

# HB3050



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB3050

Introduced 2/23/2011, by Rep. Joseph M. Lyons

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Credit Union Act. Provides that if a credit union requests a hearing in response to an order of a fine, the Secretary shall schedule a hearing within 30 days after the request and the order shall be stayed until the final administrative order is entered. Makes changes in provisions concerning reciprocity, the powers and duties of the Secretary, powers of a credit union, and vacancies in the board of directors. Makes other changes. Also makes technical changes concerning the capitalization of "articles of incorporation," "board of directors," "credit committee," "chairman," and other terms. Effective January 1, 2012.

LRB097 10833 CEL 51313 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

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 1.1, 2, 3, 4, 7, 8, 9, 9.1, 11, 12, 13, 14,  
6 15, 16, 16.1, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 30, 31,  
7 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 43.1, 44, 45, 46, 47,  
8 48, 49, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64,  
9 65, 66, 67, 68, 69, 69.1, 70, and 71 as follows:

10 (205 ILCS 305/1.1) (from Ch. 17, par. 4402)

11 Sec. 1.1. Definitions.

12 Credit Union - The term "credit union" means a cooperative,  
13 non-profit association, incorporated under this Act, under the  
14 laws of the United States of America or under the laws of  
15 another state, for the purposes of encouraging thrift among its  
16 members, creating a source of credit at a reasonable rate of  
17 interest, and providing an opportunity for its members to use  
18 and control their own money in order to improve their economic  
19 and social conditions. The membership of a credit union shall  
20 consist of a group or groups each having a common bond as set  
21 forth in this Act.

22 Common Bond - The term "common bond" refers to groups of  
23 people who meet one of the following qualifications:

1           (1) Persons belonging to a specific association, group  
2           or organization, such as a church, labor union, club or  
3           society and members of their immediate families which shall  
4           include any relative by blood or marriage or foster and  
5           adopted children.

6           (2) Persons who reside in a reasonably compact and well  
7           defined neighborhood or community, and members of their  
8           immediate families which shall include any relative by  
9           blood or marriage or foster and adopted children.

10          (3) Persons who have a common employer or who are  
11          members of an organized labor union or an organized  
12          occupational or professional group within a defined  
13          geographical area, and members of their immediate families  
14          which shall include any relative by blood or marriage or  
15          foster and adopted children.

16          Shares - The term "shares" or "share accounts" means any  
17          form of shares issued by a credit union and established by a  
18          member in accordance with standards specified by a credit  
19          union, including but not limited to common shares, share draft  
20          accounts, classes of shares, share certificates, special  
21          purpose share accounts, shares issued in trust, custodial  
22          accounts, and individual retirement accounts or other plans  
23          established pursuant to Section 401(d) or (f) or Section 408(a)  
24          of the Internal Revenue Code, as now or hereafter amended, or  
25          similar provisions of any tax laws of the United States that  
26          may hereafter exist.

1           Credit Union Organization - The term "credit union  
2 organization" means any organization established to serve the  
3 needs of credit unions, the business of which relates to the  
4 daily operations of credit unions.

5           Department - The term "Department" means the Illinois  
6 Department of Financial and Professional Regulation  
7 ~~Institutions~~.

8           ~~Secretary Director~~ - The term "~~Secretary Director~~" means  
9 the ~~Secretary Director of the Illinois Department of Financial~~  
10 ~~and Professional Regulation or a person authorized by the~~  
11 ~~Secretary or this Act to act in the Secretary's stead~~  
12 ~~Institutions, except that beginning on the effective date of~~  
13 ~~this amendatory Act of the 95th General Assembly, all~~  
14 ~~references in this Act to the Director of the Department of~~  
15 ~~Financial Institutions are deemed, in appropriate contexts, to~~  
16 ~~be references to the Secretary of Financial and Professional~~  
17 ~~Regulation.~~

18           Division of Financial Institutions - The term "Division of  
19 Financial Institutions" means the Division of Financial  
20 Institutions of the Department of Financial and Professional  
21 Regulation.

22           Director - The term "Director of Financial Institutions"  
23 means the Director of the Division of Financial Institutions of  
24 the Department of Financial and Professional Regulation.

25           Office - The term "office" means the Division of Financial  
26 Institutions of the Department of Financial and Professional

1 Regulation.

2 NCUA - The term "NCUA" means the National Credit Union  
3 Administration, an agency of the United States Government  
4 charged with the supervision of credit unions chartered under  
5 the laws of the United States of America.

6 Central Credit Union - The term "central credit union"  
7 means a credit union incorporated primarily to receive shares  
8 from and make loans to credit unions and directors ~~Directors,~~  
9 officers ~~Officers,~~ committee members and employees of credit  
10 unions. A central credit union may also accept as members  
11 persons who were members of credit unions which were liquidated  
12 and persons from occupational groups not otherwise served by  
13 another credit union.

14 Corporate Credit Union - The term "corporate credit union"  
15 means a credit union which is a cooperative, non-profit  
16 association, the membership of which is limited primarily to  
17 other credit unions.

18 Insolvent - "Insolvent" means the condition that results  
19 when the total of all liabilities and shares exceeds net assets  
20 of the credit union.

21 Danger of insolvency - For purposes of Section 61, a credit  
22 union is in "danger of insolvency" if its net worth to asset  
23 ratio falls below 2%. In calculating the danger of insolvency  
24 ratio, secondary capital shall be excluded. For purposes of  
25 Section 61, a credit union is also in "danger of insolvency" if  
26 the Department is unable to ascertain, upon examination, the

1 true financial condition of the credit union.

2 Net Worth - "Net worth" means the retained earnings balance  
3 of the credit union, as determined under generally accepted  
4 accounting principles, and forms of secondary capital approved  
5 by the Secretary ~~Director~~ pursuant to rulemaking.

6 ~~Secretary~~ The term "Secretary" means the Secretary of the  
7 Department of Financial and Professional Regulation, or a  
8 person authorized by the Secretary or this Act to act in the  
9 Secretary's stead.

10 (Source: P.A. 95-1047, eff. 4-6-09.)

11 (205 ILCS 305/2) (from Ch. 17, par. 4403)

12 Sec. 2. Organization Procedure.

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

17 (2) The subscribers shall execute in duplicate Articles of  
18 Incorporation and agree to the terms thereof, which Articles  
19 shall state:

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

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

1 (c) The par value of the shares of the credit union,  
2 which must be at least \$5.00;

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

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

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

13 (3) The subscribers shall prepare and adopt bylaws for the  
14 general government of the credit union, consistent with this  
15 Act, and execute same in duplicate.

16 (4) The subscribers shall forward the articles ~~Articles~~ of  
17 incorporation ~~Incorporation~~, and the bylaws to the Secretary  
18 ~~Director~~ in duplicate, along with the required charter ~~Charter~~  
19 fee. If they conform to the law, and such rules and regulations  
20 as the Secretary ~~Director~~ may prescribe, if the Secretary  
21 ~~Director~~ determines that a common bond exists, and that it is  
22 economically advisable to organize the credit union, he or she  
23 shall within 60 days issue a certificate ~~Certificate~~ of  
24 approval ~~Approval~~ attached to the articles of incorporation  
25 ~~Articles~~ and return a copy of the bylaws and the articles of  
26 incorporation ~~Articles~~ to the applicants or their

1 representative, which shall be preserved in the permanent files  
2 of the credit union. The subscribers shall file the certificate  
3 ~~Certificate~~ of approval ~~Approval~~, with the articles ~~Articles~~ of  
4 incorporation ~~Incorporation~~ attached, in the office of the  
5 recorder (or, if there is no recorder, in the office of the  
6 county clerk ~~County Clerk~~) of the county ~~County~~ in which the  
7 credit union is to locate its principal place of business. The  
8 recorder or the county clerk ~~County Clerk~~, as the case may be,  
9 shall accept and record the documents if they are accompanied  
10 by the proper fee. When the documents are so recorded, the  
11 credit union is incorporated under this Act.

12 (5) The subscribers for a credit union charter shall not  
13 transact any business until the certificate ~~Certificate~~ of  
14 approval ~~Approval~~ has been received.

15 (Source: P.A. 83-358.)

16 (205 ILCS 305/3) (from Ch. 17, par. 4404)

17 Sec. 3. Form of articles ~~Articles~~ and bylaws ~~Bylaws~~. The  
18 Secretary ~~Director~~ shall provide, at no charge, a form of  
19 articles ~~Articles~~ of incorporation ~~Incorporation~~ and a form of  
20 bylaws which may be used by credit union incorporators for  
21 their guidance.

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

23 (205 ILCS 305/4) (from Ch. 17, par. 4405)

24 Sec. 4. Amendments to articles ~~Articles~~ of incorporation



1 ~~Incorporation~~ and bylaws ~~Bylaws~~. Amendments to the articles  
2 ~~Articles~~ of incorporation ~~Incorporation~~ may be made by the  
3 members at any regular or special meeting, if the proposed  
4 amendment is set forth in the call of the meeting and is  
5 approved by at least two thirds of the members present at a  
6 meeting at which a quorum is present. Amendments to the bylaws  
7 may be made by the members at any regular or special meeting,  
8 if the proposed amendment is set forth in the call for the  
9 meeting and is approved by a majority of the members present at  
10 a meeting at which a quorum is present. Amendments to the  
11 bylaws may also be made by the board of directors ~~Board of~~  
12 ~~Directors~~ at any regular or special meeting, if the proposed  
13 amendment is set forth in the call of the meeting and approved  
14 by at least two thirds of the directors ~~Directors~~ present at a  
15 meeting at which a quorum is present. A report shall be made to  
16 the members at the next annual meeting of any amendments to the  
17 bylaws adopted by the board of directors ~~Board of Directors~~.  
18 Any amendment to the articles ~~Articles~~ of incorporation  
19 ~~Incorporation~~ or bylaws of a credit union shall be approved by  
20 the Secretary ~~Director~~ before the amendment is effective. The  
21 Secretary ~~Director~~ shall approve or disapprove of any  
22 amendments within 60 days after submission to him or her.

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

24 (205 ILCS 305/7) (from Ch. 17, par. 4408)

25 Sec. 7. Reciprocity - out of state credit unions.

1           (1) A credit union organized and duly chartered as a credit  
2 union in another state shall be permitted to conduct business  
3 as a credit union in this state if and so long as a credit union  
4 chartered under the laws of this state is permitted to do  
5 business in such other state, provided that:

6           (a) The credit union shall register with the Secretary  
7 ~~Director~~ prior to operating in this State, on a form  
8 specified by the Secretary ~~Director~~.

9           (b) The credit union may be required to pay a  
10 registration fee in accordance with rules promulgated by  
11 the Secretary ~~Director~~.

12           (c) The credit union shall comply with rules  
13 promulgated by the Secretary ~~Director~~ concerning the  
14 operation of out of state credit unions in this State.

15           (d) The credit union shall not conduct business in  
16 Illinois on terms that are less restrictive than the  
17 standards applicable to its operation in its home  
18 chartering state. In every instance with respect to its  
19 activities and operations in Illinois, the credit union  
20 shall comply with applicable Illinois law.

21           (e) Permission to operate in the State may be revoked  
22 by the Secretary or the Director if the credit union  
23 engages in activities or operates in the State that would  
24 constitute (i) a violation of this Act or other applicable  
25 law, (ii) a violation of any rule adopted in accordance  
26 with this Act or other applicable law, (iii) a violation of

1       any order of the Secretary or Director issued under his or  
2       her authority under this Act, or (iv) an unsafe or unsound  
3       practice in the discretion of the Secretary or Director.

4       (2) It is intended that the legal existence of credit  
5       unions chartered under this Act be recognized beyond the limits  
6       of this State and that, subject to any reasonable registration  
7       requirements, any credit union transacting business outside of  
8       this State be granted the protection of full faith and credit  
9       under Section 1 of Article IV of the Constitution of the United  
10      States.

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

12      (205 ILCS 305/8) (from Ch. 17, par. 4409)

13      Sec. 8. Secretary's ~~Director's~~ powers and duties. Credit  
14      unions are regulated by the Department. The Secretary ~~Director~~,  
15      in executing the powers and discharging the duties vested by  
16      law in the Department has the following powers and duties:

17      (1) To exercise the rights, powers and duties set forth  
18      in this Act or any related Act. The Director shall oversee  
19      the functions of the Division and report to the Secretary,  
20      with respect to the Director's exercise of any of the  
21      rights, powers, and duties vested by law in the Secretary  
22      under this Act. All references in this Act to the Secretary  
23      shall be deemed to include the Director, as a person  
24      authorized by the Secretary or this Act to assume  
25      responsibility for the oversight of the functions of the

1       Department relating to the regulatory supervision of  
2       credit unions under this Act.

3           (2) To prescribe rules and regulations for the  
4       administration of this Act. The provisions of the Illinois  
5       Administrative Procedure Act are hereby expressly adopted  
6       and incorporated herein as though a part of this Act, and  
7       shall apply to all administrative rules and procedures of  
8       the Department under this Act.

9           (3) To direct and supervise all the administrative and  
10       technical activities of the Department including the  
11       employment of a Credit Union Supervisor who shall have  
12       knowledge in the theory and practice of, or experience in,  
13       the operations or supervision of financial institutions,  
14       preferably credit unions, and such other persons as are  
15       necessary to carry out his functions. The Secretary  
16       ~~Director~~ shall ensure that all examiners appointed or  
17       assigned to examine the affairs of State-chartered credit  
18       unions possess the necessary training and continuing  
19       education to effectively execute their jobs.

20           (4) To issue cease and desist orders when in the  
21       opinion of the Secretary ~~Director~~, a credit union is  
22       engaged or has engaged, or the Secretary ~~Director~~ has  
23       reasonable cause to believe the credit union is about to  
24       engage, in an unsafe or unsound practice, or is violating  
25       or has violated or the Secretary ~~Director~~ has reasonable  
26       cause to believe is about to violate a law, rule or

1 regulation or any condition imposed in writing by the  
2 Department.

3 (5) To suspend from office and to prohibit from further  
4 participation in any manner in the conduct of the affairs  
5 of his credit union any director, officer or committee  
6 member who has committed any violation of a law, rule,  
7 regulation or of a cease and desist order or who has  
8 engaged or participated in any unsafe or unsound practice  
9 in connection with the credit union or who has committed or  
10 engaged in any act, omission, or practice which constitutes  
11 a breach of his fiduciary duty as such director, officer or  
12 committee member, when the Secretary ~~Director~~ has  
13 determined that such action or actions have resulted or  
14 will result in substantial financial loss or other damage  
15 that seriously prejudices the interests of the members.

16 (6) To assess a civil penalty against a credit union  
17 for a violation of this Act, any rule adopted in accordance  
18 with this Act, any order of the Secretary issued under his  
19 or her authority under this Act, or any other action that  
20 in the Secretary's discretion is an unsafe or unsound  
21 practice provided that:

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

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

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

4                   (B) a credit union's failure to take timely  
 5                   remedial action with respect to the specific violation  
 6                   may result in the issuance of an order assessing a  
 7                   civil penalty up to the following maximum amount, based  
 8                   upon the total assets of the credit union:

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

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

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

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

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

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

21                   (C) an order assessing a civil penalty under this  
 22                   item (6) shall take effect upon service of the order,  
 23                   unless the credit union makes a written request for a  
 24                   hearing under 38 IL. Adm. Code 190.20 of the  
 25                   Department's rules for credit unions within 90 days  
 26                   after issuance of the order. In that event, the order

1       shall be stayed until a final administrative order is  
2       entered; and

3           (D) in the event a credit union commits a  
4       subsequent violation that is substantially similar to  
5       the initial violation for which a cure period under  
6       paragraph (A) of this item (6) was provided the credit  
7       union, no additional cure period shall be required  
8       before another order is issued assessing a civil  
9       penalty for the subsequent violation. Any such order  
10       shall take effect upon service of the order, subject to  
11       the credit union's right to request a hearing as  
12       described in paragraph (C) of this item (6). If a  
13       hearing is requested, the order shall be stayed until a  
14       final administrative order is entered.

15       This item (6) shall not apply to violations separately  
16       addressed in rules as authorized under item (7) of this  
17       Section.

18       (7) ~~(6)~~ Except for the fees established in this Act, to  
19       prescribe, by rule and regulation, fees and penalties for  
20       preparing, approving, and filing reports and other  
21       documents; furnishing transcripts; holding hearings;  
22       investigating applications for permission to organize,  
23       merge, or convert; failure to maintain accurate books and  
24       records to enable the Department to conduct an examination;  
25       and taking supervisory actions.

26       (8) ~~(7)~~ To destroy, in his discretion, any or all books

1 and records of any credit union in his possession or under  
2 his control after the expiration of three years from the  
3 date of cancellation of the charter of such credit unions.

4 (9) ~~(8)~~ To make investigations and to conduct research  
5 and studies and to publish some of the problems of persons  
6 in obtaining credit at reasonable rates of interest and of  
7 the methods and benefits of cooperative saving and lending  
8 for such persons.

9 (10) ~~(9)~~ To authorize, foster or establish  
10 experimental, developmental, demonstration or pilot  
11 projects by public or private organizations including  
12 credit unions which:

13 (a) promote more effective operation of credit  
14 unions so as to provide members an opportunity to use  
15 and control their own money to improve their economic  
16 and social conditions; or

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

19 (11) ~~(10)~~ To cooperate in studies, training or other  
20 administrative activities with, but not limited to, the  
21 NCUA, other state credit union regulatory agencies and  
22 industry trade associations in order to promote more  
23 effective and efficient supervision of Illinois chartered  
24 credit unions.

25 (Source: P.A. 95-98, eff. 8-13-07.)



1 (205 ILCS 305/9) (from Ch. 17, par. 4410)

2 Sec. 9. Reports and examinations.

3 (1) Credit unions shall report to the Department on forms  
4 supplied by the Department, in accordance with a schedule  
5 published by the Department. A recapitulation of the annual  
6 reports ~~Annual Reports~~ shall be compiled and published annually  
7 by the Department, for the use of the General Assembly, credit  
8 unions, various educational institutions and other interested  
9 parties. A credit union which fails to file any report when due  
10 shall pay to the Department a late filing fee for each day the  
11 report is overdue as prescribed by rule. The Secretary ~~Director~~  
12 may extend the time for filing a report.

13 (2) The Secretary ~~Director~~ may require special  
14 examinations of and special financial reports from a credit  
15 union or a credit union organization in which a credit union  
16 loans, invests, or delegates substantially all managerial  
17 duties and responsibilities when he determines that such  
18 examinations and reports are necessary to enable the Department  
19 to determine the safety of a credit union's operation or its  
20 solvency. The cost to the Department of the aforesaid special  
21 examinations shall be borne by the credit union being examined  
22 as prescribed by rule.

23 (3) All credit unions incorporated under this Act shall be  
24 examined at least biennially by the Department or, at the  
25 discretion of the Secretary ~~Director~~, by a public accountant  
26 registered by the Department of Financial and Professional

1 Regulation. The costs of an examination shall be paid by the  
2 credit union. The scope of all examinations by a public  
3 accountant shall be at least equal to the examinations made by  
4 the Department. The examiners shall have full access to, and  
5 may compel the production of, all the books, papers, securities  
6 and accounts of any credit union. A special examination shall  
7 be made by the Department or by a public accountant approved by  
8 the Department upon written request of 5 or more members, who  
9 guarantee the expense of the same. Any credit union refusing to  
10 submit to an examination when ordered by the Department shall  
11 be reported to the Attorney General, who shall institute  
12 proceedings to have its charter revoked. If the Secretary  
13 ~~Director~~ determines that the examination of a credit union is  
14 to be conducted by a public accountant registered by the  
15 Department of Financial and Professional Regulation and the  
16 examination is done in conjunction with the credit union's  
17 external independent audit of financial statements, the  
18 requirements of this Section and subsection (3) of Section 34  
19 shall be deemed met.

20 (4) A copy of the completed report of examination and a  
21 review comment letter, if any, citing exceptions revealed  
22 during the examination, shall be submitted to the credit union  
23 by the Department. A detailed report stating the corrective  
24 actions taken by the board of directors ~~Board of Directors~~ on  
25 each exception set forth in the review comment letter shall be  
26 filed with the Department within 40 days after the date of the

1 review comment letter, or as otherwise directed by the  
2 Department. Any credit union through its officers, directors,  
3 committee members or employees, which willfully provides  
4 fraudulent or misleading information regarding the corrective  
5 actions taken on exceptions appearing in a review comment  
6 letter may have its operations restricted to the collection of  
7 principal and interest on loans outstanding and the payment of  
8 normal expenses and salaries until all exceptions are corrected  
9 and accepted by the Department.

10 (Source: P.A. 91-755, eff. 1-1-01; 92-608, eff. 7-1-02.)

11 (205 ILCS 305/9.1)

12 Sec. 9.1. Disclosures of reports of examinations and  
13 confidential supervisory information; limitations.

14 (1) Any report of examination, visitation, or  
15 investigation prepared by the Secretary ~~Director~~ under this Act  
16 or by the state regulatory authority charged with enforcing the  
17 Electronic Fund Transfer Act or the Corporate Fiduciary Act or  
18 by the state regulatory authority of another state that  
19 examines an office of an Illinois credit union in that state,  
20 any document or record prepared or obtained in connection with  
21 or relating to any examination, visitation, or investigation,  
22 and any record prepared or obtained by the Secretary ~~Director~~  
23 to the extent that the record summarizes or contains  
24 information derived from any report, document, or record  
25 described in this subsection shall be deemed "confidential

1 supervisory information". Confidential supervisory information  
2 shall not include any information or record routinely prepared  
3 by a credit union and maintained in the ordinary course of  
4 business or any information or record that is required to be  
5 made publicly available pursuant to State or federal law or  
6 rule.

7 (2) Confidential supervisory information is privileged  
8 from discovery and shall only be disclosed under the  
9 circumstances and for the purposes set forth in this Section.

10 (3) Relevant confidential supervisory information may be  
11 disclosed under a statute that by its terms or by rules  
12 promulgated thereunder requires the disclosure of confidential  
13 supervisory information other than by subpoena, summons,  
14 warrant, or court order; to the appropriate law enforcement  
15 authorities when the Secretary ~~Director~~ or the credit union  
16 reasonably believes the credit union, which the Secretary  
17 ~~Director~~ has caused to be examined, has been a victim of a  
18 crime; to other agencies or entities having a legitimate  
19 regulatory interest; to the credit union's board, officers,  
20 retained professionals, and insurers; to persons seeking to  
21 merge with or purchase all or part of the assets of the credit  
22 union; and where disclosure is otherwise required for the  
23 benefit of the credit union. Disclosure of confidential  
24 supervisory information to these persons does not constitute a  
25 waiver of the legal privilege otherwise available with respect  
26 to the information.

1           (4) A person to whom confidential supervisory information  
2 is disclosed shall not further disseminate confidential  
3 supervisory information.

4           (5) (a) Any person upon whom a demand for production of  
5 confidential supervisory information is made, whether by  
6 subpoena, order, or other judicial or administrative process,  
7 must withhold production of the confidential supervisory  
8 information and must notify the Secretary ~~Director~~ of the  
9 demand, at which time the Secretary ~~Director~~ is authorized to  
10 intervene for the purpose of enforcing the limitations of this  
11 Section or seeking the withdrawal or termination of the attempt  
12 to compel production of the confidential supervisory  
13 information.

14           (b) Any request for discovery or disclosure of confidential  
15 supervisory information, whether by subpoena, order, or other  
16 judicial or administrative process, shall be made to the  
17 Secretary ~~Director~~, and the Secretary ~~Director~~ shall determine  
18 within 15 days whether to disclose the information pursuant to  
19 procedures and standards that the Secretary ~~Director~~ shall  
20 establish by rule. If the Secretary ~~Director~~ determines that  
21 such information will not be disclosed, the Secretary's  
22 ~~Director's~~ decision shall be subject to judicial review under  
23 the provisions of the Administrative Review Law, and venue  
24 shall be in either Sangamon County or Cook County.

25           (c) Any court order that compels disclosure of confidential  
26 supervisory information may be immediately appealed by the

1 ~~Secretary Director~~, and the order shall be automatically stayed  
2 pending the outcome of the appeal.

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

4 (205 ILCS 305/11) (from Ch. 17, par. 4412)

5 Sec. 11. Board of credit union advisors ~~Credit Union~~  
6 ~~Advisors~~.

7 (1) There shall be a board ~~Board~~ of credit union advisors  
8 ~~Credit Union Advisors~~ who shall consult with, advise, and make  
9 recommendations to the Governor and to the Secretary Director  
10 on matters pertaining to credit unions. The board ~~Board~~ of  
11 credit union advisors may ~~Credit Union Advisors~~ shall also  
12 advise the Governor and Secretary Director upon appointments  
13 and employment of personnel in connection with the supervision  
14 and regulation of credit unions.

15 (2) The board ~~Board~~ of credit union advisors ~~Credit Union~~  
16 ~~Advisors~~ shall consist of 7 persons with credit union  
17 experience who shall be appointed by the Governor. Appointments  
18 to the board ~~Board~~ shall be for terms of 3 years each, except  
19 that initial appointments shall be: 3 members for 3 years each;  
20 3 members for 2 years each and 1 member for 1 year.

21 (3) All members shall serve until their successors have  
22 been appointed and qualified. In the event a vacancy occurs,  
23 the appointment to fill such vacancy shall be made in the  
24 manner of original appointment, but only for the unexpired  
25 term.

1           (4) The chairman ~~Chairman~~ of the board ~~Board~~ of credit  
2 union advisors ~~Credit Union Advisors~~ shall be elected annually  
3 by a majority of the board ~~Board~~ members at the first meeting  
4 of the board ~~Board~~ each year.

5           (5) The initial meeting of the board ~~Board~~ shall be called  
6 by the Secretary ~~Director~~ and thereafter regular meetings shall  
7 be held at such times and places as shall be determined by the  
8 Governor, chairman, ~~Chairman~~ or Secretary ~~Director~~, but at  
9 least once each 6 months. Special meetings may be called either  
10 by the Governor, the Secretary ~~Director~~, the chairman ~~Chairman~~,  
11 or by written notice sent by 2 or more members of the board  
12 ~~Board~~. A majority of the members of the board ~~Board~~ shall  
13 constitute a quorum.

14           (6) The Department shall reimburse the board ~~Board~~ members  
15 for their actual and necessary travel and subsistence expenses.  
16 (Source: P.A. 81-329.)

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

18           Sec. 12. Regulatory fees.

19           (1) For the fiscal year beginning July 1, 2007, a credit  
20 union regulated by the Department shall pay a regulatory fee to  
21 the Department based upon its total assets as shown by its  
22 Year-end Call Report at the following rates or at a lesser rate  
23 established by the Secretary in a manner proportionately  
24 consistent with the following rates and sufficient to fund the  
25 actual administrative and operational expenses of the

1 Department's Credit Union Section pursuant to subsection (4) of  
2 this Section:

3 TOTAL ASSETS	REGULATORY FEE
4 \$25,000 or less .....	\$100
5 Over \$25,000 and not over	
6 \$100,000 .....	\$100 plus \$4 per
7	\$1,000 of assets in excess of
8	\$25,000
9 Over \$100,000 and not over	
10 \$200,000 .....	\$400 plus \$3 per
11	\$1,000 of assets in excess of
12	\$100,000
13 Over \$200,000 and not over	
14 \$500,000 .....	\$700 plus \$2 per
15	\$1,000 of assets in excess of
16	\$200,000
17 Over \$500,000 and not over	
18 \$1,000,000 .....	\$1,300 plus \$1.40
19	per \$1,000 of assets in excess
20	of \$500,000
21 Over \$1,000,000 and not	
22 over \$5,000,000 .....	\$2,000 plus \$0.50
23	per \$1,000 of assets in
24	excess of \$1,000,000
25 Over \$5,000,000 and not	
26 over \$30,000,000 .....	\$4,540 plus \$0.397



1 per \$1,000 assets  
2 in excess of \$5,000,000  
3 Over \$30,000,000 and not over  
4 \$100,000,000 ..... \$14,471 plus \$0.34  
5 per \$1,000 of assets  
6 in excess of \$30,000,000  
7 Over \$100,000,000 and not  
8 over \$500,000,000 ..... \$38,306 plus \$0.17  
9 per \$1,000 of assets  
10 in excess of \$100,000,000  
11 Over \$500,000,000 ..... \$106,406 plus \$0.056  
12 per \$1,000 of assets  
13 in excess of \$500,000,000

14 (2) The Secretary shall review the regulatory fee schedule  
15 in subsection (1) and the projected earnings on those fees on  
16 an annual basis and adjust the fee schedule no more than 5%  
17 annually if necessary to defray the estimated administrative  
18 and operational expenses of the Credit Union Section of the  
19 Department as defined in subsection (5). However, the fee  
20 schedule shall not be increased if the amount remaining in the  
21 Credit Union Fund at the end of any fiscal year is greater than  
22 25% of the total actual and operational expenses incurred by  
23 the State in administering and enforcing the Illinois Credit  
24 Union Act and other laws, rules, and regulations as may apply  
25 to the administration and enforcement of the foregoing laws,  
26 rules, and regulations as amended from time to time for the

1 preceding fiscal year. The regulatory fee for the next fiscal  
2 year shall be calculated by the Secretary based on the credit  
3 union's total assets as of December 31 of the preceding  
4 calendar year. The Secretary shall provide credit unions with  
5 written notice of any adjustment made in the regulatory fee  
6 schedule.

7 (3) ~~A Beginning with the calendar quarter commencing on~~  
8 ~~January 1, 2009,~~ a credit union shall pay to the Department a  
9 regulatory fee in quarterly installments equal to one-fourth of  
10 the regulatory fee due in accordance with the regulatory fee  
11 schedule in subsection (1), on the basis of assets as of the  
12 Year-end Call Report of the preceding calendar year. The total  
13 annual regulatory fee shall not be less than \$100 or more than  
14 \$141,875, provided that the regulatory fee cap of \$141,875  
15 shall be adjusted to incorporate the same percentage increase  
16 as the Secretary makes in the regulatory fee schedule from time  
17 to time under subsection (2). No regulatory fee shall be  
18 collected from a credit union until it has been in operation  
19 for one year. The regulatory fee shall be billed to credit  
20 unions on a quarterly basis ~~commencing with the quarter ending~~  
21 ~~March 31, 2009,~~ and it shall be payable by credit unions on the  
22 due date for the Call Report for the subject quarter.

23 (4) The aggregate of all fees collected by the Department  
24 under this Act shall be paid promptly after they are received,  
25 accompanied by a detailed statement thereof, into the State  
26 Treasury and shall be set apart in the Credit Union Fund, a

1 special fund hereby created in the State treasury. The amount  
2 from time to time deposited in the Credit Union Fund and shall  
3 be used to offset the ordinary administrative and operational  
4 expenses of the Credit Union Section of the Department under  
5 this Act. All earnings received from investments of funds in  
6 the Credit Union Fund shall be deposited into the Credit Union  
7 Fund and may be used for the same purposes as fees deposited  
8 into that ~~fund~~ Fund. Moneys deposited in the Credit Union Fund  
9 may be transferred to the Professions Indirect Cost Fund, as  
10 authorized under Section 2105-300 of the Department of  
11 Professional Regulation Law of the Civil Administrative Code of  
12 Illinois.

13 ~~Notwithstanding provisions in the State Finance Act, as now~~  
14 ~~or hereafter amended, or any other law to the contrary, the sum~~  
15 ~~of \$4,404,515 shall be transferred from the Credit Union Fund~~  
16 ~~to the Financial Institutions Settlement of 2008 Fund as of the~~  
17 ~~effective date of this amendatory Act of the 95th General~~  
18 ~~Assembly, or as soon thereafter as practical.~~

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

1 Notwithstanding provisions in the State Finance Act, as now or  
2 hereafter amended, or any other law to the contrary, the total  
3 sum transferred from the Credit Union Fund to the General  
4 Revenue Fund pursuant to this provision shall not exceed during  
5 any fiscal year 10% of the revenues to be deposited into the  
6 Credit Union Fund during that fiscal year. The State Treasurer  
7 and Comptroller shall transfer the amounts designated under  
8 this Section as soon as may be practicable after receiving the  
9 direction to transfer from the Governor.

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

22 (6) When the balance in the Credit Union Fund at the end of  
23 a fiscal year exceeds 25% of the total administrative and  
24 operational expenses incurred by the State in administering and  
25 enforcing the Illinois Credit Union Act and other laws, rules,  
26 and regulations as may apply to the administration and

1 enforcement of the foregoing laws, rules, and regulations as  
2 amended from time to time for that fiscal year, such excess  
3 shall be credited to credit unions and applied against their  
4 regulatory fees for the subsequent fiscal year. The amount  
5 credited to each credit union shall be in the same proportion  
6 as the regulatory fee paid by such credit union for the fiscal  
7 year in which the excess is produced bears to the aggregate  
8 amount of all fees collected by the Department under this Act  
9 for the same fiscal year.

10 (7) (Blank).

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

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

17 (Source: P.A. 94-91, eff. 7-1-05; 95-1047, eff. 4-6-09.)

18 (205 ILCS 305/13) (from Ch. 17, par. 4414)

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

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

22 (2) Acquire, lease (either as lessee or lessor), hold,  
23 pledge, mortgage, sell and dispose of real property, either  
24 in whole or in part, or any interest therein, as may be  
25 necessary or incidental to its present or future operations

1 and needs, subject to such limitations as may be imposed  
2 thereon in rules and regulations promulgated by the  
3 Secretary ~~Director~~; acquire, lease (either as lessee or  
4 lessor), hold, pledge, mortgage, sell and dispose of  
5 personal property, either in whole or in part, or any  
6 interest therein, as may be necessary or incidental to its  
7 present or future operations and needs;

8 (3) At the discretion of the board of directors ~~Board~~  
9 ~~of Directors~~, require the payment of an entrance fee or  
10 annual membership fee, or both, of any person admitted to  
11 membership;

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

16 (5) Lend its funds to its members and otherwise as  
17 hereinafter provided;

18 (6) Borrow from any source in accordance with policy  
19 established by the board of directors ~~Board of Directors~~ to  
20 a maximum of 50% of capital, surplus and reserves;

21 (7) Discount and sell any obligations owed to the  
22 credit union;

23 (8) Honor requests for withdrawals or transfers of all  
24 or any part of member share accounts, and any classes  
25 thereof, in any manner approved by the credit union board  
26 of directors ~~Board of Directors~~;

1           (9) Sell all or a part ~~substantially all~~ of its assets  
2           or purchase all or a part ~~substantially all~~ of the assets  
3           of another credit union and assume the liabilities of the  
4           selling credit union, subject to the prior approval of the  
5           Director, which approval shall not be required in the case  
6           of loan transactions otherwise authorized under applicable  
7           law;

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

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

13          (12) Assess charges and fees to members in accordance  
14          with board resolution;

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

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

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

25          (16) Act as fiscal agent for and receive deposits from  
26          the federal government, this state or any agency or

1 political subdivision thereof;

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

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

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



1 application for insurance; and

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

6 (Source: P.A. 94-150, eff. 7-8-05.)

7 (205 ILCS 305/14) (from Ch. 17, par. 4415)

8 Sec. 14. Incidental powers ~~Powers~~. A credit union may  
9 exercise such incidental powers as are granted corporations  
10 organized under the laws of this State including, to the extent  
11 such powers are not inconsistent with powers and prohibitions  
12 contained in this Act, such powers as are necessary or  
13 convenient to enable credit unions to promote and carry on  
14 their purposes. The provisions of this Section shall be  
15 interpreted liberally and not restrictively.

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

17 (205 ILCS 305/15) (from Ch. 17, par. 4416)

18 Sec. 15. Membership defined.

19 (1) The membership of a credit union shall be limited to  
20 and consist of the subscribers to the articles of incorporation  
21 and such other persons within the common bond, as defined in  
22 this Act and as set forth in the credit union's articles of  
23 incorporation, as have been duly admitted members, have paid  
24 the required entrance fee or membership fee, or both, if any,

1 have subscribed for one or more shares, and have paid the  
2 initial installment thereon, and have complied with such other  
3 requirements as the articles of incorporation or bylaws  
4 specify. Two or more persons within the common bond who have  
5 jointly subscribed for one or more shares under a joint account  
6 and have complied with all membership requirements may each be  
7 admitted to membership. The surviving spouse of a credit union  
8 member may, within 6 months of the member's death, become a  
9 member of the credit union by paying the required entrance fee  
10 or membership fee or both, if any, by subscribing for one or  
11 more shares and paying the initial installment thereon, and by  
12 complying with such other requirements as the articles of  
13 incorporation or bylaws specify.

14 (2) Any member may withdraw from a credit union at any time  
15 upon giving notice of withdrawal as required by the bylaws.

16 (3) Any member may be expelled by a 2/3 vote of the members  
17 present at any regular or special meeting called to consider  
18 the matter, but only after an opportunity has been given to the  
19 member to be heard.

20 (4) A member who has caused a loss to the credit union,  
21 failed to maintain one or more shares at the credit union, or  
22 violated board ~~Board~~ policy applicable to members may be  
23 expelled by a majority vote of a quorum of directors if the  
24 board has adopted a policy providing for expulsion under those  
25 circumstances. In maintaining and enforcing a policy based on  
26 loss, the board may consider, without limitation, a member's

1 failure to pay amounts due under a loan, failure to provide  
2 collected funds to cover withdrawals or personal share drafts  
3 or credit union drafts where the member is a remitter, or  
4 failure to pay fees or charges due the credit union. If a  
5 policy is adopted by the board pursuant to this subsection (4),  
6 written notice of the policy and the effective date of the  
7 policy shall be mailed to each member of the credit union at  
8 the member's current address appearing on the records of the  
9 credit union. The policy shall be mailed to members not fewer  
10 than 30 days prior to the effective date of the policy. In  
11 addition, new members shall be provided written notice of the  
12 policy prior to or upon applying for membership.

13 (5) All or any part of the amount paid on shares of a  
14 withdrawing member or expelled member with any declared  
15 dividends or interest on the date of withdrawal or expulsion  
16 must, after deducting all amounts due from the member to the  
17 credit union, be paid to him. The credit union may require not  
18 more than 60 days' written notice of intention to withdraw  
19 shares, but a notice of withdrawal does not entitle the member  
20 to any preferred or prior claim in the event of liquidation.  
21 Withdrawing or expelled members have no further rights in the  
22 credit union, but are not, by withdrawal or expulsion, released  
23 from any obligation they owe to the credit union.

24 (6) A member who has caused a loss to the credit union or  
25 has violated board ~~Board~~ policy applicable to members may be  
26 denied any or all credit union services in accordance with

1 board policy, however, members who are denied services shall be  
2 allowed to maintain a share account and to vote on all issues  
3 put to a vote of the membership.

4 (Source: P.A. 93-640, eff. 12-31-03.)

5 (205 ILCS 305/16) (from Ch. 17, par. 4417)

6 Sec. 16. Societies and ~~7~~ associations. Societies,  
7 associations, clubs, partnerships, corporations, and limited  
8 liability companies in which the majority of the members,  
9 partners, or shareholders are individuals who are eligible for  
10 credit union membership may be admitted to membership in a  
11 credit union in the same manner and under the same conditions  
12 as individuals, subject to such rules as the Secretary ~~Director~~  
13 may promulgate hereunder.

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

15 (205 ILCS 305/16.1)

16 Sec. 16.1. Service to the economically disadvantaged.

17 (a) Persons who reside in investment areas as defined in  
18 the Community Development Banking and Financial Institutions  
19 Act of 1994 (12 U.S.C. 4702) and identified by the U.S.  
20 Department of the Treasury may be admitted to membership in a  
21 credit union that serves the area by maintaining a facility in  
22 the area. For purposes of this Section, a "facility" means a  
23 credit union owned branch, a shared branch, an office operated  
24 on a regularly scheduled weekly basis, or a credit union owned

1 electronic facility that meets, at a minimum, the requirements  
2 of accepting shares for members' accounts, accepting loan  
3 applications and disbursing loans, but does not include an ATM.

4 (b) Credit unions desiring to serve the economically  
5 disadvantaged in accordance with this Section shall do so  
6 pursuant to a written business plan that shall document the  
7 fact that the area meets the criteria of this Section, identify  
8 the credit and depository needs of the area, identify the  
9 services to be delivered, and describe the manner in which the  
10 services will be delivered. The credit union shall regularly  
11 review the business plan to determine whether the area is being  
12 adequately served and shall provide to the Secretary ~~Director~~  
13 periodic service status reports that describe how the needs of  
14 the area are being met.

15 (Source: P.A. 93-916, eff. 8-12-04.)

16 (205 ILCS 305/19) (from Ch. 17, par. 4420)

17 Sec. 19. Meeting of members.

18 (1) The annual meeting shall be held each year during the  
19 months of January, February or March or such other month as may  
20 be approved by the Department. The meeting shall be held at the  
21 time, place and in the manner set forth in the bylaws. Any  
22 special meetings of the members of the credit union shall be  
23 held at the time, place and in the manner set forth in the  
24 bylaws. Unless otherwise set forth in this Act, quorum  
25 requirements for meetings of members shall be established by a

1 credit union in its bylaws. Notice of all meetings must be  
2 given by the secretary ~~Secretary~~ of the credit union at least 7  
3 days before the date of such meeting, either by handing a  
4 written or printed notice to each member of the credit union,  
5 by mailing the notice to the member at his address as listed on  
6 the books and records of the credit union, or by posting a  
7 notice of the meeting in three conspicuous places, including  
8 the office of the credit union.

9 (2) On all questions and at all elections, except election  
10 of directors, each member has one vote regardless of the number  
11 of his shares. There shall be no voting by proxy except on the  
12 election of directors, proposals for merger or voluntary  
13 dissolution. All voting on the election of directors shall be  
14 by ballot, but when there is no contest, written ballots need  
15 not be cast. The record date to be used for the purpose of  
16 determining which members are entitled to notice of or to vote  
17 at any meeting of members, may be fixed in advance by the  
18 directors on a date not more than 90 days nor less than 10 days  
19 prior to the date of the meeting. If no record date is fixed by  
20 the directors, the first day on which notice of the meeting is  
21 given, mailed or posted is the record date.

22 (3) Regardless of the number of shares owned by a society,  
23 association, club, partnership, other credit union or  
24 corporation, having membership in the credit union, it shall be  
25 entitled to only one vote and it may be represented and have  
26 its vote cast by its designated agent acting on its behalf

1 pursuant to a resolution adopted by the organization's board of  
2 directors or similar governing authority; provided that the  
3 credit union shall obtain a certified copy of such resolution  
4 before such vote may be cast.

5 (4) A member may revoke a proxy by delivery to the credit  
6 union of a written statement to that effect, by execution of a  
7 subsequently dated proxy, or by attendance at a meeting and  
8 voting in person.

9 (Source: P.A. 96-963, eff. 7-2-10.)

10 (205 ILCS 305/20) (from Ch. 17, par. 4421)

11 Sec. 20. Election or appointment of officials.

12 (1) The credit union shall be directed by a board of  
13 directors ~~Board of Directors~~ consisting of no less than 7 in  
14 number, to be elected at the annual meeting by and from the  
15 members. Directors shall hold office until the next annual  
16 meeting, unless their terms are staggered. Upon amendment of  
17 its bylaws, a credit union may divide the directors ~~Directors~~  
18 into 2 or 3 classes with each class as nearly equal in number  
19 as possible. The term of office of the directors of the first  
20 class shall expire at the first annual meeting after their  
21 election, that of the second class shall expire at the second  
22 annual meeting after their election, and that of the third  
23 class, if any, shall expire at the third annual meeting after  
24 their election. At each annual meeting after the  
25 classification, the number of directors equal to the number of

1 directors whose terms expire at the time of the meeting shall  
2 be elected to hold office until the second succeeding annual  
3 meeting if there are 2 classes or until the third succeeding  
4 annual meeting if there are 3 classes. A director ~~Director~~  
5 shall hold office for the term for which he or she is elected  
6 and until his or her successor is elected and qualified.

7 (1.5) Except as provided in subsection (1.10), in all  
8 elections for directors ~~Directors~~, every member has the right  
9 to vote, in person or by proxy, the number of shares owned by  
10 him, or in the case of a member other than a natural person,  
11 the member's one vote, for as many persons as there are  
12 directors ~~Directors~~ to be elected, or to cumulate such shares,  
13 and give one candidate as many votes as the number of directors  
14 ~~Directors~~ multiplied by the number of his shares equals, or to  
15 distribute them on the same principle among as many candidates  
16 as he may desire and the directors ~~Directors~~ shall not be  
17 elected in any other manner. Shares held in a joint account  
18 owned by more than one member may be voted by any one of the  
19 members, however, the number of cumulative votes cast may not  
20 exceed a total equal to the number of shares multiplied by the  
21 number of directors to be elected. A majority of the shares  
22 entitled to vote shall be represented either in person or by  
23 proxy for the election of directors ~~Directors~~. Each director  
24 ~~Director~~ shall wholly take and subscribe to an oath that he  
25 will diligently and honestly perform his duties in  
26 administering the affairs of the credit union, that while he



1 may delegate to another the performance of those administrative  
2 duties he is not thereby relieved from his responsibility for  
3 their performance, that he will not knowingly violate or  
4 ~~willingly~~ permit to be violated any law applicable to the  
5 credit union, and that he is the owner of at least one share of  
6 the credit union.

7 (1.10) Upon amendment of a credit union's bylaws approved  
8 by the members, in all elections for directors ~~Directors~~, every  
9 member who is a natural person shall have the right to cast one  
10 vote, regardless of the number of his or her shares, in person  
11 or by proxy, for as many persons as there are directors  
12 ~~Directors~~ to be elected.

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

24 (3) The board of directors ~~Board of Directors~~ may appoint,  
25 from among the members of the credit union, a credit committee  
26 ~~Credit Committee~~ consisting of an odd number, not less than 3

1 for such terms as the bylaws provide. Members of the credit  
2 committee ~~Credit Committee~~ may, but need not be, directors  
3 ~~Directors~~ or officers of the credit union, but shall not be  
4 members of the supervisory committee ~~Supervisory Committee~~.

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

16 (Source: P.A. 95-52, eff. 1-1-08.)

17 (205 ILCS 305/21) (from Ch. 17, par. 4422)

18 Sec. 21. Record of board and committee members. Within 30  
19 days after election or appointment, the names and addresses of  
20 the members of the board of directors ~~Board of Directors~~,  
21 committees and all officers of the credit union shall be filed  
22 with the Department on forms provided by the Department.

23 (Source: P.A. 86-1216.)

24 (205 ILCS 305/22) (from Ch. 17, par. 4423)

1           Sec. 22. Vacancies.

2           (a) The board of directors ~~Board of Directors~~ shall, by  
3 appointment from among the credit union members, fill any  
4 vacancies occurring on the board ~~Board~~ for the remainder of the  
5 director's ~~Director's~~ unexpired term or until a successor is  
6 elected and qualified following completion of the term filled  
7 by the board ~~Board~~. In the event the vacancy reduces the number  
8 of directors serving on the board to less than the statutory  
9 minimum set forth in subsection (1) of Section 20, then the  
10 board shall fill the vacancy no later than the next annual  
11 meeting of members or 90 days after the vacancy occurred,  
12 whichever occurs first. Upon written application to the  
13 Director, the board may request additional time in which to  
14 fill the vacancy. The application may be approved by the  
15 Director in his or her discretion. The board ~~Board~~ shall, by  
16 appointment from among the credit union members, fill vacancies  
17 in the membership committee ~~Membership Committee~~, credit  
18 committee ~~Credit Committee~~, or credit manager if no credit  
19 committee ~~Credit Committee~~ has been appointed, and supervisory  
20 committees ~~Supervisory Committees~~.

21           (b) An office may be declared vacant by the board ~~Board~~  
22 when a director ~~Director~~ or a committee ~~Committee~~ member dies,  
23 resigns from the board ~~Board~~ or committee ~~Committee~~, is removed  
24 from the board ~~Board~~ or committee ~~Committee~~, is no longer a  
25 member of the credit union, is the owner of less than one share  
26 of the credit union, or fails to attend three consecutive

1 regular meetings of the board ~~Board~~ without good cause.

2 (Source: P.A. 95-98, eff. 8-13-07.)

3 (205 ILCS 305/23) (from Ch. 17, par. 4424)

4 Sec. 23. Compensation of officials.

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

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

23 (3) The board of directors ~~Board of Directors~~ may establish  
24 compensation for officers of the credit union.

25 (Source: P.A. 92-608, eff. 7-1-02; 93-916, eff. 8-12-04.)

1 (205 ILCS 305/24) (from Ch. 17, par. 4425)

2 Sec. 24. Conflicts of interest ~~Interest~~. No director  
3 ~~Director~~, committee member, officer, agent or employee of the  
4 credit union shall in any manner, directly or indirectly,  
5 participate in the deliberation upon or the determination of  
6 any question affecting his pecuniary interest or the pecuniary  
7 interest of any corporation, partnership, or association  
8 (other than the credit union, other credit unions or credit  
9 union organizations) in which he is directly or indirectly  
10 interested, unless such interest is disclosed to the board of  
11 directors ~~Board of Directors~~ prior to such deliberation or  
12 determination, in which event such person shall be entitled to  
13 participate and, if otherwise entitled to, shall have the power  
14 to vote on such matter.

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

16 (205 ILCS 305/25) (from Ch. 17, par. 4426)

17 Sec. 25. Indemnification. A credit union may indemnify any  
18 and all of its directors ~~Directors~~, committee members, officers  
19 or employees or former directors ~~Directors~~, committee members,  
20 officers or employees against expenses actually and  
21 necessarily incurred by them in connection with the defense or  
22 settlement of any action, suit or proceeding in which they, or  
23 any of them, are made a party or parties by reason of being or  
24 having been a director ~~Director~~, committee member, officer or

1 employee of the credit union, except in relation to matters as  
2 to which any such director ~~Director~~, committee member, officer  
3 or employee shall be adjudged in such action, suit or  
4 proceeding to be liable for willful misconduct in the  
5 performance of duty and to such matters as shall be settled by  
6 agreement predicated on the existence of such liability.

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

8 (205 ILCS 305/26) (from Ch. 17, par. 4427)

9 Sec. 26. Executive officers ~~Officers~~.

10 (1) At their first meeting, the board of directors ~~Board of~~  
11 ~~Directors~~ shall elect from among their own number a chairman  
12 ~~Chairman~~ of the board ~~Board~~ and one or more vice chairmen ~~Vice~~  
13 ~~Chairmen~~, a secretary ~~Secretary~~ and a treasurer ~~Treasurer~~. The  
14 directors ~~Directors~~ shall appoint a chief management official  
15 who shall have such title as the directors ~~Directors~~ shall  
16 determine. The directors ~~Directors~~ may also appoint one or more  
17 vice presidents ~~Vice Presidents~~. The chief management official  
18 and vice president ~~Vice President~~ may, but need not, be  
19 directors ~~Directors~~. Any two or more offices may be held by the  
20 same person, except the chairman ~~Chairman~~ of the board ~~Board~~  
21 may not also hold the office of vice chairman ~~Vice Chairman~~ or  
22 secretary ~~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

1 bylaws. Compensation of officers shall be such as may be  
2 established by the directors ~~Directors~~ from time to time.

3 (Source: P.A. 93-916, eff. 8-12-04.)

4 (205 ILCS 305/27) (from Ch. 17, par. 4428)

5 Sec. 27. Authority of directors.

6 (1) The board of directors ~~Board of Directors~~ shall be  
7 charged with and have control over the general management of  
8 the operations, funds and records of the credit union.

9 (2) In discharging the duties of their respective  
10 positions, the board of directors, committees of the board, and  
11 individual directors shall be entitled to rely on advice,  
12 information, opinions, reports or statements, including  
13 financial statements and financial data, prepared or presented  
14 by: (i) one or more officers or employees of the credit union  
15 whom the director believes to be reliable and competent in the  
16 matter presented; (ii) one or more counsel, accountants, or  
17 other consultants as to matters that the director ~~Director~~  
18 believes to be within that person's professional or expert  
19 competence; or (iii) a committee of the board upon which the  
20 director ~~Director~~ does not serve, as to matters within that  
21 committee's designated authority; provided that the director's  
22 ~~Director's~~ reliance under this subsection (2) is placed in good  
23 faith, after reasonable inquiry if the need for such inquiry is  
24 apparent under the circumstances and without knowledge that  
25 would cause such reliance to be unreasonable.

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

2 (205 ILCS 305/28) (from Ch. 17, par. 4429)

3 Sec. 28. Executive committee ~~Committee~~. From the persons  
4 elected to the board ~~Board~~, the board ~~Board~~ may appoint an  
5 executive committee ~~Executive Committee~~ of not less than 3  
6 directors ~~Directors~~ who may be authorized to act for the board  
7 ~~Board~~ in all respects, subject to such conditions and  
8 limitations as are prescribed by the board ~~Board~~. The executive  
9 committee ~~Executive Committee~~ shall report to the board ~~Board~~  
10 at each board ~~Board~~ meeting on any meeting held and actions  
11 taken by the executive committee ~~Executive Committee~~ between  
12 board ~~Board~~ meetings.

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

14 (205 ILCS 305/30) (from Ch. 17, par. 4431)

15 Sec. 30. Duties of directors.

16 (a) It shall be the duty of the directors to:

17 (1) Review actions on applications for membership. A  
18 record of the membership committee's ~~Membership~~  
19 ~~Committee's~~ approval or denial of membership or  
20 management's approval or denial of membership if no  
21 membership committee ~~Membership Committee~~ has been  
22 appointed shall be available to the board of directors  
23 ~~Board of Directors~~ for inspection. A person denied  
24 membership by the membership committee ~~Membership~~



1 ~~Committee~~ or credit union management may appeal the denial  
2 to the board ~~Board~~;

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

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

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

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

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

24 (7) Have charge of the investment of funds, except that  
25 the board of directors ~~Board of Directors~~ may designate an  
26 investment committee ~~Investment Committee~~ or any qualified

1 individual or entity to have charge of making investments  
2 under policies established by the board of directors ~~Board~~  
3 ~~of Directors~~;

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

13 (9) Authorize the conveyance of property;

14 (10) Borrow or lend money consistent with the  
15 provisions of this Act;

16 (11) Designate a depository or depositories for the  
17 funds of the credit union and supervise the investment of  
18 funds;

19 (12) Suspend or remove, or both, any or all officers or  
20 any or all members of the membership ~~Membership~~, credit  
21 ~~Credit~~, or other committees whenever, in the judgment of  
22 the board of directors ~~Board of Directors~~, the best  
23 interests of the credit union will be served thereby;  
24 provided that members of the supervisory committee  
25 ~~Supervisory Committee~~ may not be suspended or removed  
26 except for failure to perform their duties; and provided

1 that removal of any officer shall be without prejudice to  
2 the contract rights, if any, of the person so removed;

3 (13) Appoint any special committees deemed necessary;  
4 and

5 (14) Perform such other duties as the members may  
6 direct, and perform or authorize any action not  
7 inconsistent with this Act and not specifically reserved by  
8 the bylaws to the members.

9 (b) The board of directors ~~Board of Directors~~ may delegate  
10 to the chief management official, according to guidelines  
11 established by the board ~~Board~~ that may include the authority  
12 to further delegate one or more duties, all of the following  
13 duties:

14 (1) determining the interest rates on loans;

15 (2) determining the dividend rates on share accounts;

16 and

17 (3) hiring employees other than the chief management  
18 official and fixing their compensation.

19 (Source: P.A. 95-98, eff. 8-13-07.)

20 (205 ILCS 305/31) (from Ch. 17, par. 4432)

21 Sec. 31. Supervision of loans. The credit committee ~~Credit~~  
22 ~~Committee~~ shall have the general supervision of all loans and  
23 lines of credit to members. If no credit committee ~~Credit~~  
24 ~~Committee~~ has been appointed, the credit manager shall have the  
25 general supervision of all loans and lines of credit to

1 members.

2 (Source: P.A. 91-929, eff. 12-15-00.)

3 (205 ILCS 305/32) (from Ch. 17, par. 4433)

4 Sec. 32. Meetings of credit committee ~~Credit Committee~~. If  
5 a credit committee ~~Credit Committee~~ has been appointed by the  
6 board, the provisions of this Section shall apply. The credit  
7 committee ~~Credit Committee~~ shall meet as often as the  
8 operations of the credit union require and not less frequently  
9 than once a month to consider applications for loans and lines  
10 of credit. Unless a greater percentage is required in the  
11 credit union's bylaws, a majority of the credit committee  
12 ~~Credit Committee~~ shall constitute a quorum. No loan shall be  
13 made unless it is approved, in writing, by a majority of the  
14 committee ~~Committee~~ who are present at a meeting at which a  
15 quorum is present and at which the application is considered.  
16 The credit committee ~~Credit Committee~~ shall report to the  
17 directors ~~Directors~~ at each board ~~Board~~ meeting on all meetings  
18 held and actions taken since the last board ~~Board~~ meeting.

19 (Source: P.A. 91-929, eff. 12-15-00.)

20 (205 ILCS 305/33) (from Ch. 17, par. 4434)

21 Sec. 33. Credit manager.

22 (1) The credit committee ~~Credit Committee~~ may or, if no  
23 credit committee ~~Credit Committee~~ has been appointed, the board  
24 of directors ~~Board of Directors~~ shall appoint a credit manager

1 who shall be empowered to approve or disapprove loans and lines  
2 of credit under conditions prescribed by the board of directors  
3 ~~Board of Directors~~. The credit committee ~~Credit Committee~~ or  
4 credit manager may appoint one or more loan officers with the  
5 power to approve loans and lines of credit, subject to such  
6 limitations or conditions as may be prescribed by the board of  
7 directors ~~Board of Directors~~. The credit manager and any loan  
8 officers appointed by the credit committee ~~Credit Committee~~ or  
9 the credit manager shall keep written records of all  
10 transactions and shall report, in writing, to the credit  
11 committee ~~Credit Committee~~ if a credit committee ~~Credit~~  
12 ~~Committee~~ has been appointed, otherwise to the directors  
13 ~~Directors~~ at each board ~~Board~~ meeting.

14 (2) Applications for loans or lines of credit not approved  
15 by a loan officer shall be reviewed and acted upon by the  
16 credit committee ~~Credit Committee~~ or credit manager.

17 (3) The loan officers must keep written records of all  
18 loans or lines of credit granted or refused and any other  
19 transactions and submit a report to the credit committee ~~Credit~~  
20 ~~Committee~~ or credit manager at least once each month.

21 (Source: P.A. 91-929, eff. 12-15-00.)

22 (205 ILCS 305/34) (from Ch. 17, par. 4435)

23 Sec. 34. Duties of supervisory committee ~~Supervisory~~  
24 ~~Committee~~.

25 (1) The supervisory committee ~~Supervisory Committee~~ shall

1 make or cause to be made an annual internal audit of the books  
2 and affairs of the credit union to determine that the credit  
3 union's accounting records and reports are prepared promptly  
4 and accurately reflect operations and results, that internal  
5 controls are established and effectively maintained to  
6 safeguard the assets of the credit union, and that the  
7 policies, procedures and practices established by the board of  
8 directors ~~Board of Directors~~ and management of the credit union  
9 are being properly administered. The supervisory committee  
10 ~~Supervisory Committee~~ shall submit a report of that audit to  
11 the board of directors ~~Board of Directors~~ and a summary of that  
12 report to the members at the next annual meeting of the credit  
13 union. It shall make or cause to be made such supplementary  
14 audits as it deems necessary or as are required by the  
15 Secretary ~~Director~~ or by the board of directors ~~Board of~~  
16 ~~Directors~~, and submit reports of these supplementary audits to  
17 the Secretary ~~Director~~ or board of directors ~~Board of Directors~~  
18 as applicable. If the supervisory committee ~~Supervisory~~  
19 ~~Committee~~ has not engaged a public accountant registered by the  
20 Department of Financial and Professional Regulation to make the  
21 internal audit, the supervisory committee ~~Supervisory~~  
22 ~~Committee~~ or other officials of the credit union shall not  
23 indicate or in any manner imply that such audit has been  
24 performed by a public accountant or that the audit represents  
25 the independent opinion of a public accountant. The supervisory  
26 committee ~~Committee~~ must retain its tapes and working papers of

1 each internal audit for inspection by the Department. The  
2 report of this audit must be made on a form approved by the  
3 Secretary Director. A copy of the report must be promptly  
4 mailed to the Secretary Director.

5 (2) The supervisory committee ~~Supervisory Committee~~ shall  
6 make or cause to be made at least once each year a reasonable  
7 percentage verification of members' share and loan accounts,  
8 consistent with rules promulgated by the Secretary Director.

9 (3) The supervisory committee ~~Supervisory Committee~~ of a  
10 credit union with assets of \$5,000,000 or more shall engage a  
11 public accountant registered by the Department of Financial and  
12 Professional Regulation to perform an annual external  
13 independent audit of the credit union's financial statements in  
14 accordance with generally accepted auditing standards. The  
15 supervisory committee ~~Supervisory Committee~~ of a credit union  
16 with assets of \$3,000,000 or more, but less than \$5,000,000,  
17 shall engage a public accountant registered by the Department  
18 of Financial and Professional Regulation to perform an external  
19 independent audit of the credit union's financial statements in  
20 accordance with generally accepted auditing standards at least  
21 once every 3 years. A copy of an external independent audit  
22 shall be completed and mailed to the Secretary Director no  
23 later than 90 days after December 31 of each year; provided  
24 that a credit union or group of credit unions may obtain an  
25 extension of the due date upon application to and receipt of  
26 written approval from the Secretary Director. If the annual

1 internal audit of such a credit union is conducted by a public  
2 accountant registered by the Department of Financial and  
3 Professional Regulation and the annual internal audit is done  
4 in conjunction with the credit union's annual external audit,  
5 the requirements of subsection (1) of this Section shall be  
6 deemed met.

7 (4) In determining the appropriate balance in the allowance  
8 for loan losses account, a credit union may determine its  
9 historical loss rate using a defined period of time of less  
10 than 5 years, provided that:

11 (A) the methodology used to determine the defined  
12 period of time is formally documented in the credit union's  
13 policies and procedures and is appropriate to the credit  
14 union's size, business strategy, and loan portfolio  
15 characteristics and the economic environment of the areas  
16 and employers served by the credit union;

17 (B) supporting documentation is maintained for the  
18 technique used to develop the credit union loss rates,  
19 including the period of time used to accumulate historical  
20 loss data and the factors considered in establishing the  
21 time frames; and

22 (C) the external auditor conducting the credit union's  
23 financial statement audit has analyzed the methodology  
24 employed by the credit union and concludes that the  
25 financial statements, including the allowance for loan  
26 losses, are fairly stated in all material respects in



1           accordance with U.S. Generally Accepted Accounting  
2           Principles, as promulgated by the Financial Accounting  
3           Standards Board.

4           (5) A majority of the members of the supervisory committee  
5 ~~Supervisory Committee~~ shall constitute a quorum.

6           (Source: P.A. 96-141, eff. 8-7-09; 96-963, eff. 7-2-10.)

7           (205 ILCS 305/35) (from Ch. 17, par. 4436)

8           Sec. 35. Suspension and removal of officials.

9           (1) The supervisory committee ~~Supervisory Committee~~, by a  
10 unanimous vote of the whole committee, may suspend any member  
11 of the credit committee ~~Credit Committee~~ or the credit manager  
12 if no credit committee ~~Credit Committee~~ has been appointed. The  
13 supervisory committee ~~Supervisory Committee~~ shall report such  
14 action to the board of directors ~~Board of Directors~~ for  
15 appropriate action.

16           (2) The supervisory committee ~~Supervisory Committee~~, by a  
17 unanimous vote of the whole committee, may suspend any officer  
18 or member of the board of directors ~~Board of Directors~~ until  
19 the next members' meeting, which shall be held not less than 7  
20 nor more than 21 days after such suspension. At such meeting,  
21 the suspension shall be acted upon by the members, who shall  
22 either confirm or reject it by majority vote.

23           (Source: P.A. 91-929, eff. 12-15-00.)

24           (205 ILCS 305/36) (from Ch. 17, par. 4437)

1           Sec. 36. Calling of special meetings ~~Special Meetings~~. The  
2           supervisory committee ~~Supervisory Committee~~, by a majority  
3           vote, may, after written notice of its intended action is first  
4           given to the board of directors ~~Board of Directors~~, and the  
5           Department, call a special meeting of the members to consider  
6           any violation of this Act, the credit union's articles of  
7           incorporation ~~Articles of Incorporation~~ or bylaws, or any  
8           practice of the credit union deemed by the supervisory  
9           committee ~~Supervisory Committee~~ to be unsafe or unauthorized.

10          (Source: P.A. 81-329.)

11           (205 ILCS 305/37) (from Ch. 17, par. 4438)

12           Sec. 37. Shares and classes of shares ~~Classes of Shares~~.

13           (1) The capital of a credit union shall consist of the  
14           payments made by members for shares of the credit union.

15           (2) Shares may be subscribed to, paid for and transferred  
16           in such manner as the bylaws prescribe.

17           (3) The board of directors ~~Board of Directors~~ may establish  
18           different classes of share accounts classified in relation to  
19           different rights, restrictions and dividend rates.

20           (4) A certificate, passbook, periodic statement of account  
21           or other written evidence of ownership shall be issued to  
22           denote ownership of shares in a credit union.

23          (Source: P.A. 81-329.)

24           (205 ILCS 305/38) (from Ch. 17, par. 4439)

1           Sec. 38. Dividends. The board of directors ~~Board of~~  
2 ~~Directors~~ may declare a dividend to be paid periodically from  
3 net earnings or undivided earnings and distributed ratably  
4 among holders of share accounts of the same class as provided  
5 in the bylaws. Dividends may not be declared or paid at a time  
6 when the credit union is insolvent or its net assets are less  
7 than its stated capital or when the payment thereof would  
8 render the credit union insolvent or reduce its net assets  
9 below its stated capital.

10         (Source: P.A. 81-329.)

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

12           Sec. 39. Special purpose share accounts ~~Purpose Share~~  
13 ~~Accounts~~. If provided for in and consistent with the bylaws,  
14 Christmas clubs, vacation clubs and other special purpose share  
15 accounts may be established and offered under conditions and  
16 restrictions established by the board of directors ~~Board of~~  
17 ~~Directors~~.

18         (Source: P.A. 81-329.)

19           (205 ILCS 305/40) (from Ch. 17, par. 4441)

20           Sec. 40. Shares to minors ~~Minors~~. Shares may be issued in  
21 the name of a minor or in the name of a custodian under the  
22 Illinois Uniform Transfers to Minors Act, as amended. If shares  
23 are issued in the name of a minor, redemption of any part or  
24 all of the shares by payment to the minor or upon order of the

1 minor of the amount of the shares and any declared dividends  
2 releases the credit union from all obligations to the minor as  
3 to the shares redeemed. Further, if shares are issued in the  
4 name of a minor, the minor shall be considered as being of the  
5 age of majority and having contractual capacity.

6 (Source: P.A. 93-640, eff. 12-31-03.)

7 (205 ILCS 305/41) (from Ch. 17, par. 4442)

8 Sec. 41. Joint accounts ~~Accounts~~. Shares shall be issued in  
9 the name of the owner and may be issued in the name of 2 or more  
10 persons in joint tenancy, or in survivorship, in which case  
11 payment may be made, in whole or in part, to any of the named  
12 persons whether the others are living or dead, if an agreement  
13 permitting such payment was signed and dated by all persons  
14 when the shares were issued or thereafter. Only one of the  
15 persons must have the common bond of association, community or  
16 occupation specified in this Act and only that person may vote  
17 in a meeting of the members, obtain loans, hold office or be  
18 required to pay an entrance fee.

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

20 (205 ILCS 305/43.1)

21 Sec. 43.1. Enforcement of child support.

22 (a) Any credit union governed by this Act shall encumber or  
23 surrender accounts or assets held by the credit union on behalf  
24 of any responsible relative who is subject to a child support

1 lien, upon notice of the lien or levy of the Department of  
2 Healthcare and Family Services ~~(formerly Illinois Department~~  
3 ~~of Public Aid)~~ or its successor agency pursuant to Section  
4 10-25.5 of the Illinois Public Aid Code, or upon notice of  
5 interstate lien from any other state's agency responsible for  
6 implementing the child support enforcement program set forth in  
7 Title IV, Part D of the Social Security Act.

8 (b) Within 90 days after receiving notice from the  
9 Department of Healthcare and Family Services ~~(formerly~~  
10 ~~Department of Public Aid)~~ that the Department has adopted a  
11 child support enforcement debit authorization form as required  
12 under the Illinois Public Aid Code, each credit union governed  
13 by this Act shall take all appropriate steps to implement the  
14 use of the form in relation to accounts held by the credit  
15 union. Upon receiving from the Department of Healthcare and  
16 Family Services ~~(formerly Department of Public Aid)~~ a copy of a  
17 child support enforcement debit authorization form signed by an  
18 obligor, a credit union holding an account on behalf of the  
19 obligor shall debit the account and transfer the debited  
20 amounts to the State Disbursement Unit according to the  
21 instructions in the child support enforcement debit  
22 authorization form.

23 (Source: P.A. 95-331, eff. 8-21-07.)

24 (205 ILCS 305/44) (from Ch. 17, par. 4445)

25 Sec. 44. Share accounts ~~Accounts~~; garnishment ~~Garnishment~~.

1 A credit union may be subject to garnishment proceedings  
2 concerning the share accounts of its members.

3 (Source: P.A. 87-390.)

4 (205 ILCS 305/45) (from Ch. 17, par. 4446)

5 Sec. 45. Reduction in shares ~~Shares~~. Whenever the losses of  
6 any credit union, resulting from a depreciation in value of its  
7 loans or investments or otherwise, exceed its undivided  
8 earnings and reserve fund so that the estimated value of its  
9 assets is less than the total amount due the holders of share  
10 accounts, the credit union, may, by a majority vote of the  
11 entire membership, with approval by the Department, order a  
12 reduction in the shares of each of its shareholders to divide  
13 the loss proportionately among the holders of shares in  
14 accordance with such terms and conditions as the Department may  
15 prescribe.

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

17 (205 ILCS 305/46) (from Ch. 17, par. 4447)

18 Sec. 46. Loans and interest rate.

19 (1) A credit union may make loans to its members for such  
20 purpose and upon such security and terms, including rates of  
21 interest, as the credit committee ~~Credit Committee~~, credit  
22 manager, or loan officer approves. Notwithstanding the  
23 provisions of any other law in connection with extensions of  
24 credit, a credit union may elect to contract for and receive

1 interest and fees and other charges for extensions of credit  
2 subject only to the provisions of this Act and rules  
3 promulgated under this Act, except that extensions of credit  
4 secured by residential real estate shall be subject to the laws  
5 applicable thereto. The rates of interest to be charged on  
6 loans to members shall be set by the board of directors ~~Board~~  
7 ~~of Directors~~ of each individual credit union in accordance with  
8 Section 30 of this Act and such rates may be less than, but may  
9 not exceed, the maximum rate set forth in this Section. A  
10 borrower may repay his loan prior to maturity, in whole or in  
11 part, without penalty. The credit contract may provide for the  
12 payment by the member and receipt by the credit union of all  
13 costs and disbursements, including reasonable attorney's fees  
14 and collection agency charges, incurred by the credit union to  
15 collect or enforce the debt in the event of a delinquency by  
16 the member, or in the event of a breach of any obligation of  
17 the member under the credit contract. A contingency or hourly  
18 arrangement established under an agreement entered into by a  
19 credit union with an attorney or collection agency to collect a  
20 loan of a member in default shall be presumed prima facie  
21 reasonable.

22 (2) Credit unions may make loans based upon the security of  
23 any interest or equity in real estate, subject to rules and  
24 regulations promulgated by the Secretary ~~Director~~. In any  
25 contract or loan which is secured by a mortgage, deed of trust,  
26 or conveyance in the nature of a mortgage, on residential real

1 estate, the interest which is computed, calculated, charged, or  
2 collected pursuant to such contract or loan, or pursuant to any  
3 regulation or rule promulgated pursuant to this Act, may not be  
4 computed, calculated, charged or collected for any period of  
5 time occurring after the date on which the total indebtedness,  
6 with the exception of late payment penalties, is paid in full.

7 For purposes of this subsection (2) of this Section 46, a  
8 prepayment shall mean the payment of the total indebtedness,  
9 with the exception of late payment penalties if incurred or  
10 charged, on any date before the date specified in the contract  
11 or loan agreement on which the total indebtedness shall be paid  
12 in full, or before the date on which all payments, if timely  
13 made, shall have been made. In the event of a prepayment of the  
14 indebtedness which is made on a date after the date on which  
15 interest on the indebtedness was last computed, calculated,  
16 charged, or collected but before the next date on which  
17 interest on the indebtedness was to be calculated, computed,  
18 charged, or collected, the lender may calculate, charge and  
19 collect interest on the indebtedness for the period which  
20 elapsed between the date on which the prepayment is made and  
21 the date on which interest on the indebtedness was last  
22 computed, calculated, charged or collected at a rate equal to  
23  $1/360$  of the annual rate for each day which so elapsed, which  
24 rate shall be applied to the indebtedness outstanding as of the  
25 date of prepayment. The lender shall refund to the borrower any  
26 interest charged or collected which exceeds that which the



1 lender may charge or collect pursuant to the preceding  
2 sentence. The provisions of this amendatory Act of 1985 shall  
3 apply only to contracts or loans entered into on or after the  
4 effective date of this amendatory Act.

5 (3) Notwithstanding any other provision of this Act, a  
6 credit union authorized under this Act to make loans secured by  
7 an interest or equity in real estate may engage in making  
8 "reverse mortgage" loans to persons for the purpose of making  
9 home improvements or repairs, paying insurance premiums or  
10 paying real estate taxes on the homestead properties of such  
11 persons. If made, such loans shall be made on such terms and  
12 conditions as the credit union shall determine and as shall be  
13 consistent with the provisions of this Section and such rules  
14 and regulations as the Secretary ~~Director~~ shall promulgate  
15 hereunder. For purposes of this Section, a "reverse mortgage"  
16 loan shall be a loan extended on the basis of existing equity  
17 in homestead property and secured by a mortgage on such  
18 property. Such loans shall be repaid upon the sale of the  
19 property or upon the death of the owner or, if the property is  
20 in joint tenancy, upon the death of the last surviving joint  
21 tenant who had such an interest in the property at the time the  
22 loan was initiated, provided, however, that the credit union  
23 and its member may by mutual agreement, establish other  
24 repayment terms. A credit union, in making a "reverse mortgage"  
25 loan, may add deferred interest to principal or otherwise  
26 provide for the charging of interest or premiums on such

1 deferred interest. "Homestead" property, for purposes of this  
2 Section, means the domicile and contiguous real estate owned  
3 and occupied by the mortgagor. ~~The Director shall promulgate~~  
4 ~~rules and regulations under this Section; provided that such~~  
5 ~~rules and regulations need not be promulgated jointly with any~~  
6 ~~other administrative agency of this State.~~

7 (4) Notwithstanding any other provisions of this Act, a  
8 credit union authorized under this Act to make loans secured by  
9 an interest or equity in real property may engage in making  
10 revolving credit loans secured by mortgages or deeds of trust  
11 on such real property or by security assignments of beneficial  
12 interests in land trusts.

13 For purposes of this Section, "revolving credit" has the  
14 meaning defined in Section 4.1 of the Interest Act.

15 Any mortgage or deed of trust given to secure a revolving  
16 credit loan may, and when so expressed therein shall, secure  
17 not only the existing indebtedness but also such future  
18 advances, whether such advances are obligatory or to be made at  
19 the option of the lender, or otherwise, as are made within  
20 twenty years from the date thereof, to the same extent as if  
21 such future advances were made on the date of the execution of  
22 such mortgage or deed of trust, although there may be no  
23 advance made at the time of execution of such mortgage or other  
24 instrument, and although there may be no indebtedness  
25 outstanding at the time any advance is made. The lien of such  
26 mortgage or deed of trust, as to third persons without actual

1 notice thereof, shall be valid as to all such indebtedness and  
2 future advances from the time said mortgage or deed of trust is  
3 filed for record in the office of the recorder ~~Recorder~~ of  
4 deeds ~~Deeds~~ or the registrar ~~Registrar~~ of titles ~~Titles~~ of the  
5 county where the real property described therein is located.  
6 The total amount of indebtedness that may be so secured may  
7 increase or decrease from time to time, but the total unpaid  
8 balance so secured at any one time shall not exceed a maximum  
9 principal amount which must be specified in such mortgage or  
10 deed of trust, plus interest thereon, and any disbursements  
11 made for the payment of taxes, special assessments, or  
12 insurance on said real property, with interest on such  
13 disbursements.

14 Any such mortgage or deed of trust shall be valid and have  
15 priority over all subsequent liens and encumbrances, including  
16 statutory liens, except taxes and assessments levied on said  
17 real property.

18 (5) Compliance with federal or Illinois preemptive laws or  
19 regulations governing loans made by a credit union chartered  
20 under this Act shall constitute compliance with this Act.

21 (6) Credit unions may make residential real estate mortgage  
22 loans on terms and conditions established by the United States  
23 Department of Agriculture through its Rural Development  
24 Housing and Community Facilities Program. The portion of any  
25 loan in excess of the appraised value of the real estate shall  
26 be allocable only to the guarantee fee required under the

1 program.

2 (Source: P.A. 95-98, eff. 8-13-07; 96-141, eff. 8-7-09.)

3 (205 ILCS 305/47) (from Ch. 17, par. 4448)

4 Sec. 47. Loan applications ~~Applications~~. Every application  
5 for a loan shall be made in the manner prescribed by the credit  
6 committee ~~Credit Committee~~, credit manager, or loan officer.  
7 The application shall state the purpose for which the loan is  
8 desired, and the security, if any, offered. Each loan shall be  
9 evidenced by a written document or by a record electronically  
10 stored or generated by any electronic or computer-generated  
11 process that accurately reproduces or records the agreement,  
12 transaction, act, occurrence, or event. The signature of any  
13 party to the loan includes any symbol executed or adopted, or  
14 any security procedure employed or adopted, using electronic  
15 means or otherwise, by or on behalf of a person with intent to  
16 authenticate a record.

17 (Source: P.A. 94-150, eff. 7-8-05.)

18 (205 ILCS 305/48) (from Ch. 17, par. 4449)

19 Sec. 48. Loan limit ~~Limit~~. Within any limitations set forth  
20 in the bylaws of the credit union, the board of directors ~~Board~~  
21 ~~of Directors~~ may place a limit upon the aggregate amount to be  
22 loaned to or cosigned for by any one member. Such loan limits  
23 shall be subject to rules and regulations promulgated by the  
24 Secretary ~~Director~~. Unless the credit union's bylaws provide

1 otherwise, no loan shall be made to any member in an aggregate  
2 amount in excess of \$200, or 10% of the credit union's  
3 unimpaired capital and surplus, whichever is greater.

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

5 (205 ILCS 305/49) (from Ch. 17, par. 4450)

6 Sec. 49. Security. In addition to generally accepted types  
7 of security, the endorsement of a note by a surety, comaker or  
8 guarantor, or assignment of shares or wages, in a manner  
9 consistent with the laws of this State, shall be deemed  
10 security within the meaning of this Act. A credit union shall  
11 give each surety, guarantor or comaker a copy of the instrument  
12 evidencing the indebtedness. The adequacy of any security shall  
13 be determined by the credit committee ~~Credit Committee~~, credit  
14 manager or loan officer, subject to this Act and the bylaws of  
15 the credit union. The surety, guarantor or comaker may, but  
16 need not, be a member of the credit union making the loan.

17 (Source: P.A. 85-1273.)

18 (205 ILCS 305/51) (from Ch. 17, par. 4452)

19 Sec. 51. Other loan programs ~~Loan Programs~~.

20 (1) Subject to such rules and regulations as the Secretary  
21 ~~Director~~ may promulgate, a credit union may participate in  
22 loans to credit union members jointly with other credit unions,  
23 corporations, or financial institutions. An originating credit  
24 union may originate loans only to its own members. A

1 participating credit union that is not the originating lender  
2 may participate in loans made to its own members or to members  
3 of another participating credit union. "Originating lender"  
4 means the participating credit union with which the member  
5 contracts. A master participation agreement must be properly  
6 executed, and the agreement must include provisions for  
7 identifying, either through documents incorporated by  
8 reference or directly in the agreement, the participation loan  
9 or loans prior to their sale.

10 (2) Any credit union with assets of \$500,000 or more may  
11 loan to its members under ~~the State Scholarships Law or other~~  
12 scholarship programs which are subject to a federal or state  
13 law providing 100% repayment guarantee.

14 (3) A credit union may purchase the conditional sales  
15 contracts, notes and similar instruments which evidence an  
16 indebtedness of its members. In the management of its assets,  
17 liabilities, and liquidity, a credit union may purchase the  
18 conditional sales contracts, notes, and other similar  
19 instruments that evidence the consumer indebtedness of the  
20 members of another credit union. "Consumer indebtedness" means  
21 indebtedness incurred for personal, family, or household  
22 purposes.

23 (4) With approval of the board of directors ~~Board of~~  
24 ~~Directors~~, a credit union may make loans, either on its own or  
25 jointly with other credit unions, corporations or financial  
26 institutions, to credit union organizations; provided, that

1 the aggregate amount of all such loans outstanding shall not at  
2 any time exceed the greater of 3% of the paid-in and unimpaired  
3 capital and surplus of the credit union or the amount  
4 authorized for federal credit unions.

5 (Source: P.A. 95-98, eff. 8-13-07.)

6 (205 ILCS 305/52) (from Ch. 17, par. 4453)

7 Sec. 52. Loans to directors, officers, credit committee  
8 ~~Credit Committee~~, credit manager, and supervisory committee  
9 ~~Supervisory Committee~~ members. A credit union may make loans  
10 to its directors, officers, credit committee ~~Credit Committee~~  
11 members, credit manager, and supervisory committee ~~Supervisory~~  
12 ~~Committee~~ members, provided that the loan complies with all  
13 lawful requirements under this Act with respect to loans to  
14 other borrowers. No loan may be made to or cosigned by any  
15 director, officer, credit committee ~~Credit Committee~~ member,  
16 credit manager if no credit committee ~~Credit Committee~~ has been  
17 appointed, or supervisory committee ~~Supervisory Committee~~  
18 member which would cause the aggregate amount of all loans then  
19 outstanding to or cosigned by all directors, officers, credit  
20 committee ~~Credit Committee~~ members, credit manager if no credit  
21 committee ~~Credit Committee~~ has been appointed, or supervisory  
22 committee ~~Supervisory Committee~~ members to exceed 20% of the  
23 unimpaired capital and surplus of the credit union.

24 (Source: P.A. 91-929, eff. 12-15-00.)

1 (205 ILCS 305/53) (from Ch. 17, par. 4454)

2 Sec. 53. Loans to credit unions ~~Credit Unions~~. A credit  
3 union may make loans to other credit unions if so provided and  
4 within the limits set forth in its bylaws ~~Bylaws~~.

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

6 (205 ILCS 305/54) (from Ch. 17, par. 4455)

7 Sec. 54. Loans to associations ~~Associations~~. A credit union  
8 may make loans to any credit union association or corporation,  
9 of which the credit union is a member or shareholder, except  
10 that the aggregate of all such loans shall not exceed 5% of the  
11 assets of the credit union.

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

13 (205 ILCS 305/55) (from Ch. 17, par. 4456)

14 Sec. 55. Insurance for members ~~Members~~.

15 (1) A credit union may purchase or make available insurance  
16 for its members.

17 (2) A credit union may enter into cooperative marketing  
18 arrangements to facilitate its members' voluntary purchase of  
19 insurance including, but not by way of limitation, life  
20 insurance, disability insurance, accident and health  
21 insurance, property insurance, liability insurance and legal  
22 expense insurance.

23 (Source: P.A. 90-41, eff. 10-1-97.)



1 (205 ILCS 305/56) (from Ch. 17, par. 4457)

2 Sec. 56. Liability insurance ~~Insurance~~ for directors  
3 ~~Directors~~ and officers ~~Officers~~. A credit union may purchase  
4 and maintain insurance on behalf of any person who is or was a  
5 director ~~Director~~, officer ~~Officer~~, committee member, employee  
6 or agent of the credit union as a director, officer, committee  
7 member, employee or agent of another corporation, partnership,  
8 joint venture, trust or other enterprise against any liability  
9 asserted against such person incurred by such person in any  
10 such capacity or arising out of such person's status as such,  
11 whether or not the credit union would have the power to  
12 indemnify such person against such liability.

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

14 (205 ILCS 305/57) (from Ch. 17, par. 4458)

15 Sec. 57. Group purchasing ~~Purchasing~~. A credit union may,  
16 consistent with rules and regulations promulgated by the  
17 Secretary ~~Director~~, enter into cooperative marketing  
18 arrangements to facilitate its members' voluntary purchase of  
19 such goods and services as are in the interest of improving  
20 economic and social conditions of the members.

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

22 (205 ILCS 305/58) (from Ch. 17, par. 4459)

23 Sec. 58. Share insurance.

24 (1) Each credit union operating in this State shall insure

1 its share accounts with the NCUA, under 12 U.S.C. 1781 to 1790  
2 ~~et seq. (Sec. 201 et seq. of the Federal Credit Union Act)~~ or  
3 with such other insurers as may be jointly approved by the  
4 Secretary Director of Financial and Professional Regulation  
5 ~~Institutions~~ and the Director of Insurance. Each approved  
6 insurer shall be found to be financially sound and to employ  
7 approved actuarial practices. The Secretary Director shall  
8 determine that a firm commitment to insure share accounts has  
9 been issued before a charter may be granted for a new credit  
10 union. ~~Application for such insurance by credit unions in~~  
11 ~~existence on the effective date of this Section shall be made~~  
12 ~~not later than December 31, 1981 and such credit unions shall~~  
13 ~~receive a commitment to insure share accounts by December 31,~~  
14 ~~1984.~~

15 (2) A credit union which has been denied a commitment of  
16 insurance of accounts shall either dissolve, merge with another  
17 credit union, or apply in writing, within 30 days of denial, to  
18 the Secretary Director for additional time to obtain an  
19 insurance commitment. The Secretary Director may grant up to 24  
20 months additional time upon satisfactory evidence that the  
21 credit union is making a substantial effort to achieve the  
22 conditions precedent to issuance of the commitment.

23 (3) The Secretary Director shall cooperate with the NCUA or  
24 other approved insurers by furnishing copies of financial and  
25 examination reports and other information bearing on the  
26 financial condition of any credit union.

1 (Source: P.A. 90-655, eff. 7-30-98.)

2 (205 ILCS 305/59) (from Ch. 17, par. 4460)

3 Sec. 59. Investment of funds ~~Funds~~.

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

7 (1) In securities, obligations or other instruments of  
8 or issued by or fully guaranteed as to principal and  
9 interest by the United States of America or any agency  
10 thereof or in any trust or trusts established for investing  
11 directly or collectively in the same;

12 (2) In obligations of any state of the United States,  
13 the District of Columbia, the Commonwealth of Puerto Rico,  
14 and the several territories organized by Congress, or any  
15 political subdivision thereof; however, a credit union may  
16 not invest more than 10% of its unimpaired capital and  
17 surplus in the obligations of one issuer, exclusive of  
18 general obligations of the issuer, and investments in  
19 municipal securities must be limited to securities rated in  
20 one of the 4 highest rating categories by a nationally  
21 recognized statistical rating organization;

22 (3) In certificates of deposit or passbook type  
23 accounts issued by a state or national bank, mutual savings  
24 bank or savings and loan association; provided that such  
25 institutions have their accounts insured by the Federal

1           Deposit Insurance Corporation or the Federal Savings and  
2           Loan Insurance Corporation; but provided, further, that a  
3           credit union's investment in an account in any one  
4           institution may exceed the insured limit on accounts;

5           (4) In shares, classes of shares or share certificates  
6           of other credit unions, including, but not limited to  
7           corporate credit unions; provided that such credit unions  
8           have their members' accounts insured by the NCUA or other  
9           approved insurers, and that if the members' accounts are so  
10          insured, a credit union's investment may exceed the insured  
11          limit on accounts;

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

17          (6) In obligations of the State of Israel, or  
18          obligations fully guaranteed by the State of Israel as to  
19          payment of principal and interest;

20          (7) In shares, stocks or obligations of other financial  
21          institutions in the total amount not exceeding 5% of the  
22          unimpaired capital and surplus of the credit union;

23          (8) In federal funds and bankers' acceptances;

24          (9) In shares or stocks of Credit Union Service  
25          Organizations in the total amount not exceeding the greater  
26          of 3% of the unimpaired capital and surplus of the credit

1 union or the amount authorized for federal credit unions.

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

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

19 (Source: P.A. 95-124, eff. 8-13-07.)

20 (205 ILCS 305/60) (from Ch. 17, par. 4461)

21 Sec. 60. Reserves.

22 (A) At the end of each accounting period the gross income  
23 shall be determined. From this amount, there shall be set  
24 aside, as a regular reserve against losses on loans and risk  
25 assets sums in accordance with the following schedule:

1           (1) A credit union in operation for more than four  
2 years and having assets of \$500,000 or more shall set aside  
3 (A) 10 per centum of gross income until the regular reserve  
4 shall equal 4 per centum of the total outstanding loans and  
5 risk assets, then (B) 5 per centum of gross income until  
6 the regular reserve shall equal 6 per centum of the total  
7 outstanding loans and risk assets.

8           (2) A credit union in operation less than four years or  
9 having assets of less than \$500,000 shall set aside (A) 10  
10 per centum of gross income until the regular reserve shall  
11 equal 7 1/2 per centum of the total outstanding loans and  
12 risk assets, then (B) 5 per centum of gross income until  
13 the regular reserve shall equal 10 per centum of the total  
14 outstanding loans and risk assets.

15           (3) Whenever the regular reserve falls below the stated  
16 per centum of the total of outstanding loans and risk  
17 assets, it shall be replenished by regular contributions in  
18 such amounts as may be needed to maintain the stated  
19 reserve goals.

20           (B) The Secretary ~~Director~~ may decrease the reserve  
21 requirement set forth in subsection (A) of this Section  
22 when in his opinion such a decrease is necessary or  
23 desirable. The Secretary ~~Director~~ may also require special  
24 reserves to protect the interest of members.

25           (C) For the purpose of establishing the reserves  
26 required by this Section all assets except the following

1 are risk assets:

2 (1) Cash on hand;

3 (2) Real estate;

4 (3) Depreciated value of buildings, furnishings  
5 and equipment;

6 (4) Loans to students insured under Title IV, part  
7 B of the Higher Education Act of 1965 or the Higher  
8 Education Student Assistance Law;

9 (5) Loans insured under Title 1 of the National  
10 Housing Act by the Federal Housing Administration;

11 (6) Funds invested as authorized under Section 59  
12 of this Act; and

13 (7) Loans fully secured by a pledge of shares in  
14 the lending credit union equal to and maintained to at  
15 least the amount of the loan outstanding.

16 (Source: P.A. 85-249.)

17 (205 ILCS 305/61) (from Ch. 17, par. 4462)

18 Sec. 61. Suspension.

19 (1) If the Secretary ~~Director~~ determines that any credit  
20 union is bankrupt, insolvent, impaired or that it has ~~willfully~~  
21 violated this Act, or is operating in an unsafe or unsound  
22 manner, he shall issue an order temporarily suspending the  
23 credit union's operations for not more than 60 days. The board  
24 of directors ~~Board of Directors~~ shall be given notice by  
25 registered or certified mail of such suspension, which notice

1 shall include the reasons for such suspension and a list of  
2 specific violations of the Act. The Secretary ~~Director~~ shall  
3 also notify the members of the credit union board ~~Credit Union~~  
4 ~~Board~~ of advisors ~~Advisors~~ of any suspension. The Director may  
5 assess to the credit union a penalty, not to exceed the  
6 regulatory fee as set forth in this Act, to offset costs  
7 incurred in determining the condition of the credit union's  
8 books and records.

9 (2) Upon receipt of such suspension notice, the credit  
10 union shall cease all operations, except those authorized by  
11 the Secretary ~~Director~~, or the Secretary ~~Director~~ may appoint a  
12 manager-trustee ~~Manager-Trustee~~ to operate the credit union  
13 during the suspension period. The board of directors ~~Board of~~  
14 ~~Directors~~ shall, within 10 days of the receipt of the  
15 suspension notice, file with the Secretary ~~Director~~ a reply to  
16 the suspension notice by submitting a corrective plan of action  
17 or a request for formal hearing on said action pursuant to the  
18 Department's rules and regulations.

19 (3) Upon receipt from the suspended credit union of  
20 evidence that the conditions causing the order of suspension  
21 have been corrected, and after determining that the proposed  
22 corrective plan of action submitted is factual, the Secretary  
23 ~~Director~~ shall revoke the suspension notice, permit the credit  
24 union to resume normal operations, and notify the board ~~Board~~  
25 of credit union advisors ~~Credit Union Advisors~~ of such action.

26 (4) If the Secretary ~~Director~~ determines that the proposed



1 corrective plan of action will not correct such conditions, he  
2 may take possession and control of the credit union. The  
3 Secretary Director may permit the credit union to operate under  
4 his direction and control and may appoint a manager-trustee  
5 ~~Manager Trustee~~ to manage its affairs until such time as the  
6 condition requiring such action has been remedied, or in the  
7 case of insolvency or danger of insolvency where an emergency  
8 requiring expeditious action exists, the Secretary Director  
9 may involuntarily merge the credit union without the vote of  
10 the suspended credit union's board of directors ~~Board of~~  
11 ~~Directors~~ or members (hereafter involuntary merger) subject to  
12 rules promulgated by the Secretary Director. No credit union  
13 shall be required to serve as a surviving credit union in any  
14 involuntary merger. Upon the request of the Secretary Director,  
15 a credit union by a vote of a majority of its board of  
16 directors ~~Board of Directors~~ may elect to serve as a surviving  
17 credit union in an involuntary merger. If the Secretary  
18 ~~Director~~ determines that the suspended credit union should be  
19 liquidated, he may appoint a liquidating agent ~~Liquidating~~  
20 ~~Agent~~ and require of that person such bond and security as he  
21 considers proper.

22 (5) Upon receipt of a request for a formal hearing, the  
23 Secretary Director shall conduct proceedings pursuant to rules  
24 and regulations of the Department. The credit union may request  
25 the appropriate court to stay execution of such action.  
26 Involuntary liquidation or involuntary merger may not be

1 ordered prior to the conclusion of suspension procedures  
2 outlined in this Section.

3 (6) If, within the suspension period, the credit union  
4 fails to answer the suspension notice or fails to request a  
5 formal hearing, or both, the Secretary ~~Director~~ may then (i)  
6 involuntarily merge the credit union if the credit union is  
7 insolvent or in danger of insolvency and an emergency requiring  
8 expeditious action exists or (ii) revoke the credit union's  
9 charter, appoint a liquidating agent ~~Liquidating Agent~~ and  
10 liquidate the credit union.

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

12 (205 ILCS 305/62) (from Ch. 17, par. 4463)

13 Sec. 62. Liquidation.

14 (1) A credit union may elect to dissolve voluntarily and  
15 liquidate its affairs in the manner prescribed in this Section.

16 (2) The board of directors ~~Board of Directors~~ shall adopt a  
17 resolution recommending the credit union be dissolved  
18 voluntarily, and directing that the question of liquidating be  
19 submitted to the members.

20 (3) Within 10 days after the board of directors ~~Board of~~  
21 ~~Directors~~ decides to submit the question of liquidation to the  
22 members, the chairman ~~Chairman~~ or president ~~President~~ shall  
23 notify the Secretary ~~Director~~ thereof, in writing, setting  
24 forth the reasons for the proposed action. Within 10 days after  
25 the members act on the question of liquidation, the chairman

1 ~~Chairman~~ or president ~~President~~ shall notify the Secretary  
2 ~~Director~~, in writing, as to whether or not the members approved  
3 the proposed liquidation. The Secretary ~~Director~~ then must  
4 determine whether this Section has been complied with and if  
5 his decision is favorable, he shall prepare a certificate to  
6 the effect that this Section has been complied with, a copy of  
7 which will be retained by the Department and the other copy  
8 forwarded to the credit union. The certificate must be filed  
9 with the recorder or if there is no recorder, in the office of  
10 the county clerk ~~County Clerk~~ of the county ~~County~~ or counties  
11 ~~Counties~~ in which the credit union is operating, whereupon the  
12 credit union must cease operations except for the purpose of  
13 its liquidation.

14 (4) As soon as the board of directors ~~Board of Directors~~  
15 passes a resolution to submit the question of liquidation to  
16 the members, payment on shares, withdrawal of shares, making  
17 any transfer of shares to loans and interest, making  
18 investments of any kind and granting loans shall be suspended  
19 pending action by members. On approval by the members of such  
20 proposal, all such operations shall be permanently  
21 discontinued. The necessary expenses of operating shall,  
22 however, continue to be paid on authorization of the board of  
23 directors ~~Board of Directors~~ or the liquidating agent  
24 ~~Liquidating Agent~~ during the period of liquidation.

25 (5) For a credit union to enter voluntary liquidation, it  
26 must be approved by affirmative vote of the members owning a

1 majority of the shares entitled to vote, in person or by proxy,  
2 at a regular or special meeting of the members. Notice, in  
3 writing, shall be given to each member, by first class mail, at  
4 least 10 days prior to such meeting. If liquidation is  
5 approved, the board of directors ~~Board of Directors~~ shall  
6 appoint a liquidating agent ~~Liquidating Agent~~ for the purpose  
7 of conserving and collecting the assets, closing the affairs of  
8 the credit union and distributing the assets as required by  
9 this Act.

10 (6) A liquidating credit union shall continue in existence  
11 for the purpose of discharging its debts, collecting and  
12 distributing its assets, and doing all acts required in order  
13 to terminate its operations and may sue and be sued for the  
14 purpose of enforcing such debts and obligations until its  
15 affairs are fully adjusted.

16 (7) Subject to such rules and regulations as the Secretary  
17 ~~Director~~ may promulgate, the liquidating agent ~~Liquidating~~  
18 ~~Agent~~ shall use the assets of the credit union to pay; first,  
19 expenses incidental to liquidating including any surety bond  
20 that may be required; then, liabilities of the credit union;  
21 then special classes of shares. The remaining assets shall then  
22 be distributed to the members proportionately to the dollar  
23 value of the shares held by each member in relation to the  
24 total dollar value of all shares outstanding as of the date the  
25 dissolution was voted.

26 (8) As soon as the liquidating agent ~~Liquidating Agent~~

1 determines that all assets as to which there is a reasonable  
2 expectancy of sale or transfer have been liquidated and  
3 distributed as set forth in this Section, he shall execute a  
4 certificate ~~Certificate~~ of dissolution ~~Dissolution~~ on a form  
5 prescribed by the Department and file the same, together with  
6 all pertinent books and records of the liquidating credit union  
7 with the Department, whereupon such credit union shall be  
8 dissolved. The liquidating agent ~~Liquidating Agent~~ must,  
9 within 3 years after issuance of a certificate by the Secretary  
10 ~~Director~~ referred to in Subsection (3) of this Section,  
11 discharge the debts of the credit union, collect and distribute  
12 its assets and do all other acts required to wind up its  
13 business.

14 (9) If the Secretary ~~Director~~ determines that the  
15 liquidating agent ~~Liquidating Agent~~ has failed to make  
16 reasonable progress in the liquidating of the credit union's  
17 affairs and distribution of its assets or has violated this  
18 Act, the Secretary ~~Director~~ may take possession and control of  
19 the credit union and remove the liquidating agent ~~Liquidating~~  
20 ~~Agent~~ and appoint a liquidating agent ~~Liquidating Agent~~ to  
21 complete the liquidation under his direction and control. The  
22 Secretary ~~Director~~ shall fill any vacancy caused by the  
23 resignation, death, illness, removal, desertion or incapacity  
24 to function of the liquidating agent ~~Liquidating Agent~~.

25 (10) Any funds representing unclaimed dividends and shares  
26 in liquidation and remaining in the hands of the board of

1 directors ~~Board of Directors~~ or the liquidating agent  
2 ~~Liquidating Agent~~ at the end of the liquidation must be  
3 deposited by them, together with all books and papers of the  
4 credit union, with the State Treasurer in compliance with the  
5 Uniform Disposition of Unclaimed Property Act, approved August  
6 17, 1961, as amended.

7 (Source: P.A. 91-16, eff. 7-1-99.)

8 (205 ILCS 305/63) (from Ch. 17, par. 4464)

9 Sec. 63. Merger and consolidation ~~Consolidation~~.

10 (1) Any two or more credit unions, regardless of whether or  
11 not they have the same common bond, may merge or consolidate  
12 into a single credit union. A merger or consolidation may be  
13 with a credit union organized under the laws of this State or  
14 of another state or of the United States and is subject to the  
15 approval of the Secretary ~~Director~~. It must be made on such  
16 terms as have been agreed upon by a vote of a majority of the  
17 board of directors ~~Board of Directors~~ of each credit union, and  
18 approved by an affirmative vote of a majority of the members of  
19 the merging credit union being absorbed present at a meeting,  
20 either in person or by proxy, duly called for that purpose,  
21 except as hereinafter specified. Notice of the meeting stating  
22 the purpose must be sent by the Secretary of each merging  
23 credit union being absorbed to each member by mail at least 7  
24 days before the date of the meeting.

25 (2) One of the merging credit unions may continue after the

1 merger or consolidation either as a surviving credit union  
2 retaining its identity or as a new credit union as has been  
3 agreed upon under the terms of the merger. At least 9 members  
4 of the new proposed credit union must apply to the Department  
5 for permission to organize the new credit union. The same  
6 procedure shall be followed as provided for the organization of  
7 a new credit union.

8 (3) After approval by the members of the credit union which  
9 is to be absorbed by the merger or consolidation, the chairman  
10 ~~Chairman~~ or president ~~President~~ and the secretary ~~Secretary~~ of  
11 each credit union shall execute a certificate ~~Certificate~~ of  
12 merger ~~Merger~~ or consolidation ~~Consolidation~~, which shall set  
13 forth all of the following:

14 (a) The time and place of the meeting of each board of  
15 directors ~~Board of Directors~~ at which the plan was agreed  
16 upon;

17 (b) The vote in favor of the adoption of the plan;

18 (c) A copy of each resolution or other action by which  
19 the plan was agreed upon;

20 (d) The time and place of the meeting of the members of  
21 the absorbed credit union at which the plan agreed upon was  
22 approved; and,

23 (e) The vote by which the plan was approved by the  
24 members of the absorbed credit union.

25 (4) Such certificate and a copy of the plan of merger or  
26 consolidation agreed upon shall be mailed to the Secretary

1 ~~Director~~ for review. If the provisions of this Act have been  
2 complied with, the certificate shall be approved by him, and  
3 returned to the credit unions which are parties to the merger  
4 or consolidation within 30 days. When so approved by the  
5 Secretary ~~Director~~ the certificate shall constitute the  
6 Department's certificate ~~Certificate~~ of approval ~~Approval~~ of  
7 the merger or consolidation.

8 (5) Upon issuance of the certificate ~~Certificate~~ of  
9 approval ~~Approval~~, each merging credit union which was absorbed  
10 shall cease operation. Each party to the merger shall file the  
11 certificate ~~Certificate~~ of approval ~~Approval~~ with the Recorder  
12 or County Clerk of the county in which the credit union has or  
13 had its principal office.

14 (6) Each credit union absorbed by the merger or  
15 consolidation shall return to the Secretary ~~Director~~ the  
16 original statement of incorporation ~~Statement of~~  
17 ~~Incorporation~~, certificate of approval of incorporation,  
18 ~~Certificate of Approval of Incorporation~~ and the bylaws ~~Bylaws~~  
19 of the credit union. The surviving credit union shall continue  
20 its operation under its existing certificate of approval  
21 ~~Certificate of Approval~~, articles of incorporation, ~~Articles~~  
22 ~~of Incorporation~~ and the bylaws ~~Bylaws~~ or if a new credit union  
23 has been formed, under the new certificate of approval  
24 ~~Certificate of Approval~~, articles of incorporation, ~~Articles~~  
25 ~~of Incorporation~~ and bylaws ~~Bylaws~~.

26 (7) All rights of membership in and any obligation or



1 liability of any member to any credit union which is party to a  
2 consolidation or merger are continued in the surviving or new  
3 credit union without reservation or diminution.

4 (8) A pending action or other judicial proceeding to which  
5 any of the consolidating or merging credit unions is a party  
6 does not abate by reason of the consolidation or merger.

7 (Source: P.A. 83-1362.)

8 (205 ILCS 305/64) (from Ch. 17, par. 4465)

9 Sec. 64. Conversion of charter ~~Charter~~. A credit union  
10 chartered under the laws of this State may be converted to a  
11 credit union chartered under the laws of any other state or  
12 under the laws of the United States. A credit union chartered  
13 under the laws of the United States or of any other state may  
14 convert to a credit union chartered under the laws of this  
15 State. To effect such a conversion, a credit union must comply  
16 with all the requirements of the jurisdiction under which it is  
17 currently chartered and such rules and regulations as may be  
18 promulgated by the Secretary ~~Director~~ and file proof of such  
19 compliance with the Department.

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

21 (205 ILCS 305/65) (from Ch. 17, par. 4466)

22 Sec. 65. Conformity with ~~With~~ Federal Credit Union Act.  
23 After the effective date of this Act, any credit union  
24 incorporated under the laws of this State shall have all of the

1 rights, privileges and benefits which may be exercised by a  
2 federal credit union; provided, however, that the exercise of  
3 such rights, privileges and benefits may not violate any  
4 provision of this Act. In order to give effect to this  
5 provision, the Secretary ~~Director~~ shall, where necessary,  
6 promulgate rules and regulations in substantial conformity  
7 with those promulgated by the NCUA under the Federal Credit  
8 Union Act.

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

10 (205 ILCS 305/66) (from Ch. 17, par. 4467)

11 Sec. 66. Illegal loans ~~Loans~~.

12 (1) Any officer ~~Officer~~, director ~~Director~~ or member of a  
13 committee of a credit union who knowingly permits a loan to be  
14 made or participates in a loan to a nonmember of the credit  
15 union, is guilty of a Class A Misdemeanor and is primarily  
16 liable to the credit union for the amount illegally loaned, and  
17 the illegality of the loan is not a defense in any action by  
18 the credit union to recover the balance owing on the loan.

19 Any officer ~~Officer~~, director ~~Director~~, member of a  
20 committee or employee of a credit union who solicits or accepts  
21 any payment of property or gift as consideration for  
22 influencing the approval or granting of a loan is guilty of a  
23 Class A Misdemeanor and is primarily liable to the credit union  
24 for the amount loaned. The loan is illegal and may be  
25 immediately collected in full by the credit union. The

1       illegality of the loan is no defense in any action by the  
2       credit union to recover the balance owing on the loan.

3       (Source: P.A. 81-329.)

4               (205 ILCS 305/67) (from Ch. 17, par. 4468)

5       Sec. 67. Use of public property ~~Public Property~~. Any credit  
6       union, the membership of which consists primarily of employees  
7       of this State or of any county, city, village, incorporated  
8       town or school district, or of any department, agency or  
9       instrumentality of the State and their families, may, upon  
10      application to the appropriate officer or agency, be allotted  
11      such space as is available in any public building, for the  
12      purpose of providing an office and meeting place for the credit  
13      union without charge for rent or services.

14      (Source: P.A. 81-329.)

15              (205 ILCS 305/68) (from Ch. 17, par. 4469)

16      Sec. 68. Interest, finer ~~Fines~~, not usurious-shares ~~Not~~  
17      ~~Usurious Shares~~ and loans not ~~Loans Not~~ to be taxed ~~Taxed~~.  
18      Reasonable fines may be levied as provided in the bylaws ~~Bylaws~~  
19      of each credit union and may be deducted from the share balance  
20      or added to the loan balance of a member upon whom a fine is  
21      levied. Interest or fines that may accrue to a credit union are  
22      not usurious and they may be collected under the law of this  
23      State. The shares and loans provided for in this Act are not  
24      subject to taxation.

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

2 (205 ILCS 305/69) (from Ch. 17, par. 4470)

3 Sec. 69. Effect of invalidity ~~Invalidity~~ of part ~~Part~~ of  
4 this Act. If a court of competent jurisdiction shall adjudge to  
5 be invalid or unconstitutional any clause, sentence,  
6 paragraph, section or part of this Act, such judgment shall not  
7 affect, impair, invalidate or nullify the remainder of this  
8 Act, but the effect thereof shall be confined to the clause,  
9 sentence, paragraph, Section or part of this Act so adjudged to  
10 be invalid or unconstitutional.

11 (Source: P.A. 84-545.)

12 (205 ILCS 305/69.1) (from Ch. 17, par. 4470.1)

13 Sec. 69.1. Review under ~~Under~~ Administrative Review Law.  
14 The provisions of the Administrative Review Law, and all  
15 amendments and modifications thereof and the rules adopted  
16 pursuant thereto, shall apply to and govern all proceedings for  
17 the judicial review of final administrative decisions of the  
18 Secretary ~~Director~~ provided for under this Act. The term  
19 "administrative decision" is defined as in Section 3-101 of the  
20 Code of Civil Procedure.

21 (Source: P.A. 85-1273.)

22 (205 ILCS 305/70) (from Ch. 17, par. 4471)

23 Sec. 70. Use of name, sentence.

1 (a) No individual, firm, association, or body politic and  
2 corporate, including, without limitation, any corporation,  
3 limited liability company, general partnership, limited  
4 partnership, or joint venture that is not an authorized user  
5 may use any name or title which contains the words "credit  
6 union" or any abbreviation thereof, and such use is a Class A  
7 Misdemeanor. For purposes of this Section, "authorized user"  
8 means a corporation organized under this Act, the credit union  
9 act of another state, or the Federal Credit Union Act, any  
10 association of such a corporation, and subsidiaries and  
11 affiliates of such an association.

12 (b) If the Secretary ~~Director of the Division of Financial~~  
13 ~~Institutions of the Department of Financial and Professional~~  
14 ~~Regulation~~ finds that an individual or entity that is not an  
15 authorized user has transacted or intends to transact business  
16 in this State in a manner that has a substantial likelihood of  
17 misleading the public by: (i) implying that the business is a  
18 credit union or (ii) using or intending to use the words  
19 "credit union", or any abbreviation thereof, in connection with  
20 its business, then the Secretary ~~Director of the Division of~~  
21 ~~Financial Institutions~~ may direct the individual or entity to  
22 cease and desist from transacting its business or using the  
23 words "credit union", or any abbreviation thereof. If the  
24 individual or entity persists in transacting its business or  
25 using the words "credit union", or any abbreviation thereof,  
26 then the Secretary ~~Director of the Division of Financial~~

1 ~~Institutions~~ may impose a civil penalty of up to \$10,000 for  
2 each violation. Each day that the individual or entity  
3 continues transacting business or using the words "credit  
4 union", or any abbreviation thereof, in connection with its  
5 business shall constitute a separate violation of these  
6 provisions.

7 (c) Except as otherwise expressly permitted by law or with  
8 the written consent of the credit union, no person or group of  
9 persons other than an authorized user may use the name of or a  
10 name similar to the name of an existing credit union when  
11 marketing or soliciting business from members or prospective  
12 members if the name or similar name is used in a manner that  
13 would cause a reasonable person to believe that the marketing  
14 material or solicitation originated from or is endorsed by the  
15 existing credit union or that the existing credit union is in  
16 any other way responsible for the marketing material or  
17 solicitation. The following remedies shall apply:

18 (1) Any person who violates subsection (c) of this  
19 Section commits a business offense and shall be fined in an  
20 amount not to exceed \$5,000.

21 (2) In addition to any other available remedies, any  
22 existing credit union may report an alleged violation of  
23 any provision of this Section to the Secretary ~~Director of~~  
24 ~~the Division of Financial Institutions~~. If the Secretary  
25 ~~Director~~ finds that any person or group of persons is in  
26 violation of any provision of this Section, then the

1        Secretary ~~Director~~ may direct that person or group of  
2 persons to cease and desist from that violation. If the  
3 Secretary ~~Director~~ issues a cease and desist order against  
4 any person or group of persons for violation of subsection  
5 (c), then the order must require that person or group of  
6 persons to cease and desist from using the offending  
7 marketing material or solicitation in Illinois.

8        ~~(3) If a person or group of persons against whom the~~  
9 ~~Director issued the cease and desist order persists in the~~  
10 ~~violation, then the Director may impose a civil penalty of~~  
11 ~~up to \$10,000 for each violation. Each day that a person or~~  
12 ~~group of persons is in violation of this Section~~  
13 ~~constitutes a separate violation of this Section and each~~  
14 ~~instance in which marketing material or a solicitation is~~  
15 ~~sent in violation of this subsection (c) constitutes a~~  
16 ~~separate violation of this Section.~~

17        ~~(d) The Director of the Division of Financial Institutions~~  
18 ~~may adopt rules to administer the provisions of this Section.~~

19        (Source: P.A. 94-150, eff. 7-8-05; 95-98, eff. 8-13-07.)

20        (205 ILCS 305/71) (from Ch. 17, par. 4472)

21        Sec. 71. False statements ~~Statements~~. Any person who  
22 knowingly makes any false statement or report upon any  
23 application, advance, discount, purchase, purchase agreement,  
24 repurchase agreement, commitment or loan or any change or  
25 extension of the same to a credit union chartered by this State

1 shall be fined not more than \$5000 or imprisoned for not more  
2 than 5 years, or both.

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

4 Section 99. Effective date. This Act takes effect January  
5 1, 2012.



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