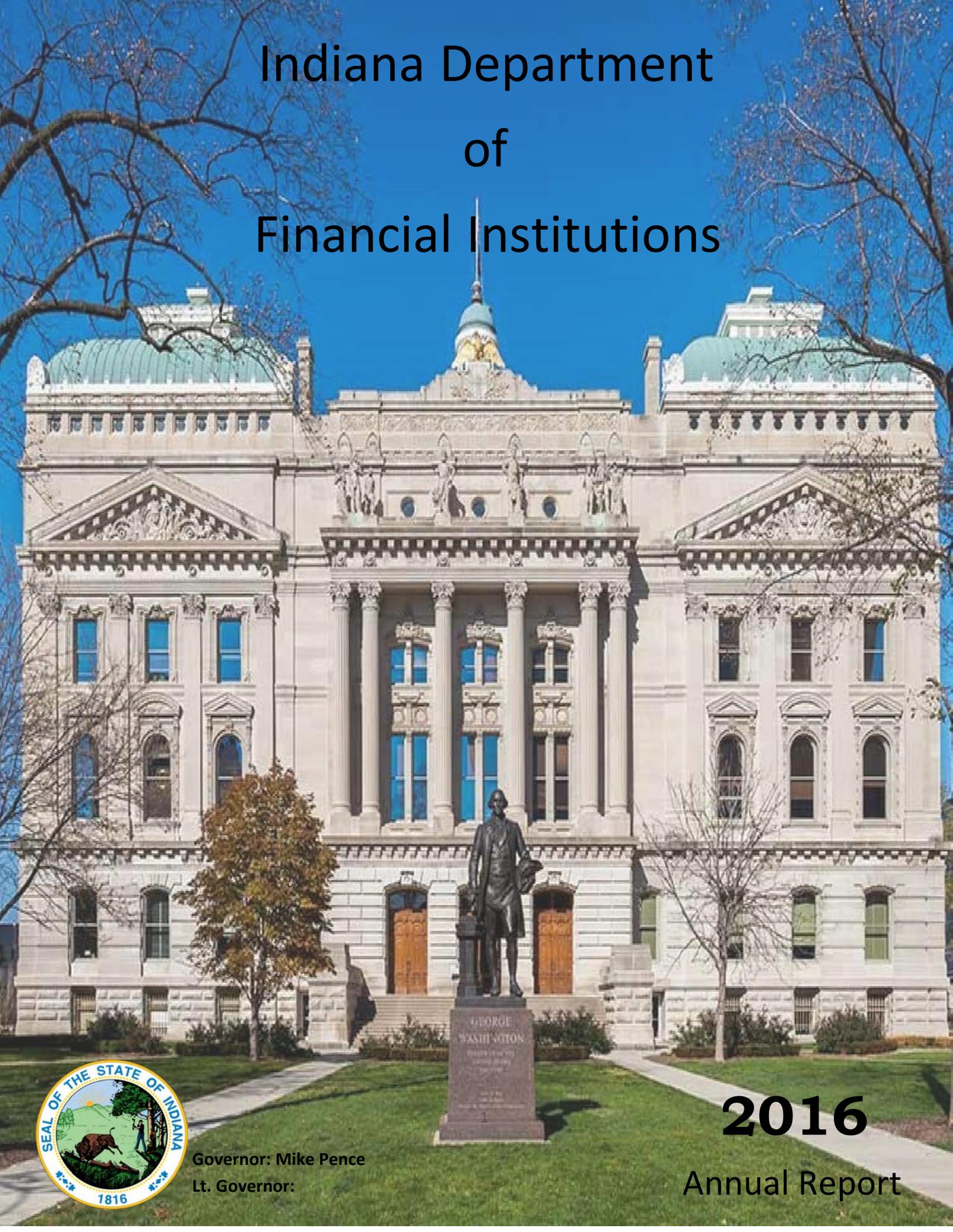


Indiana Department of Financial Institutions



Governor: Mike Pence

Lt. Governor:

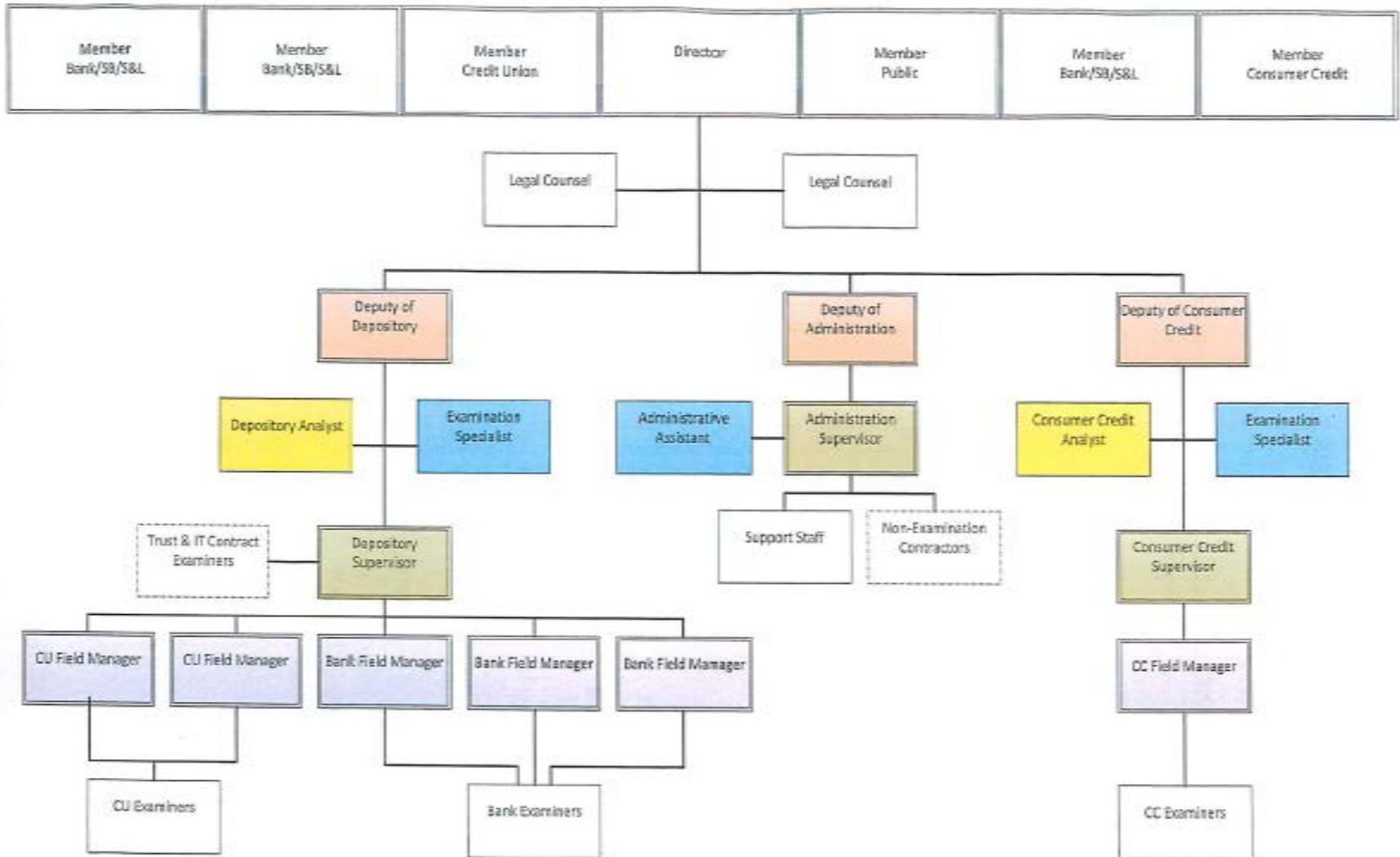
2016

Annual Report

TABLE OF CONTENTS

HISTORY OF DIRECTORS	4
MISSION, VISION, STAKEHOLDERS, GOALS AND STRATEGIES	5
MEMBERS OF THE DEPARTMENT OF FINANCIAL INSTITUTIONS	6
DEPARTMENT PERSONNEL	7
OVERVIEW	12
Introduction	
Comparative Financial Statement	
LEGISLATIVE CHANGES	15
DIVISION OF BANKS AND TRUST COMPANIES	20
Organizational Chart	
Comparative Statement of Condition	
Holding Company Ownership Analysis	
Total Assets of Indiana Banks	
Status Changes	
Active Commercial Banking Institutions	
DIVISION OF CREDIT UNIONS	38
Summary of Activity	
Comparative Statement of Condition	
Income Statement	
Total Credit Union Assets	
DIVISION OF CONSUMER CREDIT	44
Summary of Activity	
Examination Summary	
Violation Summary	
DIVISION OF ADMINISTRATION	57
Organizational Chart	

Indiana Department of Financial Institutions



Department of Financial Institutions

DIRECTORS

DIRECTOR	FROM		TO	
Richard McKinley	January	1933	November	1939
Ross H. Wallace	January	1940	June	1943
A.J. Stevenson	July	1943	December	1944
Joseph McCord	January	1945	September	1965
Donald H. Sauer	October	1965	June	1969
James Faris	July	1969	June	1980
William T. Ray	July	1980	June	1983
Ruth D. Harrison	July	1983	May	1989
Charles W. Phillips	June	1989	June	2005
Judith G. Ripley	August	2005	September	2009
David H. Mills	September	2009	January	2014
Dennis L. Bassett	March	2014	April	2015
Tim Berry	June	2015	November	2015
Tom Fite	January	2016	Present	

DEPARTMENT OF FINANCIAL INSTITUTIONS

Mission

To regulate and supervise financial services providers in a manner that assures the residents of Indiana adequate and proper financial services; protects the interest of depositors, borrowers, shareholders and consumers; promotes safety and soundness in Indiana financial institutions; and advocates and enforces compliance with applicable state and federal laws.

Vision

To be among the best state financial services regulators in the country by consistently applying appropriate safety and soundness standards, assuring consumer protection, and promoting economic development.

Stakeholders

The Department's primary stakeholders are the public, legislative bodies, regulated financial services providers, other regulatory agencies, financial services associations, and its employees.

Goals and Strategies

Consistent with the Department's identity, vision and goals, the Members, the Executive Team, and the Senior Departmental staff have adopted goals and strategies to:

- Maintain a qualified, diversified, effective, and empowered staff with a focus on continuous improvement, professional development, integrity, and a collegial, challenging work environment.
- Develop and maintain an effective management structure with emphasis on leadership training, continuing technical education, strategic planning, management succession, fiscal responsibility, and policy development.
- Use a set of consistent regulatory standards to evaluate the adequacy of existing regulation and to consider the need for new regulation of financial transactions not presently supervised.
- Be proactive with Indiana State Legislators to keep Indiana in step with the changing financial services environment, protect consumers, and promote economic development.
- Monitor, embrace, and implement advancing technology in all forms of communications and computer technology to maximize Departmental efficiency, to provide more effective regulation, and to challenge our employees towards higher levels of performance.

MEMBERS OF THE DEPARTMENT

Richard J. Rice, Chairman
South Bend
Credit Union Experience

Mark A. Schroeder, Vice Chairman
Jasper
Bank/Thrift Experience

Donald E. Goetz
Demotte
Bank/Thrift Experience

Jean L. Wojtowicz
Indianapolis
Member at Large

Paul R. Sweeney
Vincennes
Bank/Thrift Experience

Vacant
Consumer Credit Experience

Thomas C. Fite
Director
Department of Financial Institutions

DEPARTMENT PERSONNEL

Thomas C. Fite, Director

DIVISION OF BANKS AND TRUST COMPANIES DIVISION OF SAVINGS BANKS, SAVINGS AND LOAN ASSOCIATIONS

Chris Dietz, Deputy Director
VACANT, Bank Supervisor

SPECIAL ACTIONS

Kirk J. Schreiber, Senior Bank Analyst

REGULATION & SUPERVISION

Richard C. Nelson, Senior Review Examiner

BANK DIVISION EXAMINATION STAFF

J. Deron Thompson, Field Manager
Paul G. Brockman, Field Manager
Patrick W. Land, Field Manager

David H. Hoeferkamp – I
Jacob P. Swanson – I
Marc A. Ward – I
Alfred R. Westfall – I
Steven R. Wachter – I
Robin R. Upchurch – I
Craig R. Smith – I
Kristy N. Hubele – I

Vernita L. Early, CPA - II
Sam Patterson - III
Tyler Shearer - IV
Gage L. Russell - IV
Michael J. Nickell - IV
Kevin Kelly - IV
Tyler Wolpert - IV
Daniel Elick – IV
Saisiddarth Kalva-IV

DIVISION OF CREDIT UNIONS

Thomas C. Fite, Director
Chris Dietz, Deputy Director
Mark K. Powell, Field Manager

Mark A. Walters – I
Matthew R. Dilly – I
Gloria A. Thomson, C.P.A.- I

Charles R. Hall – I
Kyle Janowicz – IV

Roman numerals denote field examiner grade level

DIVISION OF CONSUMER CREDIT

Ryan E. Black, Deputy Director
Tabitha M. Butts, UCCC Licensing Analyst

DISTRICT 1

Scott J. Imbus Field Manager
Richard W. Norrell - II
Robert M. Payne - III
Nancy G. DeGott - III

DISTRICT 2

Aaron B. Sweet, Field Manager
Kent D. Sager – I
Dee A. Stauffer - I
Mitchell D. Bowers – II
Joe Dean-IV
Anthony Lockett-IV

LEGAL DIVISION

Constance J. Gustafson, General Counsel

DIVISION OF ADMINISTRATION

Gina R. Williams, Deputy Director
Troy D. Pogue, Supervisor of Administration
Susan L. Ellison, Accountant
Laurie A. Girod, Program Coordinator
Sharmaine W. Stewart, Administrative Assistant
Kelly L. Nelson, Billing Coordinator
Angie M. Smith, Secretary

Roman numerals denote field examiner grade level

EXAMINER CERTIFICATIONS

BANK DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGER ("CEM")

Brockman, Paul G.
Fite, Thomas C.

Thompson, Deron J
Dietz, Chris C.

CERTIFIED EXAMINER IN CHARGE ("CEIC")

Hoferkamp, David H
Nelson, Richard C.
Pogue, Troy D.
Schreiber, Kirk J.
Land, Patrick W.
Swanson, Jacob P.

Upchurch, Robin R.
Wachter, Steven R.
Ward, Marc. A.
Williams, Gina R.
Westfall, Alfred R.
Smith, Craig R.
Hubele, Kristy

CERTIFIED CREDIT EXAMINER ("CCE")

Early, Vernita L

Patterson, Sam R.

CREDIT UNION DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGER ("CEM")

Powell, Mark K.

CERTIFIED EXAMINER IN CHARGE ("CEIC")

Dilly, Matthew R.
Hall, Charles R.

Thomson, Gloria A.
Walters, Mark A.

EXAMINER CERTIFICATIONS

CONSUMER CREDIT DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGER (“CEM”)

Black, Ryan
Imbus, Scott

Sweet, Aaron B.

COMPLEX INSTITUTIONS SPECIALIST (“CIS”)

Butts, Tabitha M.
Sager, Kent D.

Stauffer, Dee A.

DEPOSITORY/INVESTIGATION SPECIALIST (DIS)

Norrell, Richard W.
Bowers, Mitchell D.

Payne, Robert M.

OTHER CERTIFICATIONS

CERTIFIED PUBLIC ACCOUNTANT (“CPA”)

Butts, Tabitha M.
Early, Vernita L.

Sweet, Aaron B.
Thomson, Gloria A.

CERTIFICATION PLAN OVERVIEW

In 1999 the DFI adopted an examiner certification program that was intended to promote professionalism and provide an improved career path. The DFI Certification Program incorporates the structure developed by the Conference of State Bank Supervisors. It provides for multiple levels of examiner certification, each tied to a financial incentive contingent upon continued successful performance.

The available certification levels are as follows:

Bank and Credit Union Divisions

COE – Certified Operations Examiner
CCE – Certified Credit Examiner
CEIC – Certified Examiner in Charge
CEM – Certified Examination Manager
CPA – Certified Public Accountant

Consumer Credit Division

CCCE – Consumer Credit Compliance Examiner
DIS – Depository/Investigation Specialist
CIS – Complex Institution Specialist
CEM – Certified Examination Manager
CPA – Certified Public Accountant

Initial certification and the retention of the designation are dependent upon the examiner's successful performance and professional development.

DIVISION MILESTONES

The following employees celebrated milestone anniversaries with the DFI during 2016

Legal Division

Constance Gustafson – 10 Years of Service

Banking Division

Chris Dietz - 15 Years of Service
Deron Thompson – 25 Years of Service
Dave Hoeferkamp – 40 Years of Service
Paul Brockman – 35 Years of Service
Steve Wachter – 25 Years of Service
Patrick Land – 10 Years of Service

Credit Union

Charles Hall – 10 Years of Service

Administrative Division

Angie Smith – 10 Years of Service

DEPARTMENT OVERVIEW

The Department of Financial Institutions was created by the Indiana Financial Institutions Act of 1933 ("Act"). This Act incorporated substantially all of the recommendations of a 1932 Study Commission that had been formed to address the regulation and control of financial institutions after the Great Depression of the 1930s. It commissioned the Department with the responsibility for supervising commercial banks, trust companies, private banks, savings banks, building and loan associations, credit unions, and finance companies incorporated under the laws of the State of Indiana. Since that time the scope of the regulatory responsibilities with which the Department has been charged has been broadened substantially. In 1971, Indiana adopted the Uniform Consumer Credit Code "UCCC" in order to simplify, clarify, and modernize consumer credit laws. The Department became the administrator of the UCCC at that time. In addition to regulating licensees under the Uniform Consumer Credit Code, the Department's responsibility has also been expanded to include the supervision of pawnbrokers, licensees under the Indiana Small Loan Act, industrial loan and investment companies, money transmitters, check cashers, budget service companies, and rental-purchase agreement companies. In 2008, the Indiana State Legislature assigned authority to the Department to license those first lien mortgage lenders who fund their own loans.

The Department is a non-cabinet level department of the executive branch of the Government of Indiana and is subject to legislative oversight and audit by the State Board of Accounts. It remains a self-funded (dedicated funds) agency that is entirely supported by fees paid by the institutions that are regulated and supervised by the Department. Indiana Code 28-11-3-5 grants authority to the Department to generate revenue and to fund ongoing operations. Annually, the Department adopts a schedule of fees to cover expected operating costs. Revenue is driven solely from supervision, examination, and license fees that are assessed to those financial institutions that are regulated by the Department.

Policy-making power is vested in a bipartisan board of seven Members who are appointed by the Governor. The Director of the Department serves as an ex officio voting Member. State law requires that three of the Members shall be persons of practical experience at the executive level of a state chartered bank; a state chartered savings association; or a state chartered savings bank; one Member shall be a person of practical experience at the executive level of a lender licensed under I.C. 24-4-5; one member shall be a person of practical experience at the executive level of a state chartered credit union. In appointment of the remaining Member of the Department, the Governor shall have due regard to a fair representation of the consumer, agricultural, industrial, and commercial interests of the state. Not more than three Members can be affiliated with the same political party.

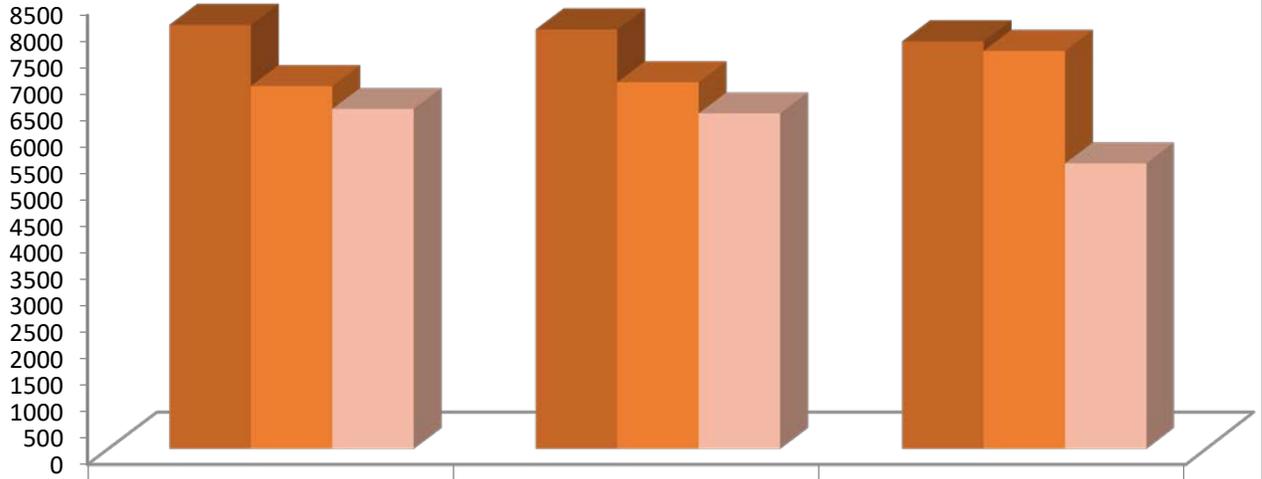
The Executive Team consists of the Director, who serves as the Chief Executive and Administrative Officer, and three Deputy Directors. The Director is responsible for the administration of the policies established by the Members and all applicable legislative actions or policies. The Director exercises managerial control over the work of the Department, including its staff of deputies, supervisors, examiners and administrative personnel.

Five divisions reside within the Department, each under the direct control of a deputy or supervisor. These are the Division of Banks and Trust Companies, Division of Consumer Credit, Division of Credit Unions, Division of Administration, and the Legal Division.

REVENUE AND EXPENDITURES

<u>Revenue</u>	2016	2015	2014
Bank and Savings & Loan Fees	4,184,120	3,923,987	3,975,923
Credit Union Fees	1,112,360	998,927	995,001
Pawnbroking Licensing Fees	135,420	119,180	126,020
Application/Misc. Fees	139,880	243,720	67,660
Debt Management Companies	21,560	23,920	30,050
UCCC Fees	1,094,734	1,260,555	1,143,222
Payday Lenders	146,100	253,800	264,850
Rental/Purchase License	91,240	87,090	85,750
Money Transmitter Fees	61,000	63,000	63,240
Check Cashier Fees	40,850	41,850	20,470
GAP/Debt Cancellation	66,300	62,200	53,680
First Lien & Subordinate Lien Mortgage Lenders	489,000	452,980	478,840
Mortgage Loan Originators	523,600	398,782	399,100
Total Revenue	\$8,016,164	\$7,929,991	\$7,703,806
<u>Expenditures</u>			
Personnel Costs	5,568,895	5,770,911	6,197,392
Utilities, Telephone, Communication	95,625	100,604	112,587
Contract Services	249,653	247,947	248,418
Office Supplies	19,996	5,957	8,529
Equipment/Computers	27,372	7,749	7,415
Travel In-State	382,627	361,699	403,630
Travel Out-Of-State	8,168	8,321	7,412
Personnel Development & Related Travel	73,881	57,533	58,727
Office Leases, Dues, Subscriptions	431,028	368,829	479,647
Total Expenditures	\$6,857,245	\$6,929,550	\$7,523,757
Net Revenue (Expenditures)	1,158,919	1,000,441	180,049
Cash Balance, July 1	6,339,293	5,392,097	5,212,048
Cash Balance, June 30	7,498,212	6,392,538	5,392,097
Less Encumbrances	74,964	53,245	0
Fund Balance, June 30	7,423,248	6,339,293	5,392,097

Revenue & Expenditures



	2016	2015	2014
Revenue	8016	7930	7704
Expense	6857	6930	7524
Fund Balance	6423	6339	5392

LEGISLATIVE CHANGES

The following are legislation adopted by the General Assembly in the 2016 session which we thought would be of interest to the department, its constituencies, staff and members. These are brief summaries and are by no means a comprehensive explanation of the bills. We recommend a complete review of any bill of particular interest. A complete list of all legislation enacted or considered in the 2015 General Assembly can be found at the following link: <http://iga.in.gov/legislative/2016/bills/> or by going to the Indiana General Assembly web site.

HEA 1181 Financial institutions and consumer credit (commonly known as the "DFI Omnibus Bill"). The following is a brief summary of HEA 1181 which was signed by the Governor on March 21, 2016. It contains mostly clarifications and corrections of changes made to the Indiana Financial Institutions Act (the "Act") and the various consumer credit laws in previous years; however there are some significant amendments. Unless otherwise indicated, all provisions become effective July 1, 2016.

The following are significant provisions of HEA 1181:

Consumer Credit:

- **IC 24-4.4-1-301 Definitions in First Lien Mortgage Act; IC 24-4.5-1-301.5 definitions in UCCC; IC 24-4.5-2-602 consumer related sales in UCCC; IC 24-4.5-3-602 consumer related loans: Remove specific dollar amounts.**

The specific dollar amounts were removed from the above specified sections so that Indiana law will track federal law, including changes in Regulation Z

- **Expand name of NMLS in IC 24-4.4-1-301 (First Lien Mortgage Act); IC 24-4.5-1-301.5 (UCCC), 28-1-29-5.5 (Debt Management Companies), and 28-8-4 (Money Transmitters)**

Since the Nationwide Mortgage Licensing System and Registry (also known as NMLS) has expanded its licensing and registry capabilities to include the licensing and registering of other financial services, the name of the system now reflects this expanded use under the assumed name of "Nationwide Multistate Licensing System and Registry." We have added language acknowledging this name change and possible future names that could be used for the system.

- **TILA-RESPA Integrated Mortgage Disclosure ("TRID") 24-4.4-2-201 (FLMA relating to "short sales"), IC 24-4.5-2-209(4); and IC 24-4.5-3-209(4) (relating to "short sales" under the UCCC) and IC 32-29-7-5 (on deficiency judgments) – clarify these four statutes do not protection from liability after foreclosure. Effective on passage.**

- The language in HB 1181 has been adopted to clarify an issue relating the new TILA-RESPA Integrated Mortgage Disclosure ("TRID") recently approved by the Consumer Financial Protection Bureau. This form has been revised to provide the consumer a standard mortgage disclosure document.
- This multi-page form has a check the box provision relating to "Liability After Foreclosure" inquires if there is any state law that may protect the borrower from liability. If so, the there is an inquiry that if borrower refinances or takes on more debt will the borrower may lose this protection and have to pay additional debt even after foreclosure.
- The other box is that state law does not protect you from liability for the unpaid balance.
- There are four statutes, one in the First Lien Mortgage Act (FLMA) on short sales, two in the UCCC also on short sales, and one in Title 32 on deficiency judgments that could be interpreted to provide the borrower with protection from deficiency judgments even though when they were adopted there was no intent to provide borrowers protection from deficiencies.
- The language in HB 1181 clarifies that those statutes are not intended to provide the borrower with any protections against deficiency judgments so that the lender may check the "no" box.

LEGISLATIVE CHANGES

- **Conforming rates to 2013 changes. (1) 24-4.5-2-602 "Consumer related sale"; credit service charge; annual notice to department not required; (2) 24-4.5-2-604 Limitation on default charges in consumer related sales; (3) IC 24-4.5-3-602 "Consumer related loan"; loan finance charge; licensing and annual notice to department not required; (4) 24-4.5-3-604. Limitation on default charges in consumer related loans.**

The General Assembly in 2013 adopted increased rates from a 21% maximum flat rate to a maximum flat rate of 25%. These changes were initiated by the consumer credit industry so the department, which was neutral on the bill, was not involved in drafting the bill. As we do each year, our staff provides a list of items, mostly inconsistencies among various sections, that they discover during the year. This past year, the staff discovered that four sections, IC 24-4.5-2-602; IC 24-4.5-2-604, IC 24-4.5-3-602 and IC 24-4.5-3-604, were, we believe, inadvertently left out of the 2013 bill increasing rates. Even though this was not a department initiative, we find that if there are inconsistencies it is confusing to our constituents as well as our staff. These four sections have since 1971 been consistent with the sections that were changed in 2013. It appeared to us this was a drafting error in 2013.

- **Debt Management Companies - Clarify by rearranging the various subsections of IC 28-1-29-8 relating to debt management agreements.**

No substantive changes. The proposed revisions this year are rearranging the subsections to make them easier to follow.

Depositories (Including Credit Unions)

- **IC 28-1-7-4. Merger and IC 28-1-7-12 Consolidations – Banks and other depositories except credit unions – IC 28-7-1-33 Merger of credit unions - Approval by department: clarify consideration of the department.**

The proposed language clarifies that in approving a merger or consolidation the department should consider whether the surviving institution will be operated in a safe, sound and prudent manner since the other institutions do not survive the transaction.

- **IC 28-1-11-3.1(b)(8.1) relating to banking powers associated with real estate has inconsistent provisions with IC 28-1-11-5 which also deals with banking powers associated with real estate.**

The amendment corrects conflicting provisions relating to banks acquiring and holding real estate. We discovered inconsistencies in the two sections listed above relating to the power to purchase, hold and convey real estate. The comprehensive provisions relating to real estate are all in IC 28-1-11-5. IC 28-1-11-3.1(b)(8.1) has been amended to refer to the provisions of IC 28-1-11-5.

- **IC 28-1-11-5(h) Banks and Trust Companies IC 28-5-1-11 Industrial Loan and Investment Companies - Disposition of closed branches**

Subsection (h) of IC 28-1-11-5 has been amended to specify that if a bank or trust company closes or discontinues an office, branch or facility it must divest itself of such real estate within five (5) years from date of closing. The same provision has been added to IC 28-5-1-11 relating to disposition of real estate for a closed branch of an Industrial Loan and Investment Company.

- **IC 28-1-11-14. Investments in community based economic development - revised to be consistent with Dodd-Frank Wall Street Reform and Consumer Protection Act**

The amendment of IC 28-1-11-14 implements changes authorized by Section 619(d)(1)(E) of Dodd-Frank which expanded community development projects to allow investment in historic revitalization projects which are not always located in low income areas.

- **IC 28-1-13-1.6. Exceptions to limitations on loans and extensions of credit by state chartered banks: revise to be consistent with federal law**

The amendment to IC 28-1-13-1.6, the section of the Act specifying exclusions to the lending limits for state-chartered banks, is intended to be consistent with the exclusions applicable under federal lending limits in 12 CFR 32.3(c). Future changes to federal lending limits will apply to Indiana banks without need to amend IC 28-1-13-1.6.

LEGISLATIVE CHANGES

- **IC 28-5-1-18. Fidelity coverage for officers and employees: make Industrial Loan and Investment Companies consistent with IC 28-13-12-5 applicable to banks**

The fidelity coverage must be approved annually by the board of directors of Industrial Loan and Investment Companies.

- **IC 28-13-4-5. Impairment of capital stock or payments greater than remainder of undivided profits on hand prohibited: Allow department to approve dividend under certain circumstances**

IC 28-13-4-5 provides that an institution can never pay a dividend if it has negative undivided profits. The result is that newer institutions which lost money during the recession may have large negative undivided profit accounts but are otherwise healthy. This rigidity is particularly harmful for Sub S corporations and for banks wanting to raise more capital. The change allows the department discretion in approving dividends even if the bank has negative undivided profits.

- **IC 28-7-1-12. Examinations by department: Clarify that IC 28-11-3-1 relating to examinations applies to credit unions**

This is not a change in the law; however, there has been uncertainty as to whether IC 28-11-3-1 relating to examinations applies to credit unions. IC 28-10-1-2 provides that the definitions in IC 28-1-1-3, including the definition of "financial institution" (which includes credit unions), applies to the examination provisions found in IC 28-11-3-1 (among other provisions). Therefore, IC 28-11-3-1 allowing the sharing of examinations under certain circumstances applies to credit unions.

Other Bills of Interest:

H.E.A. 1127, Civil Proceeding Advance Payment (CPAP) Transactions, effective July 1, 2016

After six years of debate in the General Assembly, HEA 1127 relating to Civil Proceeding Advance Payment (a/k/a CPAP Transactions) is becoming law as of July 1, 2016.

- IC 24-4.5-1-301.5 defines a "civil proceeding advance payment transaction," or "CPAP transaction," as a nonrecourse transaction in which a person (CPAP provider) provides to a consumer claimant in a civil proceeding a funded amount, the repayment of which is:
 - (1) required only if the consumer claimant prevails in the civil proceeding; and
 - (2) sourced from the proceeds of the civil proceeding.
- IC 24-4.5-3-202(1)(i) provides a CPAP provider is permitted to charge for each CPAP transaction:
 - (1) an annual fee not exceeding an annual rate of 36% of the funded amount;
 - (2) an annual servicing charge not exceeding an annual rate of 7% of the funded amount; and
 - (3) a one time document fee not exceeding:
 - (A) \$250 for a CPAP transaction with a funded amount of less than \$5,000; and
 - (B) \$500 for a CPAP transaction with a funded amount of at least \$5,000.

These fees are fully earned when paid and are not subject to refund or rebate. Other than these fees and charges, a CPAP provider may not assess or collect any other fee or charge in connection with a CPAP transaction.

- IC 24-4.5-3-110(3) specifies that a CPAP transaction is not a consumer loan.
- The law requires specific disclosures for a CPAP contract and requires that, if the consumer entering into the CPAP transaction is represented by an attorney, the consumer's attorney must review the CPAP contract.

LEGISLATIVE CHANGES

- Prohibited acts are set forth with respect to CPAP providers and attorneys representing consumer claimants.
- After December 31, 2016, a person may not regularly engage in the business of making CPAP transactions in Indiana unless the person obtains, and maintains on an annual basis, a consumer loan/CPAP license issued by the Department of Financial Institutions (Department).
 - IC 24-4.5-1-301.5 (39) defines "Regularly engaged" for non-mortgage transactions means persons extending or intending to extend consumer credit more than twenty-five (25) times in a calendar year.
 - A person extending credit 25 or less times in a calendar year is not required to obtain a CPAP license.
- To ensure licensing by January 1, 2017, the Department recommends complete and accurate applications be submitted no later than October 1, 2016. The Department may adopt rules or policies to implement these provisions; however, no plans are in place to adopt rules. The license application is available at <https://forms.in.gov/Download.aspx?id=4788>.

S.E.A. 221, Securities and Financial Protection, effective July 1, 2016

This bill was supported by Secretary of State Connie Lawson and places the Securities Division of her office in a position to help elderly or disabled individuals at risk of losing valuable resources to unscrupulous persons preying upon their financial resources.

- The new law requires a qualified individual (defined under the law may be an individual associated with a broker-dealer who serves in a supervisory, compliance, or legal capacity as part of the individual's job) who has reason to believe that financial exploitation of a financially endangered adult has occurred, has been attempted, or is being attempted to make a report to adult protective services and the securities commissioner.
- The law allows a qualified individual to refuse a request for disbursement of funds from an account: (1) owned by a financially endangered adult; or (2) of which a financially endangered adult is a beneficiary or beneficial owner; if the qualified individual has reason to believe that the requested disbursement will result in financial exploitation of the financially endangered adult.
- Broker-dealers and qualified individuals are provided with certain immunity from administrative or civil liability in their efforts to help financially endangered adults.
- The Indiana Securities Division can be found at the following link: <http://www.in.gov/sos/securities/#>.

S.E.A. 242, Loan to Credit Union Officers, effective upon passage. July 1, 2016

This bill relates to the statute authorizing a state chartered credit union to make a loan to an officer of the credit union and makes the lending limit consistent with federal law that applies to loans to officers of a bank. (Current law provides that the total of all such outstanding loans may not exceed \$100,000.)

- This amount will change with amendments to the federal regulations without need to amend this statute.
- The same provision was also included in HB 1181, the Department's omnibus bill.

S.E.A. 300, Appraisal and Real Estate Brokers, effective July 1, 2016

This bill removes the requirement that property sold at sheriff's sale be appraised.

- It also adds to the existing list of acts that are exempt from the statute governing the licensure of real estate brokers the performance of an evaluation of real property by a financial institution in connection with a transaction for which the financial institution would not be required to use the services of a state licensed appraiser under regulations adopted under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

S.E.A. 371, Probate Matters, effective July 1, 2016

- Provides an individual otherwise qualified for certain property tax deductions for property that the individual occupies as a beneficiary of the trust that owns the property is not required to be considered the owner of the

LEGISLATIVE CHANGES

property under the rules of construction for the property tax law for the trust to receive the property tax deduction. Effective upon passage.

- Transfers certain inheritance tax duties from the probate court, county assessor, and county treasurer to the department of state revenue with respect to inheritance tax returns filed after March 31, 2016. Effective upon passage.
- Revises the inheritance tax allocation statute so that the current allocation between the counties and the state is unaffected by the transfer of inheritance tax duties. Effective upon passage.
- Provides that a will contest must be initiated in the same cause of action. Effective July 1, 2016.
- Specifies the priority of a personal representative and stepchildren with respect to the disposition of a decedent's body and funeral arrangements. Effective July 1, 2016.
- Specifies that a court must consider a standby guardian designation when appointing a guardian. Effective July 1, 2016.
- Specifies that for purposes of a guardianship appointment, a person designated a standby guardian is second in priority to a person designated in a durable power of attorney. Effective July 1, 2016.
- Specifies how property passes in a transfer on death transfer if the beneficiary disclaims the property. Effective July 1, 2016.
- Makes technical corrections.

S.E.A. 372, Deficiency Judgments and Foreclosed Property, effective on passage

TILA-RESPA Integrated Mortgage Disclosure ("TRID") 24-4.4-2-201 (FLMA relating to "short sales"), IC 24-4.5-2-209(4); and IC 24-4.5-3-209(4) (relating to "short sales" under the UCCC) and IC 32-29-7-5 (on deficiency judgments) – clarify these four statutes do not protection from liability after foreclosure.

- The language in SB 372 has been adopted to clarify an issue relating the new TILA-RESPA Integrated Mortgage Disclosure ("TRID") recently approved by the Consumer Financial Protection Bureau. This form has been revised to provide the consumer a standard mortgage disclosure document.
- This multi-page form has a check the box provision relating to "Liability After Foreclosure" inquires if there is any state law that may protect the borrower from liability. If so, the there is an inquiry that if borrower refinances or takes on more debt will the borrower may lose this protection and have to pay additional debt even after foreclosure.
- The other box is that state law does not protect you from liability for the unpaid balance.
- There are four statutes, one in the First Lien Mortgage Act (FLMA) on short sales, two in the UCCC also on short sales, and one in Title 32 on deficiency judgments that could be interpreted to provide the borrower with protection from deficiency judgments even though when they were adopted there was no intent to provide borrowers protection from deficiencies.
- The language in SB 372 clarifies that those statutes are not intended to provide the borrower with any protections against deficiency judgments so that the lender may check the "no" box.
- The same provision was also included in HB 1181, the Department's omnibus bill.

BANK AND TRUST DIVISION

The bank and trust division is responsible for the supervision of Indiana's state-chartered commercial banks, savings banks, savings associations, industrial loan and investment companies, and corporate fiduciaries. The division, through examination and supervisory activities, seeks to ensure that these organizations are operated in a safe and sound manner, that the public has confidence in the financial system, and that the interests of depositors, creditors and consumers are protected. Examinations, financial report analysis, and monitoring are the primary tools used to meet those responsibilities. Division staff is also responsible for applying the laws that govern regulated institutions. Titles 28 (Financial Institutions), 29 (Probate), and 30 (Trusts and Fiduciaries) of the Indiana Code are the relevant state laws.

As of December 31, 2016, there were 111 depository institutions, excluding credit unions, in Indiana compared to 119 at year-end 2015, 124 at year-end 2014, and 128 at year-end 2013. Of the 111 depository institutions at year-end 2016, there were 75 FDIC-insured state-chartered commercial banks, six FDIC-insured state chartered savings banks, one FDIC-insured state chartered savings association, one FDIC-insured industrial loan and investment company, 11 national banks and 17 federal thrifts. In addition, the bank and trust division had jurisdiction and regulation over one non-depository industrial loan and investment company, five corporate fiduciaries and three inactive industrial loan and investment companies. The corporate fiduciaries and inactive industrial loan and investment companies are not included in the consolidated financial information as of December 31, 2016.

Indiana's state-chartered financial institutions under the jurisdiction of the division reported total consolidated assets of \$56.8 billion at the end of 2016 which represented a 19.00% increase from the year-end 2015 total. The large increase in consolidated assets and some significant changes in ratios is due mainly to a large national bank converting to a state bank. Additionally, the stability of the economy, improvement is noted in the performance and condition of Indiana's financial institutions as reflected in most financial categories and ratios from year-end 2015 to year-end 2016. Increased interest income helped lift the earnings performance for financial institutions. In 2016, 1.80% of all Indiana financial institutions were unprofitable compared to 2.52% in 2015, 2.42% in 2014, 1.90% in 2013, and 3.74% in 2012. The aggregate provision to the allowance for loan and lease losses for all state-chartered banks decreased from \$173 million for 2011 to \$93 million for 2012 to \$43 million for 2013 to \$34 million in 2014 and 2015 and due to the conversion increased to \$52 million in 2016. National banks' loan provisions decreased from \$75 million for year-end 2011 to \$45 million for year-end 2012 to \$17 million for year-end 2013 to \$14 million for year-end 2014, to \$13 million for year-end 2015 and to \$8 million for year-end 2016.

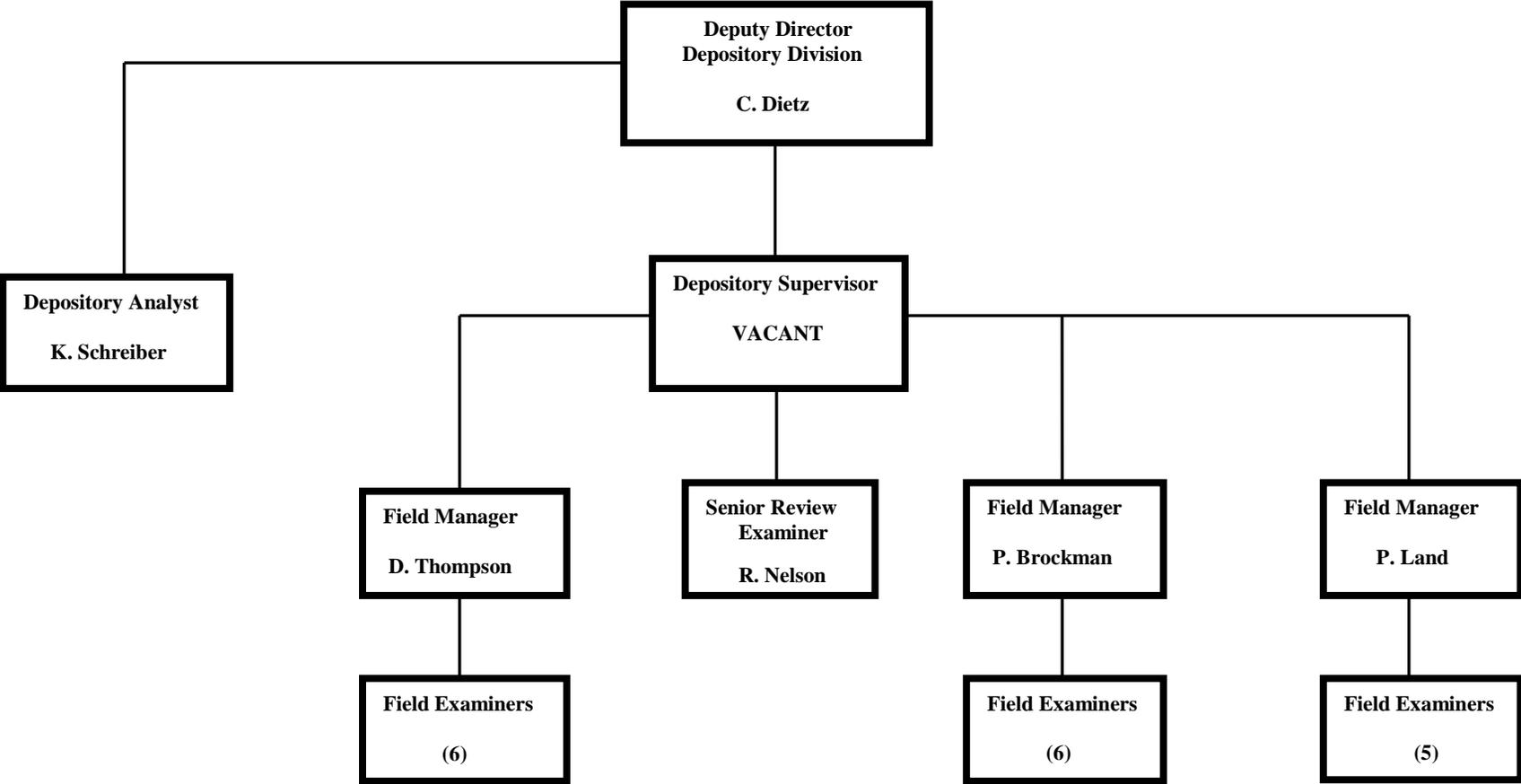
Bank liquidity continues to improve as institutions have reduced their reliance on noncore funding and liquid assets increase. Total deposits for state chartered institutions increased \$7.4 billion or 19.09% for 2016 compared to \$3.1 billion or 8.65% in 2015. As of December 31, 2016, the Loan to Deposit ratio for state banks was 87.74% and 81.54% for national banks.

The aggregate return on assets ("ROA") for state-chartered financial institutions in 2016 was 1.08%, up slightly from 1.07% at year-end 2015. National banks' aggregate ROA was down due mainly to the large bank conversion from 0.99% to 0.86% during the same time-frame. Net loan charge-offs of total loans and leases for state chartered financial institutions decreased slightly from 0.16% as of December 31, 2015, to 0.09% at year-end 2016. Net loan charge-offs for national banks also decreased from 0.22% as of December 31, 2015, to 0.06% as of December 31, 2016.

Aggregate equity capital in Indiana's state chartered financial institutions increased 20.9% at \$6.24 billion at year end 2016, up from \$5.16 billion in 2015. The total equity capital to total assets ratio was 10.97% as December 31, 2016, up slightly from 10.80% at year-end 2015. National banks' aggregate equity capital was \$2.99 billion at year-end 2016. The total equity capital to total assets ratio for national banks decreased from 12.44% at year-end 2015 to 12.01% at year-end 2016.

Consolidated statements of income and balance sheets for Indiana financial institutions, as well as other statistics and activity, can be found on the following pages.

Bank Division



THE FINANCIAL INFORMATION TO COMPILE THIS SCHEDULE AND THE FOLLOWING FINANCIAL SCHEDULES WAS OBTAINED THROUGH THE FEDERAL DEPOSIT INSURANCE CORPORATION'S STATISTICS ON DEPOSITORY INSTITUTIONS DATABASE.

STATE CHARTERED BANKS COMPARATIVE STATEMENT

ACCOUNT DESCRIPTIONS (In Millions of \$)	12/31/2016	%	12/31/2015	%	12/31/2014	%	12/31/2013
		Change		Change		Change	
Assets	56,838	19.00%	47,765	8.51%	44,017	6.78%	41,223
Deposits	46,134	19.09%	38,738	8.65%	35,653	5.74%	33,719
Total Equity Capital	6,235	20.90%	5,157	6.15%	4,858	9.74%	4,427
Tier 1 Capital	5,732	26.93%	4,516	0.00%	4,516	7.24%	4,211
ALLL	514	15.77%	444	0.00%	444	-2.63%	456
Total Capital	6,246	25.93%	4,960	0.00%	4,960	6.28%	4,667
Total Net Charge-Offs	35	36.36%	55	-25.68%	74	8.82%	68
Total Gross Loans & Leases	40,477	20.00%	33,730	9.78%	30,726	8.60%	28,293
Total Securities	10,499	13.43%	9,256	3.86%	8,912	1.48%	8,782
Fed Funds Sold	117	33.90%	177	-5.85%	188	27.03%	148
Interest Bearing Balances	1,731	9.63%	1,579	17.40%	1,345	14.27%	1,177
Trading Account Securities	155	22.05%	127	693.75%	16	23.08%	13
Total Earning Assets	52,465	18.11%	44,419	9.02%	40,743	7.34%	37,957
Total Interest Income	1,972	17.59%	1,677	5.87%	1,584	3.33%	1,533
Total Interest Expense	199	25.16%	159	-0.63%	160	13.04%	184
Net Interest Income	1,773	16.80%	1,518	6.60%	1,424	5.56%	1,349
Total Non-interest Income	547	12.32%	487	12.21%	434	-1.36%	440
Total Non-interest Expense	1,434	12.29%	1,277	7.22%	1,191	3.12%	1,155
Loan Provisions	52	52.94%	34	0.00%	34	20.93%	43
Net Income	611	20.99%	505	12.22%	450	-0.88%	454

THE FINANCIAL INFORMATION TO COMPILE THIS SCHEDULE AND THE FOLLOWING FINANCIAL SCHEDULES WAS OBTAINED THROUGH THE FEDERAL DEPOSIT INSURANCE CORPORATION'S STATISTICS ON DEPOSITORY INSTITUTIONS DATABASE.

ACCOUNT DESCRIPTIONS <i>(IN MILLIONS OF \$)</i>	State 12/31/2016	National 12/31/2016	State 12/31/2015	National 12/31/2015
Number of Banks	84	11	90	13
Consolidated Balance Sheet				
Total Gross Loans & Leases	40,477	15,649	33,730	17,455
Total Allowance for Loans & Leases (ALLL)	514	116	450	179
Total Net Loans & Leases	39,963	15,533	33,280	17,276
Total Securities	10,499	5,927	9,256	7,067
Total Interest Bearing Balances	1,731	458	1,579	510
Total Fed Funds Sold/Repurchase Agreements	117	9	177	44
Total Trading Accounts	155	0	127	0
Total Earning Assets	52,465	21,927	44,419	24,897
Total Cash and Due From Bank	949	367	686	335
Total Premises and Fixed Assets	749	599	674	449
Total Other Real Estate Owned	61	29	74	39
Total Other Assets	2,614	2,002	1,912	2,260
Total Assets	56,838	24,924	47,765	27,980
Average Assets	56,749	24,729	47,368	27,388
Total Deposits	46,134	19,191	38,738	21,405
Total Fed Funds Purchased	980	920	761	1,315
Total Other Borrowed Funds	3,061	1,599	2,699	1,508
Total Subordinated Debt	0	0	25	0
Total All Other Liabilities	428	220	385	272
Total Liabilities	50,603	21,930	42,608	24,500
Total Equity Capital	6,235	2,994	5,157	3,480
Total Liabilities and Equity Capital	56,838	24,924	47,765	27,980

ACCOUNT DESCRIPTIONS (IN MILLIONS OF \$)	State 12/31/2016	National 12/31/2016	State 12/31/2015	National 12/31/2015
Number of Banks	84	11	90	13
Consolidated Income Statement				
Total Interest Income	1,972	781	1,677	926
Total Interest Expense	199	69	159	69
Total Net Interest Income	1,773	712	1,518	857
Total Non Interest Income	547	281	487	332
Total Non Interest Expense	1,434	697	1,277	811
Total Loan Provisions	52	8	34	13
Total Pre Tax Operating Income	834	288	694	365
Total Securities Gains/Losses	12	8	6	9
Total Applicable Income Tax	235	83	195	102
Total Income Before Extraordinary Items	611	213	505	272
Total Net Extraordinary Items	0	0	0	0
Total Net Income	611	213	505	272
Total Net Charge-Offs	35	9	55	39
Total Cash Dividends Declared	316	205	29	28

Ratio Analysis

Net Income to Average Assets	1.08%	0.86%	1.07%	0.99%
Net Income to Year End Total Equity	9.80%	7.11%	9.79%	7.82%
Net Interest Income to Average Assets	3.12%	2.88%	3.20%	3.13%
Total Loans to Total Deposits	87.74%	81.54%	87.07%	81.55%
Loan Loss Provisions to Total Loans	0.13%	0.05%	0.10%	0.07%
ALLL to Total Loans	1.27%	0.74%	1.33%	1.03%
Net Charge-Offs to Total Loans	0.09%	0.06%	0.16%	0.22%
Total Equity Capital to Total Assets	10.97%	12.01%	10.80%	12.44%
Total Equity Capital and ALLL to Total Assets and ALLL	11.77%	12.42%	11.63%	12.99%

ACCOUNT DESCRIPTIONS (IN MILLIONS OF \$)	State 12/31/2016	National 12/31/2016	ALL BANKS 12/31/2016	ALL BANKS 12/31/2015	% CHANGE
Number of Banks	84	11	95	103	
Combined Statement of Condition					
Total Gross Loans & Leases	40,477	15,649	56,126	51,185	9.65%
Total Allowance for Loans & Leases (ALLL)	514	116	630	629	0.16%
Total Net Loans & Leases	39,963	15,533	55,496	50,556	9.77%
Total Securities	10,499	5,927	16,426	16,323	0.63%
Total Interest Bearing Balances	1,731	458	2,189	2,089	4.79%
Total Fed Funds Sold/Repurchase Agreements	117	9	126	221	-42.99%
Total Trading Accounts	155	0	155	127	22.05%
Total Earning Assets	52,465	21,927	74,392	69,316	7.32%
Total Cash and Due From Bank	949	367	1,316	1,021	28.89%
Total Premises and Fixed Assets	749	599	1,348	1,123	20.04%
Total Other Real Estate Owned	61	29	90	113	-20.35%
Total Other Assets	2,614	2,002	4,616	4,172	10.64%
Total Assets	56,838	24,924	81,762	75,745	7.94%
Average Assets	56,749	24,729	81,478	74,756	8.99%
Total Deposits	46,134	19,191	65,325	60,143	8.62%
Total Fed Funds Purchased	980	920	1,900	2,076	-8.48%
Total Other Borrowed Funds	3,061	1,599	4,660	4,207	10.77%
Total Subordinated Debt	0	0	0	25	-100.00%
Total All Other Liabilities	428	220	648	657	-1.37%
Total Liabilities	50,603	21,930	72,533	67,108	8.08%
Total Equity Capital	6,235	2,994	9,229	8,637	6.85%
Total Liabilities and Equity Capital	56,838	24,924	81,762	75,745	7.94%

**RETURN ON ASSETS (ROA) OF THE
STATE BANKS IN INDIANA 2016 VS 2015**

	2016			2015		
	NO.	TOTAL ASSETS	NET INCOME	NO.	TOTAL ASSETS	NET INCOME
ROA (%)						
OVER 1%	39	40,618	489	38	30,232	376
.75% TO .99%	20	11,904	99	22	12,481	104
.50% TO .74%	13	2,727	17	14	3,127	21
BELOW .50%	12	1,589	6	16	1,925	4
	84	56,838	611	90	47,765	505

**RETURN ON ASSETS (ROA) OF THE
NATIONAL BANKS IN INDIANA 2016 VS 2015**

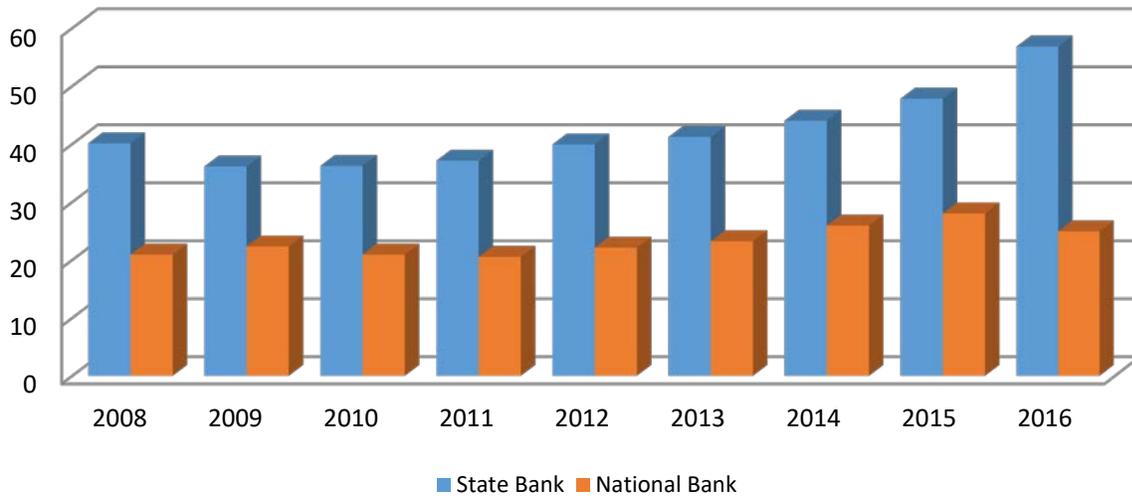
	2016			2015		
	NO.	TOTAL ASSETS	NET INCOME	NO.	TOTAL ASSETS	NET INCOME
ROA (%)						
OVER 1%	1	2,908	30	2	18,591	198
.75% TO .99%	4	18,639	162	3	5,946	53
.50% TO .74%	5	3,079	20	6	2,833	19
BELOW .50%	1	298	1	2	610	2
	11	24,924	213	13	27,980	272

HOLDING COMPANY OWNERSHIP ANALYSIS

(In Millions of \$)

DATA AS OF 12/31/16	NUMBER OF BANKS	NUMBER OF HC'S	TOTAL ASSETS	ASSETS %	TOTAL DEPOSITS	DEPOSITS %
INDEPENDENT BANKS						
State Banks w/o HC	9	0	\$741	0.91%	\$561	0.86%
IN HC W/One State Bank	74	74	\$56,020	68.52%	\$45,518	69.68%
National Banks w/o HC	1	0	\$315	0.39%	\$279	0.43%
IN HC w/One National Bank	8	8	\$21,010	25.70%	\$16,013	24.51%
TOTALS	92	82	\$78,086	95.50%	\$62,371	95.48%
INDIANA MULTI-BK HOLDING CO.						
IN HC w/One or More State Banks	1	1	\$77	0.09%	\$55	0.08%
IN HC w/One or More National Banks	2	2	\$3,599	4.40%	\$2,899	4.44%
Sub Total	3	3				
Holding Company Duplications	0	-1				
TOTALS	3	2	\$3,676	4.50%	\$2,954	4.52%
OUT OF STATE MULTI-BK HOLDING CO.						
O-ST HC w/One or More State Banks	0	0	\$0	0.00%	\$0	0.00%
O-St HC w/One or More National Banks	0	0	\$0	0.00%	\$0	0.00%
Sub Total	0	0				
Holding Company Duplications	0	0				
TOTALS	0	0	\$0	0.00%	\$0	0.00%
GRAND TOTALS	95	84	\$81,762	100.00%	\$65,325	100.00%

Total Assets - State & National Banks (\$ IN BILLIONS)



Year	State Banks Total Assets (\$ In Billions)	%	National Banks Total Assets (\$ In Billions)	%
2008	40.1	65.7%	20.9	34.3%
2009	36.1	61.8%	22.3	38.2%
2010	36.2	63.4%	20.9	36.6%
2011	37.1	64.4%	20.5	35.6%
2012	39.9	64.4%	22.1	35.6%
2013	41.2	64.0%	23.2	36.0%
2014	44.0	62.9%	25.9	37.1%
2015	47.8	63.1%	28.0	36.9%
2016	56.8	69.5%	24.9	30.5%

SUMMARY OF STATE BANK BRANCH OPENINGS IN 2016

Name	City	Address	City	State	Opened
Lake City Bank	Warsaw	818 Harrison Street	Fort Wayne	IN	2/16/2016
Your Community Bank	New Albany	727 North Cross Pointe Boulevard, Unit D	Evansville	IN	3/2/2016
Centier Bank	Whiting	1515 U.S. Highway 41	Schererville	IN	3/7/2016
The Friendship State Bank	Friendship	223 Demaree Drive	Madison	IN	5/2/2016
North Salem State Bank	North Salem	1289 North Jackson Street	Greencastle	IN	5/19/2016
The Friendship State Bank	Friendship	112 Lighthouse Drive	Lawrenceburg	IN	6/6/2016
Centier Bank	Whiting	3002 East State Road 32	Westfield	IN	6/21/2016
The Farmers State Bank	Brookston	3990 State Road 38 East, Suite 4	Lafayette	IN	8/1/2016
BloomBank	Bloomfield	650 East Carmel Drive, Suite 100	Carmel	IN	9/1/2016
Crossroads Bank	Wabash	855 North Broadway	Peru	IN	9/6/2016
Centier Bank	Whiting	50 North Ford Road	Zionsville	IN	9/7/2016
Centier Bank	Whiting	6650 Whitestown Parkway	Zionsville	IN	9/12/2016
1st Source Bank	South Bend	3800 Mishawaka Road East	Elkhart	IN	10/12/2016
The Bippus State Bank	Huntington	1104 Huntington Avenue	Warren	IN	10/28/2016
MainSource Bank	Greensburg	3535 East 96th Street	Indianapolis	IN	11/7/2016
The Commerce Bank	Evansville	1122 Veterans Parkway	Clarksville	IN	11/17/2016
STAR Financial Bank	Fort Wayne	10018 Illinois Road	Fort Wayne	IN	12/12/2016

SUMMARY OF STATE BANK BRANCH CLOSINGS IN 2016

Name	City	Address	City	State	Closed
Centier Bank	Whiting	1836 South Calumet Avenue	Whiting	IN	1/8/2016
Your Community Bank	New Albany	12629 Taylorsville Road	Lafayette	IN	2/12/2016
Ameriana Bank	New Castle	3975 West 106th Street	Carmel	IN	3/31/2016
1st Source Bank	South Bend	800 Country Square Plaza	Hebron	IN	3/31/2016
MainSource Bank	Greensburg	1338 Broad Street	New Castle	IN	4/1/2016
MainSource Bank	Greensburg	1699 Crawfordsville Square Drive	Crawfordsville	IN	4/1/2016
MainSource Bank	Greensburg	120 East Main Street	Portland	IN	4/1/2016
MainSource Bank	Greensburg	157 West Foster Heights Road	Rushville	IN	4/1/2016
MainSource Bank	Greensburg	421 Brown Boulevard	Bourbobais	IL	4/1/2016
New Washington State Bank	New Washington	248 Market Street	Charlestown	IN	4/15/2016
Citizens State Bank of New Castle	New Castle	1221 North Meridian Street	Portland	IN	4/15/2016
Your Community Bank	New Albany	901 East Lewis and Clark Parkway	Clarksville	IN	5/20/2016
First Internet Bank of Indiana	Indianapolis	8888 Keystone Crossing	Indianapolis	IN	6/24/2016
Centier Bank	Whiting	221 East Commercial Avenue	Lowell	IN	7/23/2016
Your Community Bank	New Albany	2917 East 10th Street	Jeffersonville	IN	8/19/2016
First Farmers Bank & Trust Co.	Converse	11612 North US Highway 41	Farmersburg	IN	8/31/2016
Star Financial Bank	Fort Wayne	7700 South Wayne Street	Hamilton	IN	12/16/2016
Star Financial Bank	Fort Wayne	1708 East Markland Avenue	Kokomo	IN	12/16/2016
German American Bancorp	Jasper	300 Main Street	Winslow	IN	12/30/2016

NEW STATE BANK SUBSIDIARIES ESTABLISHED IN 2016

Subsidiary Name	Bank Name	City	Purpose	Established
TFB Properties, Inc.	The Farmers Bank	Frankfort	Real Estate Investment Trust	1/1/2016
FSB Investment Corporation	First State Bank of Porter	Porter	Municipal Securities	2/1/2016
Mark Tully Properties, Inc.	First Farmers Bank & Trust Co.	Converse	Real Estate Investment	9/14/2016
MBI Midtown West, LLC	Merchants Bank of Indiana	Carmel	Special Purpose Entity	10/27/2016

CONVERSIONS IN 2016

Name	City	Old Charter	New Charter	Converted Name	City	Consummated
First Merchants Bank, National Association National Bank to State Commercial Bank	Muncie	National Bank	State Commercial Bank	First Merchants Bank	Muncie	4/15/2016

BRANCH OFFICE RELOCATIONS IN 2016

Name	From/To Address	From/To City	Moved
MainSource Bank	1157 Harrison Avenue 10425 Harrison Avenue	Harrison, OH Harrison, OH	3/21/2016
MainSource Bank	950 Green Boulevard 104 Links Way	Aurora Aurora	9/19/2016
1st Source Bank	120 South Lake Street 325 South Lake Street	Warsaw Warsaw	11/7/2016

MAIN OFFICE RELOCATIONS IN 2016

Name	From/To Address	From/To City	Moved
NONE			

MERGERS IN 2016

SURVIVING INSTITUTION INSTITUTION MERGED/CONSOLIDATED	City	SURVIVING INSTITUTION NAME	City	Consummated
German American Bancorp River Valley Financial Bank	Jasper Madison	German American Bancorp	Jasper	3/1/2016
First Farmers Bank & Trust Co. The Citizens Exchange Bank, Fairmount, Indiana	Converse Fairmount	First Farmers Bank & Trust Co.	Converse	4/1/2016
MainSource Bank Cheviot Savings Bank	Greensburg Cheviot, OH	MainSource Bank	Greensbur	6/15/2016
State Bank of Lizton Indiana Business Bank	Lizton Indianapolis	State Bank of Lizton	Lizton	10/21/2016

FORMATIONS IN 2016

Incorporator(s)	Proposed Name	Proposed City	Consummated
None			

HOLDING COMPANY ACQUISITIONS IN 2016

Holding Company Name	City	Target Name	City	Consummated
German American Bancorp, Inc.	Jasper	River Valley Bancorp	Madison	3/1/2016
First Farmers Financial Corp.	Converse	Century Bank Corp.	Fairmount	4/1/2016
MainSource Financial Group, Inc.	Greensburg	Cheviot Financial Corp.	Cincinnati, OH	6/15/2016
Lizton Financial Corporation	Lizton	Indiana Business Bancorp	Indianapolis	10/21/2016

ADDITIONS AND DELETIONS IN 2016

Name	City	Activity	Effective Date
River Valley Financial Bank	Madison	Merged with German American Bancorp, Jasper	3/1/2016
The Citizens Exchange Bank, Fairmount, Indiana	Fairmount	Merged with First Farmers Bank & Trust Co., Converse	4/1/2016
First Merchants Bank, National Association	Muncie	Conversion from a National Bank to a State Commercial Bank	4/15/2016
Farmers State Bank	Mentone	Merged with Horizon Bank, National Association, Michigan City	6/1/2016
Lake Federal Bank, FSB	Hammond	Merged with First Savings Bank of Hegewisch, Chicago, IL	7/1/2016
The LaPorte Savings Bank	LaPorte	Merged with Horizon Bank, National Association, Michigan City	7/18/2016
Your Community Bank	New Albany	Merged with WesBanco Bank, Inc., Wheeling, WV	9/10/2016
Indiana Business Bank	Indianapolis	Merged with State Bank of Lizton, Lizton	10/21/2016

ACTIVE STATE FINANCIAL INSTITUTIONS 12/31/16

NAME	CITY	TOTAL ASSETS
Community State Bank	Avilla	\$229,316
Bath State Bank	Bath	\$154,083
Bedford Federal Savings Bank	Bedford	\$118,566
First Bank of Berne	Berne	\$666,222
BloomBank	Bloomfield	\$385,168
Boonville Federal Savings Bank	Boonville	\$46,329
Peoples Trust & Savings Bank	Boonville	\$173,980
The Farmers & Merchants Bank	Boswell	\$125,833
Community State Bank	Brook	\$58,789
The Farmers State Bank	Brookston	\$71,773
Hendricks County Bank & Trust Company	Brownburg	\$152,210
The Peoples Bank	Brownstown	\$197,492
State Bank of Burnettsville	Burnettsville	\$40,758
Wayne Bank and Trust Company	Cambridge City	\$139,085
Merchants Bank of Indiana	Carmel	\$2,717,742
First Savings Bank	Clarksville	\$820,346
First Farmers Bank and Trust Company	Converse	\$1,612,900
The Fountain Trust Company	Covington	\$291,922
Hoosier Heartland State Bank	Crawfordsville	\$169,558
DeMotte State Bank	DeMotte	\$397,099
The Elberfeld State Bank	Elberfeld	\$83,272
The Peoples State Bank	Ellettsville	\$250,413
First Federal Savings Bank	Evansville	\$408,713
The Commerce Bank	Evansville	\$151,355
The Fairmount State Bank	Fairmount	\$42,147
First Internet Bank of Indiana	Fishers	\$1,850,010
IAB Financial Bank	Fort Wayne	\$1,083,751
STAR Financial Bank	Fort Wayne	\$1,847,996
Fowler State Bank	Fowler	\$157,698
Alliance Bank	Francesville	\$303,448
The Farmers Bank	Frankfort	\$506,542
Mutual Savings Bank	Franklin	\$135,705
Springs Valley Bank & Trust Company	French Lick	\$353,997
The Friendship State Bank	Friendship	\$349,453
The Garrett State Bank	Garrett	\$227,061
Bank of Geneva	Geneva	\$243,496
Greenfield Banking Company	Greenfield	\$494,605

ACTIVE STATE FINANCIAL INSTITUTIONS 12/31/16

NAME	CITY	TOTAL ASSETS
Agri Business Finance, Inc.	Greensburg	\$76,487
MainSource Bank	Greensburg	\$4,080,967
Freedom Bank	Huntingburg	\$378,381
First Federal Savings Bank	Huntington	\$300,891
The Bippus State Bank	Huntington	\$154,736
Salin Bank and Trust Company	Indianapolis	\$865,831
German American Bancorp	Jasper	\$2,953,338
The Campbell & Fetter Bank	Kendallville	\$343,316
Kentland Bank	Kentland	\$307,802
Community First Bank of Howard County	Kokomo	\$217,871
Lafayette Community Bank	Lafayette	\$166,282
Farmers State Bank	Lagrange	\$678,717
Farmers & Merchants Bank	Laotto	\$138,054
State Bank of Lizton	Lizton	\$469,308
Logansport Savings Bank, FSB	Logansport	\$170,287
LNB Community Bank	Lynnville	\$113,198
State Bank of Medora	Medora	\$86,153
First State Bank of Middlebury	Middlebury	\$500,394
Peoples Savings & Loan Association, Monticello	Monticello	\$32,475
Citizens Bank	Mooreville	\$446,817
First Merchants Bank	Muncie	\$7,178,756
MutualBank	Muncie	\$1,551,078
American Community Bank of Indiana	Munster	\$204,967
Peoples Bank SB	Munster	\$912,514
The Napoleon State Bank	Napoleon	\$207,374
Citizens State Bank	New Castle	\$500,923
The New Washington State Bank	New Washington	\$296,481
The North Salem State Bank	North Salem	\$280,130
Ossian State Bank	Ossian	\$101,967
First State Bank of Porter	Porter	\$142,499
Community State Bank of Southwestern Indiana	Poseyville	\$77,268
West End Bank, SB	Richmond	\$286,958
Tri-County Bank & Trust Company	Roachdale	\$187,347
Community State Bank	Royal Center	\$124,615
Spencer County Bank	Santa Claus	\$108,123
Jackson County Bank	Seymour	\$495,854
1st Source Bank	South Bend	\$5,478,967
Our Community Bank	Spencer	\$64,631

ACTIVE STATE FINANCIAL INSTITUTIONS 12/31/16

NAME	CITY	TOTAL ASSETS
Owen County State Bank	Spencer	\$200,643
Grant County State Bank	Swayzee	\$149,847
Terre Haute Savings Bank	Terre Haute	\$334,444
The Morris Plan Company of Terre Haute	Terre Haute	\$76,709
CentreBank	Veedersburg	\$75,601
Crossroads Bank	Wabash	\$353,976
Lake City Bank	Warsaw	\$4,276,959
Centier Bank	Whiting	\$3,483,848
Bank of Wolcott	Wolcott	\$145,466

ACTIVE CORPORATE FIDUCIARIES 12/31/16

(IN THOUSANDS)
TRUST ASSETS UNDER
ADMINISTRATION

NAME	CITY	
Trust Company of Oxford	Carmel	\$851,703
Indiana Land Trust Company	Crown Point	\$1
Hoosier Trust Company	Indianapolis	\$249,911
Harbour Trust and Investment Management Company	Michigan City	\$627,292
Indiana Trust and Investment Management Company	Mishawaka	\$1,501,562

DIVISION OF CREDIT UNIONS

The Credit Union Division regulates and supervises state chartered credit unions under the authority of the Indiana Credit Union Act. The division's primary goal is ensuring the state chartered credit unions operate safely and soundly, and in compliance with state statutes.

PERSONNEL AND TRAINING

The Credit Union Division consists of two Field Managers and five Field Examiners.

The Credit Union Division continues to provide extensive training and professional development to its examiners. In 2016 division staff attended training sessions sponsored by several federal regulatory agencies as well as private organizations. These sessions provided up-to-date training on bank secrecy act/anti-money laundering issues, current and emerging issues, investment/asset liability management issues, consumer, commercial and real estate lending, fraud detection, and effective problem resolution. These sessions also afforded an exchange of ideas and experiences with examiners from outside Indiana.

EXAMINATION AND SUPERVISION

With certain exceptions the division's goal is to perform an examination of each of our state chartered credit unions within a fifteen/twenty one month cycle. Examiners also performed several interim contacts at credit unions exhibiting problem areas. In addition to on-sight contacts, supervision occurred via monthly reporting to assigned examiners.

The division's approach to examination is "risk based." Each Examiner-in-Charge determines the scope at the onset of the examination, based on the perceived risk inherent in the credit union's operation. Factors involved in the scope determination include, but are not limited to: prior examination findings and ratings; perceived quality and stability of management; the complexity of the credit union's product offerings; results of the annual audit; and information provided by management on the pre-examination survey.

The division continues to use the CAMEL rating system, which assigns ratings for Capital, Asset Quality, Management, Earnings and Liquidity. These areas receive a rating of 1 (best) to 5 (worst). A composite rating derives from the component ratings, and examiners' overall assessment of risk.

Credit unions which receive a CAMEL composite of "3" or below must submit monthly reports to their assigned examiners. Examiners compile and analyze the information. Division management reviews and coordinates supervision efforts.

Communicating with management is an integral part of the examination process. An exit conference occurs at the conclusion of each examination. During this conference the examination findings are discussed with the management team and board of directors of the credit union. We believe this contact aids communication of the problem areas, and hastens resolutions.

The division continued to work cooperatively with the National Credit Union Administration (NCUA) and American Share Insurance (ASI). The NCUA and ASI are responsible for the deposit insurance programs that insure all of the savings (shares) held by Indiana state chartered credit unions. The NCUA and ASI perform insurance-risk reviews in coordination with the examinations performed by division staff. Credit union division management personnel meet with their NCUA and ASI counterparts regularly to discuss problem credit unions' progress, and schedule joint contacts.

INDUSTRY ASSOCIATIONS

The division continued to work cooperatively with trade associations and professional organizations devoted to the benefit of the credit union industry. As part of our commitment senior division and department staff attended

DIVISION OF CREDIT UNIONS

meetings with the Indiana Credit Union League to discuss potential legislation that would be proposed before the state legislature.

The division remains closely involved with the National Association of State Credit Union Supervisors (NASCUS). NASCUS promotes the dual chartering system, and the autonomy of state regulatory agencies. Field Manager Mark Powell is a member of the Performance Standards Committee and has served as this committee's chairman in the past. During 2016 the division maintained its accredited status. The maintenance of accredited status involves extensive self-evaluation, prepared by examination and supervisory staff, and on/off-site review of the division's operation by NASCUS representatives. The division received unqualified approval of its operation during this review process. During 1990 Indiana's Credit Union Division was the second state regulatory authority to receive NASCUS accreditation, and we remain committed to the high ideals for which it stands.

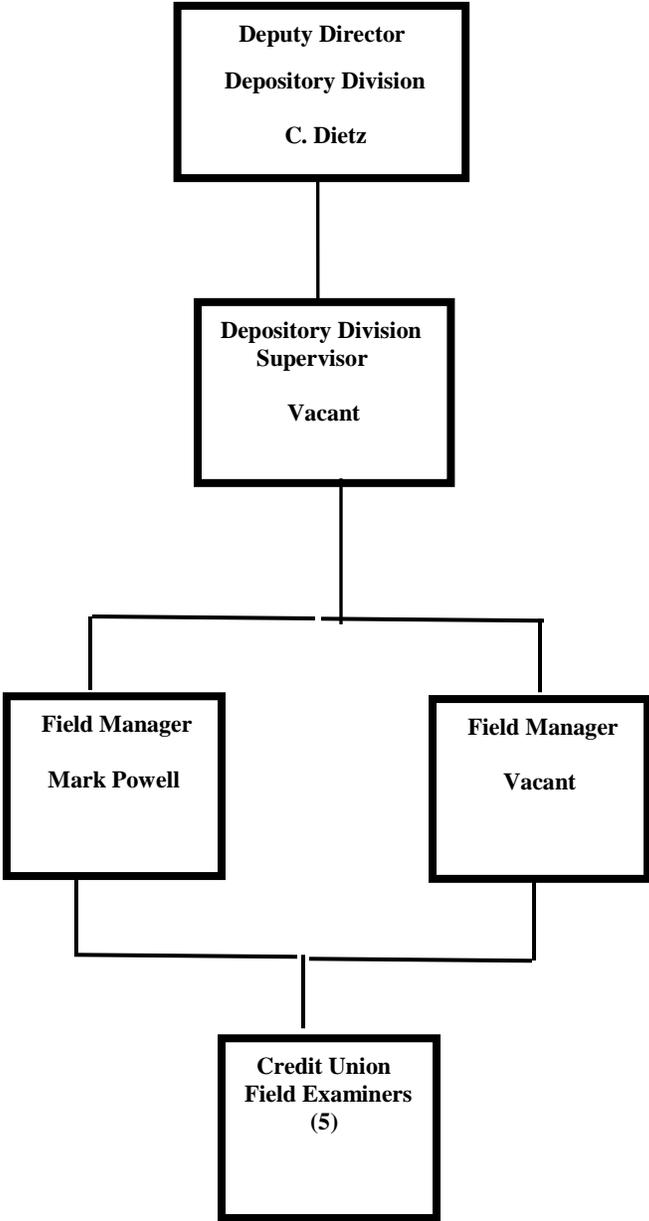
FINANCIAL TRENDS

As of December 31, 2016 there were 41 active state chartered credit unions. The combined total assets of these 41 credit unions as of December 31, 2016 were \$13,721M an increase of \$8596M over December 31, 2015. This translates to a 6.7% increase in the total assets of all state chartered credit unions in Indiana. Member deposits in Indiana credit unions increased from \$10,651M as of December 31, 2015 to \$11,354M as of December 31, 2016 this represents a growth in deposits of 6.6%. Member loans made by Indiana credit unions increased from \$9,028M as of December 31, 2015 to \$9,956M as of December 31, 2016. This represents an increase of 10.3% in loans to members

THE FOLLOWING CREDIT UNION MERGED INTO ANOTHER CREDIT UNION SINCE THE LAST ANNUAL REPORT:

State Service Credit Union, Indianapolis

DIVISION OF CREDIT UNIONS



**CREDIT UNION ANNUAL REPORT 12/31/2016
BALANCE SHEET**

State Chartered Credit Unions
Indiana
Federally
Chartered
Credit
Unions

ASSETS	<u>12/31/14</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/16</u>
Loans	7,860	9,028	9,956	8078
Less: Allowance for Loan Loss	(61)	(65)	(68) ^F	(76)
Cash on Hand, Cash on Deposit, & Cash Equivalents	905	1,097	905	722
Federal Agencies & U. S. Government Obligations	1,610	1,470	1,542	733
Banks, Savings & Loan & Mutual Sav. Banks	355	334	303	894
Other Investments	402	453	469	542
Other Assets	484	545	614	621
TOTAL ASSETS	<u>\$ 11,555</u>	<u>\$ 12,862</u>	<u>\$ 13,721</u>	<u>\$ 11,514</u>
LIABILITIES				
Shares	9,590	10,651	11,354	9,873
Total Borrowings	593	696	768	281
Dividends Payable	1	1	1	1
Accounts Payable & Other Liabilities	95	105	118	160
TOTAL LIABILITIES	<u>10,279</u>	<u>11,453</u>	<u>12,241</u>	<u>10,315</u>
EQUITY				
Regular Reserve	589	639	688	185
Other Reserve	26	30	30	5
Accumulated Unrealized Gain/Loss	3	(1)	(8) ^F	(3)
Undivided Earnings	658	741	770	1012
TOTAL EQUITY	<u>1,276</u>	<u>1,409</u>	<u>1,480</u>	<u>1,141</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 11,555</u>	<u>\$ 12,862</u>	<u>\$ 13,721</u>	<u>\$ 11,514</u>
Number of State Chartered Credit Unions:	42	41	41	
Number of Federally Chartered Credit Unions:	127	121	117	

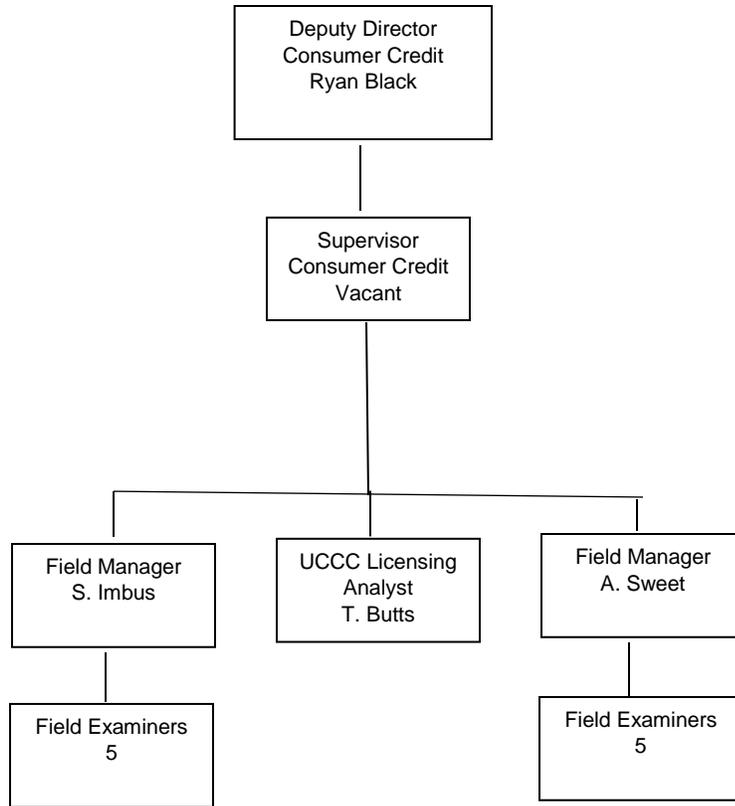
CREDIT UNION ANNUAL REPORT 12/31/2016
INCOME STATEMENT

	State Chartered Credit Unions			Indiana Federally Chartered Credit Unions
INCOME	12/31/14	12/31/15	12/31/16	12/31/16
Interest on Loans	304	339	368	352
Less Interest Refunds	(1)	(1)	(1)	-
Income on Investments	36	34	38	37
Other Income	160	174	181	214
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL INCOME	499	546	586	603
 EXPENSES				
Employee Compensation & Benefits	183	200	214	208
Travel & Conference	4	5	5	4
Office Occupancy	27	29	30	27
Office Operations	62	66	71	86
Educational & Promotional	13	14	15	15
Loan Servicing	19	21	22	57
Professional & Outside	31	36	40	38
Provision for Loan Losses	16	21	25	44
Members Insurance	-	-	-	-
Operating Fees	1	1	1	2
Interest on Borrowed Money	11	11	11	4
Corporate Stabilization & Insurance Premium Expense	-	-	-	-
Other Expenses	14	14	16	12
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	381	418	450	497
 NET INCOME BEFORE TRANSFERS & DIVIDENDS	 118	 128	 136	 106
	<hr/>	<hr/>	<hr/>	<hr/>
DIVIDENDS TO MEMBERS	52	53	57	43
 NET INCOME	 66	 75	 79	 63
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
 DISTRIBUTION OF NET INCOME				
Transferred to Regular Reserves	33	44	47	-

TOTAL CREDIT UNIONS ASSETS AS OF DECEMBER 31, 2016

Location	Name of Association	Total Net Assets
Bedford	Hoosier Hills Credit Union	483,725,645
Bloomington	Indiana University Credit Union	889,854,390
Bluffton	Bluffton Motor Works/Franklin Electric Employees Credit	1,287,848
Columbus	Centra Credit Union	1,362,120,947
Crown Point	Tech Credit Union	344,955,875
East Chicago	East Chicago Firemen's Credit Union	977,926
Fishers	Forum Credit Union	1,304,928,956
Fort Wayne	General Credit Union	82,426,671
Fort Wayne	Public Service Employees Credit Union	53,152,327
Goshen	Interra Credit Union	918,936,365
Hagerstown	Perfect Circle Credit Union	52,401,524
Hammond	Hammond Firefighters Association Credit Union	1,505,603
Indianapolis	Energy Plus Credit Union	31,766,094
Indianapolis	Family Horizons Credit Union	85,304,891
Indianapolis	Financial Center First Credit Union	520,000,620
Indianapolis	Firefighters Credit Union	62,401,911
Indianapolis	Harvester Credit Union	51,765,493
Indianapolis	Hoosier United Credit Union	20,308,710
Indianapolis	Indiana Members Credit Union	1,692,560,507
Indianapolis	Indianapolis Post Office Credit Union	57,299,457
Indianapolis	KEMBA (Indianapolis) Credit Union	67,724,531
Indianapolis	NorthPark Community Credit Union	54,651,469
Indianapolis	Professional Police Officers Credit Union	40,341,964
La Porte	Municipal Employees Credit Union	1,143,635
Lawrenceburg	Community Spirit Credit Union	13,954,536
Loogootee	Martin County Cooperative Credit Union	12,886,439
Marion	Via Credit Union	323,462,724
Merrillville	Members Source Credit Union	75,924,155
Michigan City	First Trust Credit Union	105,326,407
Michigan City	Members Advantage Credit Union	92,408,849
Mishawaka	Taper Lock Credit Union	35,552,150
Monroe	Adams County Credit Union	18,353,259
Muncie	Muncie Post Office Credit Union	805,929
Odon	Crane Credit Union	506,456,073
Richmond	NATCO Credit Union	75,630,187
Seymour	Jackson County Co-Op Credit Union	21,733,720
South Bend	South Bend Post Office Credit Union	9,023,005
South Bend	Teachers Credit Union	3,026,239,543
Sullivan	Western Indiana Credit Union	23,485,417
Wabash	Beacon Credit Union	1,187,588,979
Warsaw	United Credit Union	11,117,315
Net Assets - Includes Allowance for Loan Losses		<u>13,721,492,046</u>

CONSUMER CREDIT DIVISION



CONSUMER CREDIT DIVISION

Statutes and Rule administered by the Consumer Credit Division:

IC 24-4.4 et seq.	First Lien Mortgage Lending
IC 24-4.5 et seq.	Indiana Uniform Consumer Credit Code
IC 24-4.5-7 et seq.	Small Loans (Payday Loans)
IC 24-7 et seq.	Rental Purchase Agreements
IC 24-12 et seq.	Civil Proceeding Advance Payment Providers
IC 28-1-29 et seq.	Debt Management Companies
IC 28-7-5 et seq.	Pawnbrokers
IC 28-8-4 et seq.	Money Transmitters
IC 28-8-5 et seq.	Check Cashers
750 IAC 9 et seq.	SAFE Rule

IC 24-4.4: First Lien Mortgage Lending

Under this statute, first lien mortgage lenders became subject to licensing requirements and periodic compliance examinations as of January 1, 2009. The statute applies to creditors funding their own transactions and does not apply to brokers licensed under the loan broker act. The purpose of the act is to: 1) permit and encourage the development of fair and economically sound first lien mortgage lending practices, and 2) make the regulation of first lien mortgage lending practices conform to applicable state and federal laws, rules, and regulations.

In recognition of the need for a nationwide monitoring system for the mortgage industry, the statute provides for the use of an automated central licensing system and repository, operated by a third party, to serve as the sole entity responsible for processing license applications and renewals, and performing other services necessary for the orderly administration of the Department's licensing system under the statute. Mortgage lenders apply for the license via the Nationwide Multistate Licensing System (NMLS), with all licensing decisions made by the Department. NMLS collects licensing and renewal fees from applicants and licensees, and remits such fees to licensing jurisdictions.

Exempt Company Registration: Certain entities related to the mortgage industry are exempt from licensure under IC 24-4.4 and/or IC 24-4.5, but employ mortgage loan originators; a licensed mortgage loan originator must be employed by a licensed entity or an entity exempt from licensure. The exempt company registration was created to ensure certain mortgage loan originators were correctly employed and licensed.

IC 24-4.5: Indiana Uniform Consumer Credit Code

When an Indiana consumer borrows money from a bank or finance company, makes a purchase on installment credit, or leases a good for personal use, the consumer is entering into a transaction that is regulated by the Indiana Uniform Consumer Credit Code (the Code). This means that the consumer must receive certain required disclosures, and there are limitations on the finance charge and other types of charges that may be imposed on the transaction. The Code has been in force since it was enacted in 1971. Nine other states have similar uniform consumer credit laws.

A stated purpose of the statute is to simplify, clarify, and modernize consumer credit laws. Additional purposes include:

- provide rate ceilings sufficient to assure an adequate supply of credit to consumers;
- further consumer understanding of the terms of credit transactions;

CONSUMER CREDIT DIVISION

- foster competition among the various suppliers of consumer credit so that consumers may obtain credit at a reasonable cost;
- protect consumers from unfair practices arising from consumer credit transactions having due regard for the interests of legitimate and scrupulous creditors;
- permit and encourage the development of fair and economically sound consumer credit practices; and
- make the regulation of consumer credit transactions conform to the policies of the Federal Consumer Credit Protection Act.

The Code provides for regulation of all persons or entities regularly extending credit to individuals for a personal, family, or household purpose. Lenders are required to obtain a loan license from the Department, and other creditors are required to file a notification with the Department of their intent to extend consumer credit. To be covered, a transaction must have an amount financed that does not exceed an applicable threshold, or the debt must be secured by an interest in land or by personal property used or expected to be used as the principal dwelling of the debtor. The debt must be payable by written agreement in more than four installments or the debt must be subject to a finance charge.

First lien mortgages are exempt from the Code except for limited provisions applicable to depository institutions. The Code does not regulate transactions that are for agricultural, business, or commercial purposes.

GAP Administrators: GAP means Guaranteed Auto (Asset) Protection. This is a credit related product that may offer protections to consumers when they experience a total loss to their vehicle and the balance on the credit contract exceeds the actual cash value of the vehicle. If a consumer has purchased GAP coverage and suffers a total loss, the “gap” between the value of the vehicle and the balance on the credit agreement will be waived, subject to certain conditions and limitations.

Before a GAP administrator may offer this product in Indiana, the administrator and their product must be approved by the Department. There are disclosure requirements, fee limitations, and cancellation refund requirements associated with GAP products.

Debt Cancellation: A limited number of providers offer Debt Cancellation solely through depository institutions. This product acts similar to credit insurance. The product is not insurance, but if certain events occur, the consumer is not obligated to pay the remainder of the balance on covered transactions. Triggering events include death or disability of the borrower.

IC 24-4.5-7: Small Loans (Payday Loans)

A certain segment of the population may not qualify for typical credit services. Others may choose to bypass normal credit channels for relatively small loans for convenience reasons. If such people have steady employment and an active checking account, they can usually obtain loans from payday lenders. Payday loans range in size from \$50 to \$605, have a term of at least 14 days, and entitle the lender to hold a personal check or electronic payment authorization as security for repayment of the loans.

Because these loans are made without regard to the normal underwriting standards based on character, capacity to repay, and collateral, the transactions carry an enhanced repayment risk factor, and lenders are permitted to impose substantially higher finance charge rates than are permitted on normal credit transactions. These transactions have the highest finance rates permitted by statute.

CONSUMER CREDIT DIVISION

IC 24-7: Rental Purchase Agreements

As an alternative to making a purchase on credit, a consumer may enter into a rent to own transaction for certain goods. These transactions allow consumers to rent household goods, with little or no credit check, take the goods home, and make periodic payments similar to credit transactions. In a rent to own transaction, the consumer may return the goods to the rental store and cancel the transaction at any time without penalty. There is no legal obligation to remain in the transaction. However, if the consumer does remain in the transaction, and makes a specified number of payments, the consumer becomes the owner of the property that was rented.

The Rental Purchase Agreement Act regulates rent to own transactions in Indiana. The statute contains disclosure requirements and additional charge limitations to give consumers a measure of protection. Entities engaged in this business must be registered with the Department.

IC 24-12: Civil Proceeding Advance Payment Providers

A Civil Proceeding Advance Payment (CPAP) transaction is a nonrecourse transaction in which a person (CPAP Provider) provides to a consumer claimant in a civil proceeding a funded amount, the repayment of which is: (1) required only if the consumer claimant prevails in the civil proceeding; and (2) sourced from the proceeds of the civil proceeding. CPAP Providers are required to obtain and maintain a license under IC 24-4.5-3. The maximum fees a CPAP Provider may charge are contained in IC 24-4.5-3-202. The law (IC 24-12) requires specific disclosures for a CPAP contract and requires that, if the consumer claimant entering into the CPAP transaction is represented by an attorney, the consumer claimant's attorney must review the CPAP contract. Prohibited acts are set forth with respect to CPAP providers and attorneys representing consumer claimants. A CPAP transaction is not a loan.

IC 28-1-29: Debt Management Companies

Consumers who find themselves overloaded with unsecured debt and struggling to manage personal financial matters may turn to a debt management company for assistance. These companies analyze the consumer's household financial condition, prepare a workable budget, enter into a contract with the debtor to pay creditors, and make payment arrangements with the consumer's listed creditors. Consumers then make one periodic payment to the debt management company, which in turn pays the creditors as arranged. Companies in this business must be licensed by the Department.

Debt management companies apply for the license via NMLS, with all licensing decisions made by the Department. NMLS collects licensing and renewal fees from applicants and licensees, and remits such fees to licensing jurisdictions.

IC 28-7-5: Pawnbrokers

A credit source available to any person with portable security is a pawn loan. Pawnbrokers make short term, generally small dollar amount loans, based on the value of the security offered for the transaction. The security must be portable because the pawnbroker must take possession of the security offered on a pawn loan, and must hold the security in a safe and secure manner. For this type of loan, the borrower need not prove their credit worthiness via credit reports and income verifications. When consumers fail to repay pawn loans they forfeit the pledged item, which becomes the property of the pawnbroker. Pawnbrokers must obtain a license before doing business in Indiana.

IC 28-8-4: Money Transmitters

A common method for money to be sent over long distances between two individuals, with either person or both being un-banked, is by the use of a money transmitter. An Indiana consumer remits cash at an agent location in Indiana or via the Internet. In return they receive a money order payable to a third party, or they execute an order for funds to be wired to a specific location for receipt by a specific person. These services allow un-banked consumers to make money order payments to certain entities, and they allow consumers to electronically send money to any other person at almost any location on earth. Money transmitters who do business with Indiana consumers must obtain a license before doing business in Indiana.

CONSUMER CREDIT DIVISION

Money transmitters apply for the license via NMLS, with all licensing decisions made by the Department. NMLS collects licensing and renewal fees from applicants and licensees, and remits such fees to licensing jurisdictions.

IC 28-8-5: Check Cashers

The services of a check casher are vital to individuals without a banking relationship who receive wages via a paycheck or other benefits via check or draft. Various types of checks are known to carry differing risk factors, so the cost to cash a check can vary based on the type of check and the issuer of the check.

Check cashers must obtain a license before doing business in Indiana. The chapter does not apply to a financial institution organized under IC 28 or federal law, and the chapter does not apply to a person principally engaged in the bona fide retail sale of goods or services if:

- (1) the person, either incidental to or independent of a retail sale of goods or services, from time to time cashes checks; and
- (2) the consideration charged for cashing checks does not exceed five dollars (\$5).

750 IAC 9 SAFE Rule: Mortgage Loan Originators

A person who takes a mortgage transaction application, or offers or negotiates rates and terms of a mortgage transaction meets the definition of a Mortgage Loan Originator. Under the federal SAFE law (Secure and Fair Enforcement for Mortgage Licensing Act of 2008), and corresponding DFI SAFE Rule, as of July 1, 2010, mortgage loan originators must be state licensed if they are employed by a state licensed lender. The SAFE Rule was readopted effective March 1, 2016.

To become a state licensed mortgage loan originator, an applicant must meet character and fitness requirements that include: a criminal background check, a credit report review, pre-licensure education requirements, and assessment standards. To renew a license the mortgage loan originator must meet continuing education requirements. Indiana utilizes the Uniform State Test developed by NMLS.

CONSUMER CREDIT DIVISION

Number of Licensees and Registrants as of December 31, 2016		
Type	Number Registered / Licensed	Number of Branches
Loan License (Non-Mortgage)	75	218
Small Loan Licenses	32	284
Retail Creditors (Non-Lenders)	1,933	2,170
Rental Purchase	60	235
Debt Management Companies	34	6
Pawnbrokers	74	105
Money Transmitters	62	*
Check Cashers	33	247
CPAP Providers	2	0
Financial Institutions (state-chartered)	146	*
First Lien Mortgage Lenders	364	*
Subordinate Lien Mortgage Lenders	108	*
Mortgage Loan Originators	9,199	*
Exempt Company Mortgage Registrants	8	*
GAP Administrators	64	*
Debt Cancellation Administrators	5	*
Totals	12,199	3,268

*Branch locations either inapplicable or not tracked by the Consumer Credit Division.

CONSUMER CREDIT DIVISION

Examinations

Licensed and registered entities are subject to periodic examinations to determine compliance with the statutes corresponding to their business type. As examiners discover violations they try to determine the cause, and obtain assurance from the licensees or registrants that future transactions will be made in compliance with applicable statutes. Preventing violations is considered to be as significant as citing violations for remedies.

2016

Type of Examination	Number of Exams	Exam Hours	Number of Violations	\$ Amount of Violations	Number of Non-\$ Violations
Check Casher	13	60.75	6	\$ 140.48	2
Debt Management	19	378.50	223	\$ 65,406.38	73
Financial Institution	34	1,225.50	13,527	\$ 465,846.12	77
First Lien Mortgage Lender	67	1,417.75	48	\$ 16,936.12	19
Gap Administrator	0	0.00	0	\$ -	0
Licensed Lender	21	646.00	5,338	\$ 274,384.18	11
Money Transmitter	11	14.00	0	\$ -	0
Pawnbroker	29	576.00	3,949	\$ 22,627.94	45
Rental Purchase	17	272.50	1,982	\$ 105,197.11	34
Retail Creditor	624	4,523.75	29,884	\$ 2,697,458.52	305
Small Loan (Payday Loan)	15	398.50	22,239	\$ 623,438.83	32
Subordinate Lien Mortgage	11	81.00	2	\$ 78.12	0
Totals:	861	9,594.25	77,198	\$ 4,271,513.80	598

Consumer Credit Division Licenses Issued In 2016

License ID	Loan Licenses	City	State	License Date
29877	Solar Mosaic, Inc.	Oakland	CA	2/2/2016
30152	LendingClub Corporation	San Francisco	CA	3/3/2016
30151	Verizon Wireless Services, LLC	Basking Ridge	NJ	3/3/2016
30599	University of Notre Dame du Lac	Notre Dame	IN	4/14/2016
30839	Budco Financial Services, LLC	Detroit	MI	5/9/2016
30915	Lafayette Neighborhood Housing Services Inc	Lafayette	IN	5/12/2016
31003	Flagship Credit Acceptance, LLC	Chadds Ford	PA	5/20/2016
31421	Cognition Lending Corporation	Boston	MA	6/30/2016
31422	LendingPoint, LLC	Kennesaw	GA	6/30/2016
31782	Avant of Indiana, LLC	Chicago	IL	8/9/2016
31783	Omni Financial of Nevada, Inc	Las Vegas	NV	8/9/2016
32094	HealthFirst Financial, LLC	Springfield	OR	9/8/2016
32162	Prizm Financial Company, LLC	Cincinnati	OH	9/14/2016
32483	Kashable, LLC	New York	NY	11/1/2016
32698	Climb Investco, LLC	New York	NY	11/7/2016
32697	RedBrick Financial Group Inc.	White Plains	NY	11/7/2016
33107	Ally Financial Inc.	Detroit	MI	12/21/2016

License ID	CPAP Providers	City	State	License Date
32027	Oasis Legal Finance, LLC	Rosemont	IL	8/31/2016
32252	Preferred Capital Funding- Indiana, LLC	Chicago	IL	9/22/2016

License ID	Pawnbrokers	City	State	License Date
29664	Cash America Central, Inc	Fort Worth	TX	1/15/2016
31230	A Familyman LLC	Indianapolis	IN	6/8/2016

License ID	Money Transmitters	City	State	License Date
29831	Airbnb Payments, Inc.	San Francisco	CA	1/29/2016
30219	Tempus, Inc.	Washington	DC	3/4/2016
30601	Transfermate, Inc.	Chicago	IL	4/14/2016
31016	TransferWise Inc.	New York	NY	5/20/2016
31234	Envios de Valores La Nacional Corp.	New York	NY	6/13/2016
31246	NetSpend Corporation	Austin	TX	6/13/2016
32852	Klarna Inc.	Columbus	OH	11/21/2016

License ID	Check Cashers	City	State	License Date
30916	MBG, Inc.	Indianapolis	IN	5/12/2016
31875	Varsity Enterprises, Inc.	Fort Wayne	IN	8/17/2016
32092	Cash King Inc.	Columbus	IN	9/8/2016
32093	TA Operating, LLC	Wilmington	DE	9/8/2016

License ID	Small Loan Lenders (Payday Loan)	City	State	License Date
30917	MBG, Inc.	Indianapolis	IN	5/12/2016

License ID	GAP Administrators	City	State	License Date
31004	Partners Alliance Corporation	Poway	CA	5/20/2016
31784	Southwest Reinsure, Inc	Albuquerque	NM	8/11/2016
32426	Reliable Care Warranty Services, LLC	Tulsa	OK	10/7/2016
32463	VWFS Protection Services, Inc	Phoenix	AZ	10/25/2016
32966	SilverRock Automotive, Inc	Tempe	AZ	12/7/2016

License ID	First Lien Mortgage Lenders	City	State	License Date
29669	Casa Libre Properties, LLC	Fishers	IN	1/15/2016
29802	Arrive Home Mortgage, LLC	Naperville	IL	1/28/2016
29810	Castle & Cooke Mortgage, LLC	Draper	UT	1/29/2016
30310	Forthright Funding Corporation	Scottsdale	AZ	3/14/2016
30309	Residential Mortgage Solutions, Inc.	Baltimore	MD	3/14/2016
30531	Citadel Servicing Corporation	Irvine	CA	4/8/2016
30535	First Direct Lending, LLC	Irvine	CA	4/8/2016
30529	Highlands Residential Mortgage, Ltd.	Dallas	TX	4/8/2016
30533	MJW Financial LLC	Indianapolis	IN	4/8/2016
30532	SFMC, LP	McKinney	TX	4/8/2016
30600	RoundPoint Mortgage Servicing Corporation	Charlotte	NC	4/14/2016
30714	Hancock Mortgage Partners, LLC	Sugar Land	TX	4/25/2016
30920	Recovco Mortgage Management, LLC	Irving	TX	5/12/2016
31015	E Mortgage Management LLC	Cherry Hill	NJ	5/20/2016
31255	HLP Mortgage LLC	Lombard	IL	6/13/2016
31245	United Premier Funding, LLC	Duluth	MN	6/13/2016
31301	C & R Mortgage Corporation	Niles	MI	6/20/2016
31350	Eustis Mortgage Corporation	New Orleans	LA	6/27/2016
31424	First Continental Mortgage, Ltd.	Houston	TX	6/30/2016
31428	loanwise financial LLC	Maitland	FL	6/30/2016
31426	Priority Home Mortgage, L.P.	Houston	TX	6/30/2016
31672	Approved Funding Corp.	River Edge	NJ	7/29/2016
31734	Atlantic Bay Mortgage Group, L.L.C.	Virginia Beach	VA	8/8/2016
31883	Homeowners Financial Group USA, LLC	Scottsdale	AZ	8/22/2016
31884	River City Mortgage LLC	Cincinnati	OH	8/22/2016
32057	AmRes Corporation	Huntingdon Valley	PA	9/1/2016
32052	Ellington Financial REIT Lending Corp.	Old Greenwich	CT	9/1/2016
32041	NP, INC.	Boca Raton	FL	9/1/2016
32165	LoanFlight Lending, LLC	Tampa	FL	9/15/2016
32164	Sovereign Lending Group Incorporated	Costa Mesa	CA	9/15/2016
32254	JLB Corporation	St. Louis	MO	9/22/2016
32442	MCS Mortgage Bankers, Inc.	Patchogue	NY	10/13/2016
32550	Financial Freedom Mortgage, Inc	Bedford	IN	11/1/2016
32610	SoFi Mortgage, LLC	Frisco	TX	11/1/2016

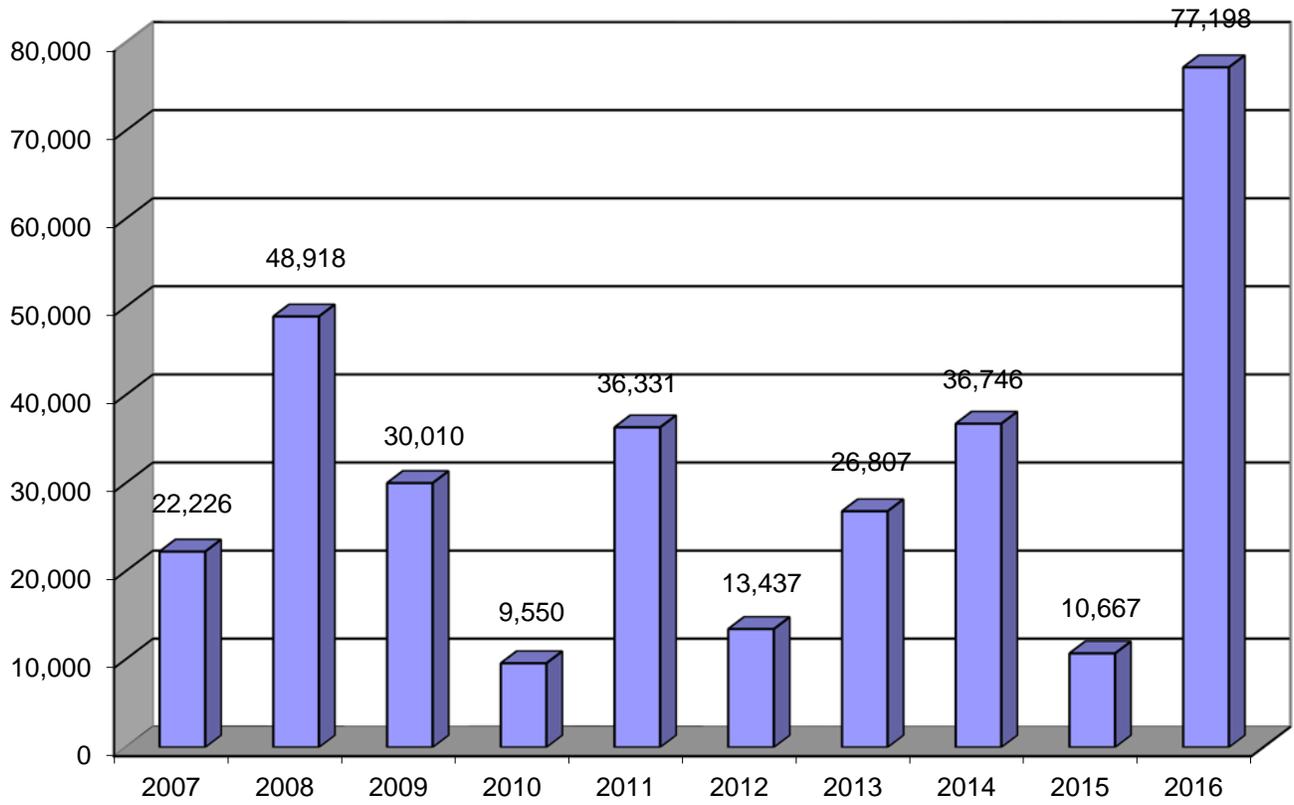
32702	Amcap Mortgage, Ltd.	Houston	TX	11/7/2016
32967	Alterra Group, LLC	Las Vegas	NV	12/7/2016
33116	DAS Acquisition Company, LLC	St. Louis	MO	12/21/2016

License ID	Subordinate Lien Mortgage Lenders	City	State	License Date
29809	Castle & Cooke Mortgage, LLC	Draper	UT	1/29/2016
30346	InterLinc Mortgage Services, LLC	Houston	TX	3/23/2016
30530	Citadel Servicing Corporation	Irvine	CA	4/8/2016
30534	First Direct Lending, LLC	Irvine	CA	4/8/2016
30528	Highlands Residential Mortgage, Ltd.	Dallas	TX	4/8/2016
30782	Union Home Mortgage Corp.	Strongsville	OH	5/2/2016
30919	Movement Mortgage, LLC	Indian Land	SC	5/12/2016
31423	First Continental Mortgage, Ltd.	Houston	TX	6/30/2016
31427	loanwise financial LLC	Maitland	FL	6/30/2016
31425	Priority Home Mortgage, L.P.	Houston	TX	6/30/2016
31490	Finance of America Mortgage LLC	Horsham	PA	7/12/2016
31730	Home Point Financial Corporation	Ann Arbor	MI	8/8/2016
31882	Homeowners Financial Group USA, LLC	Scottsdale	AZ	8/22/2016
32056	AmRes Corporation	Huntingdon Valley	PA	9/1/2016
32040	NP, INC.	Boca Raton	FL	9/1/2016
32253	Acopia, LLC	Goodlettsville	TN	9/22/2016
32443	MCS Mortgage Bankers, Inc.	Patchogue	NY	10/13/2016
32609	SoFi Mortgage, LLC	Frisco	TX	11/1/2016
32973	Academy Mortgage Corporation	Draper	UT	12/7/2016
33115	DAS Acquisition Company, LLC	St. Louis	MO	12/21/2016

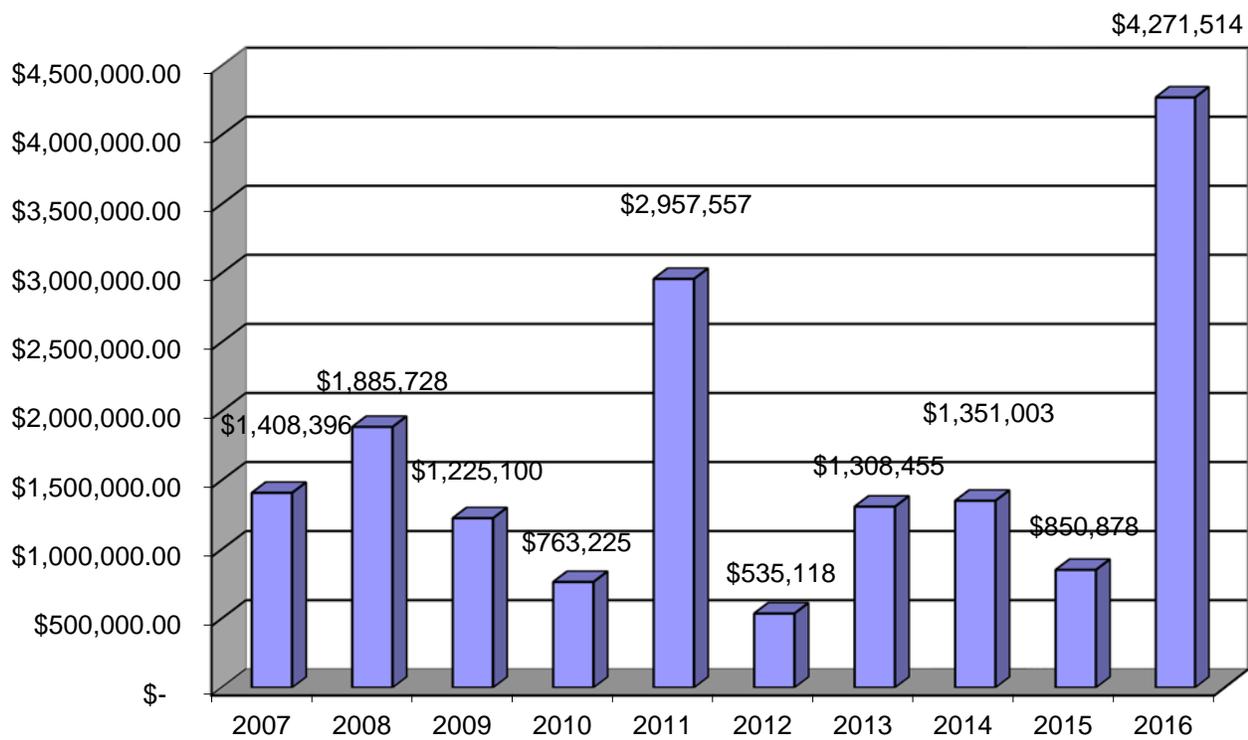
Mortgage Loan Originators

2,904 MLO licenses issued in 2016

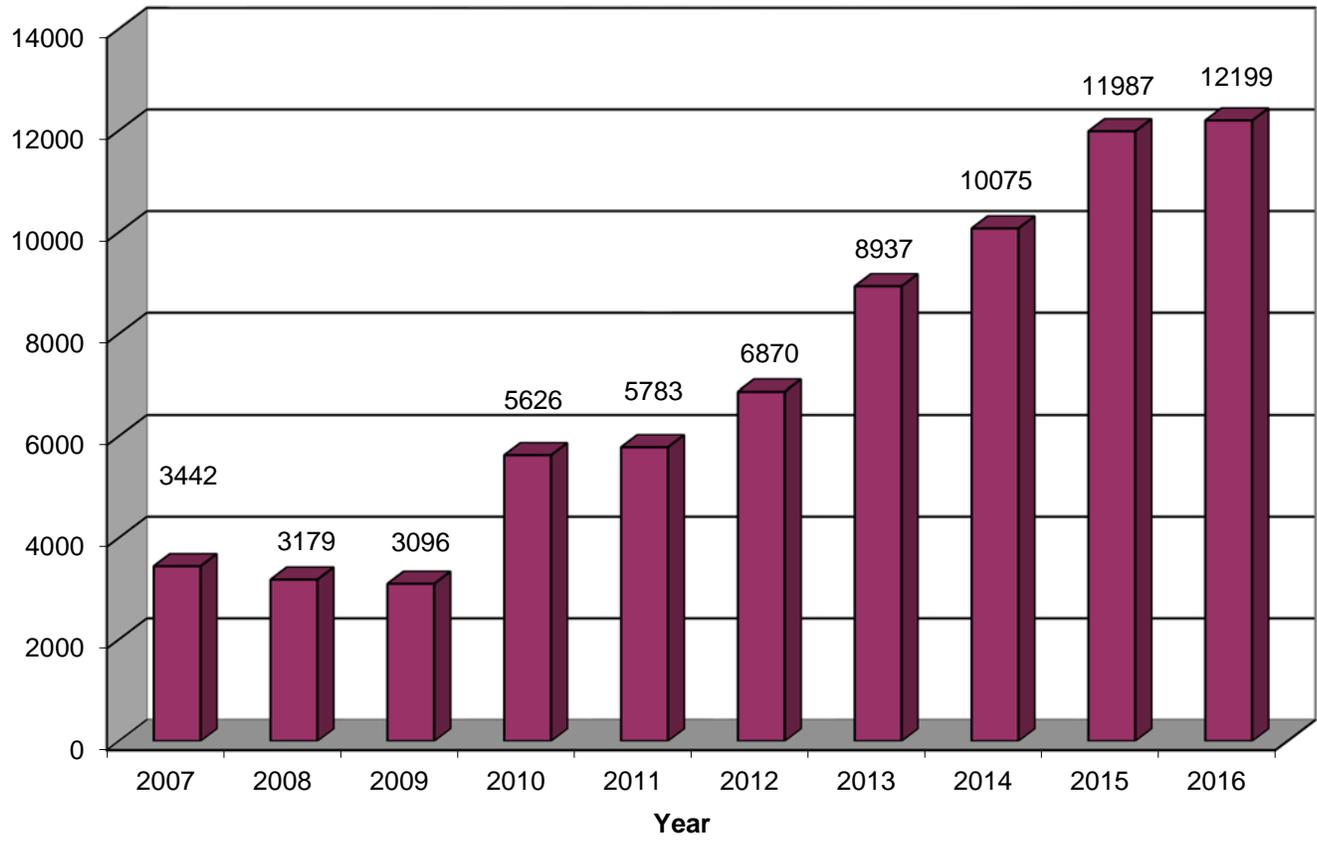
Number of Reimbursable Violations



Amount of Reimbursable Violations



Consumer Credit Division Licensees and Filers



DIVISION OF ADMINISTRATION

The Division of Administration provides oversight and support in the areas of Fiscal Management; Human Resources and Staff Development; Facilities Management; Communications; Operations; and Information Systems.

Personnel costs and travel reimbursement remain the largest agency expenditures. A review of the Department's fiscal operations can be found in the Report of Revenue and Expenditures, which is located elsewhere in this report.

The Department actively recruits at many state colleges, universities, and career fairs. The Department is committed to staff development and utilizes a wide range of training resources to ensure a knowledgeable and well respected staff. Among the sponsors utilized on a regular basis are: the Education Foundation of State Bank Supervisors; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; the Federal Financial Institutions Examination Council; the Indiana Bankers' Association, the National Association of Consumer Credit Administrators; the Fiduciary Trust Institute; the National Credit Union Administration, and the National Association of State Credit Union Supervisors. These external programs provide excellent individual technical instruction.

The Department continues to pursue cost effective modes of training and information sharing opportunities with other State Banking Departments as well as our Federal Counterparts. The Department utilizes cost-effective training resources made available through The Conference of State Bank Supervisors; our Federal counterparts; and other third parties. These include a wide array of online training programs, webinars, and courses.

The Department's main office is located in downtown Indianapolis. In addition to the primary office, the Department maintains two district offices. One is located in Greensburg, Indiana and the second is located on the northwest side of Indianapolis. The Department leases limited space in South Bend. The Department continues to promote telecommuting as a cost-effective and efficient benefit for our mobile work force.

The Department maintains a toll free telephone number and consumers and industry representatives who wish to speak with a staff member are encouraged to call (800) 382-4880 with their questions and concerns. General information is also available on our website at www.in.gov/dfi . Regular business hours are 8:00 am to 4:30 pm at our primary office located at 30 South Meridian Street, Suite 300, Indianapolis, IN.

DIVISION OF ADMINISTRATION

