

AN ACT concerning financial regulation.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Illinois Credit Union Act is amended by changing Sections 23, 26, and 30 and by adding Section 16.1 as follows:

(205 ILCS 305/16.1 new)

Sec. 16.1. Service to the economically disadvantaged.

(a) Persons who reside in investment areas as defined in the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4702) and identified by the U.S. Department of the Treasury may be admitted to membership in a credit union that serves the area by maintaining a facility in the area. For purposes of this Section, a "facility" means a credit union owned branch, a shared branch, an office operated on a regularly scheduled weekly basis, or a credit union owned electronic facility that meets, at a minimum, the requirements of accepting shares for members' accounts, accepting loan applications and disbursing loans, but does not include an ATM.

(b) Credit unions desiring to serve the economically disadvantaged in accordance with this Section shall do so pursuant to a written business plan that shall document the fact that the area meets the criteria of this Section, identify the credit and depository needs of the area, identify the services to be delivered, and describe the manner in which the services will be delivered. The credit union shall regularly review the business plan to determine whether the area is being adequately served and shall provide to the Director periodic service status reports that describe how the needs of the area are being met.

(205 ILCS 305/23) (from Ch. 17, par. 4424)

Sec. 23. Compensation of officials.

(1) No director or committee member may receive compensation for his service as such. "Compensation" as used in this subsection (1) refers to remuneration expense to the credit union for services provided by a director or committee member in his or her capacity as director or committee member. "Compensation" as used in this subsection (1) does not include the expense of providing reasonable life, health, accident, and similar insurance protection benefits for a director or committee member.

(2) Directors, committee members and employees, while on official business of the credit union, may be reimbursed for reasonable and necessary expenses. Alternatively, the credit union may make direct payment to a third party for such business expenses. Reasonable and necessary expenses may include the payment of travel costs for the foregoing officials and one guest per official. All payment of costs shall be made in accordance with written policies and procedures established by the Board of Directors.

(3) The Board of Directors may establish compensation for officers of the credit union.

(Source: P.A. 92-608, eff. 7-1-02.)

(205 ILCS 305/26) (from Ch. 17, par. 4427)

Sec. 26. Executive Officers. (1) At their first meeting, the Board of Directors shall elect from among their own number a Chairman of the Board and one or more Vice Chairmen, a Secretary and a Treasurer. The Directors shall appoint a chief management official who shall have such title as the Directors shall determine. The Directors ~~President and~~ may also appoint one or more Vice Presidents. ~~The President shall be the chief operating officer of the credit union.~~ The chief management official ~~President~~ and Vice President may, but need not, be Directors. Any two or more offices may be held by the same person, except the Chairman of the Board ~~President~~ may not also hold the office of Vice Chairman ~~President~~ or Secretary.

(2) The officers shall serve for a term of one year, or until their successors are chosen and have been duly qualified.

(3) The duties of the officers shall be prescribed in the bylaws. Compensation of officers shall be such as may be established by the Directors from time to time.

(Source: P.A. 81-329.)

(205 ILCS 305/30) (from Ch. 17, par. 4431)

Sec. 30. Duties of directors. It shall be the duty of the directors to:

(1) Review actions on applications for membership. A record of the Membership Committee's approval or denial of membership or management's approval or denial of membership if no Membership Committee has been appointed shall be available to the Board of Directors for inspection. A person denied membership by the Membership Committee or credit union management may appeal the denial to the Board;

(2) Provide adequate fidelity bond coverage for officers, employees, directors and committee members, and for losses caused by persons outside of the credit union, subject to rules and regulations promulgated by the Director;

(3) Determine from time to time the interest rates, not in excess of that allowed under this Act, which shall be charged on loans to members and to authorize interest refunds, if any, to members from income earned and received in proportion to the interest paid by them on such classes of loans and under such conditions as the Board prescribes. The Directors may establish different interest rates to be charged on different classes of loans;

(4) Within any limitations set forth in the credit union's bylaws, fix the maximum amount which may be loaned with and without security to a member;

(5) Declare dividends on various classes of shares in the manner and form as provided in the bylaws;

(6) Limit the number of shares which may be owned by a member; such limitations to apply alike to all members;

(7) Have charge of the investment of funds, except that the Board of Directors may designate an Investment Committee or any qualified individual or entity to have charge of making investments under policies established by the Board of Directors;

(8) Authorize the employment of or contracting with such persons or organizations as may be necessary to carry on the operations of the credit union, provided that prior approval is received from the Department before delegating substantially all managerial duties and responsibilities to a credit union organization, and fix the compensation, if any, of the officers and provide for compensation for other employees within policies established by the Board of Directors;

(9) Authorize the conveyance of property;

(10) Borrow or lend money consistent with the provisions of this Act;

(11) Designate a depository or depositories for the funds of the credit union and supervise the investment of funds;

(12) Suspend or remove, or both, ~~for cause,~~ any or all officers or any or all members of the Membership, Credit, ~~Supervisory~~ or other committees whenever, in the judgment of the Board of Directors, the best interests of the credit union will be served thereby; provided that members of the Supervisory Committee may not be suspended or removed except for failure to perform their duties; and provided that removal of any officer shall be without prejudice to the contract rights, if any, of the person so removed ~~for failure to perform their duties;~~

(13) Appoint any special committees deemed necessary; and;

(14) Perform such other duties as the members may direct, and perform or authorize any action not

inconsistent with this Act and not specifically reserved by the bylaws to the members.

(Source: P.A. 92-608, eff. 7-1-02; revised 1-20-03.)

Section 99. Effective date. This Act takes effect upon becoming law.