



Illinois
Department of
Financial Institutions
Fiscal Year 2002

Governor Rod R. Blagojevich

Acting Director Edgar J. Lopez



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Rod R. Blagojevich
GOVERNOR

DEPARTMENT OF FINANCIAL INSTITUTIONS

Edgar I. Lopez
ACTING DIRECTOR

The Honorable Rod R. Blagojevich
Governor of Illinois

Honorable Members of the General Assembly
State of Illinois

Dear Governor Blagojevich and Members of the General Assembly:

I am pleased to submit the Illinois Department of Financial Institutions' 2002 Annual Report summarizing the agency's regulatory activities and consumer advocacy efforts.

During 2002 the Department continued its efforts to protect consumers by enforcing the regulations regarding predatory lending and short-term lending. The Department also partnered with the Governor's Financial Literacy Task Force to provide financial literacy to both adults and students throughout the state of Illinois. Important amendments were made to the administrative rules of the Illinois Credit Union Act that allow expansion to areas of the Credit Union Service Organization and Business Lending. In cooperation with the Office of Technology, enhancements have been made to the DFI web site in order to offer additional on-line services and access to information via the internet.

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 2002 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 blue ink, appearing to read "Edgar I. Lopez", is written over a faint, large watermark of the State of Illinois seal.

Edgar I. Lopez
Acting Director

Executive Management and Administrative Staff

Edgar I. Lopez, ----- Acting Director

Craig Cellini, ----- Legislative Liaison
Deanna Bandy, ----- Human Resources Administrator
Tony Goldstein, ----- Chief Fiscal Officer
Elizabeth Byrne, ----- Chief Legal Counsel
Susan Gold, ----- Deputy Counsel
Michael Cleary, ----- Deputy Counsel
Ron Miller, ----- Information Systems Manager
Mary Kendrigan, ----- Public Information Officer
George Preski, ----- Internal Auditor
Sarah Troehler, ----- Program and Policy Advisor

CREDIT UNION DIVISION

Patrick Smith, ----- Acting Credit Union Supervisor
Dan Simon, ----- Assistant Supervisor

CONSUMER CREDIT DIVISION

Carl LaSusa, ----- Consumer Credit Supervisor
Mary Ellen Madonia, ----- Assistant Supervisor
Zachary Keene, ----- Assistant Supervisor

CURRENCY EXCHANGE DIVISION

Reynold Benjamin, ----- Currency Exchange Supervisor
Richard Bake, ----- Acting Assistant Supervisor

The background of the page features a large, semi-transparent image of a hand holding a piggy bank filled with coins. The hand is positioned at the top, with fingers spread, holding the piggy bank. The piggy bank is filled with various coins, and the entire scene is set against a warm, golden-brown background.

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 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 2002. 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.

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 2002, the Department was comprised of 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 in 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 technological 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 2002 the Department implemented new administrative rules that are enforced by the Consumer Credit Division. Among these were new regulations to set examination fees for various Acts regulated by the Consumer Credit Division. The text of the new rules is available at the departments website: 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 2002, the Division worked diligently to ensure the safety and soundness of this \$16.7 billion industry serving approximately 2.3 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.

2002 Legislative Highlights



The 2002 legislative session produced a number of bills pertinent to the Department of Financial Institutions.

House Bill 2207/Public Act 92-765 (Rep. Bugielski/Sen. T. Walsh)

Creates the Mortgage Certificate of Release Act. It provides that an officer or duly appointed agent of a title insurance company may, on behalf of a mortgagor or person acquiring title to a one-to-four family residential real property with an original principal loan amount of less than \$500,000, execute a certificate of release and record the certificate of release with the recorder. The Bill also provides that a certificate of release operates as a release of the mortgage, but contains penalties and restrictions for wrongful or erroneous filings. It requires notice to, and an opportunity to object by a mortgagee or mortgage servicer and provides that a written objection blocks the title insurance company or title insurance agent from recording a certificate of release. The bill provides statutory forms for certificate of release documents. The Act is repealed on January 1, 2004.

(Effective August 6, 2002)

House Bill 4106/Public Act 92-664 (Rep. Colvin/Sen. Sullivan)

Creates the Tax Refund Anticipation Loan Disclosure Act. It requires persons who give tax refund anticipation loans to make specific disclosures to borrowers concerning fees, the date loan proceeds will be disbursed, and the average time within which refunds may be expected with regard to electronically filed tax returns. The bill was introduced by the City of Chicago and originally had DFI as the enforcement body for this new Act. The Department was amended out of the bill before it passed out of the House.

(Effective January 1, 2003)

House Bill 4357/Public Act 92-608 (Rep. J. Lyons/Sen. T. Walsh)

Amends several provisions of the Illinois Credit Union Act. The bill was an initiative of the Illinois Credit Union League with the full cooperation and support of DFI. The bill defines “danger of insolvency” to include financial conditions where the true financial condition of the credit union cannot be determined upon examination and clarifies the definition of “compensation”. It provides oversight to the Department of Financial Institutions (DFI) regarding foreign credit unions operating in Illinois, by requiring them to register and pay a registration fee. It also allows DFI to promulgate rules for foreign credit unions and gives DFI authority to adopt a record retention schedule, which allows the credit union to destroy records no longer required to be maintained by the credit union.

The bill provides that examination, visitation, and investigation reports are confidential supervisory information that is privileged from discovery and that can be disclosed only where required by statute or regulation, or to agencies or entities with a legitimate regulatory interest, and also to the credit union’s officials, retained professionals, insurers, and where otherwise required for business purposes that are for the benefit of the credit union. It also provides statutory protections for board directors and committee members’ business judgments made in reliance on information provided by credit union officers, employees, retained professionals, and committees of the board acting within their authority and areas of competence, in accordance with common law standards of good faith and reasonable inquiry.

It authorizes DFI to establish fees and impose penalties upon credit unions relating to the preparation and approval of documents and filings, for conducting exams, and for taking supervisory actions. The bill also provides that a credit union is in danger of insolvency if the Department is unable to ascertain the credit union’s true financial condition upon examination and that a “low income” member is a member whose wages are less than 80% of the median household wage. It also authorizes disclosure of confidential information to law enforcement authorities when a credit union or the Director reasonably believes that the credit union has been the victim of a crime.

(Effective July 1, 2002)

House Bill 5742/Public Act 92-577 (Rep. Mulligan/Sen. Parker)

Amends the Illinois Banking Act, the Illinois Savings and Loan Act of 1985, the Illinois Savings Bank Act, the Illinois Credit Union Act, and the Residential Mortgage Act of 1987. It provides that, when making a reverse mortgage loan, the lender or broker must inform the mortgagor that obtaining the reverse mortgage loan may adversely affect the mortgagor's eligibility to obtain a tax deferral under the Senior Citizens Real Estate Tax Deferral Act.

(Effective June 26, 2002)

House Bill 5822/Public Act 92-578 (Rep. Capparelli/Sen. Link)

Amends the Illinois Banking Act, the Illinois Bank Holding Company Act of 1957, the Illinois Savings and Loan Act of 1985, the Savings Bank Act, the Illinois Credit Union Act, the Corporate Fiduciary Act, the Foreign Banking Office Act, the Foreign Bank Representative Office Act, the Consumer Installment Loan Act, the Illinois Insurance Code, the Title Insurance Act, and the Illinois Securities Law of 1953. It provides that entities and persons regulated under those Acts may conduct transactions in a language other than English through an employee or agent acting as an interpreter or through an interpreter provided by the customer.

(Effective June 26, 2002)

Senate Bill 1119/Public Act 92-543 (Sen. O' Malley/Rep. Schoenberg)

Amends the Illinois Banking Act, the Illinois Savings and Loan Act of 1985, the Savings Bank Act, and the Illinois Credit Union Act to authorize financial institutions to share customer financial information with private label credit parties pursuant to a private label credit program. The information that can be disclosed is limited to outstanding balance, available credit, payment and performance and account history, product references, purchase information, and information related to the identity of the customer. The bill defines a "private label credit program" as a credit program involving a financial institution and a private label party that is used by a customer of the financial institution and the private label party primarily for the payment of goods or services sold, manufactured, or distributed by a private label party. It provides that a "private label credit party" may be a merchant, a manufacturer, a retailer, a trade group or an affiliate, subsidiary, member, agent, or service provider of any of them.

This bill was initiated by the Illinois Retail Merchants Association (IRMA) and was supported by the Illinois Banking Association, the Community Bankers Association of Illinois and the Illinois Credit Union League.

(Effective June 12, 2002)

Senate Bill 1713/Public Act 92-646 (Sen. Hendon/Rep. Garrett)

Amends the Criminal Code of 1961. It provides that a person who, with the intent to obtain access to funds of another person, makes a false statement or misrepresentation to the financial institution, or who possesses, transfers, negotiates, or presents for payment a check or draft to the financial institution with the knowledge that it is not authorized by the account holder or the issuing financial institution is guilty of a Class A misdemeanor.

(Effective January 1, 2003)

Senate Bill 2393/Public Act-92-538 (Sen. Rauschenberger/Rep. Madigan)

FY'03 State Budget. The Department was appropriated \$10.4 million for FY'03.

(Effective July 1, 2002)

Fiscal Operations



**FY' 02 REVENUE & EXPENDITURE SUMMARY
BY FUND AND DIVISION
JULY 1, 2001 - JUNE 30, 2002**

	REVENUE	EXPENDITURE	EXCESS REVENUE OVER EXPENDITURE
FINANCIAL INSTITUTIONS FUND			
Administrative Divisions -----	\$ 594	\$ 698,700	\$ (698,106)
Consumer Credit Division -----	3,496,989	1,759,226	1,737,763
Currency Exchange Division -----	469,086	1,236,604	(767,518)
TOTAL	\$ 3,966,669	\$ 3,694,530	\$ 272,139
STATE PENSION FUND			
Administrative Divisions -----	\$ 0	\$ 819,090	\$ (819,090)
EDP -----	0	775,118	(775,118)
TOTAL	\$ 0	\$ 1,594,208	\$ (1,594,208)
CREDIT UNION FUND			
Credit Union Division -----	\$ 3,770,674	\$ 2,894,329	\$ 876,345
TOTAL	\$ 3,770,674	\$ 2,894,329	\$ 876,345
DEPARTMENTAL TOTAL	\$ 7,737,343	\$ 8,183,067	\$ (445,724)

**FISCAL OPERATIONS FY 2002
EXPENDITURE SUMMARY BY DIVISION AND CATEGORY
JULY 01, 2001 - JUNE 30, 2002**

	ADMINISTRATIVE DIVISION	CONSUMER CREDIT DIVISION	CREDIT UNION DIVISION	EDP	CURRENCY EXCHANGE	TOTALS
Personal Service -----	\$ 756,213	\$ 1,074,924	\$ 1,921,304	\$ 375,114	\$ 805,845	\$ 4,933,400
Retirement -----	76,395	107,966	192,971	37,667	80,970	495,969
State Paid Retirement -----	29,788	41,978	76,433	15,006	32,119	195,324
Social Security -----	56,035	80,066	143,481	27,809	58,803	366,194
Group Insurance -----	132,592	189,298	319,483	63,847	125,684	830,904
Contractual -----	363,948	64,718	17,252	49,394	104	495,416
Travel -----	33,500	75,255	206,309	5,618	28,675	349,357
Commodities -----	5,711	2,448	2,355	11,225	61	21,800
Printing -----	4,526	3,948	890	0	410	9,774
Equipment -----	467	2,022	0	0	0	2,489
EDP -----	0	113,753	0	139,065	103,933	356,751
Telecommunications -----	47,821	0	13,851	50,373	0	112,045
Operation Auto -----	10,794	0	0	0	0	10,794
Refunds -----	0	2,850	0	0	0	2,850
TOTALS	\$1,517,790	\$1,759,226	\$2,894,329	\$ 775,118	\$1,236,604	\$8,183,067

**FY 02 APPROPRIATION AND DISBURSEMENT SUMMARY
BY FUND AND CATEGORY
JULY 1, 2001 - JUNE 30, 2002**

FINANCIAL INSTITUTIONS FUND

EXPENDITURE CATEGORY	APPROPRIATION	EXPENDITURES
Personal Service -----	\$ 2,484,500	\$ 2,238,216
Retirement -----	258,100	224,828
State Paid Retirement -----	99,200	87,749
Social Security -----	190,100	165,017
Group Insurance -----	411,400	373,651
Contractual -----	307,400	229,797
Travel -----	150,500	118,967
Commodities -----	16,300	4,225
Printing -----	18,500	5,671
Equipment -----	17,500	2,350
EDP -----	263,250	217,686
Telecommunications -----	21,200	18,110
Operation Auto -----	5,500	5,413
Refunds -----	4,250	2,850
TOTAL	\$ 4,247,700	\$ 3,694,530

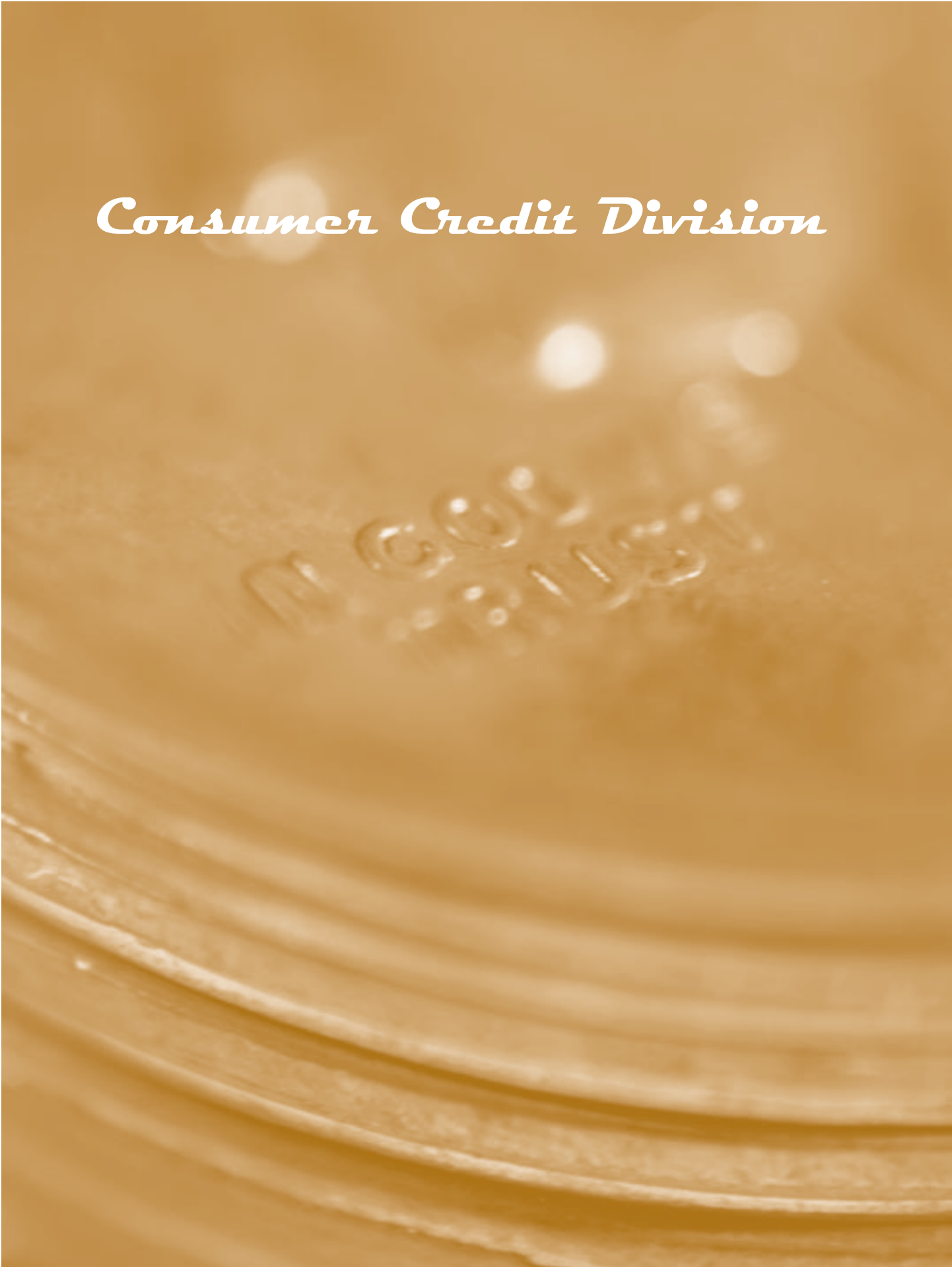
STATE PENSION FUND

EXPENDITURE CATEGORY	APPROPRIATION	EXPENDITURES
Personal Service -----	\$ 838,800	\$ 773,880
Retirement -----	86,400	78,170
State Paid Retirement -----	33,950	31,142
Social Security -----	63,400	57,696
Group Insurance -----	139,900	137,770
Contractual -----	345,150	248,367
Travel -----	24,900	24,081
Commodities -----	23,000	15,220
Printing -----	3,500	3,213
Equipment -----	20,000	139
EDP -----	146,000	139,065
Telecommunications -----	81,200	80,084
Short Term -----	195,000	0
Operation Auto -----	6,100	5,381
Refunds -----	0	0
TOTAL	\$ 2,007,300	\$ 1,594,208

CREDIT UNION FUND

EXPENDITURE CATEGORY	APPROPRIATION	EXPENDITURES
Personal Service -----	\$ 2,469,400	\$ 1,921,304
Retirement -----	256,800	192,971
State Paid Retirement -----	98,900	76,433
Social Security -----	189,000	143,481
Group Insurance -----	445,200	319,483
Contractual -----	100,000	17,252
Travel -----	216,000	206,309
Commodities -----	6,900	2,355
Printing -----	2,900	890
Equipment -----	5,000	0
EDP -----	132,000	0
Telecommunications -----	20,000	13,851
Short Term -----	0	0
Operation Auto -----	0	0
Refunds -----	1,000	0
TOTAL	\$ 3,943,100	\$ 2,894,329
AGENCY TOTAL	\$ 10,198,100	\$ 8,183,067

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'02, the Consumer Credit Division had licensed and regulated 1669 financial institutions. Broken down by statute, these licensees include:

Consumer Installment Loan Act licensees -----	1,155
Debt Management Service Act licensees -----	56
Development Credit Corporation Act licensees -----	2
Safety Deposit Box Act licensees -----	3
Sales Finance Agency Act licensees -----	371
Title Insurance Act licensees -----	24
Transmitters of Money Act licensees -----	58
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Total Consumer Credit Division Licensees	1,669
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2002 HIGHLIGHTS

This year the Consumer Credit Division made great strides in its efforts to examine licensees and authorized sellers under the Illinois Transmitters of Money Act. Division staff completed more than 600 examinations of authorized sellers of licensed money transmitters.

This effort was a direct result of the events of September 11, 2001 and we fully expect for examinations under the Illinois Transmitters of Money Act to continue on an annual basis.

In addition, the Department has entered into a Cooperative Agreement with various member States of the Money Transmitter Regulators Association. This will facilitate the Department to conduct joint money transmitter examinations with other States and share information with these other States.

The Department has become a partner in the Governor's Financial Literacy Task Force. This group consists of State and Federal Regulators, consumer groups, members from the financial and education community, etc. to provide financial literacy to both adults and students throughout the State of Illinois.

The Title Insurance Annual Examination of certified title insurance companies as required by Section 4 of the Title Insurance Act was revised to include more company statistics and financial information. The examination was formatted in order to provide accurate details regarding licensee compliance with the Act.

The title insurance computer systems and programs were upgraded and enhanced in order to handle the nearly 9,500 title agent Certificates of Registration currently on active status, added integrated invoicing procedures with the Accounting Section and provides updated information on the title companies and their agents on a continual basis.

OPERATIONS

During FY'02 Consumer Credit Division personnel conducted 1,659 examinations of licensed entities to determine compliance with regulatory statutes and administrative rules. These examinations uncovered 314 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'02 REVENUE AND EXPENDITURES

REVENUE

Examination fees (1) -----	\$	187,600
Licensing and Renewal fees (2) -----		840,347
Retaliatory fees (3) -----		2,313,870
Miscellaneous fees (4) -----		155,172
TOTAL REVENUE	\$	3,496,989
TOTAL EXPENDITURES	\$	1,759,226

(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	NUMBER OF LICENSES	% GROWTH FROM PREVIOUS FY
FY'02 -----	1155 -----	(8%)
FY'01 -----	1252 -----	(3%)
FY'00 -----	1290 -----	18%
FY'99 -----	1097 -----	51%
FY'98 -----	726 -----	18%

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 2001 calendar year, CILA lenders' OBA services accounted for an average of 49% of licensees' total gross income, up from 34% in 2000. 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, 2001 - DECEMBER 31, 2001**

SALES FINANCE

Number of contracts purchased	117,688
Dollar amount of contracts purchased	\$ 529,208,340
Gross Income	\$ 66,216,148
Losses charged off	\$ 14,486,031

CREDIT LIFE & DISABILITY INSURANCE

Premiums charged	\$ 36,437,929
Income to licensees	\$ 1,832,219

BUSINESS LOANS

Number of loans made	27,851
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TOTAL LOANS OUTSTANDING	\$ 7,622,222
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CONSUMER INSTALLMENT LOAN ACT
CONSOLIDATED STATEMENT OF INCOME AND EXPENSE
JANUARY 1, 2001 - DECEMBER 31, 2001

	CILA LOANS	OBA TRANSACTIONS	* TOTAL
INCOME			
Charges Collected and/or Earned	\$ 358,996,501	\$ 335,681,640	\$ 694,678,141
OTHER INCOME			
a) Recording Fees	1,173,185	115,090	1,288,275
b) Interest on Bank Balances	744,235	115,204	859,439
c) Insurance Income	5,187,770	241,039	5,428,809
d) All Other Income	22,885,827	32,574,027	55,459,854
TOTAL OPERATING INCOME	\$ 388,987,518	\$ 368,727,000	\$ 757,714,518
EXPENSES			
Advertising	\$ 11,180,294	\$ 4,391,829	\$ 15,572,123
Auditing	633,857	282,596	916,453
BAD DEBTS			
a) Charge-offs	72,769,084	72,479,338	145,248,422
b) Deduct: Collections	(15,225,321)	(13,009,983)	(28,235,304)
c) Additions to Reserve for Bad Debts	21,464,029	3,498,095	24,962,124
Depreciation & Amortization	6,505,913	3,524,022	10,029,935
Insurance & Fidelity Bonds	4,654,261	1,534,011	6,188,272
Legal Fees & Disbursements	4,659,992	1,954,314	6,614,306
Postage, Printing, Stationary & Supplies	7,421,048	3,813,227	11,234,275
Rent, Janitorial Services & Utilities	22,089,840	7,997,100	30,086,940
Salaries of Officers, Owners & Partners	10,362,374	11,359,036	21,721,410
Salaries of All Other Employees	60,644,916	27,459,845	88,104,761
Taxes-Other Than on Income	4,800,881	2,936,206	7,737,087
License Fees	893,778	102,245	996,023
Telephone & Telegraph	4,967,786	4,056,650	9,024,436
Travel, Auto Expense & Allowance	2,766,857	2,608,864	5,375,721
Supervision & Administration	25,353,389	16,534,243	41,887,632
(when not allocated to other items)			
All Other Expenses	35,531,681	29,592,847	65,124,528
Interest Paid on Borrowed Funds	57,244,382	157,932,079	215,176,461
TOTAL EXPENSES BEFORE INCOME TAXES	\$ 338,719,041	\$ 339,046,564	\$ 677,765,605
INCOME BEFORE INCOME TAXES	\$ 50,268,477	\$ 29,680,436	\$ 79,948,913
LESS: INCOME TAXES			
State	2,774,091	3,396,980	6,171,071
Federal	9,301,776	9,526,757	18,828,533
NET INCOME	\$ 38,192,610	\$ 16,756,699	\$ 54,949,309

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

**CONSUMER INSTALLMENT LOAN ACT
CONSOLIDATED STATEMENT OF ASSETS
AS OF DECEMBER 31, 2001**

	CILA LOANS	OBA TRANSACTIONS	* TOTAL
Cash on Hand & in Banks -----			\$ 29,243,532
Short Term Investments -----			10,468,078
Receivables			
Gross Receivables -----	\$ 1,176,208,403	\$ 2,490,381,195	\$ 3,666,589,598
Less: Unearned Charges -----	195,644,880	64,359,380	260,004,260
Net Receivables -----	980,563,523	2,426,021,815	3,406,585,338
Less: Reserve for Bad Debts -----	45,109,916	54,866,766	99,976,682
Adjusted Net Receivables -----	935,453,607	2,371,155,049	3,306,608,656
Real Estate (Net of Depreciation) -----	2,251,299	2,006,338	4,257,637
Furniture, Fixtures and Autos (Net of Depreciation) -----	17,163,892	8,383,650	25,547,542
Other Useful in Business -----	79,916,157	189,928,962	269,845,119
TOTAL ASSETS	\$ 1,034,784,955	\$ 2,571,473,999	\$ 3,645,970,564

* Business generated by CILA licensees under Other Business Authorizations.

**CONSUMER INSTALLMENT LOAN ACT
DISTRIBUTION OF LOANS BY SIZE AND TYPE OF SECURITY
JANUARY 1, 2001 - DECEMBER 31, 2001**

	<u>CILA</u>		<u>OBA TRANSACTIONS *</u>	
	NUMBER OF ACCOUNT	UNPAID PRINCIPAL BALANCE	NUMBER OF ACCOUNTS	UNPAID PRINCIPAL BALANCE
DISTRIBUTION BY SIZE				
\$ 1,000 or less -----	2,054,132	\$ 715,663,431	316,830	\$ 118,341,435
\$ 1,001 to \$ 3,000 -----	109,373	184,038,685	85,876	166,586,661
\$ 3,001 to \$ 5,000 -----	48,274	187,516,192	24,886	104,233,791
\$ 5,001 to \$10,000 -----	34,352	228,553,385	10,333	74,381,314
\$10,001 to \$25,000 -----	13,455	223,147,322	7,592	120,728,561
\$25,001 and over -----	0	0	10,407	750,086,432
TOTAL LOANS MADE	2,259,586	\$1,538,919,015	455,924	\$1,334,358,194

DISTRIBUTION BY TYPE OF SECURITY

Based in Whole or Larger Part On:

Household Goods -----	291,862	\$ 227,358,330	75,124	\$ 110,991,564
Motor Vehicle -----	158,042	350,966,420	7,761	112,180,409
Household Goods and Motor Vehicles ----	21,721	99,925,528	453	5,623,155
Other Chattels -----	292,768	134,128,397	32,854	52,573,935
Comaker Endorsed or Guaranteed -----	33,580	14,906,358	3,452	5,034,629
Wage Assignments -----	320,453	117,063,425	3,241	3,552,996
Unsecured -----	1,131,837	512,933,424	307,786	235,060,938
Real Estate -----	9,323	81,637,133	25,253	809,340,568
TOTAL LOANS MADE	2,259,586	\$1,538,919,015	455,924	\$1,334,358,194

* Business generated by CILA licensees under Other Business Authorizations.

**CONSUMER INSTALLMENT LOAN ACT
DELINQUENCY AND LEGAL ACTION SUMMARY
JANUARY 1, 2001 - DECEMBER 31, 2001**

	CILA		OBA TRANSACTIONS *	
	NUMBER OF ACCOUNTS	UNPAID PRINCIPAL BALANCE	NUMBER OF ACCOUNTS	UNPAID PRINCIPAL BALANCE
Accounts With No Payment Either of Principal or of Charges For:				
60-89 Days -----	16,791	\$ 24,672,773	5,230	\$ 55,091,916
90 Days or More -----	60,201	93,554,093	15,682	260,332,808
TOTAL	76,992	\$ 118,226,866	20,912	\$ 315,424,724
Delinquency as a Percent of Gross Outstanding Loans ----- 10.14% 12.67%				
Accounts on Which a Bankruptcy Notice was Received During the Year:				
Chapter Thirteen -----	8,470	\$ 20,585,582	1,315	\$ 11,357,271
All Other Chapters -----	16,049	42,772,422	19,698	23,601,590
TOTAL	24,519	\$ 63,358,004	21,013	\$ 34,958,861
Number of Wage Assignments Filed: -----	22,929		2,648	
Suits for Recovery of Judgement:				
Pending at Beginning of Year -----	6,404	\$ 15,185,833	4,342	\$ 6,729,974
Instituted During Year -----	6,826	18,245,055	2,134	4,230,422
Settled Before Judgement -----	844	2,180,903	407	947,213
Judgement Obtained -----	4,100	9,990,517	1,739	3,643,318
Pending at Year End -----	8,286	\$ 21,259,468	4,330	\$ 6,369,865
Real Estate Foreclosure's -----	30	\$ 624,633	769	\$ 59,505,145
Possession of Security Obtained by Licensee:				
Household Goods -----	40	\$ 116,417	13	\$ 18,437
Motor Vehicle -----	7,693	9,406,511	303	1,914,056
Other Chattels -----	2,998	610,120	9	56,483
Real Estate -----	69	2,164,015	260	15,156,950
TOTAL	10,800	\$ 12,297,063	585	\$ 17,145,926

	HOUSEHOLD GOODS	MOTOR VEHICLE	OTHER CHATELS	REAL ESTATE
SALES OF SECURITY BY LICENSEES				
Number	51	58,927	30	323
Amount Due	\$ 90,023	\$ 8,689,762	\$ 102,780	\$ 18,475,992
Amount Collected	\$ 22,048	\$ 3,718,547	\$ 28,124	\$ 13,080,205

* Business generated by CILA licensees under Other Business Authorizations.

Debt Management Service Act

56 companies were licensed to provide licensed debt management services in Illinois at the end of FY'02. 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 2002, changes to the Debt Management Services Act were implemented. SB 888 / Public Act 92-0400 amended sections 205 ILCS 665/2, 665/4, 665/6 and adds section 665/20.5. These changes to the Act now 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 1st. 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.

DEBT MANAGEMENT SERVICE ACT LICENSEES

FISCAL YEAR	# OF LICENSEES	% GROWTH FROM PREVIOUS FY
FY'02 -----	56 -----	2%
FY'01 -----	55 -----	2%
FY'00 -----	54 -----	12%
FY'99 -----	48 -----	20%
FY'98 -----	40 -----	21%

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'02, 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 Acts

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, 2002, 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'02, there were 371 companies licensed by the Department under the Sales Finance Act. This represents a 2% 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 became effective January 1, 2002 and have been implemented during the second half of FY'02.

SALES FINANCE AGENCY ACT LICENSEES

FISCAL YEAR	NUMBER OF LICENSEES	% GROWTH FROM PREVIOUS FY
FY'02 -----	371 -----	(2%)
FY'01 -----	377 -----	(9%)
FY'00 -----	414 -----	20%
FY'99 -----	346 -----	(11%)
FY'98 -----	390 -----	8%

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, which are currently licensed under the Department's Currency exchange division, for the issuance of money orders.

As of June 30, 2002, there were 58 companies licensed in Illinois under the Transmitters of Money Act. This is a 4% 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. These new laws have been implemented during the second half of FY'02. 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.

TRANSMITTERS OF MONEY ACT LICENSES

FISCAL YEAR	NUMBER OF LICENSES	% GROWTH FROM PREVIOUS FY
FY'02 -----	58 -----	4% -----
FY'01 -----	56 -----	19% -----
FY'00 -----	47 -----	2% -----
FY'99 -----	46 -----	18% -----
FY'98 -----	39 -----	11% -----

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'02 the Department had issued Certificates of Authority to 24 title insurance companies. As required by statute, these licensees registered 9,414 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.

Twenty of the 24 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 \$2,313,870 in retaliatory fees during FY'02. 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**

ASSETS	2001	2000
Bonds	\$ 2,388,813,935	\$ 2,199,245,458
Preferred Stock	77,005,162	88,944,237
Common Stock	1,504,978,154	1,253,908,445
Mortgage Loans on Real Estate	29,703,421	31,628,250
Real Estate Occupied by the Company	139,778,582	142,721,604
Other Properties	13,643,903	24,416,114
Cash and Short-Term Investments	1,064,698,505	689,737,065
Other Invested Assets	108,773,678	116,878,229
Subtotals, Cash and Invested Assets	\$ 5,327,395,340	\$ 4,547,479,402
Title Plants	183,088,426	182,016,289
Title Insurance Premiums and Fees Receivable	149,934,003	125,514,264
Federal Income Tax Recoverable	74,751,565	25,381,855
Electronic Data Processing Equipment	20,764,307	39,053,552
Interest, Dividends & Real Estate Income Due & Accrued	42,617,502	39,870,095
Receivable From Parent, Subsidiaries & Affiliates	232,547,779	274,825,012
Aggregate Write-Ins For Other Than Invested Assets	99,066,636	67,466,727
TOTAL ASSETS	\$ 6,130,165,558	\$ 5,301,607,196
LIABILITIES		
Known Claims Reserve	\$ 336,103,201	\$ 297,639,455
Statutory Premium Reserve	2,081,894,267	1,887,635,996
Commissions and Other Charges Due or Accrued	3,805,396	1,662,788
Other Expenses (Excluding Taxes, Licenses and Fees)	297,222,274	239,688,041
Taxes, Licenses and Fees	57,409,947	32,309,915
Federal and Foreign Income Taxes	37,402,790	18,716,129
Borrowed Money	2,929,810	12,850,898
Interest on Borrowed Money	0	77,881
Dividends Declared and Unpaid	0	17,000,000
Premiums and Other Consideration Received in Advance	25,602,501	26,219,649
Amounts Withheld or Retained By Company For Account of Others	4,949,987	10,918,312
Payable to Parent, Subsidiaries and Affiliates	202,108,122	213,547,180
Aggregate Write-Ins For Other Liabilities	782,565,205	680,495,663
TOTAL LIABILITIES	\$ 3,831,993,500	\$ 3,438,761,907
SURPLUS AND OTHER FUNDS		
Common Capital Stock	\$ 219,802,942	\$ 217,826,552
Preferred Capital Stock	8,500,000	8,500,000
Gross Paid In and Contributed Surplus	575,750,883	540,469,511
Unassigned Funds (Surplus)	1,494,118,233	1,096,049,226
Surplus as Regards Policyholders	\$ 2,298,172,058	\$ 1,862,845,289
TOTAL LIABILITIES, SURPLUS & OTHER FUNDS	\$ 6,130,165,558	\$ 5,301,607,196

*Consolidated Balance Sheet and Income Statement, prepared by the title insurance industry for the period ending December 31, 2000 and December 31, 2001.

ILLINOIS TITLE INSURANCE COMPANIES
COMPARATIVE CONSOLIDATED STATEMENT OF INCOME AND EXPENSES

	2001	2000
OPERATING INCOME		
Title Insurance Premiums Earned -----	\$ 7,332,095,315	\$ 5,887,843,843
Escrow and Settlement Services -----	280,990,882	194,876,049
Other Title Fees and Service Charges -----	382,964,105	335,955,620
Aggregate Write-Ins For Other Operating Income -----	40,997,572	33,770,158
TOTAL OPERATING INCOME	\$ 8,037,047,874	\$ 6,452,445,670
DEDUCT		
Losses & Loss Adjustment Expenses Incurred -----	\$ 391,526,099	\$ 350,262,770
Operating Expenses Incurred -----	7,486,662,417	6,167,329,710
Aggregate Write-Ins For Other Operating Deductions -----	0	10,628
TOTAL OPERATING DEDUCTIONS	\$ 7,878,188,516	\$ 6,517,603,108
NET OPERATING GAIN (LOSS)	\$ 158,859,358	\$ (65,157,438)
INVESTMENT INCOME		
Net Investment Income Earned -----	\$ 423,967,007	\$ 326,924,097
Net Realized Capital Gains and (Losses) -----	11,826,328	(1,343,975)
Net Investment Gain or (Loss) -----	\$ 435,793,335	\$ 325,580,122
Miscellaneous Income or (Loss) -----	965,942	3,045,081
NET INCOME BEFORE FEDERAL INCOME TAXES	\$ 595,618,635	\$ 263,467,765
FEDERAL INCOME TAXES INCURRED -----	121,915,683	54,507,943
NET INCOME	\$ 473,702,952	\$ 208,959,822

**ILLINOIS TITLE INSURANCE COMPANIES
DIRECT PREMIUMS WRITTEN IN ILLINOIS - CALENDAR YEAR 2001**

ADAMS ----- \$	1,425,961	HARDIN ----- \$	115,147	MORGAN ----- \$	377,944
ALEXANDER -----	1,158,704	HENDERSON -----	72,341	MOULTRIE -----	79,668
BOND -----	534,517	HENRY -----	310,082	OGLE -----	799,049
BOONE -----	557,579	IROQUOIS -----	634,553	PEORIA -----	2,201,559
BROWN -----	127,583	JACKSON -----	949,109	PERRY -----	394,340
BUREAU -----	211,011	JASPER -----	20,222	PIATT -----	437,452
CALHOUN -----	60,558	JEFFERSON -----	816,874	PIKE -----	210,964
CARROLL -----	110,794	JERSEY -----	106,306	POPE -----	6,630
CASS -----	165,286	JODAVIESS -----	418,401	PULASKI -----	154,704
CHAMPAIGN -----	975,825	JOHNSON -----	237,035	PUTNAM -----	110,793
CHRISTIAN -----	177,364	KANE -----	8,981,426	RANDOLPH -----	268,996
CLARK -----	238,265	KANKAKEE -----	1,508,030	RICHLAND -----	39,638
CLAY -----	72,932	KENDALL -----	371,829	ROCK ISLAND ----	1,726,396
CLINTON -----	610,289	KNOX -----	479,120	ST. CLAIR -----	2,122,321
COLES -----	479,387	LAKE -----	13,194,938	SALINE -----	468,015
COOK -----	71,735,439	LASALLE -----	2,907,679	SANGAMON -----	817,958
CRAWFORD -----	111,414	LAWRENCE -----	323,765	SCHUYLER -----	57,483
CUMBERLAND ---	159,288	LEE -----	651,437	SCOTT -----	110,218
DEKALB -----	955,120	LIVINGSTON -----	1,084,393	SHELBY -----	312,885
DEWITT -----	220,906	LOGAN -----	1,004,786	STARK -----	35,156
DOUGLAS -----	1,150,966	MCDONOUGH ---	450,491	STEPHENSON ----	874,505
DUPAGE -----	14,756,793	MCHENRY -----	5,234,043	TAZEWELL -----	944,644
EDGAR -----	108,581	MCLEAN -----	2,308,568	UNION -----	631,733
EDWARDS -----	6,027	MACON -----	853,105	VERMILION -----	118,214
EFFINGHAM -----	460,192	MACOUPIN -----	530,082	WABASH -----	32,401
FAYETTE -----	568,666	MADISON -----	2,599,612	WARREN -----	202,793
FORD -----	486,878	MARION -----	1,338,603	WASHINGTON ---	582,406
FRANKLIN -----	876,464	MARSHALL -----	38,543	WAYNE -----	172,811
FULTON -----	284,534	MASON -----	247,273	WHITE -----	152,832
GALLATIN -----	135,849	MASSAC -----	193,907	WHITESIDE -----	568,566
GREENE -----	366,670	MENARD -----	250,552	WILL -----	10,587,005
GRUNDY -----	772,993	MERCER -----	48,678	WILLIAMSON ----	144,791
HAMILTON -----	857,111	MONROE -----	871,742	WINNEBAGO -----	6,382,425
HANCOCK ----- \$	66,297	MONTGOMERY -- \$	248,157	WOODFORD ----- \$	347,863

TOTAL DIRECT PREMIUMS WRITTEN IN ILLINOIS

\$182,862,230



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 by which state-chartered credit unions are required to abide. 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.

2002 HIGHLIGHTS

During 2002, important amendments were made to the Illinois Credit Union Act's administrative rules. The new rules, which went into effect October 19, 2001, expand on the areas of Credit Union Service Organizations (CUSO's) and Business Lending.

Section 190.5 of the Rules and Regulations amended the criteria needed for a credit union to establish or to do business with a CUSO and expands on the Department's regulatory oversight of CUSO's.

Section 190.165 was amended to give credit unions with assets greater than \$30 million the ability to make business loans in accordance with specific regulatory guidelines.

Section 33 of the Credit Union Act was amended to give credit union Boards the option of having a credit committee or appointing a credit manager who shall be empowered to approve or disapprove loans and lines of credit under conditions prescribed by the Board of Directors.

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 2002, state-chartered credit unions provided financial services to approximately 2.3 million Illinoisans. At the end of FY'02, there were 419 state-chartered credit unions in Illinois, ranging in asset size from \$18,504 to \$3.9 billion. Assets at fiscal year end 2002 totaled \$16.7 billion, an increase of 20.1 percent.

STATE CHARTERED CREDIT UNIONS

FISCAL YEAR	# OF CREDIT UNIONS	ASSETS
2002	419	16.7 billion
2001	440	13.9 billion
2000	462	11.8 billion
1999	468	11.1 billion
1998	489	8.9 billion

Chartering

The Department of Financial Institutions continues to encourage groups to try and establish new credit unions. A completed application and business plan must to be submitted to the Department's Credit Union Division. If it is determined that the economic viability and other compliance issues are met, along with a commitment letter providing share insurance from either the National Credit Union Administration or American Share Insurance, Inc., the Director will determine if the new charter can be granted.

Examination Supervision

The Credit Union Division is mandated to regularly examine every state-chartered credit union as written in the Illinois Credit Union Act. The Act indicates that exams have to be conducted on a biennial basis.

Examinations are performed by the Department to ascertain the overall financial condition of the credit unions, along with ensuring that the credit union members' funds are safe. The examination process also ensures compliance with all applicable state and federal laws and regulations.

Although the examination requirement states that they need to be done on a biennial basis, the Credit Union Division has the ability and the regulatory authority to conduct special examinations of credit unions to follow up on concerns from examinations or investigate member initiated complaints.

EXAMINATIONS

FISCAL YEAR	REGULAR	SPECIAL
2002	355	13
2001	417	6
2000	351	21
1999	419	8
1998	407	8

Examination Procedures

The Credit Union Division continues to use the Automated Integrated Regulatory Examination System (AIRES) as a tool to ensure that a very detailed and thorough examination report is completed. The AIRES program was developed by the National Credit Union Administration and, because of its sophistication and complexity, gives State and Federal Examiners the ability to commit the majority of their time on critical issues that were noted and can be conveyed to credit union management in a timely manner.

The CAMEL Rating System is an integral part of the Credit Union Division's examination function. After the credit union's financial and operational areas are reviewed, an overall CAMEL Rating is developed. This rating, based on Capital Adequacy, Asset Quality, Management, Earnings, and Liquidity, is 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 level of performance. While assigning CAMEL Ratings to each component, the examiner also assigns an overall Composite Rating based on the same scale.

**ILLINOIS STATE-CHARTERED CREDIT UNIONS
CAMEL COMPOSITE RATINGS
DISTRIBUTION - JUNE 30, 2002**

CAMEL RATING	# OF CREDIT UNIONS	% OF CREDIT UNIONS
1 -----	62 -----	17.5%
2 -----	179 -----	50.4%
3 -----	86 -----	24.2%
4 -----	26 -----	7.3%
5 -----	2 -----	.6%
TOTAL	355	100%

Problem Case Credit Unions

The Credit Union Division reserves a large amount of time and resources to the supervision of credit unions that have been assigned a CAMEL Composite rating of 4 or 5. DFI Examiners, along with the Division's full time Problem Case Officer work together with credit union management to rectify concerns that were noted during an examination. In FY'02 7.9% of all credit unions scored a CAMEL rating of 4 or 5.

Small Credit Union Assistance

The Credit Union Division is dedicated to preserving the progress of smaller credit unions. Beginning in 2003, the DFI will commence a program to offer assistance to Managers, Board and Committee members that are also dedicated to preserving the future of their credit union. The assistance will be offered free of charge with no written report or CAMEL rating associated with a one or two day contact. Eligible Credit Unions will be able to ask for assistance in Record Keeping, Marketing, Budgeting, Loan Underwriting, Business and Strategic Planning, Collections, and Low Income designation.

2002 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, University of Illinois Employees Credit Union

25 LARGEST STATE-CHARTERED CREDIT UNIONS IN ILLINOIS IN ASSET ORDER

CREDIT UNION NAME	LOCATION	TOTAL ASSETS	# OF MEMBERS
UNITED AIRLINES EMPLOYEES' -----	CHICAGO	\$ 3,917,862,442	164,318
CITIZENS EQUITY FIRST -----	PEORIA	\$ 2,369,426,082	218,722
BAXTER -----	VERNON HILLS	\$ 717,495,063	107,974
CORPORATE AMERICA FAMILY -----	ELGIN	\$ 468,798,912	65,621
I. H. MISSISSIPPI VALLEY -----	MOLINE	\$ 424,187,874	76,868
MOTOROLA EMPLOYEES' -----	SCHAUMBURG	\$ 391,144,471	42,779
GREAT LAKES -----	NORTH CHICAGO	\$ 342,278,028	59,159
CONSUMERS COOPERATIVE -----	WAUKEGAN	\$ 320,311,714	46,663
CREDIT UNION 1 -----	RANTOUL	\$ 310,284,305	105,645
SCOTT -----	COLLINSVILLE	\$ 294,536,041	47,917
OLIN COMMUNITY -----	EAST ALTON	\$ 250,457,114	40,558
ABBOTT LABORATORIES -----	GURNEE	\$ 248,956,061	28,226
DEERE HARVESTER -----	MOLINE	\$ 227,038,429	33,492
FIRST NORTHERN -----	CHICAGO	\$ 212,878,938	32,282
DUPAGE -----	NAPERVILLE	\$ 196,136,931	34,549
DECATUR EARTHMOVER -----	DECATUR	\$ 192,500,444	24,608
DEERE & COMPANY -----	MOLINE	\$ 176,074,614	22,854
COMMUNITY TRUST -----	GURNEE	\$ 141,390,426	16,621
ARGONNE -----	ARGONNE	\$ 137,808,648	11,969
HEALTHCARE ASSOCIATES -----	NAPERVILLE	\$ 132,870,433	43,204
KANE COUNTY TEACHERS -----	ELGIN	\$ 128,572,587	20,902
AURORA EARTHMOVER -----	AURORA	\$ 127,194,094	23,004
NUMARK -----	JOLIET	\$ 125,775,180	25,216
UNIVERSITY OF ILLINOIS EMPLOYEES' -----	CHAMPAIGN	\$ 114,872,435	29,949
UNITED -----	CHICAGO	\$ 112,600,078	25,033

CREDIT UNION DIVISION OPERATIONS

FISCAL YEAR ENDING	2002	2001	2000	1999	1998
(July 1 to June 30)					
Number of Examiners -----	25	26	30	25	22
Number of Annual Exams Conducted -----	355	417	351	419	407
Number of Special Exams Conducted -----	13	6	21	8	8
Number of Credit Unions -----	419	442	462	468	489
Number of Consumer Complaints -----	86	82	93	82	91
REVENUE (000)					
Annual Regulatory Fee* -----	3,723.1				
Annual Examination Fees -----	0	1,154.9	1,799.7	1,685.4	1,748.2
Supervision Fees -----	0	3,521.2	544.4	517.9	510.4
Surprise Examination Fees -----	.6	2.3	9.3	6.3	0
Misc. Fees & Fines -----	47.0	34.5	24.6	27.5	22.6
TOTAL REVENUE	3,770.7	4,710.7	2,378.0	2,237.1	2,281.2
EXPENDITURES (000)					
Personal Services -----	1,921.3	1,941.0	1,734.8	1,774.8	1,721.5
Retirement by Employee -----	76.4	75.8	65.8	68.3	112.0
Retirement -----	192.9	193.1	168.5	169.3	65.5
EDP -----	0	0	0	0	0
Group Insurance -----	319.4	290.9	227.6	220.9	204
Social Security -----	143.5	145.3	129.6	132.2	128.8
Contractual Services -----	17.3	21.3	76.1	52.1	83.9
Travel -----	206.3	243.2	241	251.2	204.4
Commodities -----	2.4	1.6	5.6	5.2	9
Printing -----	0.9	1.5	2	2.2	8.8
Equipment -----	0	0.8	4.2	0.8	1.5
Refunds -----	0	1.4	0.3	0.5	0.4
Telecommunications -----	13.9	8.3	15	1.6	15.9
TOTAL EXPENDITURES	2,894.3	2,924.4	2,670.5	2,679.1	2,555.7
REVENUE OVER (UNDER) EXPENSES	876.4	1,786.3	-292.5	-442.0	-274.5

*The annual examination and supervision fees were replaced by an annual regulatory fee.

**ILLINOIS STATE- CHARTERED CREDIT UNIONS
CONSOLIDATED STATEMENT OF INCOME AND EXPENSE
FISCAL YEAR 2002**

	7/1/01	12/31/01	6/30/02	FY'02 TOTALS
OPERATING INCOME				
Interest on Loans -----	\$ 390,638,310	\$ 772,700,681	\$ 367,990,429	\$ 750,052,800
(Less) Interest Refunded -----	\$ (224,662)	\$ (1,148,598)	\$ (243,101)	\$ (1,167,037)
Income from Investments -----	\$ 122,021,485	\$ 228,105,769	\$ 99,227,678	\$ 205,311,962
Other Income -----	\$ 65,474,028	\$ 132,536,008	\$ 66,907,133	\$ 131,969,113
TOTAL OPERATING INCOME				\$ 1,088,166,838
EXPENSES				
Employee Comp & Benefits -----	\$ 108,344,242	\$ 219,158,650	\$ 116,179,482	\$ 226,993,890
Member Insurance (Less Rebates) ---	\$ 2,638,305	\$ 5,270,886	\$ 2,398,246	\$ 5,030,827
Provision for Loan Losses -----	\$ 18,203,618	\$ 41,136,833	\$ 20,117,897	\$ 43,051,112
Office Operations Expense -----	\$ 43,201,429	\$ 86,606,765	\$ 44,842,063	\$ 88,247,399
Other Expenses -----	\$ 64,392,320	\$ 130,544,327	\$ 66,737,965	\$ 132,889,972
TOTAL EXPENSES	\$ 236,779,914	\$ 482,717,461	\$ 250,275,653	\$ 469,213,200
TOTAL OPERATING INCOME MINUS EXPENSES				\$ 591,953,638
NET EARNINGS				
Gain (Loss) on Investments -----	\$ 436,791	\$ 4,243,506	\$ 1,743,112	\$ 5,549,827
Interest on Borrowed Money -----	\$ 407,844	\$ 435,113	\$ 36,499	\$ 63,768
Dividends on Shares & Interest on Deposits -----	\$ 271,474,754	\$ 517,643,786	\$ 208,301,869	\$ 454,470,901
TOTAL NET EARNINGS				\$ 131,869,142
DISTRIBUTION OF NET EARNINGS				
Regular Reserves -----	\$ 529,780,890	\$ 535,171,244	\$ 548,817,451	\$ 554,207,805
Undivided Earnings -----	\$ 939,860,780	\$ 1,022,146,950	\$ 1,052,233,225	\$ 1,134,519,395
TOTAL DISTRIBUTED				\$ 1,688,727,200



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'02 HIGHLIGHTS

The Currency Exchange Division oversaw the licensing and regulation of 970 currency exchanges throughout the state during FY'02. Of this total, 662 were community-based currency exchanges that conduct business from permanent, fixed locations. The remaining 308 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'02	662	308
FY'01	666	313
FY'00	674	334
FY'99	679	353
FY'98	692	371

* 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 continued to offer various services and information via the internet during FY'02. 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.

In addition, all currency exchange licensing application forms and instructions can be downloaded from the department's website.

OPERATIONS

During 2001 licensed currency exchanges provided a variety of financial services to consumers in the state. Primary among these were check-cashing and money order services. Illinois Currency Exchanges cashed 22,557,029 checks and issued 20,931,924 money orders during 2001.

In addition to these services, Illinois 662 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'02, 815 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'02	FY'01	FY'00	FY'99	FY'98
Chicago	1	0	1	1	1
Suburban Chicago	1	3	3	2	2
Downstate Illinois	0	1	0	0	1
Northern Illinois	1	0	1	0	0
Northwest Illinois	0	0	0	0	0
Western Illinois	0	0	0	1	0
TOTAL	3	4	5	4	4

New Community Currency Exchange

Locations in FY'02

Fox Lake Crossing Currency Exchange, C.E., Inc.
1284 S. Rt. 12
Fox Lake, IL 60020

Little Village C.E., Inc.
3025 W. 26th Street
Chicago, IL 60623

Weber & 135th C.E., Inc.
461 N. Weber Road
Romeoville, IL 60446

**NUMBER OF NEW AMBULATORY
CURRENCY EXCHANGES**

	FY'02	FY'01	FY'00	FY'99	FY'98
TOTAL	15	10	20	10	14

**NEW AMBULATORY
CURRENCY EXCHANGE LOCATIONS**

COMPANY NAME:	CITY:
Alltown Bus Service, North -----	Chicago
Alltown Bus Service, South -----	Chicago
Alltown Bus Service -----	Skokie
Assembly Unlimited -----	Franklin Park
CFM Harris Systems -----	Lincolnwood
CFM Harris Systems -----	Skokie
Chicago Metal Products -----	Chicago
Community Mental Health Council, Inc. -----	Chicago
E.R. Moore Company -----	Chicago
Fortune Fish Company -----	Bensenville
Kindred-Chicago Lakeshore -----	Chicago
LTD Commodities, Inc. -----	Naperville
LTD Commodities, Inc. -----	Aurora
Midco International -----	Chicago
The Royal Group -----	Cicero

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'02, the Division received and successfully resolved 125 consumer complaints.

CONSUMER COMPLAINT SUMMARY

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

	FY'02	FY'01	FY'00	FY'99	FY'98
Money Order Services -----	53 or 42%	113 or 43%	94 or 37 %	107 or 52%	89 or 37%
License Plate Services -----	16 or 13%	22 or 8%	27 or 11 %	19 or 10%	16 or 7%
Employee Service -----	15 or 12%	52 or 19%	36 or 14 %	27 or 13%	33 or 14%
Utility Bill Remittance Services -----	18 or 14%	39 or 15%	37 or 15 %	23 or 11%	44 or 18%
Check Cashing Services -----	23 or 19%	39 or 15%	57 or 23 %	29 or 14%	56 or 24%
TOTAL	125 or 100%	265 100%	251 100 %	205 100%	238 100%

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'02 totaled \$469,086.

CURRENCY EXCHANGE DIVISION TOTAL REVENUE COLLECTED BY CATEGORY AND FISCAL YEAR

	FY'02	FY'01	FY'00	FY'99	FY'98
COMMUNITY CURRENCY EXCHANGES					
Examination Fees -----	\$ 245,850	\$ 197,100	\$ 184,800	\$ 229,650	\$ 229,800
Licensing Fees -----	137,000	136,800	155,287	148,400	145,600
Fines -----	35,335	30,550	28,350	44,252	23,745
Investigation Fees -----	35,000	35,950	28,300	31,900	34,250
Miscellaneous Fees -----	5,292	7,601	1,683	1,238	1,274
Change of Location Fees -----	2,400	2,850	2,400	2,250	2,025
AMBULATORY CURRENCY EXCHANGES					
Licensing Fees -----	\$ 8,209	\$ 8,422	\$ 9,969	\$ 9,472	\$ 9,835
Inspection Fees -----		75			
TOTAL	\$ 469,086	\$ 419,348	\$ 410,789	\$ 467,162	\$ 446,529

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, 2001		12 MONTHS ENDING DECEMBER 31, 2000	
	REVENUE	% OF INCOME	REVENUE	% OF INCOME
Check Cashing Fees -----	\$ 125,816,432	68%	124,652,032	68%
Money Order Fees -----	13,441,442	7%	13,128,143	7%
License Fees -----	18,295,098	10%	17,664,070	10%
Utilities Fees -----	6,573,424	4%	5,532,684	3%
Other Income -----	21,048,710	11%	22,877,748	12%
TOTAL	\$ 185,175,106	100%	\$ 183,854,677	100%

	12 MONTHS ENDING DECEMBER 31, 1999		12 MONTHS ENDING DECEMBER 31, 1998	
	REVENUE	% OF INCOME	REVENUE	% OF INCOME
Check Cashing Fees -----	\$ 114,072,787	68%	\$ 106,319,194	68%
Money Order Fees -----	12,492,227	7%	11,747,777	8%
License Fees -----	17,045,523	10%	16,390,566	10%
Utilities Fees -----	4,805,348	3%	4,170,977	2%
Other Income -----	21,262,912	12%	18,808,793	12%
TOTAL	\$ 169,678,797	100%	\$ 157,437,307	100%

ILLINOIS CURRENCY EXCHANGES BY TOTAL REVENUE GENERATED

According to annual reports filed by 662 currency exchanges during the calendar year ending December 31, 2000, the mean total revenue generated was \$279,914. 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 -----	5
\$ 800,000 - 899,999 -----	5
\$ 700,000 - 799,999 -----	10
\$ 600,000 - 699,999 -----	14
\$ 500,000 - 599,999 -----	33
\$ 400,000 - 499,999 -----	47
\$ 300,000 - 399,999 -----	86
\$ 200,000 - 299,999 -----	169
\$ 100,000 - 199,999 -----	229
\$ 50,000 - 99,999 -----	40
Less than \$50,000 -----	16
TOTAL	662

Fiscal Year 2002 Annual Report

Illinois Department of Financial Institutions

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*Produced by the Illinois Department Financial Institutions
Public Information Office
Graphic Production, Thomas R. Michalshi
Homepage: www.state.il.us/dfi*

*Printed by Authority of the State of Illinois
(4/28-150-329604)*

Printed by contract 150 copies at 13.03 each.