a federal stock savings bank under this
subpart if:
(a) FDIC certifies under section
5(o)(2)(C) of the HOLA that severe fi-
nancial conditions threaten your sta-
bility and that the voluntary super-
visory conversion is likely to improve
your financial condition, and OTS con-
curs with this certification; or
(b) You meet the following condi-
tions:
(1) Your liabilities exceed your as-
sets, as calculated under generally ac-
cepted accounting principles, assuming
you are a going concern; and
(2) You will issue a sufficient amount
of permanent capital stock to meet
your applicable FDIC capital require-
ment immediately upon completion of
the conversion, or FDIC determines
that you will achieve an acceptable
capital level within an acceptable time
period.

§ 563b.650 What must I include in my
plan of voluntary supervisory con-
version?

A majority of your board of directors
must adopt a plan of voluntary super-
visory conversion. You must include
all of the following information in your
plan of voluntary supervisory conver-
sion.
(a) Your name and address.
(b) The name, address, date and place
of birth, and social security number of
each proposed purchaser of conversion
shares and a description of that pur-
chaser’s relationship to you.
(c) The title, per-unit par value, num-
ber, and per-unit and aggregate offer-
ing price of shares that you will issue.
(d) The number and percentage of
shares that each investor will pur-
chase.
(e) The aggregate number and per-
centage of shares that each director,
officier, and any affiliates or associates
of the director or officer will purchase.
(f) A description of any liquidation
account.
(g) Certified copies of all resolutions
of your board of directors relating to
the conversion.

§ 563b.660 What must I include in my
voluntary supervisory conversion
application?

You must include all of the following
information and documents in a vol-
untary supervisory conversion applica-
tion to OTS under this subpart:
(a) Eligibility. (1) Evidence estab-
lishing that you meet the eligibility re-
quirements under §§563b.625 or 563b.630.
(2) An opinion of qualified, inde-
pendent counsel or an independent, cer-
tified public accountant regarding the
tax consequences of the conversion, or
an IRS ruling indicating that the
transaction qualifies as a tax-free reor-
ganization.
(3) An opinion of independent counsel
indicating that applicable state law au-
thorizes the voluntary supervisory con-
version, if you are a state-chartered
savings association converting to state
stock form.
(b) Plan of conversion. A plan of vol-
untary supervisory conversion that
complies with §563b.650.
(c) Business plan. A business plan that
complies with §563b.105, when required
by OTS.
(d) Financial data. (1) Your most re-
cent audited financial statements and
Thrift Financial Report. You must ex-
plain how your current capital levels
make you eligible to engage in a vol-
untary supervisory conversion under
§§563b.625 or 563b.630.
(2) A description of your estimated
conversion expenses.
(3) Evidence supporting the value of
any non-cash asset contributions.
Appraisals must be acceptable to OTS
and the non-cash asset must meet all other
OTS policy guidelines. See Thrift Ac-

tivities Handbook Section 110 for
guidelines at OTS’s website
(www.ots.treas.gov).
(4) Pro forma financial statements
that reflect the effects of the trans-
action. You must identify your tan-
gible, core, and risk-based capital lev-
els and show the adjustments nec-
essary to compute the capital levels.
You must prepare your pro forma
statements in conformance with OTS
regulations and policy.
(e) Proposed documents. (1) Your proposed charter and bylaws.
(2) Your proposed stock certificate form.

(f) Agreements. (1) A copy of any agreements between you and proposed purchasers.
(2) A copy and description of all existing and proposed employment contracts. You must describe the term, salary, and severance provisions of the contract, the identity and background of the officer or employee to be employed, and the amount of any conversion shares to be purchased by the officer or employee or his or her affiliates or associates.

(g) Related applications. (1) All filings required under the securities offering rules of parts 563b and 563g of this chapter.
(2) Any required Holding Company Act application, Control Act notice, or rebuttal submission under part 574 of this chapter, including prior-conduct certifications under Regulatory Bulletin 20.
(3) A subordinated debt application, if applicable.
(4) Applications for permission to organize a stock association and for approval of a merger, if applicable, and a copy of any application for Federal Home Loan Bank membership or FDIC insurance of accounts, if applicable.
(5) A statement describing any other applications required under federal or state banking laws for all transactions related to your conversion, copies of all dispositive documents issued by regulatory authorities relating to the applications, and, if requested by OTS, copies of the applications and related documents.

(h) Waiver request. A description of any of the features of your application that do not conform to the requirements of this subpart, including any request for waiver of these requirements.

OTS REVIEW OF THE VOLUNTARY SUPERVISORY CONVERSION APPLICATION

§ 563b.670 Will OTS approve my voluntary supervisory conversion application?
OTS will generally approve your application to engage in a voluntary supervisory conversion unless it determines:
(a) You do not meet the eligibility requirements for a voluntary supervisory conversion under §§ 563b.625 or 563b.630 or because the proceeds from the sale of your conversion stock, less the expenses of the conversion, would be insufficient to satisfy any applicable viability requirement;
(b) The transaction is detrimental to or would cause potential injury to you or the Deposit Insurance Fund or is contrary to the public interest;
(c) You or your acquiror, or the controlling parties or directors and officers of you or your acquiror, have engaged in unsafe or unsound practices in connection with the voluntary supervisory conversion; or
(d) You fail to justify an employment contract incidental to the conversion, or the employment contract will be an unsafe or unsound practice or represent a sale of control. In a voluntary supervisory conversion, OTS generally will not approve employment contracts of more than one year for your existing management.

§ 563b.675 What conditions will OTS impose on an approval?
(a) OTS will condition approval of a voluntary supervisory conversion application on all of the following:
(1) You must complete the conversion stock sale within three months after OTS approves your application. OTS may grant an extension for good cause.
(2) You must comply with all filing requirements of parts 563b and 563g of this chapter.
(3) You must submit an opinion of independent legal counsel indicating that the sale of your shares complies with all applicable state securities law requirements.
(4) You must comply with all applicable laws, rules, and regulations.
(5) You must satisfy any other requirements or conditions OTS may impose.
(b) OTS may condition approval of a voluntary supervisory conversion application on either of the following:

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