY
May 29 1990
HUBERT H. HUMPHREY, III
ATTORNEY GENERAL
BY Christa Beller/mjk
SPECIAL ASSISTANT ATTORNEY GENERAL

RULE REVIEW CHECKLIST
RESUBMITTED RULE

File No. 1697 Docket No. 05-0009, 0012

RESUBMISSION DATE 5-16-90
DATE DUE ~~5-26-90~~ 5-29-90

APPROVED 5/29/90
DISAPPROVED
WITHDRAWM

ADOPTED W/O HEARING ✓
EMERGENCY RULE
To Revisor: 5-16-90
REVISOR APPROVED
REVISOR DISAPPROVED
FILED W/SEC. STATE 5/31/90
RETURNED TO AGENCY 5/31/90

---

no **Does the revision raise significant new legal issues?**

____ Review date

✓ Rule as adopted (4 copies)

✓ Supplemental Findings of Fact, Conclusions & Order Adopting

____ Board's Supplemental Resolution Adopting

____ Notice of submission to Attorney General

____ Affidavit of Mailing Notice to Attorney General

OFFICE OF THE COMMISSIONER

STATE OF MINNESOTA

DEPARTMENT OF COMMERCE

133 EAST 7th STREET
ST. PAUL, MN 55101
612/296-4026
FAX: 612/296-4328

May 15, 1990

Christy Eller
Office of the Attorney General
Public Finance Division
Suite 500
525 Park St.
St. Paul, Minnesota 55103

Re: Savings and Loan Interstate Rules

Dear Ms. Eller:

Pursuant to our discussion yesterday please find the following submitted to you:

1. Order Withdrawing Submission
2. Findings of Facts, Conclusions & Order of Adoption of Rule
3. Rules As Adopted (With Modifications)

Because these materials are being faxed, I presume you can make three additional copies of the Rule as adopted. If four are required please advise me and I will fax three more. With these materials and the documents from the previous submission I believe you can begin your review of the modified rules.

As to the question you raised regarding small business impact, none of the institutions affected by these rules could be classified as small businesses pursuant to Minnesota Statutes section 14.115, so no modifications of the rules would need to be considered to comply with Minnesota Statutes section 14.115.

As to the reference to comments being considered in the Statement of Need and Reasonableness this refers to unsolicited oral comments made after the statute was enacted but prior to the commencement of the rulemaking process.

I believe this satisfied all the matters raised in our discussion. If not please advise me accordingly as soon as possible.

Very truly yours,

THOMAS H. BORMAN
Commissioner of Commerce

By:

Richard G. Gomsrud
Department Counsel

RGG:jmt

cc: Greg Huwe

RD 1586 (CBE

Dept. of Commerce

RULE REVIEW CHECKLIST

(Reciprocal Interstate Branching by S&Ls)

File No. 1697 Docket No. 05-0009,0012

DATE RECEIVED 5-1-90 ADOPTED W/O HEARING X

REVIEW DATE 5-10-90 EMERGENCY RULE _____

DUE DATE 5-15-90 TO REVISOR ON 5-1-90

REVISOR APPROVED ✓

APPROVED _____ REVISOR DISAPPROVED _____

DISAPPROVED _____ FILED W/SEC. OF STATE _____

WITHDRAWN 5-15-90 RETURNED TO AGENCY _____

✓ Rule as adopted (4 copies)

✓ Notice to Solicit Outside Information/Opinion (if applicable)
6-2-86 Date published in State Register
_____ Comments referenced in SONAR

n/a Petition for Adoption of a Rule (if applicable)

n/a Board's Authorizing Resolution
_____ Date adopted

✓ Proposed Rule
✓ Revisor's Certificate

✓ Notice of Intent to Adopt Rule
✓ Statutory Authority
none Small Business Statement ?
none Expenditure of public money statement
NONE Signature? no statement of submission to AG 2010.0300 E 9 and

pressure pads in Reg but not Copy?

✓ Statement of Need and Reasonableness (if applicable)
none Small Business Statement
none Fees - § 16A.128 ? see 2660.030 - OK if required by 2660.030

✓ Affidavit of Mailing Notice of Intent to Adopt Rule
Nov 2, 89 Date 30/25 days before adoption
✓ Notice attached
✓ Copy of rule or summary attached

✓ Publication in State Register
11/6/89 Date 30/25 days before adoption

_____ 180-day deadline from:
no Effective date of law requiring rule (14.12) (both rules)
✓ end of comment period (§ 14.26) (rules without hearing)
n/a effective date of statutory authority (§ 14.29) (emergency rules)

n/a Resolution Adopting
_____ Date adopted

✓ Findings of Fact, Conclusions & Order Adopting
11/5/90 Date

✓ Written requests, submissions or comments none see Findings

✓ Declaration of attorney ~~on its ways of 5-1-90~~
Greg Heuer Name of SAAG representing agency

none Notice of Submission to Atty. Gen. (if applicable)

_____ Aff. of Mailing Notice to Atty. Gen. (if applicable)

OFFICE OF THE COMMISSIONER

STATE OF MINNESOTA

DEPARTMENT OF COMMERCE

133 EAST 7th STREET
ST. PAUL, MN 55101
612/296-4026
FAX: 612/296-4328

May 16, 1990

Christy Eller
Office of the Attorney General
Public Finance Division
Suite 500
525 Park St.
St. Paul, Minnesota 55103

Re: Savings and Loan Interstate Rules

Dear Ms. Eller:

I remembered that there was one item that I had forgotten to transmit to you yesterday that you requested clarification on and that was the fact that these rules were published twice. The initial time there was no objections to the rules and no requests for hearings or other commentary and they should have been adopted noncontroversially very shortly after the completion of their publication. However due to some changes of responsibility down here and the question as to whether there was going to be some major revisions in the interstate requirements themselves which would have substantially changed what was required both from interstate banks and interstate savings and loans, the rules were not submitted to the attorney general's office for approval within 180 day period required. Accordingly in a telephone conversation with a member of your staff who at this point I cannot recall, it was suggested that we merely republish to overcome this problem and complete the process accordingly. That is what we have done and once again no one has any particular problems with the rules as published.

I believe this satisfies all the requirements for information or changes that you had requested. As noted in my handwritten notation to the Notice of Intent to Adopt as mailed form that was a two sided form used for the purposes of cutting down mailing costs and unfortunately we failed to xerox the second side when transmitting the copies to you originally.

Very truly yours,

THOMAS H. BORMAN
Commissioner of Commerce

By:

Richard G. Gomsrud
Department Counsel

RGG:jmt

AN EQUAL OPPORTUNITY EMPLOYER

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Proposed Adoption of Rules Relating to Reciprocal Interstate Branching By Savings and Loan Associations

ORDER WITHDRAWING SUBMISSION OF RULES TO ATTORNEY GENERAL

Whereas, the rules and supporting documents in the above captioned matter have been submitted to the Attorney General for review pursuant to Minnesota Statutes Section 14.26; and

Whereas it has been determined after discussions with the Attorney General that withdrawal of the submitted documents is appropriate.

NOW, THEREFORE IT IS ORDERED that the rules and supporting documents are withdrawn from submission to the Attorney General pursuant to Minnesota Statutes Section 14.26 and shall be returned to the Department of Commerce

Dated this 15th day of May, 1990.

Thomas H. Borman

THOMAS H. BORMAN
Commissioner of Commerce

Pursuant to Minnesota Statutes Section 14.115, subdivision 2, the impact on small business has been considered in the promulgation of the rules. Anyone wishing to present evidence or argument as to the rules' effect on small business may do so. The Department's position regarding the impact of the rules on small business is set forth in the Statement of Need and Reasonableness.

If no hearing is required, upon adoption of the rule, the rule and the required supporting documents will be submitted to the Attorney General for review as to legality and form to the extent the form relates to legality. Any person may request notification of the date of submission to the Attorney General. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the adopted rule, must submit the written request to James G. Miller.

Michael A. Hatch
Commissioner of Commerce

State of Minnesota
Department of Commerce

In the Matter of the Proposed Adoption of Rules Relating to Reciprocal Interstate Branching by Savings and Loan Associations

Notice of Intent to Adopt Rules Without a Public Hearing

Notice is hereby given that the Department of Commerce intends to adopt the above-entitled rules without a public hearing following the procedures set forth in the Administrative Procedures Act for adopted rules without a public hearing in Minnesota Statutes, section 14.22-14.28. Authority for the adoption of these rules is contained in Minnesota Statutes, Section 45.023 and 51A.58.

All persons have 30 days to submit comments in support of or in opposition to the proposed rule or any part or subpart of the rule. Comment is encouraged. Each comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed. The proposed rules may be modified if the modifications are supported by the data and views submitted to the Department and do not result in a substantial change.

Any person may make a written request for a public hearing within the 30 day comment period. If 25 or more persons submit a written request for a public hearing within the 30 day comment period, a public hearing will be held unless a sufficient number withdraw their request in writing. Any person requesting a hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed. If a public hearing is required, the department will proceed pursuant to Minnesota Statutes, sections 14.13 to 14.20.

Persons who wish to submit comments or a written request for a public hearing should submit them to:

James G. Miller, Deputy Commissioner
Division of Financial Examinations
Department of Commerce
500 Metro Square Building
St. Paul, MN 55101
(612) 296-2135

A Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rule and identifies the data and information relied upon to support the proposed rules has been prepared and is available upon request from James G. Miller.

Pursuant to Minnesota Statutes Section 14.115, subdivision 2, the impact on small business has been considered in the promulgation of the rules. Anyone wishing to present evidence or argument as to the rules' effect on small business may do so. The Department's position regarding the impact of the rules on small business is set forth in the Statement of Need and Reasonableness.

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Michael A. Hatch
Commissioner of Commerce

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Proposed Adoption of Rules Relating to Reciprocal Interstate Branching By Savings and Loan Associations	ORDER WITHDRAWING SUBMISSION OF RULES TO ATTORNEY GENERAL

Whereas, the rules and supporting documents in the above captioned matter have been submitted to the Attorney General for review pursuant to Minnesota Statutes Section 14.26; and

Whereas it has been determined after discussions with the Attorney General that withdrawal of the submitted documents is appropriate.

NOW, THEREFORE IT IS ORDERED that the rules and supporting documents are withdrawn from submission to the Attorney General pursuant to Minnesota Statutes Section 14.26 and shall be returned to the Department of Commerce

Dated this 15th day of May, 1990.

Thomas H. Borman

THOMAS H. BORMAN
Commissioner of Commerce

OFFICE OF THE COMMISSIONER

STATE OF MINNESOTA

DEPARTMENT OF COMMERCE

133 EAST 7th STREET
ST. PAUL, MN 55101
612/296-4026
FAX: 612/296-4328

May 15, 1990

Christy Eller
Office of the Attorney General
Public Finance Division
Suite 500
525 Park St.
St. Paul, Minnesota 55103

Re: Savings and Loan Interstate Rules

Dear Ms. Eller:

Pursuant to our discussion yesterday please find the following submitted to you:

1. Order Withdrawing Submission
2. Findings of Facts, Conclusions & Order of Adoption of Rule
3. Rules As Adopted (With Modifications)

Because these materials are being faxed, I presume you can make three additional copies of the Rule as adopted. If four are required please advise me and I will fax three more. With these materials and the documents from the previous submission I believe you can begin your review of the modified rules.

As to the question you raised regarding small business impact, none of the institutions affected by these rules could be classified as small businesses pursuant to Minnesota Statutes section 14.115, so no modifications of the rules would need to be considered to comply with Minnesota Statutes section 14.115.

As to the reference to comments being considered in the Statement of Need and Reasonableness this refers to unsolicited oral comments made after the statute was enacted but prior to the commencement of the rulemaking process.

I believe this satisfied all the matters raised in our discussion. If not please advise me accordingly as soon as possible.

Very truly yours,

THOMAS H. BORMAN
Commissioner of Commerce

By: Richard G. Gomsrud

Richard G. Gomsrud
Department Counsel

RGG:jmt

cc: Greg Huwe

STATE OF MINNESOTA
DEPARTMENT OF COUNSEL

In the Matter of the Adoption of the Rules of the State Commerce Department Governing Reciprocal Interstate Branching by Savings and Loan Associations.

DECLARATION OF COUNSEL

I, Gregory P. Huwe, Assistant Attorney General, do hereby declare that I have examined the above-captioned rules, and the supporting rulemaking record, and that, based on my examination, the Administrative Procedure Act and Minnesota Rules chapter 2010 have been followed. Any exceptions are listed below. For Attorney General billing purposes, the four-digit docket client code is 25.0015.0112.

Dated: May 1, 1990.

Gregory P. Huwe

GREGORY P. HUWE
Special Assistant
Attorney General

.ez0

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL EXAMINATIONS

Notice of Solicitation of Outside Opinions Concerning Proposed Rules Governing Development Loans for Financial Institutions Owned by Interstate Bank Holding Companies Including the Impact of the Rules on Small Business

Notice is hereby given that the Minnesota Department of Commerce is soliciting information and opinions from sources outside the agency in preparing to promulgate new rules relating to the requirement that a financial institution located in this state owned by an interstate bank holding company provide a level of development loans in this state. The adoption of the rules is authorized by 1986 Minn. Laws ch. 339, § 14.

The Department of Commerce requests information and opinions concerning the subject matter of the rules. Outside opinion is also being solicited as to how these rules will affect small businesses as defined by Minnesota Statutes § 14.115, subdivision 1. Interested persons or groups may submit data or views on the subject matter of concern orally or in writing. Written statements should be addressed to:

James G. Miller, Deputy Commissioner
Division of Financial Examinations
500 Metro Square Building
Seventh and Robert Streets
St. Paul, Minnesota 55101
(612) 296-2135

Oral statements will be received during regular business hours over the telephone at (612) 296-2715 and in person at the above address.

All statements of information and comment shall be accepted until July 31, 1986. Any written material received by the Department of Commerce shall become part of the rulemaking record to be submitted to the attorney general or administrative law judge in the event that the rule is adopted.

Michael A. Hatch
Commissioner of Commerce

Questions regarding the MJUA, the MAP, or this notice should be directed to:

David Corum
Research Analyst
Minnesota Department of Commerce
500 Metro Square Building
St. Paul, MN 55101
(612) 297-3301

Michael A. Hatch
Commissioner

Department of Commerce
Division of Financial Examinations

Outside Opinions Sought Concerning Proposed Rules Governing Development Loans for Financial Institutions Owned by Interstate Bank Holding Companies Including the Impact of the Rules on Small Business

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The Department of Commerce requests information and opinions concerning the subject matter of the rules. Outside opinion is also being solicited as to how these rules will affect small businesses as defined by Minnesota Statutes § 14.115, subdivision 1. Interested persons or groups may submit data or views on the subject matter of concern orally or in writing. Written statements should be addressed to:

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All statements of information and comment shall be accepted until July 31, 1986. Any written material received by the Department of Commerce shall become part of the rulemaking record to be submitted to the attorney general or administrative law judge in the event that the rule is adopted.

Michael A. Hatch
Commissioner of Commerce

Department of Commerce
Division of Financial Examinations

Outside Opinions Sought Concerning Proposed Rules Governing Reciprocal Interstate Branching by Savings and Loan Associations Including the Impact of the Rules on Small Business

Notice is hereby given that the Minnesota Department of Commerce is seeking information and opinions from sources outside the agency in preparing to propose new rules governing procedural requirements for savings and loan associations to establish or operate branch offices in this state and other states by acquisition, merger, or consolidation under reciprocating state law. The adoption of the rules is authorized by 1986 Minn. Laws, ch. 339, § 16, which requires the agency to adopt rules to provide that procedural requirements equivalent to those established by law for banks to apply to reciprocal interstate branching by savings and loan associations.

The Department of Commerce requests information and opinions concerning the subject matter of the rules. Outside opinion is also being solicited as to how these rules will affect small businesses as defined by Minnesota Statutes § 14.115, subdivision 1. Interested persons or groups may submit data or views on the subject matter of concern orally or in writing. Written statements should be addressed to:

James G. Miller, Deputy Commissioner
Division of Financial Examinations
500 Metro Square Building
Seventh and Robert Streets
St. Paul, Minnesota 55101
(612) 296-2135

Oral statements will be received during regular business hours over the telephone at (612) 296-2715.

All statements of information and opinions shall be accepted until July 31, 1986. Any written material received by the Department of Commerce shall become part of the record submitted to the attorney general or administrative law judge in the event that the rules are adopted.

Michael A. Hatch
Commissioner of Commerce

Ethical Practices Board

Notice of 1986 Campaign Expenditure Limits

In accordance with Minn. Stat. §§ 10A.25 and 10A.255, the following are election year campaign expenditures limits for 1986, by office sought: Governor and Lt. Governor, $1,418,213; Attorney General, $236,369; Secretary of State, State Treasurer, State Auditor (each), $118,185; State Senator, $35,456; and State Representative, $17,728.

Department of Finance

Notice is hereby given that the Rural Finance Administration (RFA) in the Department of Finance is seeking written comment on draft rules for the operation of a new program to assist Minnesota farmers in restructuring their land debt. Copies of the draft rules are available upon request from:

RFA Program Director
309 Administration Building
St. Paul, MN 55155
(612) 296-5900

Comments are due at the address above on June 16, 1986 at 4:30 pm.

Departments of Human Services and Health Merit System

End of Solicitation Period for Comment Concerning Merit System Rules

Notice is hereby given that the comment period for the notice of intent to solicit outside opinion concerning Minnesota Merit System rules, published in the *State Register* April 7, 1986, will end on June 9, 1986.

Questions concerning the comment period may be addressed to:

Ralph W. Corey, Supervisor
Minnesota Merit System
Fourth Floor, Centennial Office Building
658 Cedar Street
St. Paul, Minnesota 55155
Phone: (612) 296-3996

SF-00006-05 (4/86)

DEPARTMENT : of Commerce

STATE OF MINNESOTA

Office Memorandum

DATE : April 30, 1990

TO : Greg Huwe
Attorney General's Office

FROM : Richard G. Gomsrud RGG. R.T.

PHONE : 6-5689

SUBJECT : Savings & Loan Interstate Rules

Enclosed are copies of the following materials regarding the above captioned rules:

1. Notice of Intent to Solicit Outside Opinion (2010.0300 A)

2. Copy of the Proposed Rules with Revisor's Certificate (2010.0300 D)

3. Notice of Intent to Adopt Rule Without Public Hearing (2010.0300 E) as mailed.

4. Statement of Need & Reasonableness (2010.0300 F)

5. Affidavit of Mailing Notice of Intent to Adopt Rule Without Public Hearing (2010.0300 G)

6. Copy of Notice of Intent to Adopt Rule Without Public Hearing and Rules as published in the State Register (2010.0300 H)

7. Four copies of Rule as adopted (2010.0300 I)

8. Findings of Fact, Conclusions & Order Adopting Rule (2010.0300 K)

9. Written Comments, Submission & Requests on Rule (2010.0300 L) None

10. Declaration of Attorney General (2010.0300 M)

11. Notice of Submission to Attoney General (2010.0300 N) No request.

12. Affidavit of Mailing Notice of Submission to Attorney General (2010.0300 O)

Greg: Can an Administrative A.G. give us an unofficial O.K. and authorize the Revisor to give us a Notice of Adoption Form for the State Register? I can then send it up next Monday for publication on the following Monday, just after their 10 day period for review ends?

Dick

SF-00006-05 (4/86)

DEPARTMENT : of Commerce

STATE OF MINNESOTA

Office Memorandum

DATE : April 30, 1990

TO : Administrative Attorney General
525 Park St.

RECEIVED
MAY 01 1990
ATTORNEY GENERAL'S OFFICE
SOLICITOR GENERAL
SUITE 200, 525 PARK ST.
ST. PAUL, MN. 55103

FROM : Richard G. Gomsrud RGG/g.t.

PHONE : 6-5689

SUBJECT : Savings & Loan Interstate Rules

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7. Four copies of Rule as adopted (2010.0300 I)
8. Findings of Fact, Conclusions & Order Adopting Rule (2010.0300 K)
9. Written Comments, Submission & Requests on Rule (2010.0300 L) None
10. Declaration of Attorney General (2010.0300 M)- Coming from Greg Huwe, Commerce A.G.
11. Notice of Submission to Attoney General (2010.0300 N)
12. Affidavit of Mailing Notice of Submission to Attorney General (2010.0300 O)

SF-00006-05 (4/86)

STATE OF MINNESOTA

Office Memorandum

DEPARTMENT : ATTORNEY GENERAL/Bremer

DATE : May 1, 1990

TO : **BARBARA BYRD-LOVIK**
Legal Secretary
Public Finance Division

FROM : **GREGORY P. HUWE**
Assistant Attorney General

PHONE : 6-3546

SUBJECT : **SAVINGS AND LOAN INTERSTATE RULES**

Enclosed herewith and submitted to you for the Attorney General's review pursuant to the Administrative Procedure Act and Minnesota Rules chapter 2010 are the Rules of the Minnesota Department of Commerce Governing Reciprocal Interstate Branching by Savings and Loan Associations.

Please contact me if you have any questions.

GPH:sab/.ey9
Enclosures

STATE OF MINNESOTA

DEPARTMENT OF COMMERCE
500 METRO SQUARE BUILDING
ST. PAUL, MN 55101

ATTENTION:

RULE RELATED MATERIAL

FIRST CLASS MAIL

State of Minnesota
Department of Commerce

In the Matter of the Proposed Adoption of Rules Relating to Reciprocal Interstate Branching by Savings and Loan Associations

Notice of Intent to Adopt Rules Without a Public Hearing

Notice is hereby given that the Department of Commerce intends to adopt the above-entitled rules without a public hearing following the procedures set forth in the Administrative Procedures Act for adopted rules without a public hearing in Minnesota Statutes, section 14.22-14.28. Authority for the adoption of these rules is contained in Minnesota Statutes, Section 45.023 and 51A.58.

All persons have 30 days to submit comments in support of or in opposition to the proposed rule or any part or subpart of the rule. Comment is encouraged. Each comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed. The proposed rules may be modified if the modifications are supported by the data and views submitted to the Department and do not result in a substantial change.

Any person may make a written request for a public hearing within the 30 day comment period. If 25 or more persons submit a written request for a public hearing within the 30 day comment period, a public hearing will be held unless a sufficient number withdraw their request in writing. Any person requesting a hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed. If a public hearing is required, the department will proceed pursuant to Minnesota Statutes, sections 14.13 to 14.20.

Persons who wish to submit comments or a written request for a public hearing should submit them to:

James G. Miller, Deputy Commissioner
Division of Financial Examinations
Department of Commerce
500 Metro Square Building
St. Paul, MN 55101
(612) 296-2135

A Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rule and identifies the data and information relied upon to support the proposed rules has been prepared and is available upon request from James G. Miller.

Department of Commerce

Proposed Permanent Rules Relating to Reciprocal Interstate Branching by Savings and Loan Associations

Rules as Proposed (all new material)

2660.0010 APPLICABILITY AND SCOPE.

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

2660.0020 DEFINITIONS.

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

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

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

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

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

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D. minority- and woman-owned businesses;

E. alternative energy and energy conservation practices;

F. community development corporations;

G. Indian reservations and student education loans; and

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

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

A. low and moderate income housing;

B. operating loans for family farmers;

C. loans made in distressed areas;

D. minority- and woman-owned businesses;

E. alternative energy and energy conservation practices;

F. community development corporations;

G. Indian reservations and student education loans; and

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

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

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

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

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

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

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

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

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

2660.0030 ACQUISITION PROCEDURE.

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

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

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under subpart 1 must contain the following attachments:

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

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

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

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

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

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

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

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

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

J. Any other exhibit that the commissioner considers relevant.

Subp. 4. **Information.** The application form shall include,

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or director of the applicant, similar proceedings involving an affiliate of the applicant must be disclosed.

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

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

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

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

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

S. The applicant must identify any person retained or compensated by the applicant, or by any person on the applicant's behalf, to make solicitations of recommendations to

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permit the person to control the Minnesota association;

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

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

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

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

2660.0040 NEW ASSOCIATION APPLICATION.

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

2660.0050 VIOLATIONS.

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

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

B. cease and desist the violations by a date certain.

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require.

2660.0080 PUBLIC PARTICIPATION.

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

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

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

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

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

2660.0090 DEVELOPMENTAL LOANS.

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

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Subp. 3. **Permissive factors.** The commissioner may also consider:

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

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

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;

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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.

2660.0110 NOTICE.

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

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Commerce at 500 Metro Square Building, Saint Paul, MN, 55101; and

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

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

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STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Proposed
Rules Relating to Reciprocal
Interstate Branching by Savings
and Loan Associations

Statement of Need
and Reasonableness

I. INTRODUCTION

The proposed rules establish the procedures and requirements for savings and loan associations operating under state law to acquire ownership or control of associations in states other than Minnesota on a basis equivalent to those applicable to banks under the Reciprocal Interstate Banking Act.

II. STATEMENT OF STATUTORY AUTHORITY

1) The Minnesota Department of Commerce proposes to adopt as permanent rules Minn. Rules Parts 2660.0010 to 2660.0110 under the provisions of Section 51A.58 Minnesota Statutes 1988.

III. STATEMENT OF NEED

2) Minn. Stat. Ch. 14 (1988) requires the Commissioner of Commerce to make an affirmative presentation of facts establishing the need for and reasonableness of the rules being proposed. In general terms, this means that the Commissioner must set forth the reasons for the Department's proposal, and the reasons must not be arbitrary or capricious. However, to the extent that need and reasonableness are separate, need has come to mean that a problem exists which requires administrative attention, and reasonableness means that the solution proposed by the Commissioner is appropriate.

3) Minn. Stat. § 51A.58 requires the Commissioner of Commerce to adopt rules to provide that procedural requirements equivalent to those contained in Minn.

Stat. §§ 48.90 to 48.991 apply to reciprocal interstate branching and acquisitions by savings and loan associations.

4) As a result, these rules are necessary to the implementation of the statutory authority before any savings and loan association in this state or reciprocating state as defined by Minn. Stat. § 48.92, subdivision 7, may make application to seek approval to make interstate acquisitions.

5) Because the enabling law, Section 51A.58, does not in and of itself provide procedures, only the authority and identification of the institutions authorized to participate in such conduct, these rules must detail each of the definitions, the acquisition procedure whether an existing institution or new institution is to be acquired, enforcement of violations, supervisory authority of Commissioner, basis for reporting requirements, public participation in the process and identification of other factors applicable to banks under the Reciprocal Interstate Banking Act.

6) Separate application and approval requirements of the Reciprocal Interstate Banking Act necessitated permanent rule making by the Commissioner of Commerce which has been accomplished and predate these proposed rules. Minn. Rules parts 2655.0100 to 2655.0600, Department of Commerce/Interstate Banking, were adopted to implement the application and approval process for banks only. Therefore, these proposed rules also include equivalent rules as apply to savings and loan associations.

III. STATEMENT OF REASONABLENESS

7) The Commissioner is required by Minn. Stat. Ch. 14 to make an affirmative presentation of the facts establishing the reasonableness of the proposed rules. Reasonableness is the opposite of arbitrariness or capriciousness. It means there is a rational basis for the Department's proposed action. In general,

it is reasonable for the Commissioner in following the statutory mandate to adopt language, requirements and include the full scope of those rules adopted previously for banks under the Interstate Reciprocal Banking Act.

8) In adopting such predecessor and general statutory provisions from Minn. Stat. sections 48.90 to 48.991, it is reasonable to make changes in terminology in these proposed rules consistent with that used in the regulation of savings and loan associations as opposed to banks only.

9) In adopting such predecessor and germane rules, it is reasonable to make changes in terminology in these proposed rules consistent with that used in the regulation of savings and loan associations and recognize the differences that exist between the stock and mutual forms of organization.

10) In adopting such predecessor and germane statutory provisions and rules, it is reasonable to make modifications where operating and structural differences between banks and savings and loan associations is such to make mere reflective language absurd and unworkable.

IV. DEFINITIONS

11) All definitions in this subpart 2660.0020 are derived from Minn. Stat. § 48.92, Minn. Rules 2655.0200 and Minn. Stat. § 51A.58 as they relate to interstate branching or Chapter 51A relating to savings associations. Where terms from Minn. Stat. § 48.92 and Minn. Rules 2655.0200 related to banks, "association," "savings association," "savings and loan association" or "savings bank" were substituted as defined.

V. ACQUISITION PROCEDURE

12) Provisions of these subparts 2660.0030 are derived from Minn. Stat. § 48.93 as they relate to interstate bank acquisition application and approval requirements.

Where terms related to banks, appropriate terms consistent with the operations and regulatory relationships of savings associations were substituted. Subparts 3 and 4 are derived from Minn. Rule 2655.0300, Application, as they relate to attachments and information to be included in savings association applications based on the equivalent procedure in place for banks.

13) Subparts 5 and 6, Disapproval and Appeals, are derived from Minn. Stat. § 48.93, subd. 4 and 5, as they were enacted in 1986 relating to banks.

VI. NEW ASSOCIATIONS

14) The provisions of Minn. Stat. § 48.94 have been restated as Part 2660.0040 without change to similarly authorize acquisition of a newly formed association and limiting such acquisitions on a de novo basis to one based on the equivalent authority and procedure in place for banks.

VII. VIOLATIONS

15) The provisions of Minn. Stat. § 48.95, subd. 1 and 2, have been restated as Part 2660.0050 without change as they were enacted in 1986 relating to banks.

VIII. SUPERVISION

16) The provisions of Minn. Stat. § 48.96 have been restated as part 2660.0060 without change as it was enacted in 1986 relating to banks.

IX. REPORTS

17) Reporting requirements found in Minn. Stat. § 48.97, subdivision 1, have been restated as Part 2660.0070 without substantial change as it relates to bank holding companies and periodic reports made to federal agencies, including the Federal Home Loan Bank and/or Securities and Exchange Commissions.

18) Reporting and ratings required in connection with banks in Minn. Stat. § 48.97, subd. 2, 3 and 4 are not included in these proposed rules. Minn. Rules Parts 2655.0700 to 2655.1300 relating to the reporting and rating of interstate financial institutions have been proposed and adopted to include savings associations and embody the detail and requirements in the statutory language omitted.

X. PUBLIC PARTICIPATION

19) The availability of information and notice requirements for public input into the application procedure included in Minn. Stat. § 48.98 is repeated in these proposed rules as Part 2660.0080 without material change.

XI. DEVELOPMENTAL LOANS

20) The requirements and considerations applicable to banks meeting the regulatory test for an adequate plan to make development loans and investments as it applies to banks has been repeated from Minn. Stat. § 48.991 and Minn. Rules 2655.0400 without material change.

XII. NET NEW FUNDS

21) The requirements and considerations applicable to banks meeting the net new funds regulatory test for an adequate plan for capital or loan to deposit improvement standards as they apply to banks have been repeated from Minn. Stat. § 48.93, subd. 3(8) and Minn. Rule 2655.0500, subparts 1, 2, 3 and 4 without substantial change.

XIII. NOTICE

22) The provisions of Minn. Rules Part 2655.0600 as they relate to public notice of pending application by banks is repeated in these proposed rules as Part 2660.0110 without material change.

XIV. INTERSTATE BRANCHING

23) Commenters on the proposed rules focused on the lack of authority or procedure in the proposed rules for the interstate acquisition of offices to be operated as branches. Minn. Stat. § 51A is entitled "Interstate Branching" and reference is made to the establishment of branches in this state by acquisition, merger, purchase and assumption of some or all of the assets or liabilities or consolidation. While this is evident in the statutory language, an overriding consideration is the statutory instructions to the Commissioner for the promulgation of the rules in Minn. Stat. § 51A.58. Specifically, it states that the rules shall be the procedural equivalent to those for banks. That is, banks and savings associations would have equivalent application, approval and reporting requirements. Based on this level playing field premise, these rules only provide procedures and approval for acquisitions at the holding company level for savings associations. Reinforcement for this determination of rule making authority is found in Minn. Stat. § 48.90, subd. 3, which refers to the overall legislative intent of the enabling act to prohibit the establishment of branches of banks unless the banking subsidiary acquired maintains a principal place of business in Minnesota. Therefore, for purposes of these rules, the interstate branching comments were rejected.

In the Matter of the Proposed Adoption of Rules Relating to Reciprocal Interstate Branching by Savings and Loan Associations

AFFIDAVIT OF MAILING THE NOTICE OF INTENT TO ADOPT RULES WITHOUT A PUBLIC HEARING AND THE CERTIFICATE OF MAILING LIST

STATE OF MINNESOTA)
)
COUNTY OF RAMSEY)

Jeanne M. Todd, being sworn says:

I hereby certify that the list of persons and associations who have requested, pursuant to Minnesota Statutes, sections 14.14, subdivision 1a and 14.22 or 14.30, that their names be placed on the Department of Commerce rulemaking mailing list is accurate, complete, and current as of this 2nd day of November, 1989.

That on the 2nd day of November, 1989, at the City of St. Paul, County of Ramsey, State of Minnesota, I mailed the attached Notice of Intent To Adopt Rules Without a Public Hearing, in the Matter of the Proposed Adoption of the Rules Relating to Reciprocal Interstate Branching by Savings and Loan Associations, by depositing in the State of Minnesota Central Mail System for United States mailing and United States mail, a copy thereof, with postage prepaid, to all persons and associations of the aforementioned mailing list.

Jeanne M. Todd

Jeanne M. Todd

Subscribed and sworn to before me this 2nd day of November, 1989.

Gregory J. Schaefer

GREGORY J. SCHAEFER
NOTARY PUBLIC-MINNESOTA
MOWER COUNTY
My Commission Expires AUG. 15, 1990

Regulation Analyst
Alliance of American Insurers
1501 Woodfield Rd., Suite 400 West
Schaumburg, IL 60173-4980

American Insurance Association
300 S. Riverside Plaza, Suite 2060S
Chicago, IL 60606

Courey, Schwinn & Kodadek, P.A.
400 Marquette Avenue, Suite 300
Minneapolis, MN 55401

Employers Health Insurance Co.
Contracts Department
Green Bay, WI 54344

Executive Fund Life Insurance Co.
Compliance Dept.
3130 Wilshire Blvd.
Santa Monica, CA 90406

Independent Bankers of Minn.
7900 International Drive #625
Minneapolis, MN 55425

MCCL
4249 Nicollet Avenue
Minneapolis, MN 55409

Minnesota Insurance Guaranty Assn.
4640 West 77th St., Suite 342
Edina, MN 55435

MN Trucking Association
1821 University Ave., Suite 134N
St. Paul, Minnesota 55104

Minn. Petroleum Council
350 St. Peter St., Suite 1025
St. Paul, MN 55102

Minn. Retail Merchants Assoc.
Mears Park Place
405 Sibley Street, Suite 150
St. Paul, MN 55101

Minn. School of Real Est. Inc.
7148 Shady Oak Rd.
Eden Prairie, MN 55344

Pennsylvania Life Insurance Co.
Compliance Dept. Mail Code 1-5
3130 Wilshire Blvd.
Santa Monica, CA 90406

Phillips Legislative Service, Inc.
459 Rice Street, 3rd. Floor
St. Paul, MN 55103-2181

Workers Comp. Reinsurance Assoc.
900 Minnesota Mutual Life Center
400 North Robert Street
St. Paul, MN 55101-2092

Robert R. Abrohams Agency, Inc.
1112 Plymouth Bldg.
Minneapolis, MN 55402-1540

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Moss & Barnett
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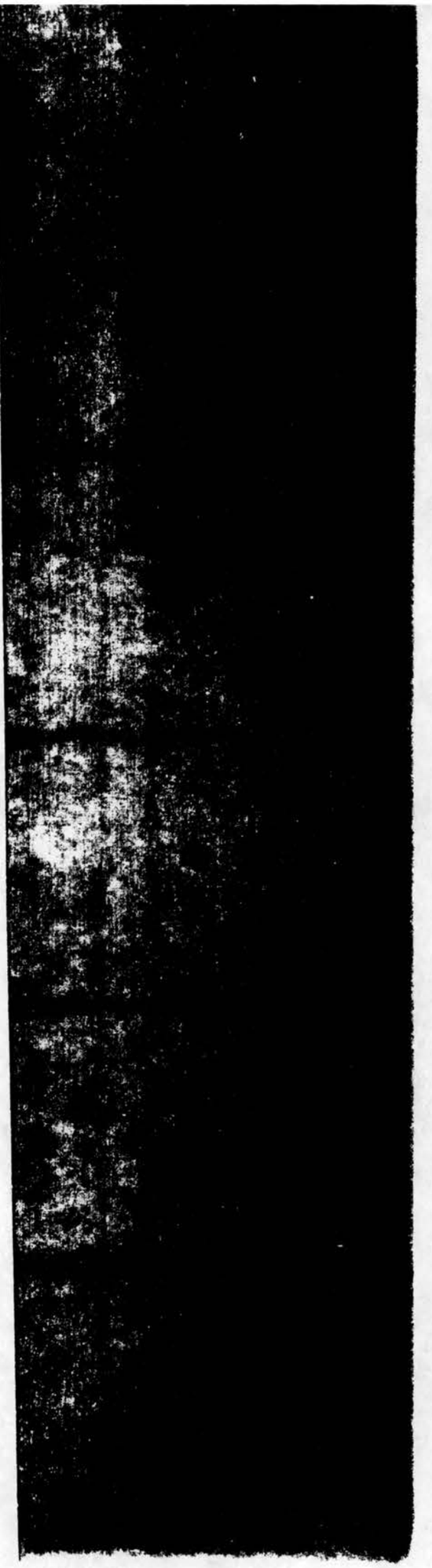

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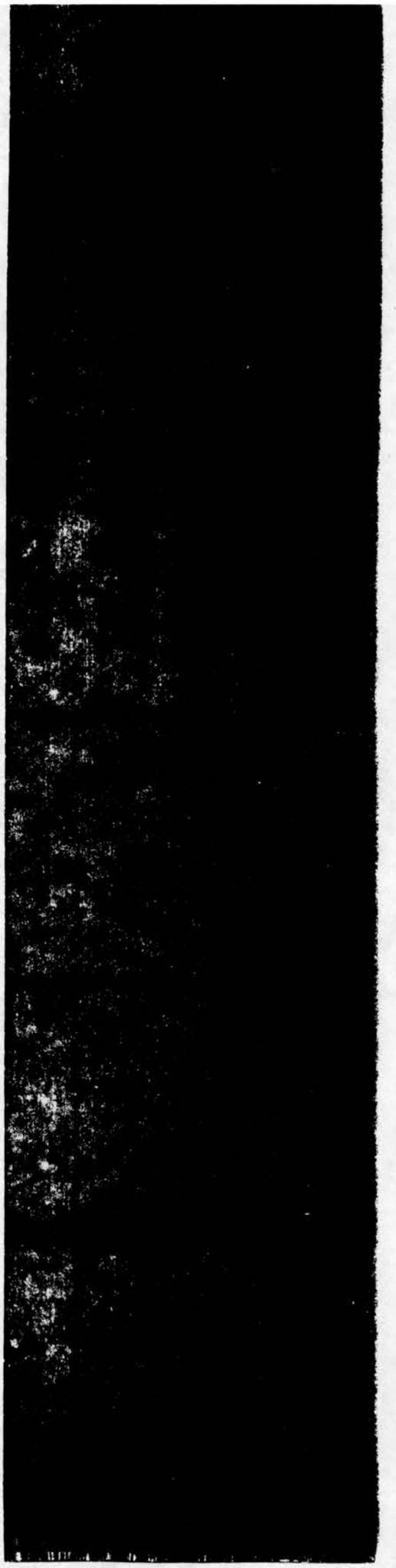

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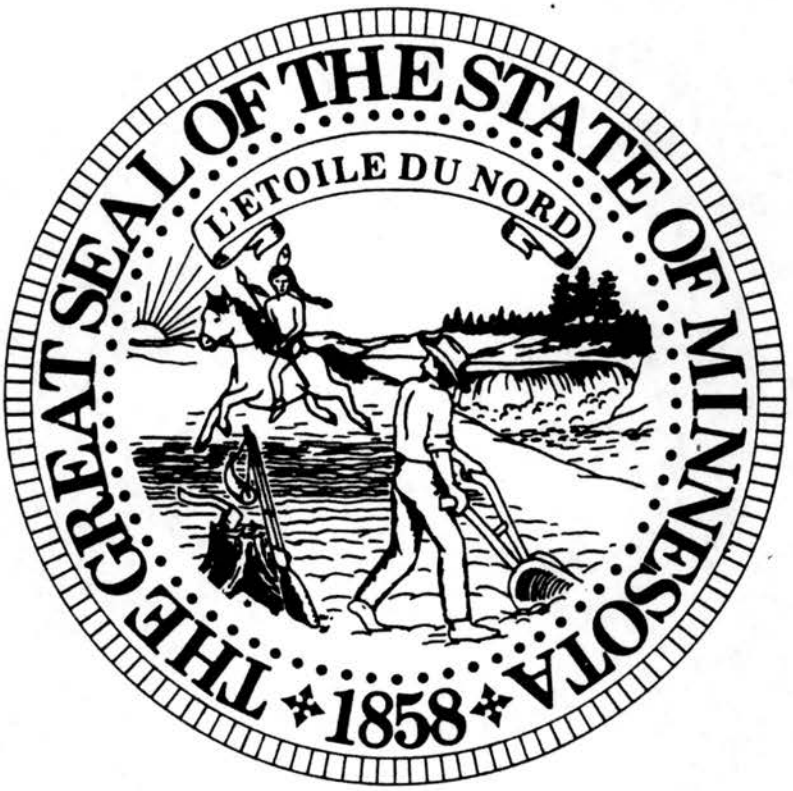
State of Minnesota

STATE REGISTER

Department of Administration--Print Communications Division



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Proposed Rules

Pursuant to Minn. Stat. §§ 14.22, an agency may propose to adopt, amend, suspend or repeal rules without first holding a public hearing, as long as the agency determines that the rules will be noncontroversial in nature. The agency must first publish a notice of intent to adopt rules without a public hearing, together with the proposed rules, in the *State Register*. The notice must advise the public:

1. that they have 30 days in which to submit comment on the proposed rules;
2. that no public hearing will be held unless 25 or more persons make a written request for a hearing within the 30-day comment period;
3. of the manner in which persons shall request a hearing on the proposed rules; and
4. that the rule may be modified if the modifications are supported by the data and views submitted.

If, during the 30-day comment period, 25 or more persons submit to the agency a written request for a hearing of the proposed rules, the agency must proceed under the provisions of §§ 14.14-14.20, which state that if an agency decides to hold a public hearing, it must publish a notice of intent in the *State Register*.

Pursuant to Minn. Stat. §§ 14.29 and 14.30, agencies may propose emergency rules under certain circumstances. Proposed emergency rules are published in the *State Register* and, for at least 25 days thereafter, interested persons may submit data and views in writing to the proposing agency.

Department of Commerce

Proposed Permanent Rules Relating to Reciprocal Interstate Branching by Savings and Loan Associations

Notice of Intent to Adopt Rules Without a Public Hearing

NOTICE IS HEREBY GIVEN that the Department of Commerce intends to adopt the above-entitled rules without a public hearing following the procedures set forth in the Administrative Procedures Act for adopted rules without a public hearing in *Minnesota Statutes*, Section 45.023 and 51A.58. Authority for the adoption of these rules is contained in *Minnesota Statutes*, section 14.22-14.28.

All persons have 30 days to submit comments in support of or in opposition to the proposed rule or any part or subpart of the rule. Comment is encouraged. Each comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed. The proposed rules may be modified if the modifications are supported by the data and views submitted to the Department and do not result in a substantial change.

Any person may make a written request for a public hearing within the 30 day comment period. If 25 or more persons submit a written request for a public hearing within the 30 day comment period, a public hearing will be held unless a sufficient number withdraw their request in writing. Any person requesting a hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed. If a public hearing is required, the department will proceed pursuant to *Minnesota Statutes*, sections 14.13 to 14.20.

Persons who wish to submit comments or a written request for a public hearing should submit them to:

James G. Miller, Deputy Commissioner
Division of Financial Examinations
Department of Commerce
500 Metro Square Building
St. Paul, MN 55101
(612) 296-2135

A Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rule and identifies the data and information relied upon to support the proposed rules has been prepared and is available upon request from James G. Miller.

Pursuant to *Minnesota Statutes* Section 14.115, subdivision 2, the impact on small business has been considered in the promulgation of the rules. Anyone wishing to present evidence or argument as to the rules' effect on small business may do so. The Department's position regarding the impact of the rules on small business is set forth in the Statement of Need and Reasonableness.

If no hearing is required, upon adoption of the rule, the rule and the required supporting documents will be submitted to the Attorney General for review as to legality and form to the extent the form relates to legality. Any person may request notification of the date of

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submission to the Attorney General. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the adopted rule, must submit the written request to James G. Miller.

Michael A. Hatch
Commissioner of Commerce

Rules as Proposed (all new material)

2660.0010 APPLICABILITY AND SCOPE.

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

2660.0020 DEFINITIONS.

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

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

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

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

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

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

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

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

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

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

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

Subp. 9. **Commissioner.** "Commissioner" means the commissioner of the Department of Commerce.

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

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

Subp. 12. **Developmental loans.** "Developmental loans" includes the following categories:

A. low and moderate income housing;

B. operating loans for family farmers;

C. loans made in distressed areas;

D. minority- and woman-owned businesses;

E. alternative energy and energy conservation practices;

F. community development corporations;

G. Indian reservations and student education loans; and

H. any other specifically defined class of people, businesses, or projects that meet the standards under *Minnesota Statutes*

section 645.445, subdivision 5, for socially or economically disadvantaged persons, projects, or businesses.

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

A. low and moderate income housing;

B. operating loans for family farmers;

C. loans made in distressed areas;

D. minority- and woman-owned businesses;

E. alternative energy and energy conservation practices;

F. community development corporations;

G. Indian reservations and student education loans; and

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

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

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

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

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

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

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

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

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

A. organized under Minnesota law; or

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

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

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

A. individuals located within a Minnesota zip code;

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

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

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

Subp. 22. **Minority-owned business and woman-owned business.** "Minority-owned business" and "woman-owned business" means any socially or economically disadvantaged person under *Minnesota Statutes*, section 645.445, subdivision 5. A minority-owned business or woman-owned business must have at least 50 percent of the ownership interest controlled by that disadvantaged class of persons.

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

Subp. 24. **Reciprocating state.** "Reciprocating state" is (1) a state that authorizes the establishment of branch offices in that state by a Minnesota association, and the acquisition of savings and loan associations and savings banks located in that state by a savings

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and loan holding company with its headquarters in this state, under conditions no more restrictive than those imposed by the laws of Minnesota as determined by the commissioner of commerce; and (2) comprised of the states provided for in *Minnesota Statutes*, section 48.92, subdivision 7.

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

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

2660.0030 ACQUISITION PROCEDURE.

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

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

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

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

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

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

Subp. 3. **Application documentation.** An application filed under subpart 1 must contain the following attachments:

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

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

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

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

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

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

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

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

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

J. Any other exhibit that the commissioner considers relevant.

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

A. The name and address of the applicant.

B. The name and address of the acquiree.

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

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

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

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

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

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

I. The number of shares involved in this transaction.

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

K. The total consideration for the proposed transaction.

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

M. A description of any material pending legal or administrative proceeding in which the applicant is a party, and any criminal indictment or conviction of that person by a state or federal court; and, if known by the applicant or an officer or director of the applicant, similar proceedings involving an affiliate of the applicant must be disclosed.

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

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

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

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

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

S. The applicant must identify any person retained or compensated by the applicant, or by any person on the applicant's behalf, to make solicitations of recommendations to stockholders for the purpose of assisting in the acquisition, and a brief description of the terms of any retainer or arrangement for compensation.

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

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

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

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

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

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

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

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

B. the competence, experience, and integrity of any acquiring person or of any of the proposed management personnel indicates that it would not be in the interest of the depositors of the Minnesota association or in the interest of the public to permit the person to control the Minnesota association;

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

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

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

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

2660.0040 NEW ASSOCIATION APPLICATION.

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

2660.0050 VIOLATIONS.

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

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

B. cease and desist the violations by a date certain. The order would be subject to the procedures applicable to cease and desist proceedings under *Minnesota Statutes*, sections 46.23 to 46.33, and any applicable rules.

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

2660.0060 SUPERVISION.

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

2660.0070 REPORTS.

Any reciprocating state holding company that directly or indirectly, through any subsidiary, acquires an association under *Minnesota Statutes*, section 51A.58, and parts 2660.0010 to 2660.0110, shall file with the commissioner copies of all regular and periodic reports

that the holding company is required to file under section 13 or 15(d) of the Securities and Exchange Act of 1934, as amended, excluding any portions not available to the public, and other reports the commissioner may require.

2660.0080 PUBLIC PARTICIPATION.

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

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

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

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

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

2660.0090 DEVELOPMENTAL LOANS.

Subpart 1. **Requirements.** An association located in this state owned by an interstate holding company shall provide a level of developmental loans as defined by the commissioner. A developmental loan includes, but is not limited to: (1) loans for low and moderate income housing, loans to community development corporations, loans to woman- and minority-owned businesses, student education loans, and alternative energy or energy conservation loans; and (2) loans within distressed areas and on any Indian reservation for any commercial nonreal estate purpose, home loans, home improvement loans, and operating loans to family farmers. The commissioner shall annually designate distressed areas. A distressed area may be made for a geographic region smaller than a county within the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. The determination of a distressed area should be made on the area's unemployment rate, economic conditions, and credit needs.

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

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

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

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

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

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

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

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

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

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

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

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

J. the volume of developmental loans made in the community during the time periods described in items A and B.

Subp. 3. **Permissive factors.** The commissioner may also consider:

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." **ADOPTED RULES SECTION** — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

Department of Commerce

Adopted Permanent Rules Relating to Reciprocal Interstate Branching by Savings and Loan Associations

Rules as Adopted

2660.0010 APPLICABILITY AND SCOPE.

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

2660.0020 DEFINITIONS.

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

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

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

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

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

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

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

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

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

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

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

Subp. 9. **Commissioner.** "Commissioner" means the commissioner of the Department of Commerce.

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

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

Subp. 12. **Developmental loans.** "Developmental loans" includes the following categories:

A. low and moderate income housing;

B. operating loans for family farmers;

C. loans made in distressed areas;

D. minority- and woman-owned businesses;

E. alternative energy and energy conservation practices;

F. community development corporations;

G. Indian reservations and student education loans; and

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

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

A. low and moderate income housing;

B. operating loans for family farmers;

C. loans made in distressed areas;

D. minority- and woman-owned businesses;

E. alternative energy and energy conservation practices;

F. community development corporations;

G. Indian reservations and student education loans; and

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

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

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

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

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

loaned.

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

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

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

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

A. organized under Minnesota law; or

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

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

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

A. individuals located within a Minnesota zip code;

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

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

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

Subp. 22. **Minority-owned business and woman-owned business.** "Minority-owned business" and "woman-owned business" means any socially or economically disadvantaged person under Minnesota Statutes, section 645.445, subdivision 5. A minority-owned business or woman-owned business must have at least 50 percent of the ownership interest controlled by that disadvantaged class of persons.

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

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

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

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

2660.0030 ACQUISITION PROCEDURE.

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

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

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

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

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

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

Subp. 3. **Application documentation.** An application filed

under subpart 1 must contain the following attachments:

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

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

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

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

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

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

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

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

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

J. Any other exhibit that the commissioner considers relevant.

Subp. 4. **Information.** The application form shall include,

but not be limited to, the following:

A. The name and address of the applicant.

B. The name and address of the acquiree.

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

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

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

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

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

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

I. The number of shares involved in this transaction.

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

K. The total consideration for the proposed transaction.

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

M. A description of any material pending legal or administrative proceeding in which the applicant is a party, and any criminal indictment or conviction of that person by a state or federal court; and, if known by the applicant or an officer

or director of the applicant, similar proceedings involving an affiliate of the applicant must be disclosed.

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

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

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

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

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

S. The applicant must identify any person retained or compensated by the applicant, or by any person on the applicant's behalf, to make solicitations of recommendations to

stockholders for the purpose of assisting in the acquisition, and a brief description of the terms of any retainer or arrangement for compensation.

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

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

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

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

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

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

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

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

B. the competence, experience, and integrity of any acquiring person or of any of the proposed management personnel indicates that it would not be in the interest of the depositors of the Minnesota association or in the interest of the public to

permit the person to control the Minnesota association;

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

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

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

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

2660.0040 NEW ASSOCIATION APPLICATION.

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

2660.0050 VIOLATIONS.

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

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

B. cease and desist the violations by a date certain.

The order would be subject to the procedures applicable to cease and desist proceedings under Minnesota Statutes, sections 46.23 to 46.33, and any applicable rules.

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

2660.0060 SUPERVISION.

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

2660.0070 REPORTS.

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

require.

2660.0080 PUBLIC PARTICIPATION.

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

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

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

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

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

2660.0090 DEVELOPMENTAL LOANS.

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

The determination of a distressed area should be made on the area's unemployment rate, economic conditions, and credit needs.

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

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

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

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

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

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

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

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

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

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

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

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

J. the volume of developmental loans made in the community during the time periods described in items A and B.

Subp. 3. **Permissive factors.** The commissioner may also consider:

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

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

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.

2660.0110 NOTICE.

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

the commercial lending institutions within a three-mile radius of the association or branch office to be acquired or located.

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

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

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

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

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

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

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

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

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

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

(2) will bring net new funds into Minnesota;

G. that the application, subject to any limitations imposed by federal or state statutes, is available to members of the public by contacting the commissioner of the Department of

Commerce at 500 Metro Square Building, Saint Paul, MN, 55101; and

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

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

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL EXAMINATIONS

Notice of Solicitation of Outside
Opinions Concerning Proposed Rules
Governing Development Loans for Financial
Institutions Owned by Interstate Bank
Holding Companies Including the Impact
of the Rules on Small Business

Notice is hereby given that the Minnesota Department of Commerce is soliciting information and opinions from sources outside the agency in preparing to promulgate new rules relating to the requirement that a financial institution located in this state owned by an interstate bank holding company provide a level of development loans in this state. The adoption of the rules is authorized by 1986 Minn. Laws ch. 339, § 14.

The Department of Commerce requests information and opinions concerning the subject matter of the rules. Outside opinion is also being solicited as to how these rules will affect small businesses as defined by Minnesota Statutes § 14.115, subdivision 1. Interested persons or groups may submit data or views on the subject matter of concern orally or in writing. Written statements should be addressed to:

James G. Miller, Deputy Commissioner
Division of Financial Examinations
500 Metro Square Building
Seventh and Robert Streets
St. Paul, Minnesota 55101
(612) 296-2135

Oral statements will be received during regular business hours over the telephone at (612) 296-2715 and in person at the above address.

All statements of information and comment shall be accepted until July 31, 1986. Any written material received by the Department of Commerce shall become part of the rulemaking record to be submitted to the attorney general or administrative law judge in the event that the rule is adopted.

Michael A. Hatch
Commissioner of Commerce

Questions regarding the MJUA, the MAP, or this notice should be directed to:

David Corum
Research Analyst
Minnesota Department of Commerce
500 Metro Square Building
St. Paul, MN 55101
(612) 297-3301

Michael A. Hatch
Commissioner

Department of Commerce
Division of Financial Examinations

Outside Opinions Sought Concerning Proposed Rules Governing Development Loans for Financial Institutions Owned by Interstate Bank Holding Companies Including the Impact of the Rules on Small Business

Notice is hereby given that the Minnesota Department of Commerce is soliciting information and opinions from sources outside the agency in preparing to promulgate new rules relating to the requirement that a financial institution located in this state owned by an interstate bank holding company provide a level of development loans in this state. The adoption of the rules is authorized by 1986 Minn. Laws ch. 339, § 14.

The Department of Commerce requests information and opinions concerning the subject matter of the rules. Outside opinion is also being solicited as to how these rules will affect small businesses as defined by Minnesota Statutes § 14.115, subdivision 1. Interested persons or groups may submit data or views on the subject matter of concern orally or in writing. Written statements should be addressed to:

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Michael A. Hatch
Commissioner of Commerce

Department of Commerce
Division of Financial Examinations

Outside Opinions Sought Concerning Proposed Rules Governing Reciprocal Interstate Branching by Savings and Loan Associations Including the Impact of the Rules on Small Business

Notice is hereby given that the Minnesota Department of Commerce is seeking information and opinions from sources outside the agency in preparing to propose new rules governing procedural requirements for savings and loan associations to establish or operate branch offices in this state and other states by acquisition, merger, or consolidation under reciprocating state law. The adoption of the rules is authorized by 1986 Minn. Laws, ch. 339, § 16, which requires the agency to adopt rules to provide that procedural requirements equivalent to those established by law for banks to apply to reciprocal interstate branching by savings and loan associations.

The Department of Commerce requests information and opinions concerning the subject matter of the rules. Outside opinion is also being solicited as to how these rules will affect small businesses as defined by Minnesota Statutes § 14.115, subdivision 1. Interested persons or groups may submit data or views on the subject matter of concern orally or in writing. Written statements should be addressed to:

James G. Miller, Deputy Commissioner
Division of Financial Examinations
500 Metro Square Building
Seventh and Robert Streets
St. Paul, Minnesota 55101
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Oral statements will be received during regular business hours over the telephone at (612) 296-2715.

All statements of information and opinions shall be accepted until July 31, 1986. Any written material received by the Department of Commerce shall become part of the record submitted to the attorney general or administrative law judge in the event that the rules are adopted.

Michael A. Hatch
Commissioner of Commerce

Ethical Practices Board

Notice of 1986 Campaign Expenditure Limits

In accordance with Minn. Stat. §§ 10A.25 and 10A.255, the following are election year campaign expenditures limits for 1986, by office sought: Governor and Lt. Governor, $1,418,213; Attorney General, $236,369; Secretary of State, State Treasurer, State Auditor (each), $118,185; State Senator, $35,456; and State Representative, $17,728.

Department of Finance

Notice is hereby given that the Rural Finance Administration (RFA) in the Department of Finance is seeking written comment on draft rules for the operation of a new program to assist Minnesota farmers in restructuring their land debt. Copies of the draft rules are available upon request from:

RFA Program Director
309 Administration Building
St. Paul, MN 55155
(612) 296-5900

Comments are due at the address above on June 16, 1986 at 4:30 pm.

Departments of Human Services and Health Merit System

End of Solicitation Period for Comment Concerning Merit System Rules

Notice is hereby given that the comment period for the notice of intent to solicit outside opinion concerning Minnesota Merit System rules, published in the *State Register* April 7, 1986, will end on June 9, 1986.

Questions concerning the comment period may be addressed to:

Ralph W. Corey, Supervisor
Minnesota Merit System
Fourth Floor, Centennial Office Building
658 Cedar Street
St. Paul, Minnesota 55155
Phone: (612) 296-3996

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Proposed
Rules Relating to Reciprocal
Interstate Branching by Savings
and Loan Associations

Statement of Need
and Reasonableness

I. INTRODUCTION

The proposed rules establish the procedures and requirements for savings and loan associations operating under state law to acquire ownership or control of associations in states other than Minnesota on a basis equivalent to those applicable to banks under the Reciprocal Interstate Banking Act.

II. STATEMENT OF STATUTORY AUTHORITY

1) The Minnesota Department of Commerce proposes to adopt as permanent rules Minn. Rules Parts 2660.0010 to 2660.0110 under the provisions of Section 51A.58 Minnesota Statutes 1988.

III. STATEMENT OF NEED

2) Minn. Stat. Ch. 14 (1988) requires the Commissioner of Commerce to make an affirmative presentation of facts establishing the need for and reasonableness of the rules being proposed. In general terms, this means that the Commissioner must set forth the reasons for the Department's proposal, and the reasons must not be arbitrary or capricious. However, to the extent that need and reasonableness are separate, need has come to mean that a problem exists which requires administrative attention, and reasonableness means that the solution proposed by the Commissioner is appropriate.

3) Minn. Stat. § 51A.58 requires the Commissioner of Commerce to adopt rules to provide that procedural requirements equivalent to those contained in Minn.

Stat. §§ 48.90 to 48.991 apply to reciprocal interstate branching and acquisitions by savings and loan associations.

4) As a result, these rules are necessary to the implementation of the statutory authority before any savings and loan association in this state or reciprocating state as defined by Minn. Stat. § 48.92, subdivision 7, may make application to seek approval to make interstate acquisitions.

5) Because the enabling law, Section 51A.58, does not in and of itself provide procedures, only the authority and identification of the institutions authorized to participate in such conduct, these rules must detail each of the definitions, the acquisition procedure whether an existing institution or new institution is to be acquired, enforcement of violations, supervisory authority of Commissioner, basis for reporting requirements, public participation in the process and identification of other factors applicable to banks under the Reciprocal Interstate Banking Act.

6) Separate application and approval requirements of the Reciprocal Interstate Banking Act necessitated permanent rule making by the Commissioner of Commerce which has been accomplished and predate these proposed rules. Minn. Rules parts 2655.0100 to 2655.0600, Department of Commerce/Interstate Banking, were adopted to implement the application and approval process for banks only. Therefore, these proposed rules also include equivalent rules as apply to savings and loan associations.

III. STATEMENT OF REASONABLENESS

7) The Commissioner is required by Minn. Stat. Ch. 14 to make an affirmative presentation of the facts establishing the reasonableness of the proposed rules. Reasonableness is the opposite of arbitrariness or capriciousness. It means there is a rational basis for the Department's proposed action. In general,

it is reasonable for the Commissioner in following the statutory mandate to adopt language, requirements and include the full scope of those rules adopted previously for banks under the Interstate Reciprocal Banking Act.

8) In adopting such predecessor and general statutory provisions from Minn. Stat. sections 48.90 to 48.991, it is reasonable to make changes in terminology in these proposed rules consistent with that used in the regulation of savings and loan associations as opposed to banks only.

9) In adopting such predecessor and germane rules, it is reasonable to make changes in terminology in these proposed rules consistent with that used in the regulation of savings and loan associations and recognize the differences that exist between the stock and mutual forms of organization.

10) In adopting such predecessor and germane statutory provisions and rules, it is reasonable to make modifications where operating and structural differences between banks and savings and loan associations is such to make mere reflective language absurd and unworkable.

IV. DEFINITIONS

11) All definitions in this subpart 2660.0020 are derived from Minn. Stat. § 48.92, Minn. Rules 2655.0200 and Minn. Stat. § 51A.58 as they relate to interstate branching or Chapter 51A relating to savings associations. Where terms from Minn. Stat. § 48.92 and Minn. Rules 2655.0200 related to banks, "association," "savings association," "savings and loan association" or "savings bank" were substituted as defined.

V. ACQUISITION PROCEDURE

12) Provisions of these subparts 2660.0030 are derived from Minn. Stat. § 48.93 as they relate to interstate bank acquisition application and approval requirements.

Where terms related to banks, appropriate terms consistent with the operations and regulatory relationships of savings associations were substituted. Subparts 3 and 4 are derived from Minn. Rule 2655.0300, Application, as they relate to attachments and information to be included in savings association applications based on the equivalent procedure in place for banks.

13) Subparts 5 and 6, Disapproval and Appeals, are derived from Minn. Stat. § 48.93, subd. 4 and 5, as they were enacted in 1986 relating to banks.

VI. NEW ASSOCIATIONS

14) The provisions of Minn. Stat. § 48.94 have been restated as Part 2660.0040 without change to similarly authorize acquisition of a newly formed association and limiting such acquisitions on a de novo basis to one based on the equivalent authority and procedure in place for banks.

VII. VIOLATIONS

15) The provisions of Minn. Stat. § 48.95, subd. 1 and 2, have been restated as Part 2660.0050 without change as they were enacted in 1986 relating to banks.

VIII. SUPERVISION

16) The provisions of Minn. Stat. § 48.96 have been restated as part 2660.0060 without change as it was enacted in 1986 relating to banks.

IX. REPORTS

17) Reporting requirements found in Minn. Stat. § 48.97, subdivision 1, have been restated as Part 2660.0070 without substantial change as it relates to bank holding companies and periodic reports made to federal agencies, including the Federal Home Loan Bank and/or Securities and Exchange Commissions.

18) Reporting and ratings required in connection with banks in Minn. Stat. § 48.97, subd. 2, 3 and 4 are not included in these proposed rules. Minn. Rules Parts 2655.0700 to 2655.1300 relating to the reporting and rating of interstate financial institutions have been proposed and adopted to include savings associations and embody the detail and requirements in the statutory language omitted.

X. PUBLIC PARTICIPATION

19) The availability of information and notice requirements for public input into the application procedure included in Minn. Stat. § 48.98 is repeated in these proposed rules as Part 2660.0080 without material change.

XI. DEVELOPMENTAL LOANS

20) The requirements and considerations applicable to banks meeting the regulatory test for an adequate plan to make development loans and investments as it applies to banks has been repeated from Minn. Stat. § 48.991 and Minn. Rules 2655.0400 without material change.

XII. NET NEW FUNDS

21) The requirements and considerations applicable to banks meeting the net new funds regulatory test for an adequate plan for capital or loan to deposit improvement standards as they apply to banks have been repeated from Minn. Stat. § 48.93, subd. 3(8) and Minn. Rule 2655.0500, subparts 1, 2, 3 and 4 without substantial change.

XIII. NOTICE

22) The provisions of Minn. Rules Part 2655.0600 as they relate to public notice of pending application by banks is repeated in these proposed rules as Part 2660.0110 without material change.

XIV. INTERSTATE BRANCHING

23) Commenters on the proposed rules focused on the lack of authority or procedure in the proposed rules for the interstate acquisition of offices to be operated as branches. Minn. Stat. § 51A is entitled "Interstate Branching" and reference is made to the establishment of branches in this state by acquisition, merger, purchase and assumption of some or all of the assets or liabilities or consolidation. While this is evident in the statutory language, an overriding consideration is the statutory instructions to the Commissioner for the promulgation of the rules in Minn. Stat. § 51A.58. Specifically, it states that the rules shall be the procedural equivalent to those for banks. That is, banks and savings associations would have equivalent application, approval and reporting requirements. Based on this level playing field premise, these rules only provide procedures and approval for acquisitions at the holding company level for savings associations. Reinforcement for this determination of rule making authority is found in Minn. Stat. § 48.90, subd. 3, which refers to the overall legislative intent of the enabling act to prohibit the establishment of branches of banks unless the banking subsidiary acquired maintains a principal place of business in Minnesota. Therefore, for purposes of these rules, the interstate branching comments were rejected.

Department of Commerce

Proposed Permanent Rules Relating to Reciprocal Interstate Branching by Savings and Loan Associations

Rules as Proposed (all new material)

2660.0010 APPLICABILITY AND SCOPE.

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

2660.0020 DEFINITIONS.

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

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

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

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

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

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

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

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

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

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

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

Subp. 9. **Commissioner.** "Commissioner" means the commissioner of the Department of Commerce.

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

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

Subp. 12. **Developmental loans.** "Developmental loans" includes the following categories:

A. low and moderate income housing;

B. operating loans for family farmers;

C. loans made in distressed areas;

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D. minority- and woman-owned businesses;

E. alternative energy and energy conservation practices;

F. community development corporations;

G. Indian reservations and student education loans; and

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

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

A. low and moderate income housing;

B. operating loans for family farmers;

C. loans made in distressed areas;

D. minority- and woman-owned businesses;

E. alternative energy and energy conservation practices;

F. community development corporations;

G. Indian reservations and student education loans; and

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

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

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

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

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

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loaned.

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

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

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

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

A. organized under Minnesota law; or

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

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

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

A. individuals located within a Minnesota zip code;

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

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

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

Subp. 22. **Minority-owned business and woman-owned business.** "Minority-owned business" and "woman-owned business" means any socially or economically disadvantaged person under Minnesota Statutes, section 645.445, subdivision 5. A minority-owned business or woman-owned business must have at least 50 percent of the ownership interest controlled by that disadvantaged class of persons.

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

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

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

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

2660.0030 ACQUISITION PROCEDURE.

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

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

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

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

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

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

Subp. 3. **Application documentation.** An application filed

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under subpart 1 must contain the following attachments:

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

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

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

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

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

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

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

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

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

J. Any other exhibit that the commissioner considers relevant.

Subp. 4. **Information.** The application form shall include,

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but not be limited to, the following:

A. The name and address of the applicant.

B. The name and address of the acquiree.

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

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

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

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

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

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

I. The number of shares involved in this transaction.

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

K. The total consideration for the proposed transaction.

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

M. A description of any material pending legal or administrative proceeding in which the applicant is a party, and any criminal indictment or conviction of that person by a state or federal court; and, if known by the applicant or an officer

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or director of the applicant, similar proceedings involving an affiliate of the applicant must be disclosed.

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

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

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

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

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

S. The applicant must identify any person retained or compensated by the applicant, or by any person on the applicant's behalf, to make solicitations of recommendations to

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stockholders for the purpose of assisting in the acquisition, and a brief description of the terms of any retainer or arrangement for compensation.

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

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

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

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

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

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

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

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

B. the competence, experience, and integrity of any acquiring person or of any of the proposed management personnel indicates that it would not be in the interest of the depositors of the Minnesota association or in the interest of the public to

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permit the person to control the Minnesota association;

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

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

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

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

2660.0040 NEW ASSOCIATION APPLICATION.

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

2660.0050 VIOLATIONS.

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

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

B. cease and desist the violations by a date certain.

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The order would be subject to the procedures applicable to cease and desist proceedings under Minnesota Statutes, sections 46.23 to 46.33, and any applicable rules.

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

2660.0060 SUPERVISION.

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

2660.0070 REPORTS.

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

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require.

2660.0080 PUBLIC PARTICIPATION.

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

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

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

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

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

2660.0090 DEVELOPMENTAL LOANS.

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

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The determination of a distressed area should be made on the area's unemployment rate, economic conditions, and credit needs.

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

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

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

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

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

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

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

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

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

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

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

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

J. the volume of developmental loans made in the community during the time periods described in items A and B.

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Subp. 3. **Permissive factors.** The commissioner may also consider:

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

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

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;

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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

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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.

2660.0110 NOTICE.

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

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the commercial lending institutions within a three-mile radius of the association or branch office to be acquired or located.

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

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

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

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

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

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

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

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

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

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

(2) will bring net new funds into Minnesota;

G. that the application, subject to any limitations imposed by federal or state statutes, is available to members of the public by contacting the commissioner of the Department of

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Commerce at 500 Metro Square Building, Saint Paul, MN, 55101; and

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

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

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Office of the Revisor of Statutes

Administrative Rules

TITLE: Proposed Permanent Rules Relating to Reciprocal Interstate Branching by Savings and Loan Associations

AGENCY: Department of Commerce

MINNESOTA RULES: Chapter 2660

The attached rules are approved for publication in the State Register

Paul M. Marinac
Assistant Deputy Revisor

In the Matter of the Proposed Adoption of Rules Relating to Reciprocal Interstate Branching by Savings and Loan Associations

AFFIDAVIT OF MAILING THE NOTICE OF INTENT TO ADOPT RULES WITHOUT A PUBLIC HEARING AND THE CERTIFICATE OF MAILING LIST

STATE OF MINNESOTA)
)
COUNTY OF RAMSEY)

Jeanne M. Todd, being sworn says:

I hereby certify that the list of persons and associations who have requested, pursuant to Minnesota Statutes, sections 14.14, subdivision 1a and 14.22 or 14.30, that their names be placed on the Department of Commerce rulemaking mailing list is accurate, complete, and current as of this 2nd day of November, 1989.

That on the 2nd day of November, 1989, at the City of St. Paul, County of Ramsey, State of Minnesota, I mailed the attached Notice of Intent To Adopt Rules Without a Public Hearing, in the Matter of the Proposed Adoption of the Rules Relating to Reciprocal Interstate Branching by Savings and Loan Associations, by depositing in the State of Minnesota Central Mail System for United States mailing and United States mail, a copy thereof, with postage prepaid, to all persons and associations of the aforementioned mailing list.

Jeanne M. Todd
Jeanne M. Todd

Subscribed and sworn to before me this 2nd day of November, 1989.

Gregory J. Schaefer

GREGORY J. SCHAEFER
NOTARY PUBLIC-MINNESOTA
MOWER COUNTY
My Commission Expires AUG. 15, 1990

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Employers Health Insurance Co.
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Green Bay, WI 54344

Executive Fund Life Insurance Co.
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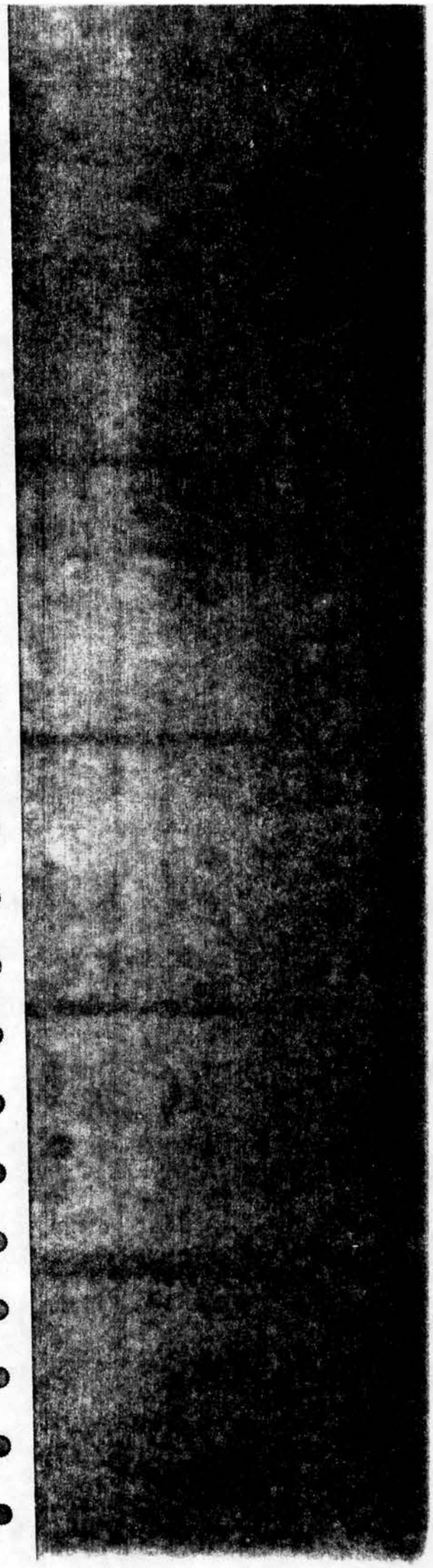

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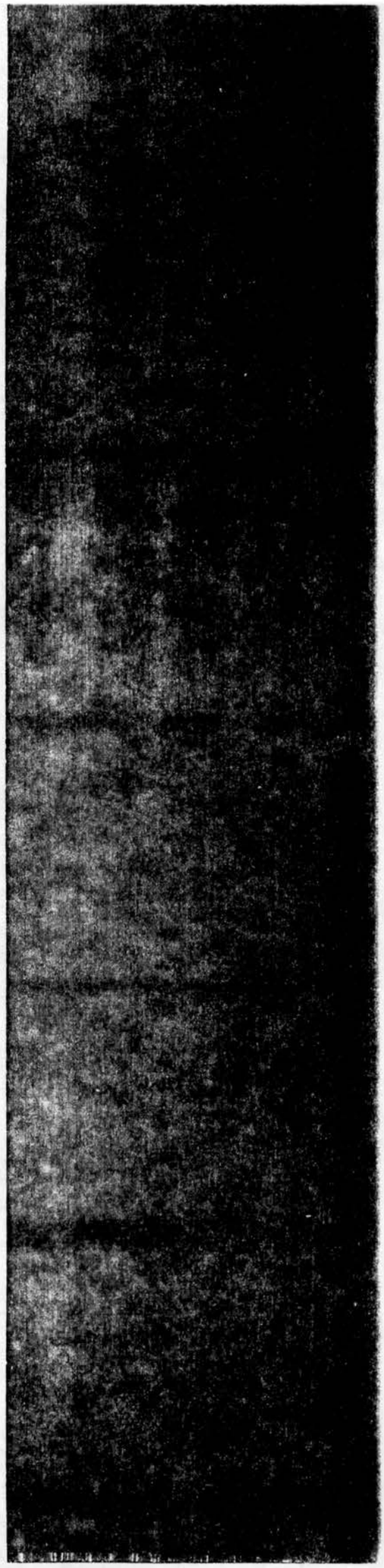

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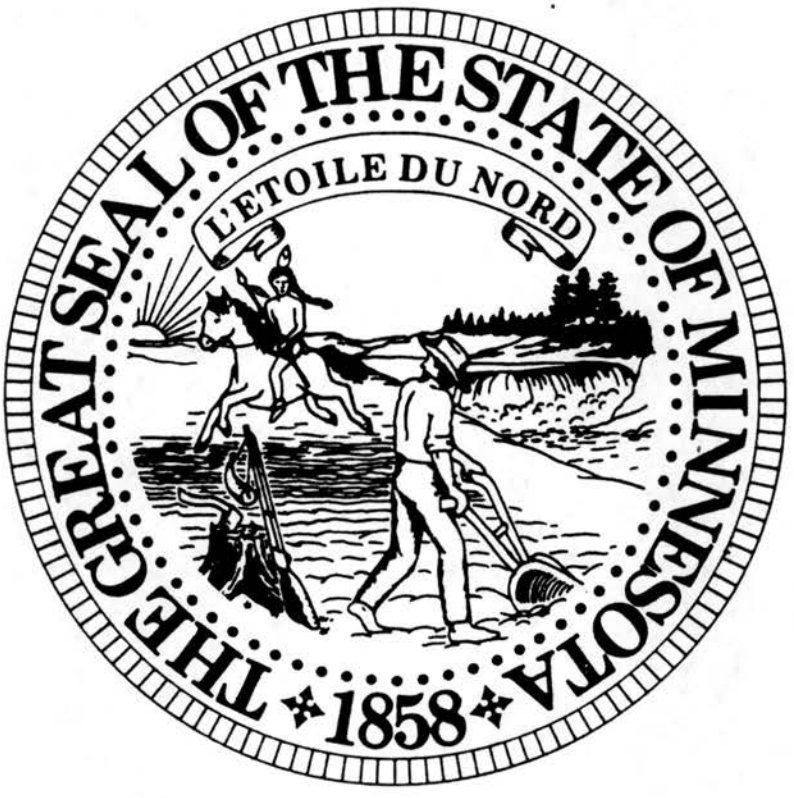

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Proposed Rules

Pursuant to Minn. Stat. §§ 14.22, an agency may propose to adopt, amend, suspend or repeal rules without first holding a public hearing, as long as the agency determines that the rules will be noncontroversial in nature. The agency must first publish a notice of intent to adopt rules without a public hearing, together with the proposed rules, in the *State Register*. The notice must advise the public:

1. that they have 30 days in which to submit comment on the proposed rules;
2. that no public hearing will be held unless 25 or more persons make a written request for a hearing within the 30-day comment period;
3. of the manner in which persons shall request a hearing on the proposed rules; and
4. that the rule may be modified if the modifications are supported by the data and views submitted.

If, during the 30-day comment period, 25 or more persons submit to the agency a written request for a hearing of the proposed rules, the agency must proceed under the provisions of §§ 14.14-14.20, which state that if an agency decides to hold a public hearing, it must publish a notice of intent in the *State Register*.

Pursuant to Minn. Stat. §§ 14.29 and 14.30, agencies may propose emergency rules under certain circumstances. Proposed emergency rules are published in the *State Register* and, for at least 25 days thereafter, interested persons may submit data and views in writing to the proposing agency.

Department of Commerce

Proposed Permanent Rules Relating to Reciprocal Interstate Branching by Savings and Loan Associations

Notice of Intent to Adopt Rules Without a Public Hearing

NOTICE IS HEREBY GIVEN that the Department of Commerce intends to adopt the above-entitled rules without a public hearing following the procedures set forth in the Administrative Procedures Act for adopted rules without a public hearing in *Minnesota Statutes*, Section 45.023 and 51A.58.

All persons have 30 days to submit comments in support of or in opposition to the proposed rule or any part or subpart of the rule. Comment is encouraged. Each comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed. The proposed rules may be modified if the modifications are supported by the data and views submitted to the Department and do not result in a substantial change.

Any person may make a written request for a public hearing within the 30 day comment period. If 25 or more persons submit a written request for a public hearing within the 30 day comment period, a public hearing will be held unless a sufficient number withdraw their request in writing. Any person requesting a hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed. If a public hearing is required, the department will proceed pursuant to *Minnesota Statutes*, sections 14.13 to 14.20.

Persons who wish to submit comments or a written request for a public hearing should submit them to:

James G. Miller, Deputy Commissioner
Division of Financial Examinations
Department of Commerce
500 Metro Square Building
St. Paul, MN 55101
(612) 296-2135

A Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rule and identifies the data and information relied upon to support the proposed rules has been prepared and is available upon request from James G. Miller.

Pursuant to *Minnesota Statutes* Section 14.115, subdivision 2, the impact on small business has been considered in the promulgation of the rules. Anyone wishing to present evidence or argument as to the rules' effect on small business may do so. The Department's position regarding the impact of the rules on small business is set forth in the Statement of Need and Reasonableness.

If no hearing is required, upon adoption of the rule, the rule and the required supporting documents will be submitted to the Attorney General for review as to legality and form to the extent the form relates to legality. Any person may request notification of the date of

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submission to the Attorney General. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the adopted rule, must submit the written request to James G. Miller.

Michael A. Hatch
Commissioner of Commerce

Rules as Proposed (all new material)

2660.0010 APPLICABILITY AND SCOPE.

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

2660.0020 DEFINITIONS.

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

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

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

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

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

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

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

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

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

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

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

Subp. 9. **Commissioner.** "Commissioner" means the commissioner of the Department of Commerce.

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

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

Subp. 12. **Developmental loans.** "Developmental loans" includes the following categories:

A. low and moderate income housing;

B. operating loans for family farmers;

C. loans made in distressed areas;

D. minority- and woman-owned businesses;

E. alternative energy and energy conservation practices;

F. community development corporations;

G. Indian reservations and student education loans; and

H. any other specifically defined class of people, businesses, or projects that meet the standards under *Minnesota Statutes*

section 645.445, subdivision 5, for socially or economically disadvantaged persons, projects, or businesses.

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

A. low and moderate income housing;

B. operating loans for family farmers;

C. loans made in distressed areas;

D. minority- and woman-owned businesses;

E. alternative energy and energy conservation practices;

F. community development corporations;

G. Indian reservations and student education loans; and

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

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

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

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

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

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

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

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

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

A. organized under Minnesota law; or

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

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

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

A. individuals located within a Minnesota zip code;

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

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

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

Subp. 22. **Minority-owned business and woman-owned business.** "Minority-owned business" and "woman-owned business" means any socially or economically disadvantaged person under *Minnesota Statutes*, section 645.445, subdivision 5. A minority-owned business or woman-owned business must have at least 50 percent of the ownership interest controlled by that disadvantaged class of persons.

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

Subp. 24. **Reciprocating state.** "Reciprocating state" is (1) a state that authorizes the establishment of branch offices in that state by a Minnesota association, and the acquisition of savings and loan associations and savings banks located in that state by a savings

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and loan holding company with its headquarters in this state, under conditions no more restrictive than those imposed by the laws of Minnesota as determined by the commissioner of commerce; and (2) comprised of the states provided for in *Minnesota Statutes*, section 48.92, subdivision 7.

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

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

2660.0030 ACQUISITION PROCEDURE.

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

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

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

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

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

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

Subp. 3. **Application documentation.** An application filed under subpart 1 must contain the following attachments:

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

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

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

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

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

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

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

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

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

J. Any other exhibit that the commissioner considers relevant.

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

A. The name and address of the applicant.

B. The name and address of the acquiree.

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

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

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

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

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

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

I. The number of shares involved in this transaction.

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

K. The total consideration for the proposed transaction.

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

M. A description of any material pending legal or administrative proceeding in which the applicant is a party, and any criminal indictment or conviction of that person by a state or federal court; and, if known by the applicant or an officer or director of the applicant, similar proceedings involving an affiliate of the applicant must be disclosed.

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

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

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

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

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

S. The applicant must identify any person retained or compensated by the applicant, or by any person on the applicant's behalf, to make solicitations of recommendations to stockholders for the purpose of assisting in the acquisition, and a brief description of the terms of any retainer or arrangement for compensation.

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

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

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

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

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

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

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

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

B. the competence, experience, and integrity of any acquiring person or of any of the proposed management personnel indicates that it would not be in the interest of the depositors of the Minnesota association or in the interest of the public to permit the person to control the Minnesota association;

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

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

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

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

2660.0040 NEW ASSOCIATION APPLICATION.

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

2660.0050 VIOLATIONS.

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

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

B. cease and desist the violations by a date certain. The order would be subject to the procedures applicable to cease and desist proceedings under *Minnesota Statutes*, sections 46.23 to 46.33, and any applicable rules.

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

2660.0060 SUPERVISION.

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

2660.0070 REPORTS.

Any reciprocating state holding company that directly or indirectly, through any subsidiary, acquires an association under *Minnesota Statutes*, section 51A.58, and parts 2660.0010 to 2660.0110, shall file with the commissioner copies of all regular and periodic reports

that the holding company is required to file under section 13 or 15(d) of the Securities and Exchange Act of 1934, as amended, excluding any portions not available to the public, and other reports the commissioner may require.

2660.0080 PUBLIC PARTICIPATION.

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

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

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

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

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

2660.0090 DEVELOPMENTAL LOANS.

Subpart 1. **Requirements.** An association located in this state owned by an interstate holding company shall provide a level of developmental loans as defined by the commissioner. A developmental loan includes, but is not limited to: (1) loans for low and moderate income housing, loans to community development corporations, loans to woman- and minority-owned businesses, student education loans, and alternative energy or energy conservation loans; and (2) loans within distressed areas and on any Indian reservation for any commercial nonreal estate purpose, home loans, home improvement loans, and operating loans to family farmers. The commissioner shall annually designate distressed areas. A distressed area may be made for a geographic region smaller than a county within the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. The determination of a distressed area should be made on the area's unemployment rate, economic conditions, and credit needs.

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

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

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

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

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

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

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

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

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

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

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

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

J. the volume of developmental loans made in the community during the time periods described in items A and B.

Subp. 3. **Permissive factors.** The commissioner may also consider:

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

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

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.

2660.0110 NOTICE.

Subpart 1. **Publication.** Within 30 days of the filing of an application, the applicant shall publish a notice of the filing of the application in a newspaper of general circulation within the county in which the association or branch office to be acquired or the proposed association or bank is located. In addition, the applicant shall mail by certified mail, return receipt requested, notice of the filing of the application to the commercial lending institutions within a three-mile radius of the association or branch office to be acquired or located.

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

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

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

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

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

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

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

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

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

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

(2) will bring net new funds into Minnesota;

G. that the application, subject to any limitations imposed by federal or state statutes, is available to members of the public by contacting the commissioner of the Department of Commerce at 500 Metro Square Building, Saint Paul, MN, 55101; and

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

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

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." **ADOPTED RULES SECTION** — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Proposed Adoption of Rules Relating to Reciprocal Interstate Branching By Savings and Loan Associations

FINDINGS OF FACT, CONCLUSIONS, AND ORDER ADOPTING RULE WITHOUT A PUBLIC HEARING

Notice of the Commissioner's intent to adopt the above entitled rule was published in the State Register on November 6, 1989 at 14 S. R.1123 and was sent by United States mail to all persons on the list maintained by the department pursuant to Minnesota Statutes, section 14.14, subdivision 1a and 14.22 on November 2, 1989. The statement of need and reasonableness was prepared before the notice of intent to adopt a rule without a public hearing was mailed to all persons on the rulemaking list and published in the State Register and was available to the public.

All persons were given the opportunity to submit comment on the rule for 30 days after notice of proposed rulemaking. No requests for a public hearing on the rule were received by the department. The agency received no requests for a public hearing. No submissions or comment on the rules were received by the department. No requests for notice of submission to the attorney general were received by the department.

Based on the comments and evidence in the record before the agency, I find the following:

The above-captioned rule is needed and reasonable.

NOW, THEREFORE, IT IS ORDERED that the rule identified as Rules Relating to Reciprocal Interstate Branching by Savings and Loan Associations is adopted this 5th day of January 1990, pursuant to authority vested in me by Minnesota Statutes, sections 45.023 and 51A.58.

MICHAEL A. HATCH
Commissioner of Commerce

Dated this 5th day of
January 1990.