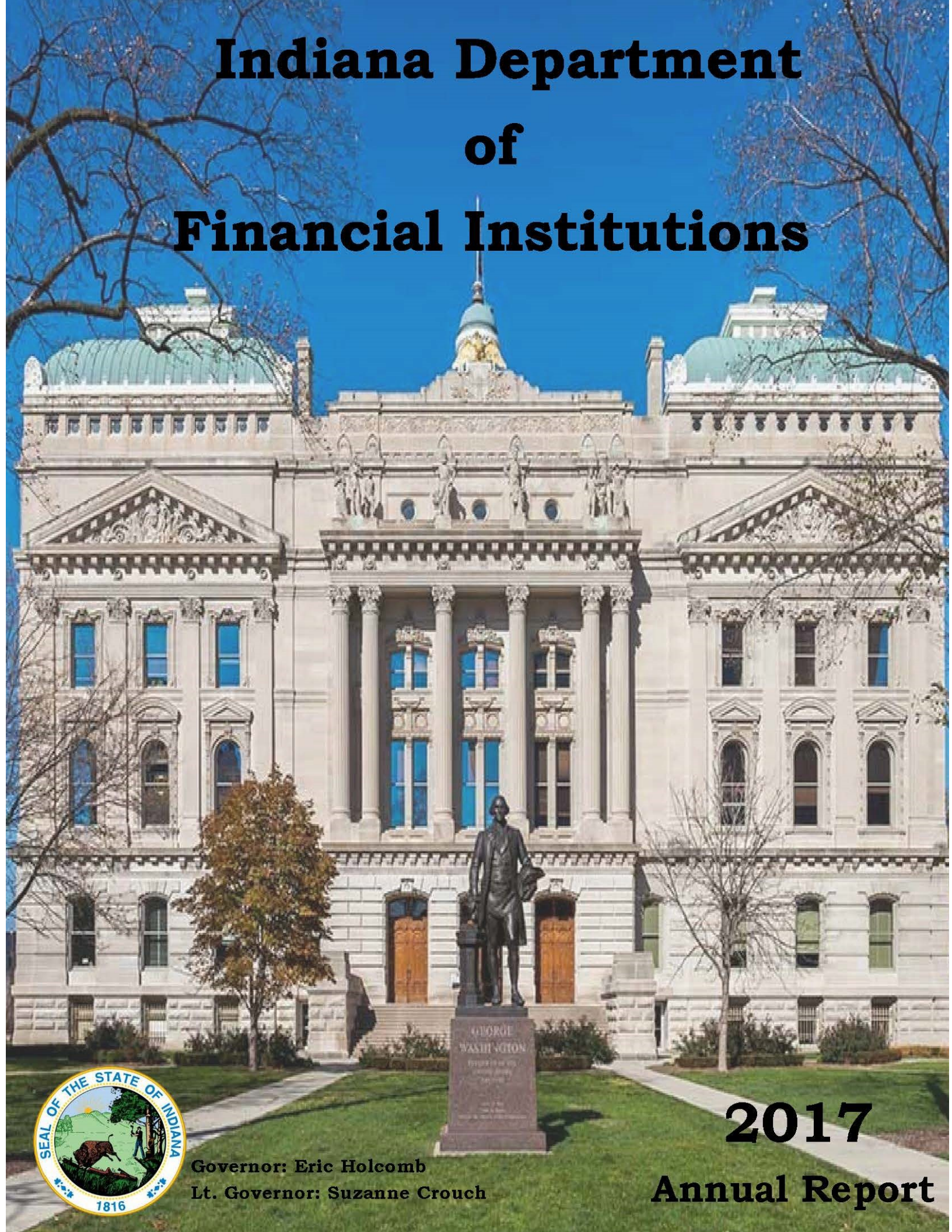


# Indiana Department of Financial Institutions



Governor: Eric Holcomb  
Lt. Governor: Suzanne Crouch

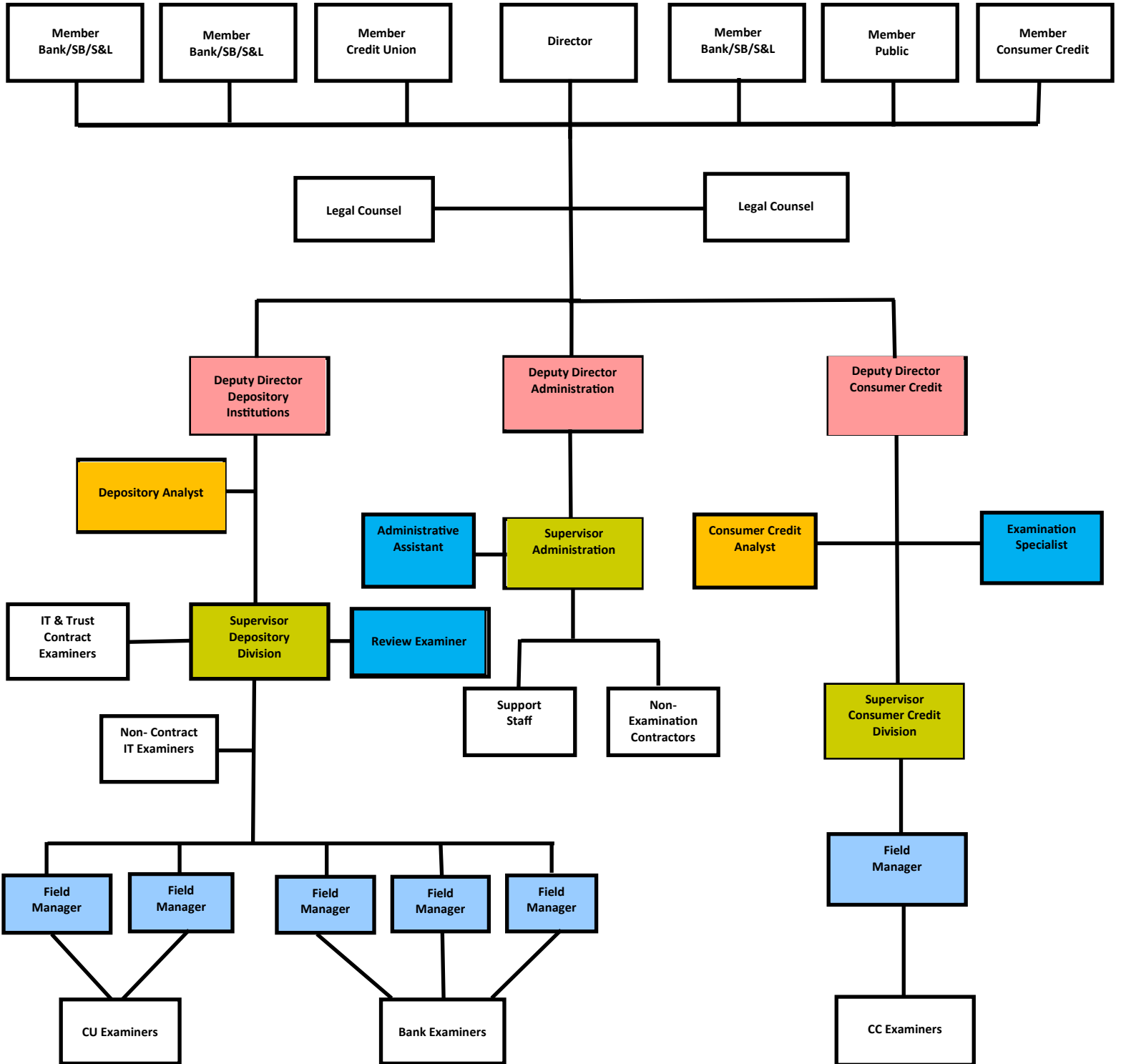
**2017**  
**Annual Report**



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# *Department of Financial Institutions*



## *Department of Financial Institutions*

### ***DIRECTORS***

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<b>DIRECTOR</b>	<b>FROM</b>		<b>TO</b>	
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
Thomas C. Fite	January	2016	Present	

# DEPARTMENT OF FINANCIAL INSTITUTIONS

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## **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

**VACANT**  
Consumer Credit Experience

**Jean L. Wojtowicz**  
Indianapolis  
Member at Large

**Paul R. Sweeney**  
Vincennes  
Bank/Thrift Experience

**Thomas C. Fite**  
Director  
Department of Financial Institutions

# **DEPARTMENT PERSONNEL**

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Thomas C. Fite, Director

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

Christopher C. Dietz, Deputy Director  
J. Deron Thompson, Depository Supervisor

### **SPECIAL ACTIONS**

Kirk J. Schreiber, Depository Analyst

### **REGULATION & SUPERVISION**

Richard C. Nelson, Review Examiner

### **BANK DIVISION EXAMINATION STAFF**

Paul G. Brockman, Field Manager  
Patrick W. Land, Field Manager  
Kristy Hubele, Field Manager

David H. Hoferkamp - 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  
John Knue - IV  
Alexendra Smedley - III  
Kevin Stouder - I  
Jackson Warren - III

Vernita L. Early II  
Sam A. Patterson II  
Tyler J. Shearer III  
Gage L. Russell - III  
Michael J. Nickell - III  
Kevin Kelly - III  
Tyler Wolpert - III  
Daniel Elick - III  
Daniel Ullrich - IV  
Jay Gala - IV

Roman numerals denote field examiner grade level

**DIVISION OF CREDIT UNIONS**

Thomas C. Fite, Director  
Chris Dietz, Deputy Director  
J. Deron Thompson, Depository Supervisor  
Mark K. Powell, Field Manager  
Gloria A. Thomson, Field Manager

Mark A. Walters - I  
Kyle Janowicz - IV

Charles R. Hall - I  
Eric Mehlig - IV

**DIVISION OF CONSUMER CREDIT**

Thomas C. Fite, Director  
Ryan E. Black, Deputy Director  
Scott J. Imbus, Supervisor  
Aaron B. Sweet, Field Manager  
Tabitha Butts, UCCC Licensing Analyst

Richard W. Norrell - II  
Robert M. Payne - II  
Nancy G. DeGott - III  
Anthony Lockett - IV  
Bradley Ball - IV

Kent D. Sager - I  
Dee A. Stauffer - I  
Mitchell D. Bowers - II  
Joe Dean - III  
Mitchell Western - IV

Roman numerals denote field examiner grade level



## **LEGAL DIVISION**

Thomas C. Fite, Director

Lyndsay Miller, General Counsel

## **DIVISION OF ADMINISTRATION**

Thomas C. Fite, Director

Gina R. Williams, Deputy Director

Troy D. Pogue, Supervisor of Administration

Susan L. Ellison, Administrative Assistant  
Laurie A. Girod, Program Coordinator  
Tina E. Coffman, Executive Assistant

Sharmaine W. Stewart, Administrative Assistant  
Angie M. Smith, Secretary  
Kelly L. Nelson, Billing Coordinator

# **EXAMINER CERTIFICATIONS**

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## **BANK DIVISION CERTIFICATIONS**

### **CERTIFIED EXAMINATIONS MANAGER (“CEM”)**

Brockman, Paul G.  
Fite, Thomas C.  
Land, Patrick W.

Thompson, Deron J.  
Dietz, Chris C.

### **CERTIFIED EXAMINER IN CHARGE (“CEIC”)**

Hoeferkamp, 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.

### **CERTIFIED OPERATIONS EXAMINER (“COE”)**

Nickell, Mike J.  
Shearer, Tyler J.

### **CERTIFIED INFORMATION SYSTEMS EXAMINER (“CISE”)**

Stouder, Kevin

## **CREDIT UNION DIVISION CERTIFICATIONS**

### **CERTIFIED EXAMINATIONS MANAGER (“CEM”)**

Powell, Mark K.

### **CERTIFIED EXAMINER IN CHARGE (“CEIC”)**

Hall, Charles R.  
Thomson, Gloria A.  
Walters, Mark A.

# CONSUMER CREDIT DIVISION CERTIFICATIONS

## CERTIFIED EXAMINATIONS MANAGER (“CEM”)

Black, Ryan E.  
Imbus, Scott J.  
Sweet, Aaron B

## COMPLEX INSTITUTIONS SPECIALIST (“CIS”)

Butts, Tabitha M.  
Sager, Kent D.  
Stauffer, Dee A.  
Norrell, Richard W.  
Bowers, Mitchell D.

## DEPOSITORY/INVESTIGATION SPECIALIST (DIS)

Payne, Robert M.

## CONSUMER CREDIT COMPLIANCE EXAMINER (“CCCE”)

Degott, Nancy G.

## OTHER CERTIFICATIONS

### CERTIFIED PUBLIC ACCOUNTANT (“CPA”)

Butts, Tabitha M.  
Early, Vernita L.  
Sweet, Aaron B.  
Thomson, Gloria A.

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## 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

In 2017, the certification program was expanded to include the following Information Technology Certifications:

ACISE - Associate Certified Information Systems Examiner  
CCSE - Certified Cyber Security Examiner  
CISE - Certified Information Systems Examiner

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

# **DIVISION MILESTONES**

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*The following employees celebrated milestone anniversaries with the DFI during 2017*

## **Executive Division**

*Troy Pogue - 25 Years of Service*

## **Banking Division**

*Kirk Schreiber - 30 Years of Service  
Jacob Swanson - 30 Years of Service  
Robin Upchurch - 25 Years of  
Alfred Westfall - 15 Years of Service*

## **Credit Union Division**

*Mark Walters - 25 Years of Service*

## **Consumer Credit Division**

*Scott Imbus - 25 Years of Service  
Richard Norrell - 5 Years of Service  
Mitchell Bowers - 5 Years of Service*

# **DEPARTMENT OVERVIEW**

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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 license lender; a mortgage lender; pawnbroker; money transmitter; check casher; debt management company; or rental purchase company; 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.

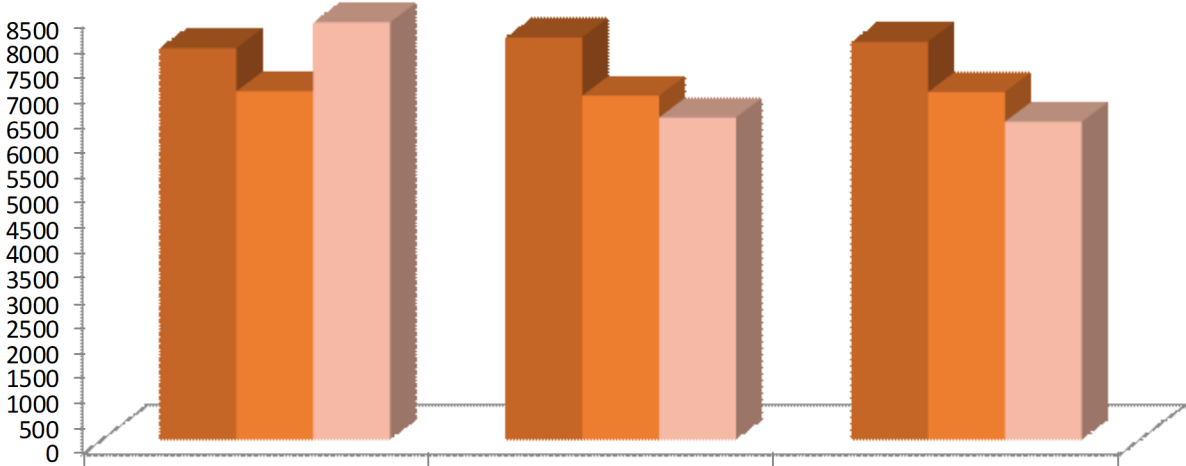
Five divisions reside within the Department, each under the direct control of a deputy or supervisor. These are the Division of Banks and Trust Companies, Division of Consumer Credit, Division of Credit Unions, Division of Administration, and the Legal Division.

# REVENUE AND EXPENDITURES

<u>REVENUE</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
BANK AND SAVINGS & LOAN FEES	4,219,703	4,184,120	3,923,987
CREDIT UNION FEES	1,085,011	1,112,360	998,927
PAWNBROKING LICENSING FEES	111,680	135,420	119,180
APPLICATION /MISC. FEES	82,000	139,880	243,720
DEBT MANAGEMENT COMPANIES	21,800	21,560	23,920
UCCC FEES	768,205	1,094,734	1,260,555
PAYDAY LENDERS	136,390	146,100	253,800
RENTAL/PURCHASE LICENSE	74,060	91,240	87,090
MONEY TRANSMITTER FEES	70,000	61,000	63,000
CHECK CASHERS FEES	36,720	40,850	41,850
GAP/Debt Cancellation/CPAP	70,660	66,300	62,200
First Lien & Subordinate Lien Mortgage Lenders	533,000	489,000	452,980
Mortgage Loan Originators	596,900	523,600	398,782
<b>TOTAL REVENUE</b>	<b>7,806,129</b>	<b>\$8,106,164</b>	<b>\$7,929,991</b>
<u>EXPENDITURES</u>			
PERSONNEL COSTS	5,259,486	5,568,895	5,770,911
UTILITIES, TELEPHONE, COMMUNICATION	98,431	95,625	100,604
CONTRACT SERVICES	476,168	249,653	247,947
OFFICE SUPPLIES	24,774	19,996	5,957
EQUIPMENT/COMPUTERS	45,846	27,372	7,749
TRAVEL IN-STATE	435,394	382,627	361,699
TRAVEL OUT-OF-STATE	16,379	8,168	8,321
PERSONNEL DEVELOPMENT & RELATED TRAVEL	156,906	73,881	57,533
OFFICE LEASES, DUES, SUBSCRIPTIONS	432,989	431,028	368,829
<b>TOTAL EXPENDITURES</b>	<b>6,946,373</b>	<b>\$6,857,245</b>	<b>\$6,929,550</b>
NET REVENUE (EXPENDITURES)	859,756	1,248,919	1,000,441
CASH BALANCE, JULY 1	7,513,248	6,339,293	5,392,097
CASH BALANCE, JUNE 30	8,373,004	7,588,212	6,392,538
LESS ENCUMBRANCES	51,680	74,964	53,245
FUND BALANCE, JUNE 30	<b>8,321,324</b>	<b>7,513,248</b>	<b>6,339,293</b>



## Revenue & Expenditures



	2017	2016	2015
■ Revenue	7806	8016	7930
■ Expense	6946	6857	6930
■ Fund Balance	8321	6423	6339

# LEGISLATIVE CHANGES

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The following is a brief summary of legislation adopted by the General Assembly in the 2017 session which may be of interest to the department, its constituencies, staff and members. For additional information regarding any bill of particular interest, see the complete list of all legislation enacted or considered in the 2017 General Assembly, which can be found here: <http://iga.in.gov/legislative/2017/bills/>

## **HB 1539 Financial institutions and consumer credit (commonly known as the "DFI Omnibus Bill").**

The following is a brief summary of HB 1539, authored by Representative Woody Burton, which was signed by the Governor on April 24, 2017. As in years' past, the vast majority of the bill changes included updated references to federal and state laws; minor mistakes or errors discovered as part of the review process; and additional technical or housekeeping matters. **All provisions become effective July 1, 2017.**

**The following are substantive provisions of interest contained in HB 1539:**

### **Consumer Credit:**

- **Licensed facilities may conduct other businesses in a DFI-licensed location, so long as the licensee's intention is not to evade or violate the law.** For example, a licensed payday lender, who also sells various debit or other prepaid cards, "offers" these cards to customers who may also be taking out a payday loan. The revised language clarifies the authority of the DFI to review the payday lender's practices to determine if customer protections are being evaded by requiring or coercing customers to buy these other products or services.
  - ◇ Applies to: consumer lenders; payday loan companies; money transmitters; check cashers; pawnbrokers; mortgage lenders
  - ◇ Statutory references: IC 24-4.4-1-205 (first lien mortgages); IC 24-4.5-3-512 (consumer loans); IC 24-4.5-7-405 (small loans); IC 24-7-8-6 (rental purchase); IC 28-8-4-40.5 (money transmitters); IC 28-8-5-18.3 (check cashers); IC 28-7-5-10.5 (pawnbrokers) (NEW SECTIONS)
- **Change term "loan origination fee" to "non-refundable prepaid finance charge".** Inserts the term "non-refundable prepaid finance charge" instead of "loan origination fee" to use the correct terminology of the consumer finance industry. This is a housekeeping amendment to maintain consistency with the federal Truth in Lending Act.
  - ◇ Applies to: consumer lenders
  - ◇ Statutory references: IC 24-4.5-3-201 (consumer loans); IC 24-4.5-3-209 (right to prepay consumer loans); and (IC 24-4.5-3-508 (supervised consumer loans)
- **Conditionally waived closing costs.** Certain costs are at times paid by a financing entity on behalf of a subordinate lien mortgage consumer at the onset of the loan. This revision permits the mortgage holder to recover certain upfront costs paid by it in situations where the consumer closes the loan prematurely, so long as the contract permits the recoupment. These fees will be excluded from the definition of a prepayment penalty; thus, the recovery of fees will not be limited to the 2% cap on prepayment penalties.
  - ◇ Applies to: subordinate lien consumer mortgage loans
  - ◇ Statutory references: IC 24-4.5-3-209

# LEGISLATIVE CHANGES

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- **Exclusions from definition of collection agencies.** This amendment excludes licensees for first lien mortgages along with licensed consumer lenders from the definition of “collection agency.” When Indiana began licensing first lien mortgage lenders in 2009 they were inadvertently left out of the list of businesses that are not collection agencies.
  - ◊ Applies to: consumer lenders
  - ◊ Statutory reference: IC 25-11-1-2
- **Partial payments made toward surrender of pawn ticket.** Clarifies that if a pawn customer pays the outstanding charges prior to maturity, including accrued interest and some (but not all) principal on the underlying loan, the pawnbroker is required to accept a partial payment; future charges and interest are calculated on the unpaid principal balance and a new pawn ticket may be issued. The pawnbroker must accept the payment and apply it first to outstanding charges and interest and then to principal. The customer is entitled to receive the pawned property when all outstanding charges, interest and principal are paid.
  - ◊ Applies to: Pawnbrokers
  - ◊ Statutory references: IC 28-7-5-21; IC 28-7-5-24
- **Debt Management Companies.** Revises the requirements regarding the underlying documentation and verification of information in order to offer a debtor a debt management plan. Strikes the requirement that the licensee obtain from the debtor, and subsequently verify, documentation evidencing income, debts, and monthly living expenses; creates a new requirement that such information can be relied upon exclusively as provided by the debtor or that is otherwise made available to the licensee (ie, through a credit report). Creates a new alternative method for approval of a debt management plan if the debtor has negative income.
  - ◊ Applies to: Debt Management Companies.
  - ◊ Statutory references: IC 28-1-29-8

## **Depositories (Including Credit Unions):**

- **Expanding the definition of corporation to include credit unions for merger and acquisition opportunities.** This revision now permits credit unions to purchase, and also be purchased by, banks and other entities defined as “corporation” in the current mergers and acquisitions statute.
  - ◊ Applies to: banks, credit unions, trust companies, corporate fiduciaries, savings banks, savings associations, industrial loan and investment companies
  - ◊ Statutory references: IC 28-1-8-0.7; IC 28-1-8-2

# LEGISLATIVE CHANGES

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- **Disposition of stock.** Banks and credit unions were prohibited from acquiring stock in a corporation that is not a subsidiary of the institution. Under former law, if a bank or credit union acquires stock or ownership in a corporation through liquidation of collateral securing a loan, the bank must dispose of the stock in six months and a credit union in one year. The amendment will make the period a uniform six months for both, shortening the credit union timeframe. In addition to promoting uniformity, the more restrictive timeframe attempts to limit the risk of stock devaluation caused by market volatility. The amendment substitutes the word “acquisition” for “purchase” to encompass a variety of ways in which an institution may receive stock other than by purchase; acquiring the stock held as collateral for a loan may not involve a purchase in the event of a loan default.
  - ◇ Applies to: banks, credit unions, other entities defined as “corporations” under IC 28-1-8
  - ◇ Statutory references: IC 28-1-8-5; IC 28-7-1-9
- **Commissions for obtaining loans.** The amendments clarify that language prohibiting officers, employees and others from receiving “any fee, commission, gift or thing of value” does not apply to bona fide compensation plans, such as commissions or incentive plans for loan originations, paid by the bank or credit union for their employees. The original legislative intent was to prohibit “kick-backs,” bribes and other illegal activities, not compensation plans that are commonplace in today’s business environment.
  - ◇ Applies to: banks, credit unions, trust companies
  - ◇ Statutory references: 28-7-1-39; 28-1-13-10
- **Prohibits use of assumed business names to avoid name restrictions in the Banking and Credit Union Acts.** The Banking and Credit Union Acts both prohibit the use of certain words associated with banking and credit unions in the names of other entities if their use would confuse the public as to their true business. We have recently learned that organizations have been attempting to bypass the name prohibitions by filing assumed business names certificates with the Secretary of State and using a “DBA” containing banking terms that are otherwise prohibited.
  - ◇ Applies to: all business entities required to file with the Secretary of State’s Office to do business in Indiana
  - ◇ Statutory references: IC 28-1-20-4
- **Loan terms on unimproved land for credit unions.** The amendment to the Credit Union Act deletes antiquated and ambiguous language relating to loans for unimproved land. Current language specifies loan terms in the statute for financing unimproved land: i.e. substantially equal payments at successive intervals of one year or less; a ten year maturity and loan to value terms of not more than 85%. No other statute in any of the depository acts sets out specific loan terms. This change is consistent with the laws applicable to federal credit unions. The accepted practice which credit unions (and banks) will continue to use, is to negotiate loan terms with the customer based upon safe and sound practices, lending policies and other applicable laws and procedures.
  - ◇ Applies to: credit unions
  - ◇ Statutory references: IC 28-7-1-17(b)(4) [deleted]

# LEGISLATIVE CHANGES

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- **Examinations provided to credit union supervisory committee.** To encourage an open relationship between the DFI and regulated institutions, examinations are strictly confidential and can only be provided to a limited number of people, including the board of directors and certain officers and other individuals. The DFI, like other state and federal regulators, vigorously protects the confidentiality of examinations. Credit unions delegate their audit functions to a supervisory committee instead of the board of directors. The proposed amendment specifically authorizes a credit union's supervisory committee to receive examinations.
  - ◇ Applies to: credit unions
  - ◇ Statutory references: 28-11-3-1

## **Department-wide matters:**

- **Expansion of member qualifications to include additional licensed industry types.** The DFI is currently governed by a seven member bi-partisan board appointed by the Governor. The board's make-up includes individual members with executive experience across industries regulated by the DFI. The statute is amended to expand member qualifications in order to more broadly represent industry niches across the consumer financial services industry, to now include: mortgage lenders, pawnbrokers, money transmitters, check cashers, debt management companies and rental purchase companies.
  - ◇ Applies to: DFI board members
  - ◇ Statutory references: IC 28-11-1-3

## ***BANK AND TRUST DIVISION***

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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, 2017, there were 109 depository institutions, excluding credit unions, in Indiana compared to 111 at year-end 2016, 119 at year-end 2015, and 124 at year-end 2014. Of the 109 depository institutions at year-end 2017, there were 74 FDIC-insured state-chartered commercial banks, seven FDIC-insured state chartered savings banks, one FDIC-insured state chartered savings association, one FDIC-insured industrial loan and investment company, 10 national banks and 16 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, 2017.

Indiana's state-chartered financial institutions under the jurisdiction of the division reported total consolidated assets of \$67.1 billion at the end of 2017 which represented a 18.09% increase from the year-end 2016 total. The large increase in consolidated assets and some significant changes in ratios is due mainly to three conversions from a national bank or federal savings to a state chartered institution. 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 2016 to year-end 2017. Increased interest income helped lift the earnings performance for financial institutions. In 2017, 1.72% of all Indiana financial institutions were unprofitable compared to 1.80% in 2016, 2.52% in 2015, 2.42% in 2014, and 1.90% in 2013. The aggregate provision to the allowance for loan and lease losses for all state-chartered banks decreased from \$93 million for 2012 to \$43 million for 2013 to \$34 million for 2014 and 2015 and due to the conversions increased to \$52 million in 2016 and to \$69 million in 2017. National banks' loan provisions decreased from \$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, to \$8 million for year-end 2016 and to \$7 million for year-end 2017.

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 \$7.7 billion or 16.68% for 2017 compared to \$7.4 billion or 19.09% in 2016. As of December 31, 2017, the Loan to Deposit ratio for state banks was 90.74% and 83.72% for national banks.

The aggregate return on assets ("ROA") for state-chartered financial institutions in 2017 was 1.09%, up slightly from 1.08% at year-end 2016. National banks' aggregate ROA was down due mainly to the conversions from 0.86% to 0.72% during the same time-frame. Net loan charge-offs of total loans and leases for state chartered financial institutions decreased slightly from 0.09% as of December 31, 2016, to 0.07% at year-end 2017. Net loan charge-offs for national banks also decreased from 0.06% as of December 31, 2016, to 0.03% as of December 31, 2017.

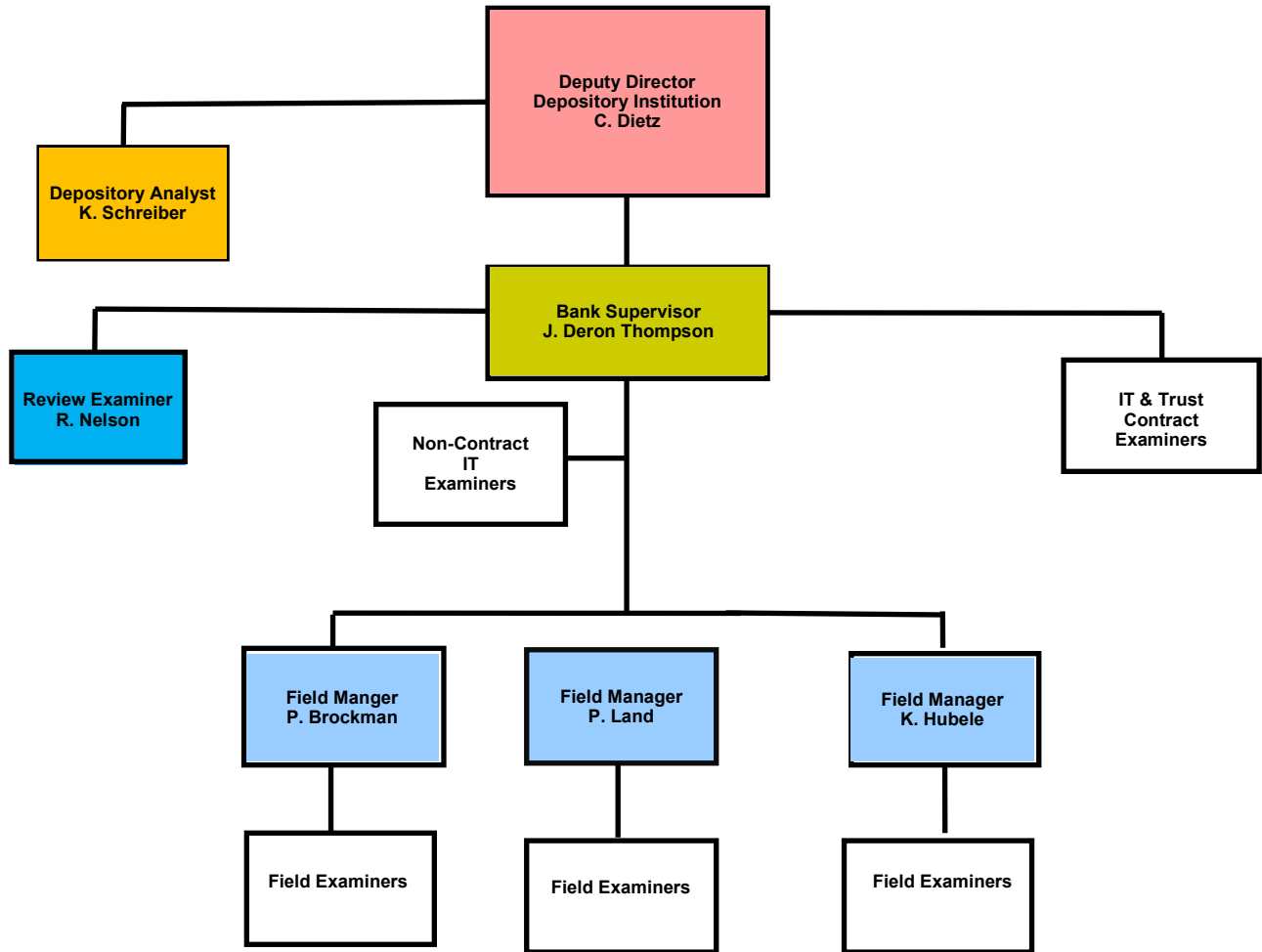
Aggregate equity capital in Indiana's state chartered financial institutions increased 22.87% at \$7.66 billion at year-end 2017, up from \$6.24 billion in 2016. The total equity capital to total assets ratio was 11.41% as December 31, 2017, up from 10.97% at year-end 2016. National banks' aggregate equity capital was \$2.95 billion at year-end 2017. The total equity capital to total assets ratio for national banks increased slightly from 12.01% at year-end 2016 to 12.30% at year-end 2017.

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

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## COMPARATIVE STATEMENT STATE CHARTERED BANKS

ACCOUNT DESCRIPTIONS (\$ In Millions)	12/31/2017	% CHANGE	12/31/2016	% CHANGE	12/31/2015	% CHANGE	12/31/2014
Assets	67,119	18.09%	56,838	19.00%	47,765	8.51%	44,017
Deposits	53,831	16.68%	46,134	19.09%	38,738	8.65%	35,653
Total Equity Capital Adjusted	7,661	22.87%	6,235	20.90%	5,157	6.15%	4,858
Tier 1 Capital	6,738	17.55%	5,732	26.93%	4,516	0.00%	4,516
LVR	558	8.56%	514	15.77%	444	0.00%	444
Total Capital	7,296	16.81%	6,246	25.93%	4,960	0.00%	4,960
Total Net Charge-Offs	34	-2.86%	35	-36.36%	55	-25.68%	74
Total Gross Loans & Leases	48,847	20.68%	40,477	20.00%	33,730	9.78%	30,726
Total Securities	11,828	12.66%	10,499	13.43%	9,256	3.86%	8,912
Federal Funds Sold	148	26.50%	117	-33.90%	177	-5.85%	188
Interest Bearing Balances	1,423	-17.79%	1,731	9.63%	1,579	17.40%	1,345
Trading Account Securities	156	0.65%	155	22.05%	127	693.75%	16
Total Earning Assets	61,844	17.88%	52,465	18.11%	44,419	9.02%	40,743
Total Interest Income	2,378	20.59%	1,972	17.59%	1,677	5.87%	1,584
Total Interest Expense	284	42.71%	199	25.16%	159	-0.63%	160
Net Interest Income	2,094	18.10%	1,773	16.80%	1,518	6.60%	1,424
Total Non-interest Income	612	11.88%	547	12.32%	487	12.21%	434
Total Non-interest Expenses	1,618	12.83%	1,434	12.29%	1,277	7.22%	1,191
Loan Provisions	69	32.69%	52	52.94%	34	0.00%	34
Net Income	723	18.33%	611	20.99%	505	12.22%	450

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.

# HOLDING COMPANY OWNERSHIP ANALYSIS

(\$ IN MILLIONS)

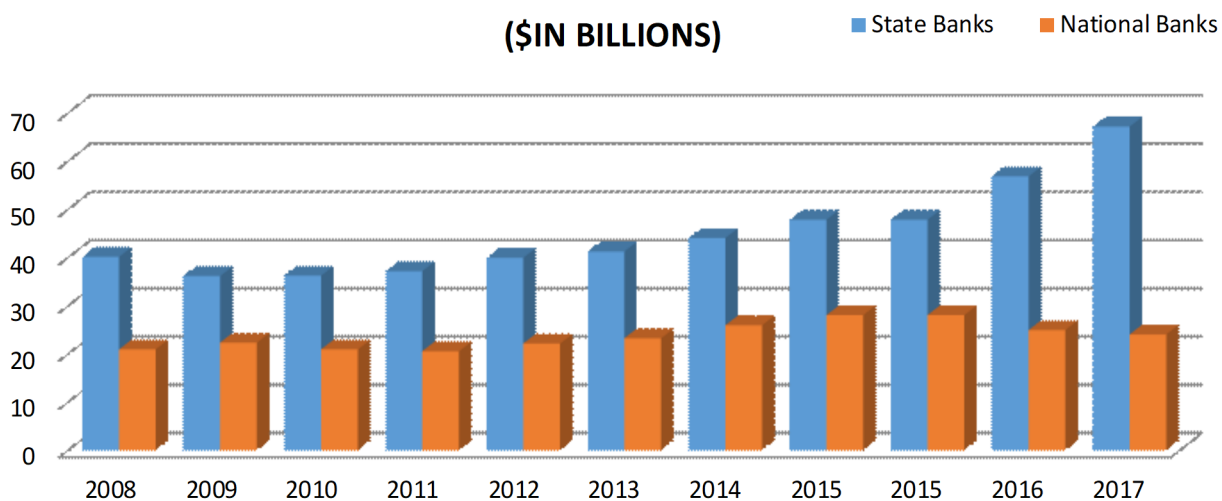
## DATA AS OF 12/31/2017

	NUMBER OF BANKS	NUMBER OF HC'S	TOTAL ASSETS	ASSETS %	TOTAL DEPOSITS	DEPOSITS %
<b>INDEPENDENT BANKS</b>						
State Banks w/o HC	9	0	\$756	0.83%	\$566	0.79%
IN HC w/One State Bank	73	72	\$65,537	71.96%	\$52,648	73.10%
National Banks w/o HC	1	0	\$321	0.35%	\$278	0.39%
IN HC w/One National Bank	7	7	\$20,710	22.74%	\$15,499	21.52%
TOTALS	90	79	\$87,324	95.89%	\$68,991	95.80%
<b>INDIANA MULTI-BK HOLDING CO.</b>						
IN HC w/One or More State Banks	2	2	\$827	0.91%	\$617	0.86%
IN HC w/One or More National Banks	1	1	\$2,919	3.21%	\$2,410	3.35%
Sub Total	3	3				
Holding Company Duplications	0	-1				
TOTALS	3	2	\$3,746	4.11%	\$3,027	4.20%
<b>OUT OF STATE MULTI-BK HOLDING CO.</b>						
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	93	81	\$91,070	100.00%	\$72,018	100.00%

## DATA AS OF 12/31/2016

	NUMBER OF BANKS	NUMBER OF HC'S	TOTAL ASSETS	ASSETS %	TOTAL DEPOSITS	DEPOSITS %
<b>INDEPENDENT BANKS</b>						
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%
<b>INDIANA MULTI-BK HOLDING CO.</b>						
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%
<b>OUT OF STATE MULTI-BK HOLDING CO.</b>						
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%
2017	67.1	73.7%	24.0	26.3%

<b>ACCOUNT DESCRIPTIONS</b>	State	National	State	National
<b>(\$ IN MILLIONS)</b>	12/31/2017	12/31/2017	12/31/2016	12/31/2016
<b>Number of Banks</b>	<b>84</b>	<b>9</b>	<b>84</b>	<b>11</b>
<b>Consolidated Balance Sheet</b>				
Total Gross Loans & Leases	48,847	15,227	40,477	15,649
Total Allowance for Loans & Leases (ALLL)	558	98	514	116
Total Net Loans & Leases	48,289	15,129	39,963	15,533
Total Securities	11,828	5,520	10,499	5,927
Total Interest Bearing Balances	1,423	400	1,731	458
Total Fed Funds Sold/Repurchase Agreements	148	4	117	9
Total Trading Accounts	156	8	155	0
Total Earning Assets	61,844	21,061	52,465	21,927
Total Cash and Due From Bank	1,093	363	949	367
Total Premises and Fixed Assets	860	547	749	599
Total Other Real Estate Owned	49	11	61	29
Total Other Assets	3,273	1,969	2,614	2,002
Total Assets	67,119	23,951	56,838	24,924
Average Assets	66,062	22,989	56,749	24,729
Total Deposits	53,831	18,187	46,134	19,191
Total Fed Funds Purchased	1,217	935	980	920
Total Other Borrowed Funds	3,936	1,624	3,061	1,599
Total Subordinated Debt	0	12	0	0
Total All Other Liabilities	474	248	428	220
Total Liabilities	59,458	21,006	50,603	21,930
Total Equity Capital	7,661	2,945	6,235	2,994
Total Liabilities and Equity Capital	67,119	23,951	56,838	24,924

<b>ACCOUNT DESCRIPTIONS</b>	State	National	State	National
<b>(\$ IN MILLIONS)</b>	12/31/2017	12/31/17	12/31/2016	12/31/2016
<b>Number of Banks</b>	<b>84</b>	<b>9</b>	<b>84</b>	<b>11</b>

#### **Consolidated Income Statement**

Total Interest Income	2,378	714	1,972	781
Total Interest Expense	284	64	199	69
Total Net Interest Income	2,094	650	1,773	712
Total Non Interest Income	612	235	547	281
Total Non Interest Expense	1,618	606	1,434	697
Total Loan Provisions	69	7	52	8
Total Pre Tax Operating Income	1,019	272	834	288
Total Securities Gains/Losses	4	8	12	8
Total Applicable Income Tax	300	115	235	83
Total Income Before Extraordinary Items	723	165	611	213
Total Net Extraordinary Items	0	0	0	0
<b>Total Net Income</b>	<b>723</b>	<b>165</b>	<b>611</b>	<b>213</b>
Total Net Charge-Offs	34	5	35	9
Total Cash Dividends Declared	345	135	316	205

#### **Ratio Analysis**

Net Income to Average Assets	1.09%	0.72%	1.08%	0.86%
Net Income to Year End Total Equity	9.44%	5.60%	9.80%	7.11%
Net Interest Income to Average Assets	3.17%	2.83%	3.12%	2.88%
Total Loans to Total Deposits	90.74%	83.72%	87.74%	81.54%
Loan Loss Provisions to Total Loans	0.14%	0.05%	0.13%	0.05%
ALLL to Total Loans	1.14%	0.64%	1.27%	0.74%
Net Charge-Offs to Total Loans	0.07%	0.03%	0.09%	0.06%
Total Equity Capital to Total Assets	11.41%	12.30%	10.97%	12.01%
Total Equity Capital and ALLL to Total Assets and ALLL	12.14%	12.65%	11.77%	12.42%



<b>ACCOUNT DESCRIPTIONS</b> <b>(\$ IN MILLIONS)</b>	State 12/31/2017	National 12/31/2017	All Banks 12/31/2017	All Banks 12/31/2016	% Change
<b>Number of Banks</b>	<b>84</b>	<b>9</b>	<b>93</b>	<b>95</b>	
<b>Combined Statement of Condition</b>					
Total Gross Loans & Leases	48,847	15,227	64,074	56,126	14.16%
Total Allowance for Loans & Leases (ALLL)	558	98	656	630	4.13%
Total Net Loans & Leases	48,289	15,129	63,418	55,496	14.27%
Total Securities	11,828	5,520	17,348	16,426	5.61%
Total Interest Bearing Balances	1,423	400	1,823	2,189	-16.72%
Total Fed Funds Sold/Repurchase Agreements	148	4	152	126	20.63%
Total Trading Accounts	156	8	164	155	5.81%
Total Earning Assets	61,844	21,061	82,905	74,392	11.44%
Total Cash and Due From Bank	1,093	363	1,456	1,316	10.64%
Total Premises and Fixed Assets	860	547	1,407	1,348	4.38%
Total Other Real Estate Owned	49	11	60	90	-33.33%
Total Other Assets	3,273	1,969	5,242	4,616	13.56%
Total Assets	67,119	23,951	91,070	81,762	11.38%
Average Assets	66,062	22,989	89,051	81,478	9.29%
Total Deposits	53,831	18,187	72,018	65,325	10.25%
Total Fed Funds Purchased	1,217	935	2,152	1,900	13.26%
Total Other Borrowed Funds	3,936	1,624	5,560	4,660	19.31%
Total Subordinated Debt	0	12	12	0	100.00%
Total All Other Liabilities	474	248	722	648	11.42%
Total Liabilities	59,458	21,006	80,464	72,533	10.93%
Total Equity Capital	7,661	2,945	10,606	9,229	14.92%
Total Liabilities and Equity Capital	67,119	23,951	91,070	81,762	11.38%

**RETURN ON ASSETS (ROA) OF THE STATE BANKS IN INDIANA 2017 VS 2016**  
*(\$ IN MILLIONS)*

	2017			2016		
	NO.	TOTAL ASSETS	NET INCOME	NO.	TOTAL ASSETS	NET INCOME
ROA (%)						
OVER 1%	38	49,619	607	39	40,618	489
.75% TO .99%	18	10,236	80	20	11,904	99
.50% TO .74%	13	4,426	27	13	2,727	17
BELOW .50%	15	2,838	9	12	1,589	6
	84	67,119	723	84	56,838	611

**RETURN ON ASSETS (ROA) OF THE NATIONAL BANKS IN INDIANA 2017 VS 2016**  
*(\$ IN MILLIONS)*

	2017			2016		
	NO.	TOTAL ASSETS	NET INCOME	NO.	TOTAL ASSETS	NET INCOME
ROA (%)						
OVER 1%	0	0	0	1	2,908	30
.75% TO .99%	5	6,007	50	4	18,639	162
.50% TO .74%	3	17,635	114	5	3,079	20
BELOW .50%	1	309	1	1	298	1
	9	23,951	165	11	24,924	213

## SUMMARY OF STATE BANK BRANCH OPENINGS IN 2017

<u>Name</u>	<u>City</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Opened</u>
Citizens State Bank of New Castle	New Castle	9 Municipal Drive	Fishers	IN	1/4/2017
Community First Bank of Indiana	Kokomo	5570 Pebble Village Lane	Noblesville	IN	1/5/2017
Lake City Bank	Warsaw	705 South State Road 135	Greenwood	IN	1/23/2017
American Community Bank of Indiana	Munster	11275 Broadway	Crown Point	IN	2/21/2017
German American Bancorp	Jasper	Lot 6A Bell Oaks Centre	Newburgh	IN	3/15/2017
1st Source Bank	South Bend	1800 Second Street, Suite 712	Sarasota	FL	4/10/2017
North Salem State Bank	North Salem	2485 East Main Street	Plainfield	IN	4/14/2017
Jackson County Bank	Seymour	1280 North College Avenue, Suite #4	Bloomington	IN	5/15/2017
Centier Bank	Whiting	5 Executive Drive, Suite A	Lafayette	IN	6/5/2017
Centier Bank	Whiting	108 North Main Street	South Bend	IN	7/26/2017
German American Bancorp	Jasper	21 Southeast 3rd Street	Evansville	IN	9/5/2017
Centier Bank	Whiting	7108 Gumwood Road	Granger	IN	9/6/2017
The Commerce Bank	Evansville	7312 Eagle Crest Boulevard	Evansville	IN	10/2/2017
Centier Bank	Whiting	1716 Elkhart Road	Goshen	IN	10/5/2017
The Fountain Trust Company	Covington	24-26 North Monroe Street	Williamsport	IN	10/23/2017
Centier Bank	Whiting	3600 North Portage Road	South Bend	IN	11/15/2017
Terre Haute Savings Bank	Terre Haute	1010 West National Avenue	West Terre Haute	IN	12/13/2017

## SUMMARY OF STATE BANK BRANCH CLOSINGS IN 2017

NAME	CITY	ADDRESS	CITY	STATE	CLOSED
STAR Financial Bank	Fort Wayne	7700 South Wayne Street	Hamilton	IN	1/13/2017
First Farmers Bank & Trust Co.	Converse	42 South State Road 135	Bargersville	IN	2/3/2017
The Campbell & Fetter Bank	Kendallville	229 West Berry Street	Fort Wayne	IN	2/28/2017
MainSource Bank	Greensburg	87 East Spring Street	Bloomfield	IN	3/1/2017
MainSource Bank	Greensburg	204 West Main Street	Jasonville	IN	3/1/2017
MainSource Bank	Greensburg	126 West High Street	Bloomfield	IN	3/1/2017
MutualBank	Muncie	3701 West Bethel Avenue	Muncie	IN	3/4/2017
MutualBank	Muncie	4710 East Jackson Street	Muncie	IN	3/4/2017
MutualBank	Muncie	5200 Middlebury Street	Elkhart	IN	3/4/2017
MutualBank	Muncie	2427 Mishawaka Avenue	South Bend	IN	3/4/2017
First Merchants Bank	Muncie	201 North 10th Street	Noblesville	IN	4/7/2017
First Merchants Bank	Muncie	1701 West University Avenue	Muncie	IN	4/14/2017
First Merchants Bank	Muncie	2121 East Columbus Drive	East Chicago	IN	4/28/2017
The Farmers Bank, Frankfort, Indiana, Inc.	Frankfort	2021 East Wabash Street	Frankfort	IN	5/8/2017
First Merchants Bank	Muncie	218 NW Lincoln Avenue	Portland	IN	5/12/2017
STAR Financial Bank	Fort Wayne	175 North Main Street	Upland	IN	6/9/2017
STAR Financial Bank	Fort Wayne	310 Main Street	Shirley	IN	6/9/2017
1st Source Bank	South Bend	800 Indian Boundary Road	Chesterton	IN	7/14/2017
1st Source Bank	South Bend	6304 West Jefferson Boulevard	Fort Wayne	IN	7/14/2017
1st Source Bank	South Bend	2602 Mishawaka Avenue	South Bend	IN	7/14/2017
First Merchants Bank	Muncie	1669 West 5th Avenue	Columbus	OH	8/18/2017
German American Bancorp	Jasper	3150 Lynch Road	Evansville	IN	8/21/2017
First Farmers Bank & Trust Co.	Converse	129 Maple Street	Dana	IN	8/31/2017
First Merchants Bank	Muncie	1001 Dehner Drive	Ossian	IN	11/10/2017
First Merchants Bank	Muncie	436 East Center Street	Bourbon	IN	11/10/2017
First Merchants Bank	Muncie	1115 Avenue of Autos	Fort Wayne	IN	11/10/2017

## NEW STATE BANK SUBSIDIARIES IN 2017

<b>Subsidiary Name</b>	<b>Bank Name</b>	<b>City</b>	<b>Purpose</b>	<b>Established</b>
Q2 Business Capital, LLC	First Savings Bank	Clarksville	SBA Lending	1/26/2017
First Internet Public Finance Corp.	First Internet Bank of Indiana	Fishers	Public and Municipal Lending	3/1/2017
DSB Century Investments, Inc.	DeMotte State Bank	DeMotte	Investment Portfolio Management	3/21/2017
Richmac Funding LLC	Merchants Bank of Indiana	Carmel	Mortgage Lending	7/18/2017
Richmac Holdings, LLC	Merchants Bank of Indiana	Carmel	Mortgage Lending	7/18/2017
Lizton Properties, Inc.	State Bank of Lizton	Lizton	Real Estate Investment Trust	9/27/2017
Owen Financial Insurance, LLC	Owen County State Bank	Spencer	Insurance Agency	12/11/2017

## CONVERSIONS 2017

<b>Name</b>	<b>City</b>	<b>Old Charter</b>	<b>New Charter</b>	<b>Converted Name</b>	<b>City</b>	<b>Consummated</b>
First Bank Richmond, National Association National Bank to State Commercial Bank	Richmond	National Bank	State Commercial Bank	First Bank Richmond	Richmond	4/21/2017
Horizon Bank, National Association National Bank to State Commercial Bank	Michigan City	National Bank	State Commercial Bank	Horizon Bank	Michigan City	6/23/2017
Farmers and Mechanics Federal Savings and Loan Association Federal Mutual Savings Association to State Mutual Savings Bank	Bloomfield	Federal Mutual Savings Association	State Mutual Savings Bank	Farmers and Mechanics Federal Savings Bank	Bloomfield	6/30/2017

## Branch Relocations 2017

Name	From/To Address	From/To City	Moved
Kentland Bank	5 Executive Drive 3803 South Street	Lafayette Lafayette	1/9/2017
1st Source Bank	2700 Calumet Avenue 2500 Calumet Avenue, Suite A	Valparaiso Valparaiso	1/30/2017
Peoples Bank SB	9030 Cline Avenue 3915, 3919, and 3927 Ridge Road	Highland Highland	2/27/2017
German American Bancorp	201 East Main Street 910 Southwest Highway 57	Washington Washington	3/6/2017
MainSource Bank	7944 Beechmont Avenue 7637 Beechmont Avenue	Cincinnati, OH Cincinnati, OH	5/22/2017
Citizens Bank	100 Burth State Road 267 99 South Dan Jones Road	Avon Avon	6/16/2017
Jackson County Bank	3019 East 25th Street 2761 Central Avenue	Columbus Columbus	7/10/2017
1st Source Bank	2500 Calumet Avenue, Suite A 2700 Calumet Avenue	Valparaiso Valparaiso	7/17/2017
Lafayette Bank	2136 Greenbush Street 2134 Greenbush Street	Lafayette Lafayette	9/25/2017
Crossroads Bank	105 East Columbia Street 207 South State Street	South Whitley South Whitley	10/10/2017
STAR Financial Bank	14160 Mundy Drive, Suite 100 9480 East 146th Street	Noblesville Noblesville	10/16/2017
German American Bancorp	3150 Lynch Road 3300 North Green River Road	Evansville Evansville	10/21/2017
First Farmers Bank and Trust Co.	27 West Main Street 709 East Columbia Street	Flora Flora	12/11/2017

## Main Office Relocations 2017

Name	From/To Address	From/To City	Moved
American Community Bank of Indiana	8230 Hohman Avenue 7880 Wicker Avenue	Munster Saint John	8/31/2017



## MERGERS IN 2017

<u>SURVIVING INSTITUTION INSTITUTION MERGED/CONSOLIDATED</u>	<u>CITY</u>	<u>SURVIVING INSTITUTION NAME</u>	<u>CITY</u>	<u>CONSUMMATED</u>
Citizens State Bank of New Castle Bank Computer Services, Inc.	New Castle Hartford City	Citizens State Bank of New Castle	New Castle	1/18/2017
First Merchants Bank The Arlington Bank	Muncie Upper Arlington, OH	First Merchants Bank	Muncie	5/22/2017
MainSource Bank The First Capital Bank of Kentucky	Greensburg Louisville, KY	MainSource Bank	Greensburg	6/23/2017
First Merchants Bank IAB Financial Bank	Muncie Fort Wayne	First Merchants Bank	Muncie	7/14/2017
The Farmers State Bank Fountain Trust Merger Bank	Brookston Covington	Fountain Trust Merger Bank	Covinton	7/14/2017
The Fountain Trust Company Fountain Trust Merger Bank	Covington Covington	The Fountain Trust Company	Covinton	7/14/2017
Horizon Bank Lafayette Community Bank	Michigan City Lafayette	Horizon Bank	Michigan City	9/15/2017
Horizon Bank Wolverine Bank, Federal Savings Bank	Michigan City Midland, MI	Horizon Bank	Michigan City	10/25/2017

## HOLDING COMPANY ACQUISITIONS IN 2017

<b>Holding Company Name</b>	<b>City</b>	<b>Target Name</b>	<b>City</b>	<b>Consummated</b>
First Merchants Corporation	Muncie	The Arlington Bank	Upper Arlington, OH	5/22/2017
MainSource Financial Group, Inc.	Greensburg	FCB Bancorp, Inc.	Louisville, KY	6/23/2017
First Merchants Corporation	Muncie	Independent Alliance Banks, Inc.	Fort Wayne	7/14/2017
Piper Holdings, Inc.	Covington	The Farmers State Bank	Brookston	7/14/2017
Horizon Bancorp	Michigan City	Wolverine Bancorp	Midland, MI	7/14/2017
Horizon Bancorp	Michigan City	Lafayette Community Bancorp	Lafayette	9/15/2017

## ADDITIONS AND DELETIONS IN 2017

<b>Name</b>	<b>City</b>	<b>Activity</b>	<b>Effective Date</b>
First Bank Richmond, National Association	Richmond	Conversion from a National Bank to a State Commercial Bank	4/21/2017
Horizon Bank, National Association	Michigan City	Conversion from a National Bank to a State Commercial Bank	6/23/2017
Farmers and Mechanics Federal Savings and Loan Association	Bloomfield	Conversion from a Federal Mutual Savings Association to a State Mutual Savings Bank	6/30/2017
IAB Financial Bank	Fort Wayne	Merged with First Merchants Bank, Muncie	7/14/2017
The Farmers State Bank	Brookston	Merged with The Fountain Trust Company, Covington	7/14/2017
Lafayette Community Bank	Lafayette	Merged with Horizon Bank, Michigan City	9/15/2017

## ACTIVE STATE FINANCIAL INSTITUTIONS 12/31/2017

Name	City	Total Assets
Community State Bank	Avilla	\$246,318
Bath State Bank	Bath	\$151,124
Bedford Federal Savings Bank	Bedford	\$118,611
First Bank of Berne	Berne	\$667,675
BloomBank	Bloomfield	\$387,820
Farmers and Mechanics Federal Savings Bank	Bloomfield	\$79,718
Boonville Federal Savings Bank	Boonville	\$46,942
Peoples Trust & Savings Bank	Boonville	\$182,999
The Farmers & Merchants Bank	Boswell	\$129,426
Community State Bank	Brook	\$61,091
Hendricks County Bank & Trust Company	Brownsburg	\$150,989
The Peoples Bank	Brownstown	\$209,161
State Bank of Burnettsville	Burnettsville	\$39,974
Wayne Bank and Trust Company	Cambridge City	\$145,404
Merchants Bank of Indiana	Carmel	\$3,394,682
First Savings Bank	Clarksville	\$927,541
First Farmers Bank and Trust Company	Converse	\$1,671,238
The Fountain Trust Company	Covington	\$368,335
Hoosier Heartland State Bank	Crawfordsville	\$195,605
DeMotte State Bank	DeMotte	\$404,670
The Elberfield State Bank	Elberfeld	\$84,407
The Peoples State Bank	Ellettsville	\$262,492
First Federal Savings Bank	Evansville	\$435,096
The Commerce Bank	Evansville	\$170,413
The Fairmount State Bank	Fairmount	\$46,556
First Internet Bank of Indiana	Fishers	\$2,764,317
STAR Financial Bank	Fort Wayne	\$1,921,018
Fowler State Bank	Fowler	\$158,922
Alliance Bank	Francesville	\$307,486
The Farmers Bank	Frankfort	\$540,651
Mutual Savings Bank	Franklin	\$150,969
Springs Valley Bank & Trust Company	French Lick	\$380,913
The Friendship State Bank	Friendship	\$363,306
The Garrett State Bank	Garrett	\$230,338
Bank of Geneva	Geneva	\$278,898
Greenfield Banking Company	Greenfield	\$519,476
Agri Business Finance, Inc.	Greensburg	\$80,278
MainSource Bank	Greensburg	\$4,653,676
Freedom Bank	Huntingburg	\$400,706
First Federal Savings Bank	Huntington	\$314,087
The Bippus State Bank	Huntington	\$163,970
Salin Bank and Trust Company	Indianapolis	\$868,405

## ACTIVE STATE FINANCIAL INSTITUTIONS 12/31/2017

Name	City	Total Assets
German American Bancorp	Jasper	\$3,136,038
The Campbell & Fetter Bank	Kendallville	\$340,162
Kentland Bank	Kentland	\$293,288
Community First Bank of Howard County	Kokomo	\$260,251
Farmers State Bank	Lagrange	\$732,411
Farmers & Merchants Bank	Laotto	\$149,962
State Bank of Lizton	Lizton	\$474,366
Logansport Savings Bank, FSB	Logansport	\$168,399
LNB Community Bank	Lynnville	\$116,736
State Bank of Medora	Medora	\$86,812
Horizon Bank	Michigan City	\$3,958,360
First State Bank of Middlebury	Middlebury	\$537,740
Peoples Savings & Loan Association, Monticello	Monticello	\$30,860
Citizens Bank	Mooreville	\$462,395
First Merchants Bank	Muncie	\$9,352,196
MutualBank	Muncie	\$1,585,733
Peoples Bank SB	Munster	\$924,597
The Napoleon State Bank	Napoleon	\$221,195
Citizens State Bank	New Castle	\$505,186
The New Washington State Bank	New Washington	\$322,184
The North Salem State Bank	North Salem	\$317,896
Ossian State Bank	Ossian	\$100,995
First State Bank of Porter	Porter	\$143,422
Community State Bank of Southwestern Indiana	Poseyville	\$80,911
First Bank Richmond	Richmond	\$750,408
West End Bank, SB	Richmond	\$298,886
Tri-County Bank & Trust Company	Roachdale	\$192,686
Community State Bank	Royal Center	\$119,592
American Community Bank of Indiana	Saint John	\$209,950
Spencer County Bank	Santa Claus	\$108,132
Jackson County Bank	Seymour	\$511,078
1st Source Bank	South Bend	\$5,886,559
Our Community Bank	Spencer	\$69,745
Owen County State Bank	Spencer	\$205,414
Grant County State Bank	Swayzee	\$169,617
Terre Haute Savings Bank	Terre Haute	\$320,500
The Morris Plan Company of Terre Haute	Terre Haute	\$75,628
CentreBank	Veedersburg	\$74,702
Crossroads Bank	Wabash	\$374,401
Lake City Bank	Warsaw	\$4,669,969
Centier Bank	Whiting	\$3,947,088
Bank of Wolcott	Wolcott	\$157,042
Centier Bank	Whiting	\$3,128,427
Bank of Wolcott	Wolcott	\$153,427

## ACTIVE CORPORATE FIDUCIARIES 12/31/2017

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		(IN THOUSANDS)
		TRUST
NAME	CITY	ASSETS UNDER ADMINISTRATION
Trust Company of Oxford	Carmel	\$1,012,730
Indiana Land Trust Company	Crown Point	\$1
Hoosier Trust Company	Indianapolis	\$241,690
Harbour Trust and Investment Management Company	Michigan City	\$707,116
Indiana Trust and Investment Management Company	Mishawaka	\$1,782,052

## FORMATIONS IN 2017

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Incorporator(s)	Proposed Name	Proposed City	Consummated
NONE			

# ***DIVISION OF CREDIT UNIONS***

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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 four Field Examiners.

The Credit Union Division continues to provide extensive training and professional development to its examiners. In 2017 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 the examination process 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 in the pre-examination packet.

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.

# ***DIVISION OF CREDIT UNIONS***

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## **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 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 committees chairman in the past. During 2017 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, 2017 there were 39 active state chartered credit unions. The combined total assets of these 39 credit unions as of December 31, 2017 were \$14,352M an increase of \$631M over December 31, 2016. This translates to a 4.6% increase in the total assets of all state chartered credit unions in Indiana. Member deposits in Indiana credit unions increased from \$11,354M as of December 31, 2016 to \$11,833M as of December 31, 2017 this represents a growth in deposits of 4.2%. Member loans made by Indiana credit unions increased from \$9,956M as of December 31, 2016 to \$10,671M as of December 31, 2017. This represents an increase of 7.2% in loans to members.

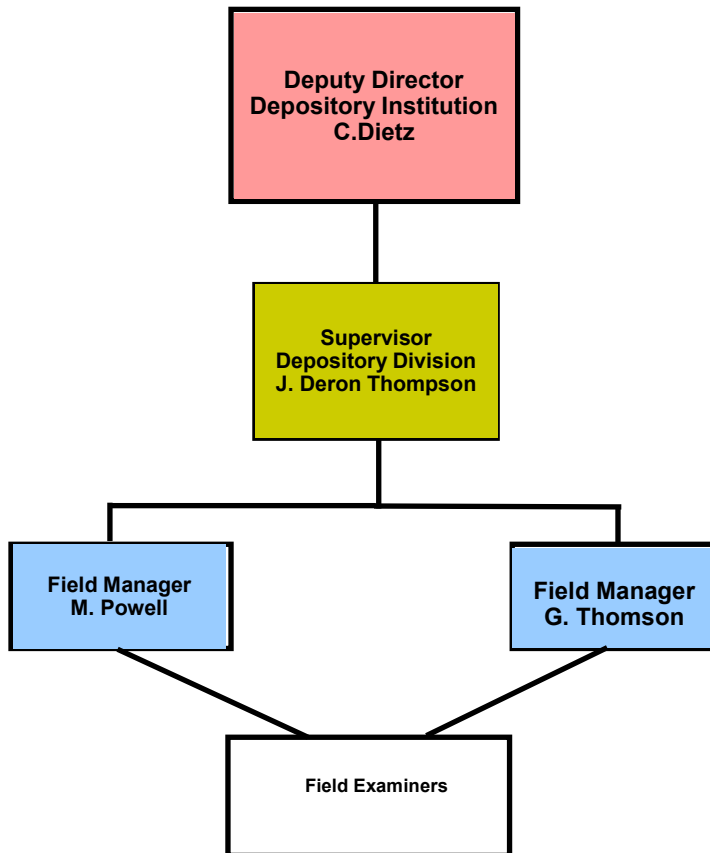
The following credit unions have been merged into another credit union since the last annual report:

General Credit Union, Fort Wayne

United Credit Union, Warsaw

# CREDIT UNION DIVISION

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**CREDIT UNION ANNUAL REPORT 12/31/17**  
**BALANCE SHEET**

	State Chartered Credit Unions			Indiana Federally Chartered Credit Unions
<u>ASSETS</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/17</u>	<u>12/31/17</u>
Loans	9,028	9,956	10,671	8,818
Less: Allowance for Loan Loss	(65)	(68)	(72)	(76)
Cash on Hand, Cash on Deposit, & Cash Equivalents	1,097	905	978	766
Federal Agencies & U. S. Government Obligations	1,470	1,542	1,460	754
Banks, Savings & Loan & Mutual Sav. Banks	334	303	229	805
Other Investments	453	469	446	621
Other Assets	545	614	640	686
<b>TOTAL ASSETS</b>	<b>\$ 12,862</b>	<b>\$ 13,721</b>	<b>\$ 14,352</b>	<b>\$ 12,374</b>
<u>LIABILITIES</u>				
Shares	10,651	11,354	11,833	10,452
Total Borrowings	696	768	788	444
Dividends Payable	1	1	1	-
Accounts Payable & Other Liabilities	105	118	155	172
<b>TOTAL LIABILITIES</b>	<b>11,453</b>	<b>12,241</b>	<b>12,777</b>	<b>11,068</b>
<u>EQUITY</u>				
Regular Reserve	639	688	740	188
Other Reserve	30	30	32	15
Accumulated Unrealized Gain/Loss	(1)	(8)	(7)	(1)
Undivided Earnings	741	770	810	1,104
<b>TOTAL EQUITY</b>	<b>1,409</b>	<b>1,480</b>	<b>1,575</b>	<b>1,306</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 12,862</b>	<b>\$ 13,721</b>	<b>\$ 14,352</b>	<b>12,374</b>
Number of State Chartered Credit Unions:	41	41	39	
Number of Federally Chartered Credit Unions:	121	117	115	

**INDIANA STATE-CHARTERED CREDIT UNIONS YEAR ENDED 12/31/2017**  
**INCOME STATEMENT**

<u>INCOME</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/17</u>	Indiana Federally Chartered Credit Unions <u>12/31/17</u>
	State Chartered Credit Unions			
Interest on Loans	339	368	404	380
Less Interest Refunds	(1)	(1)	(2)	-
Income on Investments	34	38	46	44
Other Income	174	181	197	230
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL INCOME	546	586	645	654
 <u>EXPENSES</u>				
Employee Compensation & Benefits	200	214	230	229
Travel & Conference	5	5	5	5
Office Occupancy	29	30	30	28
Office Operations	66	71	73	90
Educational & Promotional	14	15	16	16
Loan Servicing	21	22	22	46
Professional & Outside	36	40	42	40
Provision for Loan Losses	21	25	30	42
Members Insurance	-	-	1	-
Operating Fees	1	1	1	3
Interest on Borrowed Money	11	11	12	5
Other Expenses	14	16	15	8
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	418	450	477	512
NET INCOME BEFORE TRANSFERS & DIVI-	128	136	168	142
	<hr/>	<hr/>	<hr/>	<hr/>
DIVIDENDS TO MEMBERS	53	57	66	48
NET INCOME	75	79	102	94
	<hr/>	<hr/>	<hr/>	<hr/>
<u>DISTRIBUTION OF NET INCOME</u>				
Transferred to Regular Reserves	44	47	56	-

## TOTAL CREDIT UNIONS ASSETS AS OF DECEMBER 31, 2017

Location	Name of Association	Total Net Assets
Bedford	Hoosier Hills Credit Union	515,869,694
Bloomington	Indiana University Credit Union	944,035,155
Bluffton	Bluffton Motor Works/Franklin Electric Employees Credit Union	1,260,611
Columbus	Centra Credit Union	1,416,347,417
Crown Point	Tech Credit Union	353,649,171
East Chicago	East Chicago Firemen's Credit Union	958,533
Fishers	Forum Credit Union	1,368,654,670
Fort Wayne	Public Service Employees Credit Union	52,389,650
Goshen	Interra Credit Union	1,049,405,307
Hagerstown	Perfect Circle Credit Union	53,760,713
Hammond	Hammond Firefighters Association Credit Union	1,547,687
Indianapolis	Energy Plus Credit Union	32,925,747
Indianapolis	Family Horizons Credit Union	85,324,597
Indianapolis	Financial Center First Credit Union	542,347,518
Indianapolis	Firefighters Credit Union	63,775,057
Indianapolis	Harvester Credit Union	52,219,140
Indianapolis	Hoosier United Credit Union	21,087,793
Indianapolis	Indiana Members Credit Union	1,829,052,185
Indianapolis	Indianapolis Post Office Credit Union	57,225,807
Indianapolis	KEMBA (Indianapolis) Credit Union	66,246,432
Indianapolis	NorthPark Community Credit Union	48,720,245
Indianapolis	Professional Police Officers Credit Union	40,568,662
La Porte	Municipal Employees Credit Union	1,272,796
Lawrenceburg	Community Spirit Credit Union	13,776,276
Loogootee	Martin County Cooperative Credit Union	12,538,375
Marion	Via Credit Union	341,549,638
Merrillville	Members Source Credit Union	76,510,519
Michigan City	First Trust Credit Union	109,915,658
Michigan City	Members Advantage Credit Union	93,448,456
Mishawaka	Taper Lock Credit Union (TLCU)	35,809,864
Monroe	Adams County Credit Union	18,964,589
Muncie	Muncie Post Office Credit Union	800,780
Odon	Crane Credit Union	545,598,319
Richmond	NATCO Credit Union	79,619,538
Seymour	Jackson County Co-Op Credit Union	23,505,128
South Bend	South Bend Post Office Credit Union	8,805,680
South Bend	Teachers Credit Union	3,127,992,273
Sullivan	Western Indiana Credit Union	26,487,104
Wabash	Beacon Credit Union	1,237,692,851
	Net Assets - Includes Allowance for Loan Losses	<u>\$ 14,351,659,635</u>

39 CU's

# ***DIVISION OF CONSUMER CREDIT***

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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.

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. Effective 7/1/17, the First Lien Mortgage Lender License was converted to a Mortgage Lender License and combined with the Subordinate Lien Mortgage Lender License under IC 24-4.5. The new Mortgage Lender License permits a lender to engage in first lien and subordinate lien mortgage transactions under the authority of the same license.

**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. Exempt Company Registrants apply via NMLS, with all decisions made by the Department. NMLS collects registration and renewal fees from applicants and registrant, and remits such fees to the appropriate jurisdictions.

## **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 IUCCC). This means that the consumer must receive certain required disclosures. There are limitations on the finance charge and other types of charges that may be imposed on the transaction. The IUCCC 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;
- 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.

# CONSUMER CREDIT

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The IUCCC 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 IUCCC except for limited provisions applicable to depository institutions. The IUCCC does not regulate transactions that are for agricultural, business, or commercial purposes. Effective 7/1/17, the Subordinate Lien Mortgage Lender License was combined with the First Lien Mortgage Lender License under IC 24-4.4 and converted to a Mortgage Lender License. The new Mortgage Lender License permits a lender to engage in first lien and subordinate lien mortgage transactions under the authority of the same license.

**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 may 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 a covered transaction. Triggering events may include death or disability of the borrower.

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

An alternative form of short-term and small dollar lending is permissible as small loans, commonly known as payday loans. Consumers that have employment and an active checking account 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. In addition to numerous other provisions and restrictions, a statewide database is used to track all payday loans in order to increase industry compliance.

## **IC 24-7: Rental Purchase Agreements**

As an alternative to making a purchase on credit, a consumer may enter into a rental purchase transaction for certain goods. While distinct from “consumer leases,” these transactions are often referred to as leases. 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 rental purchase 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 rental purchase 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 (a CPAP Provider) provides to a consumer claimant in a civil proceeding a funded amount, the repayment of which

# CONSUMER CREDIT

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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 statute (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 pledge offered for the transaction. The pledged item(s) must be portable because the pawnbroker must take possession of the pledged item(s) offered on a pawn loan, and must hold the item(s) 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 unbanked, is by the use of a money transmitter. Money Transmitters may also be frequently used as an expedited payment method between people in close proximity when more traditional means (i.e. cash or check) are not available. 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 sent to a specific person. These services allow unbanked consumers to make money order payments to certain entities, and they allow all consumers to electronically send money to any other person at almost any location on earth. A Money Transmitter License only covers consumer-to-consumer money transmission. Money transmitters who do business with Indiana consumers must obtain a license before doing business in Indiana.

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. Additionally, 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 application, or offers or negotiates rates and terms of a mortgage, meets the definition of a Mortgage Loan Originator. Under the federal SAFE law (Secure and Fair Enforcement for

# **CONSUMER CREDIT**

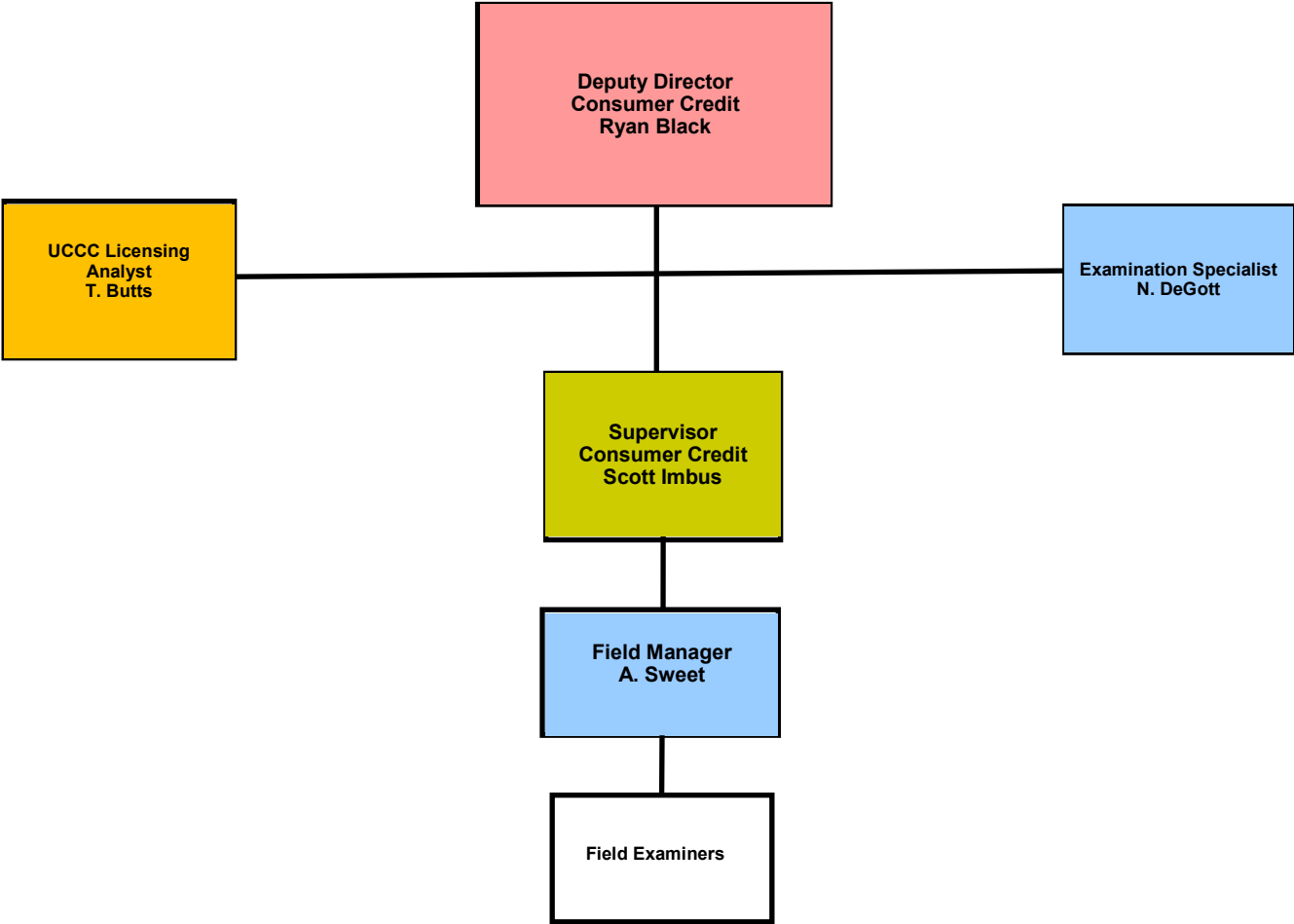
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Mortgage Licensing Act of 2008), and corresponding DFI SAFE Rule, mortgage loan originators must be state licensed if they are employed by a state licensed lender.

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. Mortgage Loan Originators 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.

# CONSUMER CREDIT

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## CONSUMER CREDIT

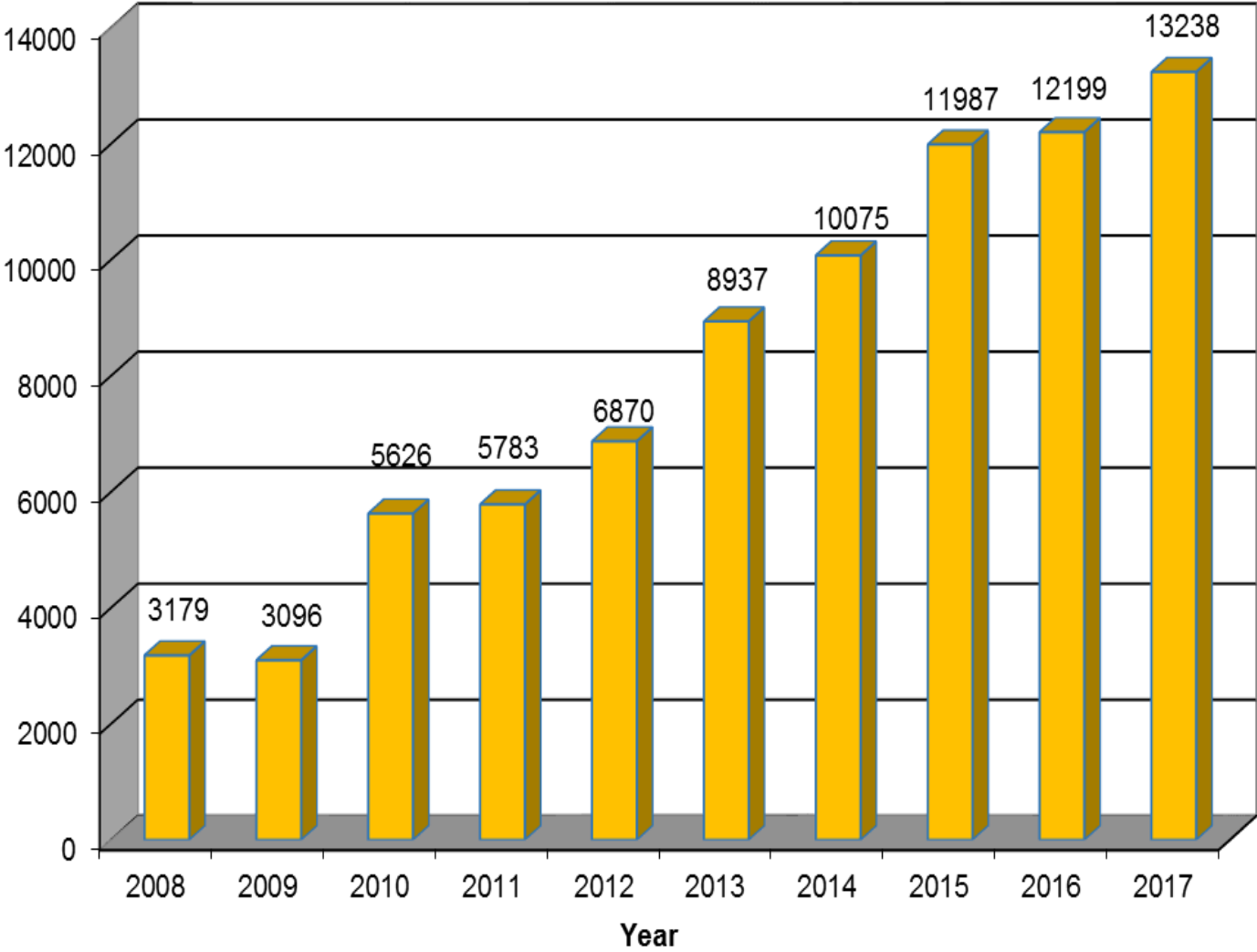
<b>Number of Licensees and Registrants as of December 31, 2017</b>		
Type	Number Registered / Licensed	Number of Branches
Loan License (Non-Mortgage)	77	226
Small Loan Licenses	30	311
Retail Creditors (Non-Lenders)	1,944	2,202
Rental Purchase	63	261
Debt Management Companies	30	6
Pawnbrokers	71	116
Money Transmitters	69	*
Check Cashers	31	439
CPAP Providers	6	0
Financial Institutions (state-chartered)	132	*
Mortgage Lenders**	384	*
Mortgage Loan Originators	10,317	*
Exempt Company Mortgage Registrants	7	*
GAP Administrators	71	*
Debt Cancellation Administrators	6	*
<b>Totals</b>	<b>13,238</b>	<b>3,561</b>

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

\*\*Effective July 1, 2017, the prior Subordinate Lien Mortgage Lender and First Lien Mortgage Lender Licenses were merged together to create the Mortgage Lenders License.

# CONSUMER CREDIT

## Consumer Credit Division Licensees and Registrants



# CONSUMER CREDIT

## 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.

## 2017

Type of Examination	Number of Exams	Exam Hours	Number of Violations	\$ Amount of Violations	Number of Non-\$ Violations
Check Casher	12	109.75	2	\$ 9.00	3
CPAP Providers	2	26.50	0	\$ -	2
Debt Management	10	196.00	56	\$ 3,740.36	13
Financial Institution	52	1,783.25	4,267	\$ 296,618.53	128
Gap Administrator	0	0.00	N/A	N/A	N/A
Licensed Lender	24	486.00	24,208	\$ 619,585.42	15
Money Transmitter	0	0.00	N/A	N/A	N/A
Mortgage Lender**	98	1,834.25	317	\$ 56,052.94	47
Pawnbroker	19	293.25	19	\$ 157.01	14
Rental Purchase	18	333.50	16,023	\$ 189,546.09	43
Retail Creditor	500	3,724.25	5,282	\$ 528,447.94	224
Small Loan (Payday Loan)	14	492.00	881	\$ 27,879.72	38
<b>Totals:</b>	<b>749</b>	<b>9,278.75</b>	<b>51,055</b>	<b>\$ 1,722,037.01</b>	<b>527</b>

\*\*Effective July 1, 2017, the prior Subordinate Lien Mortgage Lender and First Lien Mortgage Lender Licenses were merged together to create the Mortgage Lender License. Data for all mortgage examinations is reported together under Mortgage Lender.

## CONSUMER CREDIT DIVISION LICENSES ISSUED IN 2017

License ID	Loan Licenses	City	State	License Date
35688	CFS of Lafayette, L.L.C.	Lafayette	IN	9/13/2017
35566	Cani's Center for Community and Economic Development, Inc.	Fort Wayne	IN	8/31/2017
35324	Manor Resources, LLC	Chicago	IL	8/11/2017
34321	SpringboardAuto.com, Inc	Irvine	CA	4/27/2017
33972	IPFS Corporation	Kansas City	MO	4/3/2017
33909	Regional Acceptance Corp	Greenville	NC	3/22/2017
33257	Great American Finance Co.	Chicago	IL	1/10/2017

License ID	CPAP Providers	City	State	License Date
35054	EKFG, LLC	Lexington	KY	7/20/2017
34697	Lumberjack Legal Finance, LLC	Fort Wayne	IN	6/7/2017
33259	Plaintiff Investment Funding, LLC	Southfield	MI	1/10/2017
33164	Global Financial Credit, LLC	Cornelius	NC	1/4/2017

License ID	Pawnbrokers	City	State	License Date
36472	P2C LLC	Evansville	IN	11/22/2017

License ID	Money Transmitters	City	State	License Date
35944	MSB USA Inc.	Atlanta	GA	9/28/2017
35691	Maxitransfers Corporation	Irving	TX	9/13/2017
35392	First Global Money Inc.	Commerce	CA	8/17/2017
35326	Bannockburn Global Forex, LLC	Cincinnati	OH	8/11/2017
35055	Pangea USA, LLC	Chicago	IL	7/20/2017
34242	Finxera, Inc.	San Jose	CA	4/21/2017
33849	Rakuten Card USA, Inc.	San Mateo	CA	3/16/2017
33538	Conotoxia, Inc.	Chicago	IL	2/10/2017
33337	Mercari, Inc.	San Francisco	CA	1/19/2017

License ID	Debt Cancellation Providers	City	State	License Date
35682	Depreciation Protection Inc.	Miamisburg	OH	9/11/2017

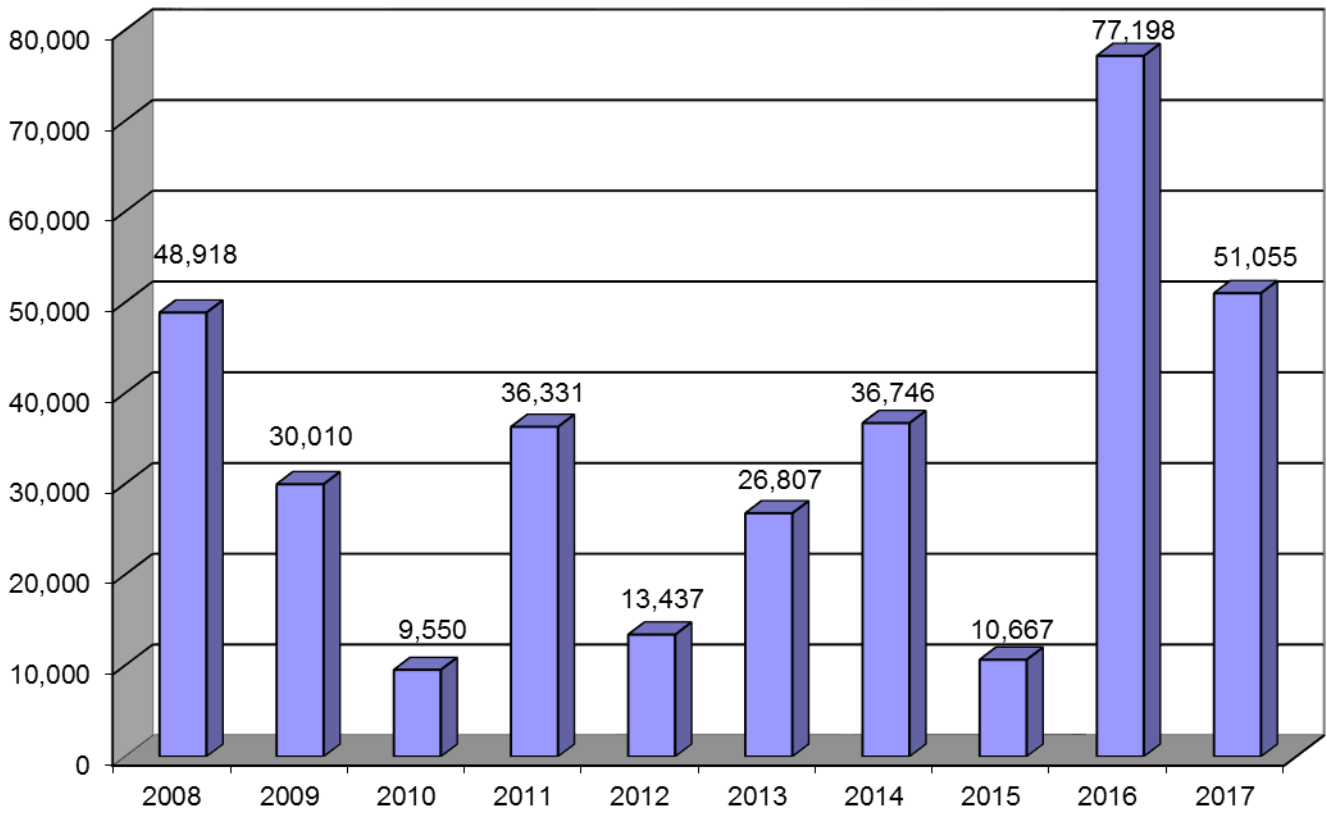
License ID	GAP Administrators	City	State	License Date
36305	Interstate National Dealer Services, Inc	Atlanta	GA	11/1/2017
35687	PRco, Inc	Lafayette	CA	9/13/2017
35567	Maximus Auto Group Inc	New Albany	IN	8/25/2017
35391	American Colonial Administration, Inc	Jersey City	NJ	8/17/2017
34635	The Wildfire Group, Inc	Eufaula	AL	6/1/2017
34067	Ethos Group, Inc	Irving	TX	4/10/2017
33258	Dealer Admin Services	Minneapolis	MN	1/10/2017

## CONSUMER CREDIT DIVISION LICENSES ISSUED IN 2017

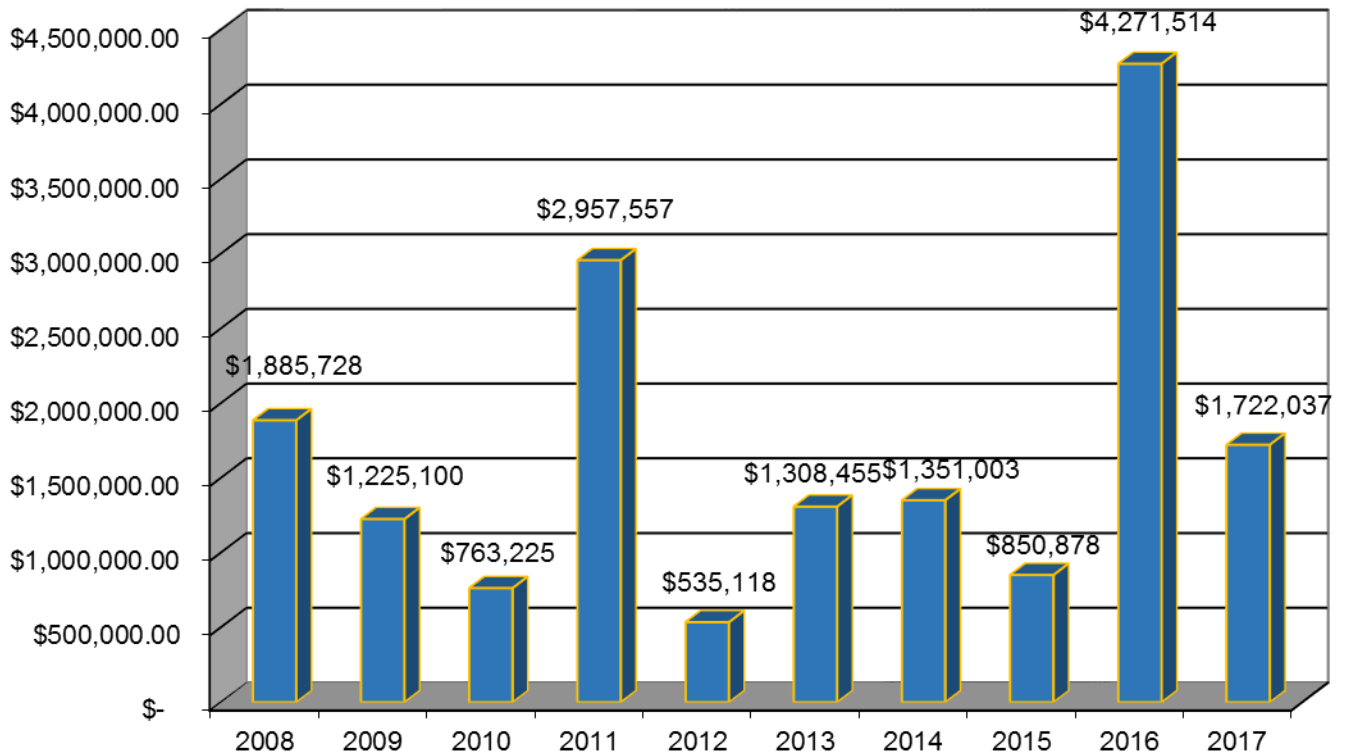
License ID	First Lien Mortgage Lenders	City	State	License Date
36893	Ascendum Solutions LLC	Cincinnati	OH	12/20/2017
36892	Cstone Mortgage, Inc.	San Diego	CA	12/20/2017
36894	HomeXpress Mortgage Corp.	Newport Beach	CA	12/20/2017
36742	Acceptance Capital Structured Products Group, LLC	Evansville	IN	12/11/2017
35943	Partners United Financial, LLC	Worthington	OH	9/28/2017
35942	Signature Mortgage, Inc. of Indiana	New Albany	IN	9/28/2017
35940	Union Plus Mortgage Company	Mt. Laurel	NJ	9/25/2017
35689	ICMS LLC	Charlotte	NC	9/13/2017
35692	Milestone Home Lending, LLC	Carmel	IN	9/13/2017
35690	Parlay Mortgage & Property, Inc.	Lockport	IL	9/13/2017
35568	BM Real Estate Services, Inc.	CALABASAS	CA	8/31/2017
35325	First Commonwealth Mortgage Corp.	Louisville	KY	8/11/2017
35237	American Mortgage & Equity Consultants, Inc.	Bloomington	MN	8/2/2017
35238	Flat Branch Mortgage, Inc.	Columbia	MO	8/2/2017
35058	Earnest Home LLC	San Francisco	CA	7/20/2017
35056	First Ohio Home Finance, Inc.	Westerville	OH	7/20/2017
34844	Residential Mortgage Services, Inc.	South Portland	ME	7/6/2017
34842	AAFMAA Mortgage Services LLC	Fayetteville	NC	6/30/2017
34698	LendUS, LLC	Alamo	CA	6/7/2017
34704	Local Lending Group, LLC	Troy	MI	6/7/2017
34700	Northern Mortgage Services, Inc.	Grandville	MI	6/7/2017
34702	The Home Lending Group, LLC	Flowood	MS	6/7/2017
34636	CalCon Mutual Mortgage LLC	San Diego	CA	6/1/2017
34639	Home Mortgage Alliance Corporation (HMAC)	Santa Ana	CA	6/1/2017
34638	Prime Mortgage Lending, Inc.	Apex	NC	6/1/2017
34498	Direct Mortgage Loans, LLC	Hunt Valley	MD	5/18/2017
34496	U S Wide Financial LLC	St. Louis	MO	5/18/2017
34429	Catalyst Lending, Inc.	Greenwood Village	CO	5/10/2017
34430	Centennial Lending Group, LLC	Maple Glen	PA	5/10/2017
34427	East Coast Capital Corp.	Melville	NY	5/10/2017
34376	Lend Smart Mortgage, LLC	Shoreview	MN	5/5/2017
34245	Guaranteed Rate Affinity, LLC	Chicago	IL	4/21/2017
34243	Pinnacle Mortgage Funding, LLC	Palatine	IL	4/21/2017
34101	ABM Funding Inc.	Henderson	NV	4/10/2017
34098	Gibraltar Mortgage Services, LLC	Houston	TX	4/10/2017
34072	ResMac, Inc.	Boca Raton	FL	4/10/2017
34077	Silverton Mortgage Specialists, Inc.	Atlanta	GA	4/10/2017
33704	ClearPath Lending	Irvine	CA	3/2/2017
33703	Prosperity Home Mortgage, LLC	Chantilly	VA	3/2/2017
33652	Delmar Financial Company	St. Louis	MO	2/22/2017
33653	Key Mortgage Services, Inc.	Schaumburg	IL	2/22/2017
33651	United Financial Group, LLC	Louisville	KY	2/22/2017
33544	American Financial Funding Corp.	Orland Park	KS	2/10/2017
<b>Mortgage Loan Originators</b>				

3,500 MLO licenses issued in 2017

Number of Reimbursable Violations



Amount of Reimbursable Violations



## ***DIVISION OF ADMINISTRATION***

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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](http://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. 46204

# DIVISION OF ADMINISTRATION

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