**Section 1000.1040 Investments by Service Corporations**

a) A service corporation may invest its assets in any manner not expressly prohibited by law, provided such investments are made in the *exercise of reasonable judgment and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.*

b) If a service corporation has not been approved, or if approval is withdrawn, all loans to or investments in the service corporation shall constitute an unauthorized investment; however, the association shall be granted a reasonable time within which to dispose of said loans or investments.

c) A basis for withdrawal of approval of a service corporation exists if:

1) the service corporation is subject to involuntary dissolution for failure to file annual reports or pay fees pursuant to the Business Corporation Act [805 ILCS 5]; or

2) the service corporation fails to pay, within 60 days after the billing date, supervisory fees or examination fees due the Director; or

3) the service corporation fails to file, when due, those reports required by Sections 1000.1080 and 1000.1090 of this Subpart; or

4) the Director determines that the service corporation is engaged in activities that are not reasonably incidental to the accomplishment of the express powers conferred upon associations by the Act, or granted or allowed to service corporations organized or owned by Federal associations; or

5) the investment of any parent association in the respective service corporations is in excess of the investment limitations set forth at Section 1000.1030(a) of this Subpart; or

6) the Director determines that the service corporation is conducting business in a fraudulent, illegal, or unsafe manner.

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