

IC 28-1-21.6

Chapter 21.6. Charter Conversion of Mutual or Stock Savings Associations to Commercial Banks

IC 28-1-21.6-1

"Charter conversion"

Sec. 1. As used in this chapter, "charter conversion" means the conversion of a savings association to a commercial bank.

As added by P.L.147-1990, SEC.2.

IC 28-1-21.6-2

"Commercial bank"

Sec. 2. As used in this chapter, "commercial bank" means a stock bank or trust company (as defined by IC 28-1-1-3(2)).

As added by P.L.147-1990, SEC.2. Amended by P.L.42-1993, SEC.35.

IC 28-1-21.6-3

"Department"

Sec. 3. As used in this chapter, "department" means the Indiana department of financial institutions and, if applicable, the department's authorized delegate.

As added by P.L.147-1990, SEC.2.

IC 28-1-21.6-4

"Effective time of the charter conversion"

Sec. 4. As used in this chapter, "effective time of the charter conversion" means:

- (1) the date that articles of conversion are filed with the Indiana secretary of state; or
- (2) the date designated in the articles of conversion.

As added by P.L.147-1990, SEC.2. Amended by P.L.122-1994, SEC.82.

IC 28-1-21.6-5

Repealed

(Repealed by P.L.27-2012, SEC.57.)

IC 28-1-21.6-5.1

"Primary federal regulator"

Sec. 5.1. As used in this chapter, "primary federal regulator" means the federal agency primarily responsible for the regulation of:

- (1) savings associations; or
- (2) savings association holding companies;

organized under the laws of any state or the United States.

As added by P.L.27-2012, SEC.58.

IC 28-1-21.6-6

"Savings association"

Sec. 6. As used in this chapter, "savings association" means an

institution (as defined in 12 U.S.C. 1813(b)) that maintains the principal office of the institution in Indiana. The term includes federally chartered savings associations and savings banks, and state savings and loan associations and building and loan associations, whether in stock or mutual form of ownership. The term does not include mutual savings banks.

As added by P.L.147-1990, SEC.2.

IC 28-1-21.6-7
"Voting parties"

Sec. 7. As used in this chapter, "voting parties" means in the case of a mutual savings association the mutual savings association's depositors or members, and in the case of a stock savings association the stock savings association's stockholders. Voting parties have the voting rights stipulated by the bylaws of the converting savings association.

As added by P.L.147-1990, SEC.2.

IC 28-1-21.6-8
Conversion upon approval

Sec. 8. Any savings association may, upon approval of the department and, if required by federal law, the primary federal regulator, effect a charter conversion.

As added by P.L.147-1990, SEC.2. Amended by P.L.27-2012, SEC.59.

IC 28-1-21.6-9
Procedures for conversion

Sec. 9. The department shall prescribe procedures for charter conversions. The procedures prescribed by the department must include the following:

- (1) The savings association shall prepare and submit a plan of charter conversion to the department that provides the terms and conditions of the charter conversion as required by the department. However, if the plan of charter conversion complies with the requirements of the primary federal regulator, the plan shall be considered adequate. In the case of a charter conversion by a mutual savings association, the plan of charter conversion shall stipulate the manner of distribution of stock in conformance with the primary federal regulator's regulations.
- (2) The plan of charter conversion must be adopted by not less than a majority of the board of directors of the savings association.
- (3) Upon approval of a plan of charter conversion by the board of directors of the savings association, the plan of charter conversion and a certified copy of the resolution of the board of directors approving the plan of charter conversion shall be submitted to the department for approval.
- (4) The plan of charter conversion shall be conditioned upon the approval of not less than a majority of the total number of votes

cast at a regular or special meeting of the voting parties. In obtaining the approval of the plan of charter conversion by the voting parties, the converting savings association shall provide to the voting parties the information regarding the plan of charter conversion that the department requires. In determining the information that must be provided, the department shall give due consideration to the requirements of the primary federal regulator's regulations relating to proxy statements governed by Section 14 of the Securities and Exchange Act of 1934 (15 U.S.C. 78n).

(5) The savings associations shall provide to the department the additional relevant information requested by the department in connection with the plan of charter conversion.

As added by P.L.147-1990, SEC.2. Amended by P.L.42-1993, SEC.36; P.L.27-2012, SEC.60.

IC 28-1-21.6-10

Approval or disapproval of conversion plan; requirements

Sec. 10. (a) The department may approve or disapprove the plan of charter conversion filed under section 9 of this chapter.

(b) Solicitation of the votes of voting parties may occur before receipt of the approval of the department.

(c) The department may not approve the plan of charter conversion unless the department finds, after appropriate investigation or examination, and without the requirement of a public hearing, that the following requirements have been fulfilled:

(1) That the resulting commercial bank will operate in a safe, sound, and prudent manner.

(2) That the proposed charter conversion will not result in a commercial bank that has inadequate capital, unsatisfactory management, or poor earnings prospects.

(3) That the management or other principals of the savings association are qualified by character and financial responsibility to control and operate in a legal and proper manner the commercial bank proposed to be formed as a result of the charter conversion.

(4) That the interests of the depositors, the creditors, and the public generally will not be jeopardized by the proposed charter conversion.

As added by P.L.147-1990, SEC.2.

IC 28-1-21.6-11

Powers and duties of resulting commercial bank

Sec. 11. Upon conversion of a savings association, the resulting commercial bank:

(1) possesses all of the rights, privileges, immunities, and powers of a commercial bank;

(2) unless otherwise provided in this chapter, is subject to all of the duties, restrictions, obligations, and liabilities of a commercial bank; and

(3) succeeds by operation of law to all rights and property of the converting savings association and shall be subjected to all debts, obligations, and liabilities of the converting savings association as if the commercial bank had incurred the debts and liabilities.

As added by P.L.147-1990, SEC.2.

IC 28-1-21.6-12

Transitional powers

Sec. 12. The department may authorize the resulting commercial bank to do the following:

(1) Wind up any activities legally engaged in by the savings association at the time of charter conversion not permitted to commercial banks.

(2) Retain any assets legally held by the savings association at the effective time of the charter conversion that may not be held by commercial banks for a transitional period.

The terms and conditions of the transitional period under subdivisions (1) and (2) are subject to the discretion of the department. However, the transitional period may not exceed ten (10) years after the effective time of the charter conversion.

As added by P.L.147-1990, SEC.2. Amended by P.L.42-1993, SEC.37.

IC 28-1-21.6-13

Retention of branches

Sec. 13. Notwithstanding IC 28-2-13, a commercial bank created by charter conversion may retain all branches lawfully established.

As added by P.L.147-1990, SEC.2. Amended by P.L.42-1993, SEC.38.

IC 28-1-21.6-14

Articles of conversion; filing

Sec. 14. In order to effect the charter conversion, the converting savings association shall file articles of charter conversion, bearing the approval of the director of the department, with the secretary of state. The converting savings association shall also file copies of the articles of charter conversion with the county recorder of the county where the principal office of the commercial bank is located.

As added by P.L.147-1990, SEC.2.

IC 28-1-21.6-15

Statutes and rules applicable to converted bank

Sec. 15. Upon the effective time of charter conversion, the converted commercial bank shall, unless otherwise provided in this chapter, immediately become subject to all statutes and rules applicable to commercial banks.

As added by P.L.147-1990, SEC.2.