



June 16, 2020

**Conditional Approval #1247
July 2020**

Gary W. Sellman
President and Chief Executive Officer
Mid-Central Federal Savings Bank
520 South Jefferson Street
Wadena, MN 56482

Re: Application by Mid-Central Federal Savings Bank, Wadena, MN to Convert to a National Bank and Residency Waivers
OCC Control Numbers: 2020-CE-Conversion-314328, 2020-CE-Waiver-314553
Prior Charter No.: 706149 New Charter No.: 25227

Dear Mr. Sellman:

The Office of the Comptroller of the Currency (OCC) hereby conditionally approves your application to convert Mid-Central Federal Savings Bank (Mid-Central or Bank), Wadena, Minnesota, to a national bank and retain all its branches. After a thorough review of all information available, and reliance upon the representations and commitments made in the application and by the bank's representatives, we find that your conversion application meets the requirements for approval to convert to a national bank pursuant to 12 USC 35 and 12 CFR 5.24. The converted bank will operate under the title of Mid-Central National Bank under OCC Charter Number 25227 and its headquarters will be located at 520 South Jefferson Street, Wadena, Minnesota, 56482.

This conversion approval is subject to the following condition:

The bank: (i) shall give the Minneapolis Field Office at least sixty (60) days prior written notice of the bank's intent to significantly deviate or change from its business plan or operations and (ii) shall obtain the OCC's written determination of no objection before the bank engages in any significant deviation or change from its business plan or operations.

The condition is a condition "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 USC 1818. As such, the condition is enforceable under 12 USC 1818.

The OCC also waives the residency requirement under 12 USC 72 for the non-resident directors listed in your request of Mid-Central National Bank. We understand that after their election, the

bank will have three directors who have resided within the state where the bank is located or within 100 miles of the bank's main office for at least one year immediately preceding their election, and four who have not. The bank may continue to appoint directors who do not meet the residency requirements without applying for individual waivers, as long as the ratio of directors remains the same as in this approval.

This waiver is granted upon a review of all available information, including the filing, subsequent correspondence, and the bank's representations that this waiver will enable the bank to better meet the goals of its business plan without affecting the safety and soundness of the bank. The OCC reserves the right to withdraw this waiver at any time and, at our discretion, to request additional biographical and/or financial information on any member of the board of directors. Approval of your request does not alter the citizenship and stock ownership requirements for such persons to serve as directors on the board. Mid-Central National Bank should review the qualifications of the directors nominated to ensure compliance with the requirements in 12 USC 72 or seek a waiver of the citizenship requirement.

The OCC is granting conditional approval for the conversion application, however, authorization for the bank to commence business as a national bank will not be granted until all pre-conversion requirements are met. The following pre-conversion requirements must be satisfied before the OCC will authorize the bank to commence business as a national banking association:

1. The institution must purchase adequate fidelity bond coverage in accordance with 12 CFR 7.2013, which lists four factors the directors should consider to determine adequacy.
2. If a director, officer, employee, or principal shareholder of the bank (including an entity in which such person owns an interest of 10 percent or more) is involved in the sale of credit life insurance to loan customers, the bank should ensure compliance with 12 CFR 2, which among other things, prohibits a covered person from retaining commissions or other income from the sale of credit life insurance connected with any loan the bank makes.
3. The board of directors must adopt policies, practices, and procedures to ensure the safe and sound operation of the bank. The board also must review those policies, practices, and procedures continually and ensure the bank's compliance with them.
4. The converting institution must apply to the Federal Reserve for membership.
5. The converting institution must ensure that all other required regulatory approvals have been obtained.
6. The directors must own qualifying shares in conformance with 12 USC 72 and 12 CFR 7.2005.
7. The bank must maintain liquidation accounts established when the bank acquired institutions that converted from mutual to stock form.

Gary W. Sellman
Mid-Central Federal Savings Bank

8. If the converting institution is subject to the Home Mortgage Disclosure Act (HMDA), the bank must ensure that its reporter identification number included on its HMDA transmittal sheet is changed to reflect its new OCC charter number.
9. The converting institution must notify the OCC if the facts described in the filing materially change at any time prior to consummation of the conversion. Any changes to the executive officers or directors must receive a “no objection” from the OCC.

Upon completion of all steps required to convert to a national banking association, submit the enclosed Conversion Completion Certification certifying that you have done so. Please provide the OCC with at least 10 days advance notice of the conversion. To ensure that our files are properly closed, please surrender Mid-Central Federal Savings Bank’s original executed charter to the OCC as soon as practical after the effective date of the conversion.

When the institution has satisfactorily completed all of the above steps, the OCC will issue a Conversion Completion Acknowledgment officially authorizing the institution to commence business as a national bank. Shortly after conversion, you will receive a conversion certificate. If the conversion is not consummated within six months from the date of the decision, the approval will automatically terminate unless the OCC grants an extension. The OCC does not grant extensions of the approval period, except under extenuating circumstances, and expects the conversion to occur as soon as possible after approval.

This conditional 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.

A survey is enclosed requesting your feedback on how we handled the referenced application. We would appreciate your response so we may improve our service. Please include the OCC control numbers on any correspondence related to this filing. If you have any questions, contact Yoo Jin Na at (202) 805-9967 or yoojin.na@occ.treas.gov.

Sincerely,

/s/

John A. O’Brien
Director, District Licensing

Gary W. Sellman
Mid-Central Federal Savings Bank

Enclosures: Conversion to National Bank Completion Certification
Survey Letter

cc: Alexandra Arney
Doug Boser
Brian Garnant
Jeremiah Laughlin