

1 AN ACT concerning financial institutions.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Metropolitan Transit Authority Act is
5 amended by changing Section 25 as follows:

6 (70 ILCS 3605/25) (from Ch. 111 2/3, par. 325)

7 Sec. 25. All funds deposited by the treasurer in any
8 bank, savings bank, or savings and loan association shall be
9 placed in the name of the Authority and shall be withdrawn or
10 paid out only by check or draft upon the bank, savings bank,
11 or savings and loan association, signed by the treasurer or
12 an assistant treasurer and countersigned by the chairman of
13 the Board or a vice-chairman of the Board. The Board may
14 designate any of its members or any officer or employee of
15 the Authority to affix the signature of the chairman and
16 another to affix the signature of the treasurer to any check
17 or draft for payment of salaries or wages and for the payment
18 of any other obligation of not more than \$2500.00.

19 No bank, savings bank, or savings and loan association
20 shall receive public funds as permitted by this Section,
21 unless it has complied with the requirements established
22 pursuant to Section 6 of "An Act relating to certain
23 investments of public funds by public agencies", approved
24 July 23, 1943, as now or hereafter amended.

25 (Source: P.A. 83-541.)

26 Section 10. The Illinois Banking Act is amended by
27 changing Sections 5 and 18 as follows:

28 (205 ILCS 5/5) (from Ch. 17, par. 311)

29 Sec. 5. General corporate powers. A bank organized

1 under this Act or subject hereto shall be a body corporate
2 and politic and shall, without specific mention thereof in
3 the charter, have all the powers conferred by this Act and
4 the following additional general corporate powers:

5 (1) To sue and be sued, complain, and defend in its
6 corporate name.

7 (2) To have a corporate seal, which may be altered at
8 pleasure, and to use the same by causing it or a facsimile
9 thereof to be impressed or affixed or in any manner
10 reproduced, provided that the affixing of a corporate seal to
11 an instrument shall not give the instrument additional force
12 or effect, or change the construction thereof, and the use of
13 a corporate seal is not mandatory.

14 (3) To make, alter, amend, and repeal bylaws, not
15 inconsistent with its charter or with law, for the
16 administration of the affairs of the bank. If this Act does
17 not provide specific guidance in matters of corporate
18 governance, the provisions of the Business Corporation Act of
19 1983 may be used if so provided in the bylaws.

20 (4) To elect or appoint and remove officers and agents
21 of the bank and define their duties and fix their
22 compensation.

23 (5) To adopt and operate reasonable bonus plans,
24 profit-sharing plans, stock-bonus plans, stock-option plans,
25 pension plans and similar incentive plans for its directors,
26 officers and employees.

27 (5.1) To manage, operate and administer a fund for the
28 investment of funds by a public agency or agencies, including
29 any unit of local government or school district, or any
30 person. The fund for a public agency shall invest in the
31 same type of investments and be subject to the same
32 limitations provided for the investment of public funds. The
33 fund for public agencies shall maintain a separate ledger
34 showing the amount of investment for each public agency in

1 the fund. "Public funds" and "public agency" as used in this
2 Section shall have the meanings ascribed to them in Section 1
3 of the Public Funds Investment Act.

4 (6) To make reasonable donations for the public welfare
5 or for charitable, scientific, religious or educational
6 purposes.

7 (7) To borrow or incur an obligation; and to pledge its
8 assets:

9 (a) to secure its borrowings, its lease of personal
10 or real property or its other nondeposit obligations;

11 (b) to enable it to act as agent for the sale of
12 obligations of the United States;

13 (c) to secure deposits of public money of the
14 United States, whenever required by the laws of the
15 United States, including without being limited to,
16 revenues and funds the deposit of which is subject to the
17 control or regulation of the United States or any of its
18 officers, agents, or employees and Postal Savings funds;

19 (d) to secure deposits of public money of any state
20 or of any political corporation or subdivision thereof
21 including, without being limited to, revenues and funds
22 the deposit of which is subject to the control or
23 regulation of any state or of any political corporation
24 or subdivisions thereof or of any of their officers,
25 agents, or employees;

26 (e) to secure deposits of money whenever required
27 by the National Bankruptcy Act;

28 (f) (blank); and

29 (g) to secure trust funds commingled with the
30 bank's funds, whether deposited by the bank or an
31 affiliate of the bank, pursuant to Section 2-8 of the
32 Corporate Fiduciary Act.

33 (8) To own, possess, and carry as assets all or part of
34 the real estate necessary in or with which to do its banking

1 business, either directly or indirectly through the ownership
2 of all or part of the capital stock, shares or interests in
3 any corporation, association, trust engaged in holding any
4 part or parts or all of the bank premises, engaged in such
5 business and in conducting a safe deposit business in the
6 premises or part of them, or engaged in any activity that the
7 bank is permitted to conduct in a subsidiary pursuant to
8 paragraph (12) of this Section 5.

9 (9) To own, possess, and carry as assets other real
10 estate to which it may obtain title in the collection of its
11 debts or that was formerly used as a part of the bank
12 premises, but title to any real estate except as herein
13 permitted shall not be retained by the bank, either directly
14 or by or through a subsidiary, as permitted by subsection
15 (12) of this Section for a total period of more than 10 years
16 after acquiring title, either directly or indirectly.

17 (10) To do any act, including the acquisition of stock,
18 necessary to obtain insurance of its deposits, or part
19 thereof, and any act necessary to obtain a guaranty, in whole
20 or in part, of any of its loans or investments by the United
21 States or any agency thereof, and any act necessary to sell
22 or otherwise dispose of any of its loans or investments to
23 the United States or any agency thereof, and to acquire and
24 hold membership in the Federal Reserve System.

25 (11) Notwithstanding any other provisions of this Act or
26 any other law, to do any act and to own, possess, and carry
27 as assets property of the character, including stock, that is
28 at the time authorized or permitted to national banks by an
29 Act of Congress, but subject always to the same limitations
30 and restrictions as are applicable to national banks by the
31 pertinent federal law and subject to applicable provisions of
32 the Financial Institutions Insurance Sales Law. Not less
33 than 30 days before engaging in any activity under the
34 authority of this subsection, a bank shall provide written

1 notice to the Commissioner of its intent to engage in the
2 activity. The notice shall indicate the specific federal
3 law, rule, regulation, or interpretation the bank intends to
4 use as authority to engage in the activity.

5 (12) To own, possess, and carry as assets stock of one
6 or more corporations that is, or are, engaged in one or more
7 of the following businesses:

8 (a) holding title to and administering assets
9 acquired as a result of the collection or liquidating of
10 loans, investments, or discounts; or

11 (b) holding title to and administering personal
12 property acquired by the bank, directly or indirectly
13 through a subsidiary, for the purpose of leasing to
14 others, provided the lease or leases and the investment
15 of the bank, directly or through a subsidiary, in that
16 personal property otherwise comply with Section 35.1 of
17 this Act; or

18 (c) carrying on or administering any of the
19 activities excepting the receipt of deposits or the
20 payment of checks or other orders for the payment of
21 money in which a bank may engage in carrying on its
22 general banking business; provided, however, that nothing
23 contained in this paragraph (c) shall be deemed to permit
24 a bank organized under this Act or subject hereto to do,
25 either directly or indirectly through any subsidiary, any
26 act, including the making of any loan or investment, or
27 to own, possess, or carry as assets any property that if
28 done by or owned, possessed, or carried by the State bank
29 would be in violation of or prohibited by any provision
30 of this Act.

31 The provisions of this subsection (12) shall not apply to
32 and shall not be deemed to limit the powers of a State bank
33 with respect to the ownership, possession, and carrying of
34 stock that a State bank is permitted to own, possess, or

1 carry under this Act.

2 Any bank intending to establish a subsidiary under this
3 subsection (12) shall give written notice to the Commissioner
4 60 days prior to the subsidiary's commencing of business or,
5 as the case may be, prior to acquiring stock in a corporation
6 that has already commenced business. After receiving the
7 notice, the Commissioner may waive or reduce the balance of
8 the 60 day notice period. The Commissioner may specify the
9 form of the notice and may promulgate rules and regulations
10 to administer this subsection (12).

11 (13) To accept for payment at a future date not
12 exceeding one year from the date of acceptance, drafts drawn
13 upon it by its customers; and to issue, advise, or confirm
14 letters of credit authorizing the holders thereof to draw
15 drafts upon it or its correspondents.

16 (14) To own and lease personal property acquired by the
17 bank at the request of a prospective lessee and upon the
18 agreement of that person to lease the personal property
19 provided that the lease, the agreement with respect thereto,
20 and the amount of the investment of the bank in the property
21 comply with Section 35.1 of this Act.

22 (15) (a) To establish and maintain, in addition to the
23 main banking premises, branches offering any banking
24 services permitted at the main banking premises of a
25 State bank.

26 (b) To establish and maintain, after May 31, 1997,
27 branches in another state that may conduct any activity
28 in that state that is authorized or permitted for any
29 bank that has a banking charter issued by that state,
30 subject to the same limitations and restrictions that are
31 applicable to banks chartered by that state.

32 (16) (Blank).

33 (17) To establish and maintain terminals, as authorized
34 by the Electronic Fund Transfer Act.

1 (18) To establish and maintain temporary service booths
2 at any International Fair held in this State which is
3 approved by the United States Department of Commerce, for the
4 duration of the international fair for the sole purpose of
5 providing a convenient place for foreign trade customers at
6 the fair to exchange their home countries' currency into
7 United States currency or the converse. This power shall not
8 be construed as establishing a new place or change of
9 location for the bank providing the service booth.

10 (19) To indemnify its officers, directors, employees,
11 and agents, as authorized for corporations under Section 8.75
12 of the Business Corporation Act of 1983.

13 (20) To own, possess, and carry as assets stock of, or
14 be or become a member of, any corporation, mutual company,
15 association, trust, or other entity formed exclusively for
16 the purpose of providing directors' and officers' liability
17 and bankers' blanket bond insurance or reinsurance to and for
18 the benefit of the stockholders, members, or beneficiaries,
19 or their assets or businesses, or their officers, directors,
20 employees, or agents, and not to or for the benefit of any
21 other person or entity or the public generally.

22 (21) To make debt or equity investments in corporations
23 or projects, whether for profit or not for profit, designed
24 to promote the development of the community and its welfare,
25 provided that the aggregate investment in all of these
26 corporations and in all of these projects does not exceed 10%
27 of the unimpaired capital and unimpaired surplus of the bank
28 and provided that this limitation shall not apply to
29 creditworthy loans by the bank to those corporations or
30 projects. Upon written application to the Commissioner, a
31 bank may make an investment that would, when aggregated with
32 all other such investments, exceed 10% of the unimpaired
33 capital and unimpaired surplus of the bank. The Commissioner
34 may approve the investment if he is of the opinion and finds

1 that the proposed investment will not have a material adverse
2 effect on the safety and soundness of the bank.

3 (22) To own, possess, and carry as assets the stock of a
4 corporation engaged in the ownership or operation of a travel
5 agency or to operate a travel agency as a part of its
6 business.

7 (23) With respect to affiliate facilities:

8 (a) to conduct at affiliate facilities for and on
9 behalf of another commonly owned bank, if so authorized
10 by the other bank, all transactions that the other bank
11 is authorized or permitted to perform; and

12 (b) to authorize a commonly owned bank to conduct
13 for and on behalf of it any of the transactions it is
14 authorized or permitted to perform at one or more
15 affiliate facilities.

16 Any bank intending to conduct or to authorize a commonly
17 owned bank to conduct at an affiliate facility any of the
18 transactions specified in this paragraph (23) shall give
19 written notice to the Commissioner at least 30 days before
20 any such transaction is conducted at the affiliate facility.

21 (24) To act as the agent for any fire, life, or other
22 insurance company authorized by the State of Illinois, by
23 soliciting and selling insurance and collecting premiums on
24 policies issued by such company; and to receive for services
25 so rendered such fees or commissions as may be agreed upon
26 between the bank and the insurance company for which it may
27 act as agent; provided, however, that no such bank shall in
28 any case assume or guarantee the payment of any premium on
29 insurance policies issued through its agency by its
30 principal; and provided further, that the bank shall not
31 guarantee the truth of any statement made by an assured in
32 filing his application for insurance.

33 (25) Notwithstanding any other provisions of this Act or
34 any other law, to offer any product or service that is at the

1 time authorized or permitted to any insured savings
2 association or out-of-state bank by applicable law, provided
3 that powers conferred only by this subsection (25):

4 (a) shall always be subject to the same limitations
5 and restrictions that are applicable to the insured
6 savings association or out-of-state bank for the product
7 or service by such applicable law;

8 (b) shall be subject to applicable provisions of
9 the Financial Institutions Insurance Sales Law;

10 (c) shall not include the right to own or conduct a
11 real estate brokerage business for which a license would
12 be required under the laws of this State; and

13 (d) shall not be construed to include the
14 establishment or maintenance of a branch, nor shall they
15 be construed to limit the establishment or maintenance of
16 a branch pursuant to subsection (11).

17 Not less than 30 days before engaging in any activity
18 under the authority of this subsection, a bank shall provide
19 written notice to the Commissioner of its intent to engage in
20 the activity. The notice shall indicate the specific federal
21 or state law, rule, regulation, or interpretation the bank
22 intends to use as authority to engage in the activity.

23 (Source: P.A. 91-330, eff. 7-29-99; 91-849, eff. 6-22-00;
24 92-483, eff. 8-23-01.)

25 (205 ILCS 5/18) (from Ch. 17, par. 325)

26 Sec. 18. Change in control.

27 (a) Before a change may occur in the ownership of
28 outstanding stock of any State bank, whether by sale and
29 purchase, gift, bequest or inheritance, or any other means,
30 including the acquisition of stock of the State bank by any
31 bank holding company, which will result in control or a
32 change in the control of the bank or before a change in the
33 control of a holding company having control of the

1 outstanding stock of a State bank whether by sale and
2 purchase, gift, bequest or inheritance, or any other means,
3 including the acquisition of stock of such holding company by
4 any other bank holding company, which will result in control
5 or a change in control of the bank or holding company, or
6 before a transfer of substantially all the assets or
7 liabilities of the State bank, the Commissioner shall be of
8 the opinion and find:

9 (1) that the general character of proposed
10 management or of the person desiring to purchase
11 substantially all the assets or to assume substantially
12 all the liabilities of the State bank, after the change
13 in control, is such as to assure reasonable promise of
14 successful, safe and sound operation;

15 (1.1) that depositors' interests will not be
16 jeopardized by the purchase or assumption and that
17 adequate provision has been made for all liabilities as
18 required for a voluntary liquidation under Section 68 of
19 this Act;

20 (2) that the future earnings prospects of the
21 person desiring to purchase substantially all assets or
22 to assume substantially all the liabilities of the State
23 bank, after the proposed change in control, are
24 favorable;

25 (3) that any prior involvement by the persons
26 proposing to obtain control, to purchase substantially
27 all the assets, or to assume substantially all the
28 liabilities of the State bank or by the proposed
29 management personnel with any other financial
30 institution, whether as stockholder, director, officer or
31 customer, was conducted in a safe and sound manner; and

32 (4) that if the acquisition is being made by a bank
33 holding company, the acquisition is authorized under the
34 Illinois Bank Holding Company Act of 1957.

1 (b) Persons desiring to purchase control of an existing
2 state bank, to purchase substantially all the assets, or to
3 assume substantially all the liabilities of the State bank
4 shall, prior to that purchase, submit to the Commissioner:

5 (1) a statement of financial worth;

6 (2) satisfactory evidence that any prior
7 involvement by the persons and the proposed management
8 personnel with any other financial institution, whether
9 as stockholder, director, officer or customer, was
10 conducted in a safe and sound manner; and

11 (3) such other relevant information as the
12 Commissioner may request to substantiate the findings
13 under subsection (a) of this Section.

14 A person who has submitted information to the
15 Commissioner pursuant to this subsection (b) is under a
16 continuing obligation until the Commissioner takes action on
17 the application to immediately supplement that information if
18 there are any material changes in the information previously
19 furnished or if there are any material changes in any
20 circumstances that may affect the Commissioner's opinion and
21 findings. In addition, a person submitting information under
22 this subsection shall notify the Commissioner of the date
23 when the change in control is finally effected.

24 The Commissioner may impose such terms and conditions on
25 the approval of the change in control application as he deems
26 necessary or appropriate.

27 If an applicant, whose application for a change in
28 control has been approved pursuant to subsection (a) of this
29 Section, fails to effect the change in control within 180
30 days after the date of the Commissioner's approval, the
31 Commissioner shall revoke that approval unless a request has
32 been submitted, in writing, to the Commissioner for an
33 extension and the request has been approved.

34 (b-1) Any person who obtains ownership of stock of an

1 existing State bank or stock of a holding company that
2 controls the State bank by gift, bequest, or inheritance such
3 that ownership of the stock would constitute control of the
4 State bank or holding company may obtain title and ownership
5 of the stock, but may not exercise management or control of
6 the business and affairs of the bank or vote his or her
7 shares so as to exercise management or control unless and
8 until the Commissioner approves an application for the change
9 of control as provided in subsection (b) of this Section.

10 (c) Whenever a state bank makes a loan or loans,
11 secured, or to be secured, by 25% or more of the outstanding
12 stock of a state bank, the president or other chief executive
13 officer of the lending bank shall promptly report such fact
14 to the Commissioner upon obtaining knowledge of such loan or
15 loans, except that no report need be made in those cases
16 where the borrower has been the owner of record of the stock
17 for a period of one year or more, or the stock is that of a
18 newly organized bank prior to its opening.

19 (d) The reports required by subsections (b) and (c) of
20 this Section 18, other than those relating to a transfer of
21 assets or assumption of liabilities, shall contain the
22 following information to the extent that it is known by the
23 person making the report: (1) the number of shares involved;
24 (2) the names of the sellers (or transferors); (3) the names
25 of the purchasers (or transferees); (4) the names of the
26 beneficial owners if the shares are registered in another
27 name: (5) the purchase price, if applicable; (6) the total
28 number of shares owned by the sellers (or transferors), the
29 purchasers (or transferees) and the beneficial owners both
30 immediately before and after the transaction; and, (7) in the
31 case of a loan, the name of the borrower, the amount of the
32 loan, the name of the bank issuing the stock securing the
33 loan and the number of shares securing the loan. In addition
34 to the foregoing, such reports shall contain such other

1 information which is requested by the Commissioner to inform
2 the Commissioner of the effect of the transaction upon
3 control of the bank whose stock is involved.

4 (d-1) The reports required by subsection (b) of this
5 Section 18 that relate to purchase of assets and assumption
6 of liabilities shall contain the following information to the
7 extent that it is known by the person making the report: (1)
8 the value, amount, and description of the assets transferred;
9 (2) the amount, type, and to whom each type of liabilities
10 are owed; (3) the names of the purchasers (or transferees);
11 (4) the names of the beneficial owners if the shares of a
12 purchaser or transferee are registered in another name; (5)
13 the purchase price, if applicable; and, (6) in the case of a
14 loan obtained to effect a purchase, the name of the borrower,
15 the amount and terms of the loan, and the description of the
16 assets securing the loan. In addition to the foregoing,
17 these reports shall contain any other information that is
18 requested by the Commissioner to inform the Commissioner of
19 the effect of the transaction upon the bank from which assets
20 are purchased or liabilities are transferred.

21 (e) Whenever such a change as described in subsection
22 (a) of this Section 18 occurs, each state bank shall report
23 promptly to the Commissioner any changes or replacement of
24 its chief executive officer or of any director occurring in
25 the next 12 month period, including in its report a statement
26 of the past and current business and professional
27 affiliations of the new chief executive officer or directors.

28 (f) (Blank).

29 (g) (1) Except as otherwise expressly provided in this
30 subsection (g), the Commissioners shall not approve an
31 application for a change in control if upon consummation
32 of the change in control the persons applying for the
33 change in control, including any affiliates of the
34 persons applying, would control 30% or more of the total

1 amount of deposits which are located in this State at
2 insured depository institutions. For purposes of this
3 subsection (g), the words "insured depository
4 institution" shall mean State banks, national banks, and
5 insured savings associations. For purposes of this
6 subsection (g), the word "deposits" shall have the
7 meaning ascribed to that word in Section 3(1) of the
8 Federal Deposit Insurance Act. For purposes of this
9 subsection (g), the total amount of deposits which are
10 considered to be located in this State at insured
11 depository institutions shall equal the sum of all
12 deposits held at the main banking premises and branches
13 in the State of Illinois of State banks, national banks,
14 or insured savings associations. For purposes of this
15 subsection (g), the word "affiliates" shall have the
16 meaning ascribed to that word in Section 35.2 of this
17 Act.

18 (2) Notwithstanding the provisions of subsection
19 (g)(1) of this Section, the Commissioner may approve an
20 application for a change in control for a bank that is in
21 default or in danger of default. Except in those
22 instances in which an application for a change in control
23 is for a bank that is in default or in danger of default,
24 the Commissioner may not approve a change in control
25 which does not meet the requirements of subsection (g)(1)
26 of this Section. The Commissioner may not waive the
27 provisions of subsection (g)(1) of this Section, whether
28 pursuant to Section 3(d) of the federal Bank Holding
29 Company Act of 1956 or Section 44(d) of the Federal
30 Deposit Insurance Act, except as expressly provided in
31 this subsection (g)(2).

32 (h) As used in this Section, the term "control" means
33 the power, directly or indirectly, to direct the management
34 or policies of the bank or to vote 25% or more of the

1 outstanding stock of the bank. the--ownership--of--such--amount
2 of--stock--or--ability--to--direct--the--voting--of--such--stock--as--to,
3 directly--or--indirectly,--give--power--to--direct--or--cause--the
4 direction--of--the--management--or--policies--of--the--bank.--A
5 change--in--ownership--of--stock--that--would--result--in--direct--or
6 indirect--ownership--by--a--stockholder,--an--affiliated--group--of
7 stockholders,--or--a--holding--company--of--less--than--10%--of--the
8 outstanding--stock--shall--not--be--considered--a--change--in
9 control.--A--change--in--ownership--of--stock--that--would--result--in
10 direct--or--indirect--ownership--by--a--stockholder,--an--affiliated
11 group--of--stockholders,--or--a--holding--company--of--20%--or--such
12 lesser--amount--that--would--entitle--the--holder--by--applying
13 cumulative--voting--to--elect--one--director--shall--be--presumed--to
14 constitute--a--change--of--control--for--purposes--of--this--Section
15 18. If there is any question as to whether a change in the
16 ownership--or--control--of--the--outstanding--stock--is--sufficient
17 to--result--in--obtaining--control--thereof--or--to--effect--a--change
18 in--the control application should be filed thereof, the
19 question shall be resolved in favor of filing the application
20 with reporting--the--facts--to the Commissioner.

21 As used in this Section, "substantially all" the assets
22 or liabilities of a State bank means that portion of the
23 assets or liabilities of a State bank such that their
24 purchase or transfer will materially impair the ability of
25 the State bank to continue successful, safe, and sound
26 operations or to continue as a going concern or would cause
27 the bank to lose its federal deposit insurance.

28 As used in this Section, "purchase" includes a transfer
29 by gift, bequest, inheritance, or any other means.

30 (Source: P.A. 92-483, eff. 8-23-01.)

31 Section 15. The Savings Bank Act is amended by changing
32 Sections 6013 and 8015 as follows:

1 (205 ILCS 205/6013) (from Ch. 17, par. 7306-13)
2 Sec. 6013. Loans to one borrower.

3 (a) Except as provided in subsection (c), the total
4 loans and extensions of credit, both direct and indirect, by
5 a savings bank to any person, other than a municipal
6 corporation for money borrowed, outstanding at one time shall
7 not exceed 25% 20% of the savings bank's total capital plus
8 general loan loss reserves.

9 (b) Except as provided in subsection (c), the total
10 loans and extensions of credit, both direct and indirect, by
11 a savings bank to any person outstanding at one time and at
12 least 100% secured by readily marketable collateral having a
13 market value, as determined by reliable and continuously
14 available price quotations, shall not exceed 10% of the
15 savings bank's total capital plus general loan loss reserves.
16 This limitation shall be separate from and in addition to the
17 limitation contained in subsection (a).

18 (c) If the limit under subsection (a) or (b) on total
19 loans to one borrower is less than \$500,000, a savings bank
20 that meets its minimum capital requirement under this Act may
21 have loan and extensions of credit, both direct and indirect,
22 outstanding to any person at one time not to exceed \$500,000.
23 With the prior written approval of the Commissioner, a
24 savings bank that has capital in excess of 6% of assets may
25 make loans and extensions of credit to one borrower for the
26 development of residential housing properties, located or to
27 be located in this State, not to exceed 30% of the savings
28 bank's total capital plus general loan loss reserves.

29 (d) For purposes of this Section, the term "person"
30 shall be deemed to include an individual, firm, corporation,
31 business trust, partnership, trust, estate, association,
32 joint venture, pool, syndicate, sole proprietorship,
33 unincorporated association, any political subdivision, or any
34 similar entity or organization.

1 (e) For the purposes of this Section any loan or
2 extension of credit granted to one person, the proceeds of
3 which are used for the direct benefit of a second person,
4 shall be deemed a loan or extension of credit to the second
5 person as well as the first person. In addition, a loan or
6 extension of credit to one person shall be deemed a loan or
7 extension of credit to others when a common enterprise exists
8 between the first person and such other persons.

9 (f) For the purposes of this Section, the total
10 liabilities of a firm, partnership, pool, syndicate, or joint
11 venture shall include the liabilities of the members of the
12 entity.

13 (g) For the purposes of this Section, the term "readily
14 marketable collateral" means financial instruments or bullion
15 that are salable under ordinary circumstances with reasonable
16 promptness at a fair market value on an auction or a
17 similarly available daily bid-and-ask price market.
18 "Financial instruments" include stocks, bonds, notes,
19 debentures traded on a national exchange or over the counter,
20 commercial paper, negotiable certificates of deposit,
21 bankers' acceptances, and shares in money market or mutual
22 funds.

23 (h) Each savings bank shall institute adequate
24 procedures to ensure that collateral fully secures the
25 outstanding loan or extension of credit at all times.

26 (i) If collateral values fall below 100% of the
27 outstanding loan or extension of credit to the extent that
28 the loan or extension of credit no longer is in conformance
29 with subsection (b) and exceeds the 25% 20% limitation of
30 subsection (a), the loan must be brought into conformance
31 with this Section within 5 business days except where
32 judicial proceedings or other similar extraordinary
33 occurrences prevent the savings bank from taking action.

34 (j) This Section shall not apply to loans or extensions

1 of credit to the United States of America or its agencies or
2 this State or its agencies or to any loan, investment, or
3 extension of credit made pursuant to Section 6003 of this
4 Act.

5 (k) This Section does not apply to the obligations as
6 endorser, whether with or without recourse, or as guarantor,
7 whether conditional or unconditional, of negotiable or
8 nonnegotiable installment consumer paper of the person
9 transferring the same if the bank's files or the knowledge of
10 its officers of the financial condition of each maker of
11 those obligations is reasonably adequate and if an officer of
12 the bank, designated for that purpose by the board of
13 directors of the bank, certifies that the responsibility of
14 each maker of the obligations has been evaluated and that the
15 bank is relying primarily upon each maker for the payment of
16 the obligations. The certification shall be in writing and
17 shall be retained as part of the records of the bank.

18 (l) The Commissioner may prescribe rules to carry out
19 the purposes of this Section and to establish limits or
20 requirements other than those specified in this Section for
21 particular types of loans and extensions of credit.

22 (Source: P.A. 92-483, eff. 8-23-01.)

23 (205 ILCS 205/8015) (from Ch. 17, par. 7308-15)
24 Sec. 8015. Change in control.

25 (a) Any person, whether acting directly or indirectly or
26 through or in concert with one or more persons, shall give
27 the Commissioner 60 days written notice of intent to acquire
28 control of a savings bank or savings bank affiliate operating
29 under this Act. The Commissioner shall promulgate rules to
30 implement this provision including definitions, application,
31 procedures, standards for approval or disapproval.

32 (b) The Commissioner may examine the books and records
33 of any person giving notice of intent to acquire control of a

1 savings bank operating under this Act.

2 (c) The Commissioner may approve or disapprove an
3 application for change of control. In--either--case,--the
4 decision--must--be--issued--within--30--days--of--the--filing--of--the
5 initial--application--or--the--date--of--receipt--of--any--additional
6 information--requested--by--the--Commissioner--that--is--necessary
7 for--his--decision--to--be--made.--The--request--for--additional
8 information--must--be--made--within--20--days--of--the--filing--of--the
9 initial--application.

10 (Source: P.A. 92-483, eff. 8-23-01.)

11 Section 20. The Consumer Deposit Account Act is amended
12 by adding Section 3.5 as follows:

13 (205 ILCS 605/3.5 new)

14 Sec. 3.5. Notification to consumer of invalidated
15 routing number. At least 30 days before a financial
16 institution invalidates a routing number on a consumer
17 deposit account, whether as a result of a merger, purchase
18 and acquisition, or other transaction, the institution shall
19 send a notice to each affected consumer deposit account
20 holder advising the holder of the invalidation and the effect
21 it will have on the account. The notice shall include, but
22 shall not be limited to, the following information: the date
23 on which the routing number will no longer be effective;
24 procedures necessary to ensure that electronic funds
25 transfers, including direct deposits, are processed
26 correctly; and information on ordering new checks, debit
27 cards, and similar items.

28 Section 25. The Electronic Fund Transfer Act is amended
29 by changing Sections 20 and 45 as follows:

30 (205 ILCS 616/20)

1 Sec. 20. Powers and duties of Commissioner. The
2 Commissioner shall have the following powers and duties:

3 (1) to promulgate reasonable rules in accordance with
4 the Illinois Administrative Procedure Act for the
5 administration of this Act;

6 (2) to issue orders for the enforcement of this Act and
7 any rule promulgated under this Act;

8 (3) to appoint hearing officers ~~or--arbitrators~~ to
9 exercise any delegated powers;

10 (4) to subpoena witnesses, compel their attendance,
11 administer oaths, examine any person under oath, and require
12 the production of any relevant books, papers, accounts, and
13 documents in the course of and pursuant to any investigation
14 conducted or action taken by the Commissioner; and

15 (5) to conduct hearings; and

16 ~~(6) to arbitrate disputes as provided in subsection (c)~~
17 ~~of Section 45 of this Act.~~

18 (Source: P.A. 89-310, eff. 1-1-96.)

19 (205 ILCS 616/45)

20 Sec. 45. Nondiscriminatory access.

21 (a) Subject to the provisions of Section 35 of this Act,
22 use of a terminal through access to a switch and use of any
23 switch shall be available on a nondiscriminatory basis to any
24 switch or financial institution that has its principal place
25 of business within this State. The terms and conditions of
26 use shall be governed by a written agreement between the
27 network and the financial institution or other switch
28 obtaining the use. The written agreement shall specify all
29 of the terms and conditions under which the network may be
30 utilized, including commercially reasonable fees and charges.
31 ~~In case of a dispute under the terms of the written~~
32 ~~agreement, the parties shall be deemed to have agreed to~~
33 ~~accept the Commissioner as final arbitrator unless the~~

1 aggrieved-party-seeks-court-action.

2 (b) The use and operation of each terminal served by a
3 switch shall be governed by a written agreement between the
4 network and the person establishing the terminal. The
5 written agreement shall specify all the terms and conditions
6 under which the network provides service to the terminal,
7 including commercially reasonable fees and charges. In--ease
8 of--a--dispute--under-the-terms-of-the-written-agreement, the
9 parties--shall--be--deemed--to--have--agreed--to--accept--the
10 Commissioner-as-final-arbitrator-unless-the--aggrieved--party
11 seeks-court-action.

12 (c) (Blank.) The--Commissioner--shall-have-the-power-to
13 arbitrate-disputes-arising-under-(1)-contracts, in-accordance
14 with--the--terms--of--those--contracts, governing--the--use,
15 operation, and-access-to-switches-and-terminals, and-(2)--the
16 use, operation, and-access-to-switches-and-terminals.--Any
17 decision--by--the--Commissioner--in---connection---with---any
18 arbitration-shall-be-determined-only-after-an-opportunity-for
19 a-hearing-and-shall-be-subject-to-judicial-review-pursuant-to
20 the-provisions-of-the-Administrative-Review-Law-and-the-rules
21 adopted--pursuant--to--that--Law.-Anything-to-the-contrary-in
22 this-Act-notwithstanding, any-right--of--arbitration--granted
23 under--this--Act--is--subject-to-the-right-of-either-party-to
24 seek-court-action.

25 (Source: P.A. 89-310, eff. 1-1-96.)

26 Section 30. The Corporate Fiduciary Act is amended by
27 changing Sections 3-2, 4A-15, 5-2, 5-3, and 9-6 as follows:

28 (205 ILCS 620/3-2) (from Ch. 17, par. 1553-2)

29 Sec. 3-2. Change in control.

30 (a) Before a change may occur in the ownership of
31 outstanding stock or membership interests of any trust
32 company whether by sale and purchase, gift, bequest or

1 inheritance, or any other means, which will result in control
2 or a change in the control of the trust company or before a
3 change in the control of a holding company having control of
4 the outstanding stock or membership interests of a trust
5 company whether by sale and purchase, gift, bequest or
6 inheritance, or any other means, which will result in control
7 or a change in control of the trust company or holding
8 company, the Commissioner shall be of the opinion and find:

9 (1) that the general character of its proposed
10 management, after the change in control, is such as to
11 assure reasonable promise of competent, successful, safe
12 and sound operation;

13 (2) that the future earnings prospects, after the
14 proposed change in control, are favorable; and

15 (3) that the prior business affairs of the persons
16 proposing to obtain control or by the proposed management
17 personnel, whether as stockholder, director, member,
18 officer, or customer, were conducted in a safe, sound,
19 and lawful manner.

20 (b) Persons desiring to purchase control of an existing
21 trust company and persons obtaining control by gift, bequest
22 or inheritance, or any other means shall submit to the
23 Commissioner:

24 (1) a statement of financial worth; and

25 (2) satisfactory evidence that the prior business
26 affairs of the persons and the proposed management
27 personnel, whether as stockholder, director, officer, or
28 customer, were conducted in a safe, sound, and lawful
29 manner.

30 (c) Whenever a bank makes a loan or loans, secured, or
31 to be secured, by 25% or more of the outstanding stock of a
32 trust company, the president or other chief executive officer
33 of the lending bank shall promptly report such fact to the
34 Commissioner upon obtaining knowledge of such loan or loans,

1 except that no report need be made in those cases where the
2 borrower has been the owner of record of the stock for a
3 period of one year or more, or the stock is that of a
4 newly-organized trust company prior to its opening.

5 (d) (1) Before a purchase of substantially all the
6 assets and an assumption of substantially all the liabilities
7 of a trust company or before a purchase of substantially all
8 the trust assets and an assumption of substantially all the
9 trust liabilities of a trust company, the Commissioner shall
10 be of the opinion and find:

11 (i) that the general character of the acquirer's
12 proposed management, after the transfer, is such as to
13 assure reasonable promise of competent, successful, safe,
14 and sound operation;

15 (ii) that the acquirer's future earnings prospects,
16 after the proposed transfer, are favorable;

17 (iii) that any prior involvement by the acquirer or
18 by the proposed management personnel, whether as
19 stockholder, director, officer, agent, or customer, was
20 conducted in a safe, sound, and lawful manner;

21 (iv) that customers' interests will not be
22 jeopardized by the purchase and assumption; and

23 (v) that adequate provision has been made for all
24 obligations and trusts as required under Section 7-1 of
25 this Act.

26 (2) Persons desiring to purchase substantially all the
27 assets and assume substantially all the liabilities of a
28 trust company or to purchase substantially all the trust
29 assets and assume substantially all the trust liabilities of
30 a trust company shall submit to the Commissioner:

31 (i) a statement of financial worth; and

32 (ii) satisfactory evidence that the prior business
33 affairs of the persons and the proposed management
34 personnel, whether as stockholder, director, officer, or

1 customer, were conducted in a safe, sound, and lawful
2 manner.

3 (e) The reports required by subsections (a),(b), (c),
4 and (d) of this Section 3-2 shall contain the following
5 information to the extent that it is known by the person
6 making the report: (1) the number of shares involved; (2) the
7 names of the sellers (or transferors); (3) the names of the
8 purchasers (or transferees); (4) the names of the beneficial
9 owners if the shares are registered in another name; (5) the
10 purchase price; (6) the total number of shares owned by the
11 sellers (or transferors), the purchasers (or transferees) and
12 the beneficial owners both immediately before and after the
13 transaction; and, (7) in the case of a loan, the name of the
14 borrower, the amount of the loan, and the name of the trust
15 company issuing the stock securing the loan and the number of
16 shares securing the loan. In addition to the foregoing, such
17 reports shall contain such other information as may be
18 available and which is requested by the Commissioner to
19 inform the Commissioner of the effect of the transaction upon
20 the trust company or trust companies whose stock or assets
21 and liabilities are involved.

22 (f) Whenever such a change as described in subsection
23 (a) of this Section 3-2 occurs, each trust company shall
24 report promptly to the Commissioner any changes or
25 replacement of its chief executive officer or of any director
26 occurring in the next 12 month period, including in its
27 report a statement of the past and current business and
28 professional affiliations of the new chief executive officer
29 or directors.

30 (g) The provisions of this Section do not apply when the
31 change in control is the result of organizational
32 restructuring under a holding company.

33 (h) As used in this Section, the term "control" means
34 the power, directly or indirectly, to direct the management

1 or policies of the trust company or to vote 25% or more of
2 the outstanding stock of the trust company. ownership-of-such
3 amount--of-stock-or-membership-interests-or-ability-to-direct
4 the-voting-of-such-stock-or--membership---interests---as--to,
5 directly--or--indirectly, give power to direct or cause the
6 direction of the management or policies of the trust
7 company. A change in ownership of stock that would result in
8 direct--or--indirect ownership by a stockholder or member, an
9 affiliated group of stockholders or members, or a holding
10 company--of--less--than--10%--of--the--outstanding--stock--or
11 membership interests shall not be considered a change of
12 control. A change in ownership of stock or membership
13 interests that would result in direct or indirect ownership
14 by a stockholder or member, an affiliated group of
15 stockholders or members, or a holding company of 20% or such
16 lesser amount which would entitle the holder by applying
17 cumulative voting to elect one director shall be presumed to
18 constitute a change of control for purposes of this Section.
19 If there is any question as to whether a change in the
20 ownership or control of the outstanding stock or membership
21 interests is sufficient to result in obtaining control
22 thereof or to effect a change in the control application
23 should be filed thereof, the question shall be resolved in
24 favor of filing the application with reporting the facts to
25 the Commissioner.

26 As used in this Section, "substantially all" the
27 assets or liabilities or the trust assets or trust
28 liabilities of a trust company means that portion such that
29 their transfer will materially impair the ability of the
30 trust company to continue successful, safe, and sound
31 operations or to continue as a going concern.

32 (Source: P.A. 92-483, eff. 8-23-01.)

1 Sec. 4A-15. Representative offices. A foreign
2 corporation not conducting fiduciary activities may establish
3 a representative office under the Foreign Bank Representative
4 Office Act. At these offices, the foreign corporation may
5 market and solicit fiduciary services and provide back bank
6 office and administrative support to the foreign
7 corporation's fiduciary activities, but it may not engage in
8 fiduciary activities.

9 (Source: P.A. 92-483, eff. 8-23-01.)

10 (205 ILCS 620/5-2) (from Ch. 17, par. 1555-2)

11 Sec. 5-2. Examinations of corporate fiduciaries.

12 (a) The Commissioner, no less frequently than 18 months
13 following the preceding examination, and whenever in his
14 judgment it is necessary or expedient, either personally or
15 by one or more competent persons appointed by him, shall
16 visit and examine every corporate fiduciary in this State and
17 may, to the extent the Commissioner determines necessary,
18 examine the affairs of the corporate fiduciary's
19 subsidiaries, affiliates, parent companies and contractual
20 service providers for fiduciary services of the corporate
21 fiduciary as shall be necessary to fully disclose the
22 condition of such subsidiaries, affiliates, parent companies
23 and contractual service providers and the relation between
24 the corporate fiduciary and such subsidiaries, affiliates,
25 parent companies and contractual service providers and the
26 effect of such relations upon the affairs of such corporate
27 fiduciary. Instead of the Commissioner making the
28 examination provided by this subsection or appointing a
29 competent person to do so, the Commissioner may accept on an
30 alternating basis the examination made by the corporate
31 fiduciary's appropriate federal regulatory agency, provided
32 the appropriate federal regulatory agency has made such an
33 examination. Fiduciary services shall include, but not be

1 limited to, clerical, accounting, bookkeeping, statistical,
2 data processing, safekeeping or similar functions for a
3 corporate fiduciary.

4 (b) The Commissioner and every such examiner may
5 administer an oath to any person whose testimony is required
6 on any such examination, and compel the appearance and
7 attendance of any such person for the purpose of examination,
8 by summons, subpoena or attachment, in the manner now
9 authorized in respect to the attendance of persons as
10 witnesses in the circuit court; and all books and papers
11 which are necessary to be examined by the Commissioner or
12 examiner so appointed shall be produced, and their production
13 may be compelled in like manner.

14 (c) The expense of every examination, if any, shall be
15 paid by the corporate fiduciary examined, in such amount as
16 the Commissioner certifies to be just and reasonable.

17 (d) On every examination, inquiry shall be made as to
18 the condition and resources of the corporate fiduciary
19 generally, the mode of conducting and managing its affairs,
20 the action of its directors or trustees, the investments of
21 its funds, the safety and prudence of its management, the
22 security afforded to those by whom its engagements are held,
23 and whether the requirements of its charter and of the laws
24 have been complied with in the administration of its affairs.
25 The nature and condition of the assets in or investment of
26 any bonus, pension, or profit sharing plan for officers or
27 employees of a corporate fiduciary shall be deemed to be
28 included in the affairs of that corporate fiduciary subject
29 to examination by the Commissioner.

30 (e) Whenever any corporate fiduciary causes to be
31 performed, by contract or otherwise, any fiduciary services
32 for itself, whether on or off its premises:

33 (1) such performance shall be subject to
34 examination by the Commissioner to the same extent as if

1 the services were being performed by the corporate
2 fiduciary itself on its own premises; and

3 (2) the corporate fiduciary shall notify the
4 Commissioner of the existence of the service
5 relationship. Such notification shall be submitted
6 within 30 days after the making of such service contract,
7 or the performance of the service, whichever occurs
8 first. The Commissioner shall be notified of each
9 subsequent contract in the same manner.

10 For purposes of this subsection (e), the term "fiduciary
11 services" shall include such services as the computation and
12 posting of interest and other credits and charges;
13 preparation and mailing of checks, statements, notices and
14 similar items; clerical, bookkeeping, accounting, statistical
15 or similar functions; and any other function which the
16 corporate fiduciary, in the ordinary course of its business,
17 could have performed itself.

18 Any report of examination pursuant to this Section and
19 any copies thereof shall be the property of the Commissioner,
20 confidential and may only be disclosed under the
21 circumstances set forth in Section 48.3 of the Illinois
22 Banking Act, as now or hereafter amended.

23 (Source: P.A. 89-364, eff. 8-18-95; 90-301, eff. 8-1-97.)

24 (205 ILCS 620/5-3) (from Ch. 17, par. 1555-3)

25 Sec. 5-3. Violations; orders.

26 (a) Whenever it appears to the Commissioner from any
27 examination, statement of condition or report, that any
28 corporate fiduciary has committed any violation of law, has
29 made or published a false statement of condition or is
30 conducting its business in an unsafe, unsound or unauthorized
31 manner, he may shall, by an order under his signature, direct
32 the discontinuance of such illegal and unsafe, unsound or
33 unauthorized practices and that the corporate fiduciary

1 strictly conform with the requirements of the law, and with
2 safety and security in its transactions.

3 (b) If a corporate fiduciary refuses or neglects to make
4 a required statement of condition or any report required
5 under this Act, or to comply with an order as above stated,
6 or if it appears to the Commissioner that it is unsafe or
7 inexpedient for the corporate fiduciary to continue to
8 transact business, or that extraordinary withdrawals of money
9 are jeopardizing the interests of remaining depositors, or
10 that any corporate fiduciary or officer of a corporate
11 fiduciary has abused his trust or is guilty of misconduct in
12 his official position, injurious to the corporate fiduciary,
13 or that it has suffered a serious loss, he ~~may shall~~ enter an
14 order appropriate to the circumstances, which may include the
15 appointment of a receiver as hereinafter provided, the taking
16 of possession of the corporate fiduciary, or the removal of a
17 director, officer, employee, or agent of the corporate
18 fiduciary, or he may, represented by the Attorney General,
19 seek an injunction or other appropriate order from the court.

20 (c) No dividends shall be paid by a corporate fiduciary
21 while it continues its business as a corporate fiduciary to
22 an amount greater than its net profits then on hand,
23 deducting first therefrom its losses and bad debts.

24 (Source: P.A. 92-483, eff. 8-23-01.)

25 (205 ILCS 620/9-6)

26 Sec. 9-6. Audits.

27 (a) At least once in each calendar year a trust company
28 ~~corporate--fiduciary~~ must cause its books and records to be
29 audited by an independent licensed public accountant. The
30 Commissioner may prescribe the scope of the audit within
31 generally accepted audit principles and standards.

32 (b) The independent licensed public accountant shall
33 provide a written audit report to the trust company's

1 corporate--fiduciary's board of directors or to a committee
2 appointed by the trust company's corporate-fiduciary's board
3 of directors. If the audit report is given to a committee
4 appointed by the trust company's corporate-fiduciary's board
5 of directors, the committee shall, within 30 days after the
6 date of receipt of the audit report, provide the board of
7 directors with a written summary of the audit findings as
8 detailed in the audit report.

9 (c) The trust company's corporate-fiduciary's board of
10 directors or committee appointed by the board of directors
11 shall cause a copy of the audit report and any written
12 summary pursuant to paragraph (b) of this Section to be filed
13 with the Commissioner within 45 days after receipt of the
14 audit report.

15 (Source: P.A. 92-485, eff. 8-23-01.)

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.

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Statutes amended in order of appearance

- 70 ILCS 3605/25 from Ch. 111 2/3, par. 325
- 205 ILCS 5/5 from Ch. 17, par. 311
- 205 ILCS 5/18 from Ch. 17, par. 325
- 205 ILCS 205/6013 from Ch. 17, par. 7306-13
- 205 ILCS 205/8015 from Ch. 17, par. 7308-15
- 205 ILCS 605/3.5 new
- 205 ILCS 616/20
- 205 ILCS 616/45
- 205 ILCS 620/3-2 from Ch. 17, par. 1553-2
- 205 ILCS 620/4A-15
- 205 ILCS 620/5-2 from Ch. 17, par. 1555-2
- 205 ILCS 620/5-3 from Ch. 17, par. 1555-3
- 205 ILCS 620/9-6