

1 AN ACT in relation to banking.

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

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

6 (205 ILCS 5/34) (from Ch. 17, par. 342)

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

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

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

1 exceed 50% of the unimpaired capital and unimpaired surplus.

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

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

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

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

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

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

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

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

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