

IC 28-6.1-7

Chapter 7. Powers of a Savings Bank Subject to the Rules of the Department

IC 28-6.1-7-1

Application of rules

Sec. 1. (a) The powers of a savings bank set forth in this chapter are subject to the rules of the department.

(b) A rule adopted under this chapter may apply to one (1) or more savings banks or to one (1) or more localities in Indiana as the department determines.

As added by P.L.42-1993, SEC.72.

IC 28-6.1-7-2

Making FHA loans, advances of credit, and purchases of obligations

Sec. 2. (a) A savings bank may make loans and advances of credit and purchases of obligations representing loans and advances of credit that are eligible for insurance by the federal housing administrator and to obtain such insurance.

(b) An Indiana law:

- (1) prescribing the nature, amount, or form of security;
- (2) requiring security upon which loans or advances of credit may be made;
- (3) prescribing or limiting interest rates upon loans or advances of credit; or
- (4) prescribing or limiting the period for which loans or advances of credit may be made;

does not apply to loans, advances of credit, or purchases made under this section.

As added by P.L.42-1993, SEC.72.

IC 28-6.1-7-3

Making FHA loans secured by mortgages

Sec. 3. (a) A savings bank may make loans secured by mortgages on real property or leasehold, as the federal housing administrator insures or makes a commitment to insure, and to obtain such insurance.

(b) An Indiana law:

- (1) prescribing the nature, amount, or form of security;
- (2) requiring security upon which loans or advances of credit may be made;
- (3) prescribing or limiting interest rates upon loans or advances of credit; or
- (4) prescribing or limiting the period for which loans or advances of credit may be made;

does not apply to loans made under this section.

As added by P.L.42-1993, SEC.72.

IC 28-6.1-7-4

Purchasing, investing in, and disposing of FHA and national mortgage association bonds, notes, and debentures

Sec. 4. (a) A savings bank may purchase, invest in, and dispose of any of the following:

- (1) Notes or bonds secured by mortgage or trust deed insured by the federal housing administrator.
- (2) Debentures issued by the federal housing administrator.
- (3) Bonds or other securities issued by national mortgage associations.

(b) An Indiana law:

- (1) prescribing the nature, amount, or form of security;
- (2) requiring security upon which loans or advances of credit may be made;
- (3) prescribing or limiting interest rates upon loans or advances of credit; or
- (4) prescribing or limiting the period for which loans or advances of credit may be made;

does not apply to purchases, investments, or dispositions made under this section.

As added by P.L.42-1993, SEC.72.

IC 28-6.1-7-5

Extending credit to state agencies

Sec. 5. (a) A savings bank may extend credit to any state agency, with the approval of the department, notwithstanding any other provisions or limitations of IC 28-1.

(b) An Indiana law:

- (1) prescribing the nature, amount, or form of security;
- (2) requiring security upon which loans or advances of credit may be made;
- (3) prescribing or limiting interest rates upon loans or advances of credit; or
- (4) prescribing or limiting the period for which loans or advances of credit may be made;

does not apply to loans or advances of credit made under this section.

As added by P.L.42-1993, SEC.72.

IC 28-6.1-7-6

Purchasing, taking, holding, and disposing of incorporated joint stock land bank notes and mortgages

Sec. 6. (a) A savings bank may purchase, take, hold, and dispose of notes and mortgages securing the notes, made to any incorporated joint stock land bank if not less than ninety-nine percent (99%) of the stock of the joint stock land bank is owned by the savings bank at the time the notes or mortgages are acquired by the savings bank.

(b) Upon dissolution of the joint stock land bank, or at any stage in the process of the dissolution, a savings bank then owning not less than ninety-nine percent (99%) of the stock of the joint stock land bank may take, hold, and dispose of notes, mortgages, or other assets of the joint stock land bank of any nature, including real estate,

wherever located, that the joint stock land bank assigns, transfers, conveys, or otherwise makes over to the savings bank by way of final or partial distribution of the joint stock land bank's assets to the joint stock land bank's stockholders upon the dissolution or in connection with the process of the dissolution.

(c) An Indiana law:

- (1) prescribing the nature, amount, location, or form of security;
- (2) requiring security upon which loans or advances of credit may be made;
- (3) prescribing or limiting interest rates upon loans or advances of credit;
- (4) prescribing or limiting the period for which loans or advances of credit may be made;
- (5) prescribing any ratio between the amount of a loan and the appraised value of the security for the loan; or
- (6) requiring periodic reductions of the principal of a loan;

does not apply to loans, notes, mortgages, real estate, or other assets subject to this section.

As added by P.L.42-1993, SEC.72.

IC 28-6.1-7-7

Owning and leasing property

Sec. 7. Subject to any restrictions the department may impose, a savings bank may:

- (1) become the owner or lessor of personal or real property upon the request of and for the use of a customer; and
- (2) incur additional obligations incident to becoming an owner or a lessor of the property.

As added by P.L.42-1993, SEC.72. Amended by P.L.11-1998, SEC.11.

IC 28-6.1-7-8

Purchasing and constructing buildings to be leased to public authorities

Sec. 8. (a) A savings bank may purchase or construct buildings and hold legal title to a building to be leased to a municipal corporation or other public authority, for public purposes, having resources sufficient to make payment of all rentals as the payments become due.

(b) A lease agreement shall provide that upon expiration, the lessee will become the owner of the building.

As added by P.L.42-1993, SEC.72.

IC 28-6.1-7-9

Purchasing, holding, and conveying real property to be used as branch savings bank and rental property; resolution

Sec. 9. (a) Subject to the prior written approval of the department, a savings bank may purchase, hold, and convey real property that is:

- (1) improved or to be improved by a single, freestanding building; and

(2) to be used, in part, as a branch of the savings bank and, in part, as rental property for one (1) lessee.

(b) If real estate described in subsection (a) is held by a savings bank for at least one (1) year without being used as described in subsection (a), the board of directors of the savings bank shall state, by resolution, definite plans for the use of the real estate. A resolution adopted under this subsection shall be made available for inspection by the department.

(c) Unless a written extension of time is given by the department under this subsection, the savings bank shall open the branch not later than three (3) years after the acquisition date of the real estate. The department may grant an extension of time for the savings bank to open the branch if:

- (1) the board of directors of the savings bank, by resolution:
 - (A) reaffirms annually that the savings bank expects to use the real estate as described in subsection (a) in the future; and
 - (B) explains the reason why the real estate has not yet been used as described in subsection (a); and
- (2) the director determines that:
 - (A) the continued holding of the real estate by the savings bank does not endanger the safety and soundness of the savings bank; and
 - (B) the savings bank is holding the real estate to use the real estate in the future for one (1) of the purposes set forth in subsection (a).

(d) If the savings bank:

- (1) does not open a branch on the real estate within the period specified in subsection (c); or
- (2) removes its branch from the real estate;

the savings bank shall divest itself of all interest in the real estate not more than ten (10) years after the acquisition date of the real estate, if a branch was not opened, or ten (10) years after the removal date of the branch office.

(e) Except with the written approval of the department, the sum invested in real property and buildings used for the convenient transaction of the savings bank's business as provided in this section may not exceed fifty percent (50%) of the surplus and retained earnings of the savings bank.

As added by P.L.42-1993, SEC.72. Amended by P.L.213-2007, SEC.63; P.L.217-2007, SEC.61.

IC 28-6.1-7-10

Repealed

(Repealed by P.L.215-1999, SEC.16.)

IC 28-6.1-7-11

Equity investments in community development corporations and community based economic development; limits; exceptions to limits; exposure to liability

Sec. 11. (a) As used in this section, "community based economic development" refers to activities that seek to address economic causes of poverty within specific geographic areas, revitalizing the economic and social base of low income communities through activities that include:

- (1) affordable housing development;
- (2) small business and micro-enterprise support;
- (3) commercial, industrial, and retail revitalization, retention, and expansion;
- (4) capacity development and technical assistance support for community development corporations;
- (5) employment and training efforts;
- (6) human resource development; and
- (7) social service enterprises.

(b) As used in this section, "community development corporation" means a private, nonprofit corporation:

- (1) whose board of directors is comprised primarily of community representatives and business, civic, and community leaders; and
- (2) whose principal purpose includes the provision of:
 - (A) housing;
 - (B) community based economic development projects; and
 - (C) social services;

that primarily benefit low income individuals and communities.

(c) As used in this section, "capital and surplus" has the meaning set forth in IC 28-1-1-3(10).

(d) Subject to the limitations of this section, other laws, and any regulation, rule, policy, or guidance adopted by the department concerning investments in community based economic development, a savings bank may invest directly or indirectly in equity investments in a corporation, a limited partnership, a limited liability company, or another entity organized as:

- (1) a community development corporation;
- (2) an entity formed primarily to support community based economic development;
- (3) an entity qualifying for the new markets tax credits under 26 U.S.C. 45D; or
- (4) an entity approved by the director as being formed for a predominantly civic, community, or public purpose and that:
 - (A) primarily benefits low and moderate income individuals;
 - (B) primarily benefits low and moderate income areas;
 - (C) primarily benefits areas targeted for redevelopment by a government entity; or
 - (D) is a qualified investment under 12 CFR 25.23 for purposes of the Community Reinvestment Act of 1977 (12 U.S.C. 2901 et seq.).

(e) Except as provided in subsection (f), the aggregate of all equity investments by a savings bank under subsection (d) may not exceed:

- (1) five percent (5%) of the capital and surplus of the savings

bank without the prior written approval of the director; and
(2) fifteen percent (15%) of the capital and surplus of the savings bank under any circumstances.

(f) In determining whether to permit the aggregate of all equity investments by a savings bank under subsection (d) to exceed five percent (5%) of the capital and surplus of the savings bank under subsection (e)(1), the director shall consider whether:

(1) the aggregate of all equity investments under subsection (d) will pose a significant risk to the affected deposit insurance fund; and

(2) the savings bank is adequately capitalized.

(g) A savings bank shall not make any investment under this section if the investment would expose the savings bank to unlimited liability.

As added by P.L.42-1993, SEC.72. Amended by P.L.136-1994, SEC.5; P.L.2-1995, SEC.114; P.L.27-2012, SEC.85.

IC 28-6.1-7-12

Purchasing, holding, and conveying real estate necessary for transaction of business

Sec. 12. (a) A savings bank may purchase, hold, and convey real estate that is necessary for the convenient transaction of the business of the savings bank.

(b) For the purposes of this section, real estate purchased or held for the convenient transaction of the business of a savings bank includes the following:

(1) Real estate on which the principal office or a branch office of the savings bank is located.

(2) Real estate that is the location of facilities supporting the operations of the savings bank, such as parking facilities, data processing centers, loan production offices, automated teller machines, night depositories, facilities necessary for the operations of a savings bank, or other facilities that are approved by the director.

(3) Real estate that the board of the savings bank expects, in good faith, to use as a savings bank office or facility in the future.

(c) If real estate referred to in subsection (b)(3) is held by a savings bank for one (1) year without being used as a savings bank office or facility, the board of trustees of the savings bank shall state, by resolution, definite plans for the use of the real estate. A resolution adopted under this subsection shall be made available for inspection by the department.

(d) Real estate referred to in subsection (b)(3) may not be held by a savings bank for more than three (3) years without being used as a savings bank office or facility unless both of the following apply:

(1) The board of the savings bank, by resolution:

(A) reaffirms annually that the savings bank expects to use the real estate as a savings bank office or facility in the future; and

(B) explains the reason why the real estate has not yet been used as a savings bank office or facility.

(2) The director determines that both of the following apply:

(A) The continued holding of the real estate by the savings bank does not endanger the safety and soundness of the savings bank.

(B) The savings bank is holding the real estate to use in the future for one (1) of the purposes set forth in subsection (b)(1) and (b)(2).

(e) Real estate referred to in subsection (b)(3) may not be held by a savings bank for more than ten (10) years without being used as a savings bank office or facility unless the department consents in writing to the continued holding of the real estate by the savings bank.

As added by P.L.42-1993, SEC.72.

IC 28-6.1-7-13

Paying interest and expenses

Sec. 13. A savings bank may not pay:

(1) interest contracted for with a depositor; or

(2) other expenses incurred in operating the business of the savings bank;

except from current earnings or undivided profits without the approval of the department.

As added by P.L.42-1993, SEC.72.