**Section 1075.505 Investment Underwriting Practice**

A savings bank may grant a loan or invest in other authorized assets under the Act.

a) For all types of secured and unsecured loans granted, and other investments entered into, a savings bank's board of directors shall establish and approve, at least annually, written loan underwriting and other investment policies and procedures. These policies and procedures shall set forth criteria sufficient to allow a decision to be made in accordance with Section 1075.500 of this Part.

b) A loan or other investment may be apportioned among appropriate categories, and may be moved, in whole or part, from one category to another as follows.

1) To classify a loan as a real estate loan, a savings bank must rely substantially upon the real estate as the primary security for the loan.

2) For purposes of determining whether aggregate investments under this Part exceed an applicable percentage-of-assets limitation, a loan commitment shall be counted as an investment and shall be included in total assets of a savings bank only to the extent that funds have been advanced (and not repaid) pursuant to the commitment. The term "loan commitment" used in the preceding sentence includes a loan in process, a letter of credit, or any other commitment to extend credit.

3) Loans sold to a third party shall be included in calculation of a percentage-of-assets investment limitation only to the extent they are sold with recourse.

4) A savings bank may make a loan secured by assignment of loans to the extent that it could, under applicable law and regulations, make or purchase the underlying assigned loans.

c) The written policies and procedures pertaining to loans secured by collateral other than real estate, mobile home chattel paper, or the cash surrender value of life insurance shall provide specific procedures for determining the value of the respective collateral.

(Source: Amended at 22 Ill. Reg. 6719, effective March 30, 1998)