**Section 1000.1050 Ownership of Capital Stock of Service Corporation**

a) A minimum of ninety percent (90%) of all classes of capital stock of a first-tier service corporation shall be owned by one or more associations. First-tier service corporation means *any corporation which is 90% or more owned by one or more associations, whose purpose or purposes are reasonably incident to the accomplishment of the express powers conferred upon associations by the Act* [205 ILCS 105/1-10.21].

b) Subject to approval by the Director, an amount not to exceed 10% of all classes of capital stock of a service corporation may be owned by bona fide officers or employees of the service corporation. The ownership by such individuals shall be approved if the Director finds:

1) The sale or issuance of stock to such individuals is at the book value of the stock;

2) If no sale is involved, that the stock issuance to the employee or officer is part of the compensation program documented by a written employment contract; and

3) The ownership of such stock is subject to a repurchase agreement which provides that the service corporation will reacquire the stock from the employee or officer or the estate of such employee or officer at book value at the time of death or termination of employment.

c) The book value of the stock shall be determined in accordance with generally accepted accounting principles by the independent auditor of the service corporation.

(Source: Amended at 30 Ill. Reg. 18990, effective December 1, 2006)