**Section 1075.580 Suretyship**

A savings bank may enter into an agreement to act as a surety subject to the following provisions.

a) A savings bank operating under the Act may exercise surety powers only to the extent authorized by the Federal Deposit Insurance Corporation.

b) A savings bank may enter into a suretyship agreement only if the agreement would create an obligation authorized for investment by a savings bank. A savings bank's obligation under the suretyship agreement shall be treated as a loan to its principal for purposes of Sections 6010 and 6013 of the Act and Section 1075.500 of this Part.

c) A savings bank must take and maintain a security interest in real estate or marketable investment securities, as defined at Section 1007.85 of the Act, of its principal having a market value, determined in accordance with the provisions of the Act and this Part, of at least 110 percent of the savings bank's total suretyship obligations. In determining compliance with the 110 percent collateralization requirement, the savings bank shall consider the value available above prior mortgages or liens, except those held by the party for whose protection the suretyship agreement is made. If marketable investment securities, the savings bank shall provide for the maintenance of the collateral value at the required level throughout the term of the suretyship agreement.

d) To the extent that a savings bank is required to meet its obligations under a suretyship agreement, the amount expended shall be treated as an extension of credit subject to the limitations imposed on similar loans under the various provisions of the Act and this Part.

e) Notwithstanding any provision of this Section, a savings bank may act as a surety to the same extent and manner as permitted to any other type of depository institution.

(Source: Amended at 26 Ill. Reg. 13483, effective September 13, 2002)