



93RD GENERAL ASSEMBLY

State of Illinois

2003 and 2004

Introduced 2/6/2004, by Kimberly A. Lightford

SYNOPSIS AS INTRODUCED:

205 ILCS 305/13	from Ch. 17, par. 4414
205 ILCS 305/16.1 new	
205 ILCS 305/23	from Ch. 17, par. 4424
205 ILCS 305/26	from Ch. 17, par. 4427
205 ILCS 305/30	from Ch. 17, par. 4431

Amends the Illinois Credit Union Act. Expands a credit union's general powers to sell to persons eligible for membership, negotiable checks, money orders, and similar money transfer instruments, cash checks and money orders, and receive electronic fund transfers for a fee. Increases access to credit union service to the economically disadvantaged. Provides that individuals earning a stated amount or whose annual household income falls at or below a stated amount may be admitted to membership in a credit union. Requires credit unions desiring to serve the economically disadvantaged to have a written business plan documenting the fact that the area or persons meet certain criteria, identifying the credit and depository needs of the area or persons, identifying the services to be delivered, and describing the manner in which the services will be delivered. Makes changes concerning the reimbursement, titles, qualifications, suspension or removal of a credit union's board of directors and executive officers. Effective immediately.

LRB093 20607 SAS 46437 b

1 AN ACT concerning financial 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 13, 23, 26, and 30 and by adding Section 16.1
6 as follows:

7 (205 ILCS 305/13) (from Ch. 17, par. 4414)

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

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

11 (2) Acquire, lease (either as lessee or lessor), hold,
12 pledge, mortgage, sell and dispose of real property, either
13 in whole or in part, or any interest therein, as may be
14 necessary or incidental to its present or future operations
15 and needs, subject to such limitations as may be imposed
16 thereon in rules and regulations promulgated by the
17 Director; acquire, lease (either as lessee or lessor),
18 hold, pledge, mortgage, sell and dispose of personal
19 property, either in whole or in part, or any interest
20 therein, as may be necessary or incidental to its present
21 or future operations and needs;

22 (3) At the discretion of the Board of Directors,
23 require the payment of an entrance fee or annual membership
24 fee, or both, of any person admitted to membership;

25 (4) Receive savings from its members in the form of
26 shares of various classes, or special purpose share
27 accounts; act as custodian of its members' accounts; issue
28 shares in trust as provided in this Act;

29 (5) Lend its funds to its members and otherwise as
30 hereinafter provided;

31 (6) Borrow from any source in accordance with policy
32 established by the Board of Directors to a maximum of 50%

1 of capital, surplus and reserves;

2 (7) Discount and sell any obligations owed to the
3 credit union;

4 (8) Honor requests for withdrawals or transfers of all
5 or any part of member share accounts, and any classes
6 thereof, in any manner approved by the credit union Board
7 of Directors;

8 (9) Sell all or substantially all of its assets or
9 purchase all or substantially all of the assets of another
10 credit union, subject to the prior approval of the
11 Director;

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

13 (11) Make deposits in banks, savings banks, savings and
14 loan associations, trust companies; and invest in shares,
15 classes of shares or share certificates of other credit
16 unions;

17 (12) Assess charges and fees to members in accordance
18 with board resolution;

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

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

24 (15) Collect, receive and disburse monies in
25 connection with providing negotiable checks, money orders
26 and other money-type instruments, and for such other
27 purposes as may provide benefit or convenience to its
28 members, and charge a reasonable fee for such services;

29 (16) Act as fiscal agent for and receive deposits from
30 the federal government, this state or any agency or
31 political subdivision thereof;

32 (17) Receive savings from nonmembers in the form of
33 shares or share accounts in the case of credit unions
34 serving predominantly low-income members. The term "low
35 income members" shall mean those members who make less than
36 80% of the average for all wage earners as established by

1 the Bureau of Labor Statistics or those members whose
2 annual household income falls at or below 80% of the median
3 household income for the nation as established by the
4 Census Bureau. The term "predominantly" is defined as a
5 simple majority;

6 (18) ~~To~~ Establish, maintain, and operate terminals as
7 authorized by the Electronic Fund Transfer Act; ~~and~~

8 (19) Subject to Article XLIV of the Illinois Insurance
9 Code, ~~to~~ act as the agent for any fire, life, or other
10 insurance company authorized by the State of Illinois, by
11 soliciting and selling insurance and collecting premiums
12 on policies issued by such company; and may receive for
13 services so rendered such fees or commissions as may be
14 agreed upon between the said credit union and the insurance
15 company for which it may act as agent; provided, however,
16 that no such credit union shall in any case assume or
17 guarantee the payment of any premium on insurance policies
18 issued through its agency by its principal; and provided
19 further, that the credit union shall not guarantee the
20 truth of any statement made by an assured in filing his
21 application for insurance; and ~~+~~

22 (20) Sell to any person eligible for membership,
23 negotiable checks (including travelers checks), money
24 orders, and similar money transfer instruments (including
25 electronic fund transfers), cash checks and money orders,
26 and receive electronic fund transfers for any person
27 eligible for membership for a fee, on a limited basis for a
28 period not to exceed 6 months, as a promotional activity to
29 encourage the eligible person to join the credit union, in
30 accordance with policy established by the Board of
31 Directors.

32 (Source: P.A. 92-608, eff. 7-1-02; revised 1-20-03.)

33 (205 ILCS 305/16.1 new)

34 Sec. 16.1. Service to the economically disadvantaged.

35 (a) Persons who reside, work, worship, or attend school in

1 investment areas as defined in the Community Development
2 Banking and Financial Institutions Act of 1994 (12 U.S.C. 4702)
3 and identified by the U.S. Department of the Treasury may be
4 admitted to membership in credit unions able to serve the areas
5 by maintaining a facility in the area, providing a mobile
6 branch, or providing electronic access to credit union
7 services, subject to such rules as the Director may promulgate.

8 (b) Individuals, wherever located, who make less than 80%
9 of the average for all wage earners as established by the
10 Bureau of Labor Statistics, or individuals whose annual
11 household income falls at or below 80% of median household
12 income for the nation as established by the Census Bureau, may
13 be admitted to membership in a credit union, subject to such
14 rules as the Director may promulgate.

15 (c) Credit unions desiring to serve the economically
16 disadvantaged in accordance with this Section shall do so
17 pursuant to a written business plan that shall document the
18 fact that the area or persons meet the criteria of this
19 Section, identify the credit and depository needs of the area
20 or persons, identify the services to be delivered, and describe
21 the manner in which the services will be delivered.

22 (205 ILCS 305/23) (from Ch. 17, par. 4424)

23 Sec. 23. Compensation of officials.

24 (1) No director or committee member may receive
25 compensation for his service as such. "Compensation" as used in
26 this subsection (1) refers to remuneration expense to the
27 credit union for services provided by a director or committee
28 member in his or her capacity as director or committee member.
29 "Compensation" as used in this subsection (1) does not include
30 the expense of providing reasonable life, health, accident, and
31 similar insurance protection benefits for a director or
32 committee member.

33 (2) Directors, committee members and employees, while on
34 official business of the credit union, may be reimbursed for
35 reasonable and necessary expenses. Alternatively, the credit

1 union may make direct payment to a third party for such
2 business expenses. Reasonable and necessary expenses may
3 include the payment of travel costs for the foregoing officials
4 and one guest per official. All payment of costs shall be made
5 in accordance with written policies and procedures established
6 by the Board of Directors.

7 (3) The Board of Directors may establish compensation for
8 officers of the credit union.

9 (Source: P.A. 92-608, eff. 7-1-02.)

10 (205 ILCS 305/26) (from Ch. 17, par. 4427)

11 Sec. 26. Executive Officers. (1) At their first meeting,
12 the Board of Directors shall elect from among their own number
13 a Chairman of the Board and one or more Vice Chairmen, a
14 Secretary and a Treasurer. The Directors shall appoint a chief
15 management official who shall have such title as the Directors
16 shall determine. The Directors ~~President and~~ may also appoint
17 one or more Vice Presidents. ~~The President shall be the chief~~
18 ~~operating officer of the credit union.~~ The chief management
19 official ~~President~~ and Vice President may, but need not, be
20 Directors. Any two or more offices may be held by the same
21 person, except the Chairman of the Board ~~President~~ may not also
22 hold the office of Vice Chairman ~~President~~ or Secretary.

23 (2) The officers shall serve for a term of one year, or
24 until their successors are chosen and have been duly qualified.

25 (3) The duties of the officers shall be prescribed in the
26 bylaws. Compensation of officers shall be such as may be
27 established by the Directors from time to time.

28 (Source: P.A. 81-329.)

29 (205 ILCS 305/30) (from Ch. 17, par. 4431)

30 Sec. 30. Duties of directors. It shall be the duty of the
31 directors to:

32 (1) Review actions on applications for membership. A
33 record of the Membership Committee's approval or denial of
34 membership or management's approval or denial of

1 membership if no Membership Committee has been appointed
2 shall be available to the Board of Directors for
3 inspection. A person denied membership by the Membership
4 Committee or credit union management may appeal the denial
5 to the Board;

6 (2) Provide adequate fidelity bond coverage for
7 officers, employees, directors and committee members, and
8 for losses caused by persons outside of the credit union,
9 subject to rules and regulations promulgated by the
10 Director;

11 (3) Determine from time to time the interest rates, not
12 in excess of that allowed under this Act, which shall be
13 charged on loans to members and to authorize interest
14 refunds, if any, to members from income earned and received
15 in proportion to the interest paid by them on such classes
16 of loans and under such conditions as the Board prescribes.
17 The Directors may establish different interest rates to be
18 charged on different classes of loans;

19 (4) Within any limitations set forth in the credit
20 union's bylaws, fix the maximum amount which may be loaned
21 with and without security to a member;

22 (5) Declare dividends on various classes of shares in
23 the manner and form as provided in the bylaws;

24 (6) Limit the number of shares which may be owned by a
25 member; such limitations to apply alike to all members;

26 (7) Have charge of the investment of funds, except that
27 the Board of Directors may designate an Investment
28 Committee or any qualified individual or entity to have
29 charge of making investments under policies established by
30 the Board of Directors;

31 (8) Authorize the employment of or contracting with
32 such persons or organizations as may be necessary to carry
33 on the operations of the credit union, provided that prior
34 approval is received from the Department before delegating
35 substantially all managerial duties and responsibilities
36 to a credit union organization, and fix the compensation,

1 if any, of the officers and provide for compensation for
2 other employees within policies established by the Board of
3 Directors;

4 (9) Authorize the conveyance of property;

5 (10) Borrow or lend money consistent with the
6 provisions of this Act;

7 (11) Designate a depository or depositories for the
8 funds of the credit union and supervise the investment of
9 funds;

10 (12) Suspend or remove, or both, ~~for cause,~~ any or all
11 officers or any or all members of the Membership, Credit,
12 ~~Supervisory~~ or other committees whenever, in the judgment
13 of the Board of Directors, the best interests of the credit
14 union will be served thereby; provided that members of the
15 Supervisory Committee may not be suspended or removed
16 except for failure to perform their duties; and provided
17 that removal of any officer shall be without prejudice to
18 the contract rights, if any, of the person so removed ~~for~~
19 ~~failure to perform their duties;~~

20 (13) Appoint any special committees deemed necessary;
21 and~~;~~

22 (14) Perform such other duties as the members may
23 direct, and perform or authorize any action not
24 inconsistent with this Act and not specifically reserved by
25 the bylaws to the members.

26 (Source: P.A. 92-608, eff. 7-1-02; revised 1-20-03.)

27 Section 99. Effective date. This Act takes effect upon
28 becoming law.