



Comptroller of the Currency
Administrator of National Banks

Central District Office
One Financial Place, Suite 2700
440 South LaSalle Street
Chicago, Illinois 60605

March 23, 2012

Corporate Decision #2012-07
April 2012

Harley Vestrum
Chief Risk Officer
Stearns Bank, National Association
4191 Second Street S.
St. Cloud, Minnesota 56301

Re: Failure Acquisition of Covenant Bank & Trust, Rock Spring, Georgia
Control No. 2012-CE-02-0011

Dear Mr. Vestrum:

The Office of the Comptroller of the Currency (“OCC”) approves the application of Stearns Bank, National Association, St. Cloud, Minnesota, (“Acquirer”) to purchase certain assets and assume certain liabilities of Covenant Bank & Trust, Rock Spring, Georgia, (“Failed Entity”), for the reasons set below. As discussed below, the transaction may be consummated immediately upon approval. 12 U.S.C. § 1828(c)(6).

Failed Entity, a state non-member bank with deposits insured by the Federal Deposit Insurance Corporation (“FDIC”), was closed by the Georgia Department of Banking and Finance on March 23, 2012, and the FDIC was appointed as receiver. The Comptroller has now been asked to grant his written approval of the proposed agreement negotiated between the FDIC and Acquirer by which the latter would purchase certain assets and assume certain liabilities of Failed Entity.

This approval is granted based upon the information contained in Acquirer’s application and other information and representations made to the OCC during its processing of the application. In addition, this approval is granted based on your representations in letter dated March 21, 2012 from Chief Financial Officer Matt Geist to the OCC, that Stearns Bank, National Association will take all steps necessary to ensure adherence with OCC Bulletin 2010-19, Bargain Purchases and Assisted Acquisitions.

The Purchase and Assumption

Acquirer applied to the OCC for approval to purchase certain assets of and assume certain liabilities of Failed Entity under 12 U.S.C. §§ 24 (Seventh) and 1828(c) (the “Transaction”). The Acquirer and Failed Entity are located in Georgia and all of the Failed Entity’s branches are located in Georgia. A national bank may acquire all or part of a depository institution through a purchase and assumption transaction under 12 U.S.C. § 24 (Seventh). Thus, the Transaction is legally authorized and the OCC approves the Transaction.

Acquirer also requested OCC approval to retain the branches of Failed Entity upon consummation of the Transaction.

Bank Merger Act

The OCC reviewed the proposed purchase and assumption Transaction under the criteria of the Bank Merger Act, 12 U.S.C § 1828(c), and applicable OCC regulations and policies. The OCC considered the financial and managerial resources of the banks, their future prospects, and the convenience and needs of the communities to be served. In addition, the Bank Merger Act requires the OCC to consider “the effectiveness of any insured depository institution involved in the proposed merger transaction in combatting money laundering activities, including overseas branches.” 12 U.S.C. § 1828(c)(11). We considered these factors and found them consistent with approval under the statutory provisions.

In addition, the OCC also finds, under the standards set forth in the Bank Merger Act that it must act on the application immediately. 12 U.S.C. § 1828(c)(3), (4)(C)(i), and (6). Consequently, there is no requirement for publication of notice of the Transaction, for a request by the OCC of a competitive factors report from the Attorney General, or for a post-approval waiting period prior to consummation of the Transaction.

Community Reinvestment Act

The Community Reinvestment Act (“CRA”) requires the OCC to take into account the applicants’ record of helping to meet the credit needs of the community, including low-and-moderate-income (“LMI”) neighborhoods, when evaluating certain applications, including transactions that are subject to the Bank Merger Act. 12 U.S.C. § 2903; 12 C.F.R. § 25.29. The OCC considers the CRA performance evaluation of each institution involved in the Transaction. A review of the record of these applicants and other information available to the OCC as a result of its regulatory responsibilities revealed no evidence that the applicants’ record of helping to meet the credit needs of their communities, including LMI neighborhoods, is less than satisfactory.

Loss-Share

If Stearns Bank, National Association is subject to loss-share provisions of a purchase and assumption agreement with the FDIC, Stearns Bank, National Association is reminded that future transactions involving the sale of these assets or the subsequent merger or change in control of the bank require prior FDIC approval.”

Consummation Guidance

This approval is granted based on our understanding that other applicable regulatory approvals, non-objections or waivers with respect to the proposed Transaction will have been received prior to the consummation of the Transaction.

Within seven days of consummation of the Transaction, please provide the district office with copies of the following documents:

- An executed purchase and assumption agreement.
- Documentation that all other conditions that the OCC imposed have been met.

This approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

All correspondence regarding this application should reference the control number. If you have any questions, contact John Aponte at 312-360-8872 or by e-mail at john.aponte@occ.treas.gov.

Sincerely,

Travis W. Wilbert

Travis W. Wilbert
Director for District Licensing