**Section 1000.1020 Approval by the Director**

a) Except as provided in subsection (b), an application for approval of a service corporation shall be approved by the Director provided that:

1) its purpose or purposes are reasonably incident to the accomplishment of the express powers conferred upon associations by the Act, or are purposes granted or allowed to service corporations organized or owned by Federal associations; or its sole purpose is to operate as a finance subsidiary of an association to the extent authorized for finance subsidiaries of Federal associations under the provisions of 12 CFR 545.82 as of September 1, 1985; and

2) the application for approval of a service corporation includes: the appropriate fee; a copy of the service corporation's Articles of Incorporation; a list of proposed shareholders; the fiscal year-end date; and an undertaking by the service corporation with the continuing conditions specified in Section 1000.1020(c) and in a form prescribed by the Director.

b) An application for approval of a service corporation shall be denied by the Director in writing if the Director finds that any proposed shareholder is conducting business in an unsafe manner as defined in Section 1000.240.

c) Continuing conditions:

1) A service corporation shall not amend its Articles of Incorporation nor adopt an assumed corporate name without the prior written approval of the Director. A proposed amendment to Articles of Incorporation not involving a name change shall be approved unless it is in non-compliance with Section 1000.1020(a)(1). A proposed name change shall be approved unless such proposed name is either deceptively similar to that of a savings and loan association as specified in Section 2-4(e) of the Act or of a nature which might imply that the entity is a savings and loan association.

2) Each service corporation shall cause its affairs to be audited by a licensed public accountant at least once each fiscal year, and cause said accountant to deliver a copy of said certified statement to the Director simultaneously with the delivery of the statement to the service corporation;

3) Each service corporation shall be examined in conjunction with the examination of its parent associations. The Director shall require additional reports and/or examinations if the Director, or his staff members engaged in examination of the association's monthly report, determine that more information is needed to determine the viability of the service corporation; and

4) A service corporation shall not acquire any classified items from any association except that a service corporation may acquire real estate owned by any association. The term classified items has the meaning: prescribed in 12 CFR 561.16c (a)-(c) and (e) March, 1989 (no subsequent dates or editions).

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