**Section 1000.630 Loans Secured by Real Estate**

a) An association may originate, invest in, sell, purchase, service, participate, or otherwise deal in (including brokerage or warehousing) real estate loans or interests in such loans.

b) In determining compliance with the maximum loan-to-value limitations specified at subsection (c) of this Section, an association shall add to the loan amount the total of all other existing liens or other encumbrances on the security property having priority over the association's lien (including the lien to be established by the association but excluding liens that will be released as the result of payments made from the proceeds of the new loan).

c) At the time of origination, a real estate secured loan granted under the provisions of 205 ILCS 105/5-2 shall not exceed the maximum loan-to-value ratio fixed for a like category by 12 CFR 545 as of February 29, 1984, and the Home Owners' Loan Act of 1933 as amended.

d) The loan-to-value limitations specified at subsection (c) of this Section shall not apply to the following:

1) to loans guaranteed or insured wholly or in part by the United States or any of its instrumentalities;

2) to loans or contracts made to finance the purchase of real estate owned which has been acquired by the association through default on a prior investment provided that the minutes of directors' meetings substantiate that such sale is made in compliance with the following:

A) the board of directors approved the specific terms of the loan or contract prior to the association's issuance of a letter of commitment. If no letter of commitment is to be issued, such approval shall be prior to the execution of a note, mortgage, or contract for deed between the purchaser and the association; and

B) the board of directors resolution of approval of the respective sale specifically indicates why the sale is in the best interest of the association and that said approval is given after duly considering the provisions of Section 1000.610 of this Subpart; and

C) the resolution identifies the specific documentation in their possession and utilized in determining that the sale was in the best interest of the association; and

D) all documentation used in evidencing compliance with this subsection (d)(2) is retained as a part of the records of the association for so long as the association has a direct or indirect interest in the respective real estate.

3) loans or contracts having additional eligible collateral pledged in an amount equal to that part of the loan or contract which is in excess of the lending limitations specified at subsection (c) of this Section. Eligible collateral means

A) any investment permissible pursuant to 205 ILCS 105/1-6, 5-2, and 5-3;

B) any savings or time deposit in a commercial bank which deposit is insured by the Federal Deposit Insurance Corporation and not under control of any supervisory authority; or

C) the cash surrender value of a life insurance policy validly assigned to the association.

(Source: Amended at 30 Ill. Reg. 18990, effective December 1, 2006)