

STATEMENT OF NEED AND REASONABLENESS

Minnesota Rule 2675.3160 is being amended to permit a savings association operating for less than three years to make application for a branch office.

The present rule was directed at mutual associations which begin operations without a reserve base. The rule has been in place since 1967. In 1981 the Savings Association Act was expanded to provide for the establishment of capital stock associations. These associations begin operations with predetermined reserves and therefore the expense associated with the maintenance of branch offices is of less consequence than that of a mutual association. There presently are no state chartered mutual savings associations operating in Minnesota while there are two stock savings associations. The amended rule will not adversely affect small business and may enhance small business by expanding financial service locations.