**Section 1000.2055 Net Worth Maintenance Agreement**

a) The Director shall require each mutual holding company to execute a "Net Worth Maintenance Agreement" for each subsidiary depository institution it acquires. Under this agreement the holding company shall contractually agree to infuse equity capital as needed to keep net worth or regulatory capital at a predetermined level for each subsidiary depository institution. The Agreement shall:

1) Be for a specified term, in a higher amount to be set by the Director taking into account such factors as: capital risk (the risk from normal internal operations of the institution), market volatility (external risk to the institution's operations generated by uncontrolled factors such as: equity and bond markets, money supply, inflation), and stock ownership patterns (such as common, voting common, voting preferred, non-voting preferred, etc.);

2) Explicitly consent to the Director's authority to require infusion of additional equity capital when he determines the institution fails to meet its regulatory capital or net worth requirements. Such a determination shall be in accordance with Section 4-16 of the Act;

3) Explicitly give the Director the right to vote and dispose of the stock of any subsidiary institutions whose net worth or regulatory capital is not restored within 5 business days after the Director's determination of the need for additional capital; and

4) Establish procedures to effectuate subsection (a)(3) including provision of notice to all affected parties and selection of time and place at which the vote and disposition will occur.

b) The Director's right to vote stock shall include all shareholder matters, including the right to remove and replace the Board of Directors, the right to merge the institution and the right to sell the stock.

c) The Director shall base determination of a regulatory capital or net worth deficiency upon:

1) Reports from the subsidiary depository institution or the mutual holding company and, or;

2) Audited financial statement of the mutual holding company or the subsidiary depository institution and, or;

3) Examination, including examination by another government regulator, or a federal deposit insurance company, of the mutual holding company or the subsidiary depository institution.

d) In determining adequacy of net worth or regulatory capital, the Director shall review and examine the financial condition of entities which are affiliates or subsidiaries of the mutual holding company and of the subsidiary depository institution. If there is a determination by the Director that the subsidiary activity of the holding company represents a higher level of risk to the depository institution that existed prior to the application of the holding company formation, a higher net worth amount shall be required and the basis of the Director's decision shall be communicated in writing within 30 days to the institution.

e) All infusions to net worth or regulatory capital under this Section must be in cash or cash equivalent instruments such as: overnight deposits and federal funds.

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