

AN ACT concerning 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 1.1, 2, 3, 4, 7, 8, 9, 9.1, 10, 10.1, 11, 12, 13, 14, 15, 16, 16.1, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 43.1, 44, 45, 46, 47, 48, 49, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 69.1, 70, and 71 as follows:

(205 ILCS 305/1.1) (from Ch. 17, par. 4402)

Sec. 1.1. Definitions.

Credit Union - The term "credit union" means a cooperative, non-profit association, incorporated under this Act, under the laws of the United States of America or under the laws of another state, for the purposes of encouraging thrift among its members, creating a source of credit at a reasonable rate of interest, and providing an opportunity for its members to use and control their own money in order to improve their economic and social conditions. The membership of a credit union shall consist of a group or groups each having a common bond as set forth in this Act.

Common Bond - The term "common bond" refers to groups of people who meet one of the following qualifications:

(1) Persons belonging to a specific association, group or organization, such as a church, labor union, club or society and members of their immediate families which shall include any relative by blood or marriage or foster and adopted children.

(2) Persons who reside in a reasonably compact and well defined neighborhood or community, and members of their immediate families which shall include any relative by blood or marriage or foster and adopted children.

(3) Persons who have a common employer or who are members of an organized labor union or an organized occupational or professional group within a defined geographical area, and members of their immediate families which shall include any relative by blood or marriage or foster and adopted children.

Shares - The term "shares" or "share accounts" means any form of shares issued by a credit union and established by a member in accordance with standards specified by a credit union, including but not limited to common shares, share draft accounts, classes of shares, share certificates, special purpose share accounts, shares issued in trust, custodial accounts, and individual retirement accounts or other plans established pursuant to Section 401(d) or (f) or Section 408(a) of the Internal Revenue Code, as now or hereafter amended, or similar provisions of any tax laws of the United States that may hereafter exist.

Credit Union Organization - The term "credit union organization" means any organization established to serve the needs of credit unions, the business of which relates to the daily operations of credit unions.

Department - The term "Department" means the Illinois Department of Financial and Professional Regulation ~~Institutions~~.

Secretary Director - The term "Secretary Director" means the Secretary Director of the Illinois Department of Financial and Professional Regulation or a person authorized by the Secretary or this Act to act in the Secretary's stead ~~Institutions, except that beginning on the effective date of this amendatory Act of the 95th General Assembly, all references in this Act to the Director of the Department of Financial Institutions are deemed, in appropriate contexts, to be references to the Secretary of Financial and Professional Regulation.~~

Division of Financial Institutions - The term "Division of Financial Institutions" means the Division of Financial Institutions of the Department of Financial and Professional Regulation.

Director - The term "Director of Financial Institutions" means the Director of the Division of Financial Institutions of the Department of Financial and Professional Regulation.

Office - The term "office" means the Division of Financial Institutions of the Department of Financial and Professional

Regulation.

NCUA - The term "NCUA" means the National Credit Union Administration, an agency of the United States Government charged with the supervision of credit unions chartered under the laws of the United States of America.

Central Credit Union - The term "central credit union" means a credit union incorporated primarily to receive shares from and make loans to credit unions and directors ~~Directors~~, officers ~~Officers~~, committee members and employees of credit unions. A central credit union may also accept as members persons who were members of credit unions which were liquidated and persons from occupational groups not otherwise served by another credit union.

Corporate Credit Union - The term "corporate credit union" means a credit union which is a cooperative, non-profit association, the membership of which is limited primarily to other credit unions.

Insolvent - "Insolvent" means the condition that results when the total of all liabilities and shares exceeds net assets of the credit union.

Danger of insolvency - For purposes of Section 61, a credit union is in "danger of insolvency" if its net worth to asset ratio falls below 2%. In calculating the danger of insolvency ratio, secondary capital shall be excluded. For purposes of Section 61, a credit union is also in "danger of insolvency" if the Department is unable to ascertain, upon examination, the

true financial condition of the credit union.

Net Worth - "Net worth" means the retained earnings balance of the credit union, as determined under generally accepted accounting principles, and forms of secondary capital approved by the Secretary and the Director pursuant to rulemaking.

~~Secretary - The term "Secretary" means the Secretary of the Department of Financial and Professional Regulation, or a person authorized by the Secretary or this Act to act in the Secretary's stead.~~

(Source: P.A. 95-1047, eff. 4-6-09.)

(205 ILCS 305/2) (from Ch. 17, par. 4403)

Sec. 2. Organization Procedure.

(1) Any 9 or more persons of legal age, the majority of whom shall be residents of the State of Illinois, who have a common bond referred to in Section 1.1 may organize a credit union or a central credit union by complying with this Section.

(2) The subscribers shall execute in duplicate Articles of Incorporation and agree to the terms thereof, which Articles shall state:

(a) The name, which shall include the words "credit union" and which shall not be the same as that of any other existing credit union in this state, and the location where the proposed credit union is to have its principal place of business;

(b) The common bond of the members of the credit union;

(c) The par value of the shares of the credit union, which must be at least \$5.00;

(d) The names, addresses and Social Security numbers of the subscribers to the Articles of Incorporation, and the number and the value of shares subscribed to by each;

(e) That the credit union may exercise such incidental powers as are necessary or requisite to enable it to carry on effectively the purposes for which it is incorporated, and those powers which are inherent in the credit union as a legal entity;

(f) That the existence of the credit union shall be perpetual.

(3) The subscribers shall prepare and adopt bylaws for the general government of the credit union, consistent with this Act, and execute same in duplicate.

(4) The subscribers shall forward the articles ~~Articles~~ of incorporation ~~Incorporation~~, and the bylaws to the Secretary ~~Director~~ in duplicate, along with the required charter ~~Charter~~ fee. If they conform to the law, and such rules and regulations as the Secretary and the Director may prescribe, if the Secretary ~~Director~~ determines that a common bond exists, and that it is economically advisable to organize the credit union, he or she shall within 60 days issue a certificate ~~Certificate~~ of approval ~~Approval~~ attached to the articles of incorporation ~~Articles~~ and return a copy of the bylaws and the articles of incorporation ~~Articles~~ to the applicants or their

representative, which shall be preserved in the permanent files of the credit union. The subscribers shall file the certificate ~~Certificate~~ of approval ~~Approval~~, with the articles ~~Articles~~ of incorporation ~~Incorporation~~ attached, in the office of the recorder (or, if there is no recorder, in the office of the county clerk ~~County Clerk~~) of the county ~~County~~ in which the credit union is to locate its principal place of business. The recorder or the county clerk ~~County Clerk~~, as the case may be, shall accept and record the documents if they are accompanied by the proper fee. When the documents are so recorded, the credit union is incorporated under this Act.

(5) The subscribers for a credit union charter shall not transact any business until the certificate ~~Certificate~~ of approval ~~Approval~~ has been received.

(Source: P.A. 83-358.)

(205 ILCS 305/3) (from Ch. 17, par. 4404)

Sec. 3. Form of articles ~~Articles~~ and bylaws ~~Bylaws~~. The Secretary ~~Director~~ shall provide, at no charge, a form of articles ~~Articles~~ of incorporation ~~Incorporation~~ and a form of bylaws which may be used by credit union incorporators for their guidance.

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

(205 ILCS 305/4) (from Ch. 17, par. 4405)

Sec. 4. Amendments to articles ~~Articles~~ of incorporation

~~Incorporation~~ and bylaws ~~Bylaws~~. Amendments to the articles ~~Articles~~ of incorporation ~~Incorporation~~ may be made by the members at any regular or special meeting, if the proposed amendment is set forth in the call of the meeting and is approved by at least two thirds of the members present at a meeting at which a quorum is present. Amendments to the bylaws may be made by the members at any regular or special meeting, if the proposed amendment is set forth in the call for the meeting and is approved by a majority of the members present at a meeting at which a quorum is present. Amendments to the bylaws may also be made by the board of directors ~~Board of Directors~~ at any regular or special meeting, if the proposed amendment is set forth in the call of the meeting and approved by at least two thirds of the directors ~~Directors~~ present at a meeting at which a quorum is present. A report shall be made to the members at the next annual meeting of any amendments to the bylaws adopted by the board of directors ~~Board of Directors~~. Any amendment to the articles ~~Articles~~ of incorporation ~~Incorporation~~ or bylaws of a credit union shall be approved by the Secretary ~~Director~~ before the amendment is effective. The Secretary ~~Director~~ shall approve or disapprove of any amendments within 60 days after submission to him or her.

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

(205 ILCS 305/7) (from Ch. 17, par. 4408)

Sec. 7. Reciprocity - out of state credit unions.



(1) A credit union organized and duly chartered as a credit union in another state shall be permitted to conduct business as a credit union in this state if and so long as a credit union chartered under the laws of this state is permitted to do business in such other state, provided that:

(a) The credit union shall register with the office ~~Director~~ prior to operating in this State, on a form specified by the Secretary ~~Director~~.

(b) The credit union may be required to pay a registration fee in accordance with rules promulgated by the Secretary and the Director.

(c) The credit union shall comply with rules promulgated by the Secretary ~~Director~~ concerning the operation of out of state credit unions in this State.

(d) The credit union shall not conduct business in Illinois on terms that are less restrictive than the standards applicable to its operation in its home chartering state. In every instance with respect to its activities and operations in Illinois, the credit union shall comply with applicable Illinois law.

(e) Permission to operate in the State may be revoked by the Secretary or the Director if the credit union engages in any activity in the State that would constitute (i) a violation of this Act or other applicable law, (ii) a violation of any rule adopted in accordance with this Act or other applicable law, (iii) a violation of any order of

the Secretary or Director issued under his or her authority under this Act, or (iv) an unsafe or unsound practice in the discretion of the Secretary or Director.

(2) It is intended that the legal existence of credit unions chartered under this Act be recognized beyond the limits of this State and that, subject to any reasonable registration requirements, any credit union transacting business outside of this State be granted the protection of full faith and credit under Section 1 of Article IV of the Constitution of the United States.

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

(205 ILCS 305/8) (from Ch. 17, par. 4409)

Sec. 8. Secretary's ~~Director's~~ powers and duties. Credit unions are regulated by the Department. The Secretary ~~Director,~~ in executing the powers and discharging the duties vested by law in the Department has the following powers and duties:

(1) To exercise the rights, powers and duties set forth in this Act or any related Act. The Director shall oversee the functions of the Division and report to the Secretary, with respect to the Director's exercise of any of the rights, powers, and duties vested by law in the Secretary under this Act. All references in this Act to the Secretary shall be deemed to include the Director, as a person authorized by the Secretary or this Act to assume responsibility for the oversight of the functions of the

Department relating to the regulatory supervision of credit unions under this Act.

(2) To prescribe rules and regulations for the administration of this Act. The provisions of the Illinois Administrative Procedure Act are hereby expressly adopted and incorporated herein as though a part of this Act, and shall apply to all administrative rules and procedures of the Department under this Act.

(3) To direct and supervise all the administrative and technical activities of the Department including the employment of a Credit Union Supervisor who shall have knowledge in the theory and practice of, or experience in, the operations or supervision of financial institutions, preferably credit unions, and such other persons as are necessary to carry out his functions. The Secretary ~~Director~~ shall ensure that all examiners appointed or assigned to examine the affairs of State-chartered credit unions possess the necessary training and continuing education to effectively execute their jobs.

(4) To issue cease and desist orders when in the opinion of the Secretary ~~Director~~, a credit union is engaged or has engaged, or the Secretary ~~Director~~ has reasonable cause to believe the credit union is about to engage, in an unsafe or unsound practice, or is violating or has violated or the Secretary ~~Director~~ has reasonable cause to believe is about to violate a law, rule or

regulation or any condition imposed in writing by the Department.

(5) To suspend from office and to prohibit from further participation in any manner in the conduct of the affairs of his credit union any director, officer or committee member who has committed any violation of a law, rule, regulation or of a cease and desist order or who has engaged or participated in any unsafe or unsound practice in connection with the credit union or who has committed or engaged in any act, omission, or practice which constitutes a breach of his fiduciary duty as such director, officer or committee member, when the Secretary ~~Director~~ has determined that such action or actions have resulted or will result in substantial financial loss or other damage that seriously prejudices the interests of the members.

(6) To assess a civil penalty against a credit union for a violation of this Act, any rule adopted in accordance with this Act, any order of the Secretary issued under his or her authority under this Act, or any other action that in the Secretary's discretion is an unsafe or unsound practice provided that:

(A) before a civil penalty is assessed under this item (6), the credit union must be expressly advised in writing of the:

(i) specific violation that could subject it to a penalty under this item (6); and

(ii) the specific remedial action to be taken within a specific and reasonable time frame to avoid imposition of the penalty.

(B) a credit union's failure to take timely remedial action with respect to the specific violation may result in the issuance of an order assessing a civil penalty up to the following maximum amount, based upon the total assets of the credit union:

(i) Credit unions with assets of less than \$10 million..... \$1,000

(ii) Credit unions with assets of at least \$10 million and less than \$50 million ..... \$2,500

(iii) Credit unions with assets of at least \$50 million and less than \$100 million ..... \$5,000

(iv) Credit unions with assets of at least \$100 million and less than \$500 million ..... \$10,000

(v) Credit unions with assets of at least \$500 million and less than \$1 billion ..... \$25,000

(vi) Credit unions with assets of \$1 billion and greater..... \$50,000;

(C) an order assessing a civil penalty under this item (6) shall take effect upon service of the order, unless the credit union makes a written request for a hearing under 38 IL. Adm. Code 190.20 of the Department's rules for credit unions within 90 days after issuance of the order. In that event, the order

shall be stayed until a final administrative order is entered; and

(D) in the event a credit union commits a subsequent violation that is substantially similar to the initial violation for which a cure period under paragraph (A) of this item (6) was provided the credit union, no additional cure period shall be required before another order is issued assessing a civil penalty for the subsequent violation. Any such order shall take effect upon service of the order, subject to the credit union's right to request a hearing as described in paragraph (C) of this item (6). If a hearing is requested, the order shall be stayed until a final administrative order is entered.

This item (6) shall not apply to violations separately addressed in rules as authorized under item (7) of this Section.

(7) ~~(6)~~ Except for the fees established in this Act, to prescribe, by rule and regulation, fees and penalties for preparing, approving, and filing reports and other documents; furnishing transcripts; holding hearings; investigating applications for permission to organize, merge, or convert; failure to maintain accurate books and records to enable the Department to conduct an examination; and taking supervisory actions.

(8) ~~(7)~~ To destroy, in his discretion, any or all books

and records of any credit union in his possession or under his control after the expiration of three years from the date of cancellation of the charter of such credit unions.

(9) ~~(8)~~ To make investigations and to conduct research and studies and to publish some of the problems of persons in obtaining credit at reasonable rates of interest and of the methods and benefits of cooperative saving and lending for such persons.

(10) ~~(9)~~ To authorize, foster or establish experimental, developmental, demonstration or pilot projects by public or private organizations including credit unions which:

(a) promote more effective operation of credit unions so as to provide members an opportunity to use and control their own money to improve their economic and social conditions; or

(b) are in the best interests of credit unions, their members and the people of the State of Illinois.

(11) ~~(10)~~ To cooperate in studies, training or other administrative activities with, but not limited to, the NCUA, other state credit union regulatory agencies and industry trade associations in order to promote more effective and efficient supervision of Illinois chartered credit unions.

(Source: P.A. 95-98, eff. 8-13-07.)

(205 ILCS 305/9) (from Ch. 17, par. 4410)

Sec. 9. Reports and examinations.

(1) Credit unions shall report to the Department on forms supplied by the Department, in accordance with a schedule published by the Department. A recapitulation of the annual reports ~~Annual Reports~~ shall be compiled and published annually by the Department, for the use of the General Assembly, credit unions, various educational institutions and other interested parties. A credit union which fails to file any report when due shall pay to the Department a late filing fee for each day the report is overdue as prescribed by rule. The Secretary ~~Director~~ may extend the time for filing a report.

(2) The Secretary ~~Director~~ may require special examinations of and special financial reports from a credit union or a credit union organization in which a credit union loans, invests, or delegates substantially all managerial duties and responsibilities when he determines that such examinations and reports are necessary to enable the Department to determine the safety of a credit union's operation or its solvency. The cost to the Department of the aforesaid special examinations shall be borne by the credit union being examined as prescribed by rule.

(3) All credit unions incorporated under this Act shall be examined at least biennially by the Department or, at the discretion of the Secretary ~~Director~~, by a public accountant registered by the Department of Financial and Professional



Regulation. The costs of an examination shall be paid by the credit union. The scope of all examinations by a public accountant shall be at least equal to the examinations made by the Department. The examiners shall have full access to, and may compel the production of, all the books, papers, securities and accounts of any credit union. A special examination shall be made by the Department or by a public accountant approved by the Department upon written request of 5 or more members, who guarantee the expense of the same. Any credit union refusing to submit to an examination when ordered by the Department shall be reported to the Attorney General, who shall institute proceedings to have its charter revoked. If the Secretary ~~Director~~ determines that the examination of a credit union is to be conducted by a public accountant registered by the Department of Financial and Professional Regulation and the examination is done in conjunction with the credit union's external independent audit of financial statements, the requirements of this Section and subsection (3) of Section 34 shall be deemed met.

(4) A copy of the completed report of examination and a review comment letter, if any, citing exceptions revealed during the examination, shall be submitted to the credit union by the Department. A detailed report stating the corrective actions taken by the board of directors ~~Board of Directors~~ on each exception set forth in the review comment letter shall be filed with the Department within 40 days after the date of the

review comment letter, or as otherwise directed by the Department. Any credit union through its officers, directors, committee members or employees, which willfully provides fraudulent or misleading information regarding the corrective actions taken on exceptions appearing in a review comment letter may have its operations restricted to the collection of principal and interest on loans outstanding and the payment of normal expenses and salaries until all exceptions are corrected and accepted by the Department.

(Source: P.A. 91-755, eff. 1-1-01; 92-608, eff. 7-1-02.)

(205 ILCS 305/9.1)

Sec. 9.1. Disclosures of reports of examinations and confidential supervisory information; limitations.

(1) Any report of examination, visitation, or investigation prepared by the Secretary ~~Director~~ under this Act or by the state regulatory authority charged with enforcing the Electronic Fund Transfer Act or the Corporate Fiduciary Act or by the state regulatory authority of another state that examines an office of an Illinois credit union in that state, any document or record prepared or obtained in connection with or relating to any examination, visitation, or investigation, and any record prepared or obtained by the Secretary ~~Director~~ to the extent that the record summarizes or contains information derived from any report, document, or record described in this subsection shall be deemed "confidential

supervisory information". Confidential supervisory information shall not include any information or record routinely prepared by a credit union and maintained in the ordinary course of business or any information or record that is required to be made publicly available pursuant to State or federal law or rule.

(2) Confidential supervisory information is privileged from discovery and shall only be disclosed under the circumstances and for the purposes set forth in this Section.

(3) Relevant confidential supervisory information may be disclosed under a statute that by its terms or by rules promulgated thereunder requires the disclosure of confidential supervisory information other than by subpoena, summons, warrant, or court order; to the appropriate law enforcement authorities when the Secretary ~~Director~~ or the credit union reasonably believes the credit union, which the Secretary ~~Director~~ has caused to be examined, has been a victim of a crime; to other agencies or entities having a legitimate regulatory interest; to the credit union's board, officers, retained professionals, and insurers; to persons seeking to merge with or purchase all or part of the assets of the credit union; and where disclosure is otherwise required for the benefit of the credit union. Disclosure of confidential supervisory information to these persons does not constitute a waiver of the legal privilege otherwise available with respect to the information.

(4) A person to whom confidential supervisory information is disclosed shall not further disseminate confidential supervisory information.

(5) (a) Any person upon whom a demand for production of confidential supervisory information is made, whether by subpoena, order, or other judicial or administrative process, must withhold production of the confidential supervisory information and must notify the Secretary ~~Director~~ of the demand, at which time the Secretary ~~Director~~ is authorized to intervene for the purpose of enforcing the limitations of this Section or seeking the withdrawal or termination of the attempt to compel production of the confidential supervisory information.

(b) Any request for discovery or disclosure of confidential supervisory information, whether by subpoena, order, or other judicial or administrative process, shall be made to the Secretary ~~Director~~, and the Secretary ~~Director~~ shall determine within 15 days whether to disclose the information pursuant to procedures and standards that the Secretary ~~Director~~ shall establish by rule. If the Secretary ~~Director~~ determines that such information will not be disclosed, the Secretary's ~~Director's~~ decision shall be subject to judicial review under the provisions of the Administrative Review Law, and venue shall be in either Sangamon County or Cook County.

(c) Any court order that compels disclosure of confidential supervisory information may be immediately appealed by the

Secretary ~~Director~~, and the order shall be automatically stayed pending the outcome of the appeal.

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

(205 ILCS 305/10) (from Ch. 17, par. 4411)

Sec. 10. Credit union records; member financial records.

(1) A credit union shall establish and maintain books, records, accounting systems and procedures which accurately reflect its operations and which enable the Department to readily ascertain the true financial condition of the credit union and whether it is complying with this Act.

(2) A photostatic or photographic reproduction of any credit union records shall be admissible as evidence of transactions with the credit union.

(3) (a) For the purpose of this Section, the term "financial records" means any original, any copy, or any summary of (1) a document granting signature authority over an account, (2) a statement, ledger card or other record on any account which shows each transaction in or with respect to that account, (3) a check, draft or money order drawn on a financial institution or other entity or issued and payable by or through a financial institution or other entity, or (4) any other item containing information pertaining to any relationship established in the ordinary course of business between a credit union and its member, including financial statements or other financial information provided by the member.

(b) This Section does not prohibit:

(1) The preparation, examination, handling or maintenance of any financial records by any officer, employee or agent of a credit union having custody of such records, or the examination of such records by a certified public accountant engaged by the credit union to perform an independent audit.

(2) The examination of any financial records by or the furnishing of financial records by a credit union to any officer, employee or agent of the Department, the National Credit Union Administration, Federal Reserve board or any insurer of share accounts for use solely in the exercise of his duties as an officer, employee or agent.

(3) The publication of data furnished from financial records relating to members where the data cannot be identified to any particular customer of account.

(4) The making of reports or returns required under Chapter 61 of the Internal Revenue Code of 1954.

(5) Furnishing information concerning the dishonor of any negotiable instrument permitted to be disclosed under the Uniform Commercial Code.

(6) The exchange in the regular course of business of (i) credit information between a credit union and other credit unions or financial institutions or commercial enterprises, directly or through a consumer reporting agency or (ii) financial records or information derived

from financial records between a credit union and other credit unions or financial institutions or commercial enterprises for the purpose of conducting due diligence pursuant to a merger or a purchase or sale of assets or liabilities of the credit union.

(7) The furnishing of information to the appropriate law enforcement authorities where the credit union reasonably believes it has been the victim of a crime.

(8) The furnishing of information pursuant to the Uniform Disposition of Unclaimed Property Act.

(9) The furnishing of information pursuant to the Illinois Income Tax Act and the Illinois Estate and Generation-Skipping Transfer Tax Act.

(10) The furnishing of information pursuant to the federal "Currency and Foreign Transactions Reporting Act", Title 31, United States Code, Section 1051 et sequentia.

(11) The furnishing of information pursuant to any other statute which by its terms or by regulations promulgated thereunder requires the disclosure of financial records other than by subpoena, summons, warrant or court order.

(12) The furnishing of information in accordance with the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Any credit union governed by this Act shall enter into an agreement for data exchanges with a State agency provided the State agency pays to the

credit union a reasonable fee not to exceed its actual cost incurred. A credit union providing information in accordance with this item shall not be liable to any account holder or other person for any disclosure of information to a State agency, for encumbering or surrendering any assets held by the credit union in response to a lien or order to withhold and deliver issued by a State agency, or for any other action taken pursuant to this item, including individual or mechanical errors, provided the action does not constitute gross negligence or willful misconduct. A credit union shall have no obligation to hold, encumber, or surrender assets until it has been served with a subpoena, summons, warrant, court or administrative order, lien, or levy.

(13) The furnishing of information to law enforcement authorities, the Illinois Department on Aging and its regional administrative and provider agencies, the Department of Human Services Office of Inspector General, or public guardians: (i) upon subpoena by the investigatory entity or the guardian, or (ii) if there is suspicion by the credit union that a member who is an elderly or disabled person has been or may become the victim of financial exploitation. For the purposes of this item (13), the term: (i) "elderly person" means a person who is 60 or more years of age, (ii) "disabled person" means a person who has or reasonably appears to the credit union to have a



physical or mental disability that impairs his or her ability to seek or obtain protection from or prevent financial exploitation, and (iii) "financial exploitation" means tortious or illegal use of the assets or resources of an elderly or disabled person, and includes, without limitation, misappropriation of the elderly or disabled person's assets or resources by undue influence, breach of fiduciary relationship, intimidation, fraud, deception, extortion, or the use of assets or resources in any manner contrary to law. A credit union or person furnishing information pursuant to this item (13) shall be entitled to the same rights and protections as a person furnishing information under the Elder Abuse and Neglect Act, the Illinois Domestic Violence Act of 1986, and the Abuse of Adults with Disabilities Intervention Act.

(14) The disclosure of financial records or information as necessary to effect, administer, or enforce a transaction requested or authorized by the member, or in connection with:

(A) servicing or processing a financial product or service requested or authorized by the member;

(B) maintaining or servicing a member's account with the credit union; or

(C) a proposed or actual securitization or secondary market sale (including sales of servicing rights) related to a transaction of a member.

Nothing in this item (14), however, authorizes the sale of the financial records or information of a member without the consent of the member.

(15) The disclosure of financial records or information as necessary to protect against or prevent actual or potential fraud, unauthorized transactions, claims, or other liability.

(16)(a) The disclosure of financial records or information related to a private label credit program between a financial institution and a private label party in connection with that private label credit program. Such information 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.

(b)(1) For purposes of this paragraph (16) of subsection (b) of Section 10, a "private label credit program" means 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 payment for goods or services sold, manufactured, or distributed by a private label party.

(2) For purposes of this paragraph (16) of subsection (b) of Section 10, a "private label party" means, with respect to a private label credit program, any of the following: a retailer, a merchant, a manufacturer, a trade

group, or any such person's affiliate, subsidiary, member, agent, or service provider.

(c) Except as otherwise provided by this Act, a credit union may not disclose to any person, except to the member or his duly authorized agent, any financial records relating to that member of the credit union unless:

(1) the member has authorized disclosure to the person;

(2) the financial records are disclosed in response to a lawful subpoena, summons, warrant, citation to discover assets, or court order that meets the requirements of subparagraph (d) of this Section; or

(3) the credit union is attempting to collect an obligation owed to the credit union and the credit union complies with the provisions of Section 2I of the Consumer Fraud and Deceptive Business Practices Act.

(d) A credit union shall disclose financial records under subparagraph (c)(2) of this Section pursuant to a lawful subpoena, summons, warrant, citation to discover assets, or court order only after the credit union mails a copy of the subpoena, summons, warrant, citation to discover assets, or court order to the person establishing the relationship with the credit union, if living, and otherwise his personal representative, if known, at his last known address by first class mail, postage prepaid unless the credit union is specifically prohibited from notifying the person by order of court or by applicable State or federal law. In the case of a

grand jury subpoena, a credit union shall not mail a copy of a subpoena to any person pursuant to this subsection if the subpoena was issued by a grand jury under the Statewide Grand Jury Act or notifying the person would constitute a violation of the federal Right to Financial Privacy Act of 1978.

(e)(1) Any officer or employee of a credit union who knowingly and wilfully furnishes financial records in violation of this Section is guilty of a business offense and upon conviction thereof shall be fined not more than \$1,000.

(2) Any person who knowingly and wilfully induces or attempts to induce any officer or employee of a credit union to disclose financial records in violation of this Section is guilty of a business offense and upon conviction thereof shall be fined not more than \$1,000.

(f) A credit union shall be reimbursed for costs which are reasonably necessary and which have been directly incurred in searching for, reproducing or transporting books, papers, records or other data of a member required or requested to be produced pursuant to a lawful subpoena, summons, warrant, citation to discover assets, or court order. The Secretary and the Director may determine, by rule, the rates and conditions under which payment shall be made. Delivery of requested documents may be delayed until final reimbursement of all costs is received.

(Source: P.A. 94-495, eff. 8-8-05; 94-851, eff. 6-13-06; 95-661, eff. 1-1-08.)

(205 ILCS 305/10.1)

Sec. 10.1. Retention of records. Unless a federal law requires otherwise, the Secretary and the Director may by rule prescribe periods of time for which credit unions operating under this Act must retain records and after the expiration of which the credit union may destroy those records. No liability shall accrue against the credit union, the Secretary ~~Director~~, or this State for the destruction of records according to rules of the Secretary ~~Director~~ promulgated under the authority of this Section. In any cause or proceeding in which any records may be called in question or be demanded from any credit union, a showing of the expiration of the period so prescribed shall be sufficient excuse for failure to produce them.

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

(205 ILCS 305/11) (from Ch. 17, par. 4412)

Sec. 11. Board of credit union advisors ~~Credit Union Advisors~~.

(1) There shall be a board ~~Board~~ of credit union advisors ~~Credit Union Advisors~~ who shall consult with, advise, and make recommendations to the Governor and to the Secretary ~~Director~~ on matters pertaining to credit unions. The board ~~Board~~ of credit union advisors may ~~Credit Union Advisors shall~~ also advise the Governor and Secretary ~~Director~~ upon appointments and employment of personnel in connection with the supervision

and regulation of credit unions.

(2) The board ~~Board~~ of credit union advisors ~~Credit Union Advisors~~ shall consist of 7 persons with credit union experience who shall be appointed by the Governor. Appointments to the board ~~Board~~ shall be for terms of 3 years each, except that initial appointments shall be: 3 members for 3 years each; 3 members for 2 years each and 1 member for 1 year.

(3) All members shall serve until their successors have been appointed and qualified. In the event a vacancy occurs, the appointment to fill such vacancy shall be made in the manner of original appointment, but only for the unexpired term.

(4) The chairman ~~Chairman~~ of the board ~~Board~~ of credit union advisors ~~Credit Union Advisors~~ shall be elected annually by a majority of the board ~~Board~~ members at the first meeting of the board ~~Board~~ each year.

(5) The initial meeting of the board ~~Board~~ shall be called by the Secretary ~~Director~~ and thereafter regular meetings shall be held at such times and places as shall be determined by the Governor, chairman, ~~Chairman~~ or Secretary ~~Director~~, but at least once each 6 months. Special meetings may be called either by the Governor, the Secretary, the Director, the chairman ~~Chairman~~, or by written notice sent by 2 or more members of the board ~~Board~~. A majority of the members of the board ~~Board~~ shall constitute a quorum.

(6) The Department shall reimburse the board ~~Board~~ members

for their actual and necessary travel and subsistence expenses.

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

(205 ILCS 305/12) (from Ch. 17, par. 4413)

Sec. 12. Regulatory fees.

(1) For the fiscal year beginning July 1, 2007, a credit union regulated by the Department shall pay a regulatory fee to the Department based upon its total assets as shown by its Year-end Call Report at the following rates or at a lesser rate established by the Secretary in a manner proportionately consistent with the following rates and sufficient to fund the actual administrative and operational expenses of the Department's Credit Union Section pursuant to subsection (4) of this Section:

TOTAL ASSETS	REGULATORY FEE
\$25,000 or less .....	\$100
Over \$25,000 and not over	
\$100,000 .....	\$100 plus \$4 per
	\$1,000 of assets in excess of
	\$25,000
Over \$100,000 and not over	
\$200,000 .....	\$400 plus \$3 per
	\$1,000 of assets in excess of
	\$100,000
Over \$200,000 and not over	
\$500,000 .....	\$700 plus \$2 per

		\$1,000 of assets in excess of \$200,000
Over \$500,000 and not over \$1,000,000 .....	\$1,300 plus \$1.40	per \$1,000 of assets in excess of \$500,000
Over \$1,000,000 and not over \$5,000,000 .....	\$2,000 plus \$0.50	per \$1,000 of assets in excess of \$1,000,000
Over \$5,000,000 and not over \$30,000,000 .....	\$4,540 plus \$0.397	per \$1,000 assets in excess of \$5,000,000
Over \$30,000,000 and not over \$100,000,000 .....	\$14,471 plus \$0.34	per \$1,000 of assets in excess of \$30,000,000
Over \$100,000,000 and not over \$500,000,000 .....	\$38,306 plus \$0.17	per \$1,000 of assets in excess of \$100,000,000
Over \$500,000,000 .....	\$106,406 plus \$0.056	per \$1,000 of assets in excess of \$500,000,000

(2) The Secretary shall review the regulatory fee schedule



in subsection (1) and the projected earnings on those fees on an annual basis and adjust the fee schedule no more than 5% annually if necessary to defray the estimated administrative and operational expenses of the Credit Union Section of the Department as defined in subsection (5). However, the fee schedule shall not be increased if the amount remaining in the Credit Union Fund at the end of any fiscal year is greater than 25% of the total actual and operational expenses incurred by the State in administering and enforcing the Illinois Credit Union Act and other laws, rules, and regulations as may apply to the administration and enforcement of the foregoing laws, rules, and regulations as amended from time to time for the preceding fiscal year. The regulatory fee for the next fiscal year shall be calculated by the Secretary based on the credit union's total assets as of December 31 of the preceding calendar year. The Secretary shall provide credit unions with written notice of any adjustment made in the regulatory fee schedule.

(3) ~~A Beginning with the calendar quarter commencing on January 1, 2009,~~ a credit union shall pay to the Department a regulatory fee in quarterly installments equal to one-fourth of the regulatory fee due in accordance with the regulatory fee schedule in subsection (1), on the basis of assets as of the Year-end Call Report of the preceding calendar year. The total annual regulatory fee shall not be less than \$100 or more than \$141,875, provided that the regulatory fee cap of \$141,875

shall be adjusted to incorporate the same percentage increase as the Secretary makes in the regulatory fee schedule from time to time under subsection (2). No regulatory fee shall be collected from a credit union until it has been in operation for one year. The regulatory fee shall be billed to credit unions on a quarterly basis ~~commencing with the quarter ending March 31, 2009,~~ and it shall be payable by credit unions on the due date for the Call Report for the subject quarter.

(4) The aggregate of all fees collected by the Department under this Act shall be paid promptly after they are received, accompanied by a detailed statement thereof, into the State Treasury and shall be set apart in the Credit Union Fund, a special fund hereby created in the State treasury. The amount from time to time deposited in the Credit Union Fund and shall be used to offset the ordinary administrative and operational expenses of the Credit Union Section of the Department under this Act. All earnings received from investments of funds in the Credit Union Fund shall be deposited into the Credit Union Fund and may be used for the same purposes as fees deposited into that fund ~~Fund~~. Moneys deposited in the Credit Union Fund may be transferred to the Professions Indirect Cost Fund, as authorized under Section 2105-300 of the Department of Professional Regulation Law of the Civil Administrative Code of Illinois.

~~Notwithstanding provisions in the State Finance Act, as now or hereafter amended, or any other law to the contrary, the sum~~

~~of \$4,404,515 shall be transferred from the Credit Union Fund to the Financial Institutions Settlement of 2008 Fund as of the effective date of this amendatory Act of the 95th General Assembly, or as soon thereafter as practical.~~

Notwithstanding provisions in the State Finance Act, as now or hereafter amended, or any other law to the contrary, the Governor may, during any fiscal year through January 10, 2011, from time to time direct the State Treasurer and Comptroller to transfer a specified sum not exceeding 10% of the revenues to be deposited into the Credit Union Fund during that fiscal year from that Fund to the General Revenue Fund in order to help defray the State's operating costs for the fiscal year. Notwithstanding provisions in the State Finance Act, as now or hereafter amended, or any other law to the contrary, the total sum transferred from the Credit Union Fund to the General Revenue Fund pursuant to this provision shall not exceed during any fiscal year 10% of the revenues to be deposited into the Credit Union Fund during that fiscal year. The State Treasurer and Comptroller shall transfer the amounts designated under this Section as soon as may be practicable after receiving the direction to transfer from the Governor.

(5) The administrative and operational expenses for any fiscal year shall mean the ordinary and contingent expenses for that year incidental to making the examinations provided for by, and for administering, this Act, including all salaries and other compensation paid for personal services rendered for the

State by officers or employees of the State to enforce this Act; all expenditures for telephone and telegraph charges, postage and postal charges, office supplies and services, furniture and equipment, office space and maintenance thereof, travel expenses and other necessary expenses; all to the extent that such expenditures are directly incidental to such examination or administration.

(6) When the balance in the Credit Union Fund at the end of a fiscal year exceeds 25% of the total administrative and operational expenses incurred by the State in administering and enforcing the Illinois Credit Union Act and other laws, rules, and regulations as may apply to the administration and enforcement of the foregoing laws, rules, and regulations as amended from time to time for that fiscal year, such excess shall be credited to credit unions and applied against their regulatory fees for the subsequent fiscal year. The amount credited to each credit union shall be in the same proportion as the regulatory fee paid by such credit union for the fiscal year in which the excess is produced bears to the aggregate amount of all fees collected by the Department under this Act for the same fiscal year.

(7) (Blank).

(8) Nothing in this Act shall prohibit the General Assembly from appropriating funds to the Department from the General Revenue Fund for the purpose of administering this Act.

(9) For purposes of this Section, "fiscal year" means a

period beginning on July 1 of any calendar year and ending on June 30 of the next calendar year.

(Source: P.A. 94-91, eff. 7-1-05; 95-1047, eff. 4-6-09.)

(205 ILCS 305/13) (from Ch. 17, par. 4414)

Sec. 13. General powers. A credit union may:

(1) Make contracts; sue and be sued; and adopt and use a common seal and alter the same;

(2) Acquire, lease (either as lessee or lessor), hold, pledge, mortgage, sell and dispose of real property, either in whole or in part, or any interest therein, as may be necessary or incidental to its present or future operations and needs, subject to such limitations as may be imposed thereon in rules and regulations promulgated by the Secretary ~~Director~~; acquire, lease (either as lessee or lessor), hold, pledge, mortgage, sell and dispose of personal property, either in whole or in part, or any interest therein, as may be necessary or incidental to its present or future operations and needs;

(3) At the discretion of the board of directors ~~Board of Directors~~, require the payment of an entrance fee or annual membership fee, or both, of any person admitted to membership;

(4) Receive savings from its members in the form of shares of various classes, or special purpose share accounts; act as custodian of its members' accounts; issue

shares in trust as provided in this Act;

(5) Lend its funds to its members and otherwise as hereinafter provided;

(6) Borrow from any source in accordance with policy established by the board of directors ~~Board of Directors~~ to a maximum of 50% of capital, surplus and reserves;

(7) Discount and sell any obligations owed to the credit union;

(8) Honor requests for withdrawals or transfers of all or any part of member share accounts, and any classes thereof, in any manner approved by the credit union board of directors ~~Board of Directors~~;

(9) Sell all or a part ~~substantially all~~ of its assets or purchase all or a part ~~substantially all~~ of the assets of another credit union and assume the liabilities of the selling credit union, subject to the prior approval of the Director, which approval shall not be required in the case of loan transactions otherwise authorized under applicable law;

(10) Invest surplus funds as provided in this Act;

(11) Make deposits in banks, savings banks, savings and loan associations, trust companies; and invest in shares, classes of shares or share certificates of other credit unions;

(12) Assess charges and fees to members in accordance with board resolution;

(13) Hold membership in and pay dues to associations and organizations; to invest in shares, stocks or obligations of any credit union organization;

(14) Declare dividends and pay interest refunds to borrowers as provided in this Act;

(15) Collect, receive and disburse monies in connection with providing negotiable checks, money orders and other money-type instruments, and for such other purposes as may provide benefit or convenience to its members, and charge a reasonable fee for such services;

(16) Act as fiscal agent for and receive deposits from the federal government, this state or any agency or political subdivision thereof;

(17) Receive savings from nonmembers in the form of shares or share accounts in the case of credit unions serving predominantly low-income members. The term "low income members" shall mean those members who make less than 80% of the average for all wage earners as established by the Bureau of Labor Statistics or those members whose annual household income falls at or below 80% of the median household income for the nation as established by the Census Bureau. The term "predominantly" is defined as a simple majority;

(18) Establish, maintain, and operate terminals as authorized by the Electronic Fund Transfer Act;

(19) Subject to Article XLIV of the Illinois Insurance

Code, act as the agent for any fire, life, or other insurance company authorized by the State of Illinois, by soliciting and selling insurance and collecting premiums on policies issued by such company; and may receive for services so rendered such fees or commissions as may be agreed upon between the said credit union and the insurance company for which it may act as agent; provided, however, that no such credit union shall in any case assume or guarantee the payment of any premium on insurance policies issued through its agency by its principal; and provided further, that the credit union shall not guarantee the truth of any statement made by an assured in filing his application for insurance; and

(20) Make reasonable contributions to civic, charitable, or service organizations not organized for profit; religious corporations; and fundraisers benefiting persons in the credit union's service area.

(Source: P.A. 94-150, eff. 7-8-05.)

(205 ILCS 305/14) (from Ch. 17, par. 4415)

Sec. 14. Incidental powers ~~Powers~~. A credit union may exercise such incidental powers as are granted corporations organized under the laws of this State including, to the extent such powers are not inconsistent with powers and prohibitions contained in this Act, such powers as are necessary or convenient to enable credit unions to promote and carry on



their purposes. The provisions of this Section shall be interpreted liberally and not restrictively.

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

(205 ILCS 305/15) (from Ch. 17, par. 4416)

Sec. 15. Membership defined.

(1) The membership of a credit union shall be limited to and consist of the subscribers to the articles of incorporation and such other persons within the common bond, as defined in this Act and as set forth in the credit union's articles of incorporation, as have been duly admitted members, have paid the required entrance fee or membership fee, or both, if any, have subscribed for one or more shares, and have paid the initial installment thereon, and have complied with such other requirements as the articles of incorporation or bylaws specify. Two or more persons within the common bond who have jointly subscribed for one or more shares under a joint account and have complied with all membership requirements may each be admitted to membership. The surviving spouse of a credit union member may, within 6 months of the member's death, become a member of the credit union by paying the required entrance fee or membership fee or both, if any, by subscribing for one or more shares and paying the initial installment thereon, and by complying with such other requirements as the articles of incorporation or bylaws specify.

(2) Any member may withdraw from a credit union at any time

upon giving notice of withdrawal as required by the bylaws.

(3) Any member may be expelled by a 2/3 vote of the members present at any regular or special meeting called to consider the matter, but only after an opportunity has been given to the member to be heard.

(4) A member who has caused a loss to the credit union, failed to maintain one or more shares at the credit union, or violated board ~~Board~~ policy applicable to members may be expelled by a majority vote of a quorum of directors if the board has adopted a policy providing for expulsion under those circumstances. In maintaining and enforcing a policy based on loss, the board may consider, without limitation, a member's failure to pay amounts due under a loan, failure to provide collected funds to cover withdrawals or personal share drafts or credit union drafts where the member is a remitter, or failure to pay fees or charges due the credit union. If a policy is adopted by the board pursuant to this subsection (4), written notice of the policy and the effective date of the policy shall be mailed to each member of the credit union at the member's current address appearing on the records of the credit union. The policy shall be mailed to members not fewer than 30 days prior to the effective date of the policy. In addition, new members shall be provided written notice of the policy prior to or upon applying for membership.

(5) All or any part of the amount paid on shares of a withdrawing member or expelled member with any declared

dividends or interest on the date of withdrawal or expulsion must, after deducting all amounts due from the member to the credit union, be paid to him. The credit union may require not more than 60 days' written notice of intention to withdraw shares, but a notice of withdrawal does not entitle the member to any preferred or prior claim in the event of liquidation. Withdrawing or expelled members have no further rights in the credit union, but are not, by withdrawal or expulsion, released from any obligation they owe to the credit union.

(6) A member who has caused a loss to the credit union or has violated board ~~Board~~ policy applicable to members may be denied any or all credit union services in accordance with board policy, however, members who are denied services shall be allowed to maintain a share account and to vote on all issues put to a vote of the membership.

(Source: P.A. 93-640, eff. 12-31-03.)

(205 ILCS 305/16) (from Ch. 17, par. 4417)

Sec. 16. Societies and~~r~~ associations. Societies, associations, clubs, partnerships, corporations, and limited liability companies in which the majority of the members, partners, or shareholders are individuals who are eligible for credit union membership may be admitted to membership in a credit union in the same manner and under the same conditions as individuals, subject to such rules as the Secretary and the Director may promulgate hereunder.

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

(205 ILCS 305/16.1)

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 Secretary ~~Director~~ periodic service status reports that describe how the needs of the area are being met.

(Source: P.A. 93-916, eff. 8-12-04.)

(205 ILCS 305/19) (from Ch. 17, par. 4420)

Sec. 19. Meeting of members.

(1) The annual meeting shall be held each year during the months of January, February or March or such other month as may be approved by the Department. The meeting shall be held at the time, place and in the manner set forth in the bylaws. Any special meetings of the members of the credit union shall be held at the time, place and in the manner set forth in the bylaws. Unless otherwise set forth in this Act, quorum requirements for meetings of members shall be established by a credit union in its bylaws. Notice of all meetings must be given by the secretary ~~Secretary~~ of the credit union at least 7 days before the date of such meeting, either by handing a written or printed notice to each member of the credit union, by mailing the notice to the member at his address as listed on the books and records of the credit union, or by posting a notice of the meeting in three conspicuous places, including the office of the credit union.

(2) On all questions and at all elections, except election of directors, each member has one vote regardless of the number of his shares. There shall be no voting by proxy except on the election of directors, proposals for merger or voluntary dissolution. All voting on the election of directors shall be by ballot, but when there is no contest, written ballots need

not be cast. The record date to be used for the purpose of determining which members are entitled to notice of or to vote at any meeting of members, may be fixed in advance by the directors on a date not more than 90 days nor less than 10 days prior to the date of the meeting. If no record date is fixed by the directors, the first day on which notice of the meeting is given, mailed or posted is the record date.

(3) Regardless of the number of shares owned by a society, association, club, partnership, other credit union or corporation, having membership in the credit union, it shall be entitled to only one vote and it may be represented and have its vote cast by its designated agent acting on its behalf pursuant to a resolution adopted by the organization's board of directors or similar governing authority; provided that the credit union shall obtain a certified copy of such resolution before such vote may be cast.

(4) A member may revoke a proxy by delivery to the credit union of a written statement to that effect, by execution of a subsequently dated proxy, or by attendance at a meeting and voting in person.

(Source: P.A. 96-963, eff. 7-2-10.)

(205 ILCS 305/20) (from Ch. 17, par. 4421)

Sec. 20. Election or appointment of officials.

(1) The credit union shall be directed by a board of directors ~~Board of Directors~~ consisting of no less than 7 in

number, to be elected at the annual meeting by and from the members. Directors shall hold office until the next annual meeting, unless their terms are staggered. Upon amendment of its bylaws, a credit union may divide the directors ~~Directors~~ into 2 or 3 classes with each class as nearly equal in number as possible. The term of office of the directors of the first class shall expire at the first annual meeting after their election, that of the second class shall expire at the second annual meeting after their election, and that of the third class, if any, shall expire at the third annual meeting after their election. At each annual meeting after the classification, the number of directors equal to the number of directors whose terms expire at the time of the meeting shall be elected to hold office until the second succeeding annual meeting if there are 2 classes or until the third succeeding annual meeting if there are 3 classes. A director ~~Director~~ shall hold office for the term for which he or she is elected and until his or her successor is elected and qualified.

(1.5) Except as provided in subsection (1.10), in all elections for directors ~~Directors~~, every member has the right to vote, in person or by proxy, the number of shares owned by him, or in the case of a member other than a natural person, the member's one vote, for as many persons as there are directors ~~Directors~~ to be elected, or to cumulate such shares, and give one candidate as many votes as the number of directors ~~Directors~~ multiplied by the number of his shares equals, or to

distribute them on the same principle among as many candidates as he may desire and the directors ~~Directors~~ shall not be elected in any other manner. Shares held in a joint account owned by more than one member may be voted by any one of the members, however, the number of cumulative votes cast may not exceed a total equal to the number of shares multiplied by the number of directors to be elected. A majority of the shares entitled to vote shall be represented either in person or by proxy for the election of directors ~~Directors~~. Each director ~~Director~~ shall wholly take and subscribe to an oath that he will diligently and honestly perform his duties in administering the affairs of the credit union, that while he may delegate to another the performance of those administrative duties he is not thereby relieved from his responsibility for their performance, that he will not knowingly violate or ~~willingly~~ permit to be violated any law applicable to the credit union, and that he is the owner of at least one share of the credit union.

(1.10) Upon amendment of a credit union's bylaws approved by the members, in all elections for directors ~~Directors~~, every member who is a natural person shall have the right to cast one vote, regardless of the number of his or her shares, in person or by proxy, for as many persons as there are directors ~~Directors~~ to be elected.

(2) The board of directors ~~Board of Directors~~ shall appoint from among the members of the credit union, a supervisory



~~committee~~ ~~Supervisory Committee~~ of not less than 3 members at the organization meeting and within 30 days following each annual meeting of the members for such terms as the bylaws provide. Members of the supervisory committee ~~Supervisory Committee~~ may, but need not be, on the board of directors ~~Board of Directors~~, but shall not be officers of the credit union, members of the credit committee ~~Credit Committee~~, or the credit manager if no credit committee ~~Credit Committee~~ has been appointed.

(3) The board of directors ~~Board of Directors~~ may appoint, from among the members of the credit union, a credit committee ~~Credit Committee~~ consisting of an odd number, not less than 3 for such terms as the bylaws provide. Members of the credit committee ~~Credit Committee~~ may, but need not be, directors ~~Directors~~ or officers of the credit union, but shall not be members of the supervisory committee ~~Supervisory Committee~~.

(4) The board of directors ~~Board of Directors~~ may appoint from among the members of the credit union a membership committee ~~Membership Committee~~ of one or more persons. If appointed, the committee ~~Committee~~ shall act upon all applications for membership and submit a report of its actions to the board of directors ~~Board of Directors~~ at the next regular meeting for review. If no membership committee ~~Membership Committee~~ is appointed, credit union management shall act upon all applications for membership and submit a report of its actions to the board of directors ~~Board of~~

~~Directors~~ at the next regular meeting for review.

(Source: P.A. 95-52, eff. 1-1-08.)

(205 ILCS 305/21) (from Ch. 17, par. 4422)

Sec. 21. Record of board and committee members. Within 30 days after election or appointment, the names and addresses of the members of the board of directors ~~Board of Directors~~, committees and all officers of the credit union shall be filed with the Department on forms provided by the Department.

(Source: P.A. 86-1216.)

(205 ILCS 305/22) (from Ch. 17, par. 4423)

Sec. 22. Vacancies.

(a) The board of directors ~~Board of Directors~~ shall, by appointment from among the credit union members, fill any vacancies occurring on the board ~~Board~~ for the remainder of the director's ~~Director's~~ unexpired term or until a successor is elected and qualified following completion of the term filled by the board ~~Board~~. In the event the vacancy reduces the number of directors serving on the board to less than the statutory minimum set forth in subsection (1) of Section 20, then the board shall fill the vacancy no later than the next annual meeting of members or 90 days after the vacancy occurred, whichever occurs first. Upon written application to the Secretary, the board may request additional time in which to fill the vacancy. The application may be approved by the

Secretary in his or her discretion. The board ~~Board~~ shall, by appointment from among the credit union members, fill vacancies in the membership committee ~~Membership Committee~~, credit committee ~~Credit Committee~~, or credit manager if no credit committee ~~Credit Committee~~ has been appointed, and supervisory committees ~~Supervisory Committees~~.

(b) An office may be declared vacant by the board ~~Board~~ when a director ~~Director~~ or a committee ~~Committee~~ member dies, resigns from the board ~~Board~~ or committee ~~Committee~~, is removed from the board ~~Board~~ or committee ~~Committee~~, is no longer a member of the credit union, is the owner of less than one share of the credit union, or fails to attend three consecutive regular meetings of the board ~~Board~~ without good cause.

(Source: P.A. 95-98, eff. 8-13-07.)

(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 ~~Board of Directors~~.

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

(Source: P.A. 92-608, eff. 7-1-02; 93-916, eff. 8-12-04.)

(205 ILCS 305/24) (from Ch. 17, par. 4425)

Sec. 24. Conflicts of interest ~~Interest~~. No director ~~Director~~, committee member, officer, agent or employee of the credit union shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his pecuniary interest or the pecuniary interest of any corporation, partnership, or association (other than the credit union, other credit unions or credit union organizations) in which he is directly or indirectly interested, unless such interest is disclosed to the board of directors ~~Board of Directors~~ prior to such deliberation or determination, in which event such person shall be entitled to participate and, if otherwise entitled to, shall have the power

to vote on such matter.

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

(205 ILCS 305/25) (from Ch. 17, par. 4426)

Sec. 25. Indemnification. A credit union may indemnify any and all of its directors ~~Directors~~, committee members, officers or employees or former directors ~~Directors~~, committee members, officers or employees against expenses actually and necessarily incurred by them in connection with the defense or settlement of any action, suit or proceeding in which they, or any of them, are made a party or parties by reason of being or having been a director ~~Director~~, committee member, officer or employee of the credit union, except in relation to matters as to which any such director ~~Director~~, committee member, officer or employee shall be adjudged in such action, suit or proceeding to be liable for willful misconduct in the performance of duty and to such matters as shall be settled by agreement predicated on the existence of such liability.

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

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

Sec. 26. Executive officers ~~Officers~~.

(1) At their first meeting, the board of directors ~~Board of Directors~~ shall elect from among their own number a chairman ~~Chairman~~ of the board ~~Board~~ and one or more vice chairmen ~~Vice Chairmen~~, a secretary ~~Secretary~~ and a treasurer ~~Treasurer~~. The

directors ~~Directors~~ shall appoint a chief management official who shall have such title as the directors ~~Directors~~ shall determine. The directors ~~Directors~~ may also appoint one or more vice presidents ~~Vice Presidents~~. The chief management official and vice president ~~Vice President~~ may, but need not, be directors ~~Directors~~. Any two or more offices may be held by the same person, except the chairman ~~Chairman~~ of the board ~~Board~~ may not also hold the office of vice chairman ~~Vice Chairman~~ or secretary ~~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 ~~Directors~~ from time to time.

(Source: P.A. 93-916, eff. 8-12-04.)

(205 ILCS 305/27) (from Ch. 17, par. 4428)

Sec. 27. Authority of directors.

(1) The board of directors ~~Board of Directors~~ shall be charged with and have control over the general management of the operations, funds and records of the credit union.

(2) In discharging the duties of their respective positions, the board of directors, committees of the board, and individual directors shall be entitled to rely on advice, information, opinions, reports or statements, including financial statements and financial data, prepared or presented

by: (i) one or more officers or employees of the credit union whom the director believes to be reliable and competent in the matter presented; (ii) one or more counsel, accountants, or other consultants as to matters that the director ~~Director~~ believes to be within that person's professional or expert competence; or (iii) a committee of the board upon which the director ~~Director~~ does not serve, as to matters within that committee's designated authority; provided that the director's ~~Director's~~ reliance under this subsection (2) is placed in good faith, after reasonable inquiry if the need for such inquiry is apparent under the circumstances and without knowledge that would cause such reliance to be unreasonable.

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

(205 ILCS 305/28) (from Ch. 17, par. 4429)

Sec. 28. Executive committee ~~Committee~~. From the persons elected to the board ~~Board~~, the board ~~Board~~ may appoint an executive committee ~~Executive Committee~~ of not less than 3 directors ~~Directors~~ who may be authorized to act for the board ~~Board~~ in all respects, subject to such conditions and limitations as are prescribed by the board ~~Board~~. The executive committee ~~Executive Committee~~ shall report to the board ~~Board~~ at each board ~~Board~~ meeting on any meeting held and actions taken by the executive committee ~~Executive Committee~~ between board ~~Board~~ meetings.

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

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

Sec. 30. Duties of directors.

(a) It shall be the duty of the directors to:

(1) Review actions on applications for membership. A record of the membership committee's ~~Membership Committee's~~ approval or denial of membership or management's approval or denial of membership if no membership committee ~~Membership Committee~~ has been appointed shall be available to the board of directors ~~Board of Directors~~ for inspection. A person denied membership by the membership committee ~~Membership Committee~~ or credit union management may appeal the denial to the board ~~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 Secretary ~~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 ~~Board~~ prescribes. The directors ~~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 ~~Board of Directors~~ may designate an investment committee ~~Investment Committee~~ or any qualified individual or entity to have charge of making investments under policies established by the board of directors ~~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 ~~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, any or all officers or any or all members of the membership ~~Membership~~, credit ~~Credit~~, or other committees whenever, in the judgment of the board of directors ~~Board of Directors~~, the best interests of the credit union will be served thereby; provided that members of the supervisory committee ~~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;

(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.

(b) The board of directors ~~Board of Directors~~ may delegate to the chief management official, according to guidelines established by the board ~~Board~~ that may include the authority to further delegate one or more duties, all of the following duties:

(1) determining the interest rates on loans;

(2) determining the dividend rates on share accounts;  
and

(3) hiring employees other than the chief management  
official and fixing their compensation.

(Source: P.A. 95-98, eff. 8-13-07.)

(205 ILCS 305/31) (from Ch. 17, par. 4432)

Sec. 31. Supervision of loans. The credit committee ~~Credit  
Committee~~ shall have the general supervision of all loans and  
lines of credit to members. If no credit committee ~~Credit  
Committee~~ has been appointed, the credit manager shall have the  
general supervision of all loans and lines of credit to  
members.

(Source: P.A. 91-929, eff. 12-15-00.)

(205 ILCS 305/32) (from Ch. 17, par. 4433)

Sec. 32. Meetings of credit committee ~~Credit Committee~~. If  
a credit committee ~~Credit Committee~~ has been appointed by the  
board, the provisions of this Section shall apply. The credit  
committee ~~Credit Committee~~ shall meet as often as the  
operations of the credit union require and not less frequently  
than once a month to consider applications for loans and lines  
of credit. Unless a greater percentage is required in the  
credit union's bylaws, a majority of the credit committee  
~~Credit Committee~~ shall constitute a quorum. No loan shall be  
made unless it is approved, in writing, by a majority of the

committee ~~Committee~~ who are present at a meeting at which a quorum is present and at which the application is considered. The credit committee ~~Credit Committee~~ shall report to the directors ~~Directors~~ at each board ~~Board~~ meeting on all meetings held and actions taken since the last board ~~Board~~ meeting.

(Source: P.A. 91-929, eff. 12-15-00.)

(205 ILCS 305/33) (from Ch. 17, par. 4434)

Sec. 33. Credit manager.

(1) The credit committee ~~Credit Committee~~ may or, if no credit committee ~~Credit Committee~~ has been appointed, the board of directors ~~Board of Directors~~ shall appoint a credit manager who shall be empowered to approve or disapprove loans and lines of credit under conditions prescribed by the board of directors ~~Board of Directors~~. The credit committee ~~Credit Committee~~ or credit manager may appoint one or more loan officers with the power to approve loans and lines of credit, subject to such limitations or conditions as may be prescribed by the board of directors ~~Board of Directors~~. The credit manager and any loan officers appointed by the credit committee ~~Credit Committee~~ or the credit manager shall keep written records of all transactions and shall report, in writing, to the credit committee ~~Credit Committee~~ if a credit committee ~~Credit Committee~~ has been appointed, otherwise to the directors ~~Directors~~ at each board ~~Board~~ meeting.

(2) Applications for loans or lines of credit not approved

by a loan officer shall be reviewed and acted upon by the credit committee ~~Credit Committee~~ or credit manager.

(3) The loan officers must keep written records of all loans or lines of credit granted or refused and any other transactions and submit a report to the credit committee ~~Credit Committee~~ or credit manager at least once each month.

(Source: P.A. 91-929, eff. 12-15-00.)

(205 ILCS 305/34) (from Ch. 17, par. 4435)

Sec. 34. Duties of supervisory committee ~~Supervisory Committee~~.

(1) The supervisory committee ~~Supervisory Committee~~ shall make or cause to be made an annual internal audit of the books and affairs of the credit union to determine that the credit union's accounting records and reports are prepared promptly and accurately reflect operations and results, that internal controls are established and effectively maintained to safeguard the assets of the credit union, and that the policies, procedures and practices established by the board of directors ~~Board of Directors~~ and management of the credit union are being properly administered. The supervisory committee ~~Supervisory Committee~~ shall submit a report of that audit to the board of directors ~~Board of Directors~~ and a summary of that report to the members at the next annual meeting of the credit union. It shall make or cause to be made such supplementary audits as it deems necessary or as are required by the

Secretary Director or by the board of directors ~~Board of Directors~~, and submit reports of these supplementary audits to the Secretary Director or board of directors ~~Board of Directors~~ as applicable. If the supervisory committee ~~Supervisory Committee~~ has not engaged a public accountant registered by the Department of Financial and Professional Regulation to make the internal audit, the supervisory committee ~~Supervisory Committee~~ or other officials of the credit union shall not indicate or in any manner imply that such audit has been performed by a public accountant or that the audit represents the independent opinion of a public accountant. The supervisory committee ~~Committee~~ must retain its tapes and working papers of each internal audit for inspection by the Department. The report of this audit must be made on a form approved by the Secretary Director. A copy of the report must be promptly mailed to the Secretary Director.

(2) The supervisory committee ~~Supervisory Committee~~ shall make or cause to be made at least once each year a reasonable percentage verification of members' share and loan accounts, consistent with rules promulgated by the Secretary Director.

(3) The supervisory committee ~~Supervisory Committee~~ of a credit union with assets of \$5,000,000 or more shall engage a public accountant registered by the Department of Financial and Professional Regulation to perform an annual external independent audit of the credit union's financial statements in accordance with generally accepted auditing standards. The

supervisory committee ~~Supervisory Committee~~ of a credit union with assets of \$3,000,000 or more, but less than \$5,000,000, shall engage a public accountant registered by the Department of Financial and Professional Regulation to perform an external independent audit of the credit union's financial statements in accordance with generally accepted auditing standards at least once every 3 years. A copy of an external independent audit shall be completed and mailed to the Secretary ~~Director~~ no later than 90 days after December 31 of each year; provided that a credit union or group of credit unions may obtain an extension of the due date upon application to and receipt of written approval from the Secretary ~~Director~~. If the annual internal audit of such a credit union is conducted by a public accountant registered by the Department of Financial and Professional Regulation and the annual internal audit is done in conjunction with the credit union's annual external audit, the requirements of subsection (1) of this Section shall be deemed met.

(4) In determining the appropriate balance in the allowance for loan losses account, a credit union may determine its historical loss rate using a defined period of time of less than 5 years, provided that:

(A) the methodology used to determine the defined period of time is formally documented in the credit union's policies and procedures and is appropriate to the credit union's size, business strategy, and loan portfolio

characteristics and the economic environment of the areas and employers served by the credit union;

(B) supporting documentation is maintained for the technique used to develop the credit union loss rates, including the period of time used to accumulate historical loss data and the factors considered in establishing the time frames; and

(C) the external auditor conducting the credit union's financial statement audit has analyzed the methodology employed by the credit union and concludes that the financial statements, including the allowance for loan losses, are fairly stated in all material respects in accordance with U.S. Generally Accepted Accounting Principles, as promulgated by the Financial Accounting Standards Board.

(5) A majority of the members of the supervisory committee ~~Supervisory Committee~~ shall constitute a quorum.

(Source: P.A. 96-141, eff. 8-7-09; 96-963, eff. 7-2-10.)

(205 ILCS 305/35) (from Ch. 17, par. 4436)

Sec. 35. Suspension and removal of officials.

(1) The supervisory committee ~~Supervisory Committee~~, by a unanimous vote of the whole committee, may suspend any member of the credit committee ~~Credit Committee~~ or the credit manager if no credit committee ~~Credit Committee~~ has been appointed. The supervisory committee ~~Supervisory Committee~~ shall report such



action to the board of directors ~~Board of Directors~~ for appropriate action.

(2) The supervisory committee ~~Supervisory Committee~~, by a unanimous vote of the whole committee, may suspend any officer or member of the board of directors ~~Board of Directors~~ until the next members' meeting, which shall be held not less than 7 nor more than 21 days after such suspension. At such meeting, the suspension shall be acted upon by the members, who shall either confirm or reject it by majority vote.

(Source: P.A. 91-929, eff. 12-15-00.)

(205 ILCS 305/36) (from Ch. 17, par. 4437)

Sec. 36. Calling of special meetings ~~Special Meetings~~. The supervisory committee ~~Supervisory Committee~~, by a majority vote, may, after written notice of its intended action is first given to the board of directors ~~Board of Directors~~, and the Department, call a special meeting of the members to consider any violation of this Act, the credit union's articles of incorporation ~~Articles of Incorporation~~ or bylaws, or any practice of the credit union deemed by the supervisory committee ~~Supervisory Committee~~ to be unsafe or unauthorized.

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

(205 ILCS 305/37) (from Ch. 17, par. 4438)

Sec. 37. Shares and classes of shares ~~Classes of Shares~~.

(1) The capital of a credit union shall consist of the

payments made by members for shares of the credit union.

(2) Shares may be subscribed to, paid for and transferred in such manner as the bylaws prescribe.

(3) The board of directors ~~Board of Directors~~ may establish different classes of share accounts classified in relation to different rights, restrictions and dividend rates.

(4) A certificate, passbook, periodic statement of account or other written evidence of ownership shall be issued to denote ownership of shares in a credit union.

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

(205 ILCS 305/38) (from Ch. 17, par. 4439)

Sec. 38. Dividends. The board of directors ~~Board of Directors~~ may declare a dividend to be paid periodically from net earnings or undivided earnings and distributed ratably among holders of share accounts of the same class as provided in the bylaws. Dividends may not be declared or paid at a time when the credit union is insolvent or its net assets are less than its stated capital or when the payment thereof would render the credit union insolvent or reduce its net assets below its stated capital.

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

(205 ILCS 305/39) (from Ch. 17, par. 4440)

Sec. 39. Special purpose share accounts ~~Purpose Share Accounts~~. If provided for in and consistent with the bylaws,

Christmas clubs, vacation clubs and other special purpose share accounts may be established and offered under conditions and restrictions established by the board of directors ~~Board of Directors~~.

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

(205 ILCS 305/40) (from Ch. 17, par. 4441)

Sec. 40. Shares to minors ~~Minors~~. Shares may be issued in the name of a minor or in the name of a custodian under the Illinois Uniform Transfers to Minors Act, as amended. If shares are issued in the name of a minor, redemption of any part or all of the shares by payment to the minor or upon order of the minor of the amount of the shares and any declared dividends releases the credit union from all obligations to the minor as to the shares redeemed. Further, if shares are issued in the name of a minor, the minor shall be considered as being of the age of majority and having contractual capacity.

(Source: P.A. 93-640, eff. 12-31-03.)

(205 ILCS 305/41) (from Ch. 17, par. 4442)

Sec. 41. Joint accounts ~~Accounts~~. Shares shall be issued in the name of the owner and may be issued in the name of 2 or more persons in joint tenancy, or in survivorship, in which case payment may be made, in whole or in part, to any of the named persons whether the others are living or dead, if an agreement permitting such payment was signed and dated by all persons

when the shares were issued or thereafter. Only one of the persons must have the common bond of association, community or occupation specified in this Act and only that person may vote in a meeting of the members, obtain loans, hold office or be required to pay an entrance fee.

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

(205 ILCS 305/43.1)

Sec. 43.1. Enforcement of child support.

(a) Any credit union governed by this Act shall encumber or surrender accounts or assets held by the credit union on behalf of any responsible relative who is subject to a child support lien, upon notice of the lien or levy of the Department of Healthcare and Family Services ~~(formerly Illinois Department of Public Aid)~~ or its successor agency pursuant to Section 10-25.5 of the Illinois Public Aid Code, or upon notice of interstate lien from any other state's agency responsible for implementing the child support enforcement program set forth in Title IV, Part D of the Social Security Act.

(b) Within 90 days after receiving notice from the Department of Healthcare and Family Services ~~(formerly Department of Public Aid)~~ that the Department has adopted a child support enforcement debit authorization form as required under the Illinois Public Aid Code, each credit union governed by this Act shall take all appropriate steps to implement the use of the form in relation to accounts held by the credit

union. Upon receiving from the Department of Healthcare and Family Services ~~(formerly Department of Public Aid)~~ a copy of a child support enforcement debit authorization form signed by an obligor, a credit union holding an account on behalf of the obligor shall debit the account and transfer the debited amounts to the State Disbursement Unit according to the instructions in the child support enforcement debit authorization form.

(Source: P.A. 95-331, eff. 8-21-07.)

(205 ILCS 305/44) (from Ch. 17, par. 4445)

Sec. 44. Share accounts ~~Accounts~~; garnishment ~~Garnishment~~. A credit union may be subject to garnishment proceedings concerning the share accounts of its members.

(Source: P.A. 87-390.)

(205 ILCS 305/45) (from Ch. 17, par. 4446)

Sec. 45. Reduction in shares ~~Shares~~. Whenever the losses of any credit union, resulting from a depreciation in value of its loans or investments or otherwise, exceed its undivided earnings and reserve fund so that the estimated value of its assets is less than the total amount due the holders of share accounts, the credit union, may, by a majority vote of the entire membership, with approval by the Department, order a reduction in the shares of each of its shareholders to divide the loss proportionately among the holders of shares in

accordance with such terms and conditions as the Department may prescribe.

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

(205 ILCS 305/46) (from Ch. 17, par. 4447)

Sec. 46. Loans and interest rate.

(1) A credit union may make loans to its members for such purpose and upon such security and terms, including rates of interest, as the credit committee ~~Credit Committee~~, credit manager, or loan officer approves. Notwithstanding the provisions of any other law in connection with extensions of credit, a credit union may elect to contract for and receive interest and fees and other charges for extensions of credit subject only to the provisions of this Act and rules promulgated under this Act, except that extensions of credit secured by residential real estate shall be subject to the laws applicable thereto. The rates of interest to be charged on loans to members shall be set by the board of directors ~~Board of Directors~~ of each individual credit union in accordance with Section 30 of this Act and such rates may be less than, but may not exceed, the maximum rate set forth in this Section. A borrower may repay his loan prior to maturity, in whole or in part, without penalty. The credit contract may provide for the payment by the member and receipt by the credit union of all costs and disbursements, including reasonable attorney's fees and collection agency charges, incurred by the credit union to

collect or enforce the debt in the event of a delinquency by the member, or in the event of a breach of any obligation of the member under the credit contract. A contingency or hourly arrangement established under an agreement entered into by a credit union with an attorney or collection agency to collect a loan of a member in default shall be presumed prima facie reasonable.

(2) Credit unions may make loans based upon the security of any interest or equity in real estate, subject to rules and regulations promulgated by the Secretary ~~Director~~. In any contract or loan which is secured by a mortgage, deed of trust, or conveyance in the nature of a mortgage, on residential real estate, the interest which is computed, calculated, charged, or collected pursuant to such contract or loan, or pursuant to any regulation or rule promulgated pursuant to this Act, may not be computed, calculated, charged or collected for any period of time occurring after the date on which the total indebtedness, with the exception of late payment penalties, is paid in full.

For purposes of this subsection (2) of this Section 46, a prepayment shall mean the payment of the total indebtedness, with the exception of late payment penalties if incurred or charged, on any date before the date specified in the contract or loan agreement on which the total indebtedness shall be paid in full, or before the date on which all payments, if timely made, shall have been made. In the event of a prepayment of the indebtedness which is made on a date after the date on which

interest on the indebtedness was last computed, calculated, charged, or collected but before the next date on which interest on the indebtedness was to be calculated, computed, charged, or collected, the lender may calculate, charge and collect interest on the indebtedness for the period which elapsed between the date on which the prepayment is made and the date on which interest on the indebtedness was last computed, calculated, charged or collected at a rate equal to 1/360 of the annual rate for each day which so elapsed, which rate shall be applied to the indebtedness outstanding as of the date of prepayment. The lender shall refund to the borrower any interest charged or collected which exceeds that which the lender may charge or collect pursuant to the preceding sentence. The provisions of this amendatory Act of 1985 shall apply only to contracts or loans entered into on or after the effective date of this amendatory Act.

(3) Notwithstanding any other provision of this Act, a credit union authorized under this Act to make loans secured by an interest or equity in real estate may engage in making "reverse mortgage" loans to persons for the purpose of making home improvements or repairs, paying insurance premiums or paying real estate taxes on the homestead properties of such persons. If made, such loans shall be made on such terms and conditions as the credit union shall determine and as shall be consistent with the provisions of this Section and such rules and regulations as the Secretary ~~Director~~ shall promulgate



hereunder. For purposes of this Section, a "reverse mortgage" loan shall be a loan extended on the basis of existing equity in homestead property and secured by a mortgage on such property. Such loans shall be repaid upon the sale of the property or upon the death of the owner or, if the property is in joint tenancy, upon the death of the last surviving joint tenant who had such an interest in the property at the time the loan was initiated, provided, however, that the credit union and its member may by mutual agreement, establish other repayment terms. A credit union, in making a "reverse mortgage" loan, may add deferred interest to principal or otherwise provide for the charging of interest or premiums on such deferred interest. "Homestead" property, for purposes of this Section, means the domicile and contiguous real estate owned and occupied by the mortgagor. ~~The Director shall promulgate rules and regulations under this Section; provided that such rules and regulations need not be promulgated jointly with any other administrative agency of this State.~~

(4) Notwithstanding any other provisions of this Act, a credit union authorized under this Act to make loans secured by an interest or equity in real property may engage in making revolving credit loans secured by mortgages or deeds of trust on such real property or by security assignments of beneficial interests in land trusts.

For purposes of this Section, "revolving credit" has the meaning defined in Section 4.1 of the Interest Act.

Any mortgage or deed of trust given to secure a revolving credit loan may, and when so expressed therein shall, secure not only the existing indebtedness but also such future advances, whether such advances are obligatory or to be made at the option of the lender, or otherwise, as are made within twenty years from the date thereof, to the same extent as if such future advances were made on the date of the execution of such mortgage or deed of trust, although there may be no advance made at the time of execution of such mortgage or other instrument, and although there may be no indebtedness outstanding at the time any advance is made. The lien of such mortgage or deed of trust, as to third persons without actual notice thereof, shall be valid as to all such indebtedness and future advances from the time said mortgage or deed of trust is filed for record in the office of the recorder ~~Recorder~~ of deeds ~~Deeds~~ or the registrar ~~Registrar~~ of titles ~~Titles~~ of the county where the real property described therein is located. The total amount of indebtedness that may be so secured may increase or decrease from time to time, but the total unpaid balance so secured at any one time shall not exceed a maximum principal amount which must be specified in such mortgage or deed of trust, plus interest thereon, and any disbursements made for the payment of taxes, special assessments, or insurance on said real property, with interest on such disbursements.

Any such mortgage or deed of trust shall be valid and have

priority over all subsequent liens and encumbrances, including statutory liens, except taxes and assessments levied on said real property.

(5) Compliance with federal or Illinois preemptive laws or regulations governing loans made by a credit union chartered under this Act shall constitute compliance with this Act.

(6) Credit unions may make residential real estate mortgage loans on terms and conditions established by the United States Department of Agriculture through its Rural Development Housing and Community Facilities Program. The portion of any loan in excess of the appraised value of the real estate shall be allocable only to the guarantee fee required under the program.

(Source: P.A. 95-98, eff. 8-13-07; 96-141, eff. 8-7-09.)

(205 ILCS 305/47) (from Ch. 17, par. 4448)

Sec. 47. Loan applications ~~Applications~~. Every application for a loan shall be made in the manner prescribed by the credit committee ~~Credit Committee~~, credit manager, or loan officer. The application shall state the purpose for which the loan is desired, and the security, if any, offered. Each loan shall be evidenced by a written document or by a record electronically stored or generated by any electronic or computer-generated process that accurately reproduces or records the agreement, transaction, act, occurrence, or event. The signature of any party to the loan includes any symbol executed or adopted, or

any security procedure employed or adopted, using electronic means or otherwise, by or on behalf of a person with intent to authenticate a record.

(Source: P.A. 94-150, eff. 7-8-05.)

(205 ILCS 305/48) (from Ch. 17, par. 4449)

Sec. 48. Loan limit ~~Limit~~. Within any limitations set forth in the bylaws of the credit union, the board of directors ~~Board of Directors~~ may place a limit upon the aggregate amount to be loaned to or cosigned for by any one member. Such loan limits shall be subject to rules and regulations promulgated by the Secretary ~~Director~~. Unless the credit union's bylaws provide otherwise, no loan shall be made to any member in an aggregate amount in excess of \$200, or 10% of the credit union's unimpaired capital and surplus, whichever is greater.

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

(205 ILCS 305/49) (from Ch. 17, par. 4450)

Sec. 49. Security. In addition to generally accepted types of security, the endorsement of a note by a surety, comaker or guarantor, or assignment of shares or wages, in a manner consistent with the laws of this State, shall be deemed security within the meaning of this Act. A credit union shall give each surety, guarantor or comaker a copy of the instrument evidencing the indebtedness. The adequacy of any security shall be determined by the credit committee ~~Credit Committee~~, credit

manager or loan officer, subject to this Act and the bylaws of the credit union. The surety, guarantor or comaker may, but need not, be a member of the credit union making the loan.

(Source: P.A. 85-1273.)

(205 ILCS 305/51) (from Ch. 17, par. 4452)

Sec. 51. Other loan programs ~~Loan Programs~~.

(1) Subject to such rules and regulations as the Secretary ~~Director~~ may promulgate, a credit union may participate in loans to credit union members jointly with other credit unions, corporations, or financial institutions. An originating credit union may originate loans only to its own members. A participating credit union that is not the originating lender may participate in loans made to its own members or to members of another participating credit union. "Originating lender" means the participating credit union with which the member contracts. A master participation agreement must be properly executed, and the agreement must include provisions for identifying, either through documents incorporated by reference or directly in the agreement, the participation loan or loans prior to their sale.

(2) Any credit union with assets of \$500,000 or more may loan to its members under ~~the State Scholarships Law or other~~ scholarship programs which are subject to a federal or state law providing 100% repayment guarantee.

(3) A credit union may purchase the conditional sales

contracts, notes and similar instruments which evidence an indebtedness of its members. In the management of its assets, liabilities, and liquidity, a credit union may purchase the conditional sales contracts, notes, and other similar instruments that evidence the consumer indebtedness of the members of another credit union. "Consumer indebtedness" means indebtedness incurred for personal, family, or household purposes.

(4) With approval of the board of directors ~~Board of Directors~~, a credit union may make loans, either on its own or jointly with other credit unions, corporations or financial institutions, to credit union organizations; provided, that the aggregate amount of all such loans outstanding shall not at any time exceed the greater of 3% of the paid-in and unimpaired capital and surplus of the credit union or the amount authorized for federal credit unions.

(Source: P.A. 95-98, eff. 8-13-07.)

(205 ILCS 305/52) (from Ch. 17, par. 4453)

Sec. 52. Loans to directors, officers, credit committee ~~Credit Committee~~, credit manager, and supervisory committee ~~Supervisory Committee~~ members. A credit union may make loans to its directors, officers, credit committee ~~Credit Committee~~ members, credit manager, and supervisory committee ~~Supervisory Committee~~ members, provided that the loan complies with all lawful requirements under this Act with respect to loans to

other borrowers. No loan may be made to or cosigned by any director, officer, credit committee ~~Credit Committee~~ member, credit manager if no credit committee ~~Credit Committee~~ has been appointed, or supervisory committee ~~Supervisory Committee~~ member which would cause the aggregate amount of all loans then outstanding to or cosigned by all directors, officers, credit committee ~~Credit Committee~~ members, credit manager if no credit committee ~~Credit Committee~~ has been appointed, or supervisory committee ~~Supervisory Committee~~ members to exceed 20% of the unimpaired capital and surplus of the credit union.

(Source: P.A. 91-929, eff. 12-15-00.)

(205 ILCS 305/53) (from Ch. 17, par. 4454)

Sec. 53. Loans to credit unions ~~Credit Unions~~. A credit union may make loans to other credit unions if so provided and within the limits set forth in its bylaws ~~Bylaws~~.

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

(205 ILCS 305/54) (from Ch. 17, par. 4455)

Sec. 54. Loans to associations ~~Associations~~. A credit union may make loans to any credit union association or corporation, of which the credit union is a member or shareholder, except that the aggregate of all such loans shall not exceed 5% of the assets of the credit union.

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

(205 ILCS 305/55) (from Ch. 17, par. 4456)

Sec. 55. Insurance for members ~~Members~~.

(1) A credit union may purchase or make available insurance for its members.

(2) A credit union may enter into cooperative marketing arrangements to facilitate its members' voluntary purchase of insurance including, but not by way of limitation, life insurance, disability insurance, accident and health insurance, property insurance, liability insurance and legal expense insurance.

(Source: P.A. 90-41, eff. 10-1-97.)

(205 ILCS 305/56) (from Ch. 17, par. 4457)

Sec. 56. Liability insurance ~~Insurance~~ for directors ~~Directors~~ and officers ~~Officers~~. A credit union may purchase and maintain insurance on behalf of any person who is or was a director ~~Director~~, officer ~~Officer~~, committee member, employee or agent of the credit union as a director, officer, committee member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person incurred by such person in any such capacity or arising out of such person's status as such, whether or not the credit union would have the power to indemnify such person against such liability.

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



(205 ILCS 305/57) (from Ch. 17, par. 4458)

Sec. 57. Group purchasing ~~Purchasing~~. A credit union may, consistent with rules and regulations promulgated by the Secretary ~~Director~~, enter into cooperative marketing arrangements to facilitate its members' voluntary purchase of such goods and services as are in the interest of improving economic and social conditions of the members.

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

(205 ILCS 305/58) (from Ch. 17, par. 4459)

Sec. 58. Share insurance.

(1) Each credit union operating in this State shall insure its share accounts with the NCUA, under 12 U.S.C. 1781 to 1790 ~~et seq. (Sec. 201 et seq. of the Federal Credit Union Act)~~ or with such other insurers as may be jointly approved by the Secretary ~~Director~~ of Financial and Professional Regulation ~~Institutions~~ and the Director of Insurance. Each approved insurer shall be found to be financially sound and to employ approved actuarial practices. The Secretary ~~Director~~ shall determine that a firm commitment to insure share accounts has been issued before a charter may be granted for a new credit union. ~~Application for such insurance by credit unions in existence on the effective date of this Section shall be made not later than December 31, 1981 and such credit unions shall receive a commitment to insure share accounts by December 31, 1984.~~

(2) A credit union which has been denied a commitment of insurance of accounts shall either dissolve, merge with another credit union, or apply in writing, within 30 days of denial, to the Secretary ~~Director~~ for additional time to obtain an insurance commitment. The Secretary ~~Director~~ may grant up to 24 months additional time upon satisfactory evidence that the credit union is making a substantial effort to achieve the conditions precedent to issuance of the commitment.

(3) The Secretary ~~Director~~ shall cooperate with the NCUA or other approved insurers by furnishing copies of financial and examination reports and other information bearing on the financial condition of any credit union.

(Source: P.A. 90-655, eff. 7-30-98.)

(205 ILCS 305/59) (from Ch. 17, par. 4460)

Sec. 59. Investment of funds ~~Funds~~.

(a) Funds not used in loans to members may be invested, pursuant to subsection (7) of Section 30 of this Act, and subject to Departmental rules and regulations:

(1) In securities, obligations or other instruments of or issued by or fully guaranteed as to principal and interest by the United States of America or any agency thereof or in any trust or trusts established for investing directly or collectively in the same;

(2) In obligations of any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico,

and the several territories organized by Congress, or any political subdivision thereof; however, a credit union may not invest more than 10% of its unimpaired capital and surplus in the obligations of one issuer, exclusive of general obligations of the issuer, and investments in municipal securities must be limited to securities rated in one of the 4 highest rating categories by a nationally recognized statistical rating organization;

(3) In certificates of deposit or passbook type accounts issued by a state or national bank, mutual savings bank or savings and loan association; provided that such institutions have their accounts insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation; but provided, further, that a credit union's investment in an account in any one institution may exceed the insured limit on accounts;

(4) In shares, classes of shares or share certificates of other credit unions, including, but not limited to corporate credit unions; provided that such credit unions have their members' accounts insured by the NCUA or other approved insurers, and that if the members' accounts are so insured, a credit union's investment may exceed the insured limit on accounts;

(5) In shares of a cooperative society organized under the laws of this State or the laws of the United States in the total amount not exceeding 10% of the unimpaired

capital and surplus of the credit union; provided that such investment shall first be approved by the Department;

(6) In obligations of the State of Israel, or obligations fully guaranteed by the State of Israel as to payment of principal and interest;

(7) In shares, stocks or obligations of other financial institutions in the total amount not exceeding 5% of the unimpaired capital and surplus of the credit union;

(8) In federal funds and bankers' acceptances;

(9) In shares or stocks of Credit Union Service Organizations in the total amount not exceeding the greater of 3% of the unimpaired capital and surplus of the credit union or the amount authorized for federal credit unions.

(b) As used in this Section, "political subdivision" includes, but is not limited to, counties, townships, cities, villages, incorporated towns, school districts, educational service regions, special road districts, public water supply districts, fire protection districts, drainage districts, levee districts, sewer districts, housing authorities, park districts, and any agency, corporation, or instrumentality of a state or its political subdivisions, whether now or hereafter created and whether herein specifically mentioned or not.

(c) A credit union investing to fund an employee benefit plan obligation is not subject to the investment limitations of this Act and this Section and may purchase an investment that would otherwise be impermissible if the investment is directly

related to the credit union's obligation under the employee benefit plan and the credit union holds the investment only for so long as it has an actual or potential obligation under the employee benefit plan.

(Source: P.A. 95-124, eff. 8-13-07.)

(205 ILCS 305/60) (from Ch. 17, par. 4461)

Sec. 60. Reserves.

(A) At the end of each accounting period the gross income shall be determined. From this amount, there shall be set aside, as a regular reserve against losses on loans and risk assets sums in accordance with the following schedule:

(1) A credit union in operation for more than four years and having assets of \$500,000 or more shall set aside (A) 10 per centum of gross income until the regular reserve shall equal 4 per centum of the total outstanding loans and risk assets, then (B) 5 per centum of gross income until the regular reserve shall equal 6 per centum of the total outstanding loans and risk assets.

(2) A credit union in operation less than four years or having assets of less than \$500,000 shall set aside (A) 10 per centum of gross income until the regular reserve shall equal 7 1/2 per centum of the total outstanding loans and risk assets, then (B) 5 per centum of gross income until the regular reserve shall equal 10 per centum of the total outstanding loans and risk assets.

(3) Whenever the regular reserve falls below the stated per centum of the total of outstanding loans and risk assets, it shall be replenished by regular contributions in such amounts as may be needed to maintain the stated reserve goals.

(B) The Secretary ~~Director~~ may decrease the reserve requirement set forth in subsection (A) of this Section when in his or her opinion such a decrease is necessary or desirable. The Secretary ~~Director~~ may also require special reserves to protect the interest of members.

(C) For the purpose of establishing the reserves required by this Section all assets except the following are risk assets:

- (1) Cash on hand;
- (2) Real estate;
- (3) Depreciated value of buildings, furnishings and equipment;
- (4) Loans to students insured under Title IV, part B of the Higher Education Act of 1965 or the Higher Education Student Assistance Law;
- (5) Loans insured under Title 1 of the National Housing Act by the Federal Housing Administration;
- (6) Funds invested as authorized under Section 59 of this Act; and
- (7) Loans fully secured by a pledge of shares in the lending credit union equal to and maintained to at

least the amount of the loan outstanding.

(Source: P.A. 85-249.)

(205 ILCS 305/61) (from Ch. 17, par. 4462)

Sec. 61. Suspension.

(1) If the Secretary ~~Director~~ determines that any credit union is bankrupt, insolvent, impaired or that it has ~~willfully~~ violated this Act, or is operating in an unsafe or unsound manner, he shall issue an order temporarily suspending the credit union's operations for not more than 60 days. The board of directors ~~Board of Directors~~ shall be given notice by registered or certified mail of such suspension, which notice shall include the reasons for such suspension and a list of specific violations of the Act. The Secretary ~~Director~~ shall also notify the members of the credit union board ~~Credit Union Board~~ of advisors ~~Advisors~~ of any suspension. The Director may assess to the credit union a penalty, not to exceed the regulatory fee as set forth in this Act, to offset costs incurred in determining the condition of the credit union's books and records.

(2) Upon receipt of such suspension notice, the credit union shall cease all operations, except those authorized by the Secretary ~~Director~~, or the Secretary ~~Director~~ may appoint a manager-trustee ~~Manager-Trustee~~ to operate the credit union during the suspension period. The board of directors ~~Board of Directors~~ shall, within 10 days of the receipt of the

suspension notice, file with the Secretary ~~Director~~ a reply to the suspension notice by submitting a corrective plan of action or a request for formal hearing on said action pursuant to the Department's rules and regulations.

(3) Upon receipt from the suspended credit union of evidence that the conditions causing the order of suspension have been corrected, and after determining that the proposed corrective plan of action submitted is factual, the Secretary ~~Director~~ shall revoke the suspension notice, permit the credit union to resume normal operations, and notify the board ~~Board~~ of credit union advisors ~~Credit Union Advisors~~ of such action.

(4) If the Secretary ~~Director~~ determines that the proposed corrective plan of action will not correct such conditions, he may take possession and control of the credit union. The Secretary ~~Director~~ may permit the credit union to operate under his direction and control and may appoint a manager-trustee ~~Manager-Trustee~~ to manage its affairs until such time as the condition requiring such action has been remedied, or in the case of insolvency or danger of insolvency where an emergency requiring expeditious action exists, the Secretary ~~Director~~ may involuntarily merge the credit union without the vote of the suspended credit union's board of directors ~~Board of Directors~~ or members (hereafter involuntary merger) subject to rules promulgated by the Secretary ~~Director~~. No credit union shall be required to serve as a surviving credit union in any involuntary merger. Upon the request of the Secretary ~~Director~~,



a credit union by a vote of a majority of its board of directors ~~Board of Directors~~ may elect to serve as a surviving credit union in an involuntary merger. If the Secretary ~~Director~~ determines that the suspended credit union should be liquidated, he may appoint a liquidating agent ~~Liquidating Agent~~ and require of that person such bond and security as he considers proper.

(5) Upon receipt of a request for a formal hearing, the Secretary ~~Director~~ shall conduct proceedings pursuant to rules and regulations of the Department. The credit union may request the appropriate court to stay execution of such action. Involuntary liquidation or involuntary merger may not be ordered prior to the conclusion of suspension procedures outlined in this Section.

(6) If, within the suspension period, the credit union fails to answer the suspension notice or fails to request a formal hearing, or both, the Secretary ~~Director~~ may then (i) involuntarily merge the credit union if the credit union is insolvent or in danger of insolvency and an emergency requiring expeditious action exists or (ii) revoke the credit union's charter, appoint a liquidating agent ~~Liquidating Agent~~ and liquidate the credit union.

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

(205 ILCS 305/62) (from Ch. 17, par. 4463)

Sec. 62. Liquidation.

(1) A credit union may elect to dissolve voluntarily and liquidate its affairs in the manner prescribed in this Section.

(2) The board of directors ~~Board of Directors~~ shall adopt a resolution recommending the credit union be dissolved voluntarily, and directing that the question of liquidating be submitted to the members.

(3) Within 10 days after the board of directors ~~Board of Directors~~ decides to submit the question of liquidation to the members, the chairman ~~Chairman~~ or president ~~President~~ shall notify the Secretary ~~Director~~ thereof, in writing, setting forth the reasons for the proposed action. Within 10 days after the members act on the question of liquidation, the chairman ~~Chairman~~ or president ~~President~~ shall notify the Secretary ~~Director~~, in writing, as to whether or not the members approved the proposed liquidation. The Secretary ~~Director~~ then must determine whether this Section has been complied with and if his decision is favorable, he shall prepare a certificate to the effect that this Section has been complied with, a copy of which will be retained by the Department and the other copy forwarded to the credit union. The certificate must be filed with the recorder or if there is no recorder, in the office of the county clerk ~~County Clerk~~ of the county ~~County~~ or counties ~~Counties~~ in which the credit union is operating, whereupon the credit union must cease operations except for the purpose of its liquidation.

(4) As soon as the board of directors ~~Board of Directors~~

passes a resolution to submit the question of liquidation to the members, payment on shares, withdrawal of shares, making any transfer of shares to loans and interest, making investments of any kind and granting loans shall be suspended pending action by members. On approval by the members of such proposal, all such operations shall be permanently discontinued. The necessary expenses of operating shall, however, continue to be paid on authorization of the board of directors ~~Board of Directors~~ or the liquidating agent ~~Liquidating Agent~~ during the period of liquidation.

(5) For a credit union to enter voluntary liquidation, it must be approved by affirmative vote of the members owning a majority of the shares entitled to vote, in person or by proxy, at a regular or special meeting of the members. Notice, in writing, shall be given to each member, by first class mail, at least 10 days prior to such meeting. If liquidation is approved, the board of directors ~~Board of Directors~~ shall appoint a liquidating agent ~~Liquidating Agent~~ for the purpose of conserving and collecting the assets, closing the affairs of the credit union and distributing the assets as required by this Act.

(6) A liquidating credit union shall continue in existence for the purpose of discharging its debts, collecting and distributing its assets, and doing all acts required in order to terminate its operations and may sue and be sued for the purpose of enforcing such debts and obligations until its

affairs are fully adjusted.

(7) Subject to such rules and regulations as the Secretary ~~Director~~ may promulgate, the liquidating agent ~~Liquidating Agent~~ shall use the assets of the credit union to pay; first, expenses incidental to liquidating including any surety bond that may be required; then, liabilities of the credit union; then special classes of shares. The remaining assets shall then be distributed to the members proportionately to the dollar value of the shares held by each member in relation to the total dollar value of all shares outstanding as of the date the dissolution was voted.

(8) As soon as the liquidating agent ~~Liquidating Agent~~ determines that all assets as to which there is a reasonable expectancy of sale or transfer have been liquidated and distributed as set forth in this Section, he shall execute a certificate ~~Certificate~~ of dissolution ~~Dissolution~~ on a form prescribed by the Department and file the same, together with all pertinent books and records of the liquidating credit union with the Department, whereupon such credit union shall be dissolved. The liquidating agent ~~Liquidating Agent~~ must, within 3 years after issuance of a certificate by the Secretary ~~Director~~ referred to in Subsection (3) of this Section, discharge the debts of the credit union, collect and distribute its assets and do all other acts required to wind up its business.

(9) If the Secretary ~~Director~~ determines that the

liquidating agent ~~Liquidating Agent~~ has failed to make reasonable progress in the liquidating of the credit union's affairs and distribution of its assets or has violated this Act, the Secretary ~~Director~~ may take possession and control of the credit union and remove the liquidating agent ~~Liquidating Agent~~ and appoint a liquidating agent ~~Liquidating Agent~~ to complete the liquidation under his direction and control. The Secretary ~~Director~~ shall fill any vacancy caused by the resignation, death, illness, removal, desertion or incapacity to function of the liquidating agent ~~Liquidating Agent~~.

(10) Any funds representing unclaimed dividends and shares in liquidation and remaining in the hands of the board of directors ~~Board of Directors~~ or the liquidating agent ~~Liquidating Agent~~ at the end of the liquidation must be deposited by them, together with all books and papers of the credit union, with the State Treasurer in compliance with the Uniform Disposition of Unclaimed Property Act, approved August 17, 1961, as amended.

(Source: P.A. 91-16, eff. 7-1-99.)

(205 ILCS 305/63) (from Ch. 17, par. 4464)

Sec. 63. Merger and consolidation ~~Consolidation~~.

(1) Any two or more credit unions, regardless of whether or not they have the same common bond, may merge or consolidate into a single credit union. A merger or consolidation may be with a credit union organized under the laws of this State or

of another state or of the United States and is subject to the approval of the Secretary ~~Director~~. It must be made on such terms as have been agreed upon by a vote of a majority of the board of directors ~~Board of Directors~~ of each credit union, and approved by an affirmative vote of a majority of the members of the merging credit union being absorbed present at a meeting, either in person or by proxy, duly called for that purpose, except as hereinafter specified. Notice of the meeting stating the purpose must be sent by the Secretary of each merging credit union being absorbed to each member by mail at least 7 days before the date of the meeting.

(2) One of the merging credit unions may continue after the merger or consolidation either as a surviving credit union retaining its identity or as a new credit union as has been agreed upon under the terms of the merger. At least 9 members of the new proposed credit union must apply to the Department for permission to organize the new credit union. The same procedure shall be followed as provided for the organization of a new credit union.

(3) After approval by the members of the credit union which is to be absorbed by the merger or consolidation, the chairman ~~Chairman~~ or president ~~President~~ and the secretary ~~Secretary~~ of each credit union shall execute a certificate ~~Certificate~~ of merger ~~Merger~~ or consolidation ~~Consolidation~~, which shall set forth all of the following:

(a) The time and place of the meeting of each board of

directors ~~Board of Directors~~ at which the plan was agreed upon;

(b) The vote in favor of the adoption of the plan;

(c) A copy of each resolution or other action by which the plan was agreed upon;

(d) The time and place of the meeting of the members of the absorbed credit union at which the plan agreed upon was approved; and,

(e) The vote by which the plan was approved by the members of the absorbed credit union.

(4) Such certificate and a copy of the plan of merger or consolidation agreed upon shall be mailed to the Secretary ~~Director~~ for review. If the provisions of this Act have been complied with, the certificate shall be approved by him, and returned to the credit unions which are parties to the merger or consolidation within 30 days. When so approved by the Secretary ~~Director~~ the certificate shall constitute the Department's certificate ~~Certificate~~ of approval ~~Approval~~ of the merger or consolidation.

(5) Upon issuance of the certificate ~~Certificate~~ of approval ~~Approval~~, each merging credit union which was absorbed shall cease operation. Each party to the merger shall file the certificate ~~Certificate~~ of approval ~~Approval~~ with the Recorder or County Clerk of the county in which the credit union has or had its principal office.

(6) Each credit union absorbed by the merger or

consolidation shall return to the Secretary ~~Director~~ the original statement of incorporation ~~Statement of Incorporation~~, certificate of approval of incorporation, ~~Certificate of Approval of Incorporation~~ and the bylaws ~~Bylaws~~ of the credit union. The surviving credit union shall continue its operation under its existing certificate of approval ~~Certificate of Approval~~, articles of incorporation, ~~Articles of Incorporation~~ and the bylaws ~~Bylaws~~ or if a new credit union has been formed, under the new certificate of approval ~~Certificate of Approval~~, articles of incorporation, ~~Articles of Incorporation~~ and bylaws ~~Bylaws~~.

(7) All rights of membership in and any obligation or liability of any member to any credit union which is party to a consolidation or merger are continued in the surviving or new credit union without reservation or diminution.

(8) A pending action or other judicial proceeding to which any of the consolidating or merging credit unions is a party does not abate by reason of the consolidation or merger.

(Source: P.A. 83-1362.)

(205 ILCS 305/64) (from Ch. 17, par. 4465)

Sec. 64. Conversion of charter ~~Charter~~. A credit union chartered under the laws of this State may be converted to a credit union chartered under the laws of any other state or under the laws of the United States. A credit union chartered under the laws of the United States or of any other state may



convert to a credit union chartered under the laws of this State. To effect such a conversion, a credit union must comply with all the requirements of the jurisdiction under which it is currently chartered and such rules and regulations as may be promulgated by the Secretary ~~Director~~ and file proof of such compliance with the Department.

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

(205 ILCS 305/65) (from Ch. 17, par. 4466)

Sec. 65. Conformity with ~~With~~ Federal Credit Union Act. After the effective date of this Act, any credit union incorporated under the laws of this State shall have all of the rights, privileges and benefits which may be exercised by a federal credit union; provided, however, that the exercise of such rights, privileges and benefits may not violate any provision of this Act. In order to give effect to this provision, the Secretary ~~Director~~ shall, where necessary, promulgate rules and regulations in substantial conformity with those promulgated by the NCUA under the Federal Credit Union Act.

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

(205 ILCS 305/66) (from Ch. 17, par. 4467)

Sec. 66. Illegal loans ~~Loans~~.

(1) Any officer ~~Officer~~, director ~~Director~~ or member of a committee of a credit union who knowingly permits a loan to be

made or participates in a loan to a nonmember of the credit union, is guilty of a Class A Misdemeanor and is primarily liable to the credit union for the amount illegally loaned, and the illegality of the loan is not a defense in any action by the credit union to recover the balance owing on the loan.

(2) Any officer ~~Officer~~, director ~~Director~~, member of a committee or employee of a credit union who solicits or accepts any payment of property or gift as consideration for influencing the approval or granting of a loan is guilty of a Class A Misdemeanor and is primarily liable to the credit union for the amount loaned. The loan is illegal and may be immediately collected in full by the credit union. The illegality of the loan is no defense in any action by the credit union to recover the balance owing on the loan.

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

(205 ILCS 305/67) (from Ch. 17, par. 4468)

Sec. 67. Use of public property ~~Public Property~~. Any credit union, the membership of which consists primarily of employees of this State or of any county, city, village, incorporated town or school district, or of any department, agency or instrumentality of the State and their families, may, upon application to the appropriate officer or agency, be allotted such space as is available in any public building, for the purpose of providing an office and meeting place for the credit union without charge for rent or services.

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

(205 ILCS 305/68) (from Ch. 17, par. 4469)

Sec. 68. Interest, finer ~~Fines~~, not usurious-shares ~~Not Usurious Shares~~ and loans not ~~Loans Not~~ to be taxed ~~Taxed~~. Reasonable fines may be levied as provided in the bylaws ~~Bylaws~~ of each credit union and may be deducted from the share balance or added to the loan balance of a member upon whom a fine is levied. Interest or fines that may accrue to a credit union are not usurious and they may be collected under the law of this State. The shares and loans provided for in this Act are not subject to taxation.

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

(205 ILCS 305/69) (from Ch. 17, par. 4470)

Sec. 69. Effect of invalidity ~~Invalidity~~ of part ~~Part~~ of this Act. If a court of competent jurisdiction shall adjudge to be invalid or unconstitutional any clause, sentence, paragraph, section or part of this Act, such judgment shall not affect, impair, invalidate or nullify the remainder of this Act, but the effect thereof shall be confined to the clause, sentence, paragraph, Section or part of this Act so adjudged to be invalid or unconstitutional.

(Source: P.A. 84-545.)

(205 ILCS 305/69.1) (from Ch. 17, par. 4470.1)

Sec. 69.1. Review under ~~Under~~ Administrative Review Law. The provisions of the Administrative Review Law, and all amendments and modifications thereof and the rules adopted pursuant thereto, shall apply to and govern all proceedings for the judicial review of final administrative decisions of the Secretary ~~Director~~ provided for under this Act. The term "administrative decision" is defined as in Section 3-101 of the Code of Civil Procedure.

(Source: P.A. 85-1273.)

(205 ILCS 305/70) (from Ch. 17, par. 4471)

Sec. 70. Use of name, sentence.

(a) No individual, firm, association, or body politic and corporate, including, without limitation, any corporation, limited liability company, general partnership, limited partnership, or joint venture that is not an authorized user may use any name or title which contains the words "credit union" or any abbreviation thereof, and such use is a Class A Misdemeanor. For purposes of this Section, "authorized user" means a corporation organized under this Act, the credit union act of another state, or the Federal Credit Union Act, any association of such a corporation, and subsidiaries and affiliates of such an association.

(b) If the Secretary ~~Director of the Division of Financial Institutions of the Department of Financial and Professional Regulation~~ finds that an individual or entity that is not an

authorized user has transacted or intends to transact business in this State in a manner that has a substantial likelihood of misleading the public by: (i) implying that the business is a credit union or (ii) using or intending to use the words "credit union", or any abbreviation thereof, in connection with its business, then the Secretary ~~Director of the Division of Financial Institutions~~ may direct the individual or entity to cease and desist from transacting its business or using the words "credit union", or any abbreviation thereof. If the individual or entity persists in transacting its business or using the words "credit union", or any abbreviation thereof, then the Secretary ~~Director of the Division of Financial Institutions~~ may impose a civil penalty of up to \$10,000 for each violation. Each day that the individual or entity continues transacting business or using the words "credit union", or any abbreviation thereof, in connection with its business shall constitute a separate violation of these provisions.

(c) Except as otherwise expressly permitted by law or with the written consent of the credit union, no person or group of persons other than an authorized user may use the name of or a name similar to the name of an existing credit union when marketing or soliciting business from members or prospective members if the name or similar name is used in a manner that would cause a reasonable person to believe that the marketing material or solicitation originated from or is endorsed by the

existing credit union or that the existing credit union is in any other way responsible for the marketing material or solicitation. The following remedies shall apply:

(1) Any person who violates subsection (c) of this Section commits a business offense and shall be fined in an amount not to exceed \$5,000.

(2) In addition to any other available remedies, any existing credit union may report an alleged violation of any provision of this Section to the Secretary ~~Director of the Division of Financial Institutions~~. If the Secretary ~~Director~~ finds that any person or group of persons is in violation of any provision of this Section, then the Secretary ~~Director~~ may direct that person or group of persons to cease and desist from that violation. If the Secretary ~~Director~~ issues a cease and desist order against any person or group of persons for violation of subsection (c), then the order must require that person or group of persons to cease and desist from using the offending marketing material or solicitation in Illinois.

(3) If a person or group of persons against whom the Secretary ~~Director~~ issued the cease and desist order persists in the violation, then the Secretary ~~Director~~ may impose a civil penalty of up to \$10,000 for each violation. Each day that a person or group of persons is in violation of this Section constitutes a separate violation of this Section and each instance in which marketing material or a

solicitation is sent in violation of this subsection (c) constitutes a separate violation of this Section.

(d) The Secretary and the Director of the Division of Financial Institutions may adopt rules to administer the provisions of this Section.

(Source: P.A. 94-150, eff. 7-8-05; 95-98, eff. 8-13-07.)

(205 ILCS 305/71) (from Ch. 17, par. 4472)

Sec. 71. False statements ~~Statements~~. Any person who knowingly makes any false statement or report upon any application, advance, discount, purchase, purchase agreement, repurchase agreement, commitment or loan or any change or extension of the same to a credit union chartered by this State shall be fined not more than \$5000 or imprisoned for not more than 5 years, or both.

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

Section 99. Effective date. This Act takes effect January 1, 2012.

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205 ILCS 305/59	from Ch. 17, par. 4460
205 ILCS 305/60	from Ch. 17, par. 4461
205 ILCS 305/61	from Ch. 17, par. 4462
205 ILCS 305/62	from Ch. 17, par. 4463
205 ILCS 305/63	from Ch. 17, par. 4464
205 ILCS 305/64	from Ch. 17, par. 4465
205 ILCS 305/65	from Ch. 17, par. 4466
205 ILCS 305/66	from Ch. 17, par. 4467
205 ILCS 305/67	from Ch. 17, par. 4468
205 ILCS 305/68	from Ch. 17, par. 4469
205 ILCS 305/69	from Ch. 17, par. 4470
205 ILCS 305/69.1	from Ch. 17, par. 4470.1
205 ILCS 305/70	from Ch. 17, par. 4471
205 ILCS 305/71	from Ch. 17, par. 4472