



NORTHWOODS CREDIT UNION

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MN Commerce Committee,

Founded by 5 papermill employees in 1936, and operating out of a small trailer on the paper mill property, Northwoods Credit Union began its service to the community of Cloquet, MN. Our founders believed in a vision of improving the financial lives of the members of the credit union and we have that same vision today. Our purpose remains the same, to offer affordable loan, checking, savings, and other low cost services.

Over the years we have expanded into the community with facilities and continue to build life-long relationships, one member at a time.

As part of our past growth in service, Northwoods Credit Union purchased our Stanley Avenue, Cloquet, MN branch from North Shore Bank of Commerce (State Chartered) in July 2012. In addition to the building, we acquired roughly 800 of the bank branch's deposit accounts (the bank was unwilling to sell the loans related to the branch). This was considered an underperforming branch for the bank, but, now it is our busiest branch of the 4 we operate and we consider it our best performing location.

We had not sought to purchase a bank branch, rather we were in the process of planning a new facility on the same block when a local developer suggested to us that we should ask the bank if they would be willing to sell us their facility. The bank was open to the idea and a deal was struck that gave us a needed facility that was less costly than building and allowed us to open in weeks versus months with a building project. In addition, the bank was able to take an underperforming branch off their books. This transaction ended up being a win for our members and the community as no banking services were lost to the community.

As a result of our experience, I would caution against any restrictions that would impede upon the ability of banks to sell assets to credit unions. Minnesota communities and consumers win when financial institutions are able to make decisions in their best interest and the best interests of the community at large. As I have observed over the recent decade, most sales of bank branches to credit unions are done so because there are no other banks willing to purchase them. As credit unions, our cooperative form of organization allows us to look at these transactions from a different perspective, one of service to the membership and greater community, rather than just the profitability of the branch.

Thank you for this opportunity to express our view on this topic.

Sincerely,

Douglas C. Wolf
President/CEO

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