

## **IC 28-1-32**

### **Chapter 32. Conversion of a Mutual Savings Association Into a Credit Union**

#### **IC 28-1-32-1**

##### **"Conversion plan"**

Sec. 1. As used in this chapter, "conversion plan" refers to a plan for the conversion of a mutual savings association into a credit union that is prepared under this chapter.

*As added by P.L.1-2006, SEC.491.*

#### **IC 28-1-32-2**

##### **"Credit union"**

Sec. 2. 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.491.*

#### **IC 28-1-32-3**

##### **"Effective time of the conversion"**

Sec. 3. As used in this chapter, "effective time of the 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 conversion.

*As added by P.L.1-2006, SEC.491.*

#### **IC 28-1-32-4**

##### **"Mutual savings association"**

Sec. 4. As used in this chapter, "mutual savings association" means a savings association (as defined in 12 U.S.C. 1813(b)) that:

- (1) maintains its principal office in Indiana; and
- (2) has a mutual form of ownership.

*As added by P.L.1-2006, SEC.491.*

#### **IC 28-1-32-5**

##### **"Voting parties"**

Sec. 5. As used in this chapter, "voting parties" means the depositors or members of a mutual savings association.

*As added by P.L.1-2006, SEC.491.*

#### **IC 28-1-32-6**

##### **Voting party rights**

Sec. 6. For purposes of this chapter, voting parties have the voting rights as provided in the applicable corporate governance documents of the converting mutual savings association.

*As added by P.L.1-2006, SEC.491.*

### **IC 28-1-32-7**

#### **Authorization to convert into credit union**

Sec. 7. With the approval of the department, a mutual savings association may convert into a credit union under this chapter.

*As added by P.L.1-2006, SEC.491.*

### **IC 28-1-32-8**

#### **Conversion procedures**

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

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

(1) The savings association must prepare and submit to the department a conversion plan that provides the terms and conditions required by the department for the conversion of the mutual savings association into a credit union.

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

(3) Upon approval of the conversion plan by the board of directors of the savings association, 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 on 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 savings association to provide the voting parties with information regarding the conversion plan.

(5) The savings association must provide to the department additional relevant information requested by the department regarding the conversion plan.

*As added by P.L.1-2006, SEC.491. Amended by P.L.213-2007, SEC.51; P.L.217-2007, SEC.49.*

### **IC 28-1-32-8.1**

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

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

(1) The mutual savings association must prepare a conversion plan that provides the terms and conditions for the conversion of the mutual savings association 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 association.

(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 association shall, not later than ninety (90) days after the plan is approved under subdivision (3), take all necessary actions to effect the 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 3 of this chapter, the converted federal credit union ceases to be a savings association upon the issuance of the federal charter, unless the federal charter provides for a different effective date for the conversion.

*As added by P.L.213-2007, SEC.52; P.L.217-2007, SEC.50.*

#### **IC 28-1-32-9**

##### **Department approval of conversion**

Sec. 9. (a) The department may approve or disapprove a 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 savings association receives the department's approval of the conversion plan.

*As added by P.L.1-2006, SEC.491.*

#### **IC 28-1-32-10**

##### **Requirements for approval**

Sec. 10. The department may not approve a 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 credit union 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 savings association 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, creditors, and public generally will not be jeopardized by the proposed credit union conversion.

*As added by P.L.1-2006, SEC.491.*

#### **IC 28-1-32-11**

##### **Rights, privileges, authorizations, and obligations**

Sec. 11. At the effective time of the conversion of a mutual savings association into a credit union 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, rules, duties, restrictions, obligations, and liabilities of a credit union;
- (3) succeeds by operation of law to all rights and property of the converting savings association;
- (4) is subject to all debts, obligations, and liabilities of the converting savings association as if the credit union had incurred the debts, obligation, and liabilities; and
- (5) may retain the borrowers and depositors of the converting savings association as members of the credit union.

*As added by P.L.1-2006, SEC.491.*

#### **IC 28-1-32-12**

##### **Winding up activities**

Sec. 12. The department may authorize the credit union resulting from a conversion under this chapter to do the following:

- (1) Wind up any activities that the savings association was legally engaged in at the effective time of the conversion but that otherwise are not permitted to credit unions.
- (2) Retain for a transitional period any assets that the savings association legally held at the effective time of the conversion but 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 conversion.

*As added by P.L.1-2006, SEC.491.*

#### **IC 28-1-32-13**

##### **Branches**

Sec. 13. A credit union resulting from a conversion under this chapter may retain all branches lawfully established.

*As added by P.L.1-2006, SEC.491.*

**IC 28-1-32-14****Filing articles of conversion**

Sec. 14. (a) A savings association converting into a credit union under this chapter shall file with the secretary of state the articles of conversion showing the approval of the director of the department.

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

(c) The articles of 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.491.*

**IC 28-1-32-15****Subject to credit union statutes and rules**

Sec. 15. Upon the effective time of the conversion, the converted credit union is subject to all statutes and rules applicable to credit unions.

*As added by P.L.1-2006, SEC.491.*

**IC 28-1-32-16****Rulemaking authority**

Sec. 16. The department may adopt rules under IC 4-22-2 or policies to implement this chapter.

*As added by P.L.1-2006, SEC.491.*