

IC 28-1-33

Chapter 33. Charter Conversion of a Mutual Savings Bank Into a Credit Union

IC 28-1-33-1

"Charter conversion"

Sec. 1. As used in this chapter, "charter conversion" means the conversion of a mutual savings bank into a credit union under this chapter.

As added by P.L.1-2006, SEC.492.

IC 28-1-33-2

"Conversion plan"

Sec. 2. As used in this chapter, "conversion plan" refers to a plan of charter conversion prepared under this chapter.

As added by P.L.1-2006, SEC.492.

IC 28-1-33-3

"Credit union"

Sec. 3. As used in this chapter, "credit union" has the meaning set forth in IC 28-7-1-0.5(3).

As added by P.L.1-2006, SEC.492.

IC 28-1-33-4

"Effective time of the charter conversion"

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

- (1) the date on which articles of conversion are filed with the secretary of state; or
- (2) the date designated in the articles of conversion as the effective time of the charter conversion.

As added by P.L.1-2006, SEC.492.

IC 28-1-33-5

"Mutual savings bank"

Sec. 5. As used in this chapter, "mutual savings bank" has the meaning set forth in IC 28-6.1-2-5.

As added by P.L.1-2006, SEC.492.

IC 28-1-33-6

"Voting parties"

Sec. 6. As used in this chapter, "voting parties" means the:

- (1) depositors; and
- (2) borrowers;

of a mutual savings bank.

As added by P.L.1-2006, SEC.492.

IC 28-1-33-7

Conversion authority

Sec. 7. With the approval of the department, a mutual savings

bank may convert its charter under this chapter.
As added by P.L.1-2006, SEC.492.

IC 28-1-33-8

Requirements and procedures

Sec. 8. (a) Except as provided in section 8.1 of this chapter for the conversion of a mutual savings bank into a federally chartered credit union, the department shall prescribe procedures for charter conversions under this chapter.

(b) The procedures prescribed by the department must include the following:

(1) The mutual savings bank must prepare and submit to the department a conversion plan that provides the terms and conditions required by the department for a charter conversion under this chapter.

(2) The conversion plan must be adopted by not less than a majority of the board of directors of the mutual savings bank.

(3) Upon approval of a plan of charter conversion by the board of directors of the savings bank, the conversion plan and a certified copy of the resolution of the board of directors approving the conversion plan must be submitted to the department for approval.

(4) The conversion plan must be conditioned upon the approval of not less than a majority of the total number of votes eligible to be cast at a regular or special meeting of the voting parties. The director of the department must approve the method used to notify the voting parties of the meeting held to consider the conversion plan. The director of the department may require the converting mutual savings bank to provide the voting parties with information regarding the conversion plan.

(5) The mutual savings bank must provide to the department the additional relevant information requested by the department in connection with the conversion plan.

As added by P.L.1-2006, SEC.492. Amended by P.L.213-2007, SEC.53; P.L.217-2007, SEC.51.

IC 28-1-33-8.1

Conversion to federally chartered credit union; requirements; date of charter conversion

Sec. 8.1. (a) A mutual savings bank may convert into a federally chartered credit union by complying with the following requirements:

(1) The mutual savings bank must prepare a conversion plan that provides the terms and conditions for the conversion of the mutual savings bank into a federal credit union.

(2) The conversion plan must be adopted by not less than a majority of the board of directors of the mutual savings bank.

(3) Unless the articles of incorporation require a greater or lesser vote, the conversion plan must be approved by not less than a majority of the total number of votes eligible to be cast

at a regular or special meeting of the voting parties.

(4) If the conversion plan is approved by the voting parties under subdivision (3), the mutual savings bank shall, not later than ninety (90) days after the plan is approved under subdivision (3), take all necessary actions to effect the charter conversion.

(5) Not later than ten (10) days after receipt of the federal charter, the credit union resulting from the charter conversion shall:

(A) file a copy of the federal charter with the department; and

(B) notify the secretary of state that the conversion is complete.

(b) Notwithstanding section 4 of this chapter, the converted federal credit union ceases to be a savings bank upon the issuance of the federal charter, unless the federal charter provides for a different effective date for the charter conversion.

As added by P.L.213-2007, SEC.54; P.L.217-2007, SEC.52.

IC 28-1-33-9

Voting party rights

Sec. 9. The voting parties of a mutual savings bank have the voting rights set forth in IC 28-13-6-2 with respect to a charter conversion of the mutual savings bank under this chapter.

As added by P.L.1-2006, SEC.492.

IC 28-1-33-10

Department approval

Sec. 10. (a) The department may approve or disapprove the conversion plan filed under section 8 of this chapter.

(b) The department is not required to hold a hearing on the conversion plan.

(c) Solicitation of the votes of voting parties may occur before the mutual savings bank receives approval of the department if the director of the department has reviewed the proxy solicitation material and has notified the mutual savings bank in writing that the department does not object to use of the material.

As added by P.L.1-2006, SEC.492.

IC 28-1-33-11

Requirements for approval

Sec. 11. The department may not approve the conversion plan unless the department finds, after appropriate investigation or examination, all of the following:

(1) The resulting credit union will operate in a safe, sound, and prudent manner.

(2) The proposed charter conversion will not result in a credit union that has inadequate capital, unsatisfactory management, or poor earnings prospects.

(3) The management or other principals of the mutual savings

bank are qualified by character and financial responsibility to control and operate the proposed credit union in a legal and proper manner.

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

(5) The proposed membership of the resulting credit union will comply with the membership requirements of IC 28-7-1-10.

As added by P.L.1-2006, SEC.492.

IC 28-1-33-12

Rights, privileges, obligations, and liabilities

Sec. 12. At the effective time of a charter conversion under this chapter, the resulting credit union:

(1) possesses all of the rights, privileges, immunities, and powers of a credit union;

(2) unless otherwise provided in this chapter, is subject to all of the statutes, regulations, duties, restrictions, obligations, and liabilities of a credit union;

(3) succeeds by operation of law to all rights and property of the converting mutual savings bank;

(4) is subject to all debts, obligations, and liabilities of the converting mutual savings bank as if the credit union had incurred the debts, obligations, and liabilities; and

(5) may retain the borrowers and depositors of the converting mutual savings bank as members of the credit union.

As added by P.L.1-2006, SEC.492.

IC 28-1-33-13

Winding up activities

Sec. 13. The department may authorize the credit union resulting from a charter conversion under this chapter to do the following:

(1) Wind up any activities that the mutual savings bank legally engaged in at the effective time of the charter conversion but that otherwise are not permitted to credit unions.

(2) Retain for a transitional period any assets that the mutual savings bank legally held at the effective time of the charter conversion that otherwise may not be held by credit unions.

The terms and conditions of the winding up of activities under subdivision (1) and the retention of assets under subdivision (2) are subject to the discretion of the department. However, the transitional period during which activities may be carried out under subdivision (1) or assets may be retained under subdivision (2) may not exceed ten (10) years after the effective time of the charter conversion.

As added by P.L.1-2006, SEC.492.

IC 28-1-33-14

Branches

Sec. 14. A credit union created by charter conversion may retain all branches lawfully established.

As added by P.L.1-2006, SEC.492.

IC 28-1-33-15

Filing articles of charter conversion

Sec. 15. (a) To effect a charter conversion, the converting mutual savings bank must file with the secretary of state articles of charter conversion showing the approval of the director of the department.

(b) The converting mutual savings bank shall record copies of the articles of charter conversion with the county recorder of the county where the principal office of the credit union will be located.

(c) The articles of charter conversion constitute articles of incorporation of the resulting credit union and must set forth the elements required in IC 28-7-1-1(b).

As added by P.L.1-2006, SEC.492.

IC 28-1-33-16

Subject to credit union statutes and rules

Sec. 16. Upon the effective time of a charter conversion, the converted credit union is subject to all statutes and rules applicable to credit unions.

As added by P.L.1-2006, SEC.492.

IC 28-1-33-17

Rulemaking authority

Sec. 17. The department may adopt rules under IC 4-22-2 or policies to implement this chapter.

As added by P.L.1-2006, SEC.492.