

**INTERPRETIVE LETTER 91-17 (JULY 25, 1991)**

**Out-of-state bank may establish a loan production office in Illinois to perform representational functions, including the solicitation of deposits, if it obtains a license under the Foreign Bank Representative Office Act.**

I am in receipt of a facsimile of your letter to me dated \*. In it you requested the views of the Commissioner of Banks and Trust Companies ("Commissioner's Office") concerning certain activities of a national bank within Illinois in the event the national bank had its main banking premises and associated branches located outside Illinois.

Initially you inquired whether an out-of-state national bank would be permitted to establish a loan production office ("LPO") in Illinois and whether a license would be required to conduct such an activity. The Commissioner's Office takes the position that an LPO is permitted to conduct loan-solicitation activities in Illinois, for the benefit of a bank, to the extent the LPO does not become involved in loan decision-making and does not disburse any of the loan proceeds. You stated in your letter that the national bank would make no loans at the LPO. Since an LPO constitutes neither a main banking premises nor a bank branch, the activity of an LPO of an out-of-state bank would not constitute a form of interstate banking which would be prohibited by Illinois law. Rather, the LPO would be treated as performing only representational functions which would be permissible under Illinois law.

Since the LPO would be engaged in representational activities, the national bank would need to obtain a license from the Commissioner's Office. See Section 3 of the Foreign Bank Representative Office Act (Ill. Rev. Stat. 1989, ch. 17, par. 2853). The annual fee for a license is \$200.00, per Policy Statement 1.03, a copy of which is enclosed. You may obtain an application for the license from \*, Manager, International Division, at the Commissioner's Chicago address:

Commissioner of Banks and Trust Companies  
310 South Michigan Avenue, Suite 2130  
(312) 793-2043

Next, you asked whether the national bank may solicit deposits at the LPO and whether a license would be needed for that activity. Since the solicitation of deposits is similar, in representational nature, to the solicitation of loans at an LPO, the Commissioner's Office takes the position that such activity is permissible in Illinois to the extent the LPO accepts no deposits. You stated in your letter that the national bank would accept no deposits at the LPO. The solicitation of deposits in Illinois by the national bank would, in and of itself, require a representative office license as described previously. Only one license will be necessary, since both activities will be conducted at the same LPO.