

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
JUNE 24, 2010

The Members of the Department of Financial Institutions met at 10:00 a.m., EST, at 30 South Meridian Street, Suite 300, Indianapolis, Indiana. Present from the Department were David H. Mills, Director; John J. Schroeder, General Counsel, Deputy Director, Non-Depository Division and Secretary; James M. Cooper, Deputy Director, Depository Division and Assistant Secretary; Connie Gustafson, Associate Legal Counsel; Gina R. Williams, Deputy Director, Administration Division; Troy Pogue, Supervisor, Administration Division; Kirk Schreiber, Senior Bank Analyst; Mark K. Powell, Supervisor, Credit Union Division; Mark Tarpey, Supervisor, Consumer Credit Division; Jim Harrell, Assistant to the Supervisor, Consumer Credit Division and Ronda Bailey, Executive Assistant. Guest was Andrew Glier of the Attorney General's Office.

I. EXECUTIVE SESSION: 10:00 a.m.

- A. James Cooper presented to the Members a review of reports of examination which is confidential pursuant to IC 28-1-2-30. This aspect of the Executive Session is authorized by IC 5-14-1.5-6.1 (b)(7).
- B. John Schroeder presented to the Members pending litigation. This aspect of the Executive Session is authorized by IC 5-14-1.5-6.1 (b)(2)(B).

II. PUBLIC SESSION: 10:30 a.m.

- A. Members Present: Richard J. Rice, Chairman, Mark A. Schroeder, Vice Chairman; Michael W. Davis, Donald E. Goetz, Paul R. Sweeney, Jean L. Wojtowicz and David H. Mills, Director.
- B. Approval of the minutes of the meeting held April 8, 2010. Chairman Rice entertained a motion to approve the minutes for April 8, 2010 meeting. Ms. Wojtowicz moved approval of the minutes; Mr. Sweeney seconded the motion, and the motion passed unanimously.
- C. Date of next meeting: July 8, 2010 @ 10:00 a.m., EST at the Indiana Department of Financial Institutions, 30 South Meridian Street, Suite 300, Indianapolis, Indiana.

D. CREDIT UNION DIVISION:

1. Beacon Credit Union, Wabash, Wabash County, Indiana

This application was presented by Mark K. Powell, Supervisor, Credit Union Division. Beacon Credit Union has applied to the Members of the Department of Financial Institutions for approval of their proposed merger of DeKalb Financial Credit Union, Auburn, DeKalb County, Indiana into Beacon Credit Union. This is a voluntary merger initiated by the Board of Directors of DeKalb Financial Credit Union, due to their continuing struggle with profitability issues.

Minutes of Members' Meeting

June 24, 2010

Page 2

Mr. Powell explained that both of these credit unions were founded during the great depression by the farm bureau cooperative members in their respective counties, due to this similarity in their founding they share very similar outlooks on the types of loan and deposit products that they offer to their members.

Mr. Powell observed that there is minimal effect on the capital of Beacon Credit Union due to this merger (from 16.78% to 15.70%).

Mr. Powell further pointed out that the merger has been approved by the National Credit Union Administration. After discussion and upon motion made by Mr. Schroeder and seconded by Mr. Goetz the Members unanimously voted to approve the merger of DeKalb Financial Credit Union into Beacon Credit Union

E. CONSUMER CREDIT DIVISION:

1. Pawnbroking application for Fares Pawn, LLC of Evansville, Indiana:

Mark Tarpey presented information relating to the reconsideration of the application submitted by Fares Pawn, LLC and Bill Saalwaechter for a pawn license subject to an MOU which has been negotiated by the Staff. Mr. Tarpey advised the Members that the Staff recommended issuance of the license subject to the MOU. After discussion and upon motion made by Director Mills and seconded by Ms. Wojtowicz the Members unanimously voted to approve the issuance of the pawn license subject to the terms of the MOU.

F. DIRECTOR'S COMMENTS AND ACTIONS:

- 1.** In accordance with IC 28-11-2-3, Director Mills presented his recommendations to the Members for Department staff compensation. Professional staff compensation will be reduced 5.3% beginning in FY 2011 as a component of the Department's overall reserve requirement consistent with the Administration's budget initiatives. After discussion and upon motion by Director Mills as seconded by Mr. Schroeder, the Members unanimously voted to approve the subject compensation structure as presented.
- 2.** Gina Williams presented proposed fee schedules for FY 2010-2011 for all three divisions to the Members for approval. The updated financial projections for FYE June 30, 2010, reflecting a net surplus of \$531,000, were discussed. Also discussed were the projections for FYE June 30, 2011, reflecting projected revenue without any fee changes and projected revenue with the proposed fee changes. Absent any changes to the fee schedules, a net surplus of \$840,387 is projected based on revenue of \$8,482,336 and expenditures of \$7,641,949 (amount adjusted for a 10% reversion requirement). The proposed fee schedules will more accurately align the revenue to the expenditures of the Department for FY 2011, resulting in a small net deficit of \$2,762. The proposed changes to the fee schedules consist of the following: 1) an average 7% decrease in the

Minutes of Members' Meeting

June 24, 2010

Page 3

annual fee assessment for banks, savings banks, building & loan associations, industrial authorities, corporate fiduciaries, and credit unions; 2) restructuring the credit union fee schedule by adding five new fee ranges for credit unions with \$10 million and over in assets; 3) a reduction in the additional supervisory assessment fee on 3-rated institutions from 50% to 25%; 4) reducing the volume fee from \$14 to \$12; 5) reducing the fee for each additional Indiana payday lending branch from \$1,000 to \$750; and 6) inclusion of the mortgage loan originator fee and the Hoosier Traditional Mortgage fee to the consumer credit division fee schedule. After a brief discussion, Mr. Mills made a motion to approve the fee schedules and Mr. Schroeder seconded the motion. The fee schedules were unanimously approved.

3. **Adoption of Delegated Authority Resolutions:**

John Schroeder explained that the only change to the resolutions relating to delegated authority from the prior year was the addition of the Mortgage Loan Originator licenses (Item c. under Consumer Credit Division) as required by the SAFE Mortgage Loan Originator Rules. After discussion and upon motion made by Mr. Sweeney and seconded by Mr. Davis the Members unanimously voted to approve the resolutions relating to delegated authority.

4. **Adoption of Amendments SAFE MLO Rules:**

John Schroeder explained that several items have been brought to the Staff's attention which require amendment of the SAFE MLO Rules. Specifically, Mr. Schroeder explained the following amendments:

- Amend 750 IAC 9-1-1 to clarify the definition of "mortgage transaction" to exclude land contracts.
- Amend 750 IAC 9-3-1 relating to the licensing of mortgage loan originators:
 - To add subsection (h) which excludes individuals employed exclusively as not for profit housing counselors from education, testing, background, and licensing standards; and
 - To add subsection (i) which excludes individuals exclusively employed by Habitat for Humanity-type organizations from education, testing, background, and licensing standards
- Amend 750 IAC 9-3-8(f)(1) to correct a typographical error in the citation of IC 28-1-2-30.

After discussion and upon motion made by Goetz and seconded by Mr. Sweeney the Members unanimously voted to approve the resolutions relating to the amendment of the SAFE MLO Rules.

5. Jim Harrell updated the Members on the Mortgage Loan Originator Licensing. This item was for informational purposes only.

Minutes of Members' Meeting

June 24, 2010

Page 4

G. ACTIONS BY DELEGATED AUTHORITY:

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

The bank entered into a purchase and assumption agreement dated February 17, 2010, with Farmers State Bank of Alto Pass, Illinois for two bank branches. The bank as applied to the Department for approval to establish two branch banking offices to be located at: 1) 3933 Venetian Drive, Newburgh, Warrick County, Indiana; and 2) **3150** East Lynch Road, Evansville, Vanderburgh County, Indiana. The application was received on April 6, 2010. **This was approved by the Director on April 20, 2010, under delegated authority.**

2. Independence Trust Company, Franklin, Williamson County, Tennessee

An application for issuance of a certificate of admission was received from Independence Trust Company, Franklin, Williamson County, Tennessee ("Independence"). Independence filed the application to enable it to transact business in Indiana in accordance with the provisions of IC 28-1-22. Independence will be acting as Trustee for trust property in the State of Indiana. CT Corporation, 251 East Ohio Street, Suite 1100, Indianapolis, Marion County, Indiana has been appointed as resident agent for service of legal process by Independence. **The Director approved a Certificate of Admission on April 20, 2010, under delegated authority.**

3. State Bank of Burnettsville, Burnettsville, White County, Indiana

The bank requested permission to hold a parcel of property in excess of three years for future expansion as prescribed in IC 28-1-11-5. The parcel was purchased on June 3, 2003 and is located at 107 West Street, Burnettsville, Indiana. The bank purchased the property with the intention to build a drive up facility at this location. At the bank's board meeting on April 5, 2010, the board adopted a board resolution reaffirming that the bank expects to use the parcel of real estate for future expansion. Allowing the bank to continue to hold the real estate does not appear to endanger the safety and soundness of the financial institution. It is recommended the bank be granted an extension to hold the Real Estate until June 30, 2011. Should the bank not be able to utilize the Real Estate within this time frame, another request to the Director Pursuant to IC 28-1-11-5 will be required. **On April 20, 2010 the Director, under delegated authority approved the bank's request for an extension until June 30, 2011.**

4. First State Bank of Middlebury, Middlebury, Elkhart County, Indiana

The bank applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request asks approval to pay a cash dividend of \$150,000 to its holding company, Crystal Valley Financial Corporation, Middlebury, Indiana. The dividend will be upstreamed to the parent holding company to fund holding company obligations. **This was approved by the Director on April 20, 2010, under delegated authority.**

Minutes of Members' Meeting

June 24, 2010

Page 5

5. **Ameriana Bank, New Castle, Henry County, Indiana**

The bank applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request asks approval to pay a cash dividend to its holding company, Ameriana Bancorp, New Castle, Indiana. The dividend will be upstreamed to the parent holding company to fund holding company obligations, for its regular first quarter dividend and for other holding company expenses. **This was approved by the Director on May 10, 2010, under delegated authority.**

6. **The North Salem State Bank, North Salem, Hendricks County, Indiana**

On May 5, 2010 the bank applied to the Department for approval to establish a branch office to be located at 1500 East Main Street, Danville, Hendricks County, Indiana. The branch is to be known as the "Old Farm Branch". **This was approved by the Director on May 25, 2010, under delegated authority.**

7. **First Farmers Bank & Trust Company, Converse, Miami County, Indiana**

On May 18, 2010 the bank applied to the Department for approval to relocate a branch office from 211 Hauenstein Road, Huntington, Huntington County, Indiana to 2800 Wal-Mart Drive, Huntington, Huntington County, Indiana. The branch is to be known as the Huntington Branch. **This was approved by the Director on May 25, 2010, under delegated authority.**

8. **First Internet Bank of Indiana, Indianapolis, Marion County, Indiana**

On March 1, 2010 the bank applied to the Department for approval to relocate its main office from 7820 Innovation Boulevard, Suite 210, Indianapolis, Marion County, Indiana to 9200 Keystone Crossing, Suite 800, Indianapolis, Marion County, Indiana. **This was approved by the Director on May 25, 2010, under delegated authority.**

9. **Forum Credit Union, Indianapolis, Marion County, Indiana**

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

Cardinal Fitness Noblesville – Noblesville – 16 members (common bond of occupation as defined by 28-7-1-10)

Noblesville Honda Kawasaki – Noblesville – 9 members (common bond of occupation as defined by 28-7-1-10)

Carolyn's Consignment – Noblesville – 3 members (common bond of occupation as defined by 28-7-1-10). **This was approved by the Director on April 29, 2010, under delegated authority.**

Minutes of Members' Meeting

June 24, 2010

Page 6

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

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

Tem-Pace, Inc. – Niles, MI – 95 members (common bond of occupation as defined by 28-7-1-10)

Heart City Niles – Niles, MI – 2 members (common bond of occupation as defined by 28-7-1-10). **This was approved by the Director on May 24, 2010, under delegated authority.**

11. Forum Credit Union, Indianapolis, Marion County, Indiana

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

Lions Creek Apartments – Noblesville – 12 members (common bond of occupation as defined by 28-7-1-10)

Wallington Asset Management – Indianapolis – 14 members (common bond of occupation as defined by 28-7-1-10)

Orbis Education, Inc. – Indianapolis – 44 members (common bond of occupation as defined by 28-7-1-10)

LMV Consulting – Indianapolis – 10 members (common bond of occupation as defined by 28-7-1-10)

Kiwanis International – Indianapolis – 100 members (common bond of occupation as defined by 28-7-1-10)

Pearson Ford – Zionsville – 97 members (common bond of occupation as defined by 28-7-1-10)

Ogletree, Deakins, Nash, Smoak & Stewart, P.C. – Indianapolis – 53 members (common bond of occupation as defined by 28-7-1-10)

R. J. Hanlon – Westfield – 30 members (common bond of occupation as defined by 28-7-1-10)

Just Add Water Boats – Indianapolis – 7 members (common bond of occupation as defined by 28-7-1-10). **This was approved by the Director on June 1, 2010, under delegated authority.**

12. Crossline Capital, Inc. applied via the Nationwide Mortgage Licensing System for a First Lien Mortgage lending license. Applicant is based in Foothill Ranch, California. They will not be servicing their loans. Loans will be closed by title companies. **This was approved by the Director on April 7, 2010, under delegated authority.**

Minutes of Members' Meeting

June 24, 2010

Page 7

13. **Legacy Debt & Financial Services, LLC** requested a debt management license. Applicant is based in West Lafayette, Indiana. Applicant has complied with new statutory requirements for debt management companies that are effective July 1, 2010. **This was approved by the Director on April 8, 2010, under delegated authority.**
14. **B and D Training Services, Incorporated** requested a consumer loan license. Applicant is based in Indianapolis, Indiana. They will be making non-mortgage, non-secured consumer installment loan in amounts from \$100-\$1000 for 12-24 months at rates from 21%-36% APR. They will be servicing their loans. **This was approved by the Director on April 15, 2010, under delegated authority.**
15. **Consumer Credit Counseling Service of Maryland and Delaware, Inc.** requested a debt management license. Applicant is based in Baltimore, Maryland. Applicant will have no location in Indiana. There will be solicitations of Indiana customers via mail and internet or other media. **This was approved by the Director on April 15, 2010, under delegated authority.**
16. **IIIG Capital Corporation** applied via the Nationwide Mortgage Licensing System for a Subordinate Lien Mortgage Lending license. Applicant is based in Orange, California. At the current time, the applicant does not intend to engage in origination or lending activities but has obtained a license for possible future use. **This was approved by the Director on April 22, 2010, under delegated authority.**
17. **Envoy Mortgage, Ltd** applied via the Nationwide Mortgage Licensing System for a Subordinate Lien Mortgage Lending license. They are currently licensed as a First Lien Mortgage Lender. Applicant is based in Houston, Texas. They will not be servicing their loans. Loans will be closed by title companies. **This was approved by the Director on April 28, 2010, under delegated authority.**
18. **DCFS USA, LLC** requested a consumer loan license. Applicant is based in Fort Worth, Texas. They will be making consumer auto loans and will be servicing their loans. **This was approved by the Director on April 29, 2010, under delegated authority.**
19. **Crown Mortgage Company** applied via the Nationwide Mortgage Licensing System for a First Lien Mortgage Lending license. Applicant is based in Oak Lawn, Illinois. They will be servicing their loans. Loans will be closed by title companies. **This was approved by the Director on May 21, 2010, under delegated authority.**
20. **Hartford Funding LTD** applied via the Nationwide Mortgage Licensing System for a First Lien Mortgage lending license. Applicant is based in Ronkonkoma, New York. They will be servicing their loans. Loans will be closed by title companies. **This was approved by the Director on May 21, 2010, under delegated authority.**
21. **SI Mortgage Company d/b/a Sistar Mortgage Company** applied via the Nationwide Mortgage Licensing System for a First Lien Mortgage Lending license. Applicant is

Minutes of Members' Meeting

June 24, 2010

Page 8

based in Shelby Township, Michigan. They will not be servicing their loans. Loans will be closed by title companies. **This was approved by the Director on May 21, 2010, under delegated authority.**

22. **Hartford Funding LTD** applied via the Nationwide Mortgage Licensing System for a Subordinate Lien Mortgage Lending license. Applicant is based in Ronkonkoma, New York. They will be servicing their loans. Loans will be closed by title companies. **This was approved by the director on May 21, 2010, under delegated authority.**

CERTIFICATION:

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

OTHER BUSINESS: Chairman Rice asked if there was other business. There being no further business, Chairman Rice entertained a motion to adjourn the meeting. Ms. Wojtowicz moved for adjournment, Mr. Sweeney seconded the motion, and the motion passed unanimously.

APPROVED:

ATTEST:

Richard J. Rice, Chairman

John J. Schroeder, Secretary