**Section 365.40 Issuance of Payday Loans by Banks**

a) A bank making a payday loan shall satisfactorily address all safety and soundness considerations identified by the Division in its examination and supervision of the bank. Safety and soundness considerations include, without limitation:

1) Risk-management practices for payday loan activities, particularly with regard to concentrations of payday loans;

2) Capital adequacy, depending on the level and volatility of risk;

3) Allowance for loan losses to ensure the allowance is adequate to absorb estimated credit losses within the payday loan portfolio;

4) Classification of payday loans, given the unsecured nature of the credit and weakness of repayment capacity inherent in payday loans; and

5) The establishment and maintenance of extension, deferral, renewal and rewrite standards consistent with the PLRA.

b) In the event the Division determines the bank's management of safety and soundness risks relating to its payday loan portfolio is deficient, the Division

may initiate corrective enforcement action, as authorized under Section 48 of the Illinois Banking Act.