

IC 28-1-21.7

Chapter 21.7. Charter Conversion of Mutual Savings Associations to Mutual Savings Banks

IC 28-1-21.7-1

"Department" defined

Sec. 1. As used in this chapter, "department" means the department of financial institutions and, if applicable, the department's authorized delegate.

As added by P.L.147-1990, SEC.3.

IC 28-1-21.7-2

"Effective time of the mutual bank conversion" defined

Sec. 2. As used in this chapter, "effective time of the mutual bank conversion" means:

(1) the date that articles of mutual bank conversion are filed with the secretary of state; or

(2) the date designated in the articles of mutual bank conversion.

As added by P.L.147-1990, SEC.3. Amended by P.L.122-1994, SEC.83.

IC 28-1-21.7-3

"Mutual bank" defined

Sec. 3. (a) As used in this chapter, "mutual bank" means a mutual savings bank governed by IC 28-6.1.

(b) A reference in IC 28-6.1 to formation and operation of a savings bank by a board means formation by conversion under this chapter and operation by a board of directors elected by members under IC 28-13.

(c) IC 28-6.1-3 does not apply to mutual banks formed by conversion under this chapter.

As added by P.L.147-1990, SEC.3. Amended by P.L.42-1993, SEC.39.

IC 28-1-21.7-4

"Mutual bank conversion" defined

Sec. 4. As used in this chapter, "mutual bank conversion" means the conversion of a savings association to a mutual bank.

As added by P.L.147-1990, SEC.3.

IC 28-1-21.7-5

"Office of thrift supervision" defined

Sec. 5. As used in this chapter, "office of thrift supervision" means the primary federal regulator of savings associations or successors of savings associations (as defined in 12 U.S.C. 1462(a) (FIRREA Section 301)).

As added by P.L.147-1990, SEC.3.

IC 28-1-21.7-6

"Savings association" defined

Sec. 6. As used in this chapter, "savings association" means an institution (as defined in 12 U.S.C. 1813(b)) that maintains its principal office in Indiana. The term includes federally chartered savings associations and savings banks, and state savings and loan associations and building and loan associations, but only if held in the mutual form of ownership.

As added by P.L.147-1990, SEC.3.

IC 28-1-21.7-7

"Voting parties" defined

Sec. 7. As used in this chapter, "voting parties" means a mutual savings association's depositors or members. Voting parties have the voting rights stipulated by the bylaws of the converting savings association.

As added by P.L.147-1990, SEC.3.

IC 28-1-21.7-8

Conversion upon approval

Sec. 8. Any savings association may, upon approval of the department and, if required by federal law, the office of thrift supervision, effect a mutual bank conversion.

As added by P.L.147-1990, SEC.3.

IC 28-1-21.7-9

Procedures for conversion

Sec. 9. The department shall prescribe procedures for mutual bank conversions. The procedures prescribed by the department must include the following:

- (1) The savings association shall prepare and submit a plan of mutual bank conversion to the department that provides the terms and conditions of the mutual bank conversion as required by the department. However, if the plan of mutual bank conversion complies with the requirements of the Office of Thrift Supervision, the plan shall be considered adequate.
- (2) The plan of mutual bank conversion must be adopted by not less than a majority of the board of directors of the savings association.
- (3) Upon approval of a plan of mutual bank conversion by the board of directors of the savings association, the plan of mutual bank conversion and a certified copy of the resolution of the board of directors approving the plan of mutual bank conversion shall be submitted to the department for approval.
- (4) The plan of mutual bank conversion shall be conditioned upon the approval of not less than a majority of the total number of votes cast at a regular or special meeting of the voting parties. The method used to notify the voting parties of the meeting held to consider a plan of mutual bank conversion must be approved by the director of the department. The director may require the converting savings association to

provide the voting parties with information regarding the plan of mutual bank conversion.

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

As added by P.L.147-1990, SEC.3. Amended by P.L.33-1991, SEC.21; P.L.42-1993, SEC.40; P.L.122-1994, SEC.84.

IC 28-1-21.7-10

Approval or disapproval of conversion plan; requirements

Sec. 10. (a) The department may approve or disapprove the plan of mutual bank conversion filed under section 9 of this chapter.

(b) Solicitation of the votes of voting parties may occur prior to receipt of the approval of the department.

(c) The department may not approve the plan of mutual bank conversion unless the department finds, after appropriate investigation or examination, and without the requirement of a public hearing, that the following requirements have been fulfilled:

(1) That the resulting mutual bank will operate in a safe, sound, and prudent manner.

(2) That the proposed mutual bank conversion will not result in a mutual bank 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 mutual bank proposed to be formed as a result of the mutual bank conversion.

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

As added by P.L.147-1990, SEC.3.

IC 28-1-21.7-11

Powers and duties of resulting mutual bank

Sec. 11. Upon conversion of a savings association, the resulting mutual bank:

(1) possesses all of the rights, privileges, immunities, and powers of a mutual bank;

(2) unless otherwise provided in this chapter, is subject to all of the duties, restrictions, obligations, and liabilities of a mutual bank; and

(3) succeeds by operation of law to all rights and property of the converting savings association and shall be subjected to all debts, obligations, and liabilities of the converting savings association as if the mutual bank had incurred the debts and liabilities.

As added by P.L.147-1990, SEC.3.

IC 28-1-21.7-12

Transitional powers

Sec. 12. The department may authorize the resulting mutual bank to do the following:

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

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 mutual bank conversion.

As added by P.L.147-1990, SEC.3. Amended by P.L.42-1993, SEC.41.

IC 28-1-21.7-13

Retention of branches

Sec. 13. Notwithstanding IC 28-6.1-12, a mutual bank created by charter conversion may retain all branches lawfully established.

As added by P.L.147-1990, SEC.3. Amended by P.L.42-1993, SEC.42.

IC 28-1-21.7-14

Articles of conversion; filing

Sec. 14. In order to effect the mutual bank conversion, the converting savings association shall file articles of mutual bank conversion, bearing the approval of the director of the department, with the Indiana secretary of state. The converting savings association shall also file copies of the articles of mutual bank conversion with the county recorder of the county where the principal office of the mutual bank is located.

As added by P.L.147-1990, SEC.3.

IC 28-1-21.7-15

Statutes and rules applicable to converted bank

Sec. 15. Upon the effective time of mutual bank conversion, the converted mutual bank, unless otherwise provided in this chapter, immediately becomes subject to all statutes and rules applicable to mutual banks.

As added by P.L.147-1990, SEC.3.