Sec. 36a-136-3. Business plan

(a) Prior to filing an application for conversion, the converting institution shall adopt a business plan reflecting the converting institution's intended plans for deployment of the proposed conversion proceeds. The chief executive officer and the governing board shall review, and at least a majority of the governing board shall approve, the business plan. Such business plan is required under section 36a-136-8 of the Regulations of Connecticut State Agencies to be included in the conversion application. At a minimum, the business plan shall address:

(1) The converting institution's projected operations and activities for three years following the conversion. The converting institution shall describe how it will deploy the conversion proceeds at the converted institution and holding company, if applicable, what opportunities are available to reasonably achieve the planned deployment of conversion proceeds and how the deployment will provide a reasonable return commensurate with investment risk, investor expectations and industry norms by the final year of the business plan. The converting institution shall include three years of projected financial statements. The business plan shall provide that the converted institution shall retain at least fifty per cent of the net conversion proceeds. The commissioner may: (A) Require that a larger percentage of proceeds remain in the converted institution, or (B) authorize the converted institution to retain a smaller percentage if the commissioner determines that the proposed deployment of proceeds is consistent with safety and soundness and will benefit the community;

(2) The converting institution's plan for deploying conversion proceeds to meet credit and lending needs in the proposed market areas;

(3) The risks associated with the converting institution's plan for deployment of conversion proceeds and the effect of this plan on management resources, staffing and facilities; and

(4) The expertise of the converting institution's management and governing board, or the converting institution's plan for adequate staffing and controls to prudently manage the growth, expansion, new investment and other operations and activities proposed in the business plan.

(b) The converting institution shall not project returns of capital or special dividends in any part of the business plan. A newly converted institution or its holding company, if applicable, shall not plan on stock repurchases in the first year of the business plan.

(c) If the commissioner approves the application for conversion and the conversion is completed, the converted institution shall operate within the parameters of the business plan. The converted institution shall obtain the prior written approval of the commissioner for any material deviations from the business plan.

(Adopted effective September 7, 2007)