



Sen. Antonio Muñoz

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1 AMENDMENT TO SENATE BILL 3346

2 AMENDMENT NO. _____. Amend Senate Bill 3346 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 12, 23, 51, 57, 59, and 64.7 and by adding
6 Section 20.5 as follows:

7 (205 ILCS 305/12) (from Ch. 17, par. 4413)

8 Sec. 12. Regulatory fees.

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

1 this Section:

2 TOTAL ASSETS	REGULATORY FEE
3 \$25,000 or less	\$100
4 Over \$25,000 and not over	
5 \$100,000	\$100 plus \$4 per
	\$1,000 of assets in excess of
	\$25,000
8 Over \$100,000 and not over	
9 \$200,000	\$400 plus \$3 per
	\$1,000 of assets in excess of
	\$100,000
12 Over \$200,000 and not over	
13 \$500,000	\$700 plus \$2 per
	\$1,000 of assets in excess of
	\$200,000
16 Over \$500,000 and not over	
17 \$1,000,000	\$1,300 plus \$1.40
	per \$1,000 of assets in excess
	of \$500,000
20 Over \$1,000,000 and not	
21 over \$5,000,000	\$2,000 plus \$0.50
	per \$1,000 of assets in
	excess of \$1,000,000
24 Over \$5,000,000 and not	
25 over \$30,000,000	\$4,540 plus \$0.397
26	per \$1,000 of assets

1 in excess of \$5,000,000
2 Over \$30,000,000 and not over
3 \$100,000,000\$14,471 plus \$0.34
4 per \$1,000 of assets
5 in excess of \$30,000,000
6 Over \$100,000,000 and not
7 over \$500,000,000\$38,306 plus \$0.17
8 per \$1,000 of assets
9 in excess of \$100,000,000
10 Over \$500,000,000\$106,406 plus \$0.056
11 per \$1,000 of assets
12 in excess of \$500,000,000

13 (2) The Secretary shall review the regulatory fee schedule
14 in subsection (1) and the projected earnings on those fees on
15 an annual basis and adjust the fee schedule no more than 5%
16 annually if necessary to defray the estimated administrative
17 and operational expenses of the Credit Union Section of the
18 Department as defined in subsection (5). However, the fee
19 schedule shall not be increased if the amount remaining in the
20 Credit Union Fund at the end of any fiscal year is greater than
21 25% of the total actual and operational expenses incurred by
22 the State in administering and enforcing the Illinois Credit
23 Union Act and other laws, rules, and regulations as may apply
24 to the administration and enforcement of the foregoing laws,
25 rules, and regulations as amended from time to time for the
26 preceding fiscal year. The regulatory fee for the next fiscal

1 year shall be calculated by the Secretary based on the credit
2 union's total assets as of December 31 of the preceding
3 calendar year. The Secretary shall provide credit unions with
4 written notice of any adjustment made in the regulatory fee
5 schedule.

6 (3) A credit union shall pay to the Department a regulatory
7 fee in quarterly installments equal to one-fourth of the
8 regulatory fee due in accordance with the regulatory fee
9 schedule in subsection (1), on the basis of assets as of the
10 Year-end Call Report of the preceding calendar year. The total
11 annual regulatory fee shall not be less than \$100 or more than
12 \$141,875, provided that the regulatory fee cap of \$141,875
13 shall be adjusted to incorporate the same percentage increase
14 as the Secretary makes in the regulatory fee schedule from time
15 to time under subsection (2). No regulatory fee shall be
16 collected from a credit union until it has been in operation
17 for one year. The regulatory fee shall be billed to credit
18 unions on a quarterly basis and it shall be payable by credit
19 unions on the due date for the Call Report for the subject
20 quarter.

21 (4) The aggregate of all fees collected by the Department
22 under this Act shall be paid promptly after they are received,
23 accompanied by a detailed statement thereof, into the State
24 Treasury and shall be set apart in the Credit Union Fund, a
25 special fund hereby created in the State treasury. The amount
26 from time to time deposited in the Credit Union Fund and shall

1 be used to offset the ordinary administrative and operational
2 expenses of the Credit Union Section of the Department under
3 this Act. All earnings received from investments of funds in
4 the Credit Union Fund shall be deposited into the Credit Union
5 Fund and may be used for the same purposes as fees deposited
6 into that fund. Moneys deposited in the Credit Union Fund may
7 be transferred to the Professions Indirect Cost Fund, as
8 authorized under Section 2105-300 of the Department of
9 Professional Regulation Law of the Civil Administrative Code of
10 Illinois.

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

1 direction to transfer from the Governor.

2 (5) The administrative and operational expenses for any
3 fiscal year shall mean the ordinary and contingent expenses for
4 that year incidental to making the examinations provided for
5 by, and for administering, this Act, including all salaries and
6 other compensation paid for personal services rendered for the
7 State by officers or employees of the State to enforce this
8 Act; all expenditures for telephone and telegraph charges,
9 postage and postal charges, office supplies and services,
10 furniture and equipment, office space and maintenance thereof,
11 travel expenses and other necessary expenses; all to the extent
12 that such expenditures are directly incidental to such
13 examination or administration.

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

1 for the same fiscal year.

2 (6.1) Notwithstanding any provision in subsection (6) of
3 this Section to the contrary, there shall be no issuance of a
4 regulatory fee credit for fiscal years ending June 30, 2020 and
5 June 30, 2021. Notwithstanding any provision in subsection (2)
6 of this Section to the contrary, there shall be no adjustment
7 in the regulatory fee schedule in subsection (1) of this
8 Section for fiscal years ending June 30, 2020 and June 30,
9 2021. This subsection (6.1) is inoperative on and after June
10 30, 2021.

11 (7) (Blank).

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

15 (9) For purposes of this Section, "fiscal year" means a
16 period beginning on July 1 of any calendar year and ending on
17 June 30 of the next calendar year.

18 (Source: P.A. 100-201, eff. 8-18-17.)

19 (205 ILCS 305/20.5 new)

20 Sec. 20.5. Appointment of associate directors.

21 (a) The board of directors of a credit union may, in its
22 discretion, appoint one or more associate directors to serve in
23 an advisory capacity. The board shall prescribe the duties of
24 an associate director and the manner in which associate
25 directors are appointed and removed. The board shall not

1 delegate to associate directors any of the duties or
2 responsibilities prescribed by this Act or other applicable law
3 to be performed by directors duly elected by their members. An
4 associate director shall not be deemed or considered to be a
5 director for any purpose under this Act.

6 (b) Prior to appointing an associate director, the board
7 shall confirm that the person meets all of the requirements to
8 serve as a director, including, without limitation, a working
9 familiarity with the financial and accounting practices of the
10 credit union as set forth in subsection (c) of Section 30.

11 (c) An associate director may participate in meetings of
12 the board but may not vote or otherwise act as a director. With
13 respect to any issue that comes before the board for
14 deliberation, the board may request that all associate
15 directors excuse themselves from the meeting of the board and
16 the associate directors shall immediately comply with the
17 request.

18 (d) The board shall require each associate director to sign
19 a confidentiality and nondisclosure agreement to ensure that
20 information concerning the credit union remains confidential.

21 (205 ILCS 305/23) (from Ch. 17, par. 4424)

22 Sec. 23. Compensation of officials.

23 (1) Directors and committee members may receive reasonable
24 compensation for their service as such, the amount of which
25 shall be set by the board of directors, in accordance with

1 written policies and procedures established by the board of
2 directors. If the Department determines the payment of director
3 or committee member compensation, or both, creates a safety and
4 soundness issue for a credit union, the Department shall
5 utilize the standards set forth in its Regulatory Examination
6 Consistency and Due Process Rule, 38 Ill. Adm. Code 190.25, and
7 supplemental guidelines to address and resolve the issue. An
8 enforcement action taken pursuant to the Rule and guidelines
9 and specified by this Act shall be used to reduce or suspend
10 the compensation paid to the directors and committee members.
11 ~~The Department shall, by rule, establish maximum rates of~~
12 ~~reasonable compensation that are generally applicable to~~
13 ~~credit unions considering factors the Department may establish~~
14 ~~from time to time, including, but not limited to, total assets,~~
15 ~~nonprofit cooperative structure, and the best interests of~~
16 ~~members.~~ "Compensation" as used in this subsection (1) refers
17 to remuneration expense to the credit union for services
18 provided by a director or committee member in his or her
19 capacity as director or committee member. The remuneration
20 expense is in the form of monetary payments and shall be
21 disclosed on an annual basis to the membership in the financial
22 statement that is part of the annual membership meeting
23 materials. The disclosure shall contain: (i) the amount paid to
24 each director and (ii) the amount paid to the directors as a
25 group. "Compensation" does not include any of the expenses
26 described in subsections (2) and (3).

1 (2) The credit union may incur the expense of providing
2 reasonable life, health, accident, and similar insurance
3 protection benefits for directors and committee members.

4 (3) Directors, committee members and employees, while on
5 official business of the credit union, may be reimbursed for
6 reasonable and necessary expenses. Alternatively, the credit
7 union may make direct payment to a third party for such
8 business expenses. Reasonable and necessary expenses may
9 include the payment of travel costs for the foregoing officials
10 and one guest per official. All payment of costs shall be made
11 in accordance with written policies and procedures established
12 by the board of directors.

13 (4) The board of directors may establish compensation for
14 officers of the credit union.

15 (Source: P.A. 101-567, eff. 8-23-19.)

16 (205 ILCS 305/51) (from Ch. 17, par. 4452)

17 Sec. 51. Other loan programs.

18 (1) Subject to such rules and regulations as the Secretary
19 may promulgate, a credit union may participate in loans to
20 credit union members jointly with other credit unions,
21 corporations, or financial institutions. An originating credit
22 union may originate loans only to its own members. A
23 participating credit union that is not the originating lender
24 may participate in loans made to its own members or to members
25 of another participating credit union. "Originating lender"

1 means the participating credit union with which the member
2 contracts. A master participation agreement must be properly
3 executed, and the agreement must include provisions for
4 identifying, either through documents incorporated by
5 reference or directly in the agreement, the participation loan
6 or loans prior to their sale.

7 (2) Any credit union with assets of \$500,000 or more may
8 loan to its members under scholarship programs which are
9 subject to a federal or state law providing 100% repayment
10 guarantee.

11 (3) A credit union may purchase the conditional sales
12 contracts, notes and similar instruments which evidence an
13 indebtedness of its members. In the management of its assets,
14 liabilities, and liquidity, a credit union may purchase the
15 conditional sales contracts, notes, and other similar
16 instruments that evidence the consumer indebtedness of the
17 members of another credit union. "Consumer indebtedness" means
18 indebtedness incurred for personal, family, or household
19 purposes.

20 (4) With approval of the board of directors, a credit union
21 may make loans, either on its own or jointly with other credit
22 unions, corporations or financial institutions, to credit
23 union organizations; provided, that the aggregate amount of all
24 such loans outstanding shall not at any time exceed the greater
25 of 6% ~~3%~~ of the paid-in and unimpaired capital and surplus of
26 the credit union or the amount authorized for federal credit

1 unions.

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

3 (205 ILCS 305/57) (from Ch. 17, par. 4458)

4 Sec. 57. Group purchasing and marketing.

5 (a) A credit union may, consistent with rules and
6 regulations promulgated by the Secretary, enter into
7 cooperative marketing arrangements to facilitate its members'
8 voluntary purchase of such goods and services as are in the
9 interest of improving economic and social conditions of the
10 members.

11 (b) A credit union may create and use descriptive and brand
12 references to promote and market its identity, services, and
13 products to its members. In the case of a merger pursuant to
14 Section 63, the surviving credit union may identify the merging
15 credit union as a division, branch, unit, or other descriptive
16 reference that ensures the members understand they are dealing
17 with one credit union rather than multiple credit unions as of
18 the effective date of the merger.

19 (Source: P.A. 100-361, eff. 8-25-17.)

20 (205 ILCS 305/59) (from Ch. 17, par. 4460)

21 Sec. 59. Investment of funds.

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

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

6 (2) In obligations of any state of the United States,
7 the District of Columbia, the Commonwealth of Puerto Rico,
8 and the several territories organized by Congress, or any
9 political subdivision thereof; however, a credit union may
10 not invest more than 10% of its unimpaired capital and
11 surplus in the obligations of one issuer, exclusive of
12 general obligations of the issuer, and investments in
13 municipal securities must be limited to securities rated in
14 one of the 4 highest rating categories by a nationally
15 recognized statistical rating organization;

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

24 (4) In shares, classes of shares or share certificates
25 of other credit unions, including, but not limited to
26 corporate credit unions; provided that such credit unions

1 have their members' accounts insured by the NCUA or other
2 approved insurers, and that if the members' accounts are so
3 insured, a credit union's investment may exceed the insured
4 limit on accounts;

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

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

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

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

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

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

25 (i) the board of directors has established a
26 written policy that addresses corporate bond

1 investment procedures and how the credit union will
2 manage credit risk, interest rate risk, liquidity
3 risk, and concentration risk; and

4 (ii) the credit union has documented in its records
5 that a credit analysis of a particular investment and
6 the issuing entity was conducted by the credit union, a
7 third party on behalf of the credit union qualified by
8 education or experience to assess the risk
9 characteristics of corporate bonds, or a nationally
10 recognized statistical rating agency before purchasing
11 the investment and the analysis is updated at least
12 annually for as long as it holds the investment;

13 (11) To aid in the credit union's management of its
14 assets, liabilities, and liquidity in the purchase of an
15 investment interest in a pool of loans, in whole or in part
16 and without regard to the membership of the borrowers, from
17 other depository institutions and financial type
18 institutions, including mortgage banks, finance companies,
19 insurance companies, and other loan sellers, subject to
20 such safety and soundness standards, limitations, and
21 qualifications as the Department may establish by rule or
22 guidance from time to time;

23 (12) To aid in the credit union's management of its
24 assets, liabilities, and liquidity by receiving funds from
25 another financial institution as evidenced by certificates
26 of deposit, share certificates, or other classes of shares

1 issued by the credit union to the financial institution;
2 and

3 (13) In the purchase and assumption of assets held by
4 other financial institutions, with approval of the
5 Secretary and subject to any safety and soundness
6 standards, limitations, and qualifications as the
7 Department may establish by rule or guidance from time to
8 time.

9 (b) As used in this Section:

10 "Political subdivision" includes, but is not limited to,
11 counties, townships, cities, villages, incorporated towns,
12 school districts, educational service regions, special road
13 districts, public water supply districts, fire protection
14 districts, drainage districts, levee districts, sewer
15 districts, housing authorities, park districts, and any
16 agency, corporation, or instrumentality of a state or its
17 political subdivisions, whether now or hereafter created and
18 whether herein specifically mentioned or not.

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

22 (c) A credit union investing to fund an employee benefit
23 plan obligation is not subject to the investment limitations of
24 this Act and this Section and may purchase an investment that
25 would otherwise be impermissible if the investment is directly
26 related to the credit union's obligation under the employee

1 benefit plan and the credit union holds the investment only for
2 so long as it has an actual or potential obligation under the
3 employee benefit plan.

4 (d) If a credit union acquires loans from another financial
5 institution or financial-type institution pursuant to this
6 Section, the credit union shall be authorized to provide loan
7 servicing and collection services in connection with those
8 loans.

9 (Source: P.A. 100-361, eff. 8-25-17; 100-778, eff. 8-10-18;
10 101-567, eff. 8-23-19.)

11 (205 ILCS 305/64.7)

12 Sec. 64.7. Network credit unions.

13 (a) Two or more credit unions merging pursuant to Section
14 63 of this Act may elect to request a network credit union
15 designation for the surviving credit union from the Secretary.
16 The request shall be set forth in the plan of merger and
17 certificate of merger executed by the credit unions and
18 submitted to the Secretary pursuant to subsection (4) of
19 Section 63. The Secretary's approval of a certificate of merger
20 containing a network credit union designation request shall
21 constitute approval of the use of the network designation as a
22 brand or other identifier of the surviving credit union. If the
23 surviving credit union desires to include the network
24 designation in its legal name, make any other change to its
25 legal name, or both, it shall proceed with an amendment to the

1 articles of incorporation and bylaws of the surviving credit
2 union pursuant to Section 4 of this Act.

3 (b) A network credit union is a cooperative business
4 structure comprised of 2 or more merging credit unions with a
5 collective goal of efficiently serving their combined
6 membership and gaining economies of scale through common
7 vision, strategy and initiative. The merging credit unions
8 shall be identified as divisional credit unions, branches, or
9 units of the network credit union or by other descriptive
10 references that ensure the members understand they are dealing
11 with one credit union rather than multiple credit unions.
12 Descriptive and brand references may also be created and used
13 to promote the identity, services, and products of the network
14 credit union to its members.

15 (c) Each divisional credit union may have an advisory board
16 of directors and a chief management official to assist in
17 maintaining and leveraging its respective local identity for
18 the benefit of the surviving credit union. The divisional
19 credit union advisory boards shall be appointed by the network
20 credit union board of directors. Each divisional credit union's
21 advisory board of directors may appoint a divisional credit
22 union chief management official and may also appoint one of its
23 directors to serve on the network credit union's nominating
24 committee. A divisional credit union may determine to identify
25 its advisory board as a committee and its divisional chief
26 management official with a title it deems reasonable and

1 appropriate. The network credit union board of directors shall
2 require each advisory board member to sign a confidentiality
3 and nondisclosure agreement to ensure that information
4 concerning the credit union remains confidential.

5 (d) The network credit union is the surviving legal entity
6 in the merger and supervision, examination, audit, reporting,
7 governance, and management shall be conducted or performed at
8 the network credit union level. All share insurance, safety and
9 soundness, and statutory and regulatory requirements and
10 limitations shall be evaluated at the network credit union
11 level.

12 (Source: P.A. 99-614, eff. 7-22-16; 100-361, eff. 8-25-17.)

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