

#### **IC 28-1-21.4**

Chapter 21.4. Charter Conversion of a Building and Loan Association to a Stock Building and Loan Association

#### **IC 28-1-21.4-1**

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

Sec. 1. As used in this chapter, "mutual savings association" means any mutual savings association organized or reorganized under this title, and any savings association organized under any Indiana statute before February 24, 1933, that is in a mutual form. *As added by P.L.176-1996, SEC.14. Amended by P.L.79-1998, SEC.46.*

#### **IC 28-1-21.4-2**

##### **"Charter conversion" defined**

Sec. 2. As used in this chapter, "charter conversion" means the conversion of a mutual savings association to a stock savings association, including any of the following:

- (1) A conversion in connection with the formation of a holding company.
- (2) An acquisition involving an existing corporation.
- (3) A merger with an existing financial institution.

*As added by P.L.176-1996, SEC.14. Amended by P.L.79-1998, SEC.47.*

#### **IC 28-1-21.4-3**

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

Sec. 3. As used in this chapter, "conversion plan" refers to the plan of charter conversion of a mutual savings association to a stock savings association required by this chapter.

*As added by P.L.176-1996, SEC.14. Amended by P.L.79-1998, SEC.48.*

#### **IC 28-1-21.4-4**

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

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

- (1) that the articles of conversion are filed with the secretary of state under section 16 of this chapter; or
- (2) designated in the articles of conversion.

*As added by P.L.176-1996, SEC.14.*

#### **IC 28-1-21.4-5**

##### **"Office of thrift supervision" defined**

Sec. 5. As used in this chapter, "office of thrift supervision" refers to the primary federal regulator of savings associations.

*As added by P.L.176-1996, SEC.14.*

#### **IC 28-1-21.4-6**

##### **"Stock savings association" defined**

Sec. 6. As used in this chapter, "stock savings association" means a savings association that is:

- (1) owned by holders of capital stock; and
- (2) formed by conversion under this chapter.

*As added by P.L.176-1996, SEC.14. Amended by P.L.79-1998, SEC.49.*

#### **IC 28-1-21.4-7**

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

Sec. 7. As used in this chapter, "voting parties" means the:

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

of a mutual savings association as provided in IC 28-13-6-2(f).

*As added by P.L.176-1996, SEC.14. Amended by P.L.79-1998, SEC.50; P.L.215-1999, SEC.5.*

#### **IC 28-1-21.4-8**

##### **Power of mutual savings associations to convert charter**

Sec. 8. Notwithstanding any provision of this title, a mutual savings association may convert its charter under this chapter with the approval of the department.

*As added by P.L.176-1996, SEC.14. Amended by P.L.79-1998, SEC.51.*

#### **IC 28-1-21.4-9**

##### **Duty of department to prescribe procedures**

Sec. 9. (a) The department shall prescribe procedures for charter conversions under this chapter.

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

- (1) The savings association must prepare and submit a conversion plan to the department that provides the terms and conditions of the charter conversion as required by the department. The conversion plan must stipulate the manner of distribution of stock.
- (2) The conversion plan must be adopted by at least 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 conversion plan and a certified copy of the resolution of the board of directors approving the conversion plan shall be submitted to the department for approval.
- (4) The conversion plan must be conditioned upon the approval of at least a majority of the total number of votes eligible to be cast at a regular or special meeting of the voting parties. In obtaining the approval of the conversion plan by the voting parties, the converting savings association shall provide to the voting parties the information regarding the conversion plan that the department requires. In determining the information that must be provided, the department shall give due

consideration to the requirements of the office of thrift supervision regulations relating to proxy statements governed by Section 14 of the Securities Exchange Act of 1934 (15 U.S.C. 78n).

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

*As added by P.L.176-1996, SEC.14. Amended by P.L.79-1998, SEC.52.*

#### **IC 28-1-21.4-10**

##### **Voting rights**

Sec. 10. The voting parties of a mutual savings association have the voting rights set forth in IC 28-13-6-2 with respect to a charter conversion of the mutual savings association under this chapter.

*As added by P.L.176-1996, SEC.14. Amended by P.L.79-1998, SEC.53.*

#### **IC 28-1-21.4-11**

##### **Approval or disapproval by department**

Sec. 11. (a) The department may approve or disapprove the conversion plan filed under section 9 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 approval of the department if the director of the department has reviewed the proxy solicitation material and has notified the savings association in writing that the department does not object to the use of the material.

*As added by P.L.176-1996, SEC.14. Amended by P.L.79-1998, SEC.54.*

#### **IC 28-1-21.4-12**

##### **Conditions for approval**

Sec. 12. The department may not approve the conversion plan unless the department finds, after appropriate investigation or examination, all of the following:

(1) That the resulting stock savings association will operate in a safe, sound, and prudent manner.

(2) That the proposed charter conversion will not result in a stock savings association 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 proposed stock savings association.

(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.176-1996, SEC.14. Amended by P.L.79-1998,*

SEC.55.

#### **IC 28-1-21.4-13**

##### **Powers and duties at effective time of conversion**

Sec. 13. At the effective time of the charter conversion, the resulting stock savings association:

- (1) possesses all of the rights, privileges, immunities, and powers of a stock savings association;
- (2) unless otherwise provided in this chapter, is subject to all of the statutes, regulations, duties, restrictions, obligations, and liabilities of a stock savings association;
- (3) succeeds by operation of law to all rights and property of the converting savings association; and
- (4) is subject to all debts, obligations, and liabilities of the converting savings association as if the stock savings association had incurred the debts and liabilities.

*As added by P.L.176-1996, SEC.14. Amended by P.L.79-1998, SEC.56.*

#### **IC 28-1-21.4-14**

##### **Transitional period**

Sec. 14. The department may authorize the resulting stock savings association to do the following:

- (1) Wind up any activities legally engaged in by the savings association at the effective time of the charter conversion not permitted to stock savings associations.
- (2) Retain for a transitional period any assets legally held by the savings association at the effective time of the charter conversion that otherwise may not be held by stock savings associations.

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.176-1996, SEC.14. Amended by P.L.79-1998, SEC.57.*

#### **IC 28-1-21.4-15**

##### **Branches**

Sec. 15. A stock savings association created by charter conversion may retain all branches lawfully established.

*As added by P.L.176-1996, SEC.14. Amended by P.L.79-1998, SEC.58.*

#### **IC 28-1-21.4-16**

##### **Filing with secretary of state**

Sec. 16. (a) To effect the charter conversion, the converting savings association must file with the secretary of state articles of charter conversion showing the approval of the director of the department.

(b) The converting savings association shall record copies of the articles of charter conversion with the county recorder of the county where the principal office of the stock savings association is located.

(c) The articles of charter conversion constitute articles of incorporation and must set forth the elements required in IC 28-12-2-1.

*As added by P.L.176-1996, SEC.14. Amended by P.L.79-1998, SEC.59.*

#### **IC 28-1-21.4-17**

##### **Rules**

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

*As added by P.L.176-1996, SEC.14.*