

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, 10, 10.1, 11, 12,
6 13, 14, 15, 16, 16.1, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28,
7 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 43.1, 44, 45,
8 46, 47, 48, 49, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62,
9 63, 64, 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 and the 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 and the Director may prescribe, if the
21 Secretary ~~Director~~ determines that a common bond exists, and
22 that it is economically advisable to organize the credit union,
23 he or she shall within 60 days issue a certificate ~~Certificate~~
24 of 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 office
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 and the 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 any activity in the State that would constitute
24 (i) a violation of this Act or other applicable law, (ii) a
25 violation of any rule adopted in accordance with this Act
26 or other applicable law, (iii) a violation of any order of

1 the Secretary or Director issued under his or her authority
2 under this Act, or (iv) an unsafe or unsound practice in
3 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 305/10) (from Ch. 17, par. 4411)

5 Sec. 10. Credit union records; member financial records.

6 (1) A credit union shall establish and maintain books,
7 records, accounting systems and procedures which accurately
8 reflect its operations and which enable the Department to
9 readily ascertain the true financial condition of the credit
10 union and whether it is complying with this Act.

11 (2) A photostatic or photographic reproduction of any
12 credit union records shall be admissible as evidence of
13 transactions with the credit union.

14 (3) (a) For the purpose of this Section, the term "financial
15 records" means any original, any copy, or any summary of (1) a
16 document granting signature authority over an account, (2) a
17 statement, ledger card or other record on any account which
18 shows each transaction in or with respect to that account, (3)
19 a check, draft or money order drawn on a financial institution
20 or other entity or issued and payable by or through a financial
21 institution or other entity, or (4) any other item containing
22 information pertaining to any relationship established in the
23 ordinary course of business between a credit union and its
24 member, including financial statements or other financial
25 information provided by the member.

1 (b) This Section does not prohibit:

2 (1) The preparation, examination, handling or
3 maintenance of any financial records by any officer,
4 employee or agent of a credit union having custody of such
5 records, or the examination of such records by a certified
6 public accountant engaged by the credit union to perform an
7 independent audit.

8 (2) The examination of any financial records by or the
9 furnishing of financial records by a credit union to any
10 officer, employee or agent of the Department, the National
11 Credit Union Administration, Federal Reserve board or any
12 insurer of share accounts for use solely in the exercise of
13 his duties as an officer, employee or agent.

14 (3) The publication of data furnished from financial
15 records relating to members where the data cannot be
16 identified to any particular customer of account.

17 (4) The making of reports or returns required under
18 Chapter 61 of the Internal Revenue Code of 1954.

19 (5) Furnishing information concerning the dishonor of
20 any negotiable instrument permitted to be disclosed under
21 the Uniform Commercial Code.

22 (6) The exchange in the regular course of business of
23 (i) credit information between a credit union and other
24 credit unions or financial institutions or commercial
25 enterprises, directly or through a consumer reporting
26 agency or (ii) financial records or information derived

1 from financial records between a credit union and other
2 credit unions or financial institutions or commercial
3 enterprises for the purpose of conducting due diligence
4 pursuant to a merger or a purchase or sale of assets or
5 liabilities of the credit union.

6 (7) The furnishing of information to the appropriate
7 law enforcement authorities where the credit union
8 reasonably believes it has been the victim of a crime.

9 (8) The furnishing of information pursuant to the
10 Uniform Disposition of Unclaimed Property Act.

11 (9) The furnishing of information pursuant to the
12 Illinois Income Tax Act and the Illinois Estate and
13 Generation-Skipping Transfer Tax Act.

14 (10) The furnishing of information pursuant to the
15 federal "Currency and Foreign Transactions Reporting Act",
16 Title 31, United States Code, Section 1051 et sequentia.

17 (11) The furnishing of information pursuant to any
18 other statute which by its terms or by regulations
19 promulgated thereunder requires the disclosure of
20 financial records other than by subpoena, summons, warrant
21 or court order.

22 (12) The furnishing of information in accordance with
23 the federal Personal Responsibility and Work Opportunity
24 Reconciliation Act of 1996. Any credit union governed by
25 this Act shall enter into an agreement for data exchanges
26 with a State agency provided the State agency pays to the

1 credit union a reasonable fee not to exceed its actual cost
2 incurred. A credit union providing information in
3 accordance with this item shall not be liable to any
4 account holder or other person for any disclosure of
5 information to a State agency, for encumbering or
6 surrendering any assets held by the credit union in
7 response to a lien or order to withhold and deliver issued
8 by a State agency, or for any other action taken pursuant
9 to this item, including individual or mechanical errors,
10 provided the action does not constitute gross negligence or
11 willful misconduct. A credit union shall have no obligation
12 to hold, encumber, or surrender assets until it has been
13 served with a subpoena, summons, warrant, court or
14 administrative order, lien, or levy.

15 (13) The furnishing of information to law enforcement
16 authorities, the Illinois Department on Aging and its
17 regional administrative and provider agencies, the
18 Department of Human Services Office of Inspector General,
19 or public guardians: (i) upon subpoena by the investigatory
20 entity or the guardian, or (ii) if there is suspicion by
21 the credit union that a member who is an elderly or
22 disabled person has been or may become the victim of
23 financial exploitation. For the purposes of this item (13),
24 the term: (i) "elderly person" means a person who is 60 or
25 more years of age, (ii) "disabled person" means a person
26 who has or reasonably appears to the credit union to have a

1 physical or mental disability that impairs his or her
2 ability to seek or obtain protection from or prevent
3 financial exploitation, and (iii) "financial exploitation"
4 means tortious or illegal use of the assets or resources of
5 an elderly or disabled person, and includes, without
6 limitation, misappropriation of the elderly or disabled
7 person's assets or resources by undue influence, breach of
8 fiduciary relationship, intimidation, fraud, deception,
9 extortion, or the use of assets or resources in any manner
10 contrary to law. A credit union or person furnishing
11 information pursuant to this item (13) shall be entitled to
12 the same rights and protections as a person furnishing
13 information under the Elder Abuse and Neglect Act, the
14 Illinois Domestic Violence Act of 1986, and the Abuse of
15 Adults with Disabilities Intervention Act.

16 (14) The disclosure of financial records or
17 information as necessary to effect, administer, or enforce
18 a transaction requested or authorized by the member, or in
19 connection with:

20 (A) servicing or processing a financial product or
21 service requested or authorized by the member;

22 (B) maintaining or servicing a member's account
23 with the credit union; or

24 (C) a proposed or actual securitization or
25 secondary market sale (including sales of servicing
26 rights) related to a transaction of a member.

1 Nothing in this item (14), however, authorizes the sale
2 of the financial records or information of a member without
3 the consent of the member.

4 (15) The disclosure of financial records or
5 information as necessary to protect against or prevent
6 actual or potential fraud, unauthorized transactions,
7 claims, or other liability.

8 (16) (a) The disclosure of financial records or
9 information related to a private label credit program
10 between a financial institution and a private label party
11 in connection with that private label credit program. Such
12 information is limited to outstanding balance, available
13 credit, payment and performance and account history,
14 product references, purchase information, and information
15 related to the identity of the customer.

16 (b) (1) For purposes of this paragraph (16) of
17 subsection (b) of Section 10, a "private label credit
18 program" means a credit program involving a financial
19 institution and a private label party that is used by a
20 customer of the financial institution and the private label
21 party primarily for payment for goods or services sold,
22 manufactured, or distributed by a private label party.

23 (2) For purposes of this paragraph (16) of subsection
24 (b) of Section 10, a "private label party" means, with
25 respect to a private label credit program, any of the
26 following: a retailer, a merchant, a manufacturer, a trade

1 group, or any such person's affiliate, subsidiary, member,
2 agent, or service provider.

3 (c) Except as otherwise provided by this Act, a credit
4 union may not disclose to any person, except to the member or
5 his duly authorized agent, any financial records relating to
6 that member of the credit union unless:

7 (1) the member has authorized disclosure to the person;

8 (2) the financial records are disclosed in response to
9 a lawful subpoena, summons, warrant, citation to discover
10 assets, or court order that meets the requirements of
11 subparagraph (d) of this Section; or

12 (3) the credit union is attempting to collect an
13 obligation owed to the credit union and the credit union
14 complies with the provisions of Section 2I of the Consumer
15 Fraud and Deceptive Business Practices Act.

16 (d) A credit union shall disclose financial records under
17 subparagraph (c)(2) of this Section pursuant to a lawful
18 subpoena, summons, warrant, citation to discover assets, or
19 court order only after the credit union mails a copy of the
20 subpoena, summons, warrant, citation to discover assets, or
21 court order to the person establishing the relationship with
22 the credit union, if living, and otherwise his personal
23 representative, if known, at his last known address by first
24 class mail, postage prepaid unless the credit union is
25 specifically prohibited from notifying the person by order of
26 court or by applicable State or federal law. In the case of a

1 grand jury subpoena, a credit union shall not mail a copy of a
2 subpoena to any person pursuant to this subsection if the
3 subpoena was issued by a grand jury under the Statewide Grand
4 Jury Act or notifying the person would constitute a violation
5 of the federal Right to Financial Privacy Act of 1978.

6 (e)(1) Any officer or employee of a credit union who
7 knowingly and wilfully furnishes financial records in
8 violation of this Section is guilty of a business offense and
9 upon conviction thereof shall be fined not more than \$1,000.

10 (2) Any person who knowingly and wilfully induces or
11 attempts to induce any officer or employee of a credit union to
12 disclose financial records in violation of this Section is
13 guilty of a business offense and upon conviction thereof shall
14 be fined not more than \$1,000.

15 (f) A credit union shall be reimbursed for costs which are
16 reasonably necessary and which have been directly incurred in
17 searching for, reproducing or transporting books, papers,
18 records or other data of a member required or requested to be
19 produced pursuant to a lawful subpoena, summons, warrant,
20 citation to discover assets, or court order. The Secretary and
21 the Director may determine, by rule, the rates and conditions
22 under which payment shall be made. Delivery of requested
23 documents may be delayed until final reimbursement of all costs
24 is received.

25 (Source: P.A. 94-495, eff. 8-8-05; 94-851, eff. 6-13-06;
26 95-661, eff. 1-1-08.)

1 (205 ILCS 305/10.1)

2 Sec. 10.1. Retention of records. Unless a federal law
3 requires otherwise, the Secretary and the Director may by rule
4 prescribe periods of time for which credit unions operating
5 under this Act must retain records and after the expiration of
6 which the credit union may destroy those records. No liability
7 shall accrue against the credit union, the Secretary ~~Director~~,
8 or this State for the destruction of records according to rules
9 of the Secretary ~~Director~~ promulgated under the authority of
10 this Section. In any cause or proceeding in which any records
11 may be called in question or be demanded from any credit union,
12 a showing of the expiration of the period so prescribed shall
13 be sufficient excuse for failure to produce them.

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

15 (205 ILCS 305/11) (from Ch. 17, par. 4412)

16 Sec. 11. Board of credit union advisors ~~Credit Union~~
17 ~~Advisors~~.

18 (1) There shall be a board ~~Board~~ of credit union advisors
19 ~~Credit Union Advisors~~ who shall consult with, advise, and make
20 recommendations to the Governor and to the Secretary ~~Director~~
21 on matters pertaining to credit unions. The board ~~Board~~ of
22 credit union advisors may ~~Credit Union Advisors shall~~ also
23 advise the Governor and Secretary ~~Director~~ upon appointments
24 and employment of personnel in connection with the supervision

1 and regulation of credit unions.

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

8 (3) All members shall serve until their successors have
9 been appointed and qualified. In the event a vacancy occurs,
10 the appointment to fill such vacancy shall be made in the
11 manner of original appointment, but only for the unexpired
12 term.

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

17 (5) The initial meeting of the board ~~Board~~ shall be called
18 by the Secretary ~~Director~~ and thereafter regular meetings shall
19 be held at such times and places as shall be determined by the
20 Governor, chairman, ~~Chairman~~ or Secretary ~~Director~~, but at
21 least once each 6 months. Special meetings may be called either
22 by the Governor, the Secretary, the Director, the chairman
23 ~~Chairman~~, or by written notice sent by 2 or more members of the
24 board ~~Board~~. A majority of the members of the board ~~Board~~ shall
25 constitute a quorum.

26 (6) The Department shall reimburse the board ~~Board~~ members

1 for their actual and necessary travel and subsistence expenses.

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

3 (205 ILCS 305/12) (from Ch. 17, par. 4413)

4 Sec. 12. Regulatory fees.

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

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

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

19 (3) ~~A Beginning with the calendar quarter commencing on~~
20 ~~January 1, 2009,~~ a credit union shall pay to the Department a
21 regulatory fee in quarterly installments equal to one-fourth of
22 the regulatory fee due in accordance with the regulatory fee
23 schedule in subsection (1), on the basis of assets as of the
24 Year-end Call Report of the preceding calendar year. The total
25 annual regulatory fee shall not be less than \$100 or more than
26 \$141,875, provided that the regulatory fee cap of \$141,875

1 shall be adjusted to incorporate the same percentage increase
2 as the Secretary makes in the regulatory fee schedule from time
3 to time under subsection (2). No regulatory fee shall be
4 collected from a credit union until it has been in operation
5 for one year. The regulatory fee shall be billed to credit
6 unions on a quarterly basis ~~commencing with the quarter ending~~
7 ~~March 31, 2009,~~ and it shall be payable by credit unions on the
8 due date for the Call Report for the subject quarter.

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

25 ~~Notwithstanding provisions in the State Finance Act, as now~~
26 ~~or hereafter amended, or any other law to the contrary, the sum~~

1 ~~of \$4,404,515 shall be transferred from the Credit Union Fund~~
2 ~~to the Financial Institutions Settlement of 2008 Fund as of the~~
3 ~~effective date of this amendatory Act of the 95th General~~
4 ~~Assembly, or as soon thereafter as practical.~~

5 Notwithstanding provisions in the State Finance Act, as now
6 or hereafter amended, or any other law to the contrary, the
7 Governor may, during any fiscal year through January 10, 2011,
8 from time to time direct the State Treasurer and Comptroller to
9 transfer a specified sum not exceeding 10% of the revenues to
10 be deposited into the Credit Union Fund during that fiscal year
11 from that Fund to the General Revenue Fund in order to help
12 defray the State's operating costs for the fiscal year.
13 Notwithstanding provisions in the State Finance Act, as now or
14 hereafter amended, or any other law to the contrary, the total
15 sum transferred from the Credit Union Fund to the General
16 Revenue Fund pursuant to this provision shall not exceed during
17 any fiscal year 10% of the revenues to be deposited into the
18 Credit Union Fund during that fiscal year. The State Treasurer
19 and Comptroller shall transfer the amounts designated under
20 this Section as soon as may be practicable after receiving the
21 direction to transfer from the Governor.

22 (5) The administrative and operational expenses for any
23 fiscal year shall mean the ordinary and contingent expenses for
24 that year incidental to making the examinations provided for
25 by, and for administering, this Act, including all salaries and
26 other compensation paid for personal services rendered for the

1 State by officers or employees of the State to enforce this
2 Act; all expenditures for telephone and telegraph charges,
3 postage and postal charges, office supplies and services,
4 furniture and equipment, office space and maintenance thereof,
5 travel expenses and other necessary expenses; all to the extent
6 that such expenditures are directly incidental to such
7 examination or administration.

8 (6) When the balance in the Credit Union Fund at the end of
9 a fiscal year exceeds 25% of the total administrative and
10 operational expenses incurred by the State in administering and
11 enforcing the Illinois Credit Union Act and other laws, rules,
12 and regulations as may apply to the administration and
13 enforcement of the foregoing laws, rules, and regulations as
14 amended from time to time for that fiscal year, such excess
15 shall be credited to credit unions and applied against their
16 regulatory fees for the subsequent fiscal year. The amount
17 credited to each credit union shall be in the same proportion
18 as the regulatory fee paid by such credit union for the fiscal
19 year in which the excess is produced bears to the aggregate
20 amount of all fees collected by the Department under this Act
21 for the same fiscal year.

22 (7) (Blank).

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

26 (9) For purposes of this Section, "fiscal year" means a

1 period beginning on July 1 of any calendar year and ending on
2 June 30 of the next calendar year.

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

4 (205 ILCS 305/13) (from Ch. 17, par. 4414)

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

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

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

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

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

1 shares in trust as provided in this Act;

2 (5) Lend its funds to its members and otherwise as
3 hereinafter provided;

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

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

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

13 (9) Sell all or a part ~~substantially all~~ of its assets
14 or purchase all or a part ~~substantially all~~ of the assets
15 of another credit union and assume the liabilities of the
16 selling credit union, subject to the prior approval of the
17 Director, which approval shall not be required in the case
18 of loan transactions otherwise authorized under applicable
19 law;

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

21 (11) Make deposits in banks, savings banks, savings and
22 loan associations, trust companies; and invest in shares,
23 classes of shares or share certificates of other credit
24 unions;

25 (12) Assess charges and fees to members in accordance
26 with board resolution;

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

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

6 (15) Collect, receive and disburse monies in
7 connection with providing negotiable checks, money orders
8 and other money-type instruments, and for such other
9 purposes as may provide benefit or convenience to its
10 members, and charge a reasonable fee for such services;

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

14 (17) Receive savings from nonmembers in the form of
15 shares or share accounts in the case of credit unions
16 serving predominantly low-income members. The term "low
17 income members" shall mean those members who make less than
18 80% of the average for all wage earners as established by
19 the Bureau of Labor Statistics or those members whose
20 annual household income falls at or below 80% of the median
21 household income for the nation as established by the
22 Census Bureau. The term "predominantly" is defined as a
23 simple majority;

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

26 (19) Subject to Article XLIV of the Illinois Insurance

1 Code, act as the agent for any fire, life, or other
2 insurance company authorized by the State of Illinois, by
3 soliciting and selling insurance and collecting premiums
4 on policies issued by such company; and may receive for
5 services so rendered such fees or commissions as may be
6 agreed upon between the said credit union and the insurance
7 company for which it may act as agent; provided, however,
8 that no such credit union shall in any case assume or
9 guarantee the payment of any premium on insurance policies
10 issued through its agency by its principal; and provided
11 further, that the credit union shall not guarantee the
12 truth of any statement made by an assured in filing his
13 application for insurance; and

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

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

19 (205 ILCS 305/14) (from Ch. 17, par. 4415)

20 Sec. 14. Incidental powers ~~Powers~~. A credit union may
21 exercise such incidental powers as are granted corporations
22 organized under the laws of this State including, to the extent
23 such powers are not inconsistent with powers and prohibitions
24 contained in this Act, such powers as are necessary or
25 convenient to enable credit unions to promote and carry on

1 their purposes. The provisions of this Section shall be
2 interpreted liberally and not restrictively.

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

4 (205 ILCS 305/15) (from Ch. 17, par. 4416)

5 Sec. 15. Membership defined.

6 (1) The membership of a credit union shall be limited to
7 and consist of the subscribers to the articles of incorporation
8 and such other persons within the common bond, as defined in
9 this Act and as set forth in the credit union's articles of
10 incorporation, as have been duly admitted members, have paid
11 the required entrance fee or membership fee, or both, if any,
12 have subscribed for one or more shares, and have paid the
13 initial installment thereon, and have complied with such other
14 requirements as the articles of incorporation or bylaws
15 specify. Two or more persons within the common bond who have
16 jointly subscribed for one or more shares under a joint account
17 and have complied with all membership requirements may each be
18 admitted to membership. The surviving spouse of a credit union
19 member may, within 6 months of the member's death, become a
20 member of the credit union by paying the required entrance fee
21 or membership fee or both, if any, by subscribing for one or
22 more shares and paying the initial installment thereon, and by
23 complying with such other requirements as the articles of
24 incorporation or bylaws specify.

25 (2) Any member may withdraw from a credit union at any time

1 upon giving notice of withdrawal as required by the bylaws.

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

6 (4) A member who has caused a loss to the credit union,
7 failed to maintain one or more shares at the credit union, or
8 violated board ~~Board~~ policy applicable to members may be
9 expelled by a majority vote of a quorum of directors if the
10 board has adopted a policy providing for expulsion under those
11 circumstances. In maintaining and enforcing a policy based on
12 loss, the board may consider, without limitation, a member's
13 failure to pay amounts due under a loan, failure to provide
14 collected funds to cover withdrawals or personal share drafts
15 or credit union drafts where the member is a remitter, or
16 failure to pay fees or charges due the credit union. If a
17 policy is adopted by the board pursuant to this subsection (4),
18 written notice of the policy and the effective date of the
19 policy shall be mailed to each member of the credit union at
20 the member's current address appearing on the records of the
21 credit union. The policy shall be mailed to members not fewer
22 than 30 days prior to the effective date of the policy. In
23 addition, new members shall be provided written notice of the
24 policy prior to or upon applying for membership.

25 (5) All or any part of the amount paid on shares of a
26 withdrawing member or expelled member with any declared

1 dividends or interest on the date of withdrawal or expulsion
2 must, after deducting all amounts due from the member to the
3 credit union, be paid to him. The credit union may require not
4 more than 60 days' written notice of intention to withdraw
5 shares, but a notice of withdrawal does not entitle the member
6 to any preferred or prior claim in the event of liquidation.
7 Withdrawing or expelled members have no further rights in the
8 credit union, but are not, by withdrawal or expulsion, released
9 from any obligation they owe to the credit union.

10 (6) A member who has caused a loss to the credit union or
11 has violated board ~~Board~~ policy applicable to members may be
12 denied any or all credit union services in accordance with
13 board policy, however, members who are denied services shall be
14 allowed to maintain a share account and to vote on all issues
15 put to a vote of the membership.

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

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

18 Sec. 16. Societies and~~r~~ associations. Societies,
19 associations, clubs, partnerships, corporations, and limited
20 liability companies in which the majority of the members,
21 partners, or shareholders are individuals who are eligible for
22 credit union membership may be admitted to membership in a
23 credit union in the same manner and under the same conditions
24 as individuals, subject to such rules as the Secretary and the
25 Director may promulgate hereunder.

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

2 (205 ILCS 305/16.1)

3 Sec. 16.1. Service to the economically disadvantaged.

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

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

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

2 (205 ILCS 305/19) (from Ch. 17, par. 4420)

3 Sec. 19. Meeting of members.

4 (1) The annual meeting shall be held each year during the
5 months of January, February or March or such other month as may
6 be approved by the Department. The meeting shall be held at the
7 time, place and in the manner set forth in the bylaws. Any
8 special meetings of the members of the credit union shall be
9 held at the time, place and in the manner set forth in the
10 bylaws. Unless otherwise set forth in this Act, quorum
11 requirements for meetings of members shall be established by a
12 credit union in its bylaws. Notice of all meetings must be
13 given by the secretary ~~Secretary~~ of the credit union at least 7
14 days before the date of such meeting, either by handing a
15 written or printed notice to each member of the credit union,
16 by mailing the notice to the member at his address as listed on
17 the books and records of the credit union, or by posting a
18 notice of the meeting in three conspicuous places, including
19 the office of the credit union.

20 (2) On all questions and at all elections, except election
21 of directors, each member has one vote regardless of the number
22 of his shares. There shall be no voting by proxy except on the
23 election of directors, proposals for merger or voluntary
24 dissolution. All voting on the election of directors shall be
25 by ballot, but when there is no contest, written ballots need

1 not be cast. The record date to be used for the purpose of
2 determining which members are entitled to notice of or to vote
3 at any meeting of members, may be fixed in advance by the
4 directors on a date not more than 90 days nor less than 10 days
5 prior to the date of the meeting. If no record date is fixed by
6 the directors, the first day on which notice of the meeting is
7 given, mailed or posted is the record date.

8 (3) Regardless of the number of shares owned by a society,
9 association, club, partnership, other credit union or
10 corporation, having membership in the credit union, it shall be
11 entitled to only one vote and it may be represented and have
12 its vote cast by its designated agent acting on its behalf
13 pursuant to a resolution adopted by the organization's board of
14 directors or similar governing authority; provided that the
15 credit union shall obtain a certified copy of such resolution
16 before such vote may be cast.

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

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

22 (205 ILCS 305/20) (from Ch. 17, par. 4421)

23 Sec. 20. Election or appointment of officials.

24 (1) The credit union shall be directed by a board of
25 directors ~~Board of Directors~~ consisting of no less than 7 in

1 number, to be elected at the annual meeting by and from the
2 members. Directors shall hold office until the next annual
3 meeting, unless their terms are staggered. Upon amendment of
4 its bylaws, a credit union may divide the directors ~~Directors~~
5 into 2 or 3 classes with each class as nearly equal in number
6 as possible. The term of office of the directors of the first
7 class shall expire at the first annual meeting after their
8 election, that of the second class shall expire at the second
9 annual meeting after their election, and that of the third
10 class, if any, shall expire at the third annual meeting after
11 their election. At each annual meeting after the
12 classification, the number of directors equal to the number of
13 directors whose terms expire at the time of the meeting shall
14 be elected to hold office until the second succeeding annual
15 meeting if there are 2 classes or until the third succeeding
16 annual meeting if there are 3 classes. A director ~~Director~~
17 shall hold office for the term for which he or she is elected
18 and until his or her successor is elected and qualified.

19 (1.5) Except as provided in subsection (1.10), in all
20 elections for directors ~~Directors~~, every member has the right
21 to vote, in person or by proxy, the number of shares owned by
22 him, or in the case of a member other than a natural person,
23 the member's one vote, for as many persons as there are
24 directors ~~Directors~~ to be elected, or to cumulate such shares,
25 and give one candidate as many votes as the number of directors
26 ~~Directors~~ multiplied by the number of his shares equals, or to

1 distribute them on the same principle among as many candidates
2 as he may desire and the directors ~~Directors~~ shall not be
3 elected in any other manner. Shares held in a joint account
4 owned by more than one member may be voted by any one of the
5 members, however, the number of cumulative votes cast may not
6 exceed a total equal to the number of shares multiplied by the
7 number of directors to be elected. A majority of the shares
8 entitled to vote shall be represented either in person or by
9 proxy for the election of directors ~~Directors~~. Each director
10 ~~Director~~ shall wholly take and subscribe to an oath that he
11 will diligently and honestly perform his duties in
12 administering the affairs of the credit union, that while he
13 may delegate to another the performance of those administrative
14 duties he is not thereby relieved from his responsibility for
15 their performance, that he will not knowingly violate or
16 ~~willingly~~ permit to be violated any law applicable to the
17 credit union, and that he is the owner of at least one share of
18 the credit union.

19 (1.10) Upon amendment of a credit union's bylaws approved
20 by the members, in all elections for directors ~~Directors~~, every
21 member who is a natural person shall have the right to cast one
22 vote, regardless of the number of his or her shares, in person
23 or by proxy, for as many persons as there are directors
24 ~~Directors~~ to be elected.

25 (2) The board of directors ~~Board of Directors~~ shall appoint
26 from among the members of the credit union, a supervisory

1 ~~committee~~ Supervisory Committee of not less than 3 members at
2 the organization meeting and within 30 days following each
3 annual meeting of the members for such terms as the bylaws
4 provide. Members of the supervisory committee ~~Supervisory~~
5 ~~Committee~~ may, but need not be, on the board of directors ~~Board~~
6 ~~of Directors~~, but shall not be officers of the credit union,
7 members of the credit committee ~~Credit Committee~~, or the credit
8 manager if no credit committee ~~Credit Committee~~ has been
9 appointed.

10 (3) The board of directors ~~Board of Directors~~ may appoint,
11 from among the members of the credit union, a credit committee
12 ~~Credit Committee~~ consisting of an odd number, not less than 3
13 for such terms as the bylaws provide. Members of the credit
14 committee ~~Credit Committee~~ may, but need not be, directors
15 ~~Directors~~ or officers of the credit union, but shall not be
16 members of the supervisory committee ~~Supervisory Committee~~.

17 (4) The board of directors ~~Board of Directors~~ may appoint
18 from among the members of the credit union a membership
19 committee ~~Membership Committee~~ of one or more persons. If
20 appointed, the committee ~~Committee~~ shall act upon all
21 applications for membership and submit a report of its actions
22 to the board of directors ~~Board of Directors~~ at the next
23 regular meeting for review. If no membership committee
24 ~~Membership Committee~~ is appointed, credit union management
25 shall act upon all applications for membership and submit a
26 report of its actions to the board of directors ~~Board of~~

1 ~~Directors~~ at the next regular meeting for review.

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

3 (205 ILCS 305/21) (from Ch. 17, par. 4422)

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

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

10 (205 ILCS 305/22) (from Ch. 17, par. 4423)

11 Sec. 22. Vacancies.

12 (a) The board of directors ~~Board of Directors~~ shall, by
13 appointment from among the credit union members, fill any
14 vacancies occurring on the board ~~Board~~ for the remainder of the
15 director's ~~Director's~~ unexpired term or until a successor is
16 elected and qualified following completion of the term filled
17 by the board ~~Board~~. In the event the vacancy reduces the number
18 of directors serving on the board to less than the statutory
19 minimum set forth in subsection (1) of Section 20, then the
20 board shall fill the vacancy no later than the next annual
21 meeting of members or 90 days after the vacancy occurred,
22 whichever occurs first. Upon written application to the
23 Secretary, the board may request additional time in which to
24 fill the vacancy. The application may be approved by the

1 Secretary in his or her discretion. The board ~~Board~~ shall, by
2 appointment from among the credit union members, fill vacancies
3 in the membership committee ~~Membership Committee~~, credit
4 committee ~~Credit Committee~~, or credit manager if no credit
5 committee ~~Credit Committee~~ has been appointed, and supervisory
6 committees ~~Supervisory Committees~~.

7 (b) An office may be declared vacant by the board ~~Board~~
8 when a director ~~Director~~ or a committee ~~Committee~~ member dies,
9 resigns from the board ~~Board~~ or committee ~~Committee~~, is removed
10 from the board ~~Board~~ or committee ~~Committee~~, is no longer a
11 member of the credit union, is the owner of less than one share
12 of the credit union, or fails to attend three consecutive
13 regular meetings of the board ~~Board~~ without good cause.

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

15 (205 ILCS 305/23) (from Ch. 17, par. 4424)

16 Sec. 23. Compensation of officials.

17 (1) No director or committee member may receive
18 compensation for his service as such. "Compensation" as used in
19 this subsection (1) refers to remuneration expense to the
20 credit union for services provided by a director or committee
21 member in his or her capacity as director or committee member.
22 "Compensation" as used in this subsection (1) does not include
23 the expense of providing reasonable life, health, accident, and
24 similar insurance protection benefits for a director or
25 committee member.

1 (2) Directors, committee members and employees, while on
2 official business of the credit union, may be reimbursed for
3 reasonable and necessary expenses. Alternatively, the credit
4 union may make direct payment to a third party for such
5 business expenses. Reasonable and necessary expenses may
6 include the payment of travel costs for the foregoing officials
7 and one guest per official. All payment of costs shall be made
8 in accordance with written policies and procedures established
9 by the board of directors ~~Board of Directors~~.

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

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

13 (205 ILCS 305/24) (from Ch. 17, par. 4425)

14 Sec. 24. Conflicts of interest ~~Interest~~. No director
15 ~~Director~~, committee member, officer, agent or employee of the
16 credit union shall in any manner, directly or indirectly,
17 participate in the deliberation upon or the determination of
18 any question affecting his pecuniary interest or the pecuniary
19 interest of any corporation, partnership, or association
20 (other than the credit union, other credit unions or credit
21 union organizations) in which he is directly or indirectly
22 interested, unless such interest is disclosed to the board of
23 directors ~~Board of Directors~~ prior to such deliberation or
24 determination, in which event such person shall be entitled to
25 participate and, if otherwise entitled to, shall have the power

1 to vote on such matter.

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

3 (205 ILCS 305/25) (from Ch. 17, par. 4426)

4 Sec. 25. Indemnification. A credit union may indemnify any
5 and all of its directors ~~Directors~~, committee members, officers
6 or employees or former directors ~~Directors~~, committee members,
7 officers or employees against expenses actually and
8 necessarily incurred by them in connection with the defense or
9 settlement of any action, suit or proceeding in which they, or
10 any of them, are made a party or parties by reason of being or
11 having been a director ~~Director~~, committee member, officer or
12 employee of the credit union, except in relation to matters as
13 to which any such director ~~Director~~, committee member, officer
14 or employee shall be adjudged in such action, suit or
15 proceeding to be liable for willful misconduct in the
16 performance of duty and to such matters as shall be settled by
17 agreement predicated on the existence of such liability.

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

19 (205 ILCS 305/26) (from Ch. 17, par. 4427)

20 Sec. 26. Executive officers ~~Officers~~.

21 (1) At their first meeting, the board of directors ~~Board of~~
22 ~~Directors~~ shall elect from among their own number a chairman
23 ~~Chairman~~ of the board ~~Board~~ and one or more vice chairmen ~~Vice~~
24 ~~Chairmen~~, a secretary ~~Secretary~~ and a treasurer ~~Treasurer~~. The

1 ~~directors~~ Directors shall appoint a chief management official
2 who shall have such title as the ~~directors~~ Directors shall
3 determine. The ~~directors~~ Directors may also appoint one or more
4 ~~vice presidents~~ Vice Presidents. The chief management official
5 and ~~vice president~~ Vice President may, but need not, be
6 ~~directors~~ Directors. Any two or more offices may be held by the
7 same person, except the ~~chairman~~ Chairman of the ~~board~~ Board
8 may not also hold the office of ~~vice chairman~~ Vice Chairman or
9 ~~secretary~~ Secretary.

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

12 (3) The duties of the officers shall be prescribed in the
13 bylaws. Compensation of officers shall be such as may be
14 established by the ~~directors~~ Directors from time to time.

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

16 (205 ILCS 305/27) (from Ch. 17, par. 4428)

17 Sec. 27. Authority of directors.

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

21 (2) In discharging the duties of their respective
22 positions, the board of directors, committees of the board, and
23 individual directors shall be entitled to rely on advice,
24 information, opinions, reports or statements, including
25 financial statements and financial data, prepared or presented

1 by: (i) one or more officers or employees of the credit union
2 whom the director believes to be reliable and competent in the
3 matter presented; (ii) one or more counsel, accountants, or
4 other consultants as to matters that the director ~~Director~~
5 believes to be within that person's professional or expert
6 competence; or (iii) a committee of the board upon which the
7 director ~~Director~~ does not serve, as to matters within that
8 committee's designated authority; provided that the director's
9 ~~Director's~~ reliance under this subsection (2) is placed in good
10 faith, after reasonable inquiry if the need for such inquiry is
11 apparent under the circumstances and without knowledge that
12 would cause such reliance to be unreasonable.

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

14 (205 ILCS 305/28) (from Ch. 17, par. 4429)

15 Sec. 28. Executive committee ~~Committee~~. From the persons
16 elected to the board ~~Board~~, the board ~~Board~~ may appoint an
17 executive committee ~~Executive Committee~~ of not less than 3
18 directors ~~Directors~~ who may be authorized to act for the board
19 ~~Board~~ in all respects, subject to such conditions and
20 limitations as are prescribed by the board ~~Board~~. The executive
21 committee ~~Executive Committee~~ shall report to the board ~~Board~~
22 at each board ~~Board~~ meeting on any meeting held and actions
23 taken by the executive committee ~~Executive Committee~~ between
24 board ~~Board~~ meetings.

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

1 (205 ILCS 305/30) (from Ch. 17, par. 4431)

2 Sec. 30. Duties of directors.

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

4 (1) Review actions on applications for membership. A
5 record of the membership committee's ~~Membership~~
6 ~~Committee's~~ approval or denial of membership or
7 management's approval or denial of membership if no
8 membership committee ~~Membership Committee~~ has been
9 appointed shall be available to the board of directors
10 ~~Board of Directors~~ for inspection. A person denied
11 membership by the membership committee ~~Membership~~
12 ~~Committee~~ or credit union management may appeal the denial
13 to the board ~~Board~~;

14 (2) Provide adequate fidelity bond coverage for
15 officers, employees, directors and committee members, and
16 for losses caused by persons outside of the credit union,
17 subject to rules and regulations promulgated by the
18 Secretary ~~Director~~;

19 (3) Determine from time to time the interest rates, not
20 in excess of that allowed under this Act, which shall be
21 charged on loans to members and to authorize interest
22 refunds, if any, to members from income earned and received
23 in proportion to the interest paid by them on such classes
24 of loans and under such conditions as the board ~~Board~~
25 prescribes. The directors ~~Directors~~ may establish

1 different interest rates to be charged on different classes
2 of loans;

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

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

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

10 (7) Have charge of the investment of funds, except that
11 the board of directors ~~Board of Directors~~ may designate an
12 investment committee ~~Investment Committee~~ or any qualified
13 individual or entity to have charge of making investments
14 under policies established by the board of directors ~~Board~~
15 ~~of Directors~~;

16 (8) Authorize the employment of or contracting with
17 such persons or organizations as may be necessary to carry
18 on the operations of the credit union, provided that prior
19 approval is received from the Department before delegating
20 substantially all managerial duties and responsibilities
21 to a credit union organization, and fix the compensation,
22 if any, of the officers and provide for compensation for
23 other employees within policies established by the board of
24 directors ~~Board of Directors~~;

25 (9) Authorize the conveyance of property;

26 (10) Borrow or lend money consistent with the

1 provisions of this Act;

2 (11) Designate a depository or depositories for the
3 funds of the credit union and supervise the investment of
4 funds;

5 (12) Suspend or remove, or both, any or all officers or
6 any or all members of the membership ~~Membership~~, credit
7 ~~Credit~~, or other committees whenever, in the judgment of
8 the board of directors ~~Board of Directors~~, the best
9 interests of the credit union will be served thereby;
10 provided that members of the supervisory committee
11 ~~Supervisory Committee~~ may not be suspended or removed
12 except for failure to perform their duties; and provided
13 that removal of any officer shall be without prejudice to
14 the contract rights, if any, of the person so removed;

15 (13) Appoint any special committees deemed necessary;
16 and

17 (14) Perform such other duties as the members may
18 direct, and perform or authorize any action not
19 inconsistent with this Act and not specifically reserved by
20 the bylaws to the members.

21 (b) The board of directors ~~Board of Directors~~ may delegate
22 to the chief management official, according to guidelines
23 established by the board ~~Board~~ that may include the authority
24 to further delegate one or more duties, all of the following
25 duties:

26 (1) determining the interest rates on loans;

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

2 and

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

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

6 (205 ILCS 305/31) (from Ch. 17, par. 4432)

7 Sec. 31. Supervision of loans. The credit committee ~~Credit~~
8 ~~Committee~~ shall have the general supervision of all loans and
9 lines of credit to members. If no credit committee ~~Credit~~
10 ~~Committee~~ has been appointed, the credit manager shall have the
11 general supervision of all loans and lines of credit to
12 members.

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

14 (205 ILCS 305/32) (from Ch. 17, par. 4433)

15 Sec. 32. Meetings of credit committee ~~Credit Committee~~. If
16 a credit committee ~~Credit Committee~~ has been appointed by the
17 board, the provisions of this Section shall apply. The credit
18 committee ~~Credit Committee~~ shall meet as often as the
19 operations of the credit union require and not less frequently
20 than once a month to consider applications for loans and lines
21 of credit. Unless a greater percentage is required in the
22 credit union's bylaws, a majority of the credit committee
23 ~~Credit Committee~~ shall constitute a quorum. No loan shall be
24 made unless it is approved, in writing, by a majority of the

1 ~~committee~~ ~~Committee~~ who are present at a meeting at which a
2 quorum is present and at which the application is considered.
3 The credit committee ~~Credit Committee~~ shall report to the
4 directors ~~Directors~~ at each board ~~Board~~ meeting on all meetings
5 held and actions taken since the last board ~~Board~~ meeting.
6 (Source: P.A. 91-929, eff. 12-15-00.)

7 (205 ILCS 305/33) (from Ch. 17, par. 4434)

8 Sec. 33. Credit manager.

9 (1) The credit committee ~~Credit Committee~~ may or, if no
10 credit committee ~~Credit Committee~~ has been appointed, the board
11 of directors ~~Board of Directors~~ shall appoint a credit manager
12 who shall be empowered to approve or disapprove loans and lines
13 of credit under conditions prescribed by the board of directors
14 ~~Board of Directors~~. The credit committee ~~Credit Committee~~ or
15 credit manager may appoint one or more loan officers with the
16 power to approve loans and lines of credit, subject to such
17 limitations or conditions as may be prescribed by the board of
18 directors ~~Board of Directors~~. The credit manager and any loan
19 officers appointed by the credit committee ~~Credit Committee~~ or
20 the credit manager shall keep written records of all
21 transactions and shall report, in writing, to the credit
22 committee ~~Credit Committee~~ if a credit committee ~~Credit~~
23 ~~Committee~~ has been appointed, otherwise to the directors
24 ~~Directors~~ at each board ~~Board~~ meeting.

25 (2) Applications for loans or lines of credit not approved

1 by a loan officer shall be reviewed and acted upon by the
2 credit committee ~~Credit Committee~~ or credit manager.

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

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

8 (205 ILCS 305/34) (from Ch. 17, par. 4435)

9 Sec. 34. Duties of supervisory committee ~~Supervisory~~
10 ~~Committee~~.

11 (1) The supervisory committee ~~Supervisory Committee~~ shall
12 make or cause to be made an annual internal audit of the books
13 and affairs of the credit union to determine that the credit
14 union's accounting records and reports are prepared promptly
15 and accurately reflect operations and results, that internal
16 controls are established and effectively maintained to
17 safeguard the assets of the credit union, and that the
18 policies, procedures and practices established by the board of
19 directors ~~Board of Directors~~ and management of the credit union
20 are being properly administered. The supervisory committee
21 ~~Supervisory Committee~~ shall submit a report of that audit to
22 the board of directors ~~Board of Directors~~ and a summary of that
23 report to the members at the next annual meeting of the credit
24 union. It shall make or cause to be made such supplementary
25 audits as it deems necessary or as are required by the

1 ~~Secretary Director~~ or by the board of directors ~~Board of~~
2 ~~Directors~~, and submit reports of these supplementary audits to
3 the Secretary Director or board of directors ~~Board of Directors~~
4 as applicable. If the supervisory committee ~~Supervisory~~
5 ~~Committee~~ has not engaged a public accountant registered by the
6 Department of Financial and Professional Regulation to make the
7 internal audit, the supervisory committee ~~Supervisory~~
8 ~~Committee~~ or other officials of the credit union shall not
9 indicate or in any manner imply that such audit has been
10 performed by a public accountant or that the audit represents
11 the independent opinion of a public accountant. The supervisory
12 committee ~~Committee~~ must retain its tapes and working papers of
13 each internal audit for inspection by the Department. The
14 report of this audit must be made on a form approved by the
15 Secretary Director. A copy of the report must be promptly
16 mailed to the Secretary Director.

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

21 (3) The supervisory committee ~~Supervisory Committee~~ of a
22 credit union with assets of \$5,000,000 or more shall engage a
23 public accountant registered by the Department of Financial and
24 Professional Regulation to perform an annual external
25 independent audit of the credit union's financial statements in
26 accordance with generally accepted auditing standards. The

1 ~~supervisory committee~~ Supervisory Committee of a credit union
2 with assets of \$3,000,000 or more, but less than \$5,000,000,
3 shall engage a public accountant registered by the Department
4 of Financial and Professional Regulation to perform an external
5 independent audit of the credit union's financial statements in
6 accordance with generally accepted auditing standards at least
7 once every 3 years. A copy of an external independent audit
8 shall be completed and mailed to the Secretary ~~Director~~ no
9 later than 90 days after December 31 of each year; provided
10 that a credit union or group of credit unions may obtain an
11 extension of the due date upon application to and receipt of
12 written approval from the Secretary ~~Director~~. If the annual
13 internal audit of such a credit union is conducted by a public
14 accountant registered by the Department of Financial and
15 Professional Regulation and the annual internal audit is done
16 in conjunction with the credit union's annual external audit,
17 the requirements of subsection (1) of this Section shall be
18 deemed met.

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

23 (A) the methodology used to determine the defined
24 period of time is formally documented in the credit union's
25 policies and procedures and is appropriate to the credit
26 union's size, business strategy, and loan portfolio

1 characteristics and the economic environment of the areas
2 and employers served by the credit union;

3 (B) supporting documentation is maintained for the
4 technique used to develop the credit union loss rates,
5 including the period of time used to accumulate historical
6 loss data and the factors considered in establishing the
7 time frames; and

8 (C) the external auditor conducting the credit union's
9 financial statement audit has analyzed the methodology
10 employed by the credit union and concludes that the
11 financial statements, including the allowance for loan
12 losses, are fairly stated in all material respects in
13 accordance with U.S. Generally Accepted Accounting
14 Principles, as promulgated by the Financial Accounting
15 Standards Board.

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

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

19 (205 ILCS 305/35) (from Ch. 17, par. 4436)

20 Sec. 35. Suspension and removal of officials.

21 (1) The supervisory committee ~~Supervisory Committee~~, by a
22 unanimous vote of the whole committee, may suspend any member
23 of the credit committee ~~Credit Committee~~ or the credit manager
24 if no credit committee ~~Credit Committee~~ has been appointed. The
25 supervisory committee ~~Supervisory Committee~~ shall report such

1 action to the board of directors ~~Board of Directors~~ for
2 appropriate action.

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

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

11 (205 ILCS 305/36) (from Ch. 17, par. 4437)

12 Sec. 36. Calling of special meetings ~~Special Meetings~~. The
13 supervisory committee ~~Supervisory Committee~~, by a majority
14 vote, may, after written notice of its intended action is first
15 given to the board of directors ~~Board of Directors~~, and the
16 Department, call a special meeting of the members to consider
17 any violation of this Act, the credit union's articles of
18 incorporation ~~Articles of Incorporation~~ or bylaws, or any
19 practice of the credit union deemed by the supervisory
20 committee ~~Supervisory Committee~~ to be unsafe or unauthorized.

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

22 (205 ILCS 305/37) (from Ch. 17, par. 4438)

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

24 (1) The capital of a credit union shall consist of the

1 payments made by members for shares of the credit union.

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

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

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

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

11 (205 ILCS 305/38) (from Ch. 17, par. 4439)

12 Sec. 38. Dividends. The board of directors ~~Board of~~
13 ~~Directors~~ may declare a dividend to be paid periodically from
14 net earnings or undivided earnings and distributed ratably
15 among holders of share accounts of the same class as provided
16 in the bylaws. Dividends may not be declared or paid at a time
17 when the credit union is insolvent or its net assets are less
18 than its stated capital or when the payment thereof would
19 render the credit union insolvent or reduce its net assets
20 below its stated capital.

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

22 (205 ILCS 305/39) (from Ch. 17, par. 4440)

23 Sec. 39. Special purpose share accounts ~~Purpose Share~~
24 ~~Accounts~~. If provided for in and consistent with the bylaws,

1 Christmas clubs, vacation clubs and other special purpose share
2 accounts may be established and offered under conditions and
3 restrictions established by the board of directors ~~Board of~~
4 ~~Directors~~.

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

6 (205 ILCS 305/40) (from Ch. 17, par. 4441)

7 Sec. 40. Shares to minors ~~Minors~~. Shares may be issued in
8 the name of a minor or in the name of a custodian under the
9 Illinois Uniform Transfers to Minors Act, as amended. If shares
10 are issued in the name of a minor, redemption of any part or
11 all of the shares by payment to the minor or upon order of the
12 minor of the amount of the shares and any declared dividends
13 releases the credit union from all obligations to the minor as
14 to the shares redeemed. Further, if shares are issued in the
15 name of a minor, the minor shall be considered as being of the
16 age of majority and having contractual capacity.

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

18 (205 ILCS 305/41) (from Ch. 17, par. 4442)

19 Sec. 41. Joint accounts ~~Accounts~~. Shares shall be issued in
20 the name of the owner and may be issued in the name of 2 or more
21 persons in joint tenancy, or in survivorship, in which case
22 payment may be made, in whole or in part, to any of the named
23 persons whether the others are living or dead, if an agreement
24 permitting such payment was signed and dated by all persons

1 when the shares were issued or thereafter. Only one of the
2 persons must have the common bond of association, community or
3 occupation specified in this Act and only that person may vote
4 in a meeting of the members, obtain loans, hold office or be
5 required to pay an entrance fee.

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

7 (205 ILCS 305/43.1)

8 Sec. 43.1. Enforcement of child support.

9 (a) Any credit union governed by this Act shall encumber or
10 surrender accounts or assets held by the credit union on behalf
11 of any responsible relative who is subject to a child support
12 lien, upon notice of the lien or levy of the Department of
13 Healthcare and Family Services ~~(formerly Illinois Department~~
14 ~~of Public Aid)~~ or its successor agency pursuant to Section
15 10-25.5 of the Illinois Public Aid Code, or upon notice of
16 interstate lien from any other state's agency responsible for
17 implementing the child support enforcement program set forth in
18 Title IV, Part D of the Social Security Act.

19 (b) Within 90 days after receiving notice from the
20 Department of Healthcare and Family Services ~~(formerly~~
21 ~~Department of Public Aid)~~ that the Department has adopted a
22 child support enforcement debit authorization form as required
23 under the Illinois Public Aid Code, each credit union governed
24 by this Act shall take all appropriate steps to implement the
25 use of the form in relation to accounts held by the credit

1 union. Upon receiving from the Department of Healthcare and
2 Family Services ~~(formerly Department of Public Aid)~~ a copy of a
3 child support enforcement debit authorization form signed by an
4 obligor, a credit union holding an account on behalf of the
5 obligor shall debit the account and transfer the debited
6 amounts to the State Disbursement Unit according to the
7 instructions in the child support enforcement debit
8 authorization form.

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

10 (205 ILCS 305/44) (from Ch. 17, par. 4445)

11 Sec. 44. Share accounts ~~Accounts~~; garnishment ~~Garnishment~~.
12 A credit union may be subject to garnishment proceedings
13 concerning the share accounts of its members.

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

15 (205 ILCS 305/45) (from Ch. 17, par. 4446)

16 Sec. 45. Reduction in shares ~~Shares~~. Whenever the losses of
17 any credit union, resulting from a depreciation in value of its
18 loans or investments or otherwise, exceed its undivided
19 earnings and reserve fund so that the estimated value of its
20 assets is less than the total amount due the holders of share
21 accounts, the credit union, may, by a majority vote of the
22 entire membership, with approval by the Department, order a
23 reduction in the shares of each of its shareholders to divide
24 the loss proportionately among the holders of shares in

1 accordance with such terms and conditions as the Department may
2 prescribe.

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

4 (205 ILCS 305/46) (from Ch. 17, par. 4447)

5 Sec. 46. Loans and interest rate.

6 (1) A credit union may make loans to its members for such
7 purpose and upon such security and terms, including rates of
8 interest, as the credit committee ~~Credit Committee~~, credit
9 manager, or loan officer approves. Notwithstanding the
10 provisions of any other law in connection with extensions of
11 credit, a credit union may elect to contract for and receive
12 interest and fees and other charges for extensions of credit
13 subject only to the provisions of this Act and rules
14 promulgated under this Act, except that extensions of credit
15 secured by residential real estate shall be subject to the laws
16 applicable thereto. The rates of interest to be charged on
17 loans to members shall be set by the board of directors ~~Board~~
18 ~~of Directors~~ of each individual credit union in accordance with
19 Section 30 of this Act and such rates may be less than, but may
20 not exceed, the maximum rate set forth in this Section. A
21 borrower may repay his loan prior to maturity, in whole or in
22 part, without penalty. The credit contract may provide for the
23 payment by the member and receipt by the credit union of all
24 costs and disbursements, including reasonable attorney's fees
25 and collection agency charges, incurred by the credit union to

1 collect or enforce the debt in the event of a delinquency by
2 the member, or in the event of a breach of any obligation of
3 the member under the credit contract. A contingency or hourly
4 arrangement established under an agreement entered into by a
5 credit union with an attorney or collection agency to collect a
6 loan of a member in default shall be presumed prima facie
7 reasonable.

8 (2) Credit unions may make loans based upon the security of
9 any interest or equity in real estate, subject to rules and
10 regulations promulgated by the Secretary ~~Director~~. In any
11 contract or loan which is secured by a mortgage, deed of trust,
12 or conveyance in the nature of a mortgage, on residential real
13 estate, the interest which is computed, calculated, charged, or
14 collected pursuant to such contract or loan, or pursuant to any
15 regulation or rule promulgated pursuant to this Act, may not be
16 computed, calculated, charged or collected for any period of
17 time occurring after the date on which the total indebtedness,
18 with the exception of late payment penalties, is paid in full.

19 For purposes of this subsection (2) of this Section 46, a
20 prepayment shall mean the payment of the total indebtedness,
21 with the exception of late payment penalties if incurred or
22 charged, on any date before the date specified in the contract
23 or loan agreement on which the total indebtedness shall be paid
24 in full, or before the date on which all payments, if timely
25 made, shall have been made. In the event of a prepayment of the
26 indebtedness which is made on a date after the date on which

1 interest on the indebtedness was last computed, calculated,
2 charged, or collected but before the next date on which
3 interest on the indebtedness was to be calculated, computed,
4 charged, or collected, the lender may calculate, charge and
5 collect interest on the indebtedness for the period which
6 elapsed between the date on which the prepayment is made and
7 the date on which interest on the indebtedness was last
8 computed, calculated, charged or collected at a rate equal to
9 1/360 of the annual rate for each day which so elapsed, which
10 rate shall be applied to the indebtedness outstanding as of the
11 date of prepayment. The lender shall refund to the borrower any
12 interest charged or collected which exceeds that which the
13 lender may charge or collect pursuant to the preceding
14 sentence. The provisions of this amendatory Act of 1985 shall
15 apply only to contracts or loans entered into on or after the
16 effective date of this amendatory Act.

17 (3) Notwithstanding any other provision of this Act, a
18 credit union authorized under this Act to make loans secured by
19 an interest or equity in real estate may engage in making
20 "reverse mortgage" loans to persons for the purpose of making
21 home improvements or repairs, paying insurance premiums or
22 paying real estate taxes on the homestead properties of such
23 persons. If made, such loans shall be made on such terms and
24 conditions as the credit union shall determine and as shall be
25 consistent with the provisions of this Section and such rules
26 and regulations as the Secretary ~~Director~~ shall promulgate

1 hereunder. For purposes of this Section, a "reverse mortgage"
2 loan shall be a loan extended on the basis of existing equity
3 in homestead property and secured by a mortgage on such
4 property. Such loans shall be repaid upon the sale of the
5 property or upon the death of the owner or, if the property is
6 in joint tenancy, upon the death of the last surviving joint
7 tenant who had such an interest in the property at the time the
8 loan was initiated, provided, however, that the credit union
9 and its member may by mutual agreement, establish other
10 repayment terms. A credit union, in making a "reverse mortgage"
11 loan, may add deferred interest to principal or otherwise
12 provide for the charging of interest or premiums on such
13 deferred interest. "Homestead" property, for purposes of this
14 Section, means the domicile and contiguous real estate owned
15 and occupied by the mortgagor. ~~The Director shall promulgate~~
16 ~~rules and regulations under this Section; provided that such~~
17 ~~rules and regulations need not be promulgated jointly with any~~
18 ~~other administrative agency of this State.~~

19 (4) Notwithstanding any other provisions of this Act, a
20 credit union authorized under this Act to make loans secured by
21 an interest or equity in real property may engage in making
22 revolving credit loans secured by mortgages or deeds of trust
23 on such real property or by security assignments of beneficial
24 interests in land trusts.

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

1 Any mortgage or deed of trust given to secure a revolving
2 credit loan may, and when so expressed therein shall, secure
3 not only the existing indebtedness but also such future
4 advances, whether such advances are obligatory or to be made at
5 the option of the lender, or otherwise, as are made within
6 twenty years from the date thereof, to the same extent as if
7 such future advances were made on the date of the execution of
8 such mortgage or deed of trust, although there may be no
9 advance made at the time of execution of such mortgage or other
10 instrument, and although there may be no indebtedness
11 outstanding at the time any advance is made. The lien of such
12 mortgage or deed of trust, as to third persons without actual
13 notice thereof, shall be valid as to all such indebtedness and
14 future advances from the time said mortgage or deed of trust is
15 filed for record in the office of the recorder ~~Recorder~~ of
16 deeds ~~Deeds~~ or the registrar ~~Registrar~~ of titles ~~Titles~~ of the
17 county where the real property described therein is located.
18 The total amount of indebtedness that may be so secured may
19 increase or decrease from time to time, but the total unpaid
20 balance so secured at any one time shall not exceed a maximum
21 principal amount which must be specified in such mortgage or
22 deed of trust, plus interest thereon, and any disbursements
23 made for the payment of taxes, special assessments, or
24 insurance on said real property, with interest on such
25 disbursements.

26 Any such mortgage or deed of trust shall be valid and have

1 priority over all subsequent liens and encumbrances, including
2 statutory liens, except taxes and assessments levied on said
3 real property.

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

7 (6) Credit unions may make residential real estate mortgage
8 loans on terms and conditions established by the United States
9 Department of Agriculture through its Rural Development
10 Housing and Community Facilities Program. The portion of any
11 loan in excess of the appraised value of the real estate shall
12 be allocable only to the guarantee fee required under the
13 program.

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

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

16 Sec. 47. Loan applications ~~Applications~~. Every application
17 for a loan shall be made in the manner prescribed by the credit
18 committee ~~Credit Committee~~, credit manager, or loan officer.
19 The application shall state the purpose for which the loan is
20 desired, and the security, if any, offered. Each loan shall be
21 evidenced by a written document or by a record electronically
22 stored or generated by any electronic or computer-generated
23 process that accurately reproduces or records the agreement,
24 transaction, act, occurrence, or event. The signature of any
25 party to the loan includes any symbol executed or adopted, or

1 any security procedure employed or adopted, using electronic
2 means or otherwise, by or on behalf of a person with intent to
3 authenticate a record.

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

5 (205 ILCS 305/48) (from Ch. 17, par. 4449)

6 Sec. 48. Loan limit ~~Limit~~. Within any limitations set forth
7 in the bylaws of the credit union, the board of directors ~~Board~~
8 ~~of Directors~~ may place a limit upon the aggregate amount to be
9 loaned to or cosigned for by any one member. Such loan limits
10 shall be subject to rules and regulations promulgated by the
11 Secretary ~~Director~~. Unless the credit union's bylaws provide
12 otherwise, no loan shall be made to any member in an aggregate
13 amount in excess of \$200, or 10% of the credit union's
14 unimpaired capital and surplus, whichever is greater.

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

16 (205 ILCS 305/49) (from Ch. 17, par. 4450)

17 Sec. 49. Security. In addition to generally accepted types
18 of security, the endorsement of a note by a surety, comaker or
19 guarantor, or assignment of shares or wages, in a manner
20 consistent with the laws of this State, shall be deemed
21 security within the meaning of this Act. A credit union shall
22 give each surety, guarantor or comaker a copy of the instrument
23 evidencing the indebtedness. The adequacy of any security shall
24 be determined by the credit committee ~~Credit Committee~~, credit

1 manager or loan officer, subject to this Act and the bylaws of
2 the credit union. The surety, guarantor or comaker may, but
3 need not, be a member of the credit union making the loan.

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

5 (205 ILCS 305/51) (from Ch. 17, par. 4452)

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

7 (1) Subject to such rules and regulations as the Secretary
8 ~~Director~~ may promulgate, a credit union may participate in
9 loans to credit union members jointly with other credit unions,
10 corporations, or financial institutions. An originating credit
11 union may originate loans only to its own members. A
12 participating credit union that is not the originating lender
13 may participate in loans made to its own members or to members
14 of another participating credit union. "Originating lender"
15 means the participating credit union with which the member
16 contracts. A master participation agreement must be properly
17 executed, and the agreement must include provisions for
18 identifying, either through documents incorporated by
19 reference or directly in the agreement, the participation loan
20 or loans prior to their sale.

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

25 (3) A credit union may purchase the conditional sales

1 contracts, notes and similar instruments which evidence an
2 indebtedness of its members. In the management of its assets,
3 liabilities, and liquidity, a credit union may purchase the
4 conditional sales contracts, notes, and other similar
5 instruments that evidence the consumer indebtedness of the
6 members of another credit union. "Consumer indebtedness" means
7 indebtedness incurred for personal, family, or household
8 purposes.

9 (4) With approval of the board of directors ~~Board of~~
10 ~~Directors~~, a credit union may make loans, either on its own or
11 jointly with other credit unions, corporations or financial
12 institutions, to credit union organizations; provided, that
13 the aggregate amount of all such loans outstanding shall not at
14 any time exceed the greater of 3% of the paid-in and unimpaired
15 capital and surplus of the credit union or the amount
16 authorized for federal credit unions.

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

18 (205 ILCS 305/52) (from Ch. 17, par. 4453)

19 Sec. 52. Loans to directors, officers, credit committee
20 ~~Credit Committee~~, credit manager, and supervisory committee
21 ~~Supervisory Committee~~ members. A credit union may make loans
22 to its directors, officers, credit committee ~~Credit Committee~~
23 members, credit manager, and supervisory committee ~~Supervisory~~
24 ~~Committee~~ members, provided that the loan complies with all
25 lawful requirements under this Act with respect to loans to

1 other borrowers. No loan may be made to or cosigned by any
2 director, officer, credit committee ~~Credit Committee~~ member,
3 credit manager if no credit committee ~~Credit Committee~~ has been
4 appointed, or supervisory committee ~~Supervisory Committee~~
5 member which would cause the aggregate amount of all loans then
6 outstanding to or cosigned by all directors, officers, credit
7 committee ~~Credit Committee~~ members, credit manager if no credit
8 committee ~~Credit Committee~~ has been appointed, or supervisory
9 committee ~~Supervisory Committee~~ members to exceed 20% of the
10 unimpaired capital and surplus of the credit union.

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

12 (205 ILCS 305/53) (from Ch. 17, par. 4454)

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

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

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

18 Sec. 54. Loans to associations ~~Associations~~. A credit union
19 may make loans to any credit union association or corporation,
20 of which the credit union is a member or shareholder, except
21 that the aggregate of all such loans shall not exceed 5% of the
22 assets of the credit union.

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

1 (205 ILCS 305/55) (from Ch. 17, par. 4456)

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

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

5 (2) A credit union may enter into cooperative marketing
6 arrangements to facilitate its members' voluntary purchase of
7 insurance including, but not by way of limitation, life
8 insurance, disability insurance, accident and health
9 insurance, property insurance, liability insurance and legal
10 expense insurance.

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

12 (205 ILCS 305/56) (from Ch. 17, par. 4457)

13 Sec. 56. Liability insurance ~~Insurance~~ for directors
14 ~~Directors~~ and officers ~~Officers~~. A credit union may purchase
15 and maintain insurance on behalf of any person who is or was a
16 director ~~Director~~, officer ~~Officer~~, committee member, employee
17 or agent of the credit union as a director, officer, committee
18 member, employee or agent of another corporation, partnership,
19 joint venture, trust or other enterprise against any liability
20 asserted against such person incurred by such person in any
21 such capacity or arising out of such person's status as such,
22 whether or not the credit union would have the power to
23 indemnify such person against such liability.

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

1 (205 ILCS 305/57) (from Ch. 17, par. 4458)

2 Sec. 57. Group purchasing ~~Purchasing~~. A credit union may,
3 consistent with rules and regulations promulgated by the
4 Secretary ~~Director~~, enter into cooperative marketing
5 arrangements to facilitate its members' voluntary purchase of
6 such goods and services as are in the interest of improving
7 economic and social conditions of the members.

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

9 (205 ILCS 305/58) (from Ch. 17, par. 4459)

10 Sec. 58. Share insurance.

11 (1) Each credit union operating in this State shall insure
12 its share accounts with the NCUA, under 12 U.S.C. 1781 to 1790
13 ~~et seq. (Sec. 201 et seq. of the Federal Credit Union Act)~~ or
14 with such other insurers as may be jointly approved by the
15 Secretary ~~Director~~ of Financial and Professional Regulation
16 ~~Institutions~~ and the Director of Insurance. Each approved
17 insurer shall be found to be financially sound and to employ
18 approved actuarial practices. The Secretary ~~Director~~ shall
19 determine that a firm commitment to insure share accounts has
20 been issued before a charter may be granted for a new credit
21 union. ~~Application for such insurance by credit unions in~~
22 ~~existence on the effective date of this Section shall be made~~
23 ~~not later than December 31, 1981 and such credit unions shall~~
24 ~~receive a commitment to insure share accounts by December 31,~~
25 ~~1984.~~

1 (2) A credit union which has been denied a commitment of
2 insurance of accounts shall either dissolve, merge with another
3 credit union, or apply in writing, within 30 days of denial, to
4 the Secretary ~~Director~~ for additional time to obtain an
5 insurance commitment. The Secretary ~~Director~~ may grant up to 24
6 months additional time upon satisfactory evidence that the
7 credit union is making a substantial effort to achieve the
8 conditions precedent to issuance of the commitment.

9 (3) The Secretary ~~Director~~ shall cooperate with the NCUA or
10 other approved insurers by furnishing copies of financial and
11 examination reports and other information bearing on the
12 financial condition of any credit union.

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

14 (205 ILCS 305/59) (from Ch. 17, par. 4460)

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

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

19 (1) In securities, obligations or other instruments of
20 or issued by or fully guaranteed as to principal and
21 interest by the United States of America or any agency
22 thereof or in any trust or trusts established for investing
23 directly or collectively in the same;

24 (2) In obligations of any state of the United States,
25 the District of Columbia, the Commonwealth of Puerto Rico,

1 and the several territories organized by Congress, or any
2 political subdivision thereof; however, a credit union may
3 not invest more than 10% of its unimpaired capital and
4 surplus in the obligations of one issuer, exclusive of
5 general obligations of the issuer, and investments in
6 municipal securities must be limited to securities rated in
7 one of the 4 highest rating categories by a nationally
8 recognized statistical rating organization;

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

17 (4) In shares, classes of shares or share certificates
18 of other credit unions, including, but not limited to
19 corporate credit unions; provided that such credit unions
20 have their members' accounts insured by the NCUA or other
21 approved insurers, and that if the members' accounts are so
22 insured, a credit union's investment may exceed the insured
23 limit on accounts;

24 (5) In shares of a cooperative society organized under
25 the laws of this State or the laws of the United States in
26 the total amount not exceeding 10% of the unimpaired

1 capital and surplus of the credit union; provided that such
2 investment shall first be approved by the Department;

3 (6) In obligations of the State of Israel, or
4 obligations fully guaranteed by the State of Israel as to
5 payment of principal and interest;

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

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

10 (9) In shares or stocks of Credit Union Service
11 Organizations in the total amount not exceeding the greater
12 of 3% of the unimpaired capital and surplus of the credit
13 union or the amount authorized for federal credit unions.

14 (b) As used in this Section, "political subdivision"
15 includes, but is not limited to, counties, townships, cities,
16 villages, incorporated towns, school districts, educational
17 service regions, special road districts, public water supply
18 districts, fire protection districts, drainage districts,
19 levee districts, sewer districts, housing authorities, park
20 districts, and any agency, corporation, or instrumentality of a
21 state or its political subdivisions, whether now or hereafter
22 created and whether herein specifically mentioned or not.

23 (c) A credit union investing to fund an employee benefit
24 plan obligation is not subject to the investment limitations of
25 this Act and this Section and may purchase an investment that
26 would otherwise be impermissible if the investment is directly

1 related to the credit union's obligation under the employee
2 benefit plan and the credit union holds the investment only for
3 so long as it has an actual or potential obligation under the
4 employee benefit plan.

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

6 (205 ILCS 305/60) (from Ch. 17, par. 4461)

7 Sec. 60. Reserves.

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

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

19 (2) A credit union in operation less than four years or
20 having assets of less than \$500,000 shall set aside (A) 10
21 per centum of gross income until the regular reserve shall
22 equal 7 1/2 per centum of the total outstanding loans and
23 risk assets, then (B) 5 per centum of gross income until
24 the regular reserve shall equal 10 per centum of the total
25 outstanding loans and risk assets.

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

6 (B) The Secretary ~~Director~~ may decrease the reserve
7 requirement set forth in subsection (A) of this Section
8 when in his or her opinion such a decrease is necessary or
9 desirable. The Secretary ~~Director~~ may also require special
10 reserves to protect the interest of members.

11 (C) For the purpose of establishing the reserves
12 required by this Section all assets except the following
13 are risk assets:

14 (1) Cash on hand;

15 (2) Real estate;

16 (3) Depreciated value of buildings, furnishings
17 and equipment;

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

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

23 (6) Funds invested as authorized under Section 59
24 of this Act; and

25 (7) Loans fully secured by a pledge of shares in
26 the lending credit union equal to and maintained to at

1 least the amount of the loan outstanding.

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

3 (205 ILCS 305/61) (from Ch. 17, par. 4462)

4 Sec. 61. Suspension.

5 (1) If the Secretary ~~Director~~ determines that any credit
6 union is bankrupt, insolvent, impaired or that it has ~~willfully~~
7 violated this Act, or is operating in an unsafe or unsound
8 manner, he shall issue an order temporarily suspending the
9 credit union's operations for not more than 60 days. The board
10 of directors ~~Board of Directors~~ shall be given notice by
11 registered or certified mail of such suspension, which notice
12 shall include the reasons for such suspension and a list of
13 specific violations of the Act. The Secretary ~~Director~~ shall
14 also notify the members of the credit union board ~~Credit Union~~
15 ~~Board~~ of advisors ~~Advisors~~ of any suspension. The Director may
16 assess to the credit union a penalty, not to exceed the
17 regulatory fee as set forth in this Act, to offset costs
18 incurred in determining the condition of the credit union's
19 books and records.

20 (2) Upon receipt of such suspension notice, the credit
21 union shall cease all operations, except those authorized by
22 the Secretary ~~Director~~, or the Secretary ~~Director~~ may appoint a
23 manager-trustee ~~Manager-Trustee~~ to operate the credit union
24 during the suspension period. The board of directors ~~Board of~~
25 ~~Directors~~ shall, within 10 days of the receipt of the

1 suspension notice, file with the Secretary ~~Director~~ a reply to
2 the suspension notice by submitting a corrective plan of action
3 or a request for formal hearing on said action pursuant to the
4 Department's rules and regulations.

5 (3) Upon receipt from the suspended credit union of
6 evidence that the conditions causing the order of suspension
7 have been corrected, and after determining that the proposed
8 corrective plan of action submitted is factual, the Secretary
9 ~~Director~~ shall revoke the suspension notice, permit the credit
10 union to resume normal operations, and notify the board ~~Board~~
11 of credit union advisors ~~Credit Union Advisors~~ of such action.

12 (4) If the Secretary ~~Director~~ determines that the proposed
13 corrective plan of action will not correct such conditions, he
14 may take possession and control of the credit union. The
15 Secretary ~~Director~~ may permit the credit union to operate under
16 his direction and control and may appoint a manager-trustee
17 ~~Manager-Trustee~~ to manage its affairs until such time as the
18 condition requiring such action has been remedied, or in the
19 case of insolvency or danger of insolvency where an emergency
20 requiring expeditious action exists, the Secretary ~~Director~~
21 may involuntarily merge the credit union without the vote of
22 the suspended credit union's board of directors ~~Board of~~
23 ~~Directors~~ or members (hereafter involuntary merger) subject to
24 rules promulgated by the Secretary ~~Director~~. No credit union
25 shall be required to serve as a surviving credit union in any
26 involuntary merger. Upon the request of the Secretary ~~Director~~,

1 a credit union by a vote of a majority of its board of
2 directors ~~Board of Directors~~ may elect to serve as a surviving
3 credit union in an involuntary merger. If the Secretary
4 ~~Director~~ determines that the suspended credit union should be
5 liquidated, he may appoint a liquidating agent ~~Liquidating~~
6 ~~Agent~~ and require of that person such bond and security as he
7 considers proper.

8 (5) Upon receipt of a request for a formal hearing, the
9 Secretary ~~Director~~ shall conduct proceedings pursuant to rules
10 and regulations of the Department. The credit union may request
11 the appropriate court to stay execution of such action.
12 Involuntary liquidation or involuntary merger may not be
13 ordered prior to the conclusion of suspension procedures
14 outlined in this Section.

15 (6) If, within the suspension period, the credit union
16 fails to answer the suspension notice or fails to request a
17 formal hearing, or both, the Secretary ~~Director~~ may then (i)
18 involuntarily merge the credit union if the credit union is
19 insolvent or in danger of insolvency and an emergency requiring
20 expeditious action exists or (ii) revoke the credit union's
21 charter, appoint a liquidating agent ~~Liquidating Agent~~ and
22 liquidate the credit union.

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

24 (205 ILCS 305/62) (from Ch. 17, par. 4463)

25 Sec. 62. Liquidation.

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

3 (2) The board of directors ~~Board of Directors~~ shall adopt a
4 resolution recommending the credit union be dissolved
5 voluntarily, and directing that the question of liquidating be
6 submitted to the members.

7 (3) Within 10 days after the board of directors ~~Board of~~
8 ~~Directors~~ decides to submit the question of liquidation to the
9 members, the chairman ~~Chairman~~ or president ~~President~~ shall
10 notify the Secretary ~~Director~~ thereof, in writing, setting
11 forth the reasons for the proposed action. Within 10 days after
12 the members act on the question of liquidation, the chairman
13 ~~Chairman~~ or president ~~President~~ shall notify the Secretary
14 ~~Director~~, in writing, as to whether or not the members approved
15 the proposed liquidation. The Secretary ~~Director~~ then must
16 determine whether this Section has been complied with and if
17 his decision is favorable, he shall prepare a certificate to
18 the effect that this Section has been complied with, a copy of
19 which will be retained by the Department and the other copy
20 forwarded to the credit union. The certificate must be filed
21 with the recorder or if there is no recorder, in the office of
22 the county clerk ~~County Clerk~~ of the county ~~County~~ or counties
23 ~~Counties~~ in which the credit union is operating, whereupon the
24 credit union must cease operations except for the purpose of
25 its liquidation.

26 (4) As soon as the board of directors ~~Board of Directors~~

1 passes a resolution to submit the question of liquidation to
2 the members, payment on shares, withdrawal of shares, making
3 any transfer of shares to loans and interest, making
4 investments of any kind and granting loans shall be suspended
5 pending action by members. On approval by the members of such
6 proposal, all such operations shall be permanently
7 discontinued. The necessary expenses of operating shall,
8 however, continue to be paid on authorization of the board of
9 directors ~~Board of Directors~~ or the liquidating agent
10 ~~Liquidating Agent~~ during the period of liquidation.

11 (5) For a credit union to enter voluntary liquidation, it
12 must be approved by affirmative vote of the members owning a
13 majority of the shares entitled to vote, in person or by proxy,
14 at a regular or special meeting of the members. Notice, in
15 writing, shall be given to each member, by first class mail, at
16 least 10 days prior to such meeting. If liquidation is
17 approved, the board of directors ~~Board of Directors~~ shall
18 appoint a liquidating agent ~~Liquidating Agent~~ for the purpose
19 of conserving and collecting the assets, closing the affairs of
20 the credit union and distributing the assets as required by
21 this Act.

22 (6) A liquidating credit union shall continue in existence
23 for the purpose of discharging its debts, collecting and
24 distributing its assets, and doing all acts required in order
25 to terminate its operations and may sue and be sued for the
26 purpose of enforcing such debts and obligations until its

1 affairs are fully adjusted.

2 (7) Subject to such rules and regulations as the Secretary
3 ~~Director~~ may promulgate, the liquidating agent ~~Liquidating~~
4 ~~Agent~~ shall use the assets of the credit union to pay; first,
5 expenses incidental to liquidating including any surety bond
6 that may be required; then, liabilities of the credit union;
7 then special classes of shares. The remaining assets shall then
8 be distributed to the members proportionately to the dollar
9 value of the shares held by each member in relation to the
10 total dollar value of all shares outstanding as of the date the
11 dissolution was voted.

12 (8) As soon as the liquidating agent ~~Liquidating Agent~~
13 determines that all assets as to which there is a reasonable
14 expectancy of sale or transfer have been liquidated and
15 distributed as set forth in this Section, he shall execute a
16 certificate ~~Certificate~~ of dissolution ~~Dissolution~~ on a form
17 prescribed by the Department and file the same, together with
18 all pertinent books and records of the liquidating credit union
19 with the Department, whereupon such credit union shall be
20 dissolved. The liquidating agent ~~Liquidating Agent~~ must,
21 within 3 years after issuance of a certificate by the Secretary
22 ~~Director~~ referred to in Subsection (3) of this Section,
23 discharge the debts of the credit union, collect and distribute
24 its assets and do all other acts required to wind up its
25 business.

26 (9) If the Secretary ~~Director~~ determines that the

1 liquidating agent ~~Liquidating Agent~~ has failed to make
2 reasonable progress in the liquidating of the credit union's
3 affairs and distribution of its assets or has violated this
4 Act, the Secretary ~~Director~~ may take possession and control of
5 the credit union and remove the liquidating agent ~~Liquidating~~
6 ~~Agent~~ and appoint a liquidating agent ~~Liquidating Agent~~ to
7 complete the liquidation under his direction and control. The
8 Secretary ~~Director~~ shall fill any vacancy caused by the
9 resignation, death, illness, removal, desertion or incapacity
10 to function of the liquidating agent ~~Liquidating Agent~~.

11 (10) Any funds representing unclaimed dividends and shares
12 in liquidation and remaining in the hands of the board of
13 directors ~~Board of Directors~~ or the liquidating agent
14 ~~Liquidating Agent~~ at the end of the liquidation must be
15 deposited by them, together with all books and papers of the
16 credit union, with the State Treasurer in compliance with the
17 Uniform Disposition of Unclaimed Property Act, approved August
18 17, 1961, as amended.

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

20 (205 ILCS 305/63) (from Ch. 17, par. 4464)

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

22 (1) Any two or more credit unions, regardless of whether or
23 not they have the same common bond, may merge or consolidate
24 into a single credit union. A merger or consolidation may be
25 with a credit union organized under the laws of this State or

1 of another state or of the United States and is subject to the
2 approval of the Secretary ~~Director~~. It must be made on such
3 terms as have been agreed upon by a vote of a majority of the
4 board of directors ~~Board of Directors~~ of each credit union, and
5 approved by an affirmative vote of a majority of the members of
6 the merging credit union being absorbed present at a meeting,
7 either in person or by proxy, duly called for that purpose,
8 except as hereinafter specified. Notice of the meeting stating
9 the purpose must be sent by the Secretary of each merging
10 credit union being absorbed to each member by mail at least 7
11 days before the date of the meeting.

12 (2) One of the merging credit unions may continue after the
13 merger or consolidation either as a surviving credit union
14 retaining its identity or as a new credit union as has been
15 agreed upon under the terms of the merger. At least 9 members
16 of the new proposed credit union must apply to the Department
17 for permission to organize the new credit union. The same
18 procedure shall be followed as provided for the organization of
19 a new credit union.

20 (3) After approval by the members of the credit union which
21 is to be absorbed by the merger or consolidation, the chairman
22 ~~Chairman~~ or president ~~President~~ and the secretary ~~Secretary~~ of
23 each credit union shall execute a certificate ~~Certificate~~ of
24 merger ~~Merger~~ or consolidation ~~Consolidation~~, which shall set
25 forth all of the following:

26 (a) The time and place of the meeting of each board of

1 directors ~~Board of Directors~~ at which the plan was agreed
2 upon;

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

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

6 (d) The time and place of the meeting of the members of
7 the absorbed credit union at which the plan agreed upon was
8 approved; and,

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

11 (4) Such certificate and a copy of the plan of merger or
12 consolidation agreed upon shall be mailed to the Secretary
13 ~~Director~~ for review. If the provisions of this Act have been
14 complied with, the certificate shall be approved by him, and
15 returned to the credit unions which are parties to the merger
16 or consolidation within 30 days. When so approved by the
17 Secretary ~~Director~~ the certificate shall constitute the
18 Department's certificate ~~Certificate~~ of approval ~~Approval~~ of
19 the merger or consolidation.

20 (5) Upon issuance of the certificate ~~Certificate~~ of
21 approval ~~Approval~~, each merging credit union which was absorbed
22 shall cease operation. Each party to the merger shall file the
23 certificate ~~Certificate~~ of approval ~~Approval~~ with the Recorder
24 or County Clerk of the county in which the credit union has or
25 had its principal office.

26 (6) Each credit union absorbed by the merger or

1 consolidation shall return to the Secretary ~~Director~~ the
2 original statement of incorporation ~~Statement of~~
3 ~~Incorporation,~~ certificate of approval of incorporation,
4 ~~Certificate of Approval of Incorporation~~ and the bylaws ~~Bylaws~~
5 of the credit union. The surviving credit union shall continue
6 its operation under its existing certificate of approval
7 ~~Certificate of Approval,~~ articles of incorporation, ~~Articles~~
8 ~~of Incorporation~~ and the bylaws ~~Bylaws~~ or if a new credit union
9 has been formed, under the new certificate of approval
10 ~~Certificate of Approval,~~ articles of incorporation, ~~Articles~~
11 ~~of Incorporation~~ and bylaws ~~Bylaws~~.

12 (7) All rights of membership in and any obligation or
13 liability of any member to any credit union which is party to a
14 consolidation or merger are continued in the surviving or new
15 credit union without reservation or diminution.

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

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

20 (205 ILCS 305/64) (from Ch. 17, par. 4465)

21 Sec. 64. Conversion of charter ~~Charter~~. A credit union
22 chartered under the laws of this State may be converted to a
23 credit union chartered under the laws of any other state or
24 under the laws of the United States. A credit union chartered
25 under the laws of the United States or of any other state may

1 convert to a credit union chartered under the laws of this
2 State. To effect such a conversion, a credit union must comply
3 with all the requirements of the jurisdiction under which it is
4 currently chartered and such rules and regulations as may be
5 promulgated by the Secretary ~~Director~~ and file proof of such
6 compliance with the Department.

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

8 (205 ILCS 305/65) (from Ch. 17, par. 4466)

9 Sec. 65. Conformity with ~~With~~ Federal Credit Union Act.
10 After the effective date of this Act, any credit union
11 incorporated under the laws of this State shall have all of the
12 rights, privileges and benefits which may be exercised by a
13 federal credit union; provided, however, that the exercise of
14 such rights, privileges and benefits may not violate any
15 provision of this Act. In order to give effect to this
16 provision, the Secretary ~~Director~~ shall, where necessary,
17 promulgate rules and regulations in substantial conformity
18 with those promulgated by the NCUA under the Federal Credit
19 Union Act.

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

21 (205 ILCS 305/66) (from Ch. 17, par. 4467)

22 Sec. 66. Illegal loans ~~Loans~~.

23 (1) Any officer ~~Officer~~, director ~~Director~~ or member of a
24 committee of a credit union who knowingly permits a loan to be

1 made or participates in a loan to a nonmember of the credit
2 union, is guilty of a Class A Misdemeanor and is primarily
3 liable to the credit union for the amount illegally loaned, and
4 the illegality of the loan is not a defense in any action by
5 the credit union to recover the balance owing on the loan.

6 (2) Any officer ~~Officer~~, director ~~Director~~, member of a
7 committee or employee of a credit union who solicits or accepts
8 any payment of property or gift as consideration for
9 influencing the approval or granting of a loan is guilty of a
10 Class A Misdemeanor and is primarily liable to the credit union
11 for the amount loaned. The loan is illegal and may be
12 immediately collected in full by the credit union. The
13 illegality of the loan is no defense in any action by the
14 credit union to recover the balance owing on the loan.

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

16 (205 ILCS 305/67) (from Ch. 17, par. 4468)

17 Sec. 67. Use of public property ~~Public Property~~. Any credit
18 union, the membership of which consists primarily of employees
19 of this State or of any county, city, village, incorporated
20 town or school district, or of any department, agency or
21 instrumentality of the State and their families, may, upon
22 application to the appropriate officer or agency, be allotted
23 such space as is available in any public building, for the
24 purpose of providing an office and meeting place for the credit
25 union without charge for rent or services.

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

2 (205 ILCS 305/68) (from Ch. 17, par. 4469)

3 Sec. 68. Interest, finer ~~Fines~~, not usurious-shares ~~Not~~
4 ~~Usurious Shares~~ and loans not ~~Loans Not~~ to be taxed ~~Taxed~~.
5 Reasonable fines may be levied as provided in the bylaws ~~Bylaws~~
6 of each credit union and may be deducted from the share balance
7 or added to the loan balance of a member upon whom a fine is
8 levied. Interest or fines that may accrue to a credit union are
9 not usurious and they may be collected under the law of this
10 State. The shares and loans provided for in this Act are not
11 subject to taxation.

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

13 (205 ILCS 305/69) (from Ch. 17, par. 4470)

14 Sec. 69. Effect of invalidity ~~Invalidity~~ of part ~~Part~~ of
15 this Act. If a court of competent jurisdiction shall adjudge to
16 be invalid or unconstitutional any clause, sentence,
17 paragraph, section or part of this Act, such judgment shall not
18 affect, impair, invalidate or nullify the remainder of this
19 Act, but the effect thereof shall be confined to the clause,
20 sentence, paragraph, Section or part of this Act so adjudged to
21 be invalid or unconstitutional.

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

23 (205 ILCS 305/69.1) (from Ch. 17, par. 4470.1)

1 Sec. 69.1. Review under ~~Under~~ Administrative Review Law.
2 The provisions of the Administrative Review Law, and all
3 amendments and modifications thereof and the rules adopted
4 pursuant thereto, shall apply to and govern all proceedings for
5 the judicial review of final administrative decisions of the
6 Secretary ~~Director~~ provided for under this Act. The term
7 "administrative decision" is defined as in Section 3-101 of the
8 Code of Civil Procedure.
9 (Source: P.A. 85-1273.)

10 (205 ILCS 305/70) (from Ch. 17, par. 4471)

11 Sec. 70. Use of name, sentence.

12 (a) No individual, firm, association, or body politic and
13 corporate, including, without limitation, any corporation,
14 limited liability company, general partnership, limited
15 partnership, or joint venture that is not an authorized user
16 may use any name or title which contains the words "credit
17 union" or any abbreviation thereof, and such use is a Class A
18 Misdemeanor. For purposes of this Section, "authorized user"
19 means a corporation organized under this Act, the credit union
20 act of another state, or the Federal Credit Union Act, any
21 association of such a corporation, and subsidiaries and
22 affiliates of such an association.

23 (b) If the Secretary ~~Director of the Division of Financial~~
24 ~~Institutions of the Department of Financial and Professional~~
25 ~~Regulation~~ finds that an individual or entity that is not an

1 authorized user has transacted or intends to transact business
2 in this State in a manner that has a substantial likelihood of
3 misleading the public by: (i) implying that the business is a
4 credit union or (ii) using or intending to use the words
5 "credit union", or any abbreviation thereof, in connection with
6 its business, then the Secretary ~~Director of the Division of~~
7 ~~Financial Institutions~~ may direct the individual or entity to
8 cease and desist from transacting its business or using the
9 words "credit union", or any abbreviation thereof. If the
10 individual or entity persists in transacting its business or
11 using the words "credit union", or any abbreviation thereof,
12 then the Secretary ~~Director of the Division of Financial~~
13 ~~Institutions~~ may impose a civil penalty of up to \$10,000 for
14 each violation. Each day that the individual or entity
15 continues transacting business or using the words "credit
16 union", or any abbreviation thereof, in connection with its
17 business shall constitute a separate violation of these
18 provisions.

19 (c) Except as otherwise expressly permitted by law or with
20 the written consent of the credit union, no person or group of
21 persons other than an authorized user may use the name of or a
22 name similar to the name of an existing credit union when
23 marketing or soliciting business from members or prospective
24 members if the name or similar name is used in a manner that
25 would cause a reasonable person to believe that the marketing
26 material or solicitation originated from or is endorsed by the

1 existing credit union or that the existing credit union is in
2 any other way responsible for the marketing material or
3 solicitation. The following remedies shall apply:

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

7 (2) In addition to any other available remedies, any
8 existing credit union may report an alleged violation of
9 any provision of this Section to the Secretary ~~Director of~~
10 ~~the Division of Financial Institutions~~. If the Secretary
11 ~~Director~~ finds that any person or group of persons is in
12 violation of any provision of this Section, then the
13 Secretary ~~Director~~ may direct that person or group of
14 persons to cease and desist from that violation. If the
15 Secretary ~~Director~~ issues a cease and desist order against
16 any person or group of persons for violation of subsection
17 (c), then the order must require that person or group of
18 persons to cease and desist from using the offending
19 marketing material or solicitation in Illinois.

20 (3) If a person or group of persons against whom the
21 Secretary ~~Director~~ issued the cease and desist order
22 persists in the violation, then the Secretary ~~Director~~ may
23 impose a civil penalty of up to \$10,000 for each violation.
24 Each day that a person or group of persons is in violation
25 of this Section constitutes a separate violation of this
26 Section and each instance in which marketing material or a

1 solicitation is sent in violation of this subsection (c)
2 constitutes a separate violation of this Section.

3 (d) The Secretary and the Director of the Division of
4 Financial Institutions may adopt rules to administer the
5 provisions of this Section.

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

7 (205 ILCS 305/71) (from Ch. 17, par. 4472)

8 Sec. 71. False statements ~~Statements~~. Any person who
9 knowingly makes any false statement or report upon any
10 application, advance, discount, purchase, purchase agreement,
11 repurchase agreement, commitment or loan or any change or
12 extension of the same to a credit union chartered by this State
13 shall be fined not more than \$5000 or imprisoned for not more
14 than 5 years, or both.

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

16 Section 99. Effective date. This Act takes effect January
17 1, 2012.

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