

1301:2-1-16. CONVERSION FROM MUTUAL TO STOCK FORM OF OWNERSHIP

(A) In order to convert from a mutual to a permanent stock form of ownership, a savings and loan association must file an application in accordance with this rule and receive prior written approval thereof from the superintendent.

(B) The application for conversion shall include:

(1) A plan of conversion;

(2) Amendments to the savings and loan association's articles of incorporation and a check payable to the secretary of state for the applicable filing fee;

(3) Amendments to the savings and loan association's constitution and bylaws;

(4) A copy of the proxy and soliciting materials to be used; and

(5) Other information as the superintendent may require.

(C) The plan of conversion shall provide:

(1) A comprehensive description of the nontransferable subscription rights received by each eligible accountholder, including details on oversubscriptions;

(2) That the shares of the converting savings and loan association be offered to persons with subscription rights and management, in that order, and that any remaining shares shall be sold either in a public offering through an underwriter or directly by the converting savings and loan association in a direct community offering;

(3) That a direct community offering by the converting savings and loan association shall give a preference to natural persons residing in the counties in which the savings and loan association has an office;

(4) That the sale price of the shares of capital stock to be sold in the conversion shall be a uniform price determined in accordance with paragraph (I) of this rule, and shall specify the underwriting and/or other marketing arrangements to be made;

(5) That the conversion must be completed within twenty-four months from the date the savings and loan association members approve the plan of conversion;

(6) That each savings accountholder of the converting savings and loan association shall receive, without payment, a withdrawable savings account or accounts in the converted savings and loan association equal in withdrawable amount to the withdrawal value of such accountholder's savings account or accounts in the converting savings and loan association;

(7) For an eligibility record date;

(8) That the expenses incurred in the conversion shall be reasonable;

(9) That the converting savings and loan association shall not loan funds or otherwise extend credit to any person to purchase the capital stock of the savings and loan association;

(10) That the proxies held with respect to voting rights in the savings and loan association will not be voted regarding the conversion, and that new proxies will be solicited for voting on the proposed plan of conversion;

(11) The amount of the deposit of an accountholder shall be the total of the deposit balances in the accountholder's savings accounts in the converting savings and loan association as of the close of business on the eligibility record date. The plan of conversion may provide that total deposit balances of less than fifty dollars (or any lesser amounts) shall not be considered for purposes of paragraph (C)(6) of this rule; and

(12) That for a period of one year after the date of the conversion, no converted savings and loan association shall repurchase any of its capital stock if the effect thereof would cause the savings and loan association to not meet its capital requirements.

(D) A plan of conversion shall be adopted by not less than two-thirds of the savings and loan association's board of directors.

(E) Upon determining that an application for conversion is properly executed and is not materially incomplete, the superintendent will advise the savings and loan association, in writing, to publish a notice of the filing of the application. Promptly after receipt of the advice, the savings and loan association shall prominently post the notice in each of its offices and publish the notice in a newspaper printed in the English language and having general circulation in each community in which an office of the savings and loan association is located, as follows:

NOTICE OF FILING OF AN APPLICATION FOR PERMISSION TO CONVERT TO A STOCK SAVINGS AND LOAN ASSOCIATION

Notice is hereby given that, pursuant to section 1155.27 of the Revised Code _____ has filed an application with the Ohio division of savings and loan associations requesting approval to convert to an Ohio-chartered permanent stock savings and loan association. The proposed plan of conversion will be available for inspection by any member of the savings and loan association at the offices of the division of savings and loan associations in Columbus, Ohio, and at each office of the savings and loan association. Materials supporting the objections from any member of the savings

and loan association or aggrieved person will be considered by the division of savings and loan associations if filed within ten business days after the date of this notice.

(F) Promptly after publication of the notice or notices prescribed in paragraph (E) of this rule, the savings and loan association shall file one copy of the notice together with an affidavit of publication from each publisher with the superintendent.

(G) Following approval of the application for conversion by the superintendent, the plan of conversion shall be submitted to the members at an annual or special meeting and the plan shall be approved, in person or by proxy, by at least a majority of the total outstanding votes of the members of the savings and loan association.

(H) No offer to sell securities of a savings and loan association pursuant to a plan of conversion may be made prior to superintendent approval of the:

- (1) Application for conversion;
- (2) Proxy statement; and
- (3) Offering circular.

(I) If the offering is to commence prior to the meeting of the savings and loan association members held to vote on the plan of conversion, the proxy statement and preliminary offering circular authorized for use by the superintendent shall set forth the estimated price range.

(1) The maximum of such price range should normally be no more than fifty dollars per share or fifteen per cent above the average of the minimum and maximum of such price range.

(2) The minimum of such price range should normally be no less than five dollars per share or no more than fifteen per cent below such average.

(3) No representation may be made in any manner that the superintendent has approved such price information.

(J) Within forty-five days:

(1) Of the date of the mailing of the subscription form, the subscription rights must be exercised.

(2) After the last day of the subscription period, the sale of all shares of capital stock of the converting savings and loan association to be made under the plan of conversion, including any sale in a public offering or direct community marketing, shall be completed.

(K) The converting savings and loan association shall pay interest at not less than the passbook rate on all amounts paid in cash or by check or money order to the savings and loan association to purchase shares of capital stock in the subscription offering or direct community offering from the date payment is received by the savings and loan association until the conversion is completed or terminated.

(L) For the purpose of this rule:

(1) The public offering shall be deemed to commence upon the filing with the superintendent of the preliminary offering circular for the public offering; and

(2) The direct community offering shall be deemed to commence upon the declaration of effectiveness by the superintendent of the final offering circular.

(M) The superintendent may grant a written waiver from any requirement of this rule.

(N) For purposes of this rule:

(1) The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

(2) The term "person" includes an individual, a group acting in concert, a corporation, a partnership, a savings and loan association, a trust, any unincorporated organization, or a government or political subdivision thereof.