

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, 20, 29, and 48 as follows:

6 (205 ILCS 305/16) (from Ch. 17, par. 4417)

7 Sec. 16. Societies and associations. Societies,
8 associations, clubs, partnerships, corporations, and limited
9 liability companies in which one or more ~~the majority~~ of the
10 members, partners, or shareholders are individuals who are
11 eligible for credit union membership may be admitted to
12 membership in a credit union in the same manner and under the
13 same conditions as individuals, subject to such rules as the
14 Secretary and the Director may promulgate hereunder. Any
15 members, partners, or shareholders who are ineligible for
16 membership in the credit union shall not become eligible by
17 virtue of the eligibility of the entity in which they hold an
18 ownership interest.

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

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

21 Sec. 20. Election or appointment of officials.

22 (1) The credit union shall be directed by a board of

1 directors consisting of no less than 7 in number, to be elected
2 at the annual meeting by and from the members. Directors shall
3 hold office until the next annual meeting, unless their terms
4 are staggered. Upon amendment of its bylaws, a credit union
5 may divide the directors into 2 or 3 classes with each class as
6 nearly equal in number as possible. The term of office of the
7 directors of the first class shall expire at the first annual
8 meeting after their election, that of the second class shall
9 expire at the second annual meeting after their election, and
10 that of the third class, if any, shall expire at the third
11 annual meeting after their election. At each annual meeting
12 after the classification, the number of directors equal to the
13 number of directors whose terms expire at the time of the
14 meeting shall be elected to hold office until the second
15 succeeding annual meeting if there are 2 classes or until the
16 third succeeding annual meeting if there are 3 classes. A
17 director shall hold office for the term for which he or she is
18 elected and until his or her successor is elected and
19 qualified.

20 (1.5) Except as provided in subsection (1.10), in all
21 elections for directors, every member has the right to vote,
22 in person, by proxy, or by electronic record if approved by the
23 board of directors, the number of shares owned by him, or in
24 the case of a member other than a natural person, the member's
25 one vote, for as many persons as there are directors to be
26 elected, or to cumulate such shares, and give one candidate as

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

20 (1.10) Upon amendment of a credit union's bylaws, in all
21 elections for directors, every member who is a natural person
22 shall have the right to cast one vote, regardless of the number
23 of his or her shares, in person, by proxy, or by electronic
24 record if approved by the board of directors, for as many
25 persons as there are directors to be elected.

26 (1.15) If the board of directors has adopted a policy

1 addressing age eligibility standards on voting, holding
2 office, or petitioning the board, then a credit union may
3 require (i) that members be at least 18 years of age by the
4 date of the meeting in order to vote at meetings of the
5 members, sign nominating petitions, or sign petitions
6 requesting special meetings, and (ii) that members be at least
7 18 years of age by the date of election or appointment in order
8 to hold elective or appointive office.

9 (2) The board of directors shall appoint from among the
10 members of the credit union, a supervisory committee of not
11 less than 3 members at the organization meeting and within 30
12 days following each annual meeting of the members for such
13 terms as the bylaws provide. Members of the supervisory
14 committee may, but need not be, on the board of directors, but
15 shall not be officers of the credit union, ~~members of the~~
16 ~~credit committee, or the credit manager if no credit committee~~
17 ~~has been appointed.~~

18 (3) The board of directors may appoint, from among the
19 members of the credit union, a credit committee consisting of
20 an odd number, not less than 3 for such terms as the bylaws
21 provide. Members of the credit committee may, but need not be,
22 directors or officers of the credit union, ~~but shall not be~~
23 ~~members of the supervisory committee.~~

24 (4) The board of directors may appoint from among the
25 members of the credit union a membership committee of one or
26 more persons. If appointed, the committee shall act upon all

1 applications for membership and submit a report of its actions
2 to the board of directors at the next regular meeting for
3 review. If no membership committee is appointed, credit union
4 management shall act upon all applications for membership and
5 submit a report of its actions to the board of directors at the
6 next regular meeting for review.

7 (5) The board of directors may appoint, from among the
8 members of the credit union, a nominating committee of 3 or
9 more persons. Members of the nominating committee may, but
10 need not, be directors or officers of the credit union, but may
11 not be members of the supervisory committee. The appointment,
12 if made, shall be made in a timely manner to permit the
13 nominating committee to recruit, evaluate, and nominate
14 eligible candidates for each position to be filled in the
15 election of directors or, in the event of a vacancy in office,
16 to be filled by appointment of the board of directors for the
17 remainder of the unexpired term of the director creating the
18 vacancy. Factors the nominating committee may consider in
19 evaluating prospective candidates include whether a candidate
20 possesses or is willing to acquire through training the
21 requisite skills and qualifications to carry out the statutory
22 duties of a director. The board of directors may delegate to
23 the nominating committee the recruitment, evaluation, and
24 nomination of eligible candidates to serve on committees and
25 in executive officer positions.

26 (6) The board of directors may create one or more other

1 committees in addition to the committees identified in this
2 Section and appoint directors or such other persons as the
3 board designates to serve on the committee or committees. Any
4 such committee shall serve at the pleasure of the board of
5 directors and it shall not act on behalf of the credit union or
6 bind it to any action, but it may make recommendations to the
7 board of directors.

8 (7) (a) The board of directors may appoint an individual as
9 a registered agent for the credit union. The name of the
10 registered agent appointed by the board of directors shall be
11 identified in the annual report filed by the credit union on
12 the annual report form supplied by the Department. The
13 business office of the registered agent shall be the same as
14 the principal place of business of the credit union. Any
15 process, notice, or demand required or permitted by law to be
16 served upon the credit union may be served upon the registered
17 agent appointed by the credit union.

18 (b) A credit union that has appointed a registered
19 agent shall post on its website the name of its registered
20 agent, the address of its principal place of business, and
21 that the appointment was authorized by action of the board
22 of directors.

23 (c) A credit union that has appointed a registered
24 agent may change its registered agent at any time by
25 posting on its website a statement setting forth the
26 following:

1 (i) the address of its principal place of
2 business,

3 (ii) the name of its existing registered agent,

4 (iii) the name of its successor registered agent,

5 and

6 (iv) that the change was authorized by action of
7 the board of directors.

8 (d) A registered agent may resign at any time by
9 submitting written notice thereof to the credit union at
10 its principal place of business. The notice shall set
11 forth the following:

12 (i) the name of the credit union for which the
13 registered agent is acting,

14 (ii) the address of the principal place of
15 business of the credit union,

16 (iii) the name of the registered agent,

17 (iv) that the registered agent is resigning, and

18 (v) the effective date of the resignation, which
19 shall not be less than 30 days after the date of filing
20 of the notice.

21 (8) ~~(6)~~ The use of electronic records for member voting
22 pursuant to this Section shall employ a security procedure
23 that meets the attribution criteria set forth in Section 9 of
24 the Uniform Electronic Transactions Act.

25 (9) ~~(7)~~ As used in this Section, "electronic", "electronic
26 record", and "security procedure" have the meanings ascribed

1 to those terms in the Uniform Electronic Transactions Act. ~~the~~
2 (Source: P.A. 102-38, eff. 6-25-21; 102-687, eff. 12-17-21;
3 102-774, eff. 5-13-22; 102-858, eff. 5-13-22; revised 8-3-22.)

4 (205 ILCS 305/29) (from Ch. 17, par. 4430)

5 Sec. 29. Meetings of directors.

6 (1) The board of directors and the executive committee
7 shall meet as often as necessary, but one body must meet at
8 least monthly and the other at least quarterly, as prescribed
9 in the bylaws. Unless a greater number is required by the
10 bylaws, a majority of the whole board of directors shall
11 constitute a quorum. The act of a majority of the directors
12 present at a meeting at which a quorum is present shall be the
13 act of the board of directors unless the act of a greater
14 number is required by this Act, the credit union's articles of
15 incorporation or the bylaws.

16 (1.5) Notwithstanding anything to the contrary in
17 subsection (1), the board of directors of a credit union with a
18 composite rating of either 1 or 2 under the Uniform Financial
19 Institutions Rating System known as the CAMELS supervisory
20 rating system (or an equivalent rating under a comparable
21 rating system) and a management rating under such composite
22 rating of either 1 or 2 may meet not less than 6 times
23 annually, with at least one meeting held during each fiscal
24 quarter. This meeting frequency schedule shall be available to
25 an eligible credit union irrespective of whether it has

1 appointed an executive committee pursuant to Section 28.

2 (2) Unless specifically prohibited by the articles of
3 incorporation or bylaws, directors and committee members may
4 participate in and act at any meeting of the board or committee
5 through the use of a conference telephone or other
6 communications equipment by means of which all persons
7 participating in the meeting can communicate with each other.
8 Participation in the meeting shall constitute attendance and
9 presence in person at the meeting of the person or persons so
10 participating.

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

1 consent signed by all the directors or all the members of a
2 committee shall have the same effect as a unanimous vote, and
3 may be stated as such in any document filed with the director
4 under this Act.

5 (4) (a) As used in this subsection:

6 "Affiliate" means an organization established to serve
7 the needs of credit unions, the business of which relates
8 to the daily operations of credit unions.

9 "Compliance review documents" means reports, meeting
10 minutes, and other documents prepared in connection with a
11 review or evaluation conducted by or for the board of
12 directors.

13 (b) This subsection applies to the board of directors
14 in relation to its functions to evaluate and seek to
15 improve any of the following:

16 (i) loan policies or underwriting standards;

17 (ii) asset quality;

18 (iii) financial reporting to federal or State
19 governmental or regulatory agencies; or

20 (iv) compliance with federal or State statutory or
21 regulatory requirements, including, without
22 limitation, the manner in which it performs its duties
23 under Section 30.

24 (c) Meetings, minutes of meetings, and reports of the
25 board of directors shall be subject to the confidentiality
26 and redaction standards set forth in this subsection.

1 (d) Except as provided in paragraph (e), compliance
2 review documents and the deliberations of the board of
3 directors are confidential. An affiliate of a credit
4 union, a credit union regulatory agency, and the insurer
5 of credit union share accounts shall have access to
6 compliance review documents; however, (i) the documents
7 remain confidential and (ii) delivery of compliance review
8 documents to an affiliate or pursuant to the requirements
9 of a credit union regulatory agency or an insurer of
10 credit union share accounts do not constitute a waiver of
11 the confidentiality granted in this Section.

12 (e) This Section does not apply to any civil or
13 administrative action initiated by a credit union
14 regulatory agency or an insurer of credit union share
15 accounts.

16 (f) This Section shall not be construed to limit the
17 discovery or admissibility in any civil action of any
18 documents, including compliance review documents.

19 (g) Any report required under this Act to be furnished
20 to the board of directors by the membership committee,
21 credit committee, or any other committee may be submitted
22 in a summary format that redacts personally identifiable
23 information as defined under applicable State and federal
24 law.

25 (h) Compliance review documents may be disclosed by
26 the Secretary or a credit union to any person or entity to

1 whom confidential supervisory information may be disclosed
2 pursuant to subsection (3) of Section 9.1.

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

4 (205 ILCS 305/48) (from Ch. 17, par. 4449)

5 Sec. 48. Loan limit. Within any limitations set forth in a
6 policy adopted by the board of directors, a credit union may
7 place a limit upon the aggregate amount to be loaned to or
8 cosigned for by any one member provided that no loan shall be
9 made to any member in an aggregate amount in excess of 10% of
10 the credit union's unimpaired capital and surplus. Such loan
11 limits shall not be subject to reduction by rules adopted by
12 the Secretary.

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

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