

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 15 and 20 and adding Section 64.5 as follows:

6 (205 ILCS 305/15) (from Ch. 17, par. 4416)

7 Sec. 15. Membership defined.

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

1 more shares and paying the initial installment thereon, and by
2 complying with such other requirements as the articles of
3 incorporation or bylaws specify.

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

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

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

1 addition, new members shall be provided written notice of the
2 policy prior to or upon applying for membership.

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

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

20 (7) If a member fails to maintain one fully paid share, the
21 credit union, at its option, may permit the member to
22 re-subscribe and pay for one or more shares within 30 days
23 after the date the member failed to maintain one fully paid
24 share, without affecting the member's status or rights as a
25 member during that period. A member that fails to re-subscribe
26 for at least one fully paid share within the 30-day period

1 shall be automatically expelled from the credit union and
2 treated as an expelled member under subsection (5) of this
3 Section 15.

4 (Source: P.A. 97-133, eff. 1-1-12.)

5 (205 ILCS 305/20) (from Ch. 17, par. 4421)

6 Sec. 20. Election or appointment of officials.

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

1 qualified.

2 (1.5) Except as provided in subsection (1.10), in all
3 elections for directors, every member has the right to vote, in
4 person or by proxy, the number of shares owned by him, or in
5 the case of a member other than a natural person, the member's
6 one vote, for as many persons as there are directors to be
7 elected, or to cumulate such shares, and give one candidate as
8 many votes as the number of directors multiplied by the number
9 of his shares equals, or to distribute them on the same
10 principle among as many candidates as he may desire and the
11 directors shall not be elected in any other manner. Shares held
12 in a joint account owned by more than one member may be voted
13 by any one of the members, however, the number of cumulative
14 votes cast may not exceed a total equal to the number of shares
15 multiplied by the number of directors to be elected. A majority
16 of the shares entitled to vote shall be represented either in
17 person or by proxy for the election of directors. Each director
18 shall wholly take and subscribe to an oath that he will
19 diligently and honestly perform his duties in administering the
20 affairs of the credit union, that while he may delegate to
21 another the performance of those administrative duties he is
22 not thereby relieved from his responsibility for their
23 performance, that he will not knowingly violate or permit to be
24 violated any law applicable to the credit union, and that he is
25 the owner of at least one share of the credit union.

26 (1.10) Upon amendment of a credit union's bylaws approved

1 by the members, in all elections for directors, every member
2 who is a natural person shall have the right to cast one vote,
3 regardless of the number of his or her shares, in person or by
4 proxy, for as many persons as there are directors to be
5 elected.

6 (1.15) If the board of directors has adopted a policy
7 addressing age eligibility standards on voting, holding
8 office, or petitioning the board, then a credit union may
9 require (i) that members be at least 18 years of age by the
10 date of the meeting in order to vote at meetings of the
11 members, sign nominating petitions, or sign petitions
12 requesting special meetings, and (ii) that members be at least
13 18 years of age by the date of election or appointment in order
14 to hold elective or appointive office.

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

24 (3) The board of directors may appoint, from among the
25 members of the credit union, a credit committee consisting of
26 an odd number, not less than 3 for such terms as the bylaws

1 provide. Members of the credit committee may, but need not be,
2 directors or officers of the credit union, but shall not be
3 members of the supervisory committee.

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

13 (Source: P.A. 97-133, eff. 1-1-12.)

14 (205 ILCS 305/64.5 new)

15 Sec. 64.5. Continuation of corporate entity.

16 (a) For purposes of this Section, a "resulting credit
17 union" means an Illinois-chartered credit union that is the
18 surviving credit union in a merger of 2 or more credit unions,
19 a new credit union resulting from a consolidation of 2 or more
20 credit unions, or a credit union that has effected a conversion
21 from a credit union chartered under the laws of any other state
22 or under the laws of the United States.

23 (b) A resulting credit union shall be considered the same
24 business and corporate entity as each merging or consolidating
25 credit union or as the converting credit union, with all the

1 property, rights, powers, duties, and obligations of each
2 merging or consolidating credit union or of the converting
3 credit union, except as affected by the charter and bylaws of
4 the resulting credit union. A resulting credit union shall be
5 liable for all liabilities of the merging or consolidating
6 credit union or converting credit union. All the rights,
7 franchises, and interests of the merging or consolidating
8 credit union or converting credit union in and to every species
9 of property, real, personal, and mixed, and choses in action
10 thereunto belonging, shall be deemed to be automatically
11 transferred to and vested in the resulting credit union as a
12 successor-in-interest without any deed or other transfer, and
13 the resulting credit union, without any order or other action
14 on the part of any court or otherwise, shall hold and enjoy the
15 same and all rights of property, franchises, and interests,
16 including appointments, designations, and nominations, and all
17 other rights and interests as trustee, executor,
18 administrator, registrar or transfer agent of stocks and bonds,
19 guardian, assignee, receiver, and in every other fiduciary
20 capacity, in the same manner and to the same extent as was held
21 and enjoyed by the merging or consolidating credit union or the
22 converting credit union. Any reference to a merging,
23 consolidating, or converting credit union in any writing,
24 whether executed or taking effect before or after the merger,
25 consolidation, or conversion, shall be deemed a reference to
26 the resulting credit union if not inconsistent with the other

1 provisions of the writing.

2 Section 99. Effective date. This Act takes effect upon
3 becoming law.