



Division of Banking: Illinois State Banking Powers Comparison

POWER	STATE COMMERCIAL BANKS	STATE SAVINGS BANKS	FEDERAL S&L ASSOCIATIONS	NATIONAL BANKS
Deposits				
Demand Deposits (checking accounts) and Negotiable Order of Withdrawal Accounts (NOW accounts)	Permitted; personal and commercial interest or noninterest bearing NOW accounts individuals, nonprofits & government entities. Sec. 3 IBA.	Permitted; personal and commercial interest or noninterest bearing NOW accounts individuals, nonprofits & government entities. Sec. 7001 - 7005 SBA.	Permitted non-interest bearing demand accounts for all customers & interest bearing NOW accounts individuals, nonprofits & government entities. 12 U.S.C. Sec. 1464(b) and 1832; 12 C.F.R. Sec. 561.29.	Permitted non-interest bearing demand accounts for all customers & interest bearing NOW accounts individuals, nonprofits & government entities. 12 U.S.C. Sec. 24(7), 371a, and 12 C.F.R. Sec. 204.130 and 217.3.
Time Deposits (CDs, savings accounts, and retirement accounts)	All types permitted. Sec. 3 IBA.	All types permitted. Sec. 7001 - 7005 SBA.	Permitted. 12 U.S.C. Sec. 1464(b).	Permitted; 12 U.S.C. 24(7).
Special Deposits (receipt of money, financial instruments, or other property for safe-keeping, escrow accounts and safe deposit boxes)	Permitted. Sec. 3 and 5(8) IBA.	Permitted. Sec. 1006(e), and 6002(11) SBA. Also see Sec. 1008(a)(9) SBA	Permitted. 12 C.F.R. Sec. 568.3.	Permitted; 12 U.S.C. 24(7).
Deposits of Public Funds	Permitted to accept deposits of federal, state and local governments; collateralized deposits of public funds; act as financial agent of federal government. Sec. 3, 5(7) and 5(11) IBA.	Permitted. Sec. 1008(a) and 7005(3)SBA.	Permitted to accept deposits of federal, state and local governments and give security for such deposits. 12 C.F.R. Sec. 545.16 and 545.101.	Permitted to accept deposits of federal, state and local governments and give security for such deposits. 12 U.S.C. Sec. 90 and 265.
Brokered Deposits	Permitted. Sec. 3 IBA.	Permitted. Sec. 7001- 7005 SBA.	Permitted. 12 U.S.C. Sec. 1831f.	Permitted. 12 U.S.C. Sec. 1831f.
Trust and Other Fiduciary Accounts	Permitted for bank. Sec. 3 IBA.	Permitted for SB. Sec. 1008(a)(10) and 6003(17) SBA.	Permitted with OTS approval. 12 U.S.C. Sec. 1464(n).	Permitted with OCC approval. 12 U.S.C. Sec. 24(7), 36, and 92a; 12 C.F.R. Part 9 and 5.26; OCC Interpretive Letter No. 695, Dec. 8, 1995. ⁽⁴⁾
Short Term Repurchase Agreements	Permitted; general investment authority, incidental powers & parity. Sec. 3 and 5(11) IBA.	Permitted; general investment authority, incidental powers, or parity. Sec. 6002, 6003, or 1006(e) SBA.	Permissible subject to prudent controls. FHLBB Op. by Smith, June 28, 1988.	Generally permissible. 12 U.S.C. Sec. 24(7).
Customer Services				
Check Cashing and Processing, and Check and Credit Card Verification	Permitted. Sec. 3 IBA.	Permitted. Sec. 1006(e), 1008(a)(26) & 6002(11) SBA.	May cash and process checks and verify checks and credit card transactions. 12 U.S.C. Sec. 1464(b)-(1)(E); FHLBB Op. Gen. Couns., June 24, 1968; 12 U.S.C. 4001, et seq.; 12 C.F.R. Part 229; 12 C.F.R. Sec. 559.4(c)(6).	May cash and process checks. 12 U.S.C. Sec. 24(7) and Sec. 4001, et seq.;, and 12 C.F.R. Part 229.

Issue, Process and Collect Cashiers' Checks and Money Orders	Permitted. Sec. 3 IBA.	Permitted. Sec. 1006(e), 1008(a)(26) & 6002(11) SBA.	Permitted. 12 C.F.R. Sec. 545.17.	Permitted. 12 U.S.C. Sec. 24(7).
Marketing Stored Value Cards	Permitted. Sec. 3 and 5(11) IBA.	Permitted. Sec. 1006(e), 1008(a)(26) & 6002(11) SBA.	Permitted. cf. 12 C.F.R. Sec. 559.4(d)(6); OTS Op. Ch. Couns., Aug. 29, 1996.	Permitted. cf. OCC IL No. 737, Aug. 19, 1996; OCC Conditional Approval No. 220, Dec. 2, 1996
Travel Services	Bank may operate full service travel agency if it owned it before July 1, 1991. Sec. 5(22) IBA.	SB may operate full service travel agency if it owned it before July 1, 1991. Sec. 1008(a)(26) SBA.	May not act as a travel agent.	May not act as a travel agent. E.g., <u>Arnold Tours v. Camp</u> , 472 F.2d 427 (1st Cir. 1972).
Foreign Exchange Activities	May issue traveler's checks, exchange foreign currency, make travel loans, and issue letters of credit. Sec. 5(11) IBA.	May issue traveler's checks, exchange foreign currency, make travel loans, and issue letters of credit. Sec. 1006(e), 1008(a)(26) & 6002(11) SBA.	May issue traveler's checks, exchange foreign currency. 12 C.F.R. Sec. 559.4(d)(2).	May issue traveler's checks, exchange foreign currency, make travel loans, issue letters of credit. e.g. <u>Arnold Tours v. Camp</u> , 472 F.2d 427 (1st Cir. 1972).
Home Banking Services (including data processing & software)	Permitted. Sec. 3 IBA.	Permitted. Sec. 1008(a)(19) SBA.	Presumably permitted.	Permitted. 12 C.F.R. Sec. 7.1019.
Insurance and Annuities	May act as registered firm and employees licensed as insurance producers for all lines of insurance -- life, health, auto, liability, casualty, annuities without geographic restrictions. No bank guarantees of payment or assurances of truthful application. Sec. 5(24) IBA and Article XLIV of Illinois Insurance Code [215 ILCS 5/1400 et seq.].	May act as registered firm and employees licensed as insurance producers for all lines of insurance -- life, health, auto, liability, casualty, annuities without geographic restrictions. No guarantees of payment or assurances of truthful application. Sec. 1008(a)(26) SBA and Article XLIV of Illinois Insurance Code [215 ILCS 5/1400 et seq.].	Through service corporation may sell liability, casualty, auto, life, health, title insurance, accident, subject to state laws. 12 C.F.R. Sec. 559.4(f)(3).	Permitted to sell all lines of insurance from towns of 5,000 or less. 12 U.S.C. Sec. 92; 12 C.F.R. Sec. 7.1001.
Mortgage Reinsurance	Op. sub. permitted to reinsure portions of mortgage insurance on loans originated or purchased by the bank or its lending affiliate. OBRE approval required. Sec. 3 and 5(11) IBA.	Permitted for op. sub. See Sec. 1008(a)(26) & 6002(11) SBA.	Generally prohibited. Inc. & operation of wholly-owned reins. co. permitted on case-by-case basis. OTS Bulletin 12/98.	Op sub. may reinsure portions of mortgage insurance on loans originated or purchased by the NB or its lending affiliate. OCC approval required. OCC IL No. 743, Oct. 17, 1996.
Conditional Debt Cancellation Agreements (upon death, disability or other loss by borrower)	Permitted. Sec. 3 IBA. See also IL 94-11 (6/15/94).	Permitted; Sec. 1006(e), 1008(a)(26) & 6002(11) SBA.	Permitted. OTS Op. Acting Ch. Couns. Sept. 15, 1993; OTS Op. Ch. Couns., Dec. 18, 1995.	Permitted. 12 C.F.R. Sec. 7.1013.
Guaranteed Asset Protection Plan (where car loan debt is cancelled if car securing loan is	Permitted. Sec. 3 IBA; IL 94-13 (7/27/94).	Permitted; Sec. 1006(e) & 1008(a)(26) SBA.	Presumably permitted; same rationale as Debt Cancellation Agreements.	Presumably permitted; same rationale as Debt Cancellation Agreements.

stolen, lost or destroyed)				
Securities Brokerage as Agent for Customer	Permitted to operate full service securities brokerage. OBRE Declaratory Rulings 320-90-1 (12/31/90) and 320-91-1 (3/18/91).	Permitted per Sec. 1006(e), 1008(a)(26) & 6002(11) SBA.	Permitted. Certain restrictions apply. 12 C.F.R. Sec. 545.74 & 559.4(f).	Permitted. Certain Restrictions apply. 12 U.S.C. Sec. 24(7) & 15 U.S.C. Sec. 78(c) (4) - (6). Op. subs. engaged in securities brokerage must register with state or national authorities.
Investment Advice	Permitted as fiduciary; "conduct of business as a fiduciary" includes rendering investment advice. See OBRE IL 93-1 (2/3/93).	Permitted; Sec. 1006(e), 1008(a)(26) & 6002(11) SBA.	If service corp. must register as investment advisers. 12 C.F.R. Sec. 545.74 & 559.4(f)(2); & 15 U.S.C. Sec. 80b-3. Generally permitted in trust dept.	Permitted in fiduciary capacity given OCC authorization. If through an op. sub., must register op. sub. as investment adviser. 12 U.S.C. Sec. 24(7) & 92a & 15 U.S.C. Sec. 80b-2(a)(11).
Financial Consulting	May provide financial consulting for other financial institutions, the general public. May not participate in negotiations as a representative of one of the parties. Banks exempt from registration under Advisers Act, but op. subs. must register. Sec. 3 and 5(11) IBA. See also OBRE IL 89-7 (June 18, 1989). 15 U.S.C. Sec. 80b-2(11).	May provide financial consulting for other financial institutions, the general public. May not participate in negotiations as a representative of one of the parties. SB exempt from registration under Advisers Act, but op. subs. must register. Sec. 1006(e), 1008(a)(26) & 6002(11) SBA.	May provide consulting and advisory services for financial institutions and the general public. OTS Op. Ch. Couns., May 10, 1995, and FHLBB Op. Gen. Couns., Aug. 11, 1981. Registration under the Advisers Act may be required; through a service corporation may engage in financial consulting. 12 C.F.R. Sec. 559.4(d).	May provide financial consulting for financial institutions and the general public; may not participate in negotiations as a representative of one of the parties; Nat. bank exempt from registration under Advisers Act, but op. subs. must register. 12 U.S.C. Sec. 24(7) and 92a; See. OCC Letter No. 238, Feb. 9, 1982.
Securities Underwriting	Bank may underwrite without limit general obligations of the U.S., Canada, the states, provinces, and political subdivisions thereof, and obligations of certain government-sponsored entities; may underwrite (limit, 10% of capital and surplus) specialized obligations for housing, dormitory, & university purposes. Sec. 3, 5(11), 34 and 35 IBA.	May underwrite without limit general obligations of the U.S., Canada, the states, provinces, and political subdivisions thereof, and obligations of certain government-sponsored entities; may underwrite (limit, 10% of capital and surplus) specialized obligations for housing, dormitory, & university purposes. Sec. 1006(e) & 1008(a)(26) SBA.	Not authorized to underwrite securities.	May underwrite without limit general obligations of the U.S., Canada, the states, provinces, and political subdivisions thereof, and the obligations of certain government-sponsored entities. May underwrite (limited to 10% of capital and surplus) other specialized obligations issued for housing, dormitory, and university purposes. 12 U.S.C. Sec. 24(7); 12 C.F.R. Part 1.
Mutual Fund Activities	Banks and their op. subs. may: (1) act as custodian, transfer agent, and investment adviser to a mutual fund, and (2) broker both proprietary and third party	May: (1) act as custodian, transfer agent, and investment adviser to a mutual fund, and (2) broker both proprietary and third party mutual funds. Op.	FSA service corporations may sponsor, advise and distribute mutual funds, in addition to brokering both proprietary and third party mutual funds, with	NBs and their op. subs. may: (1) act as custodian, transfer agent, and investment adviser to a mutual fund, and (2) broker both proprietary and third party

	mutual funds. Op. subs (but not banks) must register with state or federal authorities. Sec. 3, 5(5.1) & 5(11) IBA. 15 U.S.C. Sec. 80a-3(c)(3).	subs (but not banks) must register with state or federal authorities. Sec. 1006(e), 1008(a)(26) & 6002(11) SBA.	OTS approval. FSA service corporations must register with SEC. 12 C.F.R. Sec. 545.74 and 559.4(f); FHLBB Reg. No. 88-237.	mutual funds. Op. subs (but not NBs) must register with state or federal authorities. 12 U.S.C. Sec. 24(7), 15 U.S.C. Sec. 78(c)(4) - (6), 80b-2(a)(11).
Real Estate Brokerage	Permitted by trust company subsidiary of bank or in bank trust property for farm properties held in trust or pursuant to Agency agreement. See IL 95-11 (10/27/95) & 97-6 (10/16/97)	Permitted by trust company subsidiary of SB or in SB trust property for farm properties held in trust or pursuant to Agency agreement. Sec. 1008(a)(26) SBA.	Not authorized engage in real estate brokerage except through a service corporation for property owned by the parent FSA, the service corporation, or a sub. of the service corporation. 12 C.F.R. Sec. 559.4(e)(4).	Not permitted to engage in real estate brokerage activities. May act as finders as specified in 12 C.F.R. Sec. 7.1002.
Tax Returns	Permitted to prepare tax returns directly or through subsidiaries for any type of customer, but may not act as an expert tax consultant. OBRE IL 97-1 (1/21/97) & IL 99-03 (10/06/99)	Permitted to prepare tax returns directly or through subsidiaries for any type of customer, but may not act as an expert tax consultant. Sec. 1006(e) & 1008(a)(26) SBA.	FSA service corporations may prepare income tax returns. 12 C.F.R. Sec. 559.4(d)(4).	NBs permitted to prepare tax returns directly or through subsidiaries for any customer; may not act as an expert tax consultant. 12 U.S.C. Sec. 24(7); 12 C.F.R. Sec. 7.1008.
Data Processing; Furnishing Products and Services by Electronic Means	Bank may provide data processing services for itself and to other depository institutions, either directly or through an op. sub. of the bank; bank may collect, transcribe, process, analyze and store for itself and others, banking, financial, or related economic data; may sell to third parties excess data processing capacity that the bank acquired in good faith for banking purposes. May provide by electronic means any permitted banking services. Sec. 3, 5(12) and 5(11) IBA.	Permitted. Sec. 1008(a)(18) SBA.	May perform, provide or deliver through electronic means any authorized activity, function, product, or service. May provide data processing to others for financial and economic data, if services are provided primarily for affiliates, other financial institutions, and FSA customers with a deposit or lending relationship. May invest with others in a for-profit corporation offering these services. OTS op. Ch. Couns., Dec. 13, 1993 and OTS Op. Ch. Couns., Sept. 15, 1995.	May perform, provide or deliver through electronic means any authorized activity, function, product, or service. May, for efficiency, sell to third parties excess electronic data processing capacities acquired or developed by the bank in good faith for banking purposes. 12 U.S.C. Sec. 24(7); 12 C.F.R. Sec. 7.1019; See also OCC ILs Nos. 611, Nov. 23, 1992, and 677, June, 28, 1995.
Messenger Services	May establish/operate a messenger service to transport banking transaction items to and from its customers; branch notice required if messenger service is a branching function. Sec. 5(15) IBA. May use third party messenger service to transport items to and from	Generally permitted. Sec. 1006(e), 1008(a)(26) & 6002(11).	FSAs are authorized to provide messenger services to facilitate customer transactions, including deposits. OTS Op., by Asst. Ch. Couns., Nov. 20, 1992. In addition, FSA service corporations may engage in the business of providing financial courier services to the general	May establish/operate a messenger service to transport banking transaction items to and from its customers; branch approval required if messenger service is a branching function. 12 U.S.C. Sec. 36(j). May use third party messenger service to transport items to and from

	customers without regard to branching limitations. Sec. 5(11) IBA.		public. 12 C.F.R. Sec. 559.4-(b)(5).	customers without regard to branching limitations. 12 U.S.C. Sec. 24(7); 12 C.F.R. Sec. 7.1012.
Real Estate Appraisals	Bank may perform real estate appraisals for loans it originates and for other financial institutions. Sec. 3 and 5(11). <u>But see</u> 32(3) IBA. OBRE IL 93-14 (8/4/93) "qualified real estate" loans (50% of unimpaired capital and surplus of the bank) require independent appraiser.	Generally permitted. Sec. 1006(e), 1008(a)(26) & 6002(11).	Qualified FSA staff may appraise realty if independent judgment is assured. 12 C.F.R. 564.5(a). FSA service corporations may offer appraisal services to the general public. 12 C.F.R. Sec. 559.4(c)(3).	May maintain its own appraisal staff for appraisals in connection with real estate loans made by the NB or bank fiduciary activities. NBs permitted to offer appraisal services to the general public. OCC Letter No. 238, Feb. 98, 1982.
Transaction Finders	Bank or subsidiary may act as finder to bring parties together for transaction (parties themselves negotiate) for goods or services. Finder does not act as broker under applicable law. Bank may advertise finder services and receive a fee for services. Sec. 3 and 5(11) IBA.	Generally permitted. Sec. 1006(e), 1008(a)(26) & 6002(11).	To date, FSAs have not been authorized to charge fees for bringing together parties to business transactions.	May act as finder to bring parties together for transaction that the parties themselves negotiate. "Finder" means not acting as "broker" under applicable federal law. May advertise and accept fees for NB's finder services unless prohibited. 12 U.S.C. Sec. 24(7); 12 C.F.R. Sec. 7.1002; OCC IL No. 741, Aug. 19, 1996.
Derivatives Activities	Bank may use swaps, futures, forward commitments, and options activities to manage or reduce risk. Bank should follow risk management practices suggested in issuances by state and federal banking agencies for derivatives activities. Sec. 3 and 5(11) IBA. See also OBRE IL 95-015 (December 20, 1995) and 94-019 (September 15, 1994).	Permitted. Sec. 1006(e) & 6003(16) SBA, Regulation 38 Ill. Adm. Code 1075.565 and 1075.570.	As a general rule, may engage in derivatives if authorized to invest in underlying instruments.	May use swaps, futures and options to manage risk; See, Derivatives Activities Risk Management Guidelines. OCC Banking Circular 277. 12 U.S.C. Sec. 24(7). "Derivatives product company" sub of NB may do permitted derivatives-related activities, OCC Interpretive Letter No. 725, May 10, 1996.
Asset Securitization	Bank may use asset securitization as a means of selling mortgage and nonmortgage loans (including credit card receivables). Bank also may sell to the public new issues of obligations representing interests in pools of mortgage and nonmortgage	Permitted. Sec. 1006(e), 1008(a)(26), 6002 and 6007 SBA.	Generally, may use asset securitization to sell any types of loans or other credit receivables they are authorized to originate or purchase. In order to engage in the sales activity directly (or through a FSA service corporation), the FSA (or FSA service corporation) must	NB may securitize & sell assets it holds. See 12 C.F.R. Part 1.3(g). Securities may be registered securities, salesperson may require federal or state registration, but NB directly selling securities is exempt from broker-dealer registration. 15 U.S.C. Sec. 78(c) (4)-(6); <u>See</u> OCC

	loans that are either originated by the bank or purchased from others. Sec. 3 and 5(11) IBA. Certificates evidencing interest in the assets must be issued in compliance with applicable securities laws.		register as a broker-dealer pursuant to the federal securities laws. Asset securitization is permissible for FSA, but associations must register as broker-dealers pursuant to the securities laws.	IL No. 388, June 16, 1987; OCC IL No. 540, Dec. 12, 1990; OCC IL No. 585, June 8, 1992.
Postal Services, Vehicle Plates and Tags, Utility Bill Payment, and Public Transit Tokens/Cards	Permitted to maintain, operate, and receive income from a postal substation on banking premises in compliance with U.S. Postal Service regulations, including selling stamps, money orders, meter stamping, accepting letters and packages, and insuring packages. Bank must keep books and records of the substation separate from banking operations; books and records of postal substation subject to inspection by U.S. Postal Service. Permitted to sell license plates and vehicle stickers. Sec. 3 and 5(11) IBA. <u>See Corbett v. Devon Bank</u> , 299 N.E. 2d 521 (1973).	Permitted to maintain, operate, and receive income from a postal substation on banking premises in compliance with U.S. Postal Service regulations, including selling stamps, money orders, meter stamping, accepting letters and packages, and insuring packages. Bank must keep books and records of the substation separate from banking operations; books and records of postal substation subject to inspection by U.S. Postal Service. Permitted to sell license plates and vehicle stickers. <u>See Corbett v. Devon Bank</u> , 299 N.E. 2d 521 (1973). Sec. 1006(e) & 1008(a)(26) SBA.	Permitted to maintain, operate, and receive income from a postal substation on banking premises in compliance with U.S. Postal Service regulations, including selling stamps, money orders, meter stamping, accepting letters and packages, and insuring packages. FSA must keep books and records of the substation separate from banking operations; books and records of postal substation subject to inspection by U.S. Postal Service and OTS. OTS Op. Acting Ch. Couns., Mar. 25, 1994. <u>See also</u> 12 C.F.R. Sec. 559.4(d)(5) (postal services by FSA service corporation). 299 N.E. 2d 521 (1973).	Permitted to maintain, operate, and receive income from a postal substation on banking premises in compliance with U.S. Postal Service regulations, including meter stamping, accepting letters and packages, and insuring packages. Bank must keep books and records of the substation separate from banking operations; books and records of postal substation subject to inspection by U.S. Postal Service. 12 C.F.R. Sec. 7.1010, 39 C.F.R. Sec. 241.2.
Mortgage Document Custodian	Bank may act as document custodian of residential mortgage loan documents for third parties without obtaining approval to exercise trust powers. Sec. 3 and 5(11) IBA.	May act as document custodian of residential mortgage loan documents for third parties without obtaining approval to exercise trust powers. Sec. 1006(e), 1008(a)(26) & 6002(11) SBA.	May act as document custodian of residential mortgage loan documents for third parties without obtaining trust powers. OTS Op. Ch. Couns., Jan. 31, 1994. FSA service corporation may operate as escrow agent or trustee under deeds of trust. 12 C.F.R. Sec. 559.4(c)(7).	May act as document custodian of residential mortgage loan documents for third parties without obtaining approval to exercise trust powers. See 12 U.S.C. Sec. 24(7).
Support Services	Bank may act as agent for an individual or corporation without obtaining prior approval to exercise trust powers if the duties are nondiscretionary and purely ministerial in nature. Sec. 3 and 5(11) IBA.	May act as agent for an individual or corporation without obtaining prior approval to exercise trust powers if the duties are nondiscretionary and purely ministerial in nature. Sec. 1006(e), 1008(a)(26) & 6002(11) SBA.	May provide ministerial, non-discretionary support services as agent for a trust company without approval to exercise trust powers. OTS Op. Ch. Couns., Oct. 17, 1995. FSA service corporation may provide abstract services, operate	May act as agent for an individual or corporation without obtaining prior approval to exercise trust powers if the duties are nondiscretionary and purely ministerial in nature. OCC Interpretive Letter No. 404, Feb. 5, 1976.

			collection agency, and provide credit-related services (loan analysis and inspection). 12 C.F.R. Sec. 559.4(c).	
Lending				
Consumer Loans				
Residential/Consumer Loans	Permitted without aggregate investment limit. Sec. 3 IBA.	Permitted without aggregate investment limit. Sec. 6002 SBA.	May make these loans without aggregate investment limit. 12 U.S.C. Sec. 1464(c) (1) (B), (E), and (R).	May make, arrange, purchase, or sell loans secured by liens on or interest in real estate without aggregate investment limit. (terms, conditions, and limitations prescribed by OCC). 12 U.S.C. Sec. 24(7) and 371; 12 C.F.R. Part 34.
Home Improvement Loans	Permitted without aggregate investment limit. Sec. 3 IBA.	Permitted without aggregate investment limit. Sec. 6002 SBA.	May make these loans without aggregate investment limit. 12 U.S.C. Sec. 1464 (c) (1) (J); 12 C.F.R. Sec. 560.30.	May make these loans without aggregate investment limit. 12 U.S.C. Sec. 24(7); 12 C.F.R. Sec. 34.
Construction Loans for Residential Realty	Permitted without aggregate investment limit. Sec. 3 IBA.	Permitted without aggregate investment limit. Sec. 1008(a)(26) SBA.	May make these loans subject to a limit equal to greater to the 5% of assets or 100% of capital. 12 U.S.C. Sec. 1464(c) (3) (B).	May make these loans without aggregate investment limit. 12 U.S.C. Sec. 24(7); 12 C.F.R. Sec. 34.
Loans for Personal, Family, or Household Purposes	Permitted without aggregate investment limit. Sec. 3 IBA.	Permitted without aggregate investment limit. Sec. 6002(3) SBA.	May make these loans; aggregate investment limit, 35% of assets (added with commercial paper and corporate debt securities). 12 U.S.C. Sec. 1464(c) (2) (B).	May make these loans without aggregate investment limit. 12 U.S.C. Sec. 24(7)
Education Loans	Permitted without aggregate investment limit. Sec. 3 IBA.	Permitted without aggregate investment limit. Sec. 1008(a)(26) SBA.	May make these loans without aggregate investment limit. 12 U.S.C. Sec. 1464(c)(1) (U).	May make these loans without aggregate investment limit. 12 U.S.C. Sec. 24(7)
Credit Card Loans	Permitted without aggregate investment limit. Sec. 3 IBA.	Permitted without aggregate investment limit. Sec. 1008(21) and 1008(a) (26) SBA.	May make these loans without aggregate investment limit. 12 U.S.C. Sec. 1464(c) (1) (T).	May make these loans without aggregate investment limit. 12 U.S.C. Sec. 24(7)
Overdraft Loans	Permitted without aggregate investment limit. Sec. 3 IBA.	Permitted without aggregate investment limit. Sec. 1008(a)(26) SBA.	May make overdraft loans (overdraft on commercial demand account subject to the commercial lending limit--see below). 12 U.S.C. Sec. 1464(c) (1)-(A)	May make these loans without aggregate investment limit. 12 U.S.C. Sec. 24(7)
Loans Secured by Deposit Accounts	Permitted without aggregate investment limit, Sec. 3 IBA, and without loan to one borrower	Permitted without aggregate investment limit, and without loan to one borrower limit Sec.	May make these loans without aggregate investment limit. 12 U.S.C. Sec. 1464(c) (1) (A)	May make these loans without aggregate investment limit. 12 U.S.C. Sec. 24(7) & 84(c)(6).

	limit if deposit account in the same bank, Sec. 35(7) IBA.	6013 SBA.		
Loans Secured by Stock	Permitted without aggregate investment limit. Sec. 3 IBA.	Permitted without aggregate investment limit. Sec. 1008(a)(26) SBA.	Loans secured by stock are subject to either commercial or consumer lending limits, depending upon loan's purpose.	May have 15% of capital and surplus represented by loans secured by stock. 12 U.S.C. Sec. 248(m).
Commercial Loans				
Loans Secured by Nonresidential Real Estate	Permitted without aggregate investment limit. Sec. 3 IBA.	Permitted without aggregate investment limit. Sec. 1008(a)(26) SBA.	Generally may make these loans, subject to a limit of 400% of capital, 12 U.S.C. Sec. 1464(c)-(2) (B).	May make these loans without aggregate investment limit. 12 U.S.C. Sec. 371(a); 12 C.F.R. Part 34.
Loans to Financial Institutions, Brokers and Dealers	Permitted without aggregate investment limit. Sec. 3 IBA.	Permitted without aggregate investment limit Sec. 1008(a)(26) SBA.	Permitted, without aggregate investment limit, if loans secured by assets in which may invest. 12 U.S.C. Sec. 1464(c) (1) (L).	May make these loans without any requirement that the loans be secured. 12 U.S.C. Sec. 24(7) .
Commercial Loans (secured or unsecured)	Permitted without aggregate investment limit. Sec. 3 IBA.	Permitted without aggregate investment limit. Sec. 1008(a)(26) SBA.	May make these loans; limited to 20% of assets if amount in excess of 10% of assets used only for small business loans. 12 U.S.C. Sec. 1464(c)-(2) (A).	May make these loans without aggregate investment limit. 12 U.S.C. Sec. 24(7).
Banker's Acceptances (Issuing commitment by financial institution to honor drafts of customer in future; usually 9 mos. or less)	Permitted. Sec. 3 IBA.	Permitted Sec. 1008(a)(14) & (26) SBA.	May issue banker's acceptances, subject to the commercial lending limit (see above). 12 U.S.C. Sec. 1464(c)-(2) (A).	May issue banker's acceptances; certain cases lending limits do not apply. 12 U.S.C. Sec. 24(7), 84-(c) (2), 372; 12 C.F.R. Sec. 7.1007, 32.3(c) (2).
Letters of Credit and Standby Letters of Credit (independent undertakings) ⁽⁶⁾	Permitted without aggregate investment limit, Sec. 3 IBA, but see Sec. 34(5) IBA and OBRE IL 90-012 (August 3, 1990).	Permitted; without aggregate investment limit. Sec. 1008(a)(14), 1008(a)(26), 6002(12) SBA.	May issue letter of credit or standby letter of credit; no aggregate investment limit; must charge fee and/or provide for reimbursement to minimize risk exposure. 12 C.F.R. Sec. 560.120.	May issue letters of credit and standby letters of credit, but there is no explicit requirement for a fee. 12 C.F.R. Sec. 7.1016; 32.2(a).
Finance Leasing	Permitted under certain conditions. See Sec. 3, 5(14) and 35.1 IBA.	Permitted under certain conditions. See Sec. 1008(a)(15) SBA and Regulation 38 Ill. Adm. Code 1075.575.	May lease tangible personal property (purchase property to lease); leases limited to 10% of assets, 12 U.S.C. Sec. 1464(c) (2) (C); 12 C.F.R. Sec. 560.41(d); may also enter leases that are "functional equivalent" of permitted loans if: (i) net full-payout leases ⁽⁷⁾ (residual value no more than 25%); and (ii) invested amount counts toward limit on investing in that type of loans, 12	May engage in lease financing pursuant to 12 U.S.C. Sec. 24(10) ("CEBA leases" -- net, full-payout leases, subject to aggregate investment limit of 10% of the NB's total consolidated assets, and minimum lease period of 90 days). Leases are not subject to a maximum residual value. May also enter a lease that is the functional equivalent of a loan (but also net, full-payout lease).

			C.F.R. Sec. 560.41(b) and (c); service corporation may lease to general public, no activity restrictions. 12 C.F.R. Sec. 559.4(c) (2).	12 U.S.C. Sec. 24(7). Both types of leases are subject to restrictions on LTOB and transactions with affiliates. 12 C.F.R. Part 23.
Commercial Paper (i.e., short-term, unsecured promissory notes usually issued by companies to meet their immediate cash needs)	Permitted. Sec. 3 IBA. If held as investment, must qualify as "marketable investment securities" pursuant to Sec. 33 IBA (rated in the top 4 rating categories by national rating services and designated as "investment grade" or "bank quality investments" securities) and if held as a loan, must comply with loan to one borrower limit.	Permitted up to 30% of assets grouped with commercial loans. Four highest rated categories only. Sec. 1008(a)(26), 6002(11) & 6003(12) SBA.	May purchase commercial paper without aggregate investment limit if: (i) it is rated in top 2 rating categories by 2 national rating organizations; (ii) nine months or less remaining term; and (iii) invest in one issuer no more than 1% of FSA's assets. In addition, FSA may only invest in paper if total of FSA's holdings of all such paper added with consumer loans and corporate debt securities is no more than 30% of assets. FSA may also invest 1% of assets in unrated paper with no term limits with evidence that issuer can meet its obligation. 12 U.S.C. Sec. 1464 (c)-(2) (D); 12 C.F.R. Sec. 560.30, 560.40 and 566.1(g)(9).	May purchase commercial paper as investment security if it is rated in top 3 commercial paper ratings by national statistical rating organizations. Commercial paper held as investment, limited to 10% of capital and surplus; Commercial paper held as loans subject to lending limits and loan underwriting safety and soundness standards. 12 U.S.C. Sec. 24(7) and 84; 12 C.F.R. Parts 1 and 32.
Lease Bank Real Property, Lobby Space and other Excess Real Property Held for Banking Purposes or Incidental (Parking)	Bank may lease excess space to non-bank tenants including insurance, real estate or insurance firms; leased space in banking house by nonbanking business must be separated from the banking business; arms-length landlord-tenant relationship with appropriate security. Sec. 3 and 5(11) IBA. See Policy Statement 2003.	Permitted; Sec. 6009 SBA.	Permitted to lease lobby space; clear separation between leased space and institution's space. FHLBB Op. Gen. Counsel, 2/7/85.	Permitted to lease property it does not need for its current use with clear separation between leased space and institution's space. May not enter partnership or joint venture with lessee. 12 U.S.C. Sec. 24(7) and 29. OCC Int. Lett. No. 342, May 22, 1985.
Real Estate Equity Participation	Bank may purchase and lease real estate in special circumstances (purchasing and leasing municipal buildings). Sec. 3 and 5(11) IBA. OBRE IL 93-027 (12/15/93) and IL 99-01 (3/13/99).	Permitted to engage in purchase and development of home sites and housing for sale or rental with Commissioner's prior consent. Sec. 6003(7) SBA.	May engage in lease financing "functional equivalent" of loans under residential real estate lending authority if: (i) leases are net, full-payout leases (residual value not to exceed 25%); and (ii) investment counts toward the loan aggregate investment	The authority of NBs to purchase and lease real estate has been limited to special circumstances, including purchasing and leasing municipal buildings. 12 C.F.R. Sec. 7.1000 and 12 C.F.R. Parts 23 and 34.

			limit (e.g., nonresidential finance leases are subject to the 400% of capital). 12 C.F.R. Sec. 560.41(b) and (c).	
Preemption of State Law (Usury)	State banks permitted to contract and receive interest at any rate. Sec. 4 Ill. Interest Act and Sec. 5e IBA. Permitted to export interest rates in lending to borrowers located in other states regardless of permitted interest rates in those states ("most favored lender" status of state banks the same as that of national banks). Illinois 3% limitation on origination points is preempted by the Federal Depository Institution Deregulation and Monetary Control Act with respect to first mortgages. Illinois prohibition on prepayment penalties on adjustable rate mortgages has been preempted by the Alternative Mortgage Parity Act of 1982. 12 U.S.C. Sec. 1831d.	Usury limits not applicable. Various exceptions in Sec. 4 Ill. Interest Act. "Most favored lender" status of state savings banks the same as that of federal associations and national banks. 12 U.S.C. Sec. 1831d. Illinois 3% limitation on origination points is preempted by the Federal Depository Institution Deregulation and Monetary Control Act with respect to first mortgages. Illinois prohibition on prepayment penalties on adjustable rate mortgages has been preempted by the Alternative Mortgage Parity Act of 1982. 12 U.S.C. Sec. 1831d.	May charge any interest rate on residential mortgage loans. May charge interest on commercial and consumer loans at the higher of "federal usury rate" or "most favored lender" rate allowed by the laws of any state where an FSA is "located." 12 U.S.C. Sec. 1463(g) and 1735f-7a. FSAs are located in any state where they have a branch and, under certain conditions, may export the most favored lender rate from those states. OTS Op. Ch. Couns., Dec. 24, 1992 and OTS Op. by Solomon, Sept. 29, 1994.	May charge interest for credit at the greater of: 1) maximum rate permitted any state lending institution where the NB is located ("most favored lender rate"); or 2) 1% greater than the 90-day discount rate in the Federal Reserve District where NB is located ("federal usury rate"). NBs with interstate branches may be "located" in more than one state for purposes of Sec. 85 permitting them to export rates from different states where loans are made. "Interest" includes periodic rates, late fees, NSF check fees, overlimit fees, annual fees, cash advance fees, membership fees, etc. 12 U.S.C. Sec. 36, 85; 12 C.F.R. Sec. 7.4001; <u>Smiley v. Citibank</u> , 116 S. Ct. 1730 (1996).
Investments				
U.S., State and Local Government Securities	Bank may invest; no limit in: 1) U.S. and Agency securities; and 2) General Obligations of State of Illinois, any other State or of municipality in the county where the bank is located. Sec. 3 and 35 IBA; may invest 100% of unimpaired capital and surplus in general obligations or tax anticipation warrants of municipality in any state. Sec. 34(3) IBA.	May invest in securities issued or guaranteed by the U.S. or any agency of the U.S., as well as general obligations of any state or political subdivision thereof, without aggregate investment limit. Sec. 1008(a)(26) SBA.	May invest in securities issued or guaranteed by the U.S., any agency of the U.S., or any state or local government, without aggregate investment limit, except that investment in state or local government securities is limited to 10 percent of the FSA's capital per issuer. 12 U.S.C. Sec. 1464(c) (1) (C), (F), and (H).	May invest in securities issued or guaranteed by the U.S. or any agency of the U.S., as well as general obligations of any state or political subdivision thereof, without aggregate investment limit. 12 U.S.C. Sec. 24(7); 12 C.F.R. Part 1.
Foreign Government Securities	Permitted invest 20% of the unimpaired capital and unimpaired surplus of bank in	Permitted invest 20% of the unimpaired capital and unimpaired surplus of bank in	May invest in securities of foreign governments, subject to the commercial lending limit (see	May invest in securities of Canada and political subdivisions of Canada, without aggregate

	obligations of State of Israel if payment of principal and interest fully guaranteed by State of Israel, Sec. 34(9) IBA; may invest in securities of Canada and political subdivisions of Canada with no limit, Sec. 5(11); may invest in securities issued by other foreign government if they are "marketable investment securities," Sec. 33 IBA.	obligations of State of Israel if payment of principal and interest fully guaranteed by State of Israel. May invest in securities of Canada and political subdivisions of Canada with no limit. May invest in securities issued by other foreign government if they are "marketable investment securities," Sec. 1008(a)(26) SBA.	above). 12 U.S.C. Sec. 1464(c) (2) (A); OTS Op. Acting Ch. Couns., June 18, 1993. An opinion of the FDIC dated Feb. 22, 1993, concluded that the FDIC will not object to these types of investments under 12 U.S.C. Sec. 1831e(d).	investment limit. May also invest in the securities of other foreign governments, provided the securities are investment grade and can be sold with reasonable promptness at their fair market value and no more than 10% of a NB's capital and surplus is invested in the securities of any one foreign government. 12 U.S.C. Sec. 24(7); 12 C.F.R. Part 1.
Securities of U.S. Government-Sponsored Corporations	Permitted without limit. Sec. 35(3). Also permitted to invest in international development banks, etc. to same extent as national banks. Sec. 5(11) IBA.	Permitted without limit. Also permitted to invest in international development banks, etc. to same extent as national banks. Sec. 1008(a)(26), 6002(11) & 6003(3) SBA.	May invest without limit in securities of Fannie Mae, Ginnie Mae, Freddie Mac, Sallie Mae, FHL Banks, and state housing corporations; may also invest in securities with maturities no more than 5 years issued by Banks for Cooperatives, Farm Credit Banks, TVA, Export-Import Bank, Commodity Credit Corp., and Federal Financing Bank. 12 U.S.C. Sec. 1464 (c) (1) (D), (E),- (F), (M), (N), and (P); 12 C.F.R. Sec. 566.1(g)(3).	May invest without limit in securities of Fannie Mae, Ginnie Mae, Freddie Mac, Sallie Mae, and the FHL Banks; investments in state housing corporations limited to 5% of capital and surplus; may invest in securities of Federal Finance Bank and Banks for Cooperatives with no investment or term limit, and in securities of TVA, Postal Service, and international development banks (no more than 10% of capital and surplus in one of these entities). 12 U.S.C. Sec. 24(7); 12 C.F.R. Part 1.
Residential Mortgage-Related Securities	Permitted without limit in "mortgage related" securities. Sec. 3 and 5(11) IBA. See Secondary Mortgage Market Enhancement Act of 1984.	Permitted without limit. Sec. 1008(a)(26), 6002(11) & 6003(3).	May invest in mortgage-related securities (that convey interest in mortgage loans or loan product) without aggregate investment limit. 12 U.S.C. Sec. - 1464(c) (1) (B) and OTS Op. Ch. Couns., March 29, 1996.	May invest in certain investment grade residential mortgage-related securities without aggregate investment limit. 12 U.S.C. Sec. 24(7); 12 C.F.R. Part 1.
Asset-Backed Securities	Permitted to invest in marketable investment securities. Sec. 33 and 5(11) IBA.	Permitted to same extent as permitted for the underlying loans themselves. Sec. 1006(c) and 1008(a)(26) SBA.	May invest in companies conducting activities that FSA can do directly if (1) no more than 15 percent of capital in one company; (2) book value of all such investments does not exceed 50% of total capital; (3) no direct or indirect control of company; (4) FSA's liability	May invest 25 percent of capital and surplus in marketable investment grade securities fully secured by interests in pool of loans to numerous obligors and in which a NB may invest directly. 12 U.S.C. Sec. 24(7); 12 C.F.R. Part 1.

			limited to its investment; and (5) investment vehicle is in a preapproved category. Other pass-through investments permitted with 30 day notice to OTS. 12 C.F.R. Sec. 560.32.	
Deposit Accounts	May deposit in accounts of member bank without limit; accounts of other depository institution limited, 50% capital and surplus. Sec. 3, 32(6) IBA.	Permitted without limit in federally insured accounts. Sec. 6003(1) SBA	May invest in the deposit accounts of any SAIF or BIF insured institution, without aggregate investment limit. 12 U.S.C. Sec. 1464(c) (1) (G).	May deposit in accounts of member bank without limit; accounts of other depository institution limited, 10% of NB's capital and surplus. 12 U.S.C. Sec. 463.
Mutual Fund Shares(mutual fund is an open-end investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and Securities Act of 1933)	Bank may invest without limit in shares of any mutual fund, provided that the fund invests exclusively in assets that the bank may hold without aggregate investment limit. Sec. 35(9) IBA. Bank may invest up to 20% of unimpaired capital and unimpaired surplus in mutual fund that invests in other bank eligible investments. Sec. 33 IBA.	Permitted to same extent as permitted for the underlying securities themselves. Sec. 1006(e), 1008(a)(26) & 6002(11) SBA.	May purchase for their own accounts, without aggregate investment limit, shares of any registered-open-end mutual fund that invests exclusively in assets that may hold without aggregate investment limit. 12 U.S.C. Sec. 1464(c) (1) (Q); 12 C.F.R. Sec. 560.32.	May invest with no limit in mutual fund invested exclusively in assets that may hold without limit. NB's holding of mutual fund containing investments subject to NB limits, permits lesser of: (1) aggregate investment limit for each security in mutual fund or applied to the aggregate amount of the bank's pro rata holdings of that security in the mutual fund and NB's direct holding of that security; or (2) the most stringent aggregate investment limit applicable to a security in mutual fund's portfolio if held directly by the NB. 12 U.S.C. Sec. 24(7); 12 C.F.R. Part 1.
Banker's Acceptances (Purchase/Investment)	Bank may invest in banker's acceptances created by other nonaffiliated banks up to 50% of investing bank's unimpaired capital and unimpaired surplus. Sec. 3, 32 and 34(6) IBA.	Permitted for a future date not to exceed one year. Sec. 1008(a)(14) & (26), 6002(11) SBA.	May invest in banker's acceptances issued by other nonaffiliated institutions without aggregate investment limit, provided the acceptance matures in 9 months or less and the aggregate amount of acceptances acquired from any one institution does not exceed 1/4 of 1% of the total deposits of the accepting institution. 12 U.S.C. Sec. 1464(c) (1) (M); 12 C.F.R. Sec. 566.1(g) (5).	May invest without limit in nonaffiliated bank's acceptances created in accordance with 12 U.S.C. Sec. 372 ("eligible" for discount with a Federal Reserve Bank). But Sec. 372(b), (c) and (d) limit investment in banker's acceptances created by any one bank. "Ineligible" banker's acceptances are included in the purchasing NB's lending limit to the accepting bank. 12 U.S.C. Sec. 24(7); 12 C.F.R. Part 32.

<p>Corporate Debt Securities</p>	<p>Bank permitted to invest up to 20% of unimpaired capital and unimpaired surplus of the Bank in "marketable investment securities" [bonds, notes, or debentures; must be rated in the top 4 rating categories by national rating services and designated as "investment grade" or "bank quality investments" securities]. Sec. 33 IBA.</p>	<p>Bank permitted to invest up to 20% of unimpaired capital and unimpaired surplus of the Bank in "marketable investment securities" [bonds, notes, or debentures; must be rated in the top 4 rating categories by national rating services and designated as "investment grade" or "bank quality investments" securities]. Sec. 1008(a)(26) SBA</p>	<p>FSA may invest in corporate debt securities (no aggregate investment limit) if: (i) security is rated in top 4 categories by national rating organization; (ii) security "marketable" (prompt sale at market value); (iii) security in dollars; (iv) remaining term 3 years or less; and (v) investment in one issuer no more than 1% of assets. May invest in corporate debt securities that meet (i) through (iii), but not (iv) and (v), if aggregate amount of such securities combined with commercial paper and consumer loans does not exceed 35% of assets. 12 U.S.C. Sec. 1464(c) (1) (M) and (c) (2)-(D) and 1831e(d); 12 C.F.R. Sec. 560.30, 560.40 and 566.1-(g) (9). (corporate debt securities of any issuer subject to the lending limits). 12 C.F.R. Sec. 560.93(c)-12</p>	<p>May invest in corporate debt security if: (1) adequate evidence that issuer of security can meet its obligations; (2) security can be sold with reasonable promptness at its fair market value; (3) security is investment grade; and (4) total investments in one issuer does not exceed 10% of the NB's capital and surplus. 12 U.S.C. Sec. 24(7); 12 C.F.R. Part 1.</p>
<p>Commercial Mortgage-Related Securities</p>	<p>Permitted to invest in commercial real estate mortgage-backed securities without aggregate investment limit. Sec. 3, 5(11) & 32(3) IBA.</p>	<p>Permitted to invest in commercial real estate mortgage-backed securities without aggregate investment limit. Sec. 1008(a)(26) SBA.</p>	<p>May invest in, sell or otherwise deal in commercial real estate mortgage-backed securities, subject to aggregate investment limit on commercial loans by the FSA. 12 U.S.C. Sec. 1464(c)(1)(R).</p>	<p>Permitted to invest in commercial real estate mortgage-backed securities without aggregate investment limit. 12 U.S.C. Sec. 24(7); 15 U.S.C. Sec. 78c(a)(41)(A)(i); 12 C.F.R. Part 1.</p>
<p>Small Business Investments</p>	<p>May invest in investment grade small business-related securities that are fully secured by interests in a pool of loans to numerous obligors. No aggregate investment limit applies if the securities are rated investment grade in the highest two investment grade rating categories. NB investments in</p>	<p>May invest in investment grade small business-related securities that are fully secured by interests in a pool of loans to numerous obligors. No aggregate investment limit applies if the securities are rated investment grade in the highest two investment grade rating categories. SB investments in</p>	<p>May invest in small business-related securities, which are securities rated in 1 of the 4 highest rating categories that represent an interest in promissory notes or leases of personal property evidencing the obligations of a small business concern, without aggregate investment limit. 12 U.S.C. Sec.</p>	<p>May invest in investment grade small business-related securities that are fully secured by interests in a pool of loans to numerous obligors. No aggregate investment limit applies if the securities are rated investment grade in the highest two investment grade rating categories. NB investments in</p>

	securities of any one issuer rated investment grade in the third or fourth highest categories may not exceed 25 percent of the NB's capital and surplus. 12 U.S.C. Sec. 24(7). 12 C.F.R. Part 1. In addition, may invest in small business investment companies in an aggregate amount of up to 5 percent of the NB's capital and surplus. 15 U.S.C. Sec. 682(b). Sec. 5(11) IBA.	securities of any one issuer rated investment grade in the third or fourth highest categories may not exceed 25 percent of the SB's capital and surplus. 12 U.S.C. Sec. 24(7). 12 C.F.R. Part 1. In addition, may invest in small business investment companies in an aggregate amount of up to 5 percent of the SB's capital and surplus. Sec. 1008(a)(26) SBA.	1464-(c)(1)(S) & 15 U.S.C. 78(a)(53). In addition, may invest in small business investment companies up to 1 percent of the assets of the FSA. 12 U.S.C. Sec. 1464(c) (4) (D); 12 C.F.R. Sec. 560.30.	securities of any one issuer rated investment grade in the third or fourth highest categories may not exceed 25 percent of the NB's capital and surplus. 12 U.S.C. Sec. 24(7). 12 C.F.R. Part 1. In addition, may invest in small business investment companies in an aggregate amount of up to 5 percent of the NB's capital and surplus.
Bankers' Banks (bank or its holding company that is owned by depository institutions or depository institution holding companies; such bank is engaged exclusively in providing services to or for depository institutions, their holding companies, and their officers, directors, and employees)	Permitted to invest in shares of a bankers bank the lesser of 10% of its capital stock and unimpaired surplus or 5% of any class of voting securities of the bankers bank. Sec. 5c IBA.	Permitted up to the lesser of 10% of capital and surplus or 5% of any voting class of stock. Sec. 1008(a)(22) SBA.	Permitted to invest in shares of a bankers bank the lesser of 10% of FSA's capital stock and unimpaired surplus or 5% of any class of voting securities of the bankers bank. 12 U.S.C. Sec. 1464(c)(4)(E).	Permitted to invest in bankers bank lesser of 10% of NB's capital stock and unimpaired surplus or 5% of any class of voting securities of bankers bank. 12 U.S.C. Sec. 24(7). May organize bankers bank as national bank; OCC can waive inappropriate requirements. 12 U.S.C. Sec. 29(b).
Community Development Investments [Community Development Corporations (CDCs) and Community Development Projects (CDPs)]	Permitted, debt or equity investments in CDCs or CDPs (for profit or not-for-profit) to promote the development of the community and its welfare; limit, 10% of bank's unimpaired capital and surplus (No aggregate investment limit on creditworthy loans to all CDCs or CDPs, only each borrower's lending limit, 20% of unimpaired capital and surplus for loans to one CDC or CDP.). Sec. 5(21) IBA; also permitted to invest in community development financial institutions. Sec. 5(11) IBA.	Permitted, debt or equity investments in CDCs or CDPs (for profit or not-for-profit) to promote the development of the community and its welfare; limit, 10% of bank's unimpaired capital and surplus (No aggregate investment limit on creditworthy loans to all CDCs or CDPs, only each borrower's lending limit, 20% of unimpaired capital and surplus for loans to one CDC or CDP.) Sec. 1008(a)(26) SBA.	May invest 2% of assets in real property needy areas; 5% of assets (including the 2% above) in real property or loans collateralized by such real property; also may invest in HUD-insured loans, loans to foreign housing projects receiving U.S. aid and loans to business development credit corporations; may invest additional 3% of assets in service corporations meeting community development needs; FSA may form community partnerships with community development financial institutions. 12 U.S.C. Sec. 1464(c)(1)(K) and (Q), (c)(3) - (B), and (c)(4)(A) and (C), OTS Op. Ch. Couns., May 10, 1995.	Permitted to invest up to 5% of its unimpaired capital stock in CDCs or other investments designed to promote the public welfare, or with OCC approval, up to 10% of unimpaired capital and surplus; authorized to invest in HUD-insured loans & obligations (govt. housing projects); also may form community development partnerships with community development financial institutions. 12 U.S.C. Sec. 24(7), (8), and (11), and 4705; 12 C.F.R. Part 24.
Bank Premises	Permitted to own, directly or	Permitted to own, directly or	Permitted to invest in real estate	Permitted in bank premises

	through a subsidiary, real estate for its banking business [present uses and future expansion]. Sec. 5(8) IBA.	through a subsidiary, real estate for its banking business [present uses and future expansion]. Sec. 6002(11) & 6009 SBA.	for offices and related facilities for present needs or reasonable future needs [prudent property acquisition]. Limited in investment to total capital. 12 C.F.R. Sec. 560.37.	without OCC approval if: (1) aggregate amount invested is no greater than bank's capital stock; or (2) 150% of capital and surplus if well capitalized and CAMEL 1 or 2. Prior approval for greater investment. 12 U.S.C. Sec. 29, 93a & 371d; 12 C.F.R. Sec. 5.37.
Owning/Holding Real Estate	Permitted for banking business [present and future expansion] (Sec. 5(8) IBA) community development (Sec. 5(21) IBA), and real estate acquired in debt collection -- OREO (Sec. 5(9) IBA); incidental and parity under Sec. 3 and 5(11) IBA.	Permitted to have equity investments in real estate, to purchase real estate at forced sale, to own its premises, to make community development investments. Sec. 6003(7), 6008, and 6009 SBA.	Permitted necessary or convenient to conduct banking business [present use and future expansion], community development, and real estate acquired for debt previously contracted. 12 C.F.R. Sec. 560.37.	Permitted if necessary or convenient to conduct banking business [present use and future expansion], community development, and real estate acquired for debt previously contracted. 12 U.S.C. Sec. 29; 12 C.F.R. Sec. 7.1000.
Office Locations				
Branches	Permitted anywhere in Illinois upon notice to OBRE with no intrastate restrictions including mobile branches. Sec. 5(15) IBA.	Permitted anywhere in Illinois upon notice to OBRE with no intrastate restrictions including mobile branches. Sec. 1008(a)(26) SBA.	FSA may establish branches anywhere in state with OTS approval; requires adequate capital, CRA compliance and no other supervisory objection. 12 C.F.R. Sec. 545.92 and 556.5. Mobile branches also permitted. OTS Op. Acting Ch. Couns., 5/16/94.	May establish branches in home state with OCC approval to same extent as "state banks" (includes state thrifts) in that state at later of 45 days or close of public comment period unless OCC objects. 12 U.S.C. 36(e). 12 C.F.R. Sec. 5.30.
Interstate Branches	Permitted to establish branches in any other state or territory by acquisition of charter and subsequent merger and, with that state's approval, may establish de novo branch upon notice to OBRE; subject to age limits on acquired charter and deposit concentrations. Sec. 5(15) IBA.	Permitted to acquire/establish branches in any location. Sec. 1006(b) SBA. "Foreign association" may acquire/establish branches in Illinois. 205 ILCS 105/2B-1 et. seq.	Permitted to establish branches in any other state or territory in the U.S. (de novo or by merger), with OTS approval. Must qualify as domestic building and loan association or QTL and no acquisition of out-of-state thrift by multi-thrift holding company. 12 C.F.R. Sec. 545.92 and 556.5.	May establish branches in any other state or territory by acquiring charter and subsequent merger and, if that state's law permits and OCC approves, de novo; subject to limits on age of acquired charter and deposit concentrations; permitted to retain pre-1927 branches and branches of interstate bank converted to national bank. 12 U.S.C. Sec. 36, 215a, and 1831u; 12 C.F.R. Sec. 5.30.
Branches in Another Country	Permitted. Sec. 5(15) IBA.	Permitted. Sec. 1006(b) SBA.	OTS has not authorized FSAs to establish foreign branches.	NBs with assets greater than \$1 million can establish a branch in

				a foreign country with approval of the Fed. and the OCC. Second or subsequent branches can be established without approval. Can conduct activities in that country that are customarily permitted for banks in that country that are impermissible for NBs in U.S. 12 U.S.C. Sec. 601 et seq.; 12 C.F.R. Parts 28 and 211, Subpart A.
Interstate Expansion through Separate Financial Institution Subsidiaries	Bank holding companies may acquire banks located in other states subject to Fed. approval and compliance with CRA, charter age limits and state and national deposit concentration limits. 12 U.S.C. Sec. 1842(d).	Permitted without limit via holding company or operating subsidiary, but subject to applicable federal or other states' law. Article 2 Sec. 1008(a)(26) & 6002(11) SBA.	S&L holding company headquartered in one state can acquire and hold FSAs located in a new state if: (i) laws of the new state would permit a thrift or thrift holding company in FSA's home state to acquire a state thrift in the new state or (ii) emergency acquisitions (12 U.S.C. Sec. 1823(k)); restrictions not applicable for merging new thrift into single thrift subsidiary.	Bank holding companies may acquire banks located in other states subject to Fed. approval and compliance with CRA, charter age limits and state and national deposit concentration limits. 12 U.S.C. Sec. 1842(d).
Agency Offices (Loan Production Offices)	Permitted. Sec. 2, 3 and 5 IBA. Bank may establish a loan production office to solicit and originate business outside of its main office and authorized branches provided loans originated at LPOs are approved and made at bank's main office or branch. OBRE Interpretive Letter 91-021 (September 4, 1991)	Permitted to service and originate loans and contracts and to manage OREO. Regulation 38 IAC 1075.745	Permitted to establish agency offices without geographic limitation or OTS prior approval if office merely originates and services loans or manages OREO. Other activities require OTS approval. No deposit taking at agency office. 12 C.F.R. Sec. 545.96. Foreign agency offices permitted. OTS Op. Acting Ch. Couns., 6/13/94.	Permitted provided do not conduct "branching activities." Can originate loans, engage in discount brokerage, provide trust service, safe deposit services but may only disburse loan funds, receive deposits or pay withdrawals at branches. 12 U.S.C. 3.6(f)
Affiliate Facilities	Permitted to provide banking services for customers of affiliated banks or savings associations and for such affiliates to perform services for the bank's customers [receiving deposits; cash and issue checks, drafts, and money orders; change money; and receive payments on existing	Permitted. Sec. 1008(a)(23) SBA and parity authority.	Permitted to provide banking services, including deposit taking and closing and servicing loans for affiliated savings associations. OTS Op. Ch. Couns., 12/30/94; OTS OP. Ch. Couns., 8/25/95.	NB permitted to receive deposits, renew time deposits, close loans, services loans and receive payments on loans and other obligations for an affiliated depository institution or for that affiliate to perform such services for the bank's customers. 12 U.S.C. Sec. 1828(r)(1), (2).

	indebtedness] without branching limitation. Sec. 5(23) IBA.			
ATMs and Point-of-Sale (POS) Terminals (includes mobile ATM's)	Permitted. Sec. 5(17) IBA.	Permitted. Sec. 1008(a)(12) SBA.	Permitted to own, rent, or use ATM's and POS terminals without geographic restrictions or OTS approval. 12 C.F.R. Sec. 545.141. Mobile ATM's Op. Acting Ch. Couns., 5/16/94. May invest in corps. operating ATM or POS systems. OTS Op. Ch. Couns., 9/15/95.	Permitted to own, operate, and rent ATM's POS terminals without geographic restriction and without obtaining OCC approval.
Internet Banking	Permitted. Sec. 3.	Permitted; Sec. 1008(a)(19). SBA.	Permitted to provide account and loan applications (not taking signed applications) transfer of funds between accounts and related electronic banking through Internet. OTS Op. CH. Couns., May 5, 1995.	Permitted to provide services to customers by direct telephone or Internet -- account information, transfers and other banking transactions. 12 U.S.C. Sec. 24(7); OCC IL No.677, June 28, 1995.
Mobile Branches	Permitted. Sec. 5(15) and 5(11) IBA.	Permitted Sec. 1006(e), 1008(a)(26) & 6002(11) SBA.	Permitted. OTS Op. Acting Ch. Couns., 5/16/94.	Permitted. 12 U.S.C. Sec. 36; 12 C.F.R. Sec. 5.30.
Affiliates				
Operating Subsidiaries	Permitted for any activity in which the bank may engage. Sec. 3, 5(11) & 5(12) IBA.	Permitted for any activity in which the bank may engage. Sec. 1006(e), 1008(a)(8) & (26) & 6002(11) SBA.	Permitted to establish or acquire subsidiaries engaged exclusively in activities that FSA may engage in directly [including depository institution as sub.] if own more than 50% of subs. voting stock. 12 C.F.R. Sec. 559.3 and 559.3.	Permitted to establish op. subs. (more than 50% voting stock in corporation or LLC) that engage in activities that are part of or incidental to the business of banking. In some cases, sub. permitted to activities not permitted for NB directly. 12 U.S.C. Sec. 24(7); 12 C.F.R. Sec. 5.34.
Minority Subsidiaries or Equity Investments	Permitted by Sec. 3 and 5(11). <u>See also</u> IL No. 96-6 (10/3/96) permitted minority equity investments in corporations or LLC's.	Permitted. Sec. 1006(e) & 1008(a)(26) SBA. <u>See also</u> "Service Corporations," below.	Permitted to make minority investments through service corporation in any type of entity if: (1) only savings associations with home offices in its home state have an ownership interest in the entity; and (2) that the entity itself engages in activities permitted for a FSA service corporation.	Permitted. <u>See</u> , OCC Int. Let. No. 705, reprinted at Fed. Banking L. Rep. (CCH) par. 81-020; OCC Int. Letters No. 711, reprinted at Fed. Banking L. Rep. (CCH) par 81-026; OCC Int. Lett. No. 692, reprinted at Fed Banking L. Rep. (CCH) par. 81-007; and OCC Int. Lett. No. 697, reprinted at Fed. Banking L. Rep. (CCH) par. 81-012.
Foreign Subsidiaries and	Permitted by Sec. 3 and 5(11)	Permitted. Sec. 1006(e),	Permitted subject to same	Permitted to acquire foreign

Operations	IBA.	1008(a)(26) & 6002(11) SBA.	technical and procedural requirements for domestic op. subs. if no safety & soundness or supervisory concerns. OTS Op. Acting Ch. Couns., July 6, 1994. Also may establish foreign agency offices.	banks and other foreign subsidiaries and establish Edge Act corporations subject to Fed. and OCC approval. 12 U.S.C. Sec. 601 et seq.; 12 C.F.R. Part 28, Subpart A. and Part 211, Subpart A.
Service Corporations	Permitted by Sec. 3 and 5(11) IBA.	Permitted 1008(a)(8) SBA	Permitted to invest 3% of assets and lend to majority owned serv. corp. up to HOLA limit. Permissible to invest 15% per min.-owned Service Corp. up to 50% of total capital. Service Corp. not subject to geographic limitations. 12 U.S.C. Sec. 1464(c)(4)(B); 12 C.F.R. 559.5(b).	Permitted to invest lesser of 10% of capital & surplus or 5% of assets in service corporations engaged in: (i) correspondent banking svcs. w/o geographic limitations; (ii) activity permitted for NB except deposit taking but subject to branching restrictions; and (iii) with Fed. approval, subject to branching restrictions, in permitted Sec. 4(c)(8) BHCA activities. 12 U.S.C. Sec. 1861 et seq.
Holding Companies	Permitted, but holding company's activities must be "closely related to banking" 12 U.S.C. Sec. 1843.	Permitted. The holding company may be in stock or mutual form (mutuals may be two- or three-tier). The savings bank may opt for a bank holding company or a savings and loan holding company status (mutual or stock form in either case). A savings and loan holding company may be a company in industry, commerce, insurance, or finance. A unitary savings and loan holding company may engage in a broader range of activities than a bank holding company. 12 U.S.C. Sec. 1467a; 12 C.F.R. 583 and 584.	A savings association holding company may be a company in industry; commerce, insurance, or finance provided the savings association meets the QTL test. If the savings association does not, its holding company limited to same activities as bank holding company.	Permitted, but holding company's activities must be "closely related to banking" 12 U.S.C. Sec. 1843.
Miscellaneous				
Borrowing	Permitted to obtain advances from Federal Reserve Banks, Federal Home Loan Banks and secured or unsecured loans from third parties. Sec. 5(7) IBA.	Permitted to obtain Federal Reserve Bank and Federal Home Loan Bank advances and from other sources, including correspondent banks, and	Permitted to obtain advances from Federal Reserve Banks, Federal Home Loan Banks and secured or unsecured loans from third parties subject to safety	Permitted to obtain advances from Federal Reserve Banks, Federal Home Loan Banks and secured or unsecured loans from third parties subject to safety

		brokerage houses. Sec. 1006(c), 1008(a)(4) & 6002(11) SBA.	and soundness. 12 U.S.C. Sec. 1430 and 1464(b)(2); 12 C.F.R. Sec. 563.80.	and soundness. 12 U.S.C. Sec. 347 et. seq. 1424, and 1430.
Charitable Contributions	Permitted in reasonable amounts directly or by charitable foundation. Sec. 5(6) IBA.	Permitted in reasonable amounts directly or by charitable foundation. Sec. 1008(a)(5) SBA.	Permitted in reasonable amounts directly or by charitable foundation. OTS Op. Ch. Couns., 11/12/92.	Permitted in reasonable amounts directly or by charitable foundation. 12 U.S.C. Sec. 24(8); 50 Fed. Reg. 19,324 (May 8, 1985).
Political Contributions	Permitted to state and local candidates. Prohibited to federal candidates. OBRE Policy Statement 2007.	Permitted for state and local candidates. Prohibited to federal candidates.	Prohibited by Federal Election Campaign Act.	Prohibited by Federal Election Campaign Act.
Form of Ownership	Stock form of ownership. Sec. 15 IBA.	Either mutual or stock form of ownership; may convert from one to the other. Sec. 4001 SBA.	Either mutual or stock form of ownership; may convert from one to the other. 12 U.C.S. 1464(i) and 12 CFR Parts 543, 544 and 552.	Stock form of ownership. 12 U.S.C. Sec. 51 et seq.

- (1) This table was derived from Comparison Table issued by Office of Thrift Supervision and Office of the Comptroller of the Currency, dated January 17, 1997 and updated in October, 1999 by the Office of Banks and Real Estate to reflect information about State chartered institutions. Information is presumed to be reliable, however, institutions should check with their legal counsel or appropriate regulatory agency for later developments.
- (2) Savings banks are "state banks" under federal law. 12 U.S.C. 1813. Savings banks have the option to be treated as savings associations in some instances. See "Holding Companies," below. Savings banks have parity with banks and with federal and Illinois savings associations and may do anything those institutions may do (subject to certain restrictions). Savings banks exercising powers not authorized for a national bank must comply with 12 C.F.R. Part 362 which may require FDIC-approval. Also, savings banks have any power that is incidental, convenient, or useful to accomplishing any power conferred by the Act. Sec. 1006(e), 1008(a)(26), 6002(11) SBA. State chartered banks have all the powers granted to national banks and banks chartered in other states, subject to certain restrictions. Sec. 5(11) and Sec. 5(25) IBA. State-chartered banks exercising powers not authorized for national banks must comply with 12 C.F.R. 362.
- (3) In addition to the state savings bank charter, Illinois also has a state savings association charter which has full parity with the federal savings association charter. See 205 ILCS 105. This state charter also offers the option of a uninsured, employer-sponsored association. Such an association may be similar to a credit union, but may have broader investment authority. See 205 ILCS 105/1-11.
- (4) The Office of Banks and Real Estate has provided comment to OCC in connection with revisions of Part 9 which highlight concerns OBRE has with Interpretive Letter 695.
- (5) Each loan described in this part, regardless what type of institution originated the loan, would be subject to loan-to-one-borrower ("LTOB") limits, absent an applicable exception, 12 C.F.R. Part 32 and Sec. 563.93. Statements in this part that particular types of loans are not subject to "investment" limits refer only to aggregate percentage-of-assets and percentage-of-capital limits. All loans, even those subject to no "investment" limits, are subject to LTOB limits, absent an applicable exception. Loans must also comply with general safety and soundness requirements against excessive concentration of particular kind of loans or investments in particular type of assets.
- (6) In an ordinary letter of credit, a financial institution promises to pay seller upon presentment of evidence of delivery to purchaser. In a standby letter of credit, a financial institution promises to pay a third party upon an event of default by the party purchasing the letter of credit and are subject the LTOB limit unless, at time letter is issued, bank obtains commitment to take out excess amount when it is drawn upon so that amounts owed by customer would exceed LTOB.
- (7) A "net lease" is one where the lessor has no service, repair, insurance, or maintenance obligations. Generally, a "full-payout lease" is one where the rent payments, tax benefits, and residual value equal or exceed the cost to purchase and finance the leased property.