

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 23, 26, and 30 and by adding Section 16.1 as
6 follows:

7 (205 ILCS 305/16.1 new)

8 Sec. 16.1. Service to the economically disadvantaged.

9 (a) Persons who reside in investment areas as defined in
10 the Community Development Banking and Financial Institutions
11 Act of 1994 (12 U.S.C. 4702) and identified by the U.S.
12 Department of the Treasury may be admitted to membership in a
13 credit union that serves the area by maintaining a facility in
14 the area. For purposes of this Section, a "facility" means a
15 credit union owned branch, a shared branch, an office operated
16 on a regularly scheduled weekly basis, or a credit union owned
17 electronic facility that meets, at a minimum, the requirements
18 of accepting shares for members' accounts, accepting loan
19 applications and disbursing loans, but does not include an ATM.

20 (b) Credit unions desiring to serve the economically
21 disadvantaged in accordance with this Section shall do so
22 pursuant to a written business plan that shall document the
23 fact that the area meets the criteria of this Section, identify
24 the credit and depository needs of the area, identify the
25 services to be delivered, and describe the manner in which the
26 services will be delivered. The credit union shall regularly
27 review the business plan to determine whether the area is being
28 adequately served and shall provide to the Director periodic
29 service status reports that describe how the needs of the area
30 are being met.

31 (205 ILCS 305/23) (from Ch. 17, par. 4424)

1 Sec. 23. Compensation of officials.

2 (1) No director or committee member may receive
3 compensation for his service as such. "Compensation" as used in
4 this subsection (1) refers to remuneration expense to the
5 credit union for services provided by a director or committee
6 member in his or her capacity as director or committee member.
7 "Compensation" as used in this subsection (1) does not include
8 the expense of providing reasonable life, health, accident, and
9 similar insurance protection benefits for a director or
10 committee member.

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

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

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

23 (205 ILCS 305/26) (from Ch. 17, par. 4427)

24 Sec. 26. Executive Officers. (1) At their first meeting,
25 the Board of Directors shall elect from among their own number
26 a Chairman of the Board and one or more Vice Chairmen, a
27 Secretary and a Treasurer. The Directors shall appoint a chief
28 management official who shall have such title as the Directors
29 shall determine. The Directors ~~President and~~ may also appoint
30 one or more Vice Presidents. ~~The President shall be the chief~~
31 ~~operating officer of the credit union.~~ The chief management
32 official ~~President~~ and Vice President may, but need not, be
33 Directors. Any two or more offices may be held by the same
34 person, except the Chairman of the Board ~~President~~ may not also
35 hold the office of Vice Chairman ~~President~~ or Secretary.

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

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

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

7 (205 ILCS 305/30) (from Ch. 17, par. 4431)

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

10 (1) Review actions on applications for membership. A
11 record of the Membership Committee's approval or denial of
12 membership or management's approval or denial of
13 membership if no Membership Committee has been appointed
14 shall be available to the Board of Directors for
15 inspection. A person denied membership by the Membership
16 Committee or credit union management may appeal the denial
17 to the Board;

18 (2) Provide adequate fidelity bond coverage for
19 officers, employees, directors and committee members, and
20 for losses caused by persons outside of the credit union,
21 subject to rules and regulations promulgated by the
22 Director;

23 (3) Determine from time to time the interest rates, not
24 in excess of that allowed under this Act, which shall be
25 charged on loans to members and to authorize interest
26 refunds, if any, to members from income earned and received
27 in proportion to the interest paid by them on such classes
28 of loans and under such conditions as the Board prescribes.
29 The Directors may establish different interest rates to be
30 charged on different classes of loans;

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

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

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

3 (7) Have charge of the investment of funds, except that
4 the Board of Directors may designate an Investment
5 Committee or any qualified individual or entity to have
6 charge of making investments under policies established by
7 the Board of Directors;

8 (8) Authorize the employment of or contracting with
9 such persons or organizations as may be necessary to carry
10 on the operations of the credit union, provided that prior
11 approval is received from the Department before delegating
12 substantially all managerial duties and responsibilities
13 to a credit union organization, and fix the compensation,
14 if any, of the officers and provide for compensation for
15 other employees within policies established by the Board of
16 Directors;

17 (9) Authorize the conveyance of property;

18 (10) Borrow or lend money consistent with the
19 provisions of this Act;

20 (11) Designate a depository or depositories for the
21 funds of the credit union and supervise the investment of
22 funds;

23 (12) Suspend or remove, or both, ~~for cause,~~ any or all
24 officers or any or all members of the Membership, Credit,
25 ~~Supervisory~~ or other committees whenever, in the judgment
26 of the Board of Directors, the best interests of the credit
27 union will be served thereby; provided that members of the
28 Supervisory Committee may not be suspended or removed
29 except for failure to perform their duties; and provided
30 that removal of any officer shall be without prejudice to
31 the contract rights, if any, of the person so removed ~~for~~
32 ~~failure to perform their duties;~~

33 (13) Appoint any special committees deemed necessary;
34 and;

35 (14) Perform such other duties as the members may
36 direct, and perform or authorize any action not

1 inconsistent with this Act and not specifically reserved by
2 the bylaws to the members.

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

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.