

INTERPRETIVE LETTER 90-23 (NOVEMBER 14, 1990)

National bank located outside of Illinois may offer unsecured lines of credit at its licensed representative office. [Note: Described actions conform to requirements for Loan Production Office (LPO).]

I am writing in response to your letter dated * regarding the ability of a national bank located outside of Illinois (the "Bank") to offer unsecured lines of credit to customers of an affiliated corporation in Illinois which is licensed under the Illinois Residential Mortgage License Act of 1987 (the "Licensee"). The Bank is licensed under the Foreign Bank Representative Office Act (Ill. Rev. Stat. 1989, ch. 17, par. 2851 et seq.).

In your letter, you stated that the Bank proposes to offer its unsecured lines of credit in the following manner. During visits to the Licensee's office, customers will be asked whether they would be interested in opening an unsecured line of credit with the Bank. If so, Licensee's employees would provide the customer an application for an unsecured line of credit with the Bank. The completed application would be delivered to the Bank in one of the following ways:

1. The completed application may be mailed directly by the customer to the Bank using a pre-addressed postage pre-paid envelope provided to the customer with the application; or
2. The postage pre-paid envelope pre-addressed to the Bank may be given to Licensee's employees for posting or courier service to the Bank; or
3. The completed application may be given to Licensee's employees to be sent via facsimile to the Bank.

The decision on whether to extend credit would be made by the Bank, and all funds would be disbursed from the Bank.

It is the position of this Agency that if the Bank offers its lines of credit in the manner described above, neither the Bank nor the Licensee will be engaging in the business of banking in Illinois.