

U. S. BANCORP COMMUNITY DEVELOPMENT CORPORATION
Minneapolis, Minnesota

Bank Holding Company: U. S. BANCORP
Minneapolis, Minnesota

Granted Permission: March 1984, geographic expansion approved May 1985

Current Capitalization: \$1,000,000

Description: The U.S. Bancorp Community Development Corporation (USB CDC) is a for-profit community development corporation that provides equity, equity-equivalent investments, capital, loans, and project assistance for a variety of community development projects and organizations served by the holding company's affiliate banks. In recent years, the USB CDC has specialized in making equity contributions in local Community Development Financial Institutions, Small Business Investment Companies, capital funds, and affordable housing organizations whose sole purpose is to operate for the benefit of low- and moderate-income individuals.

USB CDC invested more than \$10 million in 2001 in CRA-qualified non-tax credit investments as described above that support communities served by U.S. Bank in its 24-state trade territory. In addition, the U.S. Affordable Housing CDC, Inc., a subsidiary of U.S. Bank National Association, invests in affordable housing tax credit projects across the bank's 24-state trade territory. See separate listing for U.S. Affordable Housing CDC, Inc.

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MINNESOTA'S COMMUNITY DEVELOPMENT CORPORATION
Park Rapids, Minnesota

Bank Holding Company: MENAHGA BANCSHARES, INC.
Park Rapids, Minnesota

Granted Permission: September 1994

Initial Capitalization: \$31,000

Description: Minnesota's Community Development Corporation (MCDC) is a multi-bank community development corporation (CDC) owned by eight financial institutions and two development corporations, including Midwest Minnesota CDC, an established CDC with more than twenty years' experience in development lending over a large geographic area. MCDC serves Minnesota rural cities and counties with high unemployment rates and/or low household incomes to facilitate growth in jobs and affordable housing.

MCDC is the owner of a 30-unit senior apartment building in Menahga, Minnesota. MCDC's purchase preserved this building for low-income tenants. All of the units are subsidized under HUD Section 8, and the average tenant income is less than 50 percent of the area median income. MCDC also owns a 12-unit townhouse project in Menahga that is rented to income-qualified tenants. MCDC has financed over 60 units of affordable housing in northern Minnesota, the majority of which are low-income housing tax credit projects. MCDC continues to develop single-family homes in Badger, Greenbush, and Roseau, Minnesota utilizing programs from the Minnesota Housing Finance Agency to provide down-payment assistance for the buyers. MCDC is embarking on its largest affordable housing development to date: a thirty-seven unit single-family housing development in Park Rapids, Minnesota.

In economic development, MCDC has financed many emerging and expanding businesses utilizing USDA's Intermediary Relending Program (IRP), the SBA 504 Program, and participation loans from member banks. MCDC recently provided the core financing for two businesses that would have otherwise closed, resulting in the preservation of over 200 jobs in two communities.

MCDC's ownership consists of: Menahga Bancshares, Inc., Menahga, Minnesota; Farmers & Merchants Bank, New York Mills, Minnesota; United Community Bank, Perham, Minnesota; MMCDC, Detroit Lakes, Minnesota; Northwoods Bank of Minnesota, Park Rapids, Minnesota; Midwest Bank,

Waubun, Minnesota; Northland Community Bank, Northome, Minnesota;
Security Bank USA, Bemidji, Minnesota; Border State Bank, Roseau,
Minnesota; and NCB Development Corp., Washington, DC.

Contact:

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PEOPLES STATE DEVELOPMENT, LTD.
Westhope, North Dakota

Bank Holding Company: PEOPLES STATE HOLDING COMPANY
Westhope, North Dakota

Granted Permission: June 1997

Initial Capitalization: \$75,000

Description: Peoples State Development, Ltd., is a wholly-owned, for-profit subsidiary of Peoples State Holding Company. Peoples State Development focuses on acquiring, rehabilitating, constructing, managing, selling, and promoting real estate in the Westhope community, as well as making potential equity investments in real estate, commercial projects, and local small businesses.

The primary beneficiaries of Peoples State Development are small businesses. The corporation is also involved, where feasible, in affordable housing opportunities in the Westhope area. To date, the corporation has completed the renovation of a commercial building in Westhope currently available for rental to a small business. The corporation also provided this business with an initial six-month, rent-free period to assist during start-up.

One rental housing unit in the city has been rehabilitated. This unit is currently rented and continues to be updated. In addition, improvements and landscaping work have been undertaken on several vacant lots, including the development of a small community park performed as part of a local Eagle Scout project.

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COMMUNITY DEVELOPMENT INVESTMENT
Remer Professional Building
Remer, Minnesota

Bank Holding Company: REMER BANCORPORATION, INC.
Remer, Minnesota

Granted Permission: January 2001

Investment: \$220,000

Description: Remer Bancorporation, Inc. (RBI) is a bank holding company located in Remer, Minnesota, population 400. The community's health services are provided by the Remer Clinic, which is housed in the Remer Professional Building. In 2000, the Remer Clinic's parent company, Duluth Clinic System (DCS), moved to close several of the small, unprofitable clinics in its network. As an initial step in this process, DCS reduced the Remer Clinic's operations to three days a week. This reduction in operating hours made the clinic's services inaccessible to some Remer residents, many of whom are senior citizens.

Out of concern that the impending closure of the Remer Clinic threatened the viability of the community, representatives of RBI negotiated to purchase the Remer Professional Building. On January 29, 2001, RBI purchased the building from its private owners for \$220,000 and agreed to provide office space for the Remer Clinic, rent-free, for a period of five years if the clinic expanded its operating hours to five days a week. The agreement included an option for the Remer Clinic to expand or renovate the building in the future, and RBI committed an additional \$250,000 for this purpose.

As of October 2001, the Remer Clinic is operating three days a week and plans to expand its operations to five days a week in the spring of 2002.

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RICHFIELD STATE AGENCY, INC.
Richfield, Minnesota

Bank Holding Company: RICHFIELD STATE AGENCY, INC.
Richfield, Minnesota

Granted Permission: Richfield State Agency, Inc. was founded in 1946 and is exempt from seeking permission to engage in community development activities per Section 4(c)(ii) of the Bank Holding Company Act of 1956. Section 4(c)(ii) provides an exemption from the prohibitions of Section 4 of the Bank Holding Company Act to one-bank holding companies that were formed prior to June 30, 1968 and have since been at least 85-percent owned by a family or its lineal descendants.

Current Capitalization: \$13.5 million of a \$50 million project

Description: Richfield State Agency (RSA), founded in 1946, is a for-profit bank holding company located in Richfield, Minnesota. RSA's recent community development investments are described below.

- *Woodlake Centre*--RSA is a major investor in Woodlake Centre, a \$50 million commercial and residential development designed to revitalize downtown Richfield. The Woodlake Centre project site was originally a parking lot surrounded by declining housing stock, and fifteen decaying homes were leveled to clear the area for construction.
- The Pines, a 78-unit assisted-living complex for the elderly. The Pines provides transitional housing for older Richfield residents who wish to sell their homes, making more homes available for sale in the community and allowing younger Richfield residents to enter the housing market.

RSA contributed \$13.5 million of the total project costs for Woodlake Centre and is the sole owner of all properties listed above except for The Oaks, of which RSA owns 28 percent. The additional investors in The Oaks are eight individuals who have other apartment investments and are knowledgeable about the apartment industry.

- *Sun Lake*--In August, 2001, RSA opened Sun Lake, a \$7.5 million, 82-unit apartment complex in downtown Chaska, Minnesota. Sun Lake was constructed to help revitalize downtown Chaska and keep residents in the community. RSA provided \$2.5 million in equity for the construction of Sun Lake, which began in November of 2000.

- *Eastwood Village*--In 1996, RSA began developing the first of its Eastwood Village properties to provide housing for low-income senior citizens. Descriptions of the Eastwood Village properties are listed below.
- Eastwood Village I in Oakdale, Minnesota (a community north of St. Paul): a 52-unit complex of individual cottage homes for seniors whose income is below 70 percent of the mean income for the metro area. The complex was constructed in 1996 at a cost of \$3.25 million, of which RSA invested \$1 million.
- Eastwood Village II in Oakdale: a 26-unit complex that was purchased as a defunct property in 1996. RSA completed the construction and opened the property in February of 1997. Total costs were \$1.75 million, of which RSA invested \$500,000.
- Eastwood Village III in Oakdale: a 12-unit complex constructed in the fall of 2000 and opened in April, 2001. The complex was constructed on land left over from the Eastwood I and II developments. Total costs were \$1.35 million, of which RSA invested \$500,000.

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**LOW-INCOME HOUSING INVESTMENT
Meadowview Townhomes Limited Partnership**

Bank Holding Company: FIRST SLEEPY EYE BANCORPORATION, INC.
Sleepy Eye, Minnesota

Granted Permission: January 1996

Investment: \$642,000

Description: Meadowview Townhomes Limited Partnership was formed in June of 1995 to provide affordable housing for families. It is a qualified low-income housing project which meets the requirements of Section 42 of the Internal Revenue Code of 1986. The project, a 24-unit townhome development consisting of two- and three-bedroom units, was completed in late spring of 1996.

First Sleepy Eye Bancorporation, Inc. acquired 60 percent of the limited partnership interest of the Meadowview Townhomes Limited Partnership. This investment was used as the equity contribution to the project.

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