

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 13, 42, 47, and 70 as follows:

6 (205 ILCS 305/13) (from Ch. 17, par. 4414)

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

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

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

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

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

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

30 (6) Borrow from any source in accordance with policy
31 established by the Board of Directors to a maximum of 50%
32 of capital, surplus and reserves;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (205 ILCS 305/42) (from Ch. 17, par. 4443)

27 Sec. 42. Shares in trust.

28 (1) Shares may be issued in trust to a member as trustee or
29 to an individual or corporate trustee. If a corporate trustee
30 is a bank or trust company, shares may be issued to the
31 corporate trustee only if such bank or trust company is
32 organized under the laws of the State of Illinois or is a
33 nationally chartered bank located principally in the State of
34 Illinois. An individual trustee shall be a member of the credit
35 union unless the person establishing the trust in respect to

1 which such shares are issued or each beneficiary of the trust
2 is a member of the credit union and the name of each
3 beneficiary is disclosed to the credit union. Shares may also
4 be issued in the name of an individual or corporate
5 representative under the Illinois Probate Act of 1975 for or in
6 respect to a member of a credit union. Shares may also be
7 issued in trust under the Illinois Funeral or Burial Funds Act,
8 for or in respect to a member of a credit union, to a trustee
9 licensed under said Act. Any credit union which issues shares
10 in trust as provided in this Section must be insured by the
11 NCUA or another approved insurer. Payment of part or all of
12 such shares to such trustee or member shall, to the extent of
13 such payment, discharge the liability of the credit union to
14 the member and the beneficiary and the credit union shall be
15 under no obligation to see to the application of such payment.

16 (2) If a credit union's shares are insured as provided for
17 in this Act, such credit union shall have power to act as
18 trustee or custodian under individual retirement accounts or
19 plans, health savings accounts, and similar tax-advantaged
20 savings plans established pursuant to the Internal Revenue Code
21 for its members or groups or organizations of its members
22 provided the funds of such accounts or plans are invested
23 solely in (1) share accounts of, or (2) share accounts and
24 obligations issued by such credit union. All funds held in such
25 fiduciary capacity shall be maintained in accordance with
26 applicable statutes and regulations promulgated thereunder by
27 any authority exercising jurisdiction over such trusts or
28 custodial accounts.

29 (3) Notwithstanding any language to the contrary in this
30 Section 42, a credit union may act as trustee or custodian of
31 individual retirement plans of its members established
32 pursuant to the Employee Retirement Income Security Act of 1974
33 or self-employed retirement plans established pursuant to the
34 Self-Employed Individuals Retirement Act of 1962, and any laws
35 amendatory or supplementary to such Acts, provided that:

36 (a) All contributions of funds are initially made to a

1 share account in the credit union;

2 (b) Any subsequent transfer of funds to other assets is
3 solely at the direction of the member and the credit union
4 performs only custodial duties, exercises no investment
5 discretion and provides no investment advice with respect
6 to plan assets;

7 (c) The member is notified of the fact that share
8 insurance coverage is limited to funds held in share
9 accounts; and

10 (d) The credit union complies with all applicable
11 provisions of this Act and applicable laws and regulations
12 as may be promulgated by any authority exercising
13 jurisdiction over such trust or custodial accounts.

14 (Source: P.A. 91-131, eff. 7-16-99; 92-608, eff. 7-1-02.)

15 (205 ILCS 305/47) (from Ch. 17, par. 4448)

16 Sec. 47. Loan Applications. Every application for a loan
17 shall be made in the manner prescribed by ~~writing upon a form,~~
18 ~~which~~ the Credit Committee, credit manager, or loan officer
19 ~~prescribes~~. The application shall state the purpose for which
20 the loan is desired, and the security, if any, offered. Each
21 loan shall be evidenced by a written document or by a record
22 electronically stored or generated by any electronic or
23 computer-generated process that accurately reproduces or
24 records the agreement, transaction, act, occurrence, or event.
25 The signature of any party to the loan includes any symbol
26 executed or adopted, or any security procedure employed or
27 adopted, using electronic means or otherwise, by or on behalf
28 of a person with intent to authenticate a record.

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

30 (205 ILCS 305/70) (from Ch. 17, par. 4471)

31 Sec. 70. Use of name, sentence.

32 (a) No individual person, firm, association, or body
33 politic and corporate, including, without limitation, any
34 corporation, limited liability company, general partnership,

1 limited partnership, or joint venture that is not an authorized
2 user partnership, or corporation, except corporations
3 organized under this Act, the credit union acts of other
4 states, or under the Federal Credit Union Act, associations of
5 such corporations, or subsidiaries of such associations, may
6 use any name or title which contains the words "credit union"
7 or any abbreviation thereof, and such use is a Class A
8 Misdemeanor. For purposes of this Section, "authorized user"
9 means a corporation organized under this Act, the credit union
10 act of another state, or the Federal Credit Union Act, any
11 association of such a corporation, and subsidiaries and
12 affiliates of such an association.

13 (b) If the Director of the Division of Financial
14 Institutions of the Department of Financial and Professional
15 Regulation finds that an individual or entity that is not an
16 authorized user has transacted or intends to transact business
17 in this State in a manner that has a substantial likelihood of
18 misleading the public by: (i) implying that the business is a
19 credit union or (ii) using or intending to use the words
20 "credit union", or any abbreviation thereof, in connection with
21 its business, then the Director of the Division of Financial
22 Institutions may direct the individual or entity to cease and
23 desist from transacting its business or using the words "credit
24 union", or any abbreviation thereof. If the individual or
25 entity persists in transacting its business or using the words
26 "credit union", or any abbreviation thereof, then the Director
27 of the Division of Financial Institutions may impose a civil
28 penalty of up to \$10,000 for each violation. Each day that the
29 individual or entity continues transacting business or using
30 the words "credit union", or any abbreviation thereof, in
31 connection with its business shall constitute a separate
32 violation of these provisions.

33 (Source: P.A. 92-293, eff. 8-9-01.)

34 Section 99. Effective date. This Act takes effect upon
35 becoming law.