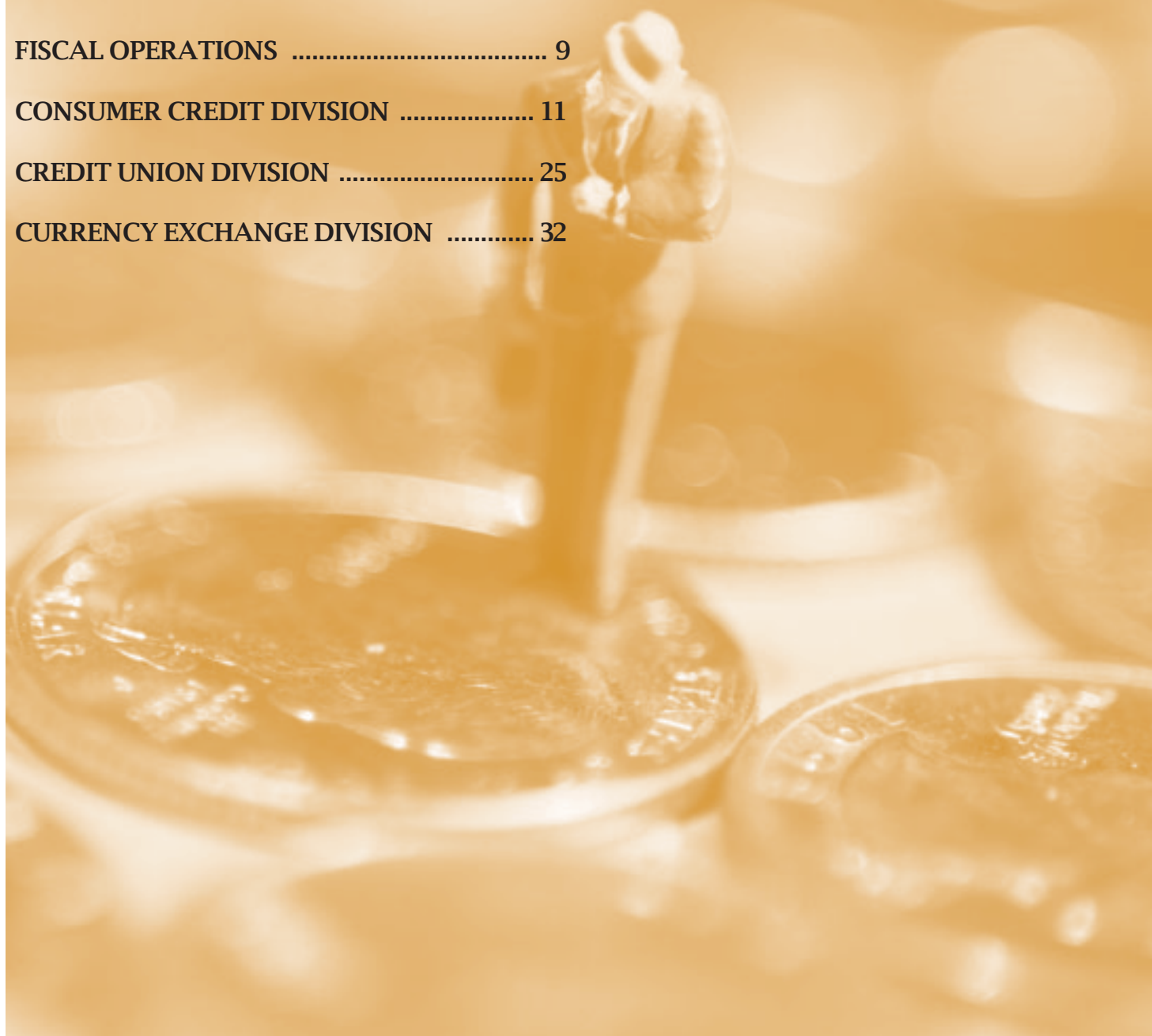


**FISCAL YEAR 2001 ANNUAL REPORT**

**I l l i n o i s**  
**D E P A R T M E N T o f**  
**F i n A N C I A L**  
**I N S T I T U T I O N S**

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GEORGE H. RYAN  
GOVERNOR

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL INSTITUTIONS

SARAH D. VEGA  
DIRECTOR

The Honorable George H. Ryan  
Governor of Illinois

Honorable Members of the General Assembly  
State of Illinois

Dear Governor Ryan and Members of the General Assembly:

I am pleased to submit the Illinois Department of Financial Institutions' 2001 Annual Report summarizing the agency's regulatory activities and consumer advocacy efforts.

During 2001 the Department successfully administered the passage and implementation of landmark regulations regarding predatory mortgage lending and short-term lending. Spearheaded by the Department of Financial Institutions, these rules impose strict regulatory standards for these industries and afford important new protection to consumers. These regulations also establish Illinois as a national leader in efforts to protect consumers from predatory lending practices.

In addition to these highlights, this report includes summaries of the department's management and structure, fiscal operations and legislative activity. Overviews of the regulatory operations within the Department's Credit Union Division, Consumer Credit Division and Currency Exchange Division are also outlined.

As demonstrated in this 2001 Annual Report, the Department of Financial Institutions remains committed to strictly administering Illinois' statutes and regulations to ensure the safety and soundness of the three thousand financial institutions under the Department's jurisdiction. While fulfilling these responsibilities, the Department's dedicated staff continues to advocate on behalf of the millions of consumers throughout the state that are served by these financial institutions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sarah D. Vega".

Sarah D. Vega  
Director

# Executive Management and Administrative Staff

**Sarah D. Vega,**  
**Edgar Lopez,**

Director  
Assistant Director

**Craig Cellini,**  
**Deanna Bandy,**  
**Tony Goldstein,**  
**Elizabeth F. Byrne,**  
**Susan Gold,**  
**Michael Cleary,**  
**Ron Miller,**  
**Mary Kendrigan,**  
**George Preski,**  
**Sarah Troehler,**

Legislative Liaison  
Human Resources Administrator  
Acting Chief Fiscal Officer  
Chief Legal Counsel  
Deputy Counsel  
Deputy Counsel  
Information Systems Manager  
Public Information Officer  
Internal Auditor  
Program and Policy Advisor

## **Credit Union Division**

**Patrick Smith,**  
**Dan Simon,**

Acting Credit Union Supervisor  
Assistant Supervisor

## **Consumer Credit Division**

**Carl LaSusa,**  
**Mary Ellen Madonia,**  
**Zachary Keene,**

Consumer Credit Supervisor  
Assistant Supervisor  
Assistant Supervisor

## **Currency Exchange Division**

**Michael Goldman,**  
**Kathleen Mallow,**

Currency Exchange Supervisor  
Assistant Supervisor

# About the Department of Financial Institutions

**The mission of the Illinois Department of Financial Institutions is: To administer and enforce the laws and regulations pertaining to the financial institutions under the department's jurisdiction; and to protect the interests of the people of this State in their interactions with these the industries regulated by this agency.**

The Illinois Department of Financial Institutions was created in 1957 to serve as the state regulatory agency that administers and enforces various statutes within the Illinois Financial Institutions Code as well as their related regulations. The Department carries out its mission through strict adherence to these laws and rules, in addition to strong consumer advocacy efforts, effective management and efficient service. By successfully fulfilling these responsibilities, the Department ensures the safety and soundness of these financial institutions for the benefit of the millions of consumers who use their services each year.

The Department oversaw the licensing, examination and regulation of more than 3,000 financial institutions throughout Illinois during 2001. Included among the Department's licensees are all: state-chartered credit unions, currency exchanges, consumer installment lenders, short-term lenders, sales finance companies, title insurance companies, money transmitters, debt management companies, retail installment lenders, development credit corporations and safe deposit box companies.

## 2001 Highlights

Several important legislative and rulemaking changes occurred during 2001 that impact

the Department of Financial Institutions' operations as well as financial institutions licensed by the Department, including the:

- \*Implementation of mortgage lending regulations designed to prevent predatory mortgage lending
- \*Adoption of new short-term lending regulations
- \*Various changes to the Credit Union Act including the implementation of a new regulatory fee structure
- \*Several amendments to the Currency Exchange Act including the disclosure of ownership interests, and new reporting requirements for unclaimed property;
- \* Changes to the Sales Finance Agency Act and Consumer Installment Loan Act related to licensing and reporting deadlines, fines, net worth requirements and surety bonds
- \* Amendments to the Transmitters of Money Act and the Debt Management Services Act expanding authority to DFI regarding receivership and liquidation, net worth requirements and surety bond matters.

## Department Management

Management of the Department of Financial Institutions is vested in the agency's Director who is appointed by the Governor and confirmed by the Illinois Senate. The Assistant Director is appointed in the same manner and serves as the Director's chief deputy.

During 2001, the Department was comprised of 102 employees and maintained offices in Chicago and Springfield. These employees serve in the Department's four major operating divisions: Consumer Credit, Credit Union, Currency Exchange and Administrative Services.

The agency's three regulatory divisions: Consumer Credit, Credit Union and Currency Exchange are each managed by division supervisors who report to the Director. The supervisors manage all operations within the regulatory divisions and administer the enforcement of the statutes and rules under their jurisdiction.

## Division Summaries

The Department's executive management and administrative staff comprise the **Administrative Services Division**. This division serves the Director in various capacities and assists the operations of the regulatory divisions.

Included in the Administrative Services Division staff are: the Chief Counsel's Office, the Fiscal Office, the Internal Auditor, the Legislative Liaison, the Public Information Officer, the Program & Policy Advisor, the Information Systems Office and the Human Resources Office.

The Chief Counsel's Office represents the Department in all administrative proceedings, oversees all litigation and provides legal advice to the Department regarding rules and regulations, as well as proposed legislation.

The Internal Auditor reviews the agency's finances and operations as required by the Fiscal Control and Auditing Act. In addition, the auditor works with management to enhance internal controls and to ensure that resources are used efficiently and economically.

The Legislative Liaison coordinates the Department's legislative program and is the primary contact for legislative inquiries and constituent cases. The liaison develops the agency's legislative agenda, monitors the progress of legislation affecting the Department, and promotes the agency's interests and positions with the General Assembly.

The Public Information Officer serves as the Department's official spokesperson, responding to all media inquiries regarding programs, policies and procedures. In addition to overseeing press statements and news releases, the PIO produces the agency's: annual report, brochures, display and educational materials.

The Program & Policy Advisor formulates policies and procedures to improve Departmental operations, services and programs. The advisor coordinates inter-departmental projects and develops the agency's Statewide Performance Review reports and the Strategic Plan to enhance the effectiveness of departmental services.

The Information Systems Office oversees and maintains technology services in the Department and ensures that computer systems are consistent with organizational needs. Under the direction of the MIS manager, MIS staff maintains the integrity of all mainframe databases and provides network and technical support for individual PC users. MIS staff also maintains the department's website.

The **Consumer Credit Division** licenses, examines and regulates a diverse field of financial institutions. It carries out the Department's mission by effectively administering and enforcing the following nine statutes and their administrative rules:

- Consumer Installment Loan Act (205 ILCS 670 et seq.)
- Debt Management Services Act (205 ILCS 665 et seq.)
- Development Credit Corporations Act (805 ILCS 35 et seq.)
- Motor Vehicle Retail Installment Loan Act (815 ILCS 375 et seq.)
- Retail Installment Sales Act (815 ILCS 405 et seq.)
- Safety Deposit Box Act (240 ILCS 5 et seq.)
- Sales Finance Agency Act (205 ILCS 660 et seq.)
- Title Insurance Act (215 ILCS 155 et seq.)
- Transmitters of Money Act (205 ILCS 657 et seq.)

During 2001, the Department adopted important amendments to the administrative rules that are enforced by the Consumer Credit Division. Among these were new regulations designed to protect consumers from predatory mortgage lending and certain short-term lending practices. These rulemaking changes amend the Consumer

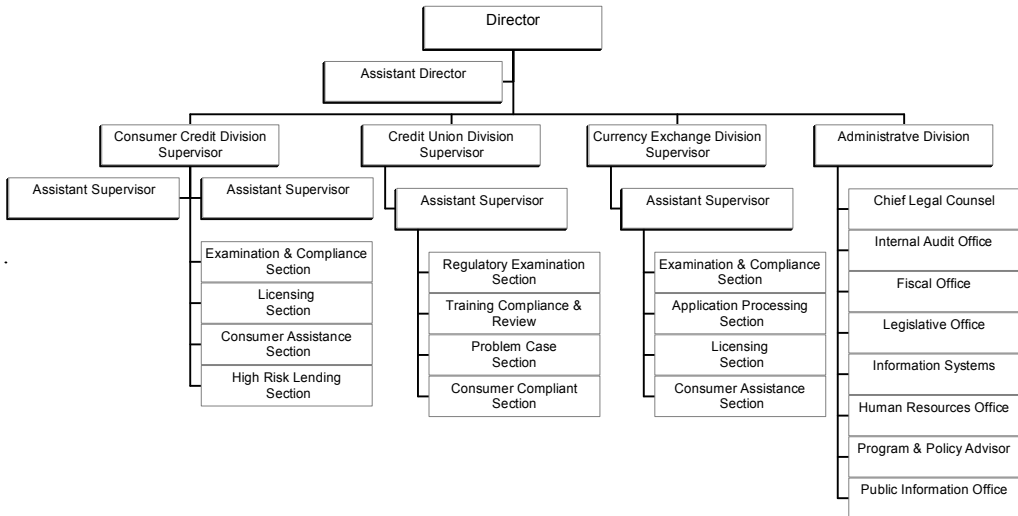
Installment Loan Act and the Sales Finance Agency Act. The text of the new rules is available at the departments website: [www.state.il.us/dfi](http://www.state.il.us/dfi).

The **Credit Union Division** oversees the chartering, examination and regulation of all state-chartered credit unions in Illinois as set forth in the Illinois Credit Union Act (205 ILCS 305/1 et seq.) and its accompanying rules. During 2001, the Division worked diligently to ensure the safety and soundness of this \$13.9 billion industry serving approximately 2.6 million Illinoisans, by strictly administering the Illinois Credit Union Act and its accompanying rules.

The Department's **Currency Exchange Division** is responsible for licensing, examining and regulating all community and ambulatory currency exchanges in Illinois. In keeping with the Department's mission, the Division strictly enforces the Currency Exchange Act (205 ILCS 405/1) and regulations to make certain that services provided at currency exchanges are delivered fairly and efficiently.

Additional information about the Department of Financial Institutions and the Department's licensees can be accessed electronically at DFI's website: [www.state.il.us/dfi](http://www.state.il.us/dfi).

# Organizational Chart



# 2001 LEGISLATIVE HIGHLIGHTS

## **HB 3008**

(Public Act 92-0293, effective August 9, 2001)  
- amends Sections 205 ILCS 305/10, 305/12, 305/51, 305/59 and 305/70 of the **Illinois Credit Union Act** pertaining to five specific areas: member records & confidentiality; regulatory fees; participation loans; investments and use of name issues.

### **Member Records & Confidentiality**

Amends Section 205 ILCS 305/10.3 regarding the definition of “**financial records**” to include financial statements or other financial information provided by the member. HB 3008 also amends the Illinois Credit Union Act’s **member confidentiality restrictions** to add specific exemptions contained in the National Credit Union Administration’s federal privacy restrictions. It allows the exchange of financial records and information between a credit union and other financial institutions or commercial enterprises for the purpose of conducting due diligence pursuant to a merger, or pursuant to the purchase or sale of assets or liabilities of the credit union. In addition, HB 3008 allows credit unions to disclose financial records or information to third parties when the information is required to: complete transactions requested or authorized by a member; service a member’s account; or when it is required for the sale of member obligations. It does *not*, however, authorize the sale of members’ financial records or information without the consent of the member. This section of the Act is also amended to allow the Director of the Department of Financial Institutions to establish rates and conditions for reimbursement of costs incurred when responding to specific document production requests.

### **Regulatory Fees**

Amends Section 205 ILCS 305/12 regarding **regulatory fees** to require credit unions to pay all regulatory fees **for that calendar year** to the Department of Financial Institutions by March 1<sup>st</sup> of each calendar year. Under the amended fee collection structure, the Department offsets administrative and operational expenses incurred throughout the year by expending the proceeds deposited in the Credit Union Fund. In addition, HB 3008 clarifies that all earnings are retained in the Credit Union Fund and may be used for the same purposes as fees deposited into that Fund.

### **Participation Loans**

Amends Section 205 ILCS 305/51 by drawing upon applicable federal standards to **clarify the credit union’s role as an originating or participating lender** and the documentation required. The amendments grant no new lending authority to credit unions, however, they provide them with a reference point for compliance with participating lending guidelines.

### **Investment of Funds**

Amends Section 205 ILCS 305/59 to **define specific “political subdivisions”** of a state with which credit unions can invest assets. The amendment also establishes that credit unions may not invest more than 10% of their unimpaired capital and surplus with any single political subdivision. Investments in municipal securities must be limited to securities rated in one of the four highest rating categories by a nationally recognized rating organization.

### **Use of Name**

Amends Section 205 ILCS 305/70 of the Illinois Credit Union Act to **allow subsidiaries of credit union associations to use the words “credit union”** in their name or title.

## **HB 2282**

(Public Act 92-0271, effective August 7, 2001)  
- amends the Illinois Currency Exchange Act regarding **insurance against loss**, as well as the Uniform Disposition of Unclaimed Property Act regarding the **reporting and remittance of unclaimed property** by currency exchanges.

The Act amends Section 205 ILCS 405/6 of the Currency Exchange Act to raise the allowable insurance deductible from \$100 to \$1,000 for losses related to forgery.

It also amends Section 765 ILCS 1025/11d-5 of the Uniform Disposition of Unclaimed Property Act by changing the reporting deadlines for currency exchanges regarding unclaimed property reports. The amendments require currency exchanges to report and remit abandoned property within thirty days after the conclusion of its annual examination by the Department of Financial Institutions. As part of these annual examinations, DFI shall instruct currency exchanges to submit complete unclaimed property reports using a format approved by the State Treasurer. In addition, DFI shall provide the Treasurer with an accounting of money orders located in the course of the annual exam as well as the date of the conclusion of the exam.

Prior to enactment of this law, currency exchanges were subject to the Act's November 1<sup>st</sup> reporting deadline for unclaimed property. This bill was initiated by the currency exchange industry with the support of the Treasurer's Office to establish year-round reporting compliance that coincides with annual examinations by DFI.

#### **SB 862**

(Public Act 92- 0398, effective January 1, 2002)  
- amends various sections of the Currency Exchange Act, the Sales Finance Agency Act and the Consumer Installment Loan Act.

It amends Section 205 ILCS 405/4 of the Currency Exchange Act regarding the **disclosure of ownership interests**, and regarding **application and fees associated with the transfer of ownership interests**. Under the new law, corporations and limited liability companies that apply for a currency exchange license are now required to disclose the ownership interests of each officer, director and stockholder. In addition, if the ownership of a currency exchange changes, the licensee must file a new application and pay a

new fee. Licensees are required to pay a \$500 fee when ownership interests have been transferred or sold to a new person or entity. When ownership interests are transferred or sold to a current holder or holders of the licensee, the fee is \$300. SB862 also changes Section 205 ILCS 405/16 regarding the **investigation of currency exchanges**. It authorizes representatives of other state and federal agencies to participate in investigations conducted by DFI as determined by the Director.

Public Act 92-0398 amends Sections 205 ILCS 660/6 and 660/10 of the Sales Finance Agency Act related to **renewal licensing deadlines and fines**. The changes stipulate that the Department must receive renewal license applications on forms prescribed by the Director together with the licensing fee by December 1<sup>st</sup>. In addition, the amendments authorize the Director to fine licensees for violations to any of the provisions of the Act.

Public Act 92-0398 amends the Consumer Installment Loan Act in Sections 205 ILCS 670/2, 670/8 and 670/11 regarding **net worth requirements, surety bonds, and licensing fee and report deadlines**. The changes require license applicants to maintain a positive net worth of a minimum of \$30,000. It also increases the surety bond that must be maintained by licensees and applicants from \$1,000 to \$25,000. Finally, the amendments establish that the department must receive licensees' annual license fee before December 15<sup>th</sup>, and licensees' annual reports must be received by the Department on or before March 1<sup>st</sup>.

#### **SB 888**

(Public Act 92-0400, effective January 1, 2002)  
- amends the Transmitters of Money Act (TOMA), Sections 205 ILCS 657/5, 657/20, 657/25, 657/30, 657/40 and 657/45 and adds Section 657/92. It also amends the Debt Management Services Act, Sections 205 ILCS 665/2, 665/4, 665/6 and adds Section 665/20.5.

This bill makes numerous amendments and additions to the Transmitters of Money Act. Section 657/5 **establish licensing requirements for companies that provide bill payment services for consumers.** These are businesses that transmit money on behalf of Illinois residents for the purpose of paying the resident's bills. Section 657/20 requires TOMA applicants and licensees to **maintain net worth requirements.** Sections 657/25 and 657/30 are amended to **require the posting of a surety bond** issued by an insurance company licensed to conduct business in Illinois. It eliminates the pledging of cash and/or securities as an alternate to a surety bond. Section 657/40 establishes **deadlines for the receipt of license renewal applications and audited financial statements.** License renewal applications must be received by the Department by December 1<sup>st</sup> and audited financial statements must be received by DFI no later than 120 days after the end of the licensee's fiscal year. Section 657/45 establishes **penalty fees** for late applications and financial statements. In addition to these amendments to TOMA, this bill adds Section 657/92 to the Act. This extensive section gives **new authority to the Director of DFI regarding receivership and liquidation matters.**

SB 888 also amends various sections of the Debt Management Services Act. Section 205 ILCS 665/4 **requires the posting of a \$25,000 surety bond** and eliminates the posting of cash and/or securities as an alternate to the bond. Section 665/6 establishes that renewal applications must be received by the Department by December 1<sup>st</sup>. Section 665/20.5 adds new language to the Debt Management Services Act and **gives new authority to the Director of DFI regarding receivership and liquidation issues.**

# FISCAL OPERATIONS

## FY'01 REVENUE & EXPENDITURE SUMMARY BY FUND AND DIVISION JULY 1, 2000 - JUNE 30, 2001

	REVENUE	EXPENDITURE	EXCESS REVENUE OVER EXPENDITURE
<b>FINANCIAL INSTITUTIONS FUND</b>			
Administrative Division	\$ 410	\$ 105,214	\$ (104,804)
Consumer Credit Division	3,871,259	1,819,746	2,051,513
Currency Exchange Division	418,746	1,167,361	(748,615)
<b>TOTAL</b>	<b>\$ 4,290,415</b>	<b>\$ 3,092,321</b>	<b>\$ 1,198,094</b>
<b>STATE PENSION FUND</b>			
Administrative Division	\$ 0	\$ 844,264	\$ (844,264)
Unclaimed Property	0	666,329	(666,329)
EDP	0	783,161	(783,161)
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 2,293,754</b>	<b>\$ (2,293,754)</b>
<b>CREDIT UNION FUND</b>			
Credit Union Division	\$ 4,710,667	\$ 2,924,412	\$ 1,786,255
<b>TOTAL</b>	<b>\$ 4,710,667</b>	<b>\$ 2,924,412</b>	<b>\$ 1,786,255</b>
<b>DEPARTMENT TOTAL</b>	<b>\$ 9,001,082</b>	<b>\$ 8,310,487</b>	<b>\$ 690,595</b>

## FY'01 EXPENDITURE SUMMARY BY DIVISION AND CATEGORY JULY 1, 2000 - JUNE 30, 2001

	Administrative Division	Consumer Credit Division	Currency Exchange Division	Unclaimed Property	Credit Union Division	EDP	Totals
Personal Service	\$ 479,275	\$ 967,159	\$ 754,284	\$ 303,580	\$ 1,941,219	\$ 336,393	\$ 4,781,910
Retirement	19,190	38,548	30,064	11,397	75,844	12,624	187,667
State Paid Retirement	47,706	96,185	75,044	30,198	193,100	33,462	475,695
Social Security	35,021	72,124	54,853	22,523	145,267	25,020	354,808
Group Insurance	75,230	147,993	103,320	45,835	290,933	53,170	716,481
Contractual	203,103	274,036	134	230,148	21,284	112,132	840,837
Travel	23,938	82,100	26,610	3,872	243,182	1,998	381,700
Commodities	3,073	3,548	1,985	4,960	1,628	12,127	27,321
Printing	4,362	1,549	874	6,772	1,497	0	15,054
Equipment	8,737	4,462	813	4,542	787	279	19,620
EDP	0	129,692	118,880	0	0	145,241	393,813
Telecommunications	47,068	0	0	0	8,274	50,715	106,057
Operation Auto	2,775	0	0	2,502	0	0	5,277
Refunds	0	2,350	500	0	1,397	0	4,247
<b>TOTAL</b>	<b>\$ 949,478</b>	<b>\$ 1,819,746</b>	<b>\$ 1,167,361</b>	<b>\$ 666,329</b>	<b>\$ 2,924,412</b>	<b>\$ 783,161</b>	<b>\$ 8,310,487</b>

**FY'01 APPROPRIATION AND DISBURSEMENT SUMMARY  
BY FUND AND CATEGORY  
JULY 1, 2000 - JUNE 30, 2001**

**FINANCIAL INSTITUTIONS FUND**

<b>Expenditure Category</b>	<b>Appropriation</b>	<b>Expenditures</b>
Personal Service	\$ 1,835,000	\$ 1,770,248
Retirement	73,350	70,565
State Paid Retirement	186,100	176,084
Social Security	139,400	130,297
Group Insurance	266,650	256,373
Contractual	368,600	284,889
Travel	129,000	114,572
Commodities	8,300	5,878
Printing	8,500	3,344
Equipment	15,000	6,885
EDP	264,000	248,571
Telecommunications	21,200	20,072
Operation Auto	2,300	1,693
Refunds	3,500	2,850
<b>TOTAL</b>	<b>\$ 3,320,900</b>	<b>\$ 3,092,321</b>

**STATE PENSION FUND**

<b>Expenditure Category</b>	<b>Appropriation</b>	<b>Expenditures</b>
Personal Service	\$ 1,076,000	\$ 1,070,443
Retirement	42,850	41,258
State Paid Retirement	108,200	106,511
Social Security	81,000	79,245
Group Insurance	184,100	169,176
Contractual	652,450	534,664
Travel	30,900	23,945
Commodities	32,500	19,814
Printing	13,500	10,213
Equipment	25,000	11,949
EDP	146,000	145,240
Telecommunications	81,200	77,712
Operation Auto	4,300	3,584
Refunds	0	0
<b>TOTAL</b>	<b>\$ 2,478,000</b>	<b>\$ 2,293,754</b>

**CREDIT UNION FUND**

<b>Expenditure Category</b>	<b>Appropriation</b>	<b>Expenditures</b>
Personal Service	\$ 2,228,100	\$ 1,941,219
Retirement	89,200	75,844
State Paid Retirement	227,200	193,100
Social Security	170,400	145,267
Group Insurance	399,600	290,933
Contractual	99,000	21,284
Travel	246,900	243,182
Commodities	6,900	1,628
Printing	2,900	1,497
Equipment	5,000	787
EDP	95,000	0
Telecommunications	20,000	8,274
Operation Auto	0	0
Refunds	2,000	1,397
<b>TOTAL</b>	<b>\$ 3,592,200</b>	<b>\$ 2,924,412</b>

# CONSUMER CREDIT DIVISION



The Department of Financial Institutions' Consumer Credit Division licenses, examines and regulates: consumer installment lenders, sales finance companies, title insurance companies, money transmitters, debt management companies, development credit corporations and safety deposit box companies. In addition to administering the licensing and regulatory responsibilities delineated in these statutes and their administrative rules, the Division also performed enforcement duties related to the Motor Vehicle Retail Installment Sales Act and the Retail Installment Sales Act.

At the end of FY'01, the Consumer Credit Division had licensed and regulated 1768 financial institutions. Broken down by statute, these licensees include:

1,252	Consumer Installment Loan Act licensees
55	Debt Management Service Act licensees
2	Development Credit Corporation Act licensees
3	Safety Deposit Box Act licensees
377	Sales Finance Agency Act licensees
23	Title Insurance Act licensees
56	Transmitters of Money Act licensees

**1,768 Total Consumer Credit Division Licensees**

## 2001 Highlights

Regulatory reform of the short-term lending industry and the mortgage lending industry was a major focus of the Consumer Credit Division during 2001. The Division participated in numerous public forums to discuss these issues and to solicit feedback from consumers, representatives from the lending industries, and consumer advocacy organizations. In response to these findings, amendments to administrative rules were drafted by the Department and submitted to the Joint Committee on Administrative Rules. The Department's initial drafts of the short-term lending rules and the predatory lending rules were each amended following comments received at separate public hearings, as well as comments from JCAR .

Following the approval of JCAR, on April 17, 2001 the Department adopted its proposed

predatory lending regulations. The new regulations ushered in sweeping reforms that are designed to protect consumers from predatory mortgage lending practices. These rules establish criteria that define "high cost" mortgages and then impose restrictions on specific lending practices when the high-cost thresholds are triggered. In addition, the rules establish the Mortgage Awareness Program and Third Party Review Program that are provided by the Department of Financial Institutions to educate and assist consumers with mortgage decisions. Prior to executing high cost loans, licensees must notify consumers of the availability of assistance through these programs.

The new regulations apply to all state-licensed financial institutions that make residential loans in Illinois. They add "Subpart B: High Risk Home Loans" to the administrative rules associated with the Consumer Installment Loan Act (38 Ill Adm. Code 110.500 et seq.) the Sales Finance Agency Act (38 Ill Adm. Code 160.500 et seq.) and the Credit Union Act (38 Ill Adm. Code 190.500 et seq.).

Following the adoption of the rules, new examination procedures were developed and division examiners trained. The rules went into effect on May 17, 2001. These amended regulations are available on the Department of Financial Institutions' website: [www.state.il.us/dfi](http://www.state.il.us/dfi).

On May 29th, 2001 the Department of Financial Institutions adopted new Short Term Lending Rules that provide additional protections to consumers that use payday and auto title loans. The Short Term Lending rules amend the administrative rules of the Consumer Installment Loan Act (38 Ill Adm. Code 110.300- .410). The rules establish criteria that define "short-term loans" and place restrictions on these loans. They limit the principal of payday loans to \$400 and auto title loans to \$2000. In addition, they limit loan "rollovers" to 2, impose a 20% mandatory pay-down provision as a condition for rollovers, and establish a 15 day "cooling off"

period between loans to protect consumers. The rules also mandate that lenders provide to consumers an educational brochure approved by the Department of Financial Institutions prior to executing a short-term loan. Lenders are also required to notify consumers of the availability of debt management services.

Following the adoption of the Short Term Lending Rules, examination procedures were developed and examiners trained. The Short Term Lending Rules went into effect on August 1, 2001. They are available on the Department's website at: [www.state.il.us/dfi](http://www.state.il.us/dfi).

In addition to performing these duties, the Consumer Credit Division continued to serve in an active leadership role in state regulator associations. During FY'01, supervisory personnel served on the Board of Directors of the National Association of Consumer Credit Administrators and the Money Transmitter Regulators Association.

#### OPERATIONS

During FY'01 Consumer Credit Division personnel conducted 1,697 examinations of licensed entities to determine compliance with regulatory statutes and administrative rules. These examinations uncovered 2,819 exceptions to operating procedures. With the majority of these exceptions, licensees performed corrective action during the examination. Regulatory action was initiated for the remaining deficiencies.

## CONSUMER CREDIT DIVISION FY'01 REVENUE AND EXPENDITURES

### REVENUE

Examination fees (1)	\$ 218,900
Licensing and	
Renewal fees (2)	899,967
Retaliatory fees (3)	2,576,925
Miscellaneous fees (4)	175,737
<b>TOTAL REVENUE</b>	<b>\$ 3,871,529</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,510,246</b>

(1) Examination fees consist of charges of \$100 or \$300 per examiner per day to conduct examinations of licensees' offices.

(2) Initial licensing fees and annual renewal fees.

(3) Fees imposed on foreign title insurance companies doing business in Illinois.

(4) Miscellaneous fees include application, investigation, name change, relocation fees, and fines.

### CONSUMER INSTALLMENT LOAN ACT

The Consumer Credit Division administers the Consumer Installment Loan Act (205 ILCS 670 et seq.). The Division licenses, examines and regulates entities that make direct loans in amounts not exceeding \$25,000. All institutions that desire to make direct loans under \$25,000 to consumers in Illinois must be licensed under CILA. Exemptions to this requirement include banks doing business as permitted by any law of this State or federal laws, savings and loan associations, credit unions and those licensed under the Residential Mortgage License Act.

### CONSUMER INSTALLMENT LOAN ACT (CILA) LICENSEES

FISCAL YEAR	# OF LICENSES	% GROWTH FROM PREVIOUS FY
FY'01	1252	(3%)
FY'00	1290	18%
FY'99	1097	51%
FY'98	726	18%
FY'97	617	4%

The Consumer Installment Loan Act also provides the Director of DFI the authority to grant "Other Business Authorizations" (OBA) to offer additional services on the premises of their loan offices. Authorizations that have been granted include, but are not limited to: loans exceeding \$25,000, business loans, bank card programs, loans by mail, Internet lending, motor club memberships, payday loans, premium financing, leasing, and other requested services that the Director has deemed appropriate to satisfy consumer needs. Additionally, with the Director's approval, licensees may conduct business at a Limited Purpose Branch (LPB) office.

Prior to licensing, a detailed application must be completed and specific statutory requirements must be satisfied. Applicants are required to submit financial statements indicating a minimum net worth of \$30,000, background information and credit reports for company principals, Licensee Bond, business plan, photographs of the proposed business location, and the appointment of attorney-in-fact.

During the 2000 calendar year, CILA lenders' OBA services accounted for an average of 32% of licensees' total gross income, down from 37% in 1999. The following chart indicates OBA categories that generated the greatest dollar volume to CILA lenders. Categories of these activities providing the greatest dollar volume are listed below.

**CILA LENDERS  
OBA TRANSACTIONS  
IN LICENSED OFFICES**

**JANUARY 1, 2000 - DECEMBER 31, 2000**

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<b>SALES FINANCE</b>	
Number of contracts purchased	338,931
Dollar amount of contracts purchased	\$ 1,307,762,301
Gross Income	\$ 576,623,969
Losses charged off	\$ 186,434,082
<hr/>	
<b>CREDIT LIFE &amp; DISABILITY INSURANCE</b>	
Premiums charged	\$ 184,808,484
Income to licensees	\$ 4,871,613
<hr/>	
<b>BUSINESS LOANS</b>	
Number of loans made	46,669
<hr/>	
<b>TOTAL LOANS OUTSTANDING</b>	<b>\$ 8,447,052</b>
<hr/>	

**CONSUMER INSTALLMENT LOAN ACT**  
**CONSOLIDATED STATEMENT OF INCOME AND EXPENSE**  
**JANUARY 1, 2000 - DECEMBER 31, 2000**

	CILA LOANS	OBA TRANSACTIONS *	TOTAL
<b>INCOME</b>			
Charges Collected and/or Earned	\$ 1,229,024,767	\$ 586,207,438	\$ 1,815,232,205
<b>OTHER INCOME</b>			
a) Recording Fees	693,672	342,992	1,036,664
b) Interest on Bank Balances	212,434	293,959	506,393
c) Insurance Income	5,974,720	1,060,926	7,035,646
d) All Other Income	45,744,896	80,087,372	125,832,268
<b>TOTAL OPERATING INCOME</b>	<b>\$ 1,281,650,489</b>	<b>\$ 667,992,687</b>	<b>\$ 1,949,643,176</b>
<b>EXPENSES</b>			
Advertising	\$ 22,233,135	\$ 8,415,881	\$ 30,649,016
Auditing	1,514,109	599,258	2,113,367
<b>BAD DEBT</b>			
a) Charge-offs	272,610,729	119,906,069	392,516,798
b) Deduct: Collections	(39,242,728)	(18,375,600)	(57,618,328)
c) Additions to Reserve for Bad Debts	46,917,197	22,375,311	69,292,508
Depreciation & Amortization	24,554,797	9,725,530	34,280,327
Insurance & Fidelity Bonds	5,595,034	3,444,555	9,039,589
Legal Fees & Disbursements	10,197,286	4,642,466	14,839,752
Postage, Printing, Stationary & Supplies	14,460,829	9,128,241	23,589,070
Rent, Janitorial Services & Utilities	41,063,569	14,869,376	55,932,945
Salaries of Officers, Owners & Partners	11,497,871	17,056,831	28,554,702
Salaries of All Other Employees	118,952,505	75,358,717	194,311,222
Taxes-Other Than on Income	9,431,650	5,623,204	15,054,854
License Fees	2,103,390	495,466	2,598,856
Telephone & Telegraph	10,416,294	6,367,981	16,784,275
Travel, Auto Expense & Allowance	5,292,705	2,670,726	7,963,431
Supervision & Administration (when not allocated to other items)	48,967,617	41,234,584	90,202,201
All Other Expenses	101,178,490	62,525,968	163,704,458
Interest Paid on Borrowed Funds	322,127,033	278,146,450	600,273,483
<b>TOTAL EXPENSES BEFORE INCOME TAXES</b>	<b>\$ 1,029,871,512</b>	<b>\$ 664,211,014</b>	<b>\$ 1,694,082,526</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>\$ 251,778,977</b>	<b>\$ 3,781,673</b>	<b>\$ 255,560,650</b>
<b>LESS: INCOME TAXES</b>			
State	14,225,705	910,694	15,136,399
Federal	73,591,874	1,964,660	75,556,534
<b>NET INCOME</b>	<b>\$ 163,961,398</b>	<b>\$ 906,319</b>	<b>\$ 164,867,717</b>

\* Income and expenses generated under Other Business Authorizations by CILA Licensees.

**CONSUMER INSTALLMENT LOAN ACT  
CONSOLIDATED STATEMENT OF ASSETS  
AS OF DECEMBER 31, 2000**

	CILA LOANS	OBA TRANSACTIONS *	TOTAL
Cash on Hand & in Banks			\$ 36,513,798
Short Term Investments			11,479,720
Receivables			
Gross Receivables	\$ 5,861,482,855	\$ 4,407,788,776	\$ 10,269,271,631
Less: Unearned Charges	824,687,847	161,212,942	985,900,789
Net Receivables	5,036,795,008	4,246,575,834	9,283,370,842
Less: Reserve for Bad Debts	231,508,802	83,784,440	315,293,242
Adjusted Net Receivables	4,805,286,206	4,162,791,394	8,968,077,600
Real Estate (Net of Depreciation)	2,759,684	4,445,151	7,204,835
Furniture, Fixtures and Autos (Net of Depreciation)	38,260,946	22,541,943	60,802,889
Other Useful in Business	211,637,873	477,246,132	688,884,005
<b>TOTAL ASSETS</b>	<b>\$ 5,057,944,709</b>	<b>\$ 4,667,024,620</b>	<b>\$ 9,722,962,847</b>

\* Business generated by CILA licensees under Other Business Authorizations.

**CONSUMER INSTALLMENT LOAN ACT  
DISTRIBUTION OF LOANS BY SIZE AND TYPE OF SECURITY  
JANUARY 1, 2000 - DECEMBER 31, 2000**

	<b>CILA</b>		<b>OBA TRANSACTIONS *</b>	
	<b>NUMBER OF ACCOUNTS</b>	<b>UNPAID PRINCIPAL BALANCE</b>	<b>NUMBER OF ACCOUNTS</b>	<b>UNPAID PRINCIPAL BALANCE</b>
<b>DISTRIBUTION BY SIZE</b>				
\$ 1,000 or less	4,502,147	\$ 1,315,700,691	486,488	\$ 194,297,420
\$ 1,001 to \$ 3,000	238,548	408,958,993	170,556	310,569,357
\$ 3,001 to \$ 5,000	102,834	398,389,162	37,665	149,778,517
\$ 5,001 to \$10,000	75,468	536,083,697	22,210	154,605,439
\$10,001 to \$25,000	107,605	1,776,446,780	15,121	231,601,419
\$25,001 and over	0	0	19,576	1,286,498,596
<b>TOTAL LOANS MADE</b>	<b>5,026,602</b>	<b>\$ 4,435,579,323</b>	<b>751,616</b>	<b>\$ 2,327,350,748</b>

**DISTRIBUTION BY TYPE OF SECURITY**

Based in Whole or Larger Part On:

Household Goods	556,287	\$ 557,895,259	167,263	\$ 227,309,631
Motor Vehicle	337,243	1,864,969,193	29,836	240,804,337
Household Goods and Motor Vehicles	70,934	210,548,740	10,162	24,054,568
Other Chattels	617,434	341,284,139	132,235	233,743,707
Comaker Endorsed or Guaranteed	10,342	5,972,535	628	817,711
Wage Assignments	504,473	186,357,288	45,187	40,481,313
Unsecured	2,908,036	954,672,869	333,390	295,192,127
Real Estate	21,853	313,879,300	32,915	1,264,947,354
<b>TOTAL LOANS MADE</b>	<b>5,026,602</b>	<b>\$ 4,435,579,323</b>	<b>751,616</b>	<b>\$ 2,327,350,748</b>

\* Business generated by CILA licensees under Other Business Authorizations.

**CONSUMER INSTALLMENT LOAN ACT  
DELINQUENCY AND LEGAL ACTION SUMMARY  
JANUARY 1, 2000 - DECEMBER 31, 2000**

	<b>CILA</b>		<b>OBA TRANSACTIONS*</b>	
	<b>NUMBER OF ACCOUNTS</b>	<b>UNPAID PRINCIPAL BALANCE</b>	<b>NUMBER OF ACCOUNTS</b>	<b>UNPAID PRINCIPAL BALANCE</b>
Accounts With No Payment Either of Principal or of Charges for:				
60-89 Days	47,850	\$ 119,414,813	12,754	\$ 83,277,322
90 Days or More	95,566	264,932,174	22,869	219,969,634
<b>TOTAL</b>	<b>143,416</b>	<b>\$ 384,346,987</b>	<b>35,623</b>	<b>\$ 303,246,956</b>
Delinquency as a Percent of Gross Outstanding Loans	6.56%		6.88%	
Accounts on Which a Bankruptcy Notice was Received During the Year:				
Chapter Thirteen	14,783	\$ 36,361,450	3,189	\$ 16,686,062
All Other Chapters	26,730	73,045,950	4,634	23,950,120
<b>TOTAL</b>	<b>41,513</b>	<b>\$ 109,407,400</b>	<b>7,823</b>	<b>\$ 40,636,182</b>
Number of Wage Assignments Filed:	43,448		11,527	
Suits for Recovery of Judgement:				
Pending at Beginning of Year	10,709	\$ 24,866,053	8,022	\$ 26,579,787
Instituted During Year	10,517	19,050,304	6,945	12,416,537
Settled Before Judgment	3,192	4,839,338	2,159	5,992,778
Judgment Obtained	5,240	10,105,292	3,058	12,742,042
Pending at Year End	12,794	\$ 28,971,727	9,750	\$ 20,261,504
Real Estate Foreclosures	860	\$ 63,519,996	616	\$ 39,495,888
Possession of Security Obtained by Licensee:				
Household Goods	335	\$ 279,316	79	\$ 98,944
Motor Vehicle	98,280	55,255,289	1,970	12,961,667
Other Chattels	615,856	166,799,897	25	318,529
Real Estate	4,700	25,349,011	314	24,088,641
<b>TOTAL</b>	<b>719,171</b>	<b>\$ 247,683,513</b>	<b>2,388</b>	<b>\$ 37,467,781</b>
	<b>Household Goods</b>	<b>Motor Vehicle</b>	<b>Other Chattels</b>	<b>Real Estate</b>
Sales of Security by Licensees				
Number	126	75,809	71	417
Amount Due	\$ 192,642	\$ 741,763,318	\$ 157,992	\$ 17,330,377
Amount Collected	\$ 39,059	\$ 652,841,141	\$ 71,598	\$ 15,668,630

\* Business generated by CILA licensees under Other Business Authorizations.

## DEBT MANAGEMENT SERVICE ACT

55 companies were licensed to provide licensed debt management services in Illinois at the end of FY'01. All not-for-profit and for-profit companies that wish to conduct debt management services in Illinois must be licensed by the Department of Financial Institutions and abide by the Debt Management Services Act and its administrative rules. The Consumer Credit Division oversees the licensing and regulation of debt management companies as prescribed by the Act and rules. The Act applies to businesses that charge a fee to prepare financial plans for the restructuring of consumers' debts. In addition, these companies manage customers' debts by receiving money from debtors and distributing payments to their respective creditors. Licensing requirements apply to debt management businesses located in Illinois, as well as to debt management businesses located outside the state that solicit or contract with debtors located in Illinois.

During 2001, the Debt Management Services Act was significantly amended. SB 888 / Public Act 92-0400 amends sections 205 ILCS 665/2, 665/4, 665/6 and adds section 665/20.5. These changes to the Act require licensees to post a \$25,000 surety bond, and eliminates the posting of cash and/or securities as an alternate to the bond. Licensees are also required to ensure that the Department of Financial Institutions receives license renewal applications by December 1<sup>st</sup>. Section 665/20.5 extensively delineates new authority given to the Director of the Department regarding receivership and liquidation issues. The Debt Management Services Act is available on the Department's website at: [www.state.il.us/dfi](http://www.state.il.us/dfi).

### DEBT MANAGEMENT SERVICE ACT LICENSEES

FISCAL YEAR	# OF LICENSEES	% GROWTH FROM PREVIOUS FY
FY'01	55	2%
FY'00	54	12%
FY'99	48	20%
FY'98	40	21%
FY'97	33*	6%

\*Companies licensed under the Financial Planning and Management Service Act and the Consumer Credit Counseling Act which were replaced by the Debt Management Service Act in FY'98.

## DEVELOPMENT CREDIT CORPORATION ACT

Development credit corporations that operate in Illinois are required to be licensed under the Development Credit Corporation Act. These corporations assist with the development and advancement of businesses in the state, and in doing so they help to maintain jobs and provide new employment opportunities to people living in Illinois. Development credit corporations help to rehabilitate existing Illinois businesses, and also encourage other businesses to relocate or expand their businesses in Illinois. They assist small and medium-size businesses that have been unable to secure financing through conventional sources, obtain business loans and offer other services not available through commercial lending institutions.

During FY'01, there were 2 development credit corporations licensed by the Department of Financial Institutions to conduct business in Illinois. These licensees are examined annually to ensure statutory compliance.

## MOTOR VEHICLE RETAIL INSTALLMENT SALES ACT

The Motor Vehicle Retail Installment Sales Act establishes regulatory requirements regarding retail installment sales of motor vehicles. The Act requires creditors to provide specific contractual notices and Truth-in-Lending Act (TILA) disclosures for the protection of consumers. The Act also outlines additional provisions for the protection of consumers, and imposes various limitations and enforcement provisions directed toward the operations of creditors.

## RETAIL INSTALLMENT SALES ACT

The Retail Installment Sales Act delineates regulations for the retail installment sale of goods that are used primarily for personal, family or household purposes, (other than motor vehicles). This Act is similar to the Motor Vehicle Retail Installment Sales Act in its provisions for consumer protection and the operations of creditors.

## **SAFE DEPOSIT BOXES, SAFES AND VAULTS ACT**

The Consumer Credit Division licenses, regulates and conducts annual exams of companies that provide and maintain devices for the safekeeping of valuables, including: safe deposit boxes, safes and vaults. Banks, savings and loan associations and credit unions are exempt from licensing requirements under this law. As of June 30, 2001, there were 3 licensed locations under this Act.

## **SALES FINANCE AGENCY ACT**

The Consumer Credit Division licenses and regulates sales finance companies according to the provisions of the Sales Finance Agency Act and Rules. Businesses that purchase or make loans secured by: retail installment contracts, retail charge agreements, or the outstanding balances under such contracts or agreements, must be licensed and abide by this Act and its regulations. Those exempt from licensing under the Act include: credit unions, banks, trust companies or savings and loan associations that are authorized to conduct business under the laws of this state or of the United States.

During FY'01, there were 377 companies licensed by the Department under the Sales Finance Act. This represents a 9% decrease in the number of licenses from the previous fiscal year. The Department examines each licensed location annually to ensure statutory and regulatory compliance.

The Sales Finance Agency Act and its accompanying rules were both amended during FY'01. SB 862 / Public Act 92-0398 amended Sections 205 ILCS 660/6 and 660/10 of the Act and stipulates that the Department of Financial Institutions must receive license renewal applications by December 1st. In addition, the changes authorize the Director of DFI to fine licensees for violations to any of the provisions of the Act. These changes are effective January 1, 2002.

In addition, "Subpart B: High Risk Home Loans," was added to the Sales Finance Agency Act's administrative rules, (38 Illinois Administrative Code Part 160.500 et seq.).

These new regulations define high risk lending criteria and establish subsequent prohibited lending practices in order to protect consumers from predatory mortgage lending. These high-risk lending rules were adopted by the Department of Financial Institutions on April 17, 2001 and went into effect on May 17, 2001. These same rules were adopted and apply to all state-licensed mortgage lenders.

## **SALES FINANCE AGENCY ACT LICENSEES**

<b>FISCAL YEAR</b>	<b>NUMBER OF LICENSEES</b>	<b>% GROWTH FROM PREVIOUS FY</b>
FY'01	377	(9%)
FY'00	414	20%
FY'99	346	(11%)
FY'98	390	8%
FY'97	360	4%

## **TRANSMITTERS OF MONEY ACT**

The Consumer Credit Division administers the Transmitters of Money Act. In accordance with the Act, the Division licenses and regulates businesses that sell or issue payment instruments or transmit money. In addition, businesses which exchange U.S. currency to the currency of another government, or which exchange currency from one foreign government to that of another foreign government are also regulated under the Transmitters of Money Act. The statute does not apply to government agencies, banking institutions or entities licensed under the provisions of the Currency Exchange Act for the issuance of money orders.

As of June 30, 2001, there were 56 companies licensed in Illinois under the Transmitters of Money Act. This is a 19% increase compared to the previous fiscal year.

SB 888 / Public Act 92-0400, which amends the Transmitters of Money Act in various sections, was enacted during FY'01 and went into effect January 1, 2002. Section 205 ILCS Section 657/5 establishes licensing requirements for companies that provide bill payment services to consumers. These are businesses that transmit money on behalf of

Illinois residents for the purpose of paying the resident's bills. Section 657/20 requires TOMA applicants and licensees to maintain established net worth requirements. Sections 657/20 and 657/30 were amended to require applicants and licensees to post and maintain a surety bond issued by an insurance company licensed to do business in Illinois. This change eliminates the pledging of cash and/or securities as an alternative to the surety bond. Section 657/40 establishes deadlines for the receipt of license renewal applications and audited financial statements. License renewal applications must be received by DFI by December 1st. Audited financial statements must be received by the Department no later than 120 days after the end of the licensee's fiscal year. Section 657/45 establishes penalty fees for late applications and financial statements. Finally, in addition to these amendments to TOMA, the law adds Section 657/92 et seq., which gives new authority to the Director of DFI regarding receivership and liquidation matters. The amended Act is available on the Department of Financial Institutions' website: [www.state.il.us/dfi](http://www.state.il.us/dfi).

### TRANSMITTERS OF MONEY ACT LICENSES

FISCAL YEAR	NUMBER OF LICENSES	% GROWTH FROM PREVIOUS FY
FY'01	56	19%
FY'00	47	2%
FY'99	46	18%
FY'98	39	11%
FY'97	35	0%

Prior to the issuance of new licenses, parties must submit a completed application, audited financial statements, a surety bond and personal background information on the principals. In addition, applicants must satisfy specific statutory requirements, including a minimum \$35,000 equity level. Licenses are renewable on a calendar year basis, at which time licensees must provide statistical data for the previous year.

### TITLE INSURANCE ACT

The Consumer Credit Division also administers the Title Insurance Act. The Division certifies and regulates companies that guarantee or insure titles to real estate, as well as companies that are independent escrowees. At the end of FY'01 the Department had issued Certificates of Authority to 23 title insurance companies. As required by statute, these licensees registered 8,125 title insurance agents with the Department of Financial Institutions during the fiscal year.

Title insurance companies are examined annually by the Department to ensure acceptable management practices and to verify that there is no financial impairment. Title insurance agents may be examined by the Department only upon the showing of good cause and with the cooperation of the title insurance company. Expenses incurred in the course of these examinations are the responsibility of the title insurance companies.

Nineteen of the 23 title insurance companies certified to conduct business in Illinois are incorporated in other states and are subject to the retaliatory provisions of the Act. As a result, the Department collected \$2,576,925 in retaliatory fees during FY'01. These retaliatory fees are directly related to the amount of title insurance premiums written in the State of Illinois.

The Act also requires the certification of Independent Escrowees. These escrowees receive deposits for the purpose of effecting the sale, transfer, encumbrance or lease of property that is held until the title to the property that is the subject of the escrow is in prescribed condition. Currently there are no companies certified in Illinois as independent escrowees.

**ILLINOIS TITLE INSURANCE COMPANIES  
COMPARATIVE CONSOLIDATED BALANCE SHEET**

	<b>2000</b>	<b>1999</b>
<b>ASSETS:</b>		
Bonds	\$ 2,199,245,458	\$ 2,240,160,814
Preferred Stock	88,944,237	91,291,403
Common Stock	1,253,908,445	1,217,496,397
Mortgage Loans on Real Estate	31,628,250	21,666,515
Real Estate Occupied by the Company	142,721,604	154,005,051
Other Properties	24,416,114	25,429,739
Cash and Short-Term Investments	689,737,065	635,027,498
Other Invested Assets	116,878,229	86,753,194
<b>Subtotals, Cash and Invested Assets</b>	<b>4,547,479,402</b>	<b>4,471,830,611</b>
Title Plants	182,016,289	169,586,016
Title Insurance Premiums and Fees Receivable	125,514,264	111,556,889
Federal Income Tax Recoverable	25,381,855	14,539,456
Electronic Data Processing Equipment	39,053,552	47,643,599
Interest, Dividends & Real Estate Income Due & Accrued	39,870,095	38,816,039
Receivable From Parent, Subsidiaries & Affiliates	274,825,012	147,232,121
Aggregate Write-Ins For Other Than Invested Assets	67,466,727	28,322,612
<b>TOTAL ASSETS</b>	<b>\$ 5,301,607,196</b>	<b>\$ 5,029,527,343</b>
<b>LIABILITIES:</b>		
Known Claims Reserve	\$ 297,639,455	\$ 262,663,101
Statutory Premium Reserve	1,887,635,996	1,789,575,720
Commissions and Other Charges Due or Accrued	1,662,788	4,063,759
Other Expenses (Excluding Taxes, Licenses and Fees)	239,688,041	311,128,994
Taxes, Licenses and Fees	32,309,915	39,746,939
Federal and Foreign Income Taxes	18,716,129	12,458,910
Borrowed Money	12,850,898	12,207,667
Interest on Borrowed Money	77,881	98,502
Dividends Declared and Unpaid	17,000,000	21,000,000
Premiums and Other Consideration Received in Advance	26,219,649	19,597,322
Amounts Withheld or Retained By Company For Account of Others	10,918,312	5,905,708
Payable to Parent, Subsidiaries and Affiliates	213,547,180	162,186,129
Aggregate Write-Ins For Other Liabilities	680,495,663	544,179,400
<b>TOTAL LIABILITIES</b>	<b>\$ 3,438,761,907</b>	<b>\$ 3,184,812,151</b>
<b>SURPLUS AND OTHER FUNDS:</b>		
Common Capital Stock	\$ 217,826,552	\$ 218,630,432
Preferred Capital Stock	8,500,000	8,500,000
Gross Paid In and Contributed Surplus	540,469,511	490,217,568
Unassigned Funds (Surplus)	1,096,049,226	1,127,367,192
Surplus as Regards Policyholders	<b>\$ 1,862,845,289</b>	<b>\$ 1,844,715,192</b>
<b>TOTAL LIABILITIES, SURPLUS &amp; OTHER FUNDS</b>	<b>\$ 5,301,607,196</b>	<b>\$ 5,029,527,343</b>

\* Consolidated Balance Sheet and Income Statement, prepared by the title insurance industry for the period ending Decemebr 31, 2000 and Decemebr 31, 1999.

**ILLINOIS TITLE INSURANCE COMPANIES  
COMPARATIVE CONSOLIDATED STATEMENT OF INCOME AND EXPENSES**

	<b>2000</b>	<b>1999</b>
<b>OPERATING INCOME:</b>		
Title Insurance Premiums Earned	\$ 5,887,843,843	\$ 6,524,334,997
Escrow and Settlement Services	194,876,049	207,878,148
Other Title Fees and Service Charges	335,955,620	382,591,777
Aggregate Write-Ins For Other Operating Income	33,770,158	35,785,716
	<b>\$ 6,452,445,670</b>	<b>\$ 7,150,590,638</b>
<b>DEDUCT:</b>		
Losses & Loss Adjustment Expenses Incurred	\$ 350,262,770	\$ 305,678,277
Operating Expenses Incurred	6,167,329,710	6,732,030,575
Aggregate Write-Ins For Other Operating Deductions	10,628	68,199
	<b>\$ 6,517,603,108</b>	<b>\$ 7,037,777,051</b>
<b>TOTAL OPERATING DEDUCTIONS:</b>	<b>\$ 6,517,603,108</b>	<b>\$ 7,037,777,051</b>
<b>NET OPERATING GAIN (LOSS):</b>	<b>\$ (65,157,438)</b>	<b>\$ 112,813,587</b>
<b>INVESTMENT INCOME:</b>		
Net Investment Income Earned	\$ 326,924,097	\$ 371,392,143
Net Realized Capital Gains and (Losses)	(1,343,975)	13,976,962
Net Investment Gain or (Loss)	\$ 325,580,122	\$ 385,369,105
Miscellaneous Income or (Loss)	3,045,081	18,465,802
NET INCOME BEFORE FEDERAL INCOME TAXES	<b>\$ 263,467,765</b>	<b>\$ 516,648,494</b>
FEDERAL INCOME TAXES INCURRED	54,507,943	108,710,808
<b>NET INCOME</b>	<b>\$ 208,959,822</b>	<b>\$ 407,937,686</b>

**ILLINOIS TITLE INSURANCE COMPANIES  
DIRECT PREMIUMS WRITTEN IN ILLINOIS - CALENDAR YEAR 2000**

ADAMS	\$	1,065,857	HARDIN	\$	21,152	MORGAN	\$	107,757
ALEXANDER		248,782	HENDERSON		4,398	MOULTRIE		38,128
BOND		271,640	HENRY		198,324	OGLE		275,891
BOONE		342,631	IROQUOIS		312,666	PEORIA		1,973,411
BROWN		5,719	JACKSON		290,652	PERRY		157,857
BUREAU		185,169	JASPER		9,299	PIATT		136,069
CALHOUN		24,353	JEFFERSON		185,914	PIKE		112,997
CARROLL		60,555	JERSEY		64,301	POPE		6,559
CASS		52,257	JODAVIESS		208,491	PULASKI		106,123
CHAMPAIGN		1,064,254	JOHNSON		32,405	PUTNAM		21,142
CHRISTIAN		101,403	KANE		5,912,255	RANDOLPH		101,172
CLARK		96,365	KANKAKEE		537,681	RICHLAND		55,994
CLAY		102,454	KENDALL		269,677	ROCK ISLAND		1,218,945
CLINTON		217,933	KNOX		253,866	ST. CLAIR		1,194,312
COLES		293,706	LAKE		7,978,365	SALINE		143,682
COOK		62,184,715	LASALLE		1,150,043	SANGAMON		699,221
CRAWFORD		99,835	LAWRENCE		78,391	SCHUYLER		30,551
CUMBERLAND		57,120	LEE		252,139	SCOTT		29,957
DEKALB		1,383,106	LIVINGSTON		327,782	SHELBY		96,241
DEWITT		105,174	LOGAN		205,184	STARK		28,187
DOUGLAS		277,593	MCDONOUGH		144,129	STEPHENSON		368,868
DUPAGE		14,953,351	MCHENRY		3,666,036	TAZEWELL		678,932
EDGAR		354,681	MCLEAN		2,104,158	UNION		34,266
EDWARDS		4,603	MACON		908,172	VERMILION		106,770
EFFINGHAM		247,239	MACOUPIN		225,538	WABASH		23,463
FAYETTE		150,395	MADISON		1,576,283	WARREN		99,946
FORD		164,409	MARION		359,120	WASHINGTON		140,880
FRANKLIN		223,371	MARSHALL		32,364	WAYNE		43,276
FULTON		156,885	MASON		135,749	WHITE		67,515
GALLATIN		31,635	MASSAC		44,452	WHITESIDE		59,381
GREENE		83,605	MENARD		78,993	WILL		9,141,882
GRUNDY		219,397	MERCER		38,084	WILLIAMSON		207,852
HAMILTON		43,565	MONROE		373,385	WINNEBAGO		2,451,717
HANCOCK		50,190	MONTGOMERY		120,120	WOODFORD		584,043

**TOTAL DIRECT PREMIUMS WRITTEN IN ILLINOIS**

**\$ 133,566,502**

# CREDIT UNION DIVISION



The Credit Union Division charters, examines, supervises and regulates all state-chartered credit unions in Illinois. The division administers the Illinois Credit Union Act and administrative rules, as well as all laws that state-chartered credit unions are required to abide by. In addition to delineating the Department's specific regulatory responsibilities, the Act and rules outline the legal parameters under which all state-chartered credit unions must operate. The strict enforcement of these statutes and rules help to ensure the safety and soundness of the state-chartered credit union system in Illinois.

**2001 HIGHLIGHTS**

DFI's Credit Union Division oversaw several significant changes during 2001. The division issued one new credit union charter and oversaw the conversions of two credit unions from federal charters to state charters. The addition of these new state chartered credit unions increases the number of people served by credit unions in Illinois by more than 200,000.

Also during 2001, significant amendments were made to the Illinois Credit Union Act and administrative rules. HB 3008/Public Act 92-0293, which made numerous changes to the Credit Union Act, was signed into law and subsequently went into effect August 9, 2001. The law amends the Act regarding: member records & confidentiality, participation loans, regulatory fees, use of name and investment of funds. Details of these amendments are noted in the legislative highlights section of this report.

The Credit Union Act's administrative rules were amended on April 17, 2001 when the Department adopted its proposed predatory mortgage lending regulations. The new rules, which went into effect on May 17, 2001, add Subpart B: High risk Home Loans (38 Ill. Adm.

Rules 190.500 et seq.) to existing credit union regulations. They establish criteria that define "high cost" mortgages and then impose restrictions on specific lending practices when these high cost thresholds are triggered.

**REGULATORY OVERSIGHT**

State-chartered credit unions serve as non-profit, member owned, cooperative financial institutions. They offer cost-efficient financial services to their members and provide sources of credit at reasonable rates for the benefit of their membership. During 2001, state-chartered credit unions provided financial services to approximately 2.6 million Illinoisans - an 8% increase since FY'00. At the end of FY'01, there were 440 state-chartered credit unions in Illinois, ranging in asset size from \$10,744 to \$3.31 billion.

**CREDIT UNION SERVICE**

FISCAL YEAR	NUMBER OF PEOPLE SERVED
2001	2.6 million
2000	2.4 million
1999	2.1 million
1998	1.7 million
1997	1.8 million

In terms of asset growth, on a consolidated basis, the total assets for all Illinois state-chartered credit unions were \$13.9 billion at the end of FY'01. Total assets grew by approximately \$2.1 billion, or 15.1% compared to the previous fiscal year. These figures include the infusion of \$2.03 billion in assets as a result of the conversion of two federally chartered credit unions to Illinois state charters during FY 01.

**CREDIT UNION INDUSTRY TOTAL ASSETS**

FISCAL YEAR	TOTAL ASSETS
2001	13.9 billion
2000	11.8 billion
1999	11.1 billion
1998	8.9 billion
1997	9.3 billion

## CHARTERING

The Department of Financial Institutions encourages the formation of new state-chartered credit unions. The Credit Union Division administers the chartering process.

During FY'01, the Department of Financial Institutions issued a state charter to a newly formed credit union - Canaan Credit Union. This was the first new state-chartered credit union in Illinois since 1990. In addition to Canaan Credit Union, the Credit Union Division oversaw the conversion of Citizens Equity First Credit Union, and First Financial Credit Union from federally chartered institutions to state-chartered credit unions.

### TOTAL NUMBER OF STATE-CHARTERED CREDIT UNIONS

FISCAL YEAR	# OF CREDIT UNIONS
2001	440
2000	462
1999	468
1998	489
1997	501

To establish a state-chartered credit union, a completed application must be submitted to the Credit Union Division. Department staff and credit union organizers review the economic viability of the proposed credit union as well as the applicant's compliance with common bond requirements and the projected budget for the first year of operations. After a favorable review of these requirements, the proposed credit union must draft a statement of incorporation, adopt standard bylaws, and provide DFI with a commitment letter providing share insurance from either the National Credit Union Administration or American Share Insurance, Inc. Authority for granting new charters rests with the director of the Department of Financial Institutions.

## SUPERVISION

As part of its supervisory responsibilities, the Credit Union Division ensures that each state-chartered credit union is regularly examined as required by the Illinois Credit Union Act. On

January 1, 2001, SB 1656/ Public Act 91-755, which amended the Illinois Credit Union Act, went into effect. The new law replaced annual examination requirements with biennial exams. In addition, it established a revised fee format, replacing annual examination fees with annual regulatory fees. The new regulatory fees are based upon each credit union's total assets as shown in year-end call reports.

Examinations conducted by DFI assess the financial stability of the credit union, the safety of members' funds and compliance with applicable state and federal laws and regulations. Following each exam an examination report is generated and thoroughly reviewed for content and accuracy. A review comment letter is then sent to appropriate credit union officials emphasizing areas of supervisory concern.

In addition to regular statutory examinations, the Credit Union Division has the authority to conduct special examinations of credit unions to ascertain their statutory compliance, or to investigate and resolve consumer complaints.

### CREDIT UNION EXAMINATIONS

	FY'01	FY'00	FY'99	FY'98	FY'97
Annual Exams:	417	351	419	407	477
Special Exams:	6	21	8	8	11

## EXAMINATION PROCEDURES

To ensure a strong and credible regulatory environment for state-chartered credit unions, the Division utilized the Automated Integrated Regulatory Examination System (AIRES) as an integral part of examination procedures during FY'01.

Developed by the National Credit Union Administration, the AIRES program assists state and federal examiners in performing more efficient and comprehensive examinations of credit unions. AIRES utilizes sophisticated computer hardware and software to improve the manner in which data is collected, analyzed and evaluated. By

reducing the amount of time allocated to routine administrative duties, ARES affords examiners the opportunity to spend more time on the analysis and interpretation of data, and to communicate their findings to credit union officials.

During FY'01 Credit Union Division examiners and administrative staff received extensive specialized training, which enhanced the effectiveness of the entire examination process.

Use of the CAMEL Rating System also remained a significant part of the Credit Union Division's examination process during FY'01. CAMEL Ratings are based upon an evaluation of a credit union's financial condition and overall operating soundness in terms of: Capital adequacy, Asset quality, Management, Earnings, and Liquidity. CAMEL Ratings are assigned to aforementioned operating components based on a numerical scale of one (1) through five (5), with one (1) representing the highest level of performance and five (5) representing the lowest and most critically deficient level of performance. Upon assigning CAMEL Ratings to each individual operating component, the examiner assigns an overall Composite Rating based on this same numerical scale of one (1) through five (5).

**ILLINOIS STATE-CHARTERED CREDIT UNIONS  
CAMEL COMPOSITE RATINGS  
DISTRIBUTION - JUNE 30, 2001**

<b>CAMEL RATING</b>	<b># OF ILLINOIS CREDIT UNIONS</b>	<b>% OF CREDIT UNIONS</b>
1	97	22.0%
2	214	48.6%
3	103	23.4%
4	23	5.2%
5	0	0.0%
<b>TOTAL</b>	<b>437*</b>	<b>99.2%</b>

\* This total does not include 2 new conversions and 1 newly chartered credit union during FY'2001.

**WATCH LIST/PROBLEM CASE CREDIT UNIONS**

To ensure the safety and soundness of state-chartered credit unions, the Credit Union Division allocates significant resources to the supervision and examination of credit unions that have been assigned CAMEL composite ratings of 4 or 5. DFI examiners work with the management of these credit unions to resolve problems identified during examinations and to improve their overall financial condition. In addition, the Division works proactively with credit unions that have a CAMEL composite score of 3 to maintain and improve their standings. During FY'01, there was a 4% increase in the number of credit unions with the highest CAMEL composite scores of 1 & 2, and a 5% drop in those that scored 3, 4 and 5.

**CREDIT UNION SUPPORT PROGRAM**

The Credit Union Division works to aid and preserve small state-chartered credit unions through the Credit Union Support Program (CUSP). The CUSP program helps to improve the operating efficiency and prevent common problems experienced by smaller credit unions. State-chartered credit unions with assets less than \$500,000 can receive free technical and operational assistance from the Division's CUSP program.

The Department of Financial Institutions' Credit Union Support Program was the first program of its kind to be initiated by a state regulator on behalf of small, state chartered credit unions. CUSP coordinates their efforts with the small credit union support program established by the National Credit Union Administration.

**2001 GOVERNOR'S BOARD OF  
CREDIT UNION ADVISORS**

**Chairman:** Michael E. Fryzel, Attorney at Law  
**Vice-Chairman:** Tom Reimholz, President,  
 Abbott Laboratories Credit Union  
**Secretary:** Bohdan Watral, President/CEO,  
 Selfreliance Ukrainian FCU  
**Members:** Dennis Ahrens, Chairman,  
 Elgin City Employees Credit Union  
 Cheri Ann Taylor,  
 Vice President, Sangamon Schools  
 Credit Union  
 Robert W. Bream, President,  
 United Airlines Employees'  
 Credit Union  
 Charles Rutan, President, Univ. of  
 Illinois Employees Credit Union

**25 Largest State-Chartered Credit Unions in Illinois in Asset order \***

<b>CREDIT UNION NAME</b>	<b>LOCATION</b>	<b>ASSETS</b>	<b>MEMBERS</b>
UNITED AIRLINES EMPLOYEES'	CHICAGO	\$ 3,309,626,503.00	158,142
CITIZENS EQUITY FIRST	PEORIA	\$ 2,155,041,578.00	216,873
BAXTER	VERNON HILLS	\$ 633,636,571.00	96,464
CORPORATE AMERICA FAMILY	ELGIN	\$ 414,400,642.00	68,341
I. H. MISSISSIPPI VALLEY	ROCK ISLAND	\$ 380,032,343.00	75,855
MOTOROLA EMP.	SCHAUMBURG	\$ 343,321,600.00	44,124
GREAT LAKES	NORTH CHICAGO	\$ 342,792,091.00	92,611
CONSUMERS COOPERATIVE	WAUKEGAN	\$ 283,756,133.00	45,309
CREDIT UNION 1	RANTOUL	\$ 270,970,679.00	103,506
SCOTT	COLLINSVILLE	\$ 252,235,823.00	43,700
OLIN EMPLOYEES	EAST ALTON	\$ 204,027,834.00	38,474
ABBOTT LABORATORIES	GURNEE	\$ 201,366,069.00	26,430
DEERE HARVESTER	MOLINE	\$ 196,069,549.00	33,409
FIRST NORTHERN	CHICAGO	\$ 195,073,905.00	35,338
DECATUR EARTHMOVER	DECATUR	\$ 188,019,508.00	24,150
DUPAGE	NAPERVILLE	\$ 167,867,022.00	32,174
DEERE & COMPANY	MOLINE	\$ 153,865,327.00	22,478
COMMUNITY TRUST	GURNEE	\$ 126,419,894.00	15,912
AURORA EARTHMOVER	AURORA	\$ 125,526,521.00	23,733
HERITAGE	ROCKFORD	\$ 125,260,583.00	25,426
NUMARK	JOLIET	\$ 115,771,473.00	25,177
KANE COUNTY TEACHERS	ELGIN	\$ 115,415,460.00	20,029
ARGONNE	ARGONNE	\$ 114,837,817.00	11,970
HEALTHCARE ASSOCIATES	NAPERVILLE	\$ 105,425,409.00	36,779
HAWTHORNE	NAPERVILLE	\$ 104,802,115.00	16,265

\* Totals based on June 30, 2001 Call reports.

## FY'01 CREDIT UNION DIVISION OPERATIONS

FISCAL YEAR ENDING	2001	2000	1999	1998	1997
(July 1 to June 30)					
Number of Examiners	26	30	25	22	22
Number of Annual Exams Conducted	417	351	419	407	477
Number of Special Exams Conducted	6	21	8	8	11
Number of Credit Unions	440	462	468	489	501
Number of Consumer Complaints	82	93	82	91	72
<b>REVENUE (000)</b>					
Annual Examination Fees	1,152.7	1,799.7	1,685.4	1,748.2	1,964.0
Supervision Fees	3,521.2	544.4	517.9	510.4	506.2
Surprise Examination Fees	2.3	9.3	6.3	0	0
Misc. Fees & Fines	34.5	24.6	27.5	22.6	29.8
<b>TOTAL REVENUE</b>	<b>4,710.7</b>	<b>2,378.0</b>	<b>2,237.1</b>	<b>2,281.2</b>	<b>2,500.0</b>
<b>EXPENDITURES (000)</b>					
Personal Services	1,941.2	1,734.8	1,774.8	1,721.5	1,701.0
Retirement by Employee	75.8	65.8	68.3	112.0	84.6
Retirement	193.1	168.5	169.3	65.5	66.5
Group Insurance	290.9	227.6	220.9	204	189.5
Social Security	145.3	129.6	132.2	128.8	127.6
Contractual Services	21.3	76.1	52.1	83.9	92.2
Travel	243.2	241	251.2	204.4	197.5
Commodities	1.6	5.6	5.2	9	6.2
Printing	1.5	2	2.2	8.8	1.9
Equipment	.8	4.2	0.8	1.5	1.1
Refunds	1.4	0.3	0.5	0.4	1.1
Telecommunications	8.3	15	1.6	15.9	19.9
<b>TOTAL EXPENDITURES</b>	<b>2,924.4</b>	<b>2,670.5</b>	<b>2,679.1</b>	<b>2,555.7</b>	<b>2,489.1</b>
<b>REVENUE OVER (UNDER) EXPENSES</b>	<b>1,786.3</b>	<b>-292.5</b>	<b>-442.0</b>	<b>-274.5</b>	<b>10.9</b>

**ILLINOIS STATE-CHARTERED CREDIT UNIONS  
CONSOLIDATED STATEMENT OF INCOME AND EXPENSE**

(000'S OMITTED)

	FY'98 6/30/1998	FY'99 6/30/1999	FY'00 6/30/2000	FY'01 * 6/30/2001	ANALYSIS OF FY'01 TOTALS
<b>OPERATING INCOME</b>					
Interest-Members' Loans	\$ 547,856	\$ 538,182	\$ 590,223	\$ 846,492	68.9%
(Less Interest Rebate)	-\$ 1,233	-\$ 1,350	-\$ 931	-\$ 1,477	-0.1%
Interest-Investments	\$ 189,457	\$ 211,174	\$ 222,064	\$ 247,063	20.1%
Other Income	\$ 85,522	\$ 85,990	\$ 101,787	\$ 136,760	11.1%
<b>TOTAL OPERATING INCOME</b>	<b>\$ 821,602</b>	<b>\$ 833,996</b>	<b>\$ 913,143</b>	<b>\$ 1,228,838</b>	<b>100.00%</b>
<b>EXPENSES</b>					
Salaries and Benefits	\$ 143,157	\$ 149,913	\$ 170,174	\$ 227,118	18.5%
Insurance (Less Rebates)	\$ 6,613	\$ 5,630	\$ 5,584	\$ 5,335	0.4%
Provision for Loan Losses	\$ 38,091	\$ 32,724	\$ 33,330	\$ 43,527	3.5%
Office Operation Expense	\$ 61,580	\$ 67,789	\$ 72,573	\$ 90,079	7.3%
Other Expenses	\$ 97,537	\$ 102,266	\$ 123,454	\$ 136,094	11.1%
<b>TOTAL EXPENSES</b>	<b>\$ 346,978</b>	<b>\$ 358,322</b>	<b>\$ 405,115</b>	<b>\$ 502,153</b>	<b>40.9%</b>
<b>TOTAL OPERATING INCOME MINUS EXPENSES</b>	<b>\$ 474,624</b>	<b>\$ 475,674</b>	<b>\$ 508,028</b>	<b>\$ 726,685</b>	<b>59.1%</b>
<b>NET EARNINGS</b>					
Gain(Loss)-Sale of Investments	\$ 1,373	\$ 1,187	\$ 101	\$ 20	0.00%
Less Interest on Borrowed Money	\$ 29,004	\$ 49,284	\$ 3,006	\$ 3,151	0.26%
Less Dividends & Interest on Deposits	\$ 353,935	\$ 318,103	\$ 409,070	\$ 583,072	47.45%
<b>TOTAL NET EARNINGS</b>	<b>\$ 93,058</b>	<b>\$ 109,474</b>	<b>\$ 96,053</b>	<b>\$ 140,482</b>	<b>11.43%</b>

\* Annualized data from June 30, 2001, 5300 Call Reports.

# CURRENCY EXCHANGE DIVISION



The Department of Financial Institutions' Currency Exchange Division licenses and regulates all community-based and ambulatory currency exchanges in Illinois as directed by the Currency Exchange Act, (205 ILCS 405/1 et seq). The Division also enforces the Act's attendant rules and regulations that delineate rates, records and ratemaking procedures. By strictly administering these state laws and rules, the Division works to protect consumers and to maintain the integrity of services provided by the currency exchange industry.

### FY'01 Highlights

The Currency Exchange Division oversaw the licensing and regulation of 979 currency exchanges throughout the state during FY'01. Of this total, 666 were community-based currency exchanges that conduct business from permanent, fixed locations. The remaining 313 licensed exchanges operated as ambulatory currency exchanges. These businesses provide mobile check-cashing services from armored cars, cashing employee paychecks on the premises of their employers.

#### ILLINOIS CURRENCY EXCHANGES

FISCAL YEAR	# OF COMMUNITY CURRENCY EXCHANGES*	# OF AMBULATORY CURRENCY EXCHANGES*
FY'01	666	313
FY'00	674	334
FY'99	679	353
FY'98	692	371
FY'97	700	393

\* Number of Currency Exchanges at the end of each fiscal year.

As part of the Department's ongoing efforts to expand services to licensees and to the public, the Currency Exchange Division began offering various services and information via the internet during FY'01. Licensees as well as the public can now access the Currency Exchange Act and its rules in their entirety at the Department's website: [www.state.il.us/dfi](http://www.state.il.us/dfi). In addition, all currency exchange licensing application forms and instructions can be downloaded from the department's website.

## OPERATIONS

During 2000 licensed currency exchanges provided a variety of financial services to consumers in the state. Primary among these were check-cashing and money order services. More than 23 million checks were cashed at Illinois currency exchanges, and slightly more than 21 million money orders were issued to customers during 2000.

In addition to these services, Illinois 666 licensed community currency exchanges provided various other services. For the convenience of currency exchange customers, additional services that have been authorized by the Department include: processing of motor vehicle and title registration forms, accepting bill payments, selling public transportation passes, offering credit card cash advance programs, and providing services to recipients of public aid benefits. Other products and services offered include: out-of-state money transfers, foreign currency exchange, income tax services, secure check, prepaid phone cards, mail box service, bail bond cards, fax and photo copies, notary public services, and copies of birth, death and marriage certificates.

The Currency Exchange Division also advises the Director of the Department of Financial Institutions on topics including: liquidations, revocations, pending legislation and other currency exchange matters. While executing these duties, the Division works to ensure that the many services offered are delivered fairly and efficiently, and that the public is provided with all the safeties and protections intended by State law.

### Examinations

During FY'01, 660 examinations were conducted on Illinois community currency exchanges. State law mandates that each community currency exchange be examined annually and gives the Director of the Department of Financial Institutions the discretionary authority to inspect ambulatory currency exchanges. Trained field examiners conduct their examinations on a surprise basis

at the location of operations. Licensees found to be in violation of the Currency Exchange Act or its attendant rules and regulations are subject to re-examination to ensure compliance.

### Applications

All new license applications for community and ambulatory currency exchanges are thoroughly reviewed and investigated. Applications for change of location, purchase, change of name, stock transfer and approval of officers are also investigated. The Director of DFI must approve each application before the applicant can implement the proposed change. In an effort to ensure that each application is handled as fairly as possible, Division management continually takes steps to improve and expand the review and investigation processes.

### NUMBER OF NEW COMMUNITY CURRENCY EXCHANGES

	FY'01	FY'00	FY'99	FY'98	FY'97
Chicago	0	1	1	1	0
Suburban Chicago	3	3	2	2	6
Downstate Illinois	1	0	0	1	0
Northern Illinois	0	1	0	0	0
Northwest Illinois	0	0	0	0	0
Western Illinois	0	0	1	0	0
<b>TOTAL</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>6</b>

### New Community Currency Exchange Locations in FY'01

1<sup>st</sup> Currency Exchange of Decatur, Inc.  
343 W. Grand  
Decatur, IL 62525

South Naperville C.E., Inc.  
2863 95<sup>th</sup> St., Unit 107  
Naperville, IL 60504

Rte 53 & Boughton Rd. C.E., Inc.  
110 W. Boughton Rd., Unit #2  
Bolingbrook, IL 60440

Touhy & Central C.E., Inc.  
5706 W. Touhy Ave.  
Niles, IL 60714

### NUMBER OF NEW AMBULATORY CURRENCY EXCHANGES

	FY'01	FY'00	FY'99	FY'98	FY'97
<b>TOTAL</b>	<b>10</b>	<b>20</b>	<b>10</b>	<b>14</b>	<b>11</b>

### NEW AMBULATORY CURRENCY EXCHANGE LOCATIONS

COMPANY NAME:	CITY:
Soudan Metals	Chicago
LTD Commodities	Bannockburn
Lawrence Screw Products	Harwood Heights
Hyatt Regency-Chicago	Chicago
St. Paul's House and Healthcare Center	Chicago
Morse Automotive Corp.	Chicago
Classic Sheet Metal, Inc.	Bensenville
Innerpac, Inc.	Cicero
LaGrange Rehabilitation & Healthcare Center	Hinsdale
Hilton Garden Inn	Chicago

### Unclaimed Money Orders

The Currency Exchange Division also processes the recording of unclaimed assets for the office of the State Treasurer. These are money orders, checks and other financial assets that have been unclaimed for at least five years and are discovered as a result of the Division's examinations of currency exchanges. As discernment of these items is already a part of the division's examinations, this joint effort represents the most expeditious use of resources. When remitted to the Unclaimed Property Division of the State Treasurer's Office, these funds are held in custody by the State until claimed by the rightful owner or heir.

### Consumer Complaints

One of the Currency Exchange Division's primary functions is to investigate consumer complaints. The Division's Chief Investigator works with consumers and currency exchanges involved in disputes to help accomplish equitable and speedy resolutions. During FY'01, the Division received and successfully resolved 265 consumer complaints.

## CONSUMER COMPLAINT SUMMARY

Breakdown by type of service, number of complaints and percentage of total number of complaints:

	FY'01	FY'00	FY'99	FY'98	FY'97
Money Order Services	113 or 43%	94 or 37 %	107 or 52%	89 or 37%	113 or 45%
License Plate Services	22 or 8%	27 or 11 %	19 or 10%	16 or 7%	23 or 9%
Employee Service	52 or 19%	36 or 14 %	27 or 13%	33 or 14%	33 or 13%
Utility Bill Remittance Services	39 or 15%	37 or 15 %	23 or 11%	44 or 18%	36 or 14%
Check Cashing Services	39 or 15%	57 or 23 %	29 or 14%	56 or 24%	47 or 19%
<b>TOTAL</b>	<b>265 100%</b>	<b>251 100 %</b>	<b>205 100%</b>	<b>238 100%</b>	<b>252 100%</b>

### TOTAL REVENUE RECEIVED

Revenue generated by the Currency Exchange Division is collected through examination, licensing, inspection and application fees, as well as fines. Revenue collected during FY'01 totaled \$419,348.

### CURRENCY EXCHANGE DIVISION TOTAL REVENUE COLLECTED BY CATEGORY AND FISCAL YEAR

	FY'01	FY'00	FY'99	FY'98	FY'97
<b>COMMUNITY CURRENCY EXCHANGES</b>					
Examination Fees	\$ 197,100	\$ 184,800	\$ 229,650	\$ 229,800	\$ 232,250
Licensing Fees	136,800	155,287	148,400	145,600	150,800
Fines	30,550	28,350	44,252	23,745	31,845
Investigation Fees	35,950	28,300	31,900	34,250	49,700
Miscellaneous Fees	7,601	1,683	1,238	1,274	1,334
Change of Location Fees	2,850	2,400	2,250	2,025	3,800
<b>AMBULATORY CURRENCY EXCHANGES</b>					
Licensing Fees	8,422	\$ 9,969	\$ 9,472	\$ 9,835	\$ 10,198
Inspection Fees	75				
<b>TOTAL</b>	<b>\$ 419,348</b>	<b>\$ 410,789</b>	<b>\$ 467,162</b>	<b>\$ 446,529</b>	<b>\$ 479,927</b>

## INDUSTRY FEES

The Currency Exchange Act provides for the authority to set maximum check cashing and money order rates. Currently the maximum check cashing charge is 1.4% of the face value plus 90 cents for checks \$500 or less, and 1.85% of face value for checks greater than \$500. The maximum charge for the sale of a money order is 1% of the face value plus 75 cents.

### CURRENCY EXCHANGE INDUSTRY CONSOLIDATED REVENUE FIGURES

	12 MONTHS ENDING DECEMBER 31, 2000		12 MONTHS ENDING DECEMBER 31, 1999	
	REVENUE	% of INCOME	REVENUE	% of INCOME
Check Cashing Fees	\$ 124,652,032	68%	\$ 114,072,787	68%
Money Order Fees	13,128,143	7%	12,492,227	7%
License Fees	17,664,070	10%	17,045,523	10%
Utilities Fees	5,532,684	3%	4,805,348	3%
Other Income	22,877,748	12%	21,262,912	12%
<b>TOTAL</b>	<b>\$ 183,854,677</b>	<b>100%</b>	<b>\$ 169,678,797</b>	<b>100%</b>

	12 MONTHS ENDING DECEMBER 31, 1998		12 MONTHS ENDING DECEMBER 31, 1997	
	REVENUE	% of INCOME	REVENUE	% of INCOME
Check Cashing Fees	\$ 106,319,194	68%	\$ 105,992,984	68%
Money Order Fees	11,747,777	8%	11,580,915	8%
License Fees	16,390,566	10%	15,913,695	10%
Utilities Fees	4,170,977	2%	3,791,426	2%
Other Income	18,808,793	12%	18,533,413	12%
<b>TOTAL</b>	<b>\$ 157,437,307</b>	<b>100%</b>	<b>\$ 155,812,433</b>	<b>100%</b>

### ILLINOIS CURRENCY EXCHANGES BY TOTAL REVENUE GENERATED

According to annual reports filed by 666 currency exchanges during the calendar year ending December 31, 2000, the mean total revenue generated was \$276,058. They break down by revenue generated in the following manner:

TOTAL REVENUE GENERATED	NUMBER OF CURRENCY EXCHANGES
\$ 1,000,000 and over	8
\$ 900,000 - 999,999	4
\$ 800,000 - 899,999	4
\$ 700,000 - 799,999	12
\$ 600,000 - 699,999	16
\$ 500,000 - 599,999	31
\$ 400,000 - 499,999	46
\$ 300,000 - 399,999	79
\$ 200,000 - 299,999	179
\$ 100,000 - 199,999	234
\$ 50,000 - 99,999	40
Less than \$50,000	13
<b>TOTAL</b>	<b>666</b>

**FISCAL YEAR 2001 ANNUAL REPORT**  
**ILLINOIS DEPARTMENT OF FINANCIAL INSTITUTIONS**

**JAMES R. THOMPSON CENTER**  
**100 W. RANDOLPH**  
**SUITE 15-700**  
**CHICAGO, IL 60601**  
**312/814-2000**  
**312/814-7138 TDD**

**500 ILES PARK PLACE**  
**SUITE 510**  
**SPRINGFIELD, IL 62718**  
**217/782-2831**  
**217/785-3022 TDD**

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