

1 AN ACT concerning 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 32 as follows:

6 (205 ILCS 5/32) (from Ch. 17, par. 339)

7 Sec. 32. Basic loaning limits. The liabilities
8 outstanding at one time to a state bank of a person for money
9 borrowed, including the liabilities of a partnership or joint
10 venture in the liabilities of the several members thereof,
11 shall not exceed 25% 20% of the amount of the unimpaired
12 capital and unimpaired surplus of the bank.

13 The liabilities to any state bank of a person may exceed
14 25% 20% of the unimpaired capital and unimpaired surplus of
15 the bank, provided that (i) the excess amount from time to
16 time outstanding is fully secured by readily marketable
17 collateral having a market value, as determined by reliable
18 and continuously available quotations, at least equal to the
19 excess amount outstanding; and (ii) the total liabilities
20 shall not exceed 30% of the unimpaired capital and unimpaired
21 surplus of the bank.

22 The following shall not be considered as money borrowed
23 within the meaning of this Section:

24 (1) The purchase or of discount of bills of
25 exchange drawn in good faith against actually existing
26 values.

27 (2) The purchase or discount of commercial or
28 business paper actually owned by the person negotiating
29 the same.

30 (3) The purchase of or loaning money in exchange
31 for evidences of indebtedness which shall be secured by

1 mortgage or trust deed upon productive real estate the
2 value of which, as ascertained by the oath of 2 qualified
3 appraisers, neither of whom shall be an officer,
4 director, or employee of the bank or of any subsidiary or
5 affiliate of the bank, is double the amount of the
6 principal debt secured at the time of the original
7 purchase of evidence of indebtedness or loan of money and
8 which is still double the amount of the principal debt
9 secured at the time of any renewal of the indebtedness or
10 loan, and which mortgage or trust deed is shown, either
11 by a guaranty policy of a title guaranty company approved
12 by the Commissioner or by a registrar's certificate of
13 title in any county having adopted the provisions of the
14 Registered Titles (Torrens) Act, or by the opinion of an
15 attorney-at-law, to be a first lien upon the real estate
16 therein described, and real estate shall not be deemed to
17 be encumbered within the meaning of this subsection (3)
18 by reason of the existence of instruments reserving
19 rights-of-way, sewer rights and rights in wells, building
20 restrictions or other restrictive covenants, nor by
21 reason of the fact it is subject to lease under which
22 rents or profits are reserved by the owners.

23 (4) The purchase of marketable investment
24 securities.

25 (5) The liability to a state bank of a person who
26 is an accommodation party to, or guarantor of payment
27 for, any evidence of indebtedness of another person who
28 obtains a loan from or discounts paper with or sells
29 paper to the state bank; but the total liability to a
30 state bank of a person as an accommodation party or
31 guarantor of payment in respect of such evidences of
32 indebtedness shall not exceed 20% of the amount of the
33 unimpaired capital and unimpaired surplus of the bank;
34 provided however that the liability of an accommodation

1 party to paper excepted under subsection 2 of this
2 Section shall not be included in the computation of this
3 limitation.

4 (6) The liability to a state bank of a person, who
5 as a guarantor, guarantees collection of the obligation
6 or indebtedness of another person.

7 The total liabilities of any one person, for money
8 borrowed, or otherwise, shall not exceed 25% of the deposits
9 of the bank, and those total liabilities shall at no time
10 exceed 50% of the amount of the unimpaired capital and
11 unimpaired surplus of the bank. Absent an actual unremedied
12 breach, the obligation or responsibility for breach of
13 warranties or representations, express or implied, of a
14 person transferring negotiable or non-negotiable paper to a
15 bank without recourse and without guaranty of payment, shall
16 not be included in determining the amount of liabilities of
17 the person to the bank for borrowed money or otherwise; and
18 in the event of and to the extent of an unremedied breach,
19 the amount remaining unpaid for principal and interest on the
20 paper in respect of which the unremedied breach exists shall
21 thereafter for the purpose of determining whether subsequent
22 transactions giving rise to additional liability of the
23 person to the state bank for borrowed money or otherwise are
24 within the limitations of Sections 32 through 34 of this Act,
25 be included in computing the amount of liabilities of the
26 person for borrowed money or otherwise.

27 The liability of a person to a state bank on account of
28 acceptances made or issued by the state bank on behalf of the
29 person shall be included in the computation of the total
30 liabilities of the person for money borrowed except to the
31 extent the acceptances grow out of transactions of the
32 character described in subsection (6) of Section 34 of this
33 Act and are otherwise within the limitations of that
34 subsection; provided nevertheless that any such excepted

1 acceptances acquired by the state bank which accepted the
2 same shall be included in the computation of the liabilities
3 of the person to the state bank for money borrowed.

4 (Source: P.A. 89-364, eff. 8-18-95; 90-301, eff. 8-1-97.)

5 Section 99. Effective date. This Act takes effect upon
6 becoming law.