INTERPRETIVE LETTER 90-10 (JUNE 29, 1990)

Rescinded and Superceded by IL 2002-07

State bank is authorized to purchase stock in and become a member of a Federal Home Loan Bank to the same extent as a national bank.

This is in response to your letter of * in which the question was raised whether Illinois state chartered banks may become members of the Federal Home Loan Bank of Chicago. After a review of the provisions of 12 U.S.C. 1424, which specifically authorize commercial banks to become members of a Federal Home Loan Bank ("FHLB"), the Commissioner has no objection to a state bank becoming a member of the Federal Home Loan Bank of Chicago assuming the state bank meets the statutory criteria (i.e., the state bank purchases stock in the FHLB, the state bank has at least 10% of its total assets in residential mortgage loans, the financial condition of the state bank is safe and sound and the character of the bank's management and its home financing policy is consistent with sound and economical home financing). A state bank seeking to become a member would be authorized to acquire stock in the FHLB pursuant to the authority granted in Sections 5(11) and 35(3) of the Illinois Banking Act (Ill. Rev. Stat. 1989, ch. 17, pars. 311(11) and 343(3)).