



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB1534

Introduced 2/26/2021, by Sen. Antonio Muñoz

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Credit Union Act. In provisions concerning service to the economically disadvantaged, provides that members of a targeted population may be admitted to membership in a credit union. Provides that notice of a meeting of credit union members may be posted on the credit union's website. Provides that unless expressly prohibited by the articles of incorporation or bylaws, the board of directors may provide by resolution that members may attend, participate in, act in, and vote at any annual meeting or special meeting through the use of a conference telephone or interactive technology, subject to specified conditions. Sets forth provisions concerning appointment of associate directors. In provisions concerning compensation of officials, provides that if the Department of Financial and Professional Regulation determines the payment of director or committee member compensation creates a safety and soundness issue for a credit union, the Department may take an enforcement action to reduce or suspend the compensation. Provides that the board of directors shall hold regular meetings at least once each month; however, upon approval of an amendment to the bylaws of the credit union, the board of directors may hold meetings less frequently than once each month but at least once each quarter. Provides that a credit union shall select an annual reporting period, complete an external audit report, agreed-upon procedures report, and internal audit report, and deliver copies to the Secretary of Financial and Professional Regulation no later than 120 days after the end of the annual reporting period. In provisions concerning loan programs and provisions concerning investment of funds, allows a credit union to make loans to or invest in credit union service organizations in a total amount not exceeding the greater of 6% (rather than 3%) of specified amounts. Provides that a surviving credit union may identify the merging credit union as a division, branch, unit, or other descriptive reference. Provides that the network credit union board of directors shall require each advisory board member to sign a confidentiality or non-disclosure agreement. Defines "target market". Makes other changes.

LRB102 10353 BMS 15680 b

1 AN ACT concerning regulation.

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

4 Section 5. The Illinois Credit Union Act is amended by
5 changing Sections 16.1, 19, 23, 29, 34, 51, 57, 59, and 64.7
6 and by adding Section 20.5 as follows:

7 (205 ILCS 305/16.1)

8 Sec. 16.1. Service to the economically disadvantaged.

9 (a) Persons who reside in investment areas or persons who
10 are members of a targeted population, as defined in the
11 Community Development Banking and Financial Institutions Act
12 of 1994 (12 U.S.C. 4701 et seq. 4702) and regulations issued
13 thereunder identified by the U.S. Department of the Treasury
14 (12 CFR 1805.104 et seq.), may be admitted to membership in a
15 credit union that determines to serve ~~serves~~ the investment
16 area or members of the targeted population, or both ~~by~~
17 ~~maintaining a facility in the area.~~ The credit union may serve
18 the investment area or members of the targeted population, or
19 both, directly or indirectly or through borrowers or investees
20 that respectively serve the investment area or the members of
21 the targeted population, or both.

22 (b) As used in ~~For purposes of~~ this Section, "target
23 market" means an investment area or a targeted population, or

1 both, as defined under the U.S. Department of the Treasury
2 regulations identified in subsection (a). ~~a "facility" means a~~
3 ~~credit union owned branch, a shared branch, an office operated~~
4 ~~on a regularly scheduled weekly basis, or a credit union owned~~
5 ~~electronic facility that meets, at a minimum, the requirements~~
6 ~~of accepting shares for members' accounts, accepting loan~~
7 ~~applications and disbursing loans, but does not include an~~
8 ~~ATM.~~

9 (c) ~~(b)~~ Credit unions desiring to serve the economically
10 disadvantaged in accordance with this Section shall do so
11 pursuant to a written business plan that shall document the
12 fact that the target market area meets the criteria of this
13 Section, identify the credit and depository needs of the
14 target market area, identify the services to be delivered, and
15 describe the manner in which the services will be delivered.
16 The credit union shall regularly review the business plan to
17 determine whether the target market area is being adequately
18 served and shall provide to the Secretary periodic service
19 status reports that describe how the needs of the target
20 market area are being met.

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

22 (205 ILCS 305/19) (from Ch. 17, par. 4420)

23 Sec. 19. Meeting of members.

24 (1) (a) The annual meeting shall be held each year during
25 the months of January, February or March or such other month as

1 may be approved by the Department. The meeting shall be held at
2 the time, place and in the manner set forth in the bylaws. Any
3 special meetings of the members of the credit union shall be
4 held at the time, place and in the manner set forth in the
5 bylaws. Unless otherwise set forth in this Act, quorum
6 requirements for meetings of members shall be established by a
7 credit union in its bylaws. Notice of all meetings must be
8 given by the secretary of the credit union at least 7 days
9 before the date of such meeting, either by handing a written or
10 printed notice to each member of the credit union, by mailing
11 the notice to the member at his address as listed on the books
12 and records of the credit union, ~~or~~ by posting a notice of the
13 meeting in three conspicuous places, including the office of
14 the credit union, by posting the notice of the meeting on the
15 credit union's website, or by disclosing the notice of the
16 meeting in membership newsletters or account statements.

17 (b) Unless expressly prohibited by the articles of
18 incorporation or bylaws and subject to applicable requirements
19 of this Act, the board of directors may provide by resolution
20 that members may attend, participate in, act in, and vote at
21 any annual meeting or special meeting through the use of a
22 conference telephone or interactive technology, including, but
23 not limited to, electronic transmission, internet usage, or
24 remote communication, by means of which all persons
25 participating in the meeting can communicate with each other.
26 Participation through the use of a conference telephone or

1 interactive technology shall constitute attendance, presence,
2 and representation in person at the annual meeting or special
3 meeting of the person or persons so participating and count
4 towards the quorum required to conduct business at the
5 meeting. The following conditions shall apply to any virtual
6 meeting of the members:

7 (i) the credit union must internally possess or retain
8 the technological capacity to facilitate virtual meeting
9 attendance, participation, communication, and voting; and

10 (ii) the members must receive notice of the use of a
11 virtual meeting format and appropriate instructions for
12 joining, participating, and voting during the virtual
13 meeting at least 7 days before the virtual meeting.

14 (2) On all questions and at all elections, except election
15 of directors, each member has one vote regardless of the
16 number of his shares. There shall be no voting by proxy except
17 on the election of directors, proposals for merger or
18 voluntary dissolution. Members may vote on questions,
19 including, without limitation, the approval of mergers and
20 voluntary dissolutions under this Act, and in elections by
21 secure electronic record if approved by the board of
22 directors. All voting on the election of directors shall be by
23 ballot, but when there is no contest, written or electronic
24 ballots need not be cast. The record date to be used for the
25 purpose of determining which members are entitled to notice of
26 or to vote at any meeting of members, may be fixed in advance

1 by the directors on a date not more than 90 days nor less than
2 10 days prior to the date of the meeting. If no record date is
3 fixed by the directors, the first day on which notice of the
4 meeting is given, mailed or posted is the record date.

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

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

18 (5) As used in this Section, "electronic" and "electronic
19 record" have the meanings ascribed to those terms in the
20 Electronic Commerce Security Act. As used in this Section,
21 "secured electronic record" means an electronic record that
22 meets the criteria set forth in Section 10-105 of the
23 Electronic Commerce Security Act.

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

25 (205 ILCS 305/20.5 new)

1 Sec. 20.5. Appointment of associate directors.

2 (a) The board of directors of a credit union may, in its
3 discretion, appoint one or more associate directors to serve
4 in an advisory capacity. The board shall prescribe the duties
5 of an associate director and the manner in which associate
6 directors are appointed and removed. The board shall not
7 delegate to associate directors any of the duties or
8 responsibilities prescribed by this Act or other applicable
9 law to be performed by directors duly elected by their
10 members. An associate director shall not be deemed or
11 considered to be a director for any purpose under this Act.

12 (b) Before appointing an associate director, the board
13 shall confirm that the person meets all of the requirements to
14 serve as a director, including, without limitation, a working
15 familiarity with the financial and accounting practices of the
16 credit union as set forth in subsection (c) of Section 30.

17 (c) An associate director may participate in meetings of
18 the board but may not vote or otherwise act as a director. With
19 respect to any issue that comes before the board for
20 deliberation, the board may request that all associate
21 directors excuse themselves from the meeting of the board and
22 the associate directors shall immediately comply with the
23 request.

24 (d) The board shall require each associate director to
25 sign a confidentiality or non-disclosure agreement to ensure
26 that information concerning the credit union remains

1 confidential.

2 (205 ILCS 305/23) (from Ch. 17, par. 4424)

3 Sec. 23. Compensation of officials.

4 (1) Directors and committee members may receive reasonable
5 compensation for their service as such, the amount of which
6 shall be set by the board of directors, in accordance with
7 written policies and procedures established by the board of
8 directors. If the Department determines the payment of
9 director or committee member compensation, or both, creates a
10 safety and soundness issue for a credit union, the Department
11 shall utilize the standards set forth in 38 Ill. Adm. Code
12 190.25 and supplemental guidelines to address and resolve the
13 issue. An enforcement action taken pursuant to 38 Ill. Adm.
14 Code 190.25 and guidelines and specified by the Act shall be
15 used to reduce or suspend the compensation paid to the
16 directors and committee members. ~~The Department shall, by~~
17 ~~rule, establish maximum rates of reasonable compensation that~~
18 ~~are generally applicable to credit unions considering factors~~
19 ~~the Department may establish from time to time, including, but~~
20 ~~not limited to, total assets, nonprofit cooperative structure,~~
21 ~~and the best interests of members.~~ "Compensation" as used in
22 this subsection (1) refers to remuneration expense to the
23 credit union for services provided by a director or committee
24 member in his or her capacity as director or committee member.
25 The remuneration expense is in the form of monetary payments

1 and shall be disclosed on an annual basis to the membership in
2 the financial statement that is part of the annual membership
3 meeting materials. The disclosure shall contain: (i) the
4 amount paid to each director and (ii) the amount paid to the
5 directors as a group. "Compensation" does not include any of
6 the expenses described in subsections (2) and (3) of this
7 Section.

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

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

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

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

23 (205 ILCS 305/29) (from Ch. 17, par. 4430)

24 Sec. 29. Meetings of directors.

25 (1) The board of directors shall meet as often as

1 necessary as prescribed in the bylaws. The board of directors
2 shall hold regular meetings at least once each month; however,
3 upon approval of an amendment to the bylaws of the credit
4 union, the board of directors may hold meetings less
5 frequently than once each month but at least once each
6 quarter. The board of directors may meet quarterly without the
7 prior approval of the Secretary if an executive committee has
8 been appointed by the board of directors and the executive
9 committee meets in each month that the board of directors does
10 not meet. A special meeting of the board of directors may be
11 held as provided in the bylaws. ~~The board of directors and the~~
12 ~~executive committee shall meet as often as necessary, but one~~
13 ~~body must meet at least monthly and the other at least~~
14 ~~quarterly, as prescribed in the bylaws.~~ Unless a greater
15 number is required by the bylaws, a majority of the whole board
16 of directors shall constitute a quorum. The act of a majority
17 of the directors present at a meeting at which a quorum is
18 present shall be the act of the board of directors unless the
19 act of a greater number is required by this Act, the credit
20 union's articles of incorporation or the bylaws.

21 (2) Unless specifically prohibited by the articles of
22 incorporation or bylaws, directors and committee members may
23 participate in and act at any meeting of the board or committee
24 through the use of a conference telephone or other
25 communications equipment by means of which all persons
26 participating in the meeting can communicate with each other.

1 Participation in the meeting shall constitute attendance and
2 presence in person at the meeting of the person or persons so
3 participating.

4 (3) Unless specifically prohibited by the articles of
5 incorporation or bylaws, any action required by this Act to be
6 taken at a meeting of the board of directors or a committee and
7 any other action that may be taken at a meeting of the board of
8 directors or a committee may be taken without a meeting if a
9 consent in writing setting forth the action taken is signed by
10 all the directors entitled to vote with respect to the subject
11 matter thereof, or by all members of the committee, as the case
12 may be. The consent shall be evidenced by one or more written
13 approvals, each of which sets forth the action taken and bears
14 the signatures of one or more directors or committee members.
15 All the approvals evidencing the consent shall be delivered to
16 the secretary to be filed in the corporate records of the
17 credit union. The action taken shall be effective when all the
18 directors or committee members have approved the consent
19 unless the consent specifies a different effective date. A
20 consent signed by all the directors or all the members of a
21 committee shall have the same effect as a unanimous vote, and
22 may be stated as such in any document filed with the director
23 under this Act.

24 (Source: P.A. 89-603, eff. 8-2-96.)

25 (205 ILCS 305/34) (from Ch. 17, par. 4435)

1 Sec. 34. Duties of supervisory committee.

2 (1) The supervisory committee shall make or cause to be
3 made an annual internal audit of the books and affairs of the
4 credit union to determine that the credit union's accounting
5 records and reports are prepared promptly and accurately
6 reflect operations and results, that internal controls are
7 established and effectively maintained to safeguard the assets
8 of the credit union, and that the policies, procedures and
9 practices established by the board of directors and management
10 of the credit union are being properly administered. The
11 supervisory committee shall submit a report of that audit to
12 the board of directors and a summary of that report to the
13 members at the next annual meeting of the credit union. It
14 shall make or cause to be made such supplementary audits as it
15 deems necessary or as are required by the Secretary or by the
16 board of directors, and submit reports of these supplementary
17 audits to the Secretary or board of directors as applicable.
18 If the supervisory committee has not engaged a licensed
19 certified public accountant or licensed certified public
20 accounting firm to make the internal audit, the supervisory
21 committee or other officials of the credit union shall not
22 indicate or in any manner imply that such audit has been
23 performed by a licensed certified public accountant or
24 licensed certified public accounting firm or that the audit
25 represents the independent opinion of a licensed certified
26 public accountant or licensed certified public accounting

1 firm. The supervisory committee must retain its tapes and
2 working papers of each internal audit for inspection by the
3 Department. The report of this audit must be made on a form
4 approved by the Secretary. A copy of the report must be
5 promptly delivered to the Secretary.

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

10 (3) (A) The supervisory committee of a credit union with
11 assets of \$10,000,000 or more shall engage a licensed
12 certified public accountant or licensed certified public
13 accounting firm to perform an annual external independent
14 audit of the credit union's financial statements in accordance
15 with generally accepted auditing standards and the financial
16 statements shall be issued in accordance with accounting
17 principles generally accepted in the United States of America.

18 (B) The supervisory committee of a credit union with
19 assets of \$5,000,000 or more, but less than \$10,000,000, shall
20 engage a licensed certified public accountant or licensed
21 certified public accounting firm to perform on an annual
22 basis: (i) an agreed-upon procedures engagement under
23 attestation standards established by the American Institute of
24 Certified Public Accountants to minimally satisfy the
25 supervisory committee internal audit standards set forth in
26 subsection (1); or (ii) an external independent audit of the

1 credit union's financial statements pursuant to the standards
2 set forth in paragraph (A) of subsection (3).

3 (C) Notwithstanding anything to the contrary in Section 6,
4 each credit union organized under this Act shall select the
5 annual period it desires to use for purposes of performing the
6 external audit, agreed-upon procedures report, or internal
7 audit described in this Section. The annual period may end on
8 the final day of any month. Irrespective of the annual period
9 selected, the credit union shall complete its external audit
10 report, agreed-upon procedures report, or internal audit
11 report and deliver copies to the Secretary no later than 120
12 days after the end of the annual period selected for which the
13 reports were prepared. ~~The external independent audit report~~
14 ~~or agreed-upon procedures report shall be completed and a copy~~
15 ~~thereof delivered to the Secretary no later than 120 days~~
16 ~~after the end of the calendar or fiscal year under audit or~~
17 ~~fiscal period for which the agreed upon procedures are~~
18 ~~performed.~~ A credit union or group of credit unions may obtain
19 an extension of the due date upon application to and receipt of
20 written approval from the Secretary.

21 (D) If the credit union engages a licensed certified
22 public accountant or licensed certified public accounting firm
23 to perform an annual external independent audit of the credit
24 union's financial statements pursuant to the standards in
25 paragraph (A) of subsection (3) or an annual agreed-upon
26 procedures engagement pursuant to the standards in paragraph

1 (B) of subsection (3), then the annual internal audit
2 requirements of subsection (1) shall be deemed satisfied and
3 met in all respects.

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

8 (A) the methodology used to determine the defined
9 period of time is formally documented in the credit
10 union's policies and procedures and is appropriate to the
11 credit union's size, business strategy, and loan portfolio
12 characteristics and the economic environment of the areas
13 and employers served by the credit union;

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

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

1 (5) A majority of the members of the supervisory committee
2 shall constitute a quorum.

3 (6) On an annual basis commencing January 1, 2015, the
4 members of the supervisory committee shall receive training
5 related to their statutory duties. Supervisory committee
6 members may receive the training through internal credit union
7 training, external training offered by the credit union's
8 retained auditors, trade associations, vendors, regulatory
9 agencies, or any other sources or on-the-job experience, or a
10 combination of those activities. The training may be received
11 through any medium, including, but not limited to,
12 conferences, workshops, audit closing meetings, seminars,
13 teleconferences, webinars, and other Internet-based delivery
14 channels.

15 (Source: P.A. 100-778, eff. 8-10-18; 101-81, eff. 7-12-19.)

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

1 authorized for federal credit unions.

2 (5) With the approval of the board of directors, a credit
3 union may make loans, either on its own or jointly with other
4 credit unions, corporations, or financial institutions, to
5 community development financial institutions as defined in
6 regulations issued by the U.S. Department of the Treasury and
7 minority deposit institutions as defined by the National
8 Credit Union Administration. The aggregate amount of all such
9 loans outstanding shall not at any time exceed 5% of the
10 paid-in and unimpaired capital and surplus of the credit
11 union.

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

13 (205 ILCS 305/57) (from Ch. 17, par. 4458)

14 Sec. 57. Group purchasing and marketing.

15 (a) A credit union may, consistent with rules and
16 regulations promulgated by the Secretary, enter into
17 cooperative marketing arrangements to facilitate its members'
18 voluntary purchase of such goods and services as are in the
19 interest of improving economic and social conditions of the
20 members.

21 (b) A credit union may create and use descriptive and
22 brand references to promote and market its identity, services,
23 and products to its members. In the case of a merger pursuant
24 to Section 63, the surviving credit union may identify the
25 merging credit union as a division, branch, unit, or other

1 descriptive reference that ensures the members understand they
2 are dealing with one credit union rather than multiple credit
3 unions, as of the effective date of the merger.

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

5 (205 ILCS 305/59) (from Ch. 17, par. 4460)

6 Sec. 59. Investment of funds.

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

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

15 (2) In obligations of any state of the United States,
16 the District of Columbia, the Commonwealth of Puerto Rico,
17 and the several territories organized by Congress, or any
18 political subdivision thereof; however, a credit union may
19 not invest more than 10% of its unimpaired capital and
20 surplus in the obligations of one issuer, exclusive of
21 general obligations of the issuer, and investments in
22 municipal securities must be limited to securities rated
23 in one of the 4 highest rating categories by a nationally
24 recognized statistical rating organization;

25 (3) In certificates of deposit or passbook type

1 accounts issued by a state or national bank, mutual
2 savings bank or savings and loan association; provided
3 that such institutions have their accounts insured by the
4 Federal Deposit Insurance Corporation or the Federal
5 Savings and Loan Insurance Corporation; but provided,
6 further, that a credit union's investment in an account in
7 any one institution may exceed the insured limit on
8 accounts;

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

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

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

24 (7) In shares, stocks or obligations of other
25 financial institutions in the total amount not exceeding
26 5% of the unimpaired capital and surplus of the credit

1 union;

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

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

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

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

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

26 (11) To aid in the credit union's management of its

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

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

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

22 (14) In the shares, stocks, or obligations of
23 community development financial institutions as defined in
24 regulations issued by the U.S. Department of the Treasury
25 and minority deposit institutions as defined by the
26 National Credit Union Administration; the aggregate amount

1 of all such investments shall not at any time exceed 5% of
2 the paid-in and unimpaired capital and surplus of the
3 credit union.

4 (b) As used in this Section:

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

14 "Financial institution" includes any bank, savings bank,
15 savings and loan association, or credit union established
16 under the laws of the United States, this State, or any other
17 state.

18 (c) A credit union investing to fund an employee benefit
19 plan obligation is not subject to the investment limitations
20 of this Act and this Section and may purchase an investment
21 that would otherwise be impermissible if the investment is
22 directly related to the credit union's obligation under the
23 employee benefit plan and the credit union holds the
24 investment only for so long as it has an actual or potential
25 obligation under the employee benefit plan.

26 (d) If a credit union acquires loans from another

1 financial institution or financial-type institution pursuant
2 to this Section, the credit union shall be authorized to
3 provide loan servicing and collection services in connection
4 with those loans.

5 (Source: P.A. 100-361, eff. 8-25-17; 100-778, eff. 8-10-18;
6 101-567, eff. 8-23-19.)

7 (205 ILCS 305/64.7)

8 Sec. 64.7. Network credit unions.

9 (a) Two or more credit unions merging pursuant to Section
10 63 of this Act may elect to request a network credit union
11 designation for the surviving credit union from the Secretary.
12 The request shall be set forth in the plan of merger and
13 certificate of merger executed by the credit unions and
14 submitted to the Secretary pursuant to subsection (4) of
15 Section 63. The Secretary's approval of a certificate of
16 merger containing a network credit union designation request
17 shall constitute approval of the use of the network
18 designation as a brand or other identifier of the surviving
19 credit union. If the surviving credit union desires to include
20 the network designation in its legal name, make any other
21 change to its legal name, or both, it shall proceed with an
22 amendment to the articles of incorporation and bylaws of the
23 surviving credit union pursuant to Section 4 of this Act.

24 (b) A network credit union is a cooperative business
25 structure comprised of 2 or more merging credit unions with a

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

11 (c) Each divisional credit union may have an advisory
12 board of directors and a chief management official to assist
13 in maintaining and leveraging its respective local identity
14 for the benefit of the surviving credit union. The divisional
15 credit union advisory boards shall be appointed by the network
16 credit union board of directors. Each divisional credit
17 union's advisory board of directors may appoint a divisional
18 credit union chief management official and may also appoint
19 one of its directors to serve on the network credit union's
20 nominating committee. A divisional credit union may determine
21 to identify its advisory board as a committee and its
22 divisional chief management official with a title it deems
23 reasonable and appropriate. The network credit union board of
24 directors shall require each advisory board member to sign a
25 confidentiality or non-disclosure agreement to ensure that
26 information concerning the credit union remains confidential.

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

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

1	INDEX	
2	Statutes amended in order of appearance	
3	205 ILCS 305/16.1	
4	205 ILCS 305/19	from Ch. 17, par. 4420
5	205 ILCS 305/20.5 new	
6	205 ILCS 305/23	from Ch. 17, par. 4424
7	205 ILCS 305/29	from Ch. 17, par. 4430
8	205 ILCS 305/34	from Ch. 17, par. 4435
9	205 ILCS 305/51	from Ch. 17, par. 4452
10	205 ILCS 305/57	from Ch. 17, par. 4458
11	205 ILCS 305/59	from Ch. 17, par. 4460
12	205 ILCS 305/64.7	