**Section 350.10 Purpose**

A method of financing real estate acquisition, development or construction projects is through lending transactions in which the state bank shares in profits, income or earnings generated by the ultimate sale or use of the real estate. These lending transactions are often structured in such a manner that they are in essence an investment in real estate or a joint venture in which the state bank has virtually the same risks and potential rewards as those of an investor or a joint venturer. Investments in real estate or a joint venture are not authorized under Sections 3 or 5 of the Illinois Banking Act ("the Act") [205 ILCS 5/3 and 5]. This Part sets forth the general criteria for determining whether acquisition, development or construction lending transactions are an investment in real estate, a joint venture or a loan.