

HMN FINANCIAL INC  
Form SC 13G/A  
February 08, 2017

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 13G/A  
Under the Securities Exchange Act of 1934  
(Amendment No. 23)\***

**HMN FINANCIAL, INC.**  
(Name of Issuer)

**COMMON STOCK**  
(Title of Class of Securities)

**40424G108**  
(CUSIP Number)

**DECEMBER 31, 2016**  
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP No.  
40424G108

Names of Reporting Persons.  
I.R.S. Identification Nos. of above persons  
(entities only).

1. HMN FINANCIAL, INC. EMPLOYEE  
STOCK OWNERSHIP PLAN  
IRS ID NO. 37-1327748
  
2. Check the Appropriate Box if a Member of a  
Group (See Instructions)  
(a)  
(b) X
  
3. SEC Use Only
  
4. Citizenship or Place of  
Organization MINNESOTA

5. Sole Voting Power 279,746 (1)

Number of  
Shares Beneficially  
Owned  
by Each  
Reporting  
Person With

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6. Shared Voting Power 339,870 (2)

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7. Sole Dispositive Power 279,746 (1)

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8. Shared Dispositive Power 339,870 (2)

9. Aggregate Amount Beneficially Owned by  
Each Reporting Person      619,616

10. Check if the Aggregate Amount in Row (9)  
Excludes Certain Shares (See Instructions)

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11. Percent of Class  
Represented by Amount in  
Row (9) 13.8%

12. Type of Reporting Person  
(See  
Instructions)  
EP

(1) Includes 279,746 shares held in "unallocated" accounts of the HMN Financial, Inc. Employee Stock Ownership Plan.

(2) Includes 339,870 shares held in "allocated" accounts of the HMN Financial, Inc. Employee Stock Ownership Plan.

CUSIP No. 40424G108

Names of Reporting Persons.  
I.R.S. Identification Nos. of above persons  
(entities only).

1. FIRST BANKERS TRUST SERVICES, INC.  
IRS ID NO. 37-1327748

2. Check the Appropriate Box if a Member of a  
Group (See Instructions)

(a)

(b) X

3. SEC Use Only

4. Citizenship or Place of Organization  
 4. UNITED STATES

5. Sole Voting Power 279,746 (1)

Number of Shares Beneficially Owned by Each Reporting Person

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6. Shared Voting Power 339,870 (2)

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7. Sole Dispositive Power 279,746 (1)

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With

8. Shared Dispositive Power 339,870 (2)

9. Aggregate Amount  
Beneficially Owned by  
Each Reporting  
Person 619,616
10. Check if the Aggregate  
Amount in Row (9)  
Excludes Certain Shares  
(See Instructions)
11. Percent of Class  
Represented by Amount in  
Row (9) 13.8%
12. Type of Reporting Person  
(See  
Instructions)  
BK

(1) Includes 279,746 shares held in "unallocated" accounts of the HMN Financial, Inc. Employee Stock Ownership Plan.

(2) Includes 339,870 shares held in "allocated" accounts of the HMN Financial, Inc. Employee Stock Ownership Plan.

**Item 1.**

- (a) Name of  
Issuer:

HMN  
FINANCIAL,  
INC. (the  
"Corporation")

- (b) Address of  
Issuer's

Principal  
Executive  
Offices:

1016 Civic  
Center Drive  
NW,  
Rochester,  
MN 55901

**Item 2.**

(a) Name of  
Person Filing:

HMN  
Financial, Inc.  
Employee  
Stock  
Ownership  
Plan (the  
"ESOP")

Pursuant to  
applicable  
regulations,  
First Bankers  
Trust Services,  
Inc. (the  
"Trustee"), the  
Trustee of the  
ESOP may also  
be deemed to  
be a "beneficial  
owner" of the  
shares held by  
the ESOP as  
described  
below.

The Trustee  
also may be  
deemed a  
"beneficial  
owner" of  
unvested shares  
held in the  
HMN  
Financial, Inc.



Recognition  
and Retention  
Plan. Refer to  
Item 4. for  
more details.

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(b) Address of Principal Business  
Office or, if none, Residence:

The business address of the  
ESOP is: 1016 Civic Center  
Drive NW, Rochester,  
MN 55901

The business address of the  
Trustee is: 2321 Kochs Lane,  
Quincy, IL 62305-3566

(c) Citizenship:

The ESOP trust was  
established under the laws of  
the state of Minnesota.

The Trustee is a state chartered  
trust company incorporated  
under the laws of the state of  
Illinois.

(d) Title of Class of  
Securities:

Common stock, par value \$.01  
per share

(e) CUSIP Number:

40424G108

**Item 3. If this statement is filed pursuant to**  
**§§240.13d-1(b) or 240.13d-2(b) or (c), check**  
**whether the person filing is a:**

Broker or dealer  
(a)  registered under section  
15 of the Act (15 U.S.C.  
78o).

(b)

Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).

(c) [ ] Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).

(d) [ ] Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C 80a-8).

(e) [ ] An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);

(f) [ ] An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);

(g) [ ] A parent holding company or control person in accordance with § 240.13d-1(b)(1)(ii)(G);

(h) [ ] A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);

- (i)  A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j)  A non-U.S. institution in accordance with §240.13d-1(b)(1)(ii)(J);
- (k)  Group, in accordance with §240.13d-1(b)(1)(ii)(J).

**Item 4. Ownership.**

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

- (a) Amount beneficially owned:  
The ESOP holds an aggregate of 619,616 shares (13.8% of the outstanding shares of the class) of the Corporation and has the voting rights as described below.
- (b) Percent of class: 13.8%.
- (c) Number of shares as to which the person has:
  - (i) Sole power to vote or to direct the vote 279,746.
  - (ii) Shared power to vote or to direct the vote 339,870.
  - (iii)

Sole power to dispose  
or to direct the  
disposition of 279,746.

The ESOP has sole  
dispositive power for all  
such shares subject to  
the terms of the  
Employee Stock  
Ownership Plan, which  
requires that participant  
accounts be primarily  
invested in common  
stock of the  
Corporation.

First Bankers Trust  
Services, Inc., the  
Trustee of the ESOP,  
may be deemed under  
applicable regulations  
to "beneficially" own  
the shares held by the  
ESOP. However, the  
Trustee expressly  
disclaims beneficial  
ownership of the shares  
held by the ESOP.

Pursuant to the terms of  
the ESOP, participants  
in the ESOP are entitled  
to instruct the Trustee  
of the ESOP as to the  
voting of the shares  
allocated to their  
accounts. The  
provisions of the ESOP  
require the Trustee to  
vote the shares held by  
the ESOP which have  
not been allocated to  
specific accounts (or  
with respect to allocated  
accounts for which no

instructions are timely received) on each issue with respect to which shareholders are entitled to vote in the proportion that the participant had voted the shares allocated to their accounts with respect to such issue. As of December 31, 2016 a total of 339,870 shares of Corporation common stock have been allocated to participants' accounts.

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The Trustee has the right to sell allocated shares held by the ESOP, the proceeds from which are allocated to the accounts of individual participants. The Trustee also may sell unallocated shares, to the extent such shares are not pledged to secure borrowed funds.

(iv) Shared power to dispose or to direct the disposition of 339,870.

*Instruction.* For computations regarding securities which represent a right to acquire an underlying security *see* §240.13d3(d)(1).

**Item 5. Ownership of Five Percent or Less of a Class.**

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [ ].

*Instruction:* Dissolution of a group requires a response to this item.

Not applicable.

**Item 6. Ownership of More than Five Percent on Behalf of Another Person.**

If any other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities, a statement to that effect should be included in response to this item and, if such interest relates to more than five percent of the class, such person should be identified. A listing of the shareholders of an investment company registered under the Investment Company Act of 1940 or the beneficiaries of employee benefit plan, pension fund or endowment fund is not required.

The ESOP shares are held on behalf of the ESOP participants pursuant to the terms of the HMN Financial, Inc. Employee Stock Ownership Plan and Trust Agreement. See Item 4. above for details.

Pursuant to the terms of the ESOP, dividends paid with respect to shares are allocated to participants' accounts in the ESOP as of the record date for the dividend payment and may be paid in cash to the participants, pursuant to the directions of the Board of Directors of the Corporation. Absent such direction by the Board of Directors, cash from the payment of dividends is retained in the accounts of participants or, to the extent permitted by law, may be



used to repay the ESOP loan. With respect to unallocated shares, cash received from the sale of shares or payment of dividends is retained in the ESOP trust and may be used to purchase additional shares or to repay the ESOP loan.

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**Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person.**

If a parent holding company has filed this schedule, pursuant to Rule 13d-1(b)(1)(ii)(G), so indicate under Item 3(g) and attach an exhibit stating the identity and the Item 3 classification of the relevant subsidiary. If a parent holding company or control person has filed this schedule pursuant to Rule 13d-1(c) or Rule 13d-1(d), attach an exhibit stating the identification of the relevant subsidiary.

Not applicable.

**Item 8. Identification and Classification of Members of the Group.**

If a group has filed this schedule pursuant to §240.13d-1(b)(1)(ii)(J), so indicate under Item 3(j) and attach an exhibit stating the identity and Item 3 classification of each member of the group. If a group has filed this schedule pursuant to §240.13d-1(c) or §240.13d-1(d), attach

an exhibit stating the identity of each member of the group.

Not applicable.

**Item 9. Notice of Dissolution of Group.**

Notice of dissolution of a group may be furnished as an exhibit stating the date of the dissolution and that all further filings with respect to transactions in the security reported on will be filed, if required, by members of the group, in their individual capacity. See Item 5.

Not applicable.

**Item 10. Certification.**

- (a) The following certification shall be included if the statement is filed pursuant to §240.13d-1(b):

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are

not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

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**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

HMN Financial, Inc.  
Employee Stock Ownership Plan  
First Bankers Trust Services, Inc., Trustee

Date: February 8, 2017

Signature: /s/ Linda Shultz

Name/Title: Linda Shultz/Trust Officer

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized representative other than an executive officer or general partner of the filing person, evidence of the representative's authority to sign on behalf of such person shall be filed with the statement, provided, however, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

*NOTE:* Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. *See* §240.13d-7 for other parties for whom copies are to be sent.

**Attention:** **Intentional misstatements or omissions of fact constitute Federal criminal violations**  
(See 18 U.S.C. 1001)