

RE: Conversion of a Federal Savings Bank to a State Chartered Commercial Bank

The Department of Financial Institutions will require the following information to convert a federal savings bank to a state-chartered commercial bank. These requirements are based on Tennessee Code Annotated Section 45-11-101 through 45-11-110, and other applicable state laws. The plan of conversion shall contain:

- 1) The type of financial institution which will result from the conversion and the location of all of its branches.
- 2) The proposed name of the resulting institution.
- 3) The proposed effective date of the conversion.
- 4) A copy of the proposed charter of the resulting institution. In addition, please supply a copy of the current charter.
- 5) A copy of the proposed by-laws of the resulting institution. In addition, please supply a copy of the current by-laws.
- 6) The method for converting the current capital structure of the institution to the structure indicated for the resulting institution by the proposed charter.
- 7) The name of each director and executive officer, the office held and such director's and officer's experience.
- 8) The method and schedule for terminating any activities and disposing of any assets which do not conform to the requirements of the resulting institution and for meeting any requirements applicable to the resulting institution which the converting institution does not presently satisfy.
- 9) Any additional activities which the converting institution intends to conduct upon the effective date of the conversion, which it does not presently conduct.
- 10) Proof of deposit insurance or insurance of accounts.
- 11) Provisions for appointment of successors to any fiduciary positions held by the converting institution if the resulting institution will not exercise trust powers.
- 12) The competitive impact of the conversion, if any, including any effect on the availability of particular financial services in the community served by the institution.
- 13) A statement that the conversion is subject to approval by the Commissioner and shareholders or members of the financial institution.
- 14) To what extent the converting institution currently engages in any non-traditional activities including, but not limited to: mortgage banking, insurance product sales, annuity sales, brokerage services or finance subsidiary.
- 15) Each director, executive officer and anyone owning 10% or more of the stock of the institution must complete pages i-7 of the form at this link: <http://www.fdic.gov/formsdocuments/Bio-FinReport.pdf> In addition, the Commissioner reserves the right to request the financial portion of the form at any time during the application process.

Please submit the plan of conversion, including the information outlined above, to the Commissioner for approval, together with a certified copy of the authorizing resolutions of the board of directors showing approval by a majority of the entire board. Any of the above information that is not applicable should be so noted in the plan of conversion.

The application for conversion shall be accompanied by a non-refundable fee of \$3,000. Please make check payable to the Treasurer, State of Tennessee.

The Commissioner shall approve the plan of conversion if it meets the requirements of T.C.A. Section 45-11-105(d)(1-8).

Stockholders must approve the conversion by a majority vote of each class at a meeting called to consider such action, unless a greater vote is required by the charter. This vote shall constitute the adoption of the charter and bylaws of the resulting financial institution. Mutually-owned financial institutions must approve the conversion by a majority vote of those members of the institution qualified to vote in person or by mail ballot at a meeting called to consider such action.

Prior to mailing, notice of the meeting of shareholders or members and the proxy statement or mail ballot form shall be submitted to the commissioner for approval. The commissioner may require changes in the disclosures and the proxy or mail ballot provided the stockholders or members to assure full and adequate disclosure prior to those documents being mailed to stockholders or members. Notice of the meeting and other disclosures shall be mailed to each stockholder or member thirty (30) days prior to the date of the meeting called to consider the conversion.

Publication Notice Requirements. Within three (3) days of the filing date (date mailed or delivered to the Department) of the application for a charter conversion, the applicant must publish one (1) time in a newspaper of general circulation in the community where the home office of the applicant is located, and each community where any other office or branch is located:

“Notice is hereby given that, pursuant to T.C.A. Section 45-11-101 et seq. of the Tennessee Code. _____ (“Applicant”), with its main office located in _____, Tennessee, has filed an application with the Commissioner of Financial Institutions for the State of Tennessee for permission to convert its charter from that of a _____ to a _____ (“commercial bank”). Any person wishing to comment on or protest this application or any person having information which may have a bearing on the fitness of the Applicant, or any of its directors or officers, may file comments with the Commissioner of Financial Institutions in 414 Union Street, Suite 1000, Nashville, Tennessee 37219, or telephone the Department of Financial Institutions at 615/741-5018. Written or

telephonic notice must be made to the Commissioner within fifteen (15) days of this publication.”

Upon filing with the Commissioner the executed plan of conversion, together with a copy of the Resolution of the stockholders or members of the converting institution approving the Plan of Conversion and certified by the financial institution’s President or a Vice President and a Cashier, the Commissioner shall thereupon approve the proposed charter of the resulting financial institution for filing with the Secretary of State and issue the resulting financial institution a Certificate of Conversion. The Certificate of Conversion shall be issued after the following conditions have been met:

- A) Provisions of the plan of conversion for successors to fiduciary positions held by the converting institution have been implemented;
- B) Evidence of federal deposit insurance effective as of the proposed date of the conversion; and
- C) Such other provisions as the Commissioner may require, pursuant to T.C.A. Section 45-11-105(a)(14).

The Certificate of Conversion shall be conclusive evidence of the conversion and correctness of all proceedings in courts and places, and will be recorded in the same manner as is provided for recording of a charter of such institution.

Please find attached, for your convenience, a copy of applicable state laws and, in pdf format. Please note that it is necessary to contact the appropriate federal regulatory agencies in order to obtain requirements of those agencies in regard to the proposed conversion.

I hope that you find this information to be helpful in guiding you through the conversion process. Please contact Tod K. Trulove, Assistant Commissioner, at 615/741-5604 or Debra Grissom, Program Administrator of Applications, at 615-741-5018 if you have questions concerning the application process or if we may offer further assistance.