



Rep. Robert Rita

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LRB101 10992 HEP 61284 a

1 AMENDMENT TO SENATE BILL 1813

2 AMENDMENT NO. _____. Amend Senate Bill 1813 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Credit Union Act is amended by
5 changing Sections 15, 23, 57.1, 59, and 63 and by adding
6 Sections 10.2 and 44.1 as follows:

7 (205 ILCS 305/10.2 new)

8 Sec. 10.2. Electronic records.

9 (a) As used in this Section, "electronic" and "electronic
10 record" have the meanings given to those terms in the
11 Electronic Commerce Security Act.

12 (b) If a provision of this Act requires information to be
13 written or delivered in writing, or provides for certain
14 consequences if it is not, an electronic record or electronic
15 delivery satisfies that rule of law.

16 (c) If a provision of this Act requires a policy, record,

1 notice or other document or information to be mailed or
2 otherwise furnished, posted, or disclosed by a credit union,
3 electronic delivery or distribution satisfies that rule of law.
4 Policies and notifications of general interest to or impact on
5 the membership may be posted on a credit union's website or
6 disclosed in membership newsletters or account statements, in
7 addition to, or in lieu of, any other methods of notification
8 or distribution specified in this Act.

9 (205 ILCS 305/15) (from Ch. 17, par. 4416)

10 Sec. 15. Membership defined.

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

1 or membership fee or both, if any, by subscribing for one or
2 more shares and paying the initial installment thereon, and by
3 complying with such other requirements as the articles of
4 incorporation or bylaws specify.

5 (2) Any member may withdraw from a credit union at any time
6 upon giving notice of withdrawal as required by the bylaws.

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

11 (4) A member ~~who has caused a loss to the credit union,~~
12 ~~failed to maintain one or more shares at the credit union, or~~
13 ~~violated board policy applicable to members~~ may be expelled by
14 a majority vote of a quorum of directors if the board has
15 adopted a policy providing for expulsion for any of the
16 following acts committed by the member: under those
17 circumstances.

18 (i) causing a loss to the credit union;

19 (ii) failing to maintain one or more shares at the
20 credit union;

21 (iii) committing fraud or any similar misdeed against
22 the credit union;

23 (iv) engaging in inappropriate behavior involving
24 another person, such as physical or verbal abuse of another
25 member or an employee of the credit union, while
26 transacting business with the credit union; or

1 (v) otherwise violating board policy applicable to
2 members.

3 In maintaining and enforcing a policy based on loss, the
4 board may consider, without limitation, a member's failure to
5 pay amounts due under a loan, failure to provide collected
6 funds to cover withdrawals or personal share drafts or credit
7 union drafts where the member is a remitter, or failure to pay
8 fees or charges due the credit union.

9 The policy may delegate the expulsion authority to the
10 senior management officials of the credit union. If a member is
11 expelled by a senior management official of the credit union,
12 the member may, within 30 days after the expulsion, seek
13 reinstatement by appealing the action in writing to the board
14 of directors of the credit union. The board may affirm,
15 disaffirm, or modify the action, and the board's decision is
16 final. As used in this subsection (4), "senior management
17 official" includes the chief management officer of the credit
18 union (including the person holding the title of President or
19 Chief Executive Officer, or both, or Treasurer/Manager) and
20 other management officers of the credit union (including the
21 persons holding the title of Chief Operating Officer, Chief
22 Financial Officer, Chief Administrative Officer, Chief
23 Information Officer, Chief Security Officer, Executive Vice
24 President, Senior Vice President, or Vice President).

25 If a policy is adopted by the board pursuant to this
26 subsection (4), ~~written notice of~~ the policy shall be

1 distributed not fewer than 30 days before the effective date of
2 the policy by: (i) mailing it and the effective date of the
3 ~~policy shall be mailed~~ to each member of the credit union at
4 the member's current address appearing on the records of the
5 credit union; (ii) electronically delivering it to all members
6 by posting it on the credit union's website; or (iii)
7 disclosing it to all members in membership newsletters or
8 account statements. ~~The policy shall be mailed to members not~~
9 ~~fewer than 30 days prior to the effective date of the policy.~~

10 In addition, new members shall be provided written notice of
11 the policy prior to or upon applying for membership by using
12 one of the distribution methods described in this subsection
13 (4).

14 (5) All or any part of the amount paid on shares of a
15 withdrawing member or expelled member with any declared
16 dividends or interest on the date of withdrawal or expulsion
17 must, after deducting all amounts due from the member to the
18 credit union, be paid to him. The credit union may require not
19 more than 60 days' written notice of intention to withdraw
20 shares, but a notice of withdrawal does not entitle the member
21 to any preferred or prior claim in the event of liquidation.
22 Withdrawing or expelled members have no further rights in the
23 credit union, but are not, by withdrawal or expulsion, released
24 from any obligation they owe to the credit union.

25 (6) A member who has caused a loss to the credit union or
26 has violated board policy applicable to members may be denied

1 any or all credit union services in accordance with board
2 policy, however, members who are denied services shall be
3 allowed to maintain a share account and to vote on all issues
4 put to a vote of the membership.

5 (7) If a member fails to maintain one fully paid share, the
6 credit union, at its option, may permit the member to
7 re-subscribe and pay for one or more shares within 30 days
8 after the date the member failed to maintain one fully paid
9 share, without affecting the member's status or rights as a
10 member during that period. A member that fails to re-subscribe
11 for at least one fully paid share within the 30-day period
12 shall be automatically expelled from the credit union and
13 treated as an expelled member under subsection (5) of this
14 Section 15.

15 (Source: P.A. 97-133, eff. 1-1-12; 97-855, eff. 7-27-12.)

16 (205 ILCS 305/23) (from Ch. 17, par. 4424)

17 Sec. 23. Compensation of officials.

18 (1) Directors and committee members ~~No director or~~
19 ~~committee member~~ may receive reasonable compensation for their
20 ~~his~~ service as such, the amount of which shall be set by the
21 board of directors. The Department shall, by rule, establish
22 maximum rates of reasonable compensation that are generally
23 applicable to credit unions considering factors the Department
24 may establish from time to time, including, but not limited to,
25 total assets, nonprofit cooperative structure, and the best

1 interests of members. "Compensation" as used in this subsection
2 (1) refers to remuneration expense to the credit union for
3 services provided by a director or committee member in his or
4 her capacity as director or committee member. The remuneration
5 expense shall be disclosed on an annual basis to the membership
6 in the financial statement that is part of the annual
7 membership meeting materials. The disclosure shall contain:
8 (i) the amount paid to each director and (ii) the amount paid
9 to the directors as a group. "Compensation" as used in this
10 subsection (1) does not include

11 (2) The credit union may incur the expense of providing
12 reasonable life, health, accident, and similar insurance
13 protection benefits for directors and ~~a director or~~ committee
14 members member.

15 (3) ~~(2)~~ Directors, committee members and employees, while
16 on official business of the credit union, may be reimbursed for
17 reasonable and necessary expenses. Alternatively, the credit
18 union may make direct payment to a third party for such
19 business expenses. Reasonable and necessary expenses may
20 include the payment of travel costs for the foregoing officials
21 and one guest per official. All payment of costs shall be made
22 in accordance with written policies and procedures established
23 by the board of directors.

24 (4) ~~(3)~~ The board of directors may establish compensation
25 for officers of the credit union.

26 (Source: P.A. 97-133, eff. 1-1-12.)

1 (205 ILCS 305/44.1 new)

2 Sec. 44.1. Unclaimed property; dormancy or escheat fee. A
3 credit union may deduct a dormancy charge or an escheat fee
4 from property required to be paid or delivered to the
5 administrator under the Revised Uniform Unclaimed Property
6 Act, provided the amount of the deduction is consistent with
7 the standards set forth in subsection (b) of Section 15-602 of
8 that Act. In making the deduction, a credit union may allocate,
9 classify, and record all or a portion of the deduction, as
10 applicable, as the minimum share amount required to preserve
11 the member's status as a member of the credit union.

12 (205 ILCS 305/57.1)

13 Sec. 57.1. Services to other credit unions. A credit union
14 may act as a representative of and enter into an agreement with
15 credit unions or other organizations for the purposes of:

16 (1) sharing, utilizing, renting, leasing, purchasing,
17 selling, and joint ownership of fixed assets or engaging in
18 activities and services that relate to the daily operations
19 of credit unions; and

20 (2) providing correspondent services to other credit
21 unions or other organizations that the service provider
22 credit union is authorized to perform for its own members
23 or as part of its operations, including, but not limited
24 to, loan processing, loan servicing, member check cashing

1 services, disbursing share withdrawals and loan proceeds,
2 cashing and selling money orders, ACH and wire transfer
3 services, implementation and administrative support
4 services related to the use of debit cards, payroll debit
5 cards, and other prepaid debit cards and credit cards, coin
6 and currency services, performing internal audits, and
7 automated teller machine deposit services.

8 (Source: P.A. 99-78, eff. 7-20-15; 99-149, eff. 1-1-16;
9 100-201, eff. 8-18-17.)

10 (205 ILCS 305/59) (from Ch. 17, par. 4460)

11 Sec. 59. Investment of funds.

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

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

20 (2) In obligations of any state of the United States,
21 the District of Columbia, the Commonwealth of Puerto Rico,
22 and the several territories organized by Congress, or any
23 political subdivision thereof; however, a credit union may
24 not invest more than 10% of its unimpaired capital and
25 surplus in the obligations of one issuer, exclusive of

1 general obligations of the issuer, and investments in
2 municipal securities must be limited to securities rated in
3 one of the 4 highest rating categories by a nationally
4 recognized statistical rating organization;

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

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

20 (5) In shares of a cooperative society organized under
21 the laws of this State or the laws of the United States in
22 the total amount not exceeding 10% of the unimpaired
23 capital and surplus of the credit union; provided that such
24 investment shall first be approved by the Department;

25 (6) In obligations of the State of Israel, or
26 obligations fully guaranteed by the State of Israel as to

1 payment of principal and interest;

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

5 (8) In federal funds and bankers' acceptances;

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

10 (10) In corporate bonds identified as investment grade
11 by at least one nationally recognized statistical rating
12 organization, provided that:

13 (i) the board of directors has established a
14 written policy that addresses corporate bond
15 investment procedures and how the credit union will
16 manage credit risk, interest rate risk, liquidity
17 risk, and concentration risk; and

18 (ii) the credit union has documented in its records
19 that a credit analysis of a particular investment and
20 the issuing entity was conducted by the credit union, a
21 third party on behalf of the credit union qualified by
22 education or experience to assess the risk
23 characteristics of corporate bonds, or a nationally
24 recognized statistical rating agency before purchasing
25 the investment and the analysis is updated at least
26 annually for as long as it holds the investment;

1 (11) To aid in the credit union's management of its
2 assets, liabilities, and liquidity in the purchase of an
3 investment interest in a pool of loans, in whole or in part
4 and without regard to the membership of the borrowers, from
5 other depository institutions and financial type
6 institutions, including mortgage banks, finance companies,
7 insurance companies, and other loan sellers, subject to
8 such safety and soundness standards, limitations, and
9 qualifications as the Department may establish by rule or
10 guidance from time to time;

11 (12) To aid in the credit union's management of its
12 assets, liabilities, and liquidity by receiving funds from
13 another financial institution as evidenced by certificates
14 of deposit, share certificates, or other classes of shares
15 issued by the credit union to the financial institution;
16 and

17 (13) In the purchase and assumption of assets held by
18 other financial institutions, with approval of the
19 Secretary and subject to any safety and soundness
20 standards, limitations, and qualifications as the
21 Department may establish by rule or guidance from time to
22 time.

23 (b) As used in this Section:

24 "Political subdivision" includes, but is not limited to,
25 counties, townships, cities, villages, incorporated towns,
26 school districts, educational service regions, special road

1 districts, public water supply districts, fire protection
2 districts, drainage districts, levee districts, sewer
3 districts, housing authorities, park districts, and any
4 agency, corporation, or instrumentality of a state or its
5 political subdivisions, whether now or hereafter created and
6 whether herein specifically mentioned or not.

7 "Financial institution" includes any bank, savings bank,
8 savings and loan association, or credit union established under
9 the laws of the United States, this State, or any other state.

10 (c) A credit union investing to fund an employee benefit
11 plan obligation is not subject to the investment limitations of
12 this Act and this Section and may purchase an investment that
13 would otherwise be impermissible if the investment is directly
14 related to the credit union's obligation under the employee
15 benefit plan and the credit union holds the investment only for
16 so long as it has an actual or potential obligation under the
17 employee benefit plan.

18 (d) If a credit union acquires loans from another financial
19 institution or financial-type institution pursuant to this
20 Section, the credit union shall be authorized to provide loan
21 servicing and collection services in connection with those
22 loans.

23 (Source: P.A. 100-361, eff. 8-25-17; 100-778, eff. 8-10-18.)

24 (205 ILCS 305/63) (from Ch. 17, par. 4464)

25 Sec. 63. Merger and consolidation.

1 (1) Any two or more credit unions, regardless of whether or
2 not they have the same common bond, may merge or consolidate
3 into a single credit union. A merger or consolidation may be
4 with a credit union organized under the laws of this State or
5 of another state or of the United States and is subject to the
6 approval of the Secretary. It must be made on such terms as
7 have been agreed upon by a vote of a majority of the board of
8 directors of each credit union, and approved by an affirmative
9 vote of a majority of the members of the merging credit union
10 being absorbed present at a meeting, either in person or by
11 proxy, duly called for that purpose, except as hereinafter
12 specified. Notice of the meeting stating the purpose must be
13 sent by the Secretary of each merging credit union being
14 absorbed to each member by mail at least 45 but no more than 90
15 ~~7~~ days before the date of the meeting.

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

24 (3) After approval by the members of the credit union which
25 is to be absorbed by the merger or consolidation, the chairman
26 or president and the secretary of each credit union shall

1 execute a certificate of merger or consolidation, which shall
2 set forth all of the following:

3 (a) The time and place of the meeting of each board of
4 directors at which the plan was agreed upon;

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

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

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

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

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

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

26 (6) Each credit union absorbed by the merger or

1 consolidation shall return to the Secretary the original
2 statement of incorporation, certificate of approval of
3 incorporation, and the bylaws of the credit union. The
4 surviving credit union shall continue its operation under its
5 existing certificate of approval, articles of incorporation,
6 and the bylaws or if a new credit union has been formed, under
7 the new certificate of approval, articles of incorporation, and
8 bylaws.

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

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

16 (Source: P.A. 97-133, eff. 1-1-12.)

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