

**STATE BANKING BOARD OF ILLINOIS**  
**Meeting of Monday, January 14, 2013**  
**2:00 p.m. – 3:00 p.m.**

**Illinois Department of Financial and Professional Regulation**  
**Division of Banking**  
**122 South Michigan Avenue, Suite 1900**  
**Chicago, IL 60603**

---

**AGENDA**

- I. Call to Order
- II. Approval of the Minutes of the Meeting of May 14, 2012
- III. Old Business
- IV. New Business:
  - Comments from the Acting Secretary of Financial and Professional Regulation
  - Legislative update
  - Legal update
  - Proposed changes to Administrative Rules
  - Update on financial condition of Illinois Banks
  - Review of the Financial Statements of the Illinois Bank Examiners' Education Foundation as of December 31, 2012
  - Proposed Resolution 2013-01
  - Meeting schedule for 2013
- V. Open Comment period for members of the Board
- VI. Open Comment Period for Members of the Public
- VII. Adjourn

**MINUTES**

**STATE BANKING BOARD OF ILLINOIS  
Meeting of Monday, May 14, 2012  
Via Video Conference**

**Illinois Department of Financial and Professional Regulation  
Division of Banking  
122 South Michigan Avenue, Suite 1900  
Chicago, IL 60603**

**and**

**Illinois Department of Financial and Professional Regulation  
Division of Banking  
320 West Washington Street  
Springfield, IL 62786**

**MEMBERS PRESENT**

Manuel Flores  
*Director of Banking*  
*Department of Financial and Professional Regulation*  
Springfield, Illinois 62786

Joy French Becker  
*President*  
*Farmers State Bank & Trust Company*  
Jacksonville, Illinois 61651-1127

Lisa M. Derezinski  
*Public Member*  
Chicago, Illinois 60604

Mark G. Field  
*President*  
*The Farmers Bank of Liberty*  
Liberty, Illinois 62347-0196

Walter E. Grady  
*President*  
*Seaway Bank and Trust Company*  
Chicago, Illinois 60619

James B. Jurgens  
*President*  
*State Bank of Arthur*  
Arthur, Illinois 61911

Dory M. Rand  
*Public Member*  
Chicago, Illinois 60602

**STAFF PRESENT**

Scott D. Clarke, Assistant Director  
*Division of Banking*

Belinda Daugherty, Administrative Assistant  
*Division of Banking*

Chad Montgomery, Legal Counsel  
*Division of Banking*

Chairman Flores called the meeting to order at 1:05 pm without the presence of a quorum. Chairman Flores further stated without the presence of a quorum they would delay on any matters requiring a vote, however they could engage in matters that do not require Board action.

Ms. Rand stated that she notice a grammatical error in the minutes of the meeting of March 5, 2012 that needed changing; the word purposed used throughout the document should be changed to proposed.

Mr. Fields stated on page 3 of the minutes of March 5, 2012 under State of the Industry it states that the only bank failure prior to 2008 was in 1993. Mr. Fields further stated that there were bank failures prior to 1993. Mr. Fields suggest that the wording be changed to read "if you go back in history the most recent failure prior to 2008 was in 1993".

Chairman Flores stated that the agency would make note of the proposed corrections to the minutes of March 5, 2012.

Ms. Rand stated that in the packet there is a list of Illinois banks who received deposits from the Illinois Bank Examiners' Education Foundation (IBEEF). Ms. Rand stated that she searched the FDIC website to see what the CRA ratings were on the banks that had received deposits from IBEEF. Ms. Rand further stated that all of the banks listed had satisfactory ratings with the exception of Pan American Bank which had an outstanding rating. Ms. Rand suggest that this might be criteria for discussion along with the interest rates for receiving deposits.

Chairman Flores stated that the IDFP website also list CRA ratings of the Illinois State Chartered Banks. Chairman Flores further stated that the agency also makes reference to the number of loans that these banks make to small businesses.

Ms. Rand asked; when request for certificate of deposit rate quotes are sent out to the banks do they go to all state chartered banks or is there some other selective list.

Mr. Clarke stated that the request for certificate of deposit rate quotes are sent to all Illinois State Chartered Banks and investment is limited to banks that have a composite "1" or "2" CAMELS rating, which is in accordance to the current investment guidelines of the Foundation.

May 14, 2012

*State Banking Board of Illinois*

Ms. Rand commented that it is almost impossible for a bank not to get a satisfactory CRA rating and that it might make sense to reward the banks that are going above and beyond who receive an outstanding CRA rating. Ms. Rand further stated that maybe we could add that criterion along with some other mixture such as small business lending which helps our economy grow and create jobs.

Ms. Becker stated that is very difficult for a small to medium size bank to get an outstanding CRA rating. Ms. Becker further stated that CRA is basically geared more towards the bigger banks.

Mr. Fields stated that in his case Liberty bank had an outstanding CRA rating. Mr. Fields further stated that at their next exam due to the random selection of loan files chosen for review and consideration, the selection did not include as many customers who fell in the lower income brackets, so it took them out of the running to get an outstanding rating even though their standards did not change at all. Mr. Fields further stated that he agrees with Ms. Becker that smaller banks have a harder time of getting an outstanding CRA rating.

Mr. Jurgens asked how many banks responded to the agency's request for certificate of deposit rate quotes.

Mr. Clarke stated that for the first time since he has been involved in the Boards activities, which has been since 1985 the agency received no responses at all. Mr. Clarke further stated that actually we had one response but the bank cancelled it. Mr. Clarke stated that this matter is on the agenda for discussion given that there was no demand for the money.

Ms. Rand asked why banks wouldn't be interested in deposits.

Mr. Clarke stated that he would let one of the banker member colleagues respond to that question. Mr. Clarke further stated that the solicitation was for \$1 Million in deposits.

Ms. Becker stated that you seek deposits when you can offset them in the lending community which is where you make your money. Ms. Becker further stated if you can't offset deposits into loans and have a decent margin then it is really counterproductive to seek deposits. Ms. Becker stated that right now loan demand is not there.

Mr. Field stated that reinvestment options are very limited at this point to obtain any kind of yield at all without taking on great risk. Mr. Field further stated that if you came to his bank wanting a \$250,000.00 certificate of deposit (CD) that would have a different impact than wanting a \$1 Million dollar CD. Mr. Field stated he would be more likely to respond to something that is FDIC insured and not requiring him to pledge securities to secure the deposit.

Ms. Rand asked is that something the Board can consider dividing the funds up into \$250,000.00 increments.

Ms. Derezinski stated in terms of getting the money out there in the community where it could be lent to small businesses, it make sense to split the funds up into \$250,000.00 increments for deposit.

Ms. Becker stated that it would make it easier for all banks to bid on the funds.

Mr. Clarke stated that the Foundation has two other CD's in the amount of \$100,000.00 each that are maturing and the agency has begun the process of seeking bids. Mr. Clarke further stated that only 2 banks in state out of 400 are interested. Mr. Clarke stated that the Foundation has a Money Market account and that the funds could be placed into that account but you would not have a high rate of interest.

Chairman Flores announced that Mr. Grady had just arrived for the meeting. Chairman Flores stated that with Mr. Grady's presence we do have a quorum.

Chairman Flores gave Mr. Grady and update on what the Board had been discussing before his arrival.

Chairman Flores stated that what he would like to do is go back to the agenda for the meeting.

### **Approval of Minutes**

Chairman Flores stated that there were some minor edits to the minutes of March 5, 2012.

Chairman Flores made a motion to adopt the minor edits. Ms. Derezinski seconded the motion. *The motion was unanimously approved.*

Chairman Flores made a motion to approve the minutes of March 5, 2012. Ms. Rand seconded the motion. *The motion was unanimously approved.*

### **Old Business**

Chairman Flores stated that there was no old business to discuss at this time.

### **New Business**

Mr. Clarke stated that the agency solicited bids from all state chartered banks with a composite "1" or "2" CAMELS rating. Mr. Clarke further stated that the agency received no interest in the \$1 Million dollar deposit. Mr. Clarke stated that he is seeking the direction of the Board regarding what they would like to do. Mr. Clarke state that one option would be to place the funds in the Foundation's Money Market account and that the interest rate is currently 0.40%. Mr. Clarke further stated in earlier discussion one of the Board members suggested breaking the funds up into smaller increments. Mr. Clarke stated that his suggestion would be to split the funds up into \$200,000.00 increments because if placed at \$250,000.00 the interest earned would be over the FDIC insured limit and the banks would have to pledge securities.

Ms. Rand stated that based on earlier discussion her preference would be to invest the funds at \$200,000.00 increments so that it increases the possibility that more small businesses in Illinois could get funding.

Mr. Grady asked what would be the time span on the investments.

Mr. Clarke stated that in the bid solicitation the agency gave the banks the option of 1 year, 2 year or 3 year maturity.

May 14, 2012

State Banking Board of Illinois

Chairman Flores stated that his recommendation would be to not lock in the funds longer than one year. Chairman Flores further stated that this would give us the opportunity to capitalize on a better interest rate next year.

Ms. Becker made a motion that we put the funds into the Money Market Passbook account and send out another solicitation for certificate of deposit rate quotes for investing \$200,000.00 for one year, the winning bidders would be invited to take additional funds in increments of \$200,000.00 up to \$1,000,000.00. Ms. Rand seconded the motion. *The motion was unanimously approved.*

Mr. Clarke stated that the Foundation currently has two other certificates of deposit maturing, each in the amount of \$100,000.00. Mr. Clarke further stated that when the bids come in would the Board like to reconvene the meeting or would the Board authorize the agency to take the highest bid. Mr. Clarke stated that the agency has received two bids thus far but the bidding period has not ended.

Mr. Field made a motion to allow the agency to act on the bids without reconvening the Board as long as they follow the current investment guidelines; investment will be limited to Illinois state-chartered banks having a composite "1" or "2" CAMELS rating and at the Board's recommendation a CRA rating of satisfactory or better. Ms. Becker seconded the motion. *The motion was unanimously approved.*

Chairman Flores stated that the agency would notify all of the Board members electronically (via email) of their decision regarding investment prior to awarding funds to an institution.

Chairman Flores made a motion to add the electronic notification to all Board members prior to investment of funds as an amendment. Ms. Becker seconded the motion. *The motion was unanimously approved.*

### **Consideration of Board Resolution 2012-03**

Mr. Clarke stated the most recent amendments of the Open Meetings Act provided that every public body must provide an open comment period for members of the public to address the Board. Mr. Clarke further stated that is generally suggested that each Board come up with an establish criteria for how long a person could talk and that the topic be relevant to what the Board is considering. Mr. Clarke stated that the guidelines would need to be printed and developed beforehand. Mr. Clarke further stated that the agency has provided a draft resolution for the Boards consideration, which recognizes the public's right to participate. Mr. Clarke stated that Resolution 2012-03 provides a five (5) minute limit to each speaker unless otherwise approved by the Board and that comments have to be limited to subjects related to the Boards powers and duties. Mr. Clarke further stated the Board could limit at their own discretion comments from a speaker if they are deemed irrelevant, repetitious, or disruptive. Mr. Clarke stated that members of the public would be advised that their statements could be recorded and posted on the agency's website as part of the minutes.

Ms. Rand made a request to make change to the language under guidelines (second to last bullet point) to read "The Board in its own discretion may limit comments from a speaker if his or her comments are deemed irrelevant, repetitious, or disruptive".

Mr. Fields made a motion to approve Resolution 2012-03 with the editorial change. Ms. Becker seconded the motion. *The motion was unanimously approved.*

### **Meeting Schedule for 2012**

Mr. Clarke stated that the Board needs to establish its meeting schedule for the entire year so that the agency can post the schedule to the agency's website.

Ms. Becker suggested that the Board meet quarterly.

Chairman Flores stated that given the current environment his recommendation would be that the Board meets quarterly. Chairman Flores further stated that this would give the Board the opportunity to address any issues that may come up.

After some discussion the consensus of the Board was to meet on the second Monday of the first month of the quarter unless that day falls on a legal holiday, then the meeting would be moved to the subsequent Monday. This schedule would begin on September 10, 2012.

Mr. Clarke stated that Illinois Bank Examiners' Education Foundation has three certificates of deposit maturing on August 4, 2012. Mr. Clarke asked the Board would they want to follow the same procedure of soliciting bids and investing with the highest bidder; the agency would notify the Board via email of the agency's decision.

Ms. Becker made a motion that the agency follows this procedure with the rest of the certificates of deposit coming due this year. Mr. Grady seconded the motion. *The motion was unanimously approved.*

### **Open Comment Period for Members of the Public**

Chairman Flores stated at this time the meeting is open to any members of the public to address the Board. Chairman Flores asked Mr. Clarke if the agency received any notices. Mr. Clarke replied that the agency did not receive any notices.

There being no further business before the board, Chairman Flores made a motion to adjourn. Ms. Rand seconded the motion. *The motion was unanimously approved.* The meeting adjourned at 2 PM.



# Illinois Department of Financial and Professional Regulation

## Division of Banking

PAT QUINN  
Governor

MANUEL FLORES  
Acting Secretary

**TO:** Members of the State Banking Board of Illinois  
**FROM:** Illinois Department of Financial and Professional Regulation  
**DATE:** January 10, 2013  
**SUBJECT:** Legislative and Regulatory Update

---

The number of bills signed into state law in 2012 that may impact Illinois banks did not approach the remarkable totals that were recorded during several recent years. Regardless of that measure, the latest laws create a variety of changes, and some of them are substantial. The Department has compiled summaries for a portion of the newly enacted laws. The following is for informational purposes only. It should not be construed as legal advice. Please contact an attorney within our law department if you have specific questions about any of the new laws.

**Home Loans and Tax Refund Loans** (Public Act 97-849; Effective January 1, 2013) The Residential Mortgage License Act of 1987, the High Risk Home Loan Act, and the Interest Act have been revised to limit the imposition of prepayment penalties in connection with high risk home loans, the size of balloon payments in connection with high risk home loans, and the imposition of late fees.\*\* Also, the definition of the term "high risk home loan" has been changed to exclude certain consumer credit transactions made by a natural person who provides seller financing secured by a principal residence no more than 3 times in a 12-month period. Legislative changes also were made to the Tax Refund Anticipation Loan Disclosure Act with respect to required disclosures, prohibited activities, and interest rate limits for non-bank loans.

\*\* Regarding the effective date of these items, it is anticipated that the Governor will sign HB5019, which delays the effective date of these provisions until certain provisions of the Dodd-Frank Act have been enacted.

**Elderly Exploitation** (Public Act 97-865; Effective January 1, 2013) The Criminal Code has been amended. There is a new measure available to help an elderly or disabled person recover their lost property when someone has been charged with exploiting them. When the value of the lost property exceeds \$5,000, the assets of the alleged perpetrator can be frozen by a court while the case is pending. In a related note, caregivers have been added to the list of those who hold a position of trust and confidence in relation to an elderly or disabled person.

**Power of Attorney Act** (Public Act 97-868; Effective July 30, 2012) The Illinois Power of Attorney Act has been amended. The previously established statutory revocation authority, when exercised, will not carry over to specified types of agreements that name a financial institution as an agent, provided the agreement in question does not include in its terms a durable power of attorney that survives the incapacity of the principal.



**Social Media Privacy** (Public Act 97-875; Effective January 1, 2013) The Right to Privacy in the Workplace Act has been amended. Employers are prohibited from requiring any prospective or current employee to supply their account information to the employer so the employer can gain access any social networking website that is the employee's.

**Service Members' Rights and Protections** (Public Act 97-913; Effective January 1, 2013) The Illinois Service Member Civil Relief Act has been created. The state law contains provisions that are in several respects like the statutes in the Servicemembers Civil Relief Act, a federal law. However, a significant difference can be found in the scope of coverage, since the state law protections are extended to members of the National Guard when they are called to service by the Governor. Another difference exists in the qualifying, or eligibility, standards. Despite these variations, there are provisions that are comparable. For example, the state law grants a service member the right to suspend a foreclosure proceeding or an administrative hearing while the service member is occupied in military service and for up to 90 days after their service ends. The state law also contains similar provisions governing lease, repossession, and eviction rights, as well as interest rate caps. In addition, the state law allows a service member to have a court decision set aside when the service member has been unable to appear because of his military service.

**Trustee's Powers** (Public Act 97-920; Effective January 1, 2013) The Trust and Trustees Act has been supplemented. If certain specified conditions are met, a trustee may modify the terms of a trust, without the assistance of a court. To initiate a valid modification, the trustee must follow a formalized process, which is described in the new law, prior to when the trustee modifies the original trust. The new law authorizes the distribution of the trust principal to a second trust. The new trust may operate as a substitute for the original trust or it may be formed so that it operates side-by-side with the original trust. A trust may be established with terms that prevent a trustee from utilizing this new grant of authority. In all cases, restrictions that have been established by the original trust cannot be disregarded.

**Directed Trusts** (Public Act 97-921; Effective January 1, 2013) The Trusts and Trustees Act has also been supplemented by adding provisions that establish a directed trust as a type of trust. In connection with this change, the new law designates the responsibilities that will be held by a distribution trust advisor, trust protector, and various other parties to the trust. The changes to a trustee's powers in a directed trust apply to all trusts in existence on the effective date and all trusts created after that date. The provisions concerning the administration of a trust are available to any trust that is administered in Illinois or governed by Illinois law unless the trust instrument expressly prohibits the use of one or more those provisions by specific reference. Amendments further provide that if a charity is a current beneficiary or a presumptive remainder beneficiary, the trust protector must provide notice to the Attorney General's Charitable Trust Bureau at least 60 days before taking certain actions. A directing party is subject to the same duties and standards applicable to a trustee under the governing instrument. The governing instrument may not relieve the directing party from the duty to act in the best interests of the trust.

**Student Loan Debt Levies** (Public Act 97-950; Effective August 13, 2012) The Higher Education Student Assistance Act has been amended. The Illinois Student Assistance Commission is now authorized to deduct funds from the salary, wages, commissions, and bonuses of any worker who has unpaid student loan debt. The Commission has authority to initiate the levy by serving a notice of administrative wage garnishment to the worker's employer for the debt. The worker has an opportunity to contest the debt before the levy takes effect.

**Mechanics Liens** (Public Act 97-966; Effective January 1, 2013) The Mechanics Lien Act has been modified temporarily. The new changes will last until December 31, 2015. The amended law draws a

distinction between lien periods for residential and commercial property. For contracts that have not specified a date of completion, a mechanics lien may be placed on the property, if it is residential property, when the work has been completed within 3 years. For commercial property, the relevant period has been extended to 5 years from 3 years.

**Filing Financing Statements** (Public Act 97-1034; Effective July 1, 2013)

The Uniform Commercial Code has been revised. To identify the debtor properly, a secured party must list the debtor's name on the financing statement in accordance with newly established conventions. The debtor's name, as it appears on their driver's license, will be presumptively sufficient, except in limited circumstances. For business entities, a secured party must use the most recent name on file at the agency that has jurisdiction over the registered business.



# Illinois Department of Financial and Professional Regulation

## Division of Banking

PAT QUINN  
Governor

MANUEL FLORES  
Acting Secretary

**TO:** Members of the State Banking Board of Illinois  
**FROM:** Illinois Department of Financial and Professional Regulation  
**DATE:** January 10, 2013  
**SUBJECT:** Regulatory Update—2012 Cases

---

### Selected Topically Relevant Cases

In re Crane 2012 WL 669595 (Bkrcty.C.D.Ill.,2012): Bankruptcy court concluded that a mortgage which does not reflect the agreed upon amount of debt, maturity date, and interest rate does not provide constructive notice, and thus becomes avoidable.\*\*

\*\* SB0016 has been sent to the Governor for signature; among other things, the bill includes a provision that declares the failure to state the interest rate or maturity date, or both, will not affect the validity or priority of the mortgage.

In re Herbst 469 B.R. 299 (Bkrcty.W.D.Wis.,2012): Bank held in contempt for refusing to surrender property it had repossessed, but not yet sold, which was part of the estate of the debtor, who filed for bankruptcy. Despite clear terms in the security agreement that afforded the Bank with the right to repossess and sell the contested property, the agreement did not insulate the Bank from obligations that were triggered by the debtor's Chapter 13 filing. This case, though decided in Wisconsin, serves as a cautious reminder that a bank must be keenly aware of the complex interplay between bankruptcy laws and contractual rights.

Highmark Federal Credit Union v. Hunter 814 N.W.2d 413 (S.D.,2012): Credit Union was sued in response to a foreclosure it initiated against the owner of a manufactured home, whose home was earlier damaged by a flood. The Supreme Court of South Dakota, in a pronouncement that is consistent with Illinois case law, concluded that the National Flood Insurance Act of 1968 does not create a statutory or common-law duty; there is no right for a private party to sue a lender that fails to maintain flood insurance on the property.

Khan v. Bank of New York Mellon 849 F.Supp.2d 1377 (S.D.Fla.,2012): Mortgagor could bring suit against mortgagee for Truth in Lending Act violation that was committed by a third-party servicer. Since the servicer did not provide the mortgagor with the contact information of the mortgagee, as requested, a private right of action was created pursuant to TILA. Significantly, a different Florida court declined to reach the same conclusion when faced with a similar fact pattern shortly after this was decided. This out-of-jurisdiction case was included because it involves an issue—TILA's impact on vicarious liability—that has a strong chance of arriving at an Illinois court in the near future.

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENTS

- 1) Heading of the Part: Lending Limits
- 2) Code Citation: 38 Ill. Adm. Code 330
- 3) 

<u>Section Numbers:</u>	<u>Proposed Action:</u>
330.10	Amendment
330.200	New Section
330.210	New Section
330.220	New Section
330.230	New Section
- 4) Statutory Authority: Implementing Section 32 and authorized by Section 48(6) of the Illinois Banking Act [205 ILCS 5/32 and 48(6)] and Section 6013 and Section 9002 of the Savings Bank Act [205 ILCS 205/6013 and 9002]
- 5) A Complete Description of the Subjects and Issues Involved: This proposed rulemaking will authorize state chartered banks and state chartered savings banks to engage in derivative transactions and complies with Section 611 of the Dodd-Frank Act [12 USC 1828(y)] which prohibits state chartered banks from engaging in derivative transactions after January 21, 2013, unless otherwise authorized by the law of the state where the bank is chartered.  
  
The Department has also taken this opportunity to make numerous non-substantive changes to reflect the consolidation of agencies into the Department of Financial and Professional Regulation and the creation of the Division of Banking.
- 6) Published studies or reports, and sources of underlying data, used to compose this rulemaking: None
- 7) Will this rulemaking replace any emergency rulemaking currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other proposed rulemakings pending on this Part? No

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENTS

- 11) Statement of Statewide Policy Objectives: This rulemaking will not require a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.
- 12) Time, Place and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to comment on this proposed rulemaking may submit written comments no later than 45 days after the publication of this Notice to:

Department of Financial and Professional Regulation  
Attention: Craig Cellini  
320 West Washington, 3rd Floor  
Springfield, IL 62786

217/785-0813  
Fax: 217/557-4451

All written comments received within 45 days after this issue of the *Illinois Register* will be considered.

- 13) Initial Regulatory Flexibility Analysis:
- A) Types of small businesses, small municipalities and not for profit corporations affected: The rulemaking applies to banks and savings banks regulated by the Department of Financial and Professional Regulation, Division of Banking.
  - B) Reporting, bookkeeping or other procedures required for compliance: None
  - C) Types of professional skills necessary for compliance: None
- 14) Regulatory Agenda on which this rulemaking was summarized: This rule was not included on either of the 2 most recent agendas because the Division did not anticipate the need to do rulemaking at the time the agendas were published.

The full text of the Proposed Amendments begins on the next page:

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENTS

## TITLE 38: FINANCIAL INSTITUTIONS

CHAPTER II: DEPARTMENT OF FINANCIAL AND PROFESSIONAL  
REGULATION OFFICE OF BANKS AND REAL ESTATEPART 330  
LENDING LIMITS

## SUBPART A: GENERAL LENDING PROVISIONS

Section	
330.10	Definitions
330.20	Renewals of Loans or Extensions of Credit

## SUBPART B: AGGREGATION OF LOANS

Section	
330.100	Purpose
330.110	Combining Loans to Separate Persons
330.120	Good Faith Reliance

SUBPART C: DERIVATIVE TRANSACTIONS

<u>Section</u>	
<u>330.200</u>	<u>Definitions</u>
<u>330.210</u>	<u>Lending Limits; Derivatives</u>
<u>330.220</u>	<u>Nonconforming Loans and Extensions of Credit</u>
<u>330.230</u>	<u>Credit Exposure Arising from Derivative Transactions</u>

AUTHORITY: Implementing Section 32 and authorized by Section 48(6) of the Illinois Banking Act [205 ILCS 5/32 and 48(6)] and Section 6013 and Section 9002 of the Savings Bank Act [205 ILCS 205/6013 and 9002].

SOURCE: Adopted at 12 Ill. Reg. 7991, effective April 25, 1988; amended at 12 Ill. Reg. 17280, effective October 12, 1988; recodified from Chapter II, Commissioner of Banks and Trust Companies, to Chapter II, Office of Banks and Real Estate, pursuant to PA 89-508, at 20 Ill. Reg. 12645; amended at 37 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

## SUBPART A: GENERAL LENDING PROVISIONS

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENTS

**Section 330.10 Definitions**

"Act" means the Illinois Banking Act [205 ILCS 5].

"Department" means the Department of Financial and Professional Regulation.

"Director" means the Director of the Division of Banking with the authority delegated by the Secretary.

"Division" means the Department of Financial and Professional Regulation-Division of Banking with the authority delegated by the Secretary.

"Loan or Extension of Credit" ~~"loan or extension of credit"~~ means any direct or indirect advance of funds ~~that~~which results in a liability of any person for money borrowed or otherwise. An indirect advance of funds shall include, but not be limited to, a purchase by a bank of a note or obligation from another person.

"Person" ~~"person"~~ shall have the meaning ascribed to it in Section 2 of the Illinois Banking Act ~~[205 ILCS 5/2]~~.

"Secretary" means the Secretary of the Department of Financial and Professional Regulation.

(Source: Amended at 37 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

SUBPART C: DERIVATIVE TRANSACTIONS**Section 330.200 Definitions**

For purposes of this Subpart, the following definitions apply:

"Appropriate Federal Banking Agency" means the Federal Deposit Insurance Corporation, the Federal Reserve Bank of Chicago or the Federal Reserve Bank of St. Louis.

"Borrower" means a person who is named as a borrower or debtor in a loan or extension of credit; a person to whom a state bank has credit exposure arising from a derivative transaction entered by the bank or any other person, including a

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENTS

drawer, endorser or guarantor, who is deemed to be a borrower under Section 32 of the Act, Section 6013 of the Savings Bank Act [205 ILCS 205], or this Part.

"Contractual Commitment to Advance Funds" includes a bank's obligation to:

Make payment (directly or indirectly) to a third person contingent upon default by a customer of the bank in performing an obligation and to make the payment in keeping with the agreed upon terms of the customer's contract with the third person, or to make payments upon some other stated condition;

Guarantee or act as surety for the benefit of a person;

Advance funds under a qualifying commitment to lend; and

Advance funds under a standby letter of credit, a put or other similar arrangement.

The term does not include commercial letters of credit and similar instruments when the issuing bank expects the beneficiary to draw on the issuer, that do not guarantee payment, and that do not provide for payment in the event of a default by a third party.

"Credit Derivative" means a financial contract executed under standard industry credit derivative documentation that allows one party (the protection purchaser) to transfer the credit risk of one or more exposures (reference exposure) to another party (the protection provider).

"Derivative Transaction" includes any transaction that is a contract, agreement, swap, warrant, note or option that is based, in whole or in part, on the value of, any interest in, or any quantitative measure or the occurrence of any event relating to, one or more commodities, securities, currencies, interest or other rates, indices or other assets.

"Effective Margining Arrangement" means a master legal agreement governing derivative transactions between a bank or savings association and a counterparty that requires the counterparty to post, on a daily basis, the variation margin to fully collateralize that amount of the bank's net credit exposure to the counterparty



## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENTS

that exceeds \$1,000,000 created by the derivative transactions covered by the agreement.

"Eligible Credit Derivative" means a single-name credit derivative or a standard, non-tranched index credit derivative provided that:

The derivative contract meets the requirements of an eligible guarantee, as defined in Section 32 of the Act, Section 6013 of the Savings Bank Act, or this Part and has been confirmed by the protection purchaser and the protection provider;

Any assignment of the derivative contract has been confirmed by all relevant parties;

If the credit derivative is a credit default swap, the derivative contract includes the following credit events:

Failure to pay any amount due under the terms of the reference exposure, subject to any applicable minimal payment threshold that is consistent with standard market practice and with a grace period that is closely in line with the grace period of the reference exposure; and

Bankruptcy, insolvency or inability of the obligor on the reference exposure to pay its debts, or its failure or admission in writing of its inability generally to pay its debts as they become due, and similar events;

The terms and conditions dictating the manner in which the derivative contract is to be settled are incorporated into the contract;

If the derivative contract allows for cash settlement, the contract incorporates a robust valuation process to estimate loss with respect to the derivative reliably and specifies a reasonable period for obtaining post-credit event valuations of the reference exposure;

If the derivative contract requires the protection purchaser to transfer an exposure to the protection provider at settlement, the terms of at least one of the exposures that is permitted to be transferred under the contract

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENTS

provides that any required consent to transfer may not be unreasonably withheld; and

If the credit derivative is a credit default swap, the derivative contract clearly identifies the parties responsible for determining whether a credit event has occurred, specifies that this determination is not the sole responsibility of the protection provider, and gives the protection purchaser the right to notify the protection provider of the occurrence of a credit event.

"Eligible Guarantee" means a guarantee that:

Is written and unconditional;

Covers all, or a pro rata portion of, all contractual payments of the obligor on the reference exposure;

Gives the beneficiary a direct claim against the protection provider;

Is not unilaterally cancelable by the protection provider for reasons other than the breach of the contract by the beneficiary;

Is legally enforceable against the protection provider in a jurisdiction where the protection provider has sufficient assets against which a judgment may be attached and enforced;

Requires the protection provider to make payment to the beneficiary on the occurrence of a default (as defined in the guarantee) of the obligor on the reference exposure in a timely manner without the beneficiary first having to take legal actions to pursue the obligor for payment;

Does not increase the beneficiary's cost of credit protection on the guarantee in response to deterioration in the credit quality of the reference exposure; and

Is not provided by an affiliate of the bank, unless the affiliate is an insured depository institution, bank, securities broker or dealer, or insurance company that:

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENTS

Does not control the bank; and

Is subject to consolidated supervision and regulation comparable to that imposed on U.S. depository institutions, securities broker-dealers, or insurance companies (as the case may be).

"Eligible Protection Provider" means:

A sovereign entity (a central government, including the U.S. government, an agency, department, ministry or central bank);

The Bank for International Settlements, the International Monetary Fund, the European Central Bank, the European Commission or a multilateral development bank;

A Federal Home Loan Bank;

The Federal Agricultural Mortgage Corporation;

A depository institution, as defined in Section 3 of the Federal Deposit Insurance Act (12 USC 1813(c));

A federal bank holding company, as defined in Section 2 of the Bank Holding Company Act, as amended (12 USC 1841);

A savings and loan holding company, as defined in Section 10 of the federal Home Owners' Loan Act (12 USC 1467a);

A securities broker or dealer registered with the SEC under the Securities Exchange Act of 1934 (15 USC 78(o));

An insurance company that is subject to the supervision of a State insurance regulator;

A foreign banking organization;

A non-US-based securities firm or a non-US-based insurance company that is subject to consolidated supervision and regulation comparable to

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENTS

that imposed on U.S. depository institutions, securities broker-dealers, or insurance companies; and

A qualifying central counterparty.

"Extensions of Credit" shall have the meaning ascribed in Section 5-102 of Uniform Commercial Code [810 ILCS 5/5-102] and any credit exposure, as determined pursuant to Section 330.230, arising from a derivative transaction.

Loans or extensions of credit, for purposes of this Part, include a contractual commitment to advance funds.

The following items do not constitute loans or extensions of credit for purposes of Section 32 of the Act, Section 6013 of the Savings Bank Act, or this Part:

Additional funds advanced for the benefit of a borrower by a bank for payment of taxes, insurance, utilities, security and maintenance and operating expenses necessary to preserve the value of real property securing the loan, consistent with safe and sound banking practices, but only if the advance is for the protection of the bank's interest in the collateral, and provided that the amounts must be treated as an extension of credit if a new loan or extension of credit is made to the borrower;

Accrued and discounted interest on an existing loan or extension of credit, including interest that has been capitalized from prior notes and interest that has been advanced under terms and conditions of a loan agreement;

Financed sales of a bank's own assets, including other real estate owned, if the financing does not put the bank in a worse position than when the bank held title to the assets;

Amounts paid against uncollected funds in the normal process of collection; and

That portion of a loan or extension of credit sold as a participation by a bank on a nonrecourse basis, provided that the participation

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENTS

results in a pro rata sharing of credit risk proportionate to the respective interests of the originating and participating lenders. When a participation agreement provides that repayment must be applied first to the portions sold, a pro rata sharing will be deemed to exist only if the agreement also provides that, in the event of a default or comparable event defined in the agreement, participants must share in all subsequent repayments and collections in proportion to their percentage participation at the time of the occurrence of the event.

When an originating bank funds the entire loan, it must receive funding from the participants before the close of business of its next business day. If the participating portions are not received within that period, then the portions funded will be treated as a loan by the originating bank to the borrower. If the portions so attributed to the borrower exceed the originating bank's lending limit, the loan may be treated as nonconforming, rather than a violation of Section 32 of the Act or Section 6013 of the Savings Bank Act, as applicable, if:

The originating bank had a valid and unconditional participation agreement with a participant or participants that was sufficient to reduce the loan to within the originating bank's lending limit;

The participant reconfirmed its participation and the originating bank had no knowledge of any information that would permit the participant to withhold its participation; and

The participation was to be funded by close of business of the originating bank's next business day.

"Notice" means a copy of the state bank's application to its appropriate federal banking agency for approval to establish a branch.

"Qualifying Master Netting Agreement" means any written, legally enforceable, bilateral agreement, provided that:

The agreement creates a single legal obligation for all individual transactions covered by the agreement upon an event of default, including bankruptcy, insolvency or similar proceeding, of the counterparty;

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENTS

The agreement provides the bank the right to accelerate, terminate and close-out on a net basis all transactions under the agreement and to liquidate or set off collateral promptly upon an event of default, including upon an event of bankruptcy, insolvency or similar proceeding, of the counterparty, provided that, in any such case, any exercise of rights under the agreement will not be stayed or avoided under applicable law in the relevant jurisdictions;

The bank has conducted sufficient legal review to conclude with a well-founded basis, and maintains sufficient written documentation of that legal review, that:

The agreement meets the requirements of this definition; and

In the event of a legal challenge, including one resulting from default or from bankruptcy, insolvency or similar proceeding, the relevant court and administrative authorities would find the agreement to be legal, valid, binding and enforceable under the law of the relevant jurisdictions;

The bank establishes and maintains procedures to monitor possible changes in relevant law and to ensure that the agreement continues to satisfy the requirements of this definition; and

The agreement does not contain a walk-away clause (that is, a provision that permits a non-defaulting counterparty to make a lower payment than it would make otherwise under the agreement, or no payment at all, to a defaulter or the estate of a defaulter, even if the defaulter or the estate of the defaulter is a net creditor under the agreement).

"State Bank" or "Bank" means a bank that has a banking charter issued under the Act, or a savings bank that has a charter issued under Section 1001 of the Savings Bank Act.

(Source: Added at 37 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

Section 330.210 Lending Limits; Derivatives

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENTS

For purposes of Section 32 of the Act and Section 6013 of the Savings Bank Act, derivative transactions shall be included in the calculation of lending limits.

- a) The calculation of derivatives as applied to lending limits for purposes of Section 32 of the Act and Section 6013 of the Savings Bank Act shall be determined pursuant to Section 330.230.
- b) Loans Not Subject to Lending Limits  
The following loans or extensions of credit are not subject to the lending limits of Section 32 of the Act and Section 6013 of the Savings Bank Act, as applicable, or this Part:
  - 1) Intraday credit exposures.
  - 2) Intraday credit exposures arising from a derivative transaction.

(Source: Added at 37 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 330.220 Nonconforming Loans and Extensions of Credit**

- a) A loan or extension of credit, within a state bank's legal lending limit when made, will not be deemed a violation but will be treated as nonconforming if the loan or extension of credit is no longer in conformity with the state bank's lending limit because:
  - 1) The bank's capital has declined, borrowers have subsequently merged or formed a common enterprise, lenders have merged, or the lending limit or capital rules have changed;
  - 2) Collateral securing the loan to satisfy the requirements of a lending limit exception as defined in Sections 32, 33 and 35 of the Act, or in Sections 6003 or 6013 of the Savings Bank Act, as applicable, has declined in value.
- b) A state bank must use reasonable efforts to bring a loan or extension of credit that is nonconforming as a result of subsection (a)(1) into conformity with the bank's lending limit unless to do so would be inconsistent with safe and sound banking practices.

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENTS

- c) A state bank must bring a loan that is nonconforming as a result of circumstances described in subsection (a)(2) into conformity with the bank's lending limit within 30 calendar days, except when judicial proceedings, regulatory actions or other extraordinary circumstances beyond the bank's control prevent it from taking action.

(Source: Added at 37 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 330.230 Credit Exposure Arising from Derivative Transactions**

- a) Scope. This Section sets forth the standards for calculating the credit exposure arising from a derivative transaction entered into by a state bank for purposes of determining the bank's lending limit pursuant to Section 32 of the Act, Section 6013 of the Savings Bank Act or, as applicable, this Part.

b) Derivative Transactions

1) Non-Credit Derivatives

Subject to subsections (b)(2) and (b)(3), a state bank shall calculate the non-credit derivative exposure to a counterparty arising from a derivative transaction by one of the methods described in this subsection (b)(1). Subject to subsection (b)(3), a state bank shall use the same method for calculating counterparty credit exposure arising from all of its derivative transactions.

A) Conversion Factor Matrix Method

The credit exposure arising from a derivative transaction under the Conversion Factor Matrix Method shall equal and remain fixed at the potential future credit exposure of the derivative transaction as determined at the execution of the transaction by reference to the following table.

**CONVERSION FACTOR MATRIX FOR CALCULATING POTENTIAL FUTURE CREDIT EXPOSURE\***

<u>Original maturity**</u>	<u>Interest Rate</u>	<u>Foreign Exchange Rate and Gold</u>	<u>Equity</u>	<u>Other*** (includes commodities and precious metals except gold)</u>
<u>1 year or less</u>	<u>.015</u>	<u>.015</u>	<u>.20</u>	<u>.06</u>



## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENTS

CONVERSION FACTOR MATRIX FOR CALCULATING POTENTIAL FUTURE CREDIT EXPOSURE\*

<u>Original maturity**</u>	<u>Interest Rate</u>	<u>Foreign Exchange Rate and Gold</u>	<u>Equity</u>	<u>Other*** (includes commodities and precious metals except gold)</u>
Over 1 to 3 years	.03	.03	.20	.18
Over 3 to 5 years	.06	.06	.20	.30
Over 5 to 10 years	.12	.12	.20	.60
Over 10 years	.30	.30	.20	1.00

B) Credit Derivatives

- i) A state bank shall calculate the counterparty credit exposure arising from credit derivatives entered by the bank or savings association by adding the net notional value of all protection purchased from the counterparty on each reference entity.
- ii) A state bank shall calculate the credit exposure to a reference entity arising from credit derivatives entered by the bank by adding the notional value of all protection sold on the reference entity. However, the bank may reduce its exposure to a reference entity by the amount of any eligible credit derivative purchased on that reference entity from an eligible protection provider.

C) Mandatory Use of a Certain Method

- i) Upon request by a state bank, the Department may allow a state bank to use any method the Department deems appropriate to calculate the credit exposure of derivative transactions if the Department finds that the method is necessary to promote the safety and soundness of the bank.
- ii) A state bank may elect to determine credit exposure on the basis of such other method of determining credit exposure as may be permitted by rule for national banks by the Office of the Comptroller of Currency.

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENTS

- \* For an OTC derivative contract with multiple exchanges of principal, the conversion factor is multiplied by the number of remaining payments in the derivative contract.
- \*\* For an OTC derivative contract that is structured so that, on specified dates, any outstanding exposure is settled and the terms are reset so that the market value of the contract is zero, the remaining maturity equals the time until the next reset date. For an interest rate derivative contract with a remaining maturity of greater than one year that meets these criteria, the minimum conversion factor is 0.005.
- \*\*\* Transactions not explicitly covered by any other column in the Table are to be treated as "Other".

(Source: Added at 37 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Illinois Department of Financial and Professional Regulation**  
**Division of Banking**  
**Bureau of Banks, Trust Companies, and Savings Institutions**  
**Illinois State Chartered Banks and Thrifts – Composite CAMELS Rating**

<b>Date</b>	<b>Total # of Institutions</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>NR</b>	<b>Percentage of 3, 4 &amp; 5</b>	<b># of Failed Institutions</b>
<b>Cook, DuPage, Kane, Kendall, Lake, McHenry and Will County</b>									
12/31/2012 *	121	6	49	28	22	16	0	54.55%	4
<b>Downstate</b>									
12/31/2012 *	288	98	151	25	11	3	0	13.54%	1
<b>State Wide Totals</b>									
12/31/2012 *	409	104	200	53	33	19	0	25.67%	5
12/31/2011 *	419	90	199	72	38	17	3	30.31%	8
12/31/2010 *	441	94	205	77	48	14	3	31.52%	14
12/31/2009	418	97	236	57	20	7	1	20.10%	16
12/31/2008	437	124	266	35	7	3	2	10.30%	1
12/31/2007	443	160	251	25	2	0	5	6.09%	0
12/31/2006	446	177	245	19	2	0	3	4.71%	0
12/31/2005	466	194	246	18	2	0	6	4.29%	0
12/31/2004	487	221	230	26	4	1	5	6.37%	0
12/31/2003	496	226	230	25	8	3	4	7.26%	0
12/31/2002	504	219	238	30	10	2	5	8.33%	0
12/31/2001	512	231	245	21	10	0	5	6.05%	0
12/31/2000	518	241	245	20	6	2	4	5.41%	0
12/31/1999	522	250	230	25	2	1	14	5.36%	0
12/31/1998	524	281	221	13	4	0	5	3.24%	0
12/31/1997	551	272	177	11	1	0	90	2.18%	0
12/31/1996	593	242	143	6	2	0	200	1.35%	0
12/31/1995	613	205	136	5	1	0	266	0.98%	0

\* Includes Illinois State Chartered Banks and Savings Institutions

**ILLINOIS BANK EXAMINERS' EDUCATION FOUNDATION**  
**BALANCE SHEET (As of December 31, 2012)**

ASSETS:	Money Market Passbook	194,117.48
	Certificates of Deposit	3,075,000.00
	Checking	2,047.03
	Accrued Interest Receivable	3,617.39
	Total Assets	3,274,781.90
LIABILITIES:	Accounts Payable	0.00
FUND EQUITY:	Retained Earnings As of 6/30/12	3,276,442.13
	Income less Expenses for 7/1/11 - 12/31/12	(1,660.23)
	Total Liabilities and Fund Equity	3,274,781.90

**FISCAL YEAR 2013 STATEMENT OF REVENUES AND EXPENSES**  
**July 1, 2012 Through December 31, 2012**

REVENUES:	Interest from Investments	20,199.39
	Contributions	0.00
	Total Revenues	20,199.39
EXPENSES:	Training Programs	21,859.62
	Fund Transfer	0.00
	Miscellaneous	0.00
	Total Expenses	21,859.62
NET INCOME:		(1,660.23)

**ILLINOIS BANK EXAMINERS' EDUCATION FUND ACTIVITY**  
**July 1, 2012 Through December 31, 2012**

BEGINNING BALANCE, JULY 1, 2012		3,272,001.26
ADDITIONS:	FY12 Interest Received in FY13	4,440.87
	FY13 Interest Received	16,582.00
	FY13 Contributions	0.00
	Total Additions	21,022.87
REDUCTIONS:	FY12 Training Programs Paid in FY13	0.00
	FY13 Training Programs	21,859.62
	FY12 Fund Transfer Paid in FY13	0.00
	FY13 Fund Transfer	0.00
	FY12 Miscellaneous Paid in FY13	0.00
	FY13 Miscellaneous	0.00
	Total Reductions	21,859.62
ENDING BALANCE, December 31, 2012		3,271,164.51

**ILLINOIS BANK EXAMINERS' EDUCATION FOUNDATION**

**Investment Summary**

**December 31, 2012**

<b>BANK NAME</b>	<b>COUNTY</b>	<b>INVESTMENT AMOUNT</b>	<b>TERM</b>	<b>RATE</b>	<b>DATE OF MATURITY</b>
South Side Trust & Savings Bank 2199 SW Adams Street Peoria, IL 61602	Peoria	\$75,000.00	36 Months	2.75%	3/1/2013
Central State Bank 101 W. Main Street Clayton, IL 62324	Adams	\$200,000.00	12 Months	0.60%	6/5/2013
Tompkins State Bank 102 S. Main Street Avon, IL 61415	Avon	\$200,000.00	12 Months	0.51%	6/5/2013
State Bank of Toulon 102 West Main Street P.O. Box 609 Toulon, IL 61483	Stark	\$200,000.00	12 Months	0.45%	6/5/2013
State Street Bank & Trust Co 801 State Street Quincy, IL 62301	Adams	\$200,000.00	12 Months	0.45%	6/5/2013
Peoples Bank & Trust 197 W. State P.O. Box 105 Waverly, IL 62692-0105	Morgan	\$200,000.00	12 Months	0.65%	6/5/2013
The Iuka State Bank 303 N. Main Street Iuka, IL 62849	Marion	\$100,000.00	36 Months	1.75%	2/28/2014
The Iuka State Bank 303 N. Main Street Iuka, IL 62849	Marion	\$100,000.00	36 Months	1.75%	2/28/2014
Marshall County State Bank 510 Main Street Varna, IL 61375	Varna	\$100,000.00	36 Months	2.00%	3/1/2014
The Iuka State Bank 303 N. Main Street Iuka, IL 62849	Marion	\$1,000,000.00	36 Months	1.75%	5/24/2014
The Iuka State Bank 303 N. Main Street Iuka, IL 62849	Marion	\$100,000.00	24 Months	0.70%	8/6/2014
The Iuka State Bank 303 N. Main Street Iuka, IL 62849	Marion	\$100,000.00	24 Months	0.70%	8/7/2014
The Iuka State Bank 303 N. Main Street Iuka, IL 62849	Marion	\$100,000.00	24 Months	0.70%	8/7/2014
The Iuka State Bank 303 N. Main Street Iuka, IL 62849	Marion	\$100,000.00	36 Months	1.56%	9/15/2014
The Iuka State Bank 303 N. Main Street Iuka, IL 62849	Marion	\$100,000.00	36 Months	1.56%	9/16/2014
State Bank of Nauvoo 1205 Mullholland P.O. Box 218 Nauvoo, IL 62354	Nauvoo	\$100,000.00	36 Months	1.05%	5/18/2015
State Bank of Nauvoo 1205 Mullholland P.O. Box 218 Nauvoo, IL 62354	Nauvoo	\$100,000.00	36 Months	1.05%	5/18/2015

**ILLINOIS BANK EXAMINERS' EDUCATION FOUNDATION****Investment Summary****December 31, 2012**

<b>BANK NAME</b>	<b>COUNTY</b>	<b>INVESTMENT AMOUNT</b>	<b>TERM</b>	<b>RATE</b>	<b>DATE OF MATURITY</b>
Middletown State Bank Box 245 Middletown, IL 62666	Logan	\$100,000.00	36 Months	3.00%	Matured 8/4/2012
Goodfield State Bank 201 S. Eureka Street Goodfield, IL 61742	Woodford	\$100,000.00	36 Months	2.967%	Matured 8/4/2012
Morton Community Bank 721 W. Jackson Street Morton, IL 61550	Tazewell	\$100,000.00	36 Months	2.94%	Matured 8/4/2012
<b>SUBTOTAL</b>		<b>\$3,075,000.00</b>			
Marine Bank 3050 West Wabash Springfield, IL 62701	Sangamon	\$194,117.48		A.P.Y. 0.30%	
Marine Bank 3050 West Wabash Springfield, IL 62701	Sangamon	\$2,047.03		N/A	
<b>TOTAL</b>		<b>\$3,271,164.51</b>			

**Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

**2011**

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements.

**A** For the 2011 calendar year, or tax year beginning **JUL 1, 2011** and ending **JUN 30, 2012**

**B** Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Terminated  
 Amended return  
 Application pending

**C** Name of organization: **Illinois Bank Examiners' Education Foundation**  
 Doing Business As: \_\_\_\_\_  
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite: **320 W Washington**  
 City or town, state or country, and ZIP + 4: **Springfield, IL 62786**

**D** Employer identification number: **37-1220866**

**E** Telephone number: **(217) 785-2900**

**F** Name and address of principal officer: **Manuel Flores same as C above**

**G** Gross receipts \$: **67,692.**

**H(a)** Is this a group return for affiliates?  Yes  No  
**H(b)** Are all affiliates included?  Yes  No  
 If "No," attach a list. (see instructions)

**I** Tax-exempt status:  501(c)(3)  501(c)( ) (insert no.)  4947(a)(1) or  527

**J** Website: **N/A**

**K** Form of organization:  Corporation  Trust  Association  Other

**L** Year of formation: **1987** **M** State of legal domicile: **IL**

**Part I Summary**

<b>1</b> Briefly describe the organization's mission or most significant activities: <b>Education and professional training activity for the examination employees of the Illinois</b>	
<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	
<b>Activities &amp; Governance</b>	<b>3</b> Number of voting members of the governing body (Part VI, line 1a) <span style="float:right">3</span>
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) <span style="float:right">4</span>
	<b>5</b> Total number of individuals employed in calendar year 2011 (Part V, line 2a) <span style="float:right">5</span>
	<b>6</b> Total number of volunteers (estimate if necessary) <span style="float:right">6</span>
	<b>7 a</b> Total unrelated business revenue from Part VIII, column (C), line 12 <span style="float:right">7a</span>
	<b>b</b> Net unrelated business taxable income from Form 990-T, line 34 <span style="float:right">7b</span>
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h) <span style="float:right">0.</span>
	<b>9</b> Program service revenue (Part VIII, line 2g) <span style="float:right">0.</span>
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d) <span style="float:right">105,570.</span>
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) <span style="float:right">0.</span>
	<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) <span style="float:right">105,570.</span>
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3) <span style="float:right">0.</span>
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) <span style="float:right">0.</span>
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) <span style="float:right">0.</span>
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) <span style="float:right">0.</span>
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) <span style="float:right">0.</span>
	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) <span style="float:right">4,216,603.</span>
	<b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) <span style="float:right">4,216,603.</span>
<b>19</b> Revenue less expenses. Subtract line 18 from line 12 <span style="float:right">&lt;4,111,033.&gt;</span>	
<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16) <span style="float:right">3,231,375.</span>
	<b>21</b> Total liabilities (Part X, line 26) <span style="float:right">0.</span>
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20 <span style="float:right">3,231,375.</span>

**Part II Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**  
 Signature of officer: *Manuel Flores* Date: **11-8-12**  
 Type or print name and title: **Manuel Flores, Chairman**

**Paid Preparer Use Only**  
 Print/Type preparer's name: **Allen K Murphy, CPA** Preparer's signature: *Allen K. Murphy* Date: **11-6-12** Check if self-employed:  PTIN: **P00135697**  
 Firm's name: **Murphy & Associates CPAs LLC** Firm's EIN: **27-4404526**  
 Firm's address: **1307 S. Seventh Street Springfield, IL 62703** Phone no.: **(217) 544-2120**

May the IRS discuss this return with the preparer shown above? (see instructions)  Yes  No

See Schedule O for Organization Mission Statement Continuation

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III [X]

1 Briefly describe the organization's mission: Provide a means through which funds may be raised, invested, and disbursed for continuing education and professional training activity for the examination employees of the Illinois Department of Financial and Professional Regulation, Division of Banking, an agency of the

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [ ] Yes [X] No If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [ ] Yes [X] No If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: ) (Expenses \$ 21,125. including grants of \$ ) (Revenue \$ ) Accumulated funding for the continuing education and professional training of examination employees. Disbursements for conference/seminar registration fees and travel expenses.

4b (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4c (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4d Other program services (Describe in Schedule O.) (Expenses \$ including grants of \$ ) (Revenue \$ )

4e Total program service expenses 21,125.



**Illinois Bank Examiners' Education  
Foundation**

**Part IV Checklist of Required Schedules**

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i> .....	<b>X</b>	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors?</i> .....		<b>X</b>
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i> .....		<b>X</b>
4 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i> .....		<b>X</b>
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i> .....		
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i> .....		<b>X</b>
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i> .....		<b>X</b>
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> .....		<b>X</b>
9 Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i> .....		<b>X</b>
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> .....		<b>X</b>
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i> .....		<b>X</b>
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i> .....		<b>X</b>
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i> .....		<b>X</b>
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i> .....		<b>X</b>
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> .....		<b>X</b>
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i> .....		<b>X</b>
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII</i> .....		<b>X</b>
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional</i> .....		<b>X</b>
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i> .....		<b>X</b>
14a Did the organization maintain an office, employees, or agents outside of the United States? .....		<b>X</b>
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i> .....		<b>X</b>
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <i>If "Yes," complete Schedule F, Parts II and IV</i> .....		<b>X</b>
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If "Yes," complete Schedule F, Parts III and IV</i> .....		<b>X</b>
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i> .....		<b>X</b>
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i> .....		<b>X</b>
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i> .....		<b>X</b>
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i> .....		<b>X</b>
b <i>If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?</i> .....		

**Part IV Checklist of Required Schedules** (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II		<b>X</b>
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		<b>X</b>
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J		<b>X</b>
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25		<b>X</b>
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a <b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		<b>X</b>
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		<b>X</b>
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II		<b>X</b>
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III		<b>X</b>
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		<b>X</b>
b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		<b>X</b>
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV		<b>X</b>
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		<b>X</b>
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		<b>X</b>
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		<b>X</b>
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		<b>X</b>
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		<b>X</b>
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	<b>X</b>	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		<b>X</b>
b Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2		<b>X</b>
36 <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		<b>X</b>
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		<b>X</b>
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19?	<b>X</b>	

**Note.** All Form 990 filers are required to complete Schedule O

**Part V Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response to any question in this Part V

		Yes	No
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
<b>1b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
<b>1c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		
<b>2a</b>	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
<b>2b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)		
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?		<b>X</b>
<b>3b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O		
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		<b>X</b>
<b>4b</b>	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		<b>X</b>
<b>5b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		<b>X</b>
<b>5c</b>	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?		<b>X</b>
<b>6b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>7a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		<b>X</b>
<b>7b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
<b>7c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		<b>X</b>
<b>7d</b>	If "Yes," indicate the number of Forms 8282 filed during the year		
<b>7e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		<b>X</b>
<b>7f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		<b>X</b>
<b>7g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
<b>7h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>9a</b>	Did the organization make any taxable distributions under section 4966?		
<b>9b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?		
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter:		
<b>10a</b>	Initiation fees and capital contributions included on Part VIII, line 12		
<b>10b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter:		
<b>11a</b>	Gross income from members or shareholders		
<b>11b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
<b>12b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>13a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
<b>13b</b>	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans		
<b>13c</b>	Enter the amount of reserves on hand		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?		<b>X</b>
<b>14b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI

**Section A. Governing Body and Management**

		Yes	No
<b>1a</b>	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.	1	
<b>1b</b>	Enter the number of voting members included in line 1a, above, who are independent	0	
<b>2</b>	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
<b>3</b>	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
<b>6</b>	Did the organization have members or stockholders?		X
<b>7a</b>	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		X
<b>7b</b>	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>8a</b>	a The governing body?	X	
<b>8b</b>	b Each committee with authority to act on behalf of the governing body?	X	
<b>9</b>	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
<b>10a</b>	Did the organization have local chapters, branches, or affiliates?		X
<b>10b</b>	b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
<b>11a</b>	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
<b>11b</b>	b Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
<b>12a</b>	Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
<b>12b</b>	b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
<b>12c</b>	c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
<b>13</b>	Did the organization have a written whistleblower policy?	X	
<b>14</b>	Did the organization have a written document retention and destruction policy?	X	
<b>15</b>	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
<b>15a</b>	a The organization's CEO, Executive Director, or top management official	X	
<b>15b</b>	b Other officers or key employees of the organization	X	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
<b>16a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
<b>16b</b>	b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed **None**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
 Own website  Another's website  Upon request
- 19** Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization: **Scott D. Clarke, Agent of Board - (217)785-1260**  
**320 W Washington St, Springfield, IL 62786**

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response to any question in this Part VII

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

- 1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
  - List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
  - List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
  - List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
  - List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Manuel Flores Chairman	1.00	X					0.	0.	0.	
(2) Scott D Clarke Agent of Board	1.00			X			0.	0.	0.	

**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)**

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
<b>1b Sub-total</b> .....							0.	0.	0.	
<b>c Total from continuation sheets to Part VII, Section A</b> .....							0.	0.	0.	
<b>d Total (add lines 1b and 1c)</b> .....							0.	0.	0.	

**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **0**

	Yes	No
<b>3</b> Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual .....		<b>X</b>
<b>4</b> For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual .....		<b>X</b>
<b>5</b> Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person .....		<b>X</b>

**Section B. Independent Contractors**

**1** Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
NONE		

**2** Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **0**

**Part VIII Statement of Revenue**

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	1 a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f: \$					
	h	<b>Total.</b> Add lines 1a-1f					
	<b>Program Service Revenue</b>			Business Code			
2 a							
b							
c							
d							
e							
f		All other program service revenue					
g	<b>Total.</b> Add lines 2a-2f						
<b>Other Revenue</b>	3	Investment income (including dividends, interest, and other similar amounts)		67,692.		67,692.	
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
	6 a	Gross rents	(i) Real	(ii) Personal			
		b	Less: rental expenses				
		c	Rental income or (loss)				
		d	Net rental income or (loss)				
	7 a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
		b	Less: cost or other basis and sales expenses				
		c	Gain or (loss)				
		d	Net gain or (loss)				
	8 a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a				
		b	Less: direct expenses	b			
		c	Net income or (loss) from fundraising events				
	9 a	Gross income from gaming activities. See Part IV, line 19	a				
b		Less: direct expenses	b				
c		Net income or (loss) from gaming activities					
10 a	Gross sales of inventory, less returns and allowances	a					
	b	Less: cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
<b>Miscellaneous Revenue</b>		Business Code					
11 a							
	b						
	c						
	d	All other revenue					
	e	<b>Total.</b> Add lines 11a-11d					
12	<b>Total revenue.</b> See instructions.		67,692.	0.	0.	67,692.	

**Illinois Bank Examiners' Education  
Foundation**

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages				
8 Pension plan accruals and contributions (include section 401(k) and section 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting	725.		725.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other				
12 Advertising and promotion				
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	21,125.	21,125.		
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance				
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a <b>Miscellaneous</b>	775.		775.	
b				
c				
d				
e All other expenses				
<b>25 Total functional expenses.</b> Add lines 1 through 24e	22,625.	21,125.	1,500.	0.
<b>26 Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here  if following SOP 98-2 (ASC 958-720)



**Part X Balance Sheet**

		(A) Beginning of year		(B) End of year
<b>Assets</b>	1	1.	1	1.
	2	3,222,694.	2	3,272,000.
	3		3	
	4		4	
	5		5	
	6		6	
	7		7	
	8		8	
	9		9	
	10a			
	b		10c	
	11		11	
	12		12	
	13		13	
	14		14	
	15		8,680.	15
16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	3,231,375.	16	3,276,442.
<b>Liabilities</b>	17		17	
	18		18	
	19		19	
	20		20	
	21		21	
	22		22	
	23		23	
	24		24	
	25		25	
	26	<b>Total liabilities.</b> Add lines 17 through 25	0.	26
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27	2,286,164.	27	2,331,231.
	28	945,211.	28	945,211.
	29		29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.			
	30		30	
	31		31	
	32		32	
33	<b>Total net assets or fund balances</b>	3,231,375.	33	3,276,442.
34	<b>Total liabilities and net assets/fund balances</b>	3,231,375.	34	3,276,442.

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response to any question in this Part XI

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	67,692.
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	22,625.
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	45,067.
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	3,231,375.
<b>5</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>5</b>	0.
<b>6</b>	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	<b>6</b>	3,276,442.

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response to any question in this Part XII

		Yes	No
<b>1</b>	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
<b>2a</b>	Were the organization's financial statements compiled or reviewed by an independent accountant?		X
<b>2b</b>	Were the organization's financial statements audited by an independent accountant?		X
<b>2c</b>	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.		
<b>d</b>	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
<b>3a</b>	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
<b>b</b>	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.		

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

**Public Charity Status and Public Support**

OMB No. 1545-0047

**2011**

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Name of the organization **Illinois Bank Examiners' Education Foundation** Employer identification number **37-1220866**

**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2  A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: \_\_\_\_\_
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8  A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9  An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 10  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.
  - a  Type I
  - b  Type II
  - c  Type III - Functionally integrated
  - d  Type III - Other
- e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? <b>11g(i)</b>		
(ii) A family member of a person described in (i) above? <b>11g(ii)</b>		
(iii) A 35% controlled entity of a person described in (i) or (ii) above? <b>11g(iii)</b>		
- h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
<b>Total</b>									

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>4 Total.</b> Add lines 1 through 3 .....						
<b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) .....						
<b>6 Public support.</b> Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
<b>7</b> Amounts from line 4 .....						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources .....						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on .....						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) .....						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) .....					12	
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> .....						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f)) .....	14	%
<b>15</b> Public support percentage from 2010 Schedule A, Part II, line 14 .....	15	%
<b>16a 33 1/3% support test - 2011.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>b 33 1/3% support test - 2010.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>17a 10% -facts-and-circumstances test - 2011.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>b 10% -facts-and-circumstances test - 2010.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions .....		<input type="checkbox"/>

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose .....						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 .....						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>6 Total.</b> Add lines 1 through 5 .....						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons .....						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year .....						
<b>c</b> Add lines 7a and 7b .....						
<b>8 Public support</b> (Subtract line 7c from line 6.)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
<b>9</b> Amounts from line 6 .....						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources .....						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 .....						
<b>c</b> Add lines 10a and 10b .....						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on .....						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) .....						
<b>13 Total support</b> (Add lines 9, 10c, 11, and 12.)						

**14 First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f)) .....	<b>15</b>	%
<b>16</b> Public support percentage from 2010 Schedule A, Part III, line 15 .....	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for 2011 (line 10c, column (f) divided by line 13, column (f)) .....	<b>17</b>	%
<b>18</b> Investment income percentage from 2010 Schedule A, Part III, line 17 .....	<b>18</b>	%

**19a 33 1/3% support tests - 2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

**b 33 1/3% support tests - 2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

**20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

**SCHEDULE O**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.  
▶ Attach to Form 990 or 990-EZ.

OMB No. 1545-0047

**2011**

Open to Public  
Inspection

Name of the organization

Illinois Bank Examiners' Education  
Foundation

Employer identification number  
37-1220866

Form 990, Part I, Line 1, Description of Organization Mission:

Department of Financial and Professional Regulation, Division of  
Banking, an agency of the State of Illinois.

Form 990, Part III, Line 1, Description of Organization Mission:

State of Illinois.

Form 990, Part VI, Section B, line 11: All members of the board receive  
copies of the Form 990 and the board approves the submission of the Form  
990.

Form 990, Part VI, Section B, Line 12c: Each member files conflict of  
interest disclosure statements which are publically available.

Form 990, Part VI, Section B, Line 15: No person receives compensation.

Form 990, Part VI, Section C, Line 18: Documents are available for public  
inspection upon request.

Form 990, Part VI, Section C, Line 19: Documents are available for public  
inspection upon request.

**SCHEDULE R**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Related Organizations and Unrelated Partnerships**

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.  
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

**2011**

Open to Public Inspection

Name of the organization

**Illinois Bank Examiners' Education Foundation**

Employer identification number  
**37-1220866**

**Part I Identification of Disregarded Entities** (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

**Part II Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
Illinois Department of Financial and Professional Regulation - 20-1568257, 320 W Washington St, Springfield, IL 62786	Government regulator	Illinois	170 (b)(1)(A)(v)				<input checked="" type="checkbox"/>

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2011





**Illinois Bank Examiners' Education  
Foundation**

**Part V Transactions With Related Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)

**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
<b>a</b> Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		X
<b>b</b> Gift, grant, or capital contribution to related organization(s)		X
<b>c</b> Gift, grant, or capital contribution from related organization(s)		X
<b>d</b> Loans or loan guarantees to or for related organization(s)		X
<b>e</b> Loans or loan guarantees by related organization(s)		X
<b>f</b> Sale of assets to related organization(s)		
<b>g</b> Purchase of assets from related organization(s)		X
<b>h</b> Exchange of assets with related organization(s)		X
<b>i</b> Lease of facilities, equipment, or other assets to related organization(s)		X
<b>j</b> Lease of facilities, equipment, or other assets from related organization(s)		X
<b>k</b> Performance of services or membership or fundraising solicitations for related organization(s)		X
<b>l</b> Performance of services or membership or fundraising solicitations by related organization(s)		X
<b>m</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		X
<b>n</b> Sharing of paid employees with related organization(s)		X
<b>o</b> Reimbursement paid to related organization(s) for expenses		X
<b>p</b> Reimbursement paid by related organization(s) for expenses		X
<b>q</b> Other transfer of cash or property to related organization(s)		
<b>r</b> Other transfer of cash or property from related organization(s)		X

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				





RESOLUTION OF THE STATE BANKING BOARD OF ILLINOIS ACTING  
AS THE BOARD OF TRUSTEES  
ILLINOIS BANK EXAMINERS' EDUCATION FOUNDATION  
2013-01

APPOINTMENT OF AGENTS

**WHEREAS**, pursuant to the authority provided under Article V of the Illinois Bank Examiners' Education Foundation (the "Foundation") By Laws, the Board of Trustees (the "Board") may authorize any officer or agent of the Foundation to enter into any contract or execute and deliver any instrument in the name of and behalf of the Foundation;

**WHEREAS**, all checks, drafts, vouchers, or orders for the payment of money, notes or other evidence of indebtedness issued in the name of the Foundation shall be signed by such officer or officers, or any two agents of the Foundation and in such manner as shall from time to time be determined by resolution of the Board;

**WHEREAS**, the recent changes in personnel at the Illinois Department of Financial and Professional Regulation, ("IDFPR") have prompted the Board to seek changes in the appointed Agents.

**NOW THEREFORE, BE IT RESOLVED**, that the prior designation of Marc A. Goldstein and Thomas G. Kaufmann as agents on behalf of the Board shall be and are hereby terminated as of the date of this resolution.

**FURTHER RESOLVED**, that the Board authorizes the Chairman or his/her designee to remove any such authorized agents based on the change in their employment status or such other reason as the Chairman may determine.

**FURTHER RESOLVED**, that the following employees of the Illinois Department of Financial and Professional Regulation, Division of Banking shall be and hereby are designated as agents of the Foundation until further action is taken by the Board or the Chairman:

Elba J. Acevedo, Manager, Fiduciary Activities, Division of Banking  
Scott D. Clarke, Assistant Director, Division of Banking  
Marc A. Edwards, Manager, Springfield Bank Supervision  
Manuel Flores, Acting Secretary  
Joseph N. Gomez, Manager, Chicago Bank Supervision  
Soren Van Thah Melick, Acting Chief Fiscal Officer  
Martin J. Rockhold, Budget Analyst



# Illinois Department of Financial and Professional Regulation

## Division of Banking

PAT QUINN  
Governor

MANUEL FLORES  
Acting Secretary

### STATE BANKING BOARD OF ILLINOIS

2013

#### Meeting Schedule

Illinois Department of Financial and Professional Regulation  
Division of Banking  
122 South Michigan Avenue, Suite 1900  
Chicago, IL 60603

Date	Time
January 14, 2013	2:00 PM
April 8, 2013	1:00 PM
July 8, 2013	1:00 PM
October 21, 2013	1:00 PM

The meetings are open to the public. The meetings will be fully accessibility to persons with disabilities. Persons needing special accommodations to attend a meeting should contact the Division at (217) 785-2900 or by email at [il.banks@illinois.gov](mailto:il.banks@illinois.gov) no later than one business day prior to the meeting to make such a request so that appropriate accommodations can be made.

**MEMBERS OF THE  
STATE BANKING BOARD OF ILLINOIS**

Manuel Flores ..... Department of Financial and  
*Acting Secretary* Professional Regulation  
320 West Washington Street  
Springfield, Illinois 62786  
Telephone: (217) 785-2900  
Fax: (217) 557-0330

**CLASS A MEMBERS**  
(Public Members)

Lisa M. Derezinski ..... Heartland Alliance ..... Term Expires  
208 S. LaSalle St., Ste. 1818 December 31, 2014  
Chicago, Illinois 60604  
Telephone: (312) 660-1471

Dory M. Rand..... Woodstock Institute..... Term Expires  
29 E. Madison, Suite 1710 December 31, 2015  
Chicago, Illinois 60602  
Telephone: (312) 368-0310

**CLASS B MEMBERS**

Mark G. Field..... President..... Term Expires  
0 - 75 million asset The Farmers Bank of Liberty December 31, 2014  
1002 North Main Street  
Liberty, Illinois 62347  
Telephone: (217) 645-3434

Vacant  
0 - 75 million asset

James B. Jurgens ..... President ..... Term Expires  
75 - 150 million asset State Bank of Arthur December 31, 2015  
411 South Vine  
Arthur, Illinois 61911  
Telephone: (217) 543-2111

Vacant  
75 - 150 million asset

**STATE BANKING BOARD OF ILLINOIS (Continued)**

Page 2

Joy French Becker ..... President ..... Term Expires  
150 - 500 million asset      The Farmers State Bank and Trust Company      December 31, 2015  
200 West State Street  
Jacksonville, Illinois 62650  
Telephone: (217) 479-4000

Walter E. Grady..... President ..... Term Expires  
150 -500 million asset      Seaway Bank and Trust Company      December 31, 2015  
645 East 87th Street  
Chicago, Illinois 60619  
Telephone: (773) 487-4800

S. Michael Polanski..... Chairman of the Board..... Term Expires  
500 million to 2 billion asset      Village Bank & Trust      December 31, 2014  
234 West Northwest Highway  
Arlington Heights, IL 60004  
Telephone: (847) 670-1000

Vacant  
500 million to 2 billion asset

Vacant  
Over 1 billion asset

