



State of Rhode Island
Department of Business Regulation



DIVISION OF BANKING

1511 Pontiac Avenue, Building 68-2
 Cranston, RI 02920
 Telephone (401) 462-9503 - Facsimile (401) 462-9532

**APPLICATION FOR APPROVAL TO MERGE OR CONSOLIDATE A
 FINANCIAL INSTITUTION
 UNDER RHODE ISLAND GENERAL LAWS §19-2-13**

This applicant is seeking the approval of the Director of the State of Rhode Island Department of Business Regulation to (check only one below):

- (1) _____ Merge or consolidate with another Regulated Institution or other Insured-deposit-taking Institution duly organized under the laws of the United States;
- (2) _____ Purchase substantially all of the assets and assume substantially all of the liabilities of another Regulated Institution or other Insured-deposit-taking Institution duly organized under the laws of the United States; or
- (3) _____ Acquire more than fifty percent (50%) of the stock of another Regulated Institution or other Insured-deposit-taking Institution duly organized under the laws of the United States

Name of Applicant: _____

Address of Applicant: _____

Date of Filing: _____

APPLICATION COORDINATOR:

Name: _____

Title: _____

Address: _____

Telephone Number: _____

Each Financial Institution seeking approval to of the transaction indicated above shall comply with the relevant provisions of Rhode Island General Laws ' '7-1.1-65 through 7-1.1-69 and file the application with all attachments with the Division of Banking, which application shall include at a minimum the following:

- 1. A narrative and financial description of the terms and conditions of the manner in which the proposed transaction is to be accomplished.**
- 2. A statement on the proposed transaction's effect on:**
 - A. The financial condition of the institutions entering into the proposed transaction
 - B. Fairness to the owners of each institution
 - C. Public convenience and advantage
- 3. Projections/forecasts of any significant impact that the proposed transaction will have on the following:**
 - A. The state's economy
 - B. The state's employment levels
 - C. The state's tax base

The projections/forecasts shall include information on the above factors both before and after the proposed transaction

- 4. Board/trustee and depositor votes for each of the institutions joining in the proposed transaction.**
 - A. In the case of a stock financial institution, the resolution of the board of directors of the institution reflecting an affirmative vote on the Plan of the Proposed Transaction of 2/3 of the board of directors.
 - B. In the case of a mutually owned institution, evidence of the affirmative vote on the Plan of the Proposed Transaction of 2/3 of the board of directors or trustees and a majority vote of the depositors of the financial institution, present in person or by proxy, at a meeting called by the board of directors or trustees.
- 5. Contents of the Plan of the Proposed Transaction that shall set forth:**
 - A. The names of the financial institutions involved in the proposed transaction, and the name of the surviving institution
 - B. The terms and conditions of the proposed transaction

- C. The manner and basis of converting the shares of each financial institution which is a party to the proposed transaction into shares or obligations or other securities of the surviving financial institution, or in whole or in part, into cash, property, or shares, obligations, or other securities of any other institution
 - D. A statement of any changes in the Agreement to Form (Articles of Incorporation) of the surviving financial institution to be effected by the proposed transaction, or if no changes are desired, a statement to that effect.
 - E. Such other provisions with respect to the proposed transaction as deemed necessary or desirable.
6. **Certified vote of the shareholders, pursuant to the relevant provisions of R. I. Gen. Laws §7-1.1-67 of each financial institution evidencing the affirmative vote of a majority of shares entitled to vote thereon. In the event that any class of shares of any financial institution is entitled to vote as a class thereon, approval of the Plan of The Proposed Transaction shall also require the affirmative vote the holder of the majority of the shares of each class of shares entitled to vote as a class thereon.**

Notwithstanding the foregoing provisions of this section, except as may be required by the Agreement to Form, no approval of the Plan of the Proposed Transaction by the stockholders of the surviving financial institution in a Merger Transaction, and no notice to any of the stockholders of the surviving financial institution shall be required if:

- A. The Plan of the Proposed Transaction does not amend the Agreement to Form; and
 - B. The Plan of Proposed Transaction does not involve the issuance or transfer by the financial institution (either directly or through the medium of options or warrants for, or shares or debt instruments convertible within one year into, shares) of shares possessing more than one-third (a) of the total combined voting power of all classes of stock then entitled to vote for the election of directors which will be outstanding immediately after the proposed transaction. **If the plan of the proposed transaction is adopted by the surviving financial institution in a Merger Transaction without any approval by its shareholders, pursuant to the provisions of this subsection, that fact shall be certified in the Articles of Merger.**
7. **Copy of the written notice of the meeting of the shareholders, which complies with the provisions of R. I. Gen. Laws '7-1.1-27, along with certification that the notice was given to each shareholder of record, whether or not entitled to vote, not less than twenty (20) days before the meeting (R. I. Gen. Laws '7-1.1-67). The notice shall contain the following:**
- A. A statement that the purpose or one or more of the purposes is to consider the

- proposed Plan of the Proposed Transaction;
 - B. A copy or a summary of the Plan of the Proposed Transaction;
 - C. A statement of the stockholder's right to dissent and a copy or a summary of R. I. Gen. Laws '7-1.1-74, except where no such right is available; and
 - D. The place, day, and hour of the meeting.
- 8. In the case of a merger transaction, three-(3) executed originals of the Articles of Merger, with ample space to include the approval of the Director of Business Regulation or the Director's Designee, that comply with the applicable provisions of R. I. Gen. Laws '7-1.1-68 or R. I. Gen. Laws '7-1.1-68.1 that shall set forth:**
- A. The Plan of Merger
 - B. As to each financial institution, the number of shares outstanding entitled to vote on the plan, respectively, and if the shares of any class are entitled to vote on the plan as a class, the designation and number of outstanding shares of each class, and the number of shares of each class voted for and against the plan, respectively.
 - C. For financial institution owning at least ninety percent (90%) of the outstanding shares of each class of another regulated institution or insured-deposit-taking institution duly organized under the laws of the United States and merging the other institution into itself:
 - 1. The number of outstanding shares of each class of the subsidiary institution and the number of shares of each class owned by the surviving institution.
 - 2. The date of the mailing of a copy of the Plan of Merger to shareholders of the subsidiary institution.
 - D. Date merger to become effective if effective date is after the issuance of Certificate of Merger by the Secretary of State.
- 9. Financial statements of both institutions involved in the proposed transaction dated not more than ninety-(90) days prior to the date of application.**
- 10. Proforma financial statements and projections upon completion of the proposed transaction for the three-(3) year period following the proposed transaction.**
- 11. OTHER REGULATORY AGENCIES**
- Please provide a list of the name, address, telephone number and contact person of any state or federal bank regulatory or licensing authority having jurisdiction over the proposed transaction.
- 12. A copy of the approval or lack of objection, if applicable, to the proposed transaction**

by of any state or federal bank regulatory or licensing authority having jurisdiction over the proposed transaction.

13. **A business plan which details the surviving entity's short and long range goals and objectives for the three (3) years following the proposed transaction. The business plan shall also include an employee and management plan.**

14. **Agreements Governing Financial Institution Officials**

Each institution which is a party to the proposed transaction shall provide copies of any agreements and/or contracts with respect to officials of each institution which is a party to the transaction which address compensation, and official duties and responsibilities along with a statement of the financial impact of such agreements and/or contracts on each institution which is a party to the proposed transaction. For purposes of this request an institution official includes a member of the board of directors, board of trustees, as well as the chief executive officer and chief financial officer of each institution which is a party to the proposed transaction.

15. **Labor Contracts**

The continuing financial institution shall provide an explanation of the legal and financial impact that any labor contracts which either institution is a party may have on the continuing institution.

16. **A flow chart and explanation of the proposed corporate organizational structure including any relationships to affiliates and subsidiaries.**

17. **Please provide the following for the surviving institution**

- **A copy of the most Recent CRA Performance Evaluation Rating; or**
- **An institution which has not received a CRA Performance Evaluation Rating must provide a copy of its most recent CRA Statement, and the most recent copy of those reports that are required to be filed pursuant to the Community Reinvestment Act of 1977 as subsequently amended or R. I. Gen. Laws §19-9-4 which include at a minimum the following:**
 - A) The geographic distribution of the institution's credit extensions, credit applications, and credit denials, during the two (2) calendar years preceding the application, specifying the number and dollar amount of each such loan by type;
 - B) The effect of the matter which is the subject of the application upon the economy of the neighborhood, city or town, region, or state, including the number and types of full and part-time jobs;

- C) The institution's participation, including investments, in local community development and redevelopment projects or programs during the two (2) calendar years preceding the application, specifying the number and dollar amount of each such loan and investment by type; if none, provide statement which explains institution's lack of such participation.
- D) The institution's origination of residential mortgage loans, housing rehabilitation loans and small business or small farm loans within its community or the purchase of such loans originated in its community during the two (2) calendar years preceding the application, specifying the number and dollar amount of each such loan by type; if none, provide statement which explains institution's lack of such participation.
- E) The institution's participation in governmentally-insured, guaranteed, or subsidized loan programs for housing, small businesses, or small farms during the two (2) calendar years preceding the application, specifying the number and dollar amount of each such loan by type; if none, provide statement which explains institution's lack of such participation.
- F) A statement which addresses whether the institution has or intends to engage in any practices intended to discourage application for any types of consumer credit; and
- G) Explanation, including the dates, disposition, and corrective measures taken with respect to any accusations of prohibited discriminatory or other illegal credit practices.

18. Surety Bond

The continuing institution must provide evidence that it has reviewed its surety bond coverage to ensure compliance with R. I. Gen. Laws §19-2-19 and Banking Regulation 98-2. The review must address, at a minimum the following:

- a) That the continuing institution will have the minimum dollar amount of coverage as of the effective date of the proposed transaction.
- b) That the continuing financial institution has notified its surety bond carrier of the proposed transaction.
- c) That, in the case of a merger, the merging financial institution will not cancel its surety bond coverage until the merger is complete.
- d) Information that may be required by the surety bond carrier with respect to each institution that is a party to the proposed transaction.

19. Notice of application filed which shall be published at least once a week, for three consecutive weeks, in The Providence Journal and one or more other newspapers, if desired and designated by the board (sample enclosed). Once published, an affidavit of publication must be filed with the Division of Banking. Publication dates and comment period to determined by the Division of Banking.

20. **Certification by the President or Vice President and Secretary or Treasurer of the respective financial institutions that the information contained in the application is true and that any schedules provided correctly represent the true state of the several matters contained within the request to the best of their knowledge and belief.**

POST APPROVAL PROCEDURES

1. **In the case of a Merger Transaction, within thirty (30) days of approval by the Director of Business Regulation, applicant shall file with the Division of Banking evidence that the Articles of Merger, in triplicate, has been filed with the office of the Rhode Island Secretary of State.**
2. **Within thirty (30) days of the date of the Decision on the application by the Director of Business Regulation, applicant shall pay an application filing fee pursuant to R. I. Gen. Laws '19-1-3 and Banking Regulation 98-1-5.**

Sample Notice

Department of Business Regulation

Division of Banking

Notice of Application Filed

Notice is hereby given pursuant to R.I. Gen. Laws ' 19-1-3, as amended, that an application has been filed by (Insert Name and Address of Applicant) with the Department of Business Regulation for approval to (Describe the nature of the proposed transaction) in accordance with R.I. Gen. Laws ' 19-2-13, as amended.

All persons wishing to review and/or comment on the application may make requests to the Department of Business Regulation, Division of Banking, 1511 Pontiac Avenue, Cranston, Rhode Island 02920. Application documents will be available for public inspection and comment between the hours of 9:00 a.m. and 3:30 p.m. in the office of the Division of Banking from (insert beginning date of comment period) to (insert ending date of comment period). Any comments made relative to the application shall be made in writing addressed to Joseph Torti, Deputy Director and Superintendent of Banking, Department of Business Regulation, Division of Banking, 1511 Pontiac Avenue, Cranston, Rhode Island 02920.

The Division of Banking is accessible to the handicapped.

If, at the end of the comment period, there are no objectors to the application, a decision may be made to approve or deny the application.

This notice will appear in The Providence Journal on (dates of publication).

State of Rhode Island and Providence Plantations
Department of Business Regulation

Paul E. McGreevy
Director