

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 10. The Illinois Credit Union Act is amended by  
5 changing Sections 2, 8, 12, 13, 39, and 59 as follows:

6 (205 ILCS 305/2) (from Ch. 17, par. 4403)

7 Sec. 2. Organization procedure.

8 (1) Any 9 or more persons of legal age, the majority of  
9 whom shall be residents of the State of Illinois, who have a  
10 common bond referred to in Section 1.1 may organize a credit  
11 union or a central credit union by complying with this  
12 Section.

13 (2) The subscribers shall execute in duplicate Articles of  
14 Incorporation and agree to the terms thereof, which Articles  
15 shall state:

16 (a) The name, which shall include the words "credit  
17 union" and which shall not be the same as that of any other  
18 existing credit union in this state, and the location  
19 where the proposed credit union is to have its principal  
20 place of business;

21 (b) The common bond of the members of the credit  
22 union;

23 (c) The par value of the shares of the credit union,

1           which must be at least \$1;

2           (d) The names, addresses and Social Security numbers  
3           of the subscribers to the Articles of Incorporation, and  
4           the number and the value of shares subscribed to by each;

5           (e) That the credit union may exercise such incidental  
6           powers as are necessary or requisite to enable it to carry  
7           on effectively the purposes for which it is incorporated,  
8           and those powers which are inherent in the credit union as  
9           a legal entity;

10          (f) That the existence of the credit union shall be  
11          perpetual.

12          (3) The subscribers shall prepare and adopt bylaws for the  
13          general governance ~~government~~ of the credit union, consistent  
14          with this Act, and execute same in duplicate. If there is a  
15          conflict, inconsistency, or variation between the terms of  
16          this Act and the provisions in the bylaws adopted by the credit  
17          union, the terms of this Act shall control. A conflict,  
18          inconsistency, or variation may not be deemed to exist if the  
19          Act specifically requires that a particular matter shall be  
20          adopted in the bylaws.

21          (4) The subscribers shall forward the articles of  
22          incorporation and the bylaws to the Secretary in duplicate,  
23          along with the required charter fee. If they conform to the  
24          law, and such rules and regulations as the Secretary and the  
25          Director may prescribe, if the Secretary determines that a  
26          common bond exists, and that it is economically advisable to

1 organize the credit union, he or she shall within 60 days issue  
2 a certificate of approval attached to the articles of  
3 incorporation and return a copy of the bylaws and the articles  
4 of incorporation to the applicants or their representative,  
5 which shall be preserved in the permanent files of the credit  
6 union. The subscribers shall file the certificate of approval,  
7 with the articles of incorporation attached, in the office of  
8 the recorder (or, if there is no recorder, in the office of the  
9 county clerk) of the county in which the credit union is to  
10 locate its principal place of business. The recorder or the  
11 county clerk, as the case may be, shall accept and record the  
12 documents if they are accompanied by the proper fee. When the  
13 documents are so recorded, the credit union is incorporated  
14 under this Act.

15 (5) The subscribers for a credit union charter shall not  
16 transact any business until the certificate of approval has  
17 been received.

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

19 (205 ILCS 305/8) (from Ch. 17, par. 4409)

20 Sec. 8. Secretary's powers and duties. Credit unions are  
21 regulated by the Department. The Secretary in executing the  
22 powers and discharging the duties vested by law in the  
23 Department has the following powers and duties:

24 (1) To exercise the rights, powers, and duties set  
25 forth in this Act or any related Act. The Director shall

1       oversee the functions of the Division and report to the  
2       Secretary, with respect to the Director's exercise of any  
3       of the rights, powers, and duties vested by law in the  
4       Secretary under this Act. All references in this Act to  
5       the Secretary shall be deemed to include the Director, as  
6       a person authorized by the Secretary or this Act to assume  
7       responsibility for the oversight of the functions of the  
8       Department relating to the regulatory supervision of  
9       credit unions under this Act.

10       (2) To ~~adopt~~ ~~prescribe~~ rules ~~and regulations~~ for the  
11       administration of this Act. The provisions of the Illinois  
12       Administrative Procedure Act are hereby expressly adopted  
13       and incorporated herein as though a part of this Act, and  
14       shall apply to all administrative rules and procedures of  
15       the Department under this Act. Rules adopted by the  
16       Secretary shall be within the statutory authority upon  
17       which they are based. If there is a conflict,  
18       inconsistency, or variation between the terms of this Act  
19       and the provisions in a rule adopted by the Secretary, the  
20       terms of this Act shall control. A conflict,  
21       inconsistency, or variation may not be deemed to exist if  
22       the Act specifically delegates authority to the Secretary  
23       to adopt by rule standards or limitations on a particular  
24       matter, provided the rule is within the statutory  
25       authority upon which it is based.

26       (3) To direct and supervise all the administrative and

1 technical activities of the Department including the  
2 employment of a Credit Union Supervisor who shall have  
3 knowledge in the theory and practice of, or experience in,  
4 the operations or supervision of financial institutions,  
5 preferably credit unions, and such other persons as are  
6 necessary to carry out his functions. The Secretary shall  
7 ensure that all examiners appointed or assigned to examine  
8 the affairs of State-chartered credit unions possess the  
9 necessary training and continuing education to effectively  
10 execute their jobs.

11 (4) To issue cease and desist orders when in the  
12 opinion of the Secretary, a credit union is engaged or has  
13 engaged, or the Secretary has reasonable cause to believe  
14 the credit union is about to engage, in an unsafe or  
15 unsound practice, or is violating or has violated or the  
16 Secretary has reasonable cause to believe is about to  
17 violate a law, rule, or regulation or any condition  
18 imposed in writing by the Department.

19 (5) To suspend from office and to prohibit from  
20 further participation in any manner in the conduct of the  
21 affairs of any credit union any director, officer, or  
22 committee member who has committed any violation of a law,  
23 rule, or regulation or of a cease and desist order or who  
24 has engaged or participated in any unsafe or unsound  
25 practice in connection with the credit union or who has  
26 committed or engaged in any act, omission, or practice

1           which constitutes a breach of his fiduciary duty as such  
2           director, officer, or committee member, when the Secretary  
3           has determined that such action or actions have resulted  
4           or will result in substantial financial loss or other  
5           damage that seriously prejudices the interests of the  
6           members.

7           (6) To assess a civil penalty against a credit union  
8           provided that:

9           (A) the Secretary reasonably determines, based on  
10          objective facts and an accurate assessment of  
11          applicable legal standards, that the credit union has:

12                 (i) committed a violation of this Act, any  
13                 rule adopted in accordance with this Act, or any  
14                 order of the Secretary issued pursuant to his or  
15                 her authority under this Act; or

16                 (ii) engaged or participated in any unsafe or  
17                 unsound practice;

18          (B) before a civil penalty is assessed under this  
19          item (6), the Secretary must make the further  
20          reasonable determination, based on objective facts and  
21          an accurate assessment of applicable legal standards,  
22          that the credit union's action constituting a  
23          violation under subparagraph (i) of paragraph (A) of  
24          this item (6) or an unsafe and unsound practice under  
25          subparagraph (ii) of paragraph (A) of this item (6):

26                 (i) directly resulted in a substantial and

1 material financial loss or created a reasonable  
2 probability that a substantial and material  
3 financial loss will directly result; or

4 (ii) constituted willful misconduct or a  
5 material breach of fiduciary duty of any director,  
6 officer, or committee member of the credit union;

7 Material financial loss, as referenced in this  
8 paragraph (B), shall be assessed in light of  
9 surrounding circumstances and the relative size and  
10 nature of the financial loss or probable financial  
11 loss. Certain benchmarks shall be used in determining  
12 whether financial loss is material, such as a  
13 percentage of total assets or total gross income for  
14 the immediately preceding 12-month period. Absent  
15 compelling and extraordinary circumstances, no civil  
16 penalty shall be assessed, unless the financial loss  
17 or probable financial loss is equal to or greater than  
18 either 1% of the credit union's total assets for the  
19 immediately preceding 12-month period, or 1% of the  
20 credit union's total gross income for the immediately  
21 preceding 12-month period, whichever is less;

22 (C) before a civil penalty is assessed under this  
23 item (6), the credit union must be expressly advised  
24 in writing of the:

25 (i) specific violation that could subject it  
26 to a penalty under this item (6); and

1                   (ii) specific remedial action to be taken  
 2                   within a specific and reasonable time frame to  
 3                   avoid imposition of the penalty;

4                   (D) civil penalties assessed under this item (6)  
 5                   shall be remedial, not punitive, and reasonably  
 6                   tailored to ensure future compliance by the credit  
 7                   union with the provisions of this Act and any rules  
 8                   adopted pursuant to this Act;

9                   (E) a credit union's failure to take timely  
 10                  remedial action with respect to the specific violation  
 11                  may result in the issuance of an order assessing a  
 12                  civil penalty up to the following maximum amount,  
 13                  based upon the total assets of the credit union:

14                  (i) Credit unions with assets of less than \$10  
 15                  million..... \$1,000

16                  (ii) Credit unions with assets of at least \$10  
 17                  million and less than \$50 million ..... \$2,500

18                  (iii) Credit unions with assets of at least  
 19                  \$50 million and less than \$100 million .... \$5,000

20                  (iv) Credit unions with assets of at least  
 21                  \$100 million and less than \$500 million .. \$10,000

22                  (v) Credit unions with assets of at least \$500  
 23                  million and less than \$1 billion ..... \$25,000

24                  (vi) Credit unions with assets of \$1 billion  
 25                  and greater..... \$50,000; and

26                  (F) an order assessing a civil penalty under this



1 item (6) shall take effect upon service of the order,  
2 unless the credit union makes a written request for a  
3 hearing under 38 Ill. Adm. Code 190.20 of the  
4 Department's rules for credit unions within 90 days  
5 after issuance of the order; in that event, the order  
6 shall be stayed until a final administrative order is  
7 entered.

8 This item (6) shall not apply to violations separately  
9 addressed in rules as authorized under item (7) of this  
10 Section.

11 (7) Except for the fees established in this Act, to  
12 prescribe, by rule and regulation, fees and penalties for  
13 preparing, approving, and filing reports and other  
14 documents; furnishing transcripts; holding hearings;  
15 investigating applications for permission to organize,  
16 merge, or convert; failure to maintain accurate books and  
17 records to enable the Department to conduct an  
18 examination; and taking supervisory actions.

19 (8) To destroy, in his discretion, any or all books  
20 and records of any credit union in his possession or under  
21 his control after the expiration of three years from the  
22 date of cancellation of the charter of such credit unions.

23 (9) To make investigations and to conduct research and  
24 studies and to publish some of the problems of persons in  
25 obtaining credit at reasonable rates of interest and of  
26 the methods and benefits of cooperative saving and lending

1 for such persons.

2 (10) To authorize, foster, or establish experimental,  
3 developmental, demonstration, or pilot projects by public  
4 or private organizations including credit unions which:

5 (a) promote more effective operation of credit  
6 unions so as to provide members an opportunity to use  
7 and control their own money to improve their economic  
8 and social conditions; or

9 (b) are in the best interests of credit unions,  
10 their members and the people of the State of Illinois.

11 (11) To cooperate in studies, training, or other  
12 administrative activities with, but not limited to, the  
13 NCUA, other state credit union regulatory agencies and  
14 industry trade associations in order to promote more  
15 effective and efficient supervision of Illinois chartered  
16 credit unions.

17 (12) Notwithstanding the provisions of this Section,  
18 the Secretary shall not:

19 (1) issue an order against a credit union  
20 organized under this Act for unsafe or unsound banking  
21 practices solely because the entity provides or has  
22 provided financial services to a cannabis-related  
23 legitimate business;

24 (2) prohibit, penalize, or otherwise discourage a  
25 credit union from providing financial services to a  
26 cannabis-related legitimate business solely because

1 the entity provides or has provided financial services  
2 to a cannabis-related legitimate business;

3 (3) recommend, incentivize, or encourage a credit  
4 union not to offer financial services to an account  
5 holder or to downgrade or cancel the financial  
6 services offered to an account holder solely because:

7 (A) the account holder is a manufacturer or  
8 producer, or is the owner, operator, or employee  
9 of a cannabis-related legitimate business;

10 (B) the account holder later becomes an owner  
11 or operator of a cannabis-related legitimate  
12 business; or

13 (C) the credit union was not aware that the  
14 account holder is the owner or operator of a  
15 cannabis-related legitimate business; and

16 (4) take any adverse or corrective supervisory  
17 action on a loan made to an owner or operator of:

18 (A) a cannabis-related legitimate business  
19 solely because the owner or operator owns or  
20 operates a cannabis-related legitimate business;  
21 or

22 (B) real estate or equipment that is leased to  
23 a cannabis-related legitimate business solely  
24 because the owner or operator of the real estate  
25 or equipment leased the equipment or real estate  
26 to a cannabis-related legitimate business.

1 (Source: P.A. 102-858, eff. 5-13-22; 103-154, eff. 6-30-23.)

2 (205 ILCS 305/12) (from Ch. 17, par. 4413)

3 Sec. 12. Regulatory fees.

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

TOTAL ASSETS	REGULATORY FEE
\$25,000 or less .....	\$100
Over \$25,000 and not over	
\$100,000 .....	\$100 plus \$4 per
	\$1,000 of assets in excess of
	\$25,000
Over \$100,000 and not over	
\$200,000 .....	\$400 plus \$3 per
	\$1,000 of assets in excess of
	\$100,000
Over \$200,000 and not over	
\$500,000 .....	\$700 plus \$2 per
	\$1,000 of assets in excess of

1		\$200,000
2	Over \$500,000 and not over	
3	\$1,000,000 .....	\$1,300 plus \$1.40
4		per \$1,000 of assets in excess
5		of \$500,000
6	Over \$1,000,000 and not	
7	over \$5,000,000 .....	\$2,000 plus \$0.50
8		per \$1,000 of assets in
9		excess of \$1,000,000
10	Over \$5,000,000 and not	
11	over \$30,000,000 .....	\$4,540 plus \$0.397
12		per \$1,000 of assets
13		in excess of \$5,000,000
14	Over \$30,000,000 and not over	
15	\$100,000,000 .....	\$14,471 plus \$0.34
16		per \$1,000 of assets
17		in excess of \$30,000,000
18	Over \$100,000,000 and not	
19	over \$500,000,000 .....	\$38,306 plus \$0.17
20		per \$1,000 of assets
21		in excess of \$100,000,000
22	Over \$500,000,000 .....	\$106,406 plus \$0.056
23		per \$1,000 of assets
24		in excess of \$500,000,000

25 (2) The Secretary shall review the regulatory fee schedule  
 26 in subsection (1) and the projected earnings on those fees on

1 an annual basis and adjust the fee schedule no more than 5%  
2 annually if necessary to defray the estimated administrative  
3 and operational expenses of the Credit Union Section of the  
4 Department as defined in subsection (5). However, the fee  
5 schedule shall not be increased if the amount remaining in the  
6 Credit Union Fund at the end of any fiscal year is greater than  
7 25% of the total actual and operational expenses incurred by  
8 the State in administering and enforcing the Illinois Credit  
9 Union Act and other laws, rules, and regulations as may apply  
10 to the administration and enforcement of the foregoing laws,  
11 rules, and regulations as amended from time to time for the  
12 preceding fiscal year. The regulatory fee for the next fiscal  
13 year shall be calculated by the Secretary based on the credit  
14 union's total assets as of December 31 of the preceding  
15 calendar year. The Secretary shall provide credit unions with  
16 written notice of any adjustment made in the regulatory fee  
17 schedule.

18 (3) A credit union shall pay to the Department a  
19 regulatory fee in quarterly installments equal to one-fourth  
20 of the regulatory fee due in accordance with the regulatory  
21 fee schedule in subsection (1), on the basis of assets as of  
22 the Year-end Call Report of the preceding calendar year. The  
23 total annual regulatory fee shall not be less than \$100 or more  
24 than \$210,000, provided that the regulatory fee cap of  
25 \$210,000 shall be adjusted to incorporate the same percentage  
26 increase as the Secretary makes in the regulatory fee schedule

1 from time to time under subsection (2). No regulatory fee  
2 shall be collected from a credit union until it has been in  
3 operation for one year. The regulatory fee shall be billed to  
4 credit unions on a quarterly basis and it shall be payable by  
5 credit unions on the due date for the Call Report for the  
6 subject quarter.

7 (4) (a) The aggregate of all fees collected by the  
8 Department under this Act and from credit unions pursuant to  
9 the Illinois Community Reinvestment Act shall be paid promptly  
10 after they are received, accompanied by a detailed statement  
11 thereof, into the State treasury ~~Treasury~~ and shall be set  
12 apart in the Credit Union Fund, a special fund hereby created  
13 in the State treasury. The amount from time to time deposited  
14 in the Credit Union Fund and shall be used to offset the  
15 ordinary administrative and operational expenses of the Credit  
16 Union Section of the Department under this Act. All earnings  
17 received from investments of funds in the Credit Union Fund  
18 shall be deposited into the Credit Union Fund and may be used  
19 for the same purposes as fees deposited into that fund. Moneys  
20 deposited in the Credit Union Fund may be transferred to the  
21 Professions Indirect Cost Fund, as authorized under Section  
22 2105-300 of the Department of Professional Regulation Law of  
23 the Civil Administrative Code of Illinois.

24 (b) At the conclusion of each fiscal year, beginning in  
25 fiscal year 2025, the Department shall separately identify the  
26 direct administrative and operational expenses and allocable

1 indirect costs of the Credit Union Section of the Department  
2 incidental to conducting the examinations required or  
3 authorized by the Illinois Community Reinvestment Act and  
4 implementing rules adopted by the Department. Pursuant to  
5 Section 2105-300 of the Department of Professional Regulation  
6 Law of the Civil Administrative Code of Illinois, the  
7 Department shall make copies of the analyses available to the  
8 credit union industry in a timely manner. The administrative  
9 and operational expenses of the Credit Union Section of the  
10 Department in conducting examinations required or authorized  
11 by the Illinois Community Reinvestment Act shall have the same  
12 meaning and scope as the administrative and operational  
13 expenses of the Credit Union Section of the Department, as  
14 defined in subsection (5) of this Section.

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



1 not exceed during any fiscal year 10% of the revenues to be  
2 deposited into the Credit Union Fund during that fiscal year.  
3 The State Treasurer and Comptroller shall transfer the amounts  
4 designated under this Section as soon as may be practicable  
5 after receiving the direction to transfer from the Governor.

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

18 (6) When the balance in the Credit Union Fund at the end of  
19 a fiscal year exceeds 25% of the total administrative and  
20 operational expenses incurred by the State in administering  
21 and enforcing the Illinois Credit Union Act and other laws,  
22 rules, and regulations as may apply to the administration and  
23 enforcement of the foregoing laws, rules, and regulations as  
24 amended from time to time for that fiscal year, such excess  
25 shall be credited to credit unions and applied against their  
26 regulatory fees for the subsequent fiscal year. The amount

1 credited to each credit union shall be in the same proportion  
2 as the regulatory fee paid by such credit union for the fiscal  
3 year in which the excess is produced bears to the aggregate  
4 amount of all fees collected by the Department under this Act  
5 for the same fiscal year.

6 (7) (Blank).

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

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

14 (Source: P.A. 103-107, eff. 6-27-23.)

15 (205 ILCS 305/13) (from Ch. 17, par. 4414)

16 Sec. 13. General powers. A credit union may:

17 (1) Make contracts; sue and be sued; and adopt and use  
18 a common seal and alter the same;

19 (2) Acquire, lease (either as lessee or lessor), hold,  
20 pledge, mortgage, sell and dispose of real property,  
21 either in whole or in part, or any interest therein, as may  
22 be necessary or incidental to its present or future  
23 operations and needs, subject to such limitations as may  
24 be imposed thereon in rules and regulations promulgated by  
25 the Secretary; acquire, lease (either as lessee or

1 lessor), hold, pledge, mortgage, sell and dispose of  
2 personal property, either in whole or in part, or any  
3 interest therein, as may be necessary or incidental to its  
4 present or future operations and needs;

5 (3) At the discretion of the board of directors,  
6 require the payment of an entrance fee or annual  
7 membership fee, or both, of any person admitted to  
8 membership;

9 (4) Receive savings from its members in the form of  
10 shares of various classes, or special purpose share  
11 accounts; act as custodian of its members' accounts; issue  
12 shares in trust as provided in this Act;

13 (5) Lend its funds to its members and otherwise as  
14 hereinafter provided;

15 (6) Borrow from any source in accordance with policy  
16 established by the board of directors to a maximum of 50%  
17 of capital, surplus and reserves;

18 (7) Discount and sell any obligations owed to the  
19 credit union;

20 (8) Honor requests for withdrawals or transfers of all  
21 or any part of member share accounts, and any classes  
22 thereof, in any manner approved by the credit union board  
23 of directors;

24 (9) Sell all or a part of its assets or purchase all or  
25 a part of the assets of another credit union and assume the  
26 liabilities of the selling credit union, subject to the

1 prior approval of the Director, which approval shall not  
2 be required in the case of loan transactions otherwise  
3 authorized under applicable law;

4 (10) Invest surplus funds as provided in this Act;

5 (11) Make deposits in banks, savings banks, savings  
6 and loan associations, trust companies; and invest in  
7 shares, classes of shares or share certificates of other  
8 credit unions;

9 (12) Assess charges and fees to members in accordance  
10 with board resolution;

11 (13) Hold membership in and pay dues to associations  
12 and organizations; to invest in shares, stocks or  
13 obligations of any credit union organization;

14 (14) Declare dividends and pay interest refunds to  
15 borrowers as provided in this Act;

16 (15) Collect, receive and disburse monies in  
17 connection with providing negotiable checks, money orders  
18 and other money-type instruments, and for such other  
19 purposes as may provide benefit or convenience to its  
20 members, and charge a reasonable fee for such services;

21 (16) Act as fiscal agent for and receive deposits from  
22 the federal government, this State, or any other state,  
23 state or any agency or political subdivision thereof,  
24 including, but not limited to, political subdivisions as  
25 defined in subsection (b) of Section 59. The receipt of  
26 deposits from any state other than Illinois, or any agency

1 or political subdivision thereof, shall not exceed the  
2 total limit of the greater of 50% of paid-in and  
3 unimpaired capital and surplus or \$3,000,000 as described  
4 in 12 CFR 701.32 and shall otherwise comply with the  
5 requirements of 12 CFR 701.32;

6 (17) Receive savings from nonmembers in the form of  
7 shares or share accounts in the case of credit unions  
8 serving predominantly low-income members. The term "low  
9 income members" shall mean those members who make less  
10 than 80% of the average for all wage earners as  
11 established by the Bureau of Labor Statistics or those  
12 members whose annual household income falls at or below  
13 80% of the median household income for the nation as  
14 established by the Census Bureau. The term "predominantly"  
15 is defined as a simple majority;

16 (18) Establish, maintain, and operate terminals as  
17 authorized by the Electronic Fund Transfer Act;

18 (19) Subject to Article XLIV of the Illinois Insurance  
19 Code, act as the agent for any fire, life, or other  
20 insurance company authorized by the State of Illinois, by  
21 soliciting and selling insurance and collecting premiums  
22 on policies issued by such company; and may receive for  
23 services so rendered such fees or commissions as may be  
24 agreed upon between the said credit union and the  
25 insurance company for which it may act as agent; provided,  
26 however, that no such credit union shall in any case

1           assume or guarantee the payment of any premium on  
2           insurance policies issued through its agency by its  
3           principal; and provided further, that the credit union  
4           shall not guarantee the truth of any statement made by an  
5           assured in filing his application for insurance; and

6           (20) Make reasonable contributions to civic,  
7           charitable, or service organizations not organized for  
8           profit; religious corporations; and fundraisers benefiting  
9           persons in the credit union's service area.

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

11           (205 ILCS 305/39) (from Ch. 17, par. 4440)

12           Sec. 39. Special purpose share accounts; charitable  
13           donation accounts.

14           (1) If provided for in and consistent with the bylaws,  
15           Christmas clubs, vacation clubs and other special purpose  
16           share accounts may be established and offered under conditions  
17           and restrictions established by the board of directors.

18           (2) Pursuant to a policy adopted by the board of  
19           directors, which may be amended from time to time, a credit  
20           union may establish one or more charitable donation accounts.  
21           The investments and purchases to fund a charitable donation  
22           account are not subject to the investment limitations of this  
23           Act, provided the charitable donation account is structured in  
24           accordance with this Act. At their time of purchase, the book  
25           value of the investments in all charitable donation accounts,

1 in the aggregate, shall not exceed 5% of the credit union's net  
2 worth.

3 (a) If a credit union chooses to establish a  
4 charitable donation account using a trust vehicle, the  
5 trustee must be an entity regulated by the Office of the  
6 Comptroller of the Currency, the U.S. Securities and  
7 Exchange Commission, another federal regulatory agency, or  
8 a State financial regulatory agency. A regulated trustee  
9 or other person who is authorized to make investment  
10 decisions for a charitable donation account, other than  
11 the credit union itself, shall either be registered with  
12 the U.S. Securities and Exchange Commission as an  
13 investment advisor or regulated by the Office of the  
14 Comptroller of the Currency.

15 (b) The parties to the charitable donation account  
16 must document the terms and conditions controlling the  
17 account in a written operating agreement, trust agreement,  
18 or similar instrument. The terms of the agreement shall be  
19 consistent with the requirements and conditions set forth  
20 in this Section. The agreement, if applicable, and  
21 policies must document the investment strategies of the  
22 charitable donation account trustee or other manager in  
23 administering the charitable donation account and provide  
24 for the accounting of all aspects of the account,  
25 including its distributions and liquidation, in accordance  
26 with generally accepted accounting principles.

1           (c) A credit union's charitable donation account  
2 agreement, if applicable, and policies shall provide that  
3 the charitable organization or non-profit entity  
4 recipients of any charitable donation account funds must  
5 be identified in the policy and be exempt from taxation  
6 under Section 501(c)(3) or Section 501(c)(19) of the  
7 Internal Revenue Code.

8           (d) Upon termination of a charitable donation account,  
9 the credit union may receive a distribution of the  
10 remaining assets in cash, or a distribution in kind of the  
11 remaining assets, but only if those assets are permissible  
12 investments for credit unions pursuant to this Act.

13           (3) Pursuant to subsection (20) of Section 13 authorizing  
14 a credit union to make reasonable contributions to civic,  
15 charitable, service, or religious corporations and to avoid  
16 the cost, administrative expenses, and reporting requirements  
17 associated with establishing its own private foundation, a  
18 credit union may establish one or more donor-advised fund  
19 accounts. The credit union shall maintain the account on its  
20 books and records under a name it selects, which may identify  
21 the account as a charitable or grant fund or other name that  
22 reflects the charitable nature of the account. The account  
23 shall be subject to the terms and restrictions set forth in  
24 this subsection.

25           (a) Transfers from a donor-advised fund account shall  
26 be limited to foundations exempt from taxation under



1 Section 501(c)(3) of the Internal Revenue Code.

2 (b) Distributions by a foundation receiving  
3 donor-advised funds from the credit union shall be:

4 (i) based upon specific grant recommendations of  
5 the credit union; and

6 (ii) limited to public charities exempt from  
7 taxation under Section 501(c)(3) of the Internal  
8 Revenue Code.

9 (c) Transfers by a credit union from its donor-advised  
10 fund account to a foundation irrevocably conveys all  
11 right, title, and interest in the funds to the foundation,  
12 subject only to the continuing right of the credit union  
13 to designate the entity or entities that will receive the  
14 grant funds. Grants may not be used to satisfy any  
15 obligation of the credit union and no goods or services  
16 may be received by the credit union from the recipient  
17 organization in consideration of the grant.

18 (Source: P.A. 102-774, eff. 5-13-22.)

19 (205 ILCS 305/59) (from Ch. 17, par. 4460)

20 Sec. 59. Investment of funds.

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

24 (1) In securities, obligations or other instruments of  
25 or issued by or fully guaranteed as to principal and

1 interest by the United States of America or any agency  
2 thereof or in any trust or trusts established for  
3 investing directly or collectively in the same;

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

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

23 (4) In shares, classes of shares or share certificates  
24 of other credit unions, including, but not limited to,  
25 corporate credit unions; provided that such credit unions  
26 have their members' accounts insured by the NCUA or other

1 approved insurers, and that if the members' accounts are  
2 so insured, a credit union's investment may exceed the  
3 insured limit on accounts;

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

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

12 (7) In shares, stocks or obligations of other  
13 financial institutions in the total amount not exceeding  
14 5% of the unimpaired capital and surplus of the credit  
15 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  
19 greater of 6% 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  
5 records that a credit analysis of a particular  
6 investment and the issuing entity was conducted by the  
7 credit union, a third party on behalf of the credit  
8 union qualified by education or experience to assess  
9 the risk characteristics of corporate bonds, or a  
10 nationally recognized statistical rating agency before  
11 purchasing the investment and the analysis is updated  
12 at least annually for as long as it holds the  
13 investment;

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

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

1 of deposit, share certificates, or other classes of shares  
2 issued by the credit union to the financial institution;

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 (14) In the shares, stocks, or obligations of  
10 community development financial institutions as defined in  
11 regulations issued by the U.S. Department of the Treasury  
12 and minority depository institutions as defined by the  
13 National Credit Union Administration; however the  
14 aggregate amount of all such investments shall not at any  
15 time exceed 5% of the paid-in and unimpaired capital and  
16 surplus of the credit union; ~~and~~

17 (15) (A) In shares, stocks, or member units of  
18 financial technology companies in the total amount not  
19 exceeding 2.5% of the net worth of the credit union, so  
20 long as:

21 (i) the credit union would remain well capitalized  
22 as defined by 12 CFR 702.102 if the credit union  
23 reduced its net worth by the full investment amount at  
24 the time the investment is made or at any point during  
25 the time the investment is held by the credit union;

26 (ii) the credit union and the financial technology

1           company are operated in a manner that demonstrates to  
2           the public the separate corporate existence of the  
3           credit union and financial technology company; and

4           (iii) the credit union has received a composite  
5           rating of 1 or 2 under the CAMELS supervisory rating  
6           system.

7           (B) The investment limit in subparagraph (A) of this  
8           paragraph (15) is increased to 5% of the net worth of the  
9           credit union if it has received a management rating of 1  
10          under the CAMELS supervisory rating system at the time a  
11          specific investment is made and at all times during the  
12          term of the investment. A credit union that satisfies the  
13          criteria in subparagraph (A) of this paragraph (15) and  
14          this subparagraph may request approval from the Secretary  
15          for an exception to the 5% limit up to a limit of 10% of  
16          the net worth of the credit union, subject to such safety  
17          and soundness standards, limitations, and qualifications  
18          as the Department may establish by rule or guidance from  
19          time to time. The request shall be in writing and  
20          substantiate the need for the higher limit, describe the  
21          credit union's record of investment activity, and include  
22          financial statements reflecting a sound fiscal history.

23          (C) Before investing in a financial technology  
24          company, the credit union shall obtain a written legal  
25          opinion as to whether the financial technology company is  
26          established in a manner that will limit potential exposure

1 of the credit union to no more than the loss of funds  
2 invested in the financial technology company and the legal  
3 opinion shall:

4 (i) address factors that have led courts to  
5 "pierce the corporate veil", such as inadequate  
6 capitalization, lack of separate corporate identity,  
7 common boards of directors and employees, control of  
8 one entity over another, and lack of separate books  
9 and records; and

10 (ii) be provided by independent legal counsel of  
11 the credit union.

12 (D) Before investing in the financial technology  
13 company, the credit union shall enter into a written  
14 investment agreement with the financial technology company  
15 and the agreement shall contain the following clauses:

16 (i) the financial technology company will: (I)  
17 provide the Department with access to the books and  
18 records of the financial technology company relating  
19 to the investment made by the credit union, with the  
20 costs of examining those records borne by the credit  
21 union in accordance with the per diem rate established  
22 by the Department by rule; (II) follow generally  
23 accepted accounting principles; and (III) provide the  
24 credit union with its financial statements on at least  
25 a quarterly basis and certified public accountant  
26 audited financial statements on an annual basis; and

1           (ii) the financial technology company and credit  
2           union agree to terminate their contractual  
3           relationship: (I) upon 90 days' written notice to the  
4           parties by the Secretary that the safety and soundness  
5           of the credit union is threatened pursuant to the  
6           Department's cease and desist and suspension authority  
7           in Sections 8 and 61; (II) upon 30 days' written notice  
8           to the parties if the credit union's net worth ratio  
9           falls below the level that classifies it as well  
10          capitalized as defined by 12 CFR 702.102; and (III)  
11          immediately upon the parties' receipt of written  
12          notice from the Secretary when the Secretary  
13          reasonably concludes, based upon specific facts set  
14          forth in the notice to the parties, that the credit  
15          union will suffer immediate, substantial, and  
16          irreparable injury or loss if it remains a party to the  
17          investment agreement.

18          (E) The termination of the investment agreement  
19          between the financial technology company and credit union  
20          shall in no way operate to relieve the financial  
21          technology company from repaying the investment or other  
22          obligation due and owing the credit union at the time of  
23          termination.

24          (F) Any financial technology company in which a credit  
25          union invests pursuant to this paragraph (15) that  
26          directly or indirectly originates, purchases, facilitates,



1 brokers, or services loans to consumers in Illinois shall  
2 not charge an interest rate that exceeds the applicable  
3 maximum rate established by the Board of the National  
4 Credit Union Administration pursuant to 12 CFR  
5 701.21(c)(7)(iii)-(iv). The maximum interest rate  
6 described in this subparagraph that may be charged by a  
7 financial technology company applies to all consumer loans  
8 and consumer credit products; and -

9 (16) In derivatives transactions, to aid in the credit  
10 union's management of interest rate risk. Before entering  
11 into a derivatives transaction, and at all times during  
12 its management of a derivatives transactions program, a  
13 credit union shall satisfy and comply with all the  
14 requirements set forth in 12 CFR 703.101 et seq. All  
15 definitional terms and operational standards shall have  
16 the meanings given to them in 12 CFR 703.101 et seq.,  
17 except references to federal credit unions shall be  
18 construed to mean Illinois-chartered credit unions, and  
19 references to the National Credit Union Administration and  
20 Regional Director shall be respectfully construed to mean  
21 the Department and the Secretary. A credit union with  
22 assets of at least \$500 million and a CAMELS management  
23 component rating of 1 or 2 need not obtain prior approval  
24 from the Department before engaging in derivative  
25 transactions but shall notify the Secretary in writing or  
26 by electronic mail within 5 business days after entering

1           into its first derivatives transaction.

2           (b) As used in this Section:

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

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

16          "Financial technology company" includes any corporation,  
17          partnership, limited liability company, or other entity  
18          organized under the laws of Illinois, another state, or the  
19          United States of America:

20                 (1) that the principal business of which is the  
21                 provision of financial products or financial services, or  
22                 both, that:

23                         (i) currently relate or may prospectively relate  
24                         to the daily operations of credit unions;

25                         (ii) are of current or prospective benefit to the  
26                         members of credit unions; or

1 (iii) are of current or prospective benefit to  
2 consumers eligible for membership in credit unions;  
3 and

4 (2) that applies technological interventions,  
5 including, without limitation, specialized software or  
6 algorithm processes, products, or solutions, to improve  
7 and automate the delivery and use of those financial  
8 products or financial services.

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

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

22 (Source: P.A. 102-496, eff. 8-20-21; 102-774, eff. 5-13-22;  
23 102-858, eff. 5-13-22; 103-154, eff. 6-30-23.)

24 Section 99. Effective date. This Act takes effect upon  
25 becoming law.