



Rep. Jay Hoffman

Filed: 3/3/2023

10300HB2043ham001

LRB103 05826 BMS 57697 a

1 AMENDMENT TO HOUSE BILL 2043

2 AMENDMENT NO. _____. Amend House Bill 2043 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 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

1 virtue of the eligibility of the entity in which they hold an
2 ownership interest.

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

4 (205 ILCS 305/20) (from Ch. 17, par. 4421)

5 Sec. 20. Election or appointment of officials.

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

1 (1.5) Except as provided in subsection (1.10), in all
2 elections for directors, every member has the right to vote,
3 in person, by proxy, or by electronic record if approved by the
4 board of directors, the number of shares owned by him, or in
5 the case of a member other than a natural person, the member's
6 one vote, for as many persons as there are directors to be
7 elected, or to cumulate such shares, and give one candidate as
8 many votes as the number of directors multiplied by the number
9 of his shares equals, or to distribute them on the same
10 principle among as many candidates as he may desire and the
11 directors shall not be elected in any other manner. Shares
12 held in a joint account owned by more than one member may be
13 voted by any one of the members, however, the number of
14 cumulative votes cast may not exceed a total equal to the
15 number of shares multiplied by the number of directors to be
16 elected. A majority of the shares entitled to vote shall be
17 represented either in person or by proxy for the election of
18 directors. Each director shall wholly take and subscribe to an
19 oath that he will diligently and honestly perform his duties
20 in administering the affairs of the credit union, that while
21 he may delegate to another the performance of those
22 administrative duties he is not thereby relieved from his
23 responsibility for their performance, that he will not
24 knowingly violate or permit to be violated any law applicable
25 to the credit union, and that he is the owner of at least one
26 share of the credit union.

1 (1.10) Upon amendment of a credit union's bylaws, in all
2 elections for directors, every member who is a natural person
3 shall have the right to cast one vote, regardless of the number
4 of his or her shares, in person, by proxy, or by electronic
5 record if approved by the board of directors, for as many
6 persons as there are directors to be elected.

7 (1.15) If the board of directors has adopted a policy
8 addressing age eligibility standards on voting, holding
9 office, or petitioning the board, then a credit union may
10 require (i) that members be at least 18 years of age by the
11 date of the meeting in order to vote at meetings of the
12 members, sign nominating petitions, or sign petitions
13 requesting special meetings, and (ii) that members be at least
14 18 years of age by the date of election or appointment in order
15 to hold elective or appointive office.

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

25 (3) The board of directors may appoint, from among the
26 members of the credit union, a credit committee consisting of

1 an odd number, not less than 3 for such terms as the bylaws
2 provide. Members of the credit committee may, but need not be,
3 directors or officers of the credit union, ~~but shall not be~~
4 ~~members of the supervisory committee.~~

5 (4) The board of directors may appoint from among the
6 members of the credit union a membership committee of one or
7 more persons. If appointed, the committee shall act upon all
8 applications for membership and submit a report of its actions
9 to the board of directors at the next regular meeting for
10 review. If no membership committee is appointed, credit union
11 management shall act upon all applications for membership and
12 submit a report of its actions to the board of directors at the
13 next regular meeting for review.

14 (5) The board of directors may appoint, from among the
15 members of the credit union, a nominating committee of 3 or
16 more persons. Members of the nominating committee may, but
17 need not, be directors or officers of the credit union, but may
18 not be members of the supervisory committee. The appointment,
19 if made, shall be made in a timely manner to permit the
20 nominating committee to recruit, evaluate, and nominate
21 eligible candidates for each position to be filled in the
22 election of directors or, in the event of a vacancy in office,
23 to be filled by appointment of the board of directors for the
24 remainder of the unexpired term of the director creating the
25 vacancy. Factors the nominating committee may consider in
26 evaluating prospective candidates include whether a candidate

1 possesses or is willing to acquire through training the
2 requisite skills and qualifications to carry out the statutory
3 duties of a director. The board of directors may delegate to
4 the nominating committee the recruitment, evaluation, and
5 nomination of eligible candidates to serve on committees and
6 in executive officer positions.

7 (6) The board of directors may create one or more other
8 committees in addition to the committees identified in this
9 Section and appoint directors or such other persons as the
10 board designates to serve on the committee or committees. Any
11 such committee shall serve at the pleasure of the board of
12 directors and it shall not act on behalf of the credit union or
13 bind it to any action, but it may make recommendations to the
14 board of directors.

15 (7) (a) The board of directors may appoint an individual as
16 a registered agent for the credit union. The name of the
17 registered agent appointed by the board of directors shall be
18 identified in the annual report filed by the credit union on
19 the annual report form supplied by the Department. The
20 business office of the registered agent shall be the same as
21 the principal place of business of the credit union. Any
22 process, notice, or demand required or permitted by law to be
23 served upon the credit union may be served upon the registered
24 agent appointed by the credit union.

25 (b) A credit union that has appointed a registered
26 agent shall post on its website the name of its registered

1 agent, the address of its principal place of business, and
2 that the appointment was authorized by action of the board
3 of directors.

4 (c) A credit union that has appointed a registered
5 agent may change its registered agent at any time by
6 posting on its website a statement setting forth the
7 following:

8 (i) the address of its principal place of
9 business,

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

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

12 and

13 (iv) that the change was authorized by action of
14 the board of directors.

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

19 (i) the name of the credit union for which the
20 registered agent is acting,

21 (ii) the address of the principal place of
22 business of the credit union,

23 (iii) the name of the registered agent,

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

25 (v) the effective date of the resignation, which
26 shall not be less than 30 days after the date of filing

1 of the notice.

2 (8) ~~(6)~~ The use of electronic records for member voting
3 pursuant to this Section shall employ a security procedure
4 that meets the attribution criteria set forth in Section 9 of
5 the Uniform Electronic Transactions Act.

6 (9) ~~(7)~~ As used in this Section, "electronic", "electronic
7 record", and "security procedure" have the meanings ascribed
8 to those terms in the Uniform Electronic Transactions Act. ~~the~~
9 (Source: P.A. 102-38, eff. 6-25-21; 102-687, eff. 12-17-21;
10 102-774, eff. 5-13-22; 102-858, eff. 5-13-22; revised 8-3-22.)

11 (205 ILCS 305/29) (from Ch. 17, par. 4430)
12 Sec. 29. Meetings of directors.

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

23 (1.5) Notwithstanding anything to the contrary in
24 subsection (1), the board of directors of a credit union with a
25 composite rating of either 1 or 2 under the Uniform Financial

1 Institutions Rating System known as the CAMELS supervisory
2 rating system (or an equivalent rating under a comparable
3 rating system) and a management rating under such composite
4 rating of either 1 or 2 may meet not less than 6 times
5 annually, with at least one meeting held during each fiscal
6 quarter. This meeting frequency schedule shall be available to
7 an eligible credit union irrespective of whether it has
8 appointed an executive committee pursuant to Section 28.

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

18 (3) Unless specifically prohibited by the articles of
19 incorporation or bylaws, any action required by this Act to be
20 taken at a meeting of the board of directors or a committee and
21 any other action that may be taken at a meeting of the board of
22 directors or a committee may be taken without a meeting if a
23 consent in writing setting forth the action taken is signed by
24 all the directors entitled to vote with respect to the subject
25 matter thereof, or by all members of the committee, as the case
26 may be. The consent shall be evidenced by one or more written

1 approvals, each of which sets forth the action taken and bears
2 the signatures of one or more directors or committee members.
3 All the approvals evidencing the consent shall be delivered to
4 the secretary to be filed in the corporate records of the
5 credit union. The action taken shall be effective when all the
6 directors or committee members have approved the consent
7 unless the consent specifies a different effective date. A
8 consent signed by all the directors or all the members of a
9 committee shall have the same effect as a unanimous vote, and
10 may be stated as such in any document filed with the director
11 under this Act.

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

13 "Affiliate" means an organization established to serve
14 the needs of credit unions, the business of which relates
15 to the daily operations of credit unions.

16 "Compliance review documents" means reports, meeting
17 minutes, and other documents prepared in connection with a
18 review or evaluation conducted by or for the board of
19 directors.

20 (b) This subsection applies to the board of directors
21 in relation to its functions to evaluate and seek to
22 improve any of the following:

23 (i) loan policies or underwriting standards;

24 (ii) asset quality;

25 (iii) financial reporting to federal or State
26 governmental or regulatory agencies; or

1 (iv) compliance with federal or State statutory or
2 regulatory requirements, including, without
3 limitation, the manner in which it performs its duties
4 under Section 30.

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

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

19 (e) This Section does not apply to any civil or
20 administrative action initiated by a credit union
21 regulatory agency or an insurer of credit union share
22 accounts.

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

26 (g) Any report required under this Act to be furnished

1 to the board of directors by the membership committee,
2 credit committee, or any other committee may be submitted
3 in a summary format that redacts personally identifiable
4 information as defined under applicable State and federal
5 law.

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

7 (205 ILCS 305/48) (from Ch. 17, par. 4449)

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

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

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