**Section 330.110 Combining Loans to Separate Persons**

a) A loan or extension of credit to one person shall be considered a loan or extension of credit to a second person if the credit worthiness of the one person does not justify the loan or extension of credit without reliance on the credit worthiness of the second person.

b) Factors which may be relevant in determining whether a loan or extension of credit to one person can be justified without reliance on the credit worthiness of a second person incude the following:

1) Will the credit analysis and documentation on file at the bank at the time the loan or extension of credit was made substantiate that the one person has or will have the financial capacity to generate sufficient funds from his or her own assets and operations to repay the loan or extension of credit or is the source of repayment the second person?;

2) Were the proceeds of the loan or extension of credit to one person used for the primary benefit of the one person or was a substantial portion of the proceeds used for the benefit of the second person without a corresponding economic benefit to the one person?;

3) In instances involving a guaranty or other secondary liability, is the liability of the second person that an accommodation party pursuant to Section 32(5) of the Act, namely a person who becomes obligated on the loan or extension of credit to one person and does not receive any of the proceeds thereof, or is the purpose of the guaranty or other secondary liability to enhance the loan or extension of credit for reasons other than repayment, such as to obtain an investment grade rating or to reduce the rate of interest charged on the loan or extension of credit, or would the loan or extension of credit to one person not have been made without the second person's guaranty or other secondary liability?

c) This Section shall not apply to loan combination questions involving loans or extensions of credit to a partnership and its general partner(s) or to a joint venture and its member(s). These lending situations are governed by Section 32 of the Act.