

AN ACT in relation to banking.

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

Section 5. The Illinois Banking Act is amended by  
changing Section 34 as follows:

(205 ILCS 5/34) (from Ch. 17, par. 342)

Sec. 34. Exceptions to loans and investment limits. The  
limitations in Sections 32, 33, and 35.1 of this Act upon the  
liabilities of any one person and upon the purchase and  
holding of marketable investment securities shall not apply:

(1) To the extent of 50% of the unimpaired capital and  
unimpaired surplus of any bank, to loans to or obligations of  
any person to the extent that the loan shall be secured by a  
like amount of obligations of or guaranteed by the United  
States or by the State of Illinois, or by a like amount of  
obligations of any corporation wholly owned directly or  
indirectly by the United States or of any agency or  
instrumentality of the United States or of the State of  
Illinois, including any unit of local government or school  
district, provided that the total liabilities to any bank of  
any one person shall not exceed 50% of such unimpaired  
capital and unimpaired surplus.

(2) To the extent of 30% of the unimpaired capital and  
unimpaired surplus of any bank, to loans to or obligations of  
any person to the extent that the same shall be secured by  
shipping documents or instruments transferring or securing  
title covering livestock or giving a lien on livestock when  
the market value of the livestock securing the obligation is  
not at the time of the making of the loan less than 115% of  
the principal amount of the obligation, provided that the  
total liabilities to any bank of any one person shall not

exceed 50% of the unimpaired capital and unimpaired surplus.

(3) To the extent of the unimpaired capital and unimpaired surplus of any bank, to the purchase of or holding by any bank of the general obligations of each municipality located in the State of Illinois or in any other state of the United States or to the purchase of or holding of the tax anticipation warrants of each such municipality.

(4) To the obligations as endorser, whether with or without recourse, or as guarantor, whether conditional or unconditional, of negotiable or nonnegotiable installment consumer paper of the person transferring the same if the bank's files or the knowledge of its officers of the financial condition of each maker of those obligations is reasonably adequate and if an officer of the bank, designated for that purpose by the board of directors of the bank, certifies that the responsibility of each maker of the obligations has been evaluated and that the bank is relying primarily upon each maker for the payment of the obligations; certification shall be in writing and shall be retained as part of the records of the bank.

(5) To the issuance, advice, or confirmation of letters of credit; however, if the letter of credit is a standby letter of credit, it shall be included within the limit under Section 32 for the person who has procured the issuance of the standby letter of credit unless the issuing bank has, at the time of issuance, an irrevocable commitment by another bank to purchase or participate out any amounts that may later be drawn under the letter of credit that would create a loan in excess of the limits under Section 32 for the person or the amounts are secured by pledge of United States government securities, a segregated deposit account, or other security that would exempt a loan so secured by application of Section 34 or 35 of this Act; if, however, a commitment to purchase or participate is in place, the

amounts are not included in the limits under Section 32 for the person until drafts are presented upon the letter.

(6) To the acceptance of drafts or bills of exchange that grow out of transactions involving the importation or exportation of goods; or that grow out of transactions involving the domestic shipment of goods, provided documents of title covering the goods secure the acceptances at the time of acceptance; or that are secured at the time of acceptances by documents of title covering readily marketable staples; but the aggregate amount of these acceptances by any State bank on behalf of any one person at any one time outstanding shall not exceed 20% of the unimpaired capital and unimpaired surplus of the bank unless the part thereof in excess of that percentum of unimpaired capital and unimpaired surplus is and will remain secured by accompanying documents of title or proceeds thereof growing out of the same transaction or by substituted security of similar character; provided further, however, that the aggregate amount of the acceptances on behalf of any one person outstanding at any one time shall not exceed 50% of the amount of unimpaired capital and unimpaired surplus of the bank. The provisions of this paragraph (6) apply to the acceptances by a State bank on behalf of any one person and not to the purchase by a State bank of other banks' acceptances. A State bank may purchase acceptances from other banks in amounts not to exceed 50% of the State bank's unimpaired capital and unimpaired surplus from any one bank.

(7) To the extent of 20% of the unimpaired capital and unimpaired surplus of any bank, to the purchase of or holding by any bank of obligations of the State of Israel or obligations fully guaranteed by the State of Israel as to payment of principal and interest.

(8) To the purchase of stock in a Federal Home Loan Bank.

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SB771 Enrolled

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(Source: P.A. 90-301, eff. 8-1-97.)

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