**Section 1075.5030 Issuance of Payday Loans by Savings Banks**

a) A savings bank making a payday loan shall satisfactorily address all safety and soundness considerations identified by the Division of Banking in its examination and supervision of the savings bank. Safety and soundness considerations include, without limitation:

1) Risk-management practices for payday loan activities, particularly with regard to concentrations of payday loans;

2) Capital adequacy, depending on the level and volatility of risk;

3) Allowance for loan losses to ensure the allowance is adequate to absorb estimated credit losses within the payday loan portfolio;

4) Classification of payday loans, given the unsecured nature of the credit and weakness of repayment capacity inherent in payday loans; and

5) The establishment and maintenance of extension, deferral, renewal and rewrite standards consistent with the PLRA.

b) In the event the Division of Banking determines the savings bank's management of safety and soundness risks relating to its payday loan portfolio is deficient, the Division of Banking may initiate corrective enforcement action, as authorized under the Savings Bank Act.

(Source: Added at 30 Ill. Reg. 19068, effective December 1, 2006)