DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
SEPTEMBER 12, 2008

The Members of the Department of Financial Institutions met at 10:15 a.m., EST, at 30 South Meridian Street, Suite 300, Indianapolis, Indiana. Present from the Department were: Judith G. Ripley, Director; John J. Schroeder, General Counsel, Deputy Director, Non-Depository Division and Secretary; James M. Cooper, Deputy Director, Depository Division and Assistant Secretary; Gina R. Williams, Deputy Director, Administration Division; Troy Pogue, Supervisor, Administration Division; Connie Gustafson, Assistant Legal Counsel; Kirk Schreiber, Senior Bank Analyst; Mark Tarpey, Division Supervisor, Consumer Credit Division; Jim Harrell, Assistant to the Supervisor, Consumer Credit Division; Janelle Tierney, Field Examiner, Bank Division and Ronda Bailey, Executive Assistant. Representing Indiana Credit Union League was Chris Beaumount.

I. EXECUTIVE SESSION: 9:45 a.m.

A. James Cooper presented to the Members a review of confidential regulatory matters pursuant to IC 28-1-2-30. This aspect of the Executive Session is authorized by IC 5-14-1.5-6.1 (b)(7).

II. PUBLIC SESSION: 10:15 a.m.

A. Members Present: Richard J. Rice, Chairman, Mark A. Schroeder, Vice Chairman, Michael W. Davis, Donald E. Goetz, Jean L. Wojtowicz, and Judith G. Ripley, Director. Paul R. Sweeney was absent.

B. Date of next meeting: October 9, 2008 @ 10:00 a.m., at the Indiana Department of Financial Institutions, 30 South Meridian Street, Suite 300, Indianapolis, Indiana.

C. Approval of the minutes of the meeting held July 10, 2008. Chairman Rice entertained a motion to approve the minutes of the July 10, 2008 meeting. Ms.Wojtowicz moved the approval of the minutes; Mr. Goetz seconded the motion, and the motion passed unanimously.

D. CREDIT UNION DIVISION:

1. Request for approval from Members on the policy regarding Permissible Investments for Credit Unions

This request was presented by Mark K. Powell, Supervisor, Credit Union Division. The development of the policy was prompted by a request from VIA Credit Union and Harvester Financial Credit Union for parity with federal credit unions in the ability to purchase certain investments not specifically allowed by the Indiana Credit Union Act.

Mr. Powell explained that certain sections of the Federal Credit Union Act and the National Credit Union Administration Rules and Regulations allow federally chartered credit unions to invest in banker's acceptances, deposit notes, bank notes, and obligations of, or issued by any state or political subdivision. IC 28-7-1-9(K) allows the Department through policy or

rule to define investment securities that may be purchased by well capitalized credit unions. Rather than entertaining numerous identical requests for investment parity, the credit union staff requests that the Members consider for approval a Policy regarding Permissible Investments for Credit Unions. **A motion for approval was made by Mr. Schroeder and seconded by Mr. Goetz. The motion was unanimously approved.**

E. CONSUMER CREDIT DIVISION:

1. Division Supervisor Tarpey updated the Members on the history of Guaranteed Auto Protection (GAP) programs approved by DFI since 1992. This included an overview of the two surveys that were sent to all currently approved third-party GAP administrators in 2007 and 2008, as well as the evaluation by an actuary hired by DFI in 2007 to review the survey information. The information provided to DFI and reviewed by the actuary of the approved GAP administrators was not conclusive as to the amount of losses that would justify a specifically higher consumer cost. The statute requires that approved additional charges be reasonable in relation to the benefit. When compared to other products available in the market, the GAP pricing proposed by the staff is deemed reasonable. The staff recommendation to the DFI Members was to notify all existing approved GAP administrators that they could continue their prior approved GAP program by notifying DFI no later than December 1, 2008 that there will be no increase in the maximum consumer cost. If the GAP administrator wishes to implement the new maximum consumer cost of $460 as of January 1, 2009, then they must notify DFI by December 1, 2008 and also implement a pro-rata refund upon prepayment in full or refinancing. The maximum consumer cost of $460 will be indexed to the Consumer Price Index (CPI) as are other amounts in the Indiana Uniform Consumer Credit Code that are subject to change July 1 of the even numbered years. **A motion to approve the staff recommendation was made by Mr. Davis and seconded by Ms. Wojtowicz. The motion was unanimously approved.**

2. Jim Harrell updated the Members on new First Lien Mortgage Lending Act and DFI participation in Nationwide Mortgage Licensing System. **This item was for informational purposes only**.

3. John Schroeder updated the Members on the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 ("S.A.F.E. Mortgage Licensing Act"), and its ramifications for the Department and its regulated entities. **This item was for informational purposes only.**

F. DIRECTOR'S COMMENTS AND ACTIONS:

1. Monroe Bank, Bloomington, Monroe County, Indiana

On June 13, 2008, the bank notified the Department of its intent to establish a qualifying subsidiary pursuant to IC 28-13-16. The subsidiary will be known as **"HIE Enterprises, LLC."** The subsidiary will be incorporated and commercially domiciled in Bloomington, Indiana. **This item was for informational purposes only.**

2. Bank of Evansville, Evansville, Vanderburgh County, Indiana

On July 7, 2008, the bank notified the Department of its intent to establish a qualifying subsidiary pursuant to IC 28-13-16. The subsidiary will be known as "**Banc Realty, LLC.**" The subsidiary will be incorporated and commercially domiciled in Evansville, Indiana. **This item was for informational purposes only.**

3. German American Bancorp, Jasper, Dubois County, Indiana

On July 15, 2008, the bank notified the Department of its intent to form two qualifying subsidiaries to be known as **"GABC Leasing, Inc."** and **"GABC Holdings, Inc."** Both subsidiaries will be incorporated under the Indiana Business Corporation Law and will be headquartered at the main office of the Bank. The Department had no objection to the formation of the two subsidiaries. **This item was for informational purposes only.**

4. Irwin Union Bank and Trust Company, Columbus, Bartholomew County, Indiana

The bank notified the Department that the "State Street Branch" closed on July 8, 2008. The branch was located at 2033 State Street, Columbus, Indiana. **This item was for informational purposes only.**

G. ACTIONS BY DELEGATED AUTHORITY:

1. Irwin Union Bank and Trust Company, Columbus, Bartholomew County, Indiana

The bank has applied to the Department for approval to relocate a branch office from 805 West Carmel Drive, Carmel, Hamilton County, Indiana to 751 City Center Drive, Carmel, Hamilton, Indiana**.** The branch is to be known as "Irwin Union Bank and Trust Company." **This request was approved by the Director on July 8, 2008, under delegated authority.**

2. Mercantile Bank, Quincy, Adams County, Illinois

An application to expand the activity of a foreign corporation was received from Mercantile Bank, Quincy, Adams County, Illinois ("Mercantile"). Mercantile received a certificate of admission as a foreign corporation to transact business in Indiana in accordance with the provisions of IC 28-1-22 on March 11, 2008. The initial certificate of admission enabled the bank to open a loan production office in Carmel, Indiana. Mercantile now wants to amend its certificate of admission by expanding its activity in Indiana by establishing a full-service branch banking office in Carmel, Indiana. Mercantile is an Illinois state chartered commercial bank. Kevin P. Murphy, 12508 Pembrooke Circle, Carmel, Hamilton County, Indiana has been appointed as resident agent for service of legal process by Mercantile**. The bank's request for an expansion was approved by the Director on July 8, 2008, under delegated authority.**

3. Citizens National Bank of Paris, Paris, Edgar County, Illinois

An application for issuance of a certificate of admission was received from the Citizens National Bank of Paris, Paris, Edgar County, Illinois ("Citizens National"). Citizens National filed the application to enable it to transact business in Indiana in accordance with the provisions of IC 28-2-18 and IC 28-1-22. The bank intends to conduct banking activity through a branch in Terre Haute, Indiana. Citizens National is a nationally chartered bank. Joseph J. Montel, 3851 Sedgemoor Circle, Carmel, Hamilton County, Indiana has been appointed as resident agent for service of legal process by Citizens National**. A Certificate of Admission was approved by the Director on July 31, 2008, under delegated authority.**

4. <u>The Friendship State Bank, Friendship, Ripley County, Indiana</u>

The bank is requesting an extension of time for the opening of its branch to be located at 1362 State Road 46 East, Batesville, Ripley County, Indiana. The branch application was approved under delegated authority on July 26, 2007 with a projected opening date of May 31, 2008. The projected opening date has been delayed until January 31, 2009. **The bank's request for an extension until January 31, 2008 was approved by the Director on July 31, 2008, under delegated authority.**

5. <u>The LaPorte Savings Bank, LaPorte, LaPorte County, Indiana</u>

The bank has requested permission to hold two parcels of property in excess of three years as prescribed in IC 28-1-11-5. The real estate held is a result of the bank's recent acquisition of City Savings Bank, Michigan City, Indiana on October 12, 2007. City Savings Bank was holding the properties for future development as branch facilities. The LaPorte Savings Bank has no plans to develop these properties for future branch development. Both properties are being held until they can be sold. The first property located at 1115 East Lincoln Way, LaPorte was purchased by City Savings Bank on November 10, 2003. The second property located at Lots 10 & 11 Cleveland Crossing, Michigan City was purchased by City Savings Bank on July 13, 2005. If the bank does not sell the two parcels of real estate within this time frame, another request to the Director pursuant to IC 28-1-11-5 will be required. **The bank's request to hold two parcels of property until July 31, 2009 was approved by the Director on July 31, 2008, under delegated authority.**

6. <u>Harbour Trust & Investment Management Company, Michigan City, LaPorte County, Indiana</u>

Harbour Trust & Investment Management Company, ("Harbour Trust") has applied for approval of a Plan of Exchange (the "Plan") between Harbour Trust and Harbour Holdings, Inc., Michigan City, LaPorte County, Indiana ("HHI"), an Indiana corporation organized on June 26, 2008. The Plan provides for the exchange of one share of Harbour Trust Class A voting common stock for one share of HHI Class A voting common stock and the exchange of one share of Harbour Trust Class B non-voting common stock for one share of HHI Class B non-voting common stock.

Shareholders of Harbour Trust who dissent from the Plan have the right to be paid the fair value of their shares in cash if they comply with the procedures specified in IC 28-1-7.5-8. Harbour Trust waived its option to have a public hearing on the fairness of the terms of the Plan of Exchange as provided in IC 28-1-7.5-5. **This request was approved by the Director on August 18, 2008, under delegated authority, subject to the following condition: The Plan of Exchange will be consummated within one year from the date of approval unless an extension of time is granted by the Director of the Department.**

7. **Ameriana Bank, SB, New Castle, Henry County, Indiana**

The bank has applied to the Department for approval to establish a branch office to be located at 3333 East State Road 32, Westfield, Hamilton County, Indiana. The branch is to be known as "Westfield Banking Center." **This request was approved by the Director on August 18, 2008, under delegated authority.**

8. **The Scott County State Bank, Scottsburg, Scott County, Indiana**

The bank has applied to the Department for approval to establish a branch office to be located at 307 West Main Street, Austin, Scott County, Indiana**.** The branch is to be known as "Austin Financial Center." **This request was approved by the Director on August 18, 2008, under delegated authority.**

9. **State Merit Service Credit Union, Indianapolis, Marion County, Indiana**

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. IC 28-7-1-7 allows a credit union to amend its' articles of incorporation to change its' corporate name. This amendment would change the corporate name of the credit union to the following:

State Service Credit Union. **This request was approved by the Director on July 29, 2008, under delegated authority.**

10. **Teachers Credit Union, South Bend, St. Joseph County, Indiana**

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. IC 28-7-1-10 allows a credit union to add one or more qualified groups to its field of membership. This amendment would place the following organizations into the field of membership of the credit union:

DPI Technologies, Inc. – Niles, MI – 5 members (common bond of occupation as defined by 28-7-1-10)
Don Webber Motors, Inc. – Niles, MI – 1member (common bond of occupation as defined by 28-7-1-10)
Eden Anesthesia Services, Inc. – Niles, MI – 15 members (common bond of occupation as defined by 28-7-1-10
American Tree Care, Inc. – Niles, MI – 10 members (common bond of occupation as defined by 28-7-1-10). **This request was approved by the Director on August 26, 2008, under**

delegated authority.

11. **Santander Consumer USA, Inc.** is requesting a consumer loan license. Applicant is based in Dallas, Texas. They will be making direct automobile loans/general financing. **This request was approved by the Director on August 29, 2008, under delegated authority.**

12. **Vantium Capital, Inc.** is requesting a consumer loan license. Applicant is based in Santa Clarita, California. They will be making second mortgage loans. **This request was approved by the Director on August 29, 2008, under delegated authority.**

13. **CareGard Warranty Services, Inc**. is requesting approval as third party administrator for a Guaranteed Auto Protection (GAP) Program. Applicant is based in Grapevine, Texas. **This request was approved by the Director on August 29, 2008, under delegated authority.**

CERTIFICATION:
The Department certifies that the business discussed in the Executive Session was limited only to business that was set out in the Department's Notice of Meeting and Agenda under the heading of "Executive Session." All action taken by the Department, if any, relating to the business discussed in the Executive Session was conducted in the public place.

Other Business. Chairman Rice asked if there was other business. There being no further business, Chairman Rice entertained a motion to adjourn the meeting. Mr. Goetz moved for adjournment and Director Ripley seconded the motion, and the motion passed unanimously.

APPROVED: **ATTEST:**

Richard J. Rice, Chairman **John J. Schroeder, Secretary**