

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 3. The Illinois Banking Act is amended by changing
5 Section 48 as follows:

6 (205 ILCS 5/48)

7 Sec. 48. Secretary's powers; duties. The Secretary shall
8 have the powers and authority, and is charged with the duties
9 and responsibilities designated in this Act, and a State bank
10 shall not be subject to any other visitorial power other than
11 as authorized by this Act, except those vested in the courts,
12 or upon prior consultation with the Secretary, a foreign bank
13 regulator with an appropriate supervisory interest in the
14 parent or affiliate of a state bank. In the performance of the
15 Secretary's duties:

16 (1) The Commissioner shall call for statements from all
17 State banks as provided in Section 47 at least one time during
18 each calendar quarter.

19 (2) (a) The Commissioner, as often as the Commissioner
20 shall deem necessary or proper, and no less frequently than 18
21 months following the preceding examination, shall appoint a
22 suitable person or persons to make an examination of the
23 affairs of every State bank, except that for every eligible

1 State bank, as defined by regulation, the Commissioner in lieu
2 of the examination may accept on an alternating basis the
3 examination made by the eligible State bank's appropriate
4 federal banking agency pursuant to Section 111 of the Federal
5 Deposit Insurance Corporation Improvement Act of 1991,
6 provided the appropriate federal banking agency has made such
7 an examination. A person so appointed shall not be a
8 stockholder or officer or employee of any bank which that
9 person may be directed to examine, and shall have powers to
10 make a thorough examination into all the affairs of the bank
11 and in so doing to examine any of the officers or agents or
12 employees thereof on oath and shall make a full and detailed
13 report of the condition of the bank to the Commissioner. In
14 making the examination the examiners shall include an
15 examination of the affairs of all the affiliates of the bank,
16 as defined in subsection (b) of Section 35.2 of this Act, or
17 subsidiaries of the bank as shall be necessary to disclose
18 fully the conditions of the subsidiaries or affiliates, the
19 relations between the bank and the subsidiaries or affiliates
20 and the effect of those relations upon the affairs of the bank,
21 and in connection therewith shall have power to examine any of
22 the officers, directors, agents, or employees of the
23 subsidiaries or affiliates on oath. After May 31, 1997, the
24 Commissioner may enter into cooperative agreements with state
25 regulatory authorities of other states to provide for
26 examination of State bank branches in those states, and the

1 Commissioner may accept reports of examinations of State bank
2 branches from those state regulatory authorities. These
3 cooperative agreements may set forth the manner in which the
4 other state regulatory authorities may be compensated for
5 examinations prepared for and submitted to the Commissioner.

6 (b) After May 31, 1997, the Commissioner is authorized to
7 examine, as often as the Commissioner shall deem necessary or
8 proper, branches of out-of-state banks. The Commissioner may
9 establish and may assess fees to be paid to the Commissioner
10 for examinations under this subsection (b). The fees shall be
11 borne by the out-of-state bank, unless the fees are borne by
12 the state regulatory authority that chartered the out-of-state
13 bank, as determined by a cooperative agreement between the
14 Commissioner and the state regulatory authority that chartered
15 the out-of-state bank.

16 (2.1) Pursuant to paragraph (a) of subsection (6) of this
17 Section, the Secretary shall adopt rules that ensure
18 consistency and due process in the examination process. The
19 Secretary may also establish guidelines that (i) define the
20 scope of the examination process and (ii) clarify examination
21 items to be resolved. The rules, formal guidance, interpretive
22 letters, or opinions furnished to State banks by the Secretary
23 may be relied upon by the State banks.

24 (2.5) Whenever any State bank, any subsidiary or affiliate
25 of a State bank, or after May 31, 1997, any branch of an
26 out-of-state bank causes to be performed, by contract or

1 otherwise, any bank services for itself, whether on or off its
2 premises:

3 (a) that performance shall be subject to examination by
4 the Commissioner to the same extent as if services were
5 being performed by the bank or, after May 31, 1997, branch
6 of the out-of-state bank itself on its own premises; and

7 (b) the bank or, after May 31, 1997, branch of the
8 out-of-state bank shall notify the Commissioner of the
9 existence of a service relationship. The notification
10 shall be submitted with the first statement of condition
11 (as required by Section 47 of this Act) due after the
12 making of the service contract or the performance of the
13 service, whichever occurs first. The Commissioner shall be
14 notified of each subsequent contract in the same manner.

15 For purposes of this subsection (2.5), the term "bank
16 services" means services such as sorting and posting of checks
17 and deposits, computation and posting of interest and other
18 credits and charges, preparation and mailing of checks,
19 statements, notices, and similar items, or any other clerical,
20 bookkeeping, accounting, statistical, or similar functions
21 performed for a State bank, including but not limited to
22 electronic data processing related to those bank services.

23 (3) The expense of administering this Act, including the
24 expense of the examinations of State banks as provided in this
25 Act, shall to the extent of the amounts resulting from the fees
26 provided for in paragraphs (a), (a-2), and (b) of this

1 subsection (3) be assessed against and borne by the State
2 banks:

3 (a) Each bank shall pay to the Secretary a Call Report
4 Fee which shall be paid in quarterly installments equal to
5 one-fourth of the sum of the annual fixed fee of \$800, plus
6 a variable fee based on the assets shown on the quarterly
7 statement of condition delivered to the Secretary in
8 accordance with Section 47 for the preceding quarter
9 according to the following schedule: 16¢ per \$1,000 of the
10 first \$5,000,000 of total assets, 15¢ per \$1,000 of the
11 next \$20,000,000 of total assets, 13¢ per \$1,000 of the
12 next \$75,000,000 of total assets, 9¢ per \$1,000 of the next
13 \$400,000,000 of total assets, 7¢ per \$1,000 of the next
14 \$500,000,000 of total assets, and 5¢ per \$1,000 of all
15 assets in excess of \$1,000,000,000, of the State bank. The
16 Call Report Fee shall be calculated by the Secretary and
17 billed to the banks for remittance at the time of the
18 quarterly statements of condition provided for in Section
19 47. The Secretary may require payment of the fees provided
20 in this Section by an electronic transfer of funds or an
21 automatic debit of an account of each of the State banks.
22 In case more than one examination of any bank is deemed by
23 the Secretary to be necessary in any examination frequency
24 cycle specified in subsection 2(a) of this Section, and is
25 performed at his direction, the Secretary may assess a
26 reasonable additional fee to recover the cost of the

1 additional examination; provided, however, that an
2 examination conducted at the request of the State Treasurer
3 pursuant to the Uniform Disposition of Unclaimed Property
4 Act shall not be deemed to be an additional examination
5 under this Section. In lieu of the method and amounts set
6 forth in this paragraph (a) for the calculation of the Call
7 Report Fee, the Secretary may specify by rule that the Call
8 Report Fees provided by this Section may be assessed
9 semiannually or some other period and may provide in the
10 rule the formula to be used for calculating and assessing
11 the periodic Call Report Fees to be paid by State banks.

12 (a-1) If in the opinion of the Commissioner an
13 emergency exists or appears likely, the Commissioner may
14 assign an examiner or examiners to monitor the affairs of a
15 State bank with whatever frequency he deems appropriate,
16 including but not limited to a daily basis. The reasonable
17 and necessary expenses of the Commissioner during the
18 period of the monitoring shall be borne by the subject
19 bank. The Commissioner shall furnish the State bank a
20 statement of time and expenses if requested to do so within
21 30 days of the conclusion of the monitoring period.

22 (a-2) On and after January 1, 1990, the reasonable and
23 necessary expenses of the Commissioner during examination
24 of the performance of electronic data processing services
25 under subsection (2.5) shall be borne by the banks for
26 which the services are provided. An amount, based upon a

1 fee structure prescribed by the Commissioner, shall be paid
2 by the banks or, after May 31, 1997, branches of
3 out-of-state banks receiving the electronic data
4 processing services along with the Call Report Fee assessed
5 under paragraph (a) of this subsection (3).

6 (a-3) After May 31, 1997, the reasonable and necessary
7 expenses of the Commissioner during examination of the
8 performance of electronic data processing services under
9 subsection (2.5) at or on behalf of branches of
10 out-of-state banks shall be borne by the out-of-state
11 banks, unless those expenses are borne by the state
12 regulatory authorities that chartered the out-of-state
13 banks, as determined by cooperative agreements between the
14 Commissioner and the state regulatory authorities that
15 chartered the out-of-state banks.

16 (b) "Fiscal year" for purposes of this Section 48 is
17 defined as a period beginning July 1 of any year and ending
18 June 30 of the next year. The Commissioner shall receive
19 for each fiscal year, commencing with the fiscal year
20 ending June 30, 1987, a contingent fee equal to the lesser
21 of the aggregate of the fees paid by all State banks under
22 paragraph (a) of subsection (3) for that year, or the
23 amount, if any, whereby the aggregate of the administration
24 expenses, as defined in paragraph (c), for that fiscal year
25 exceeds the sum of the aggregate of the fees payable by all
26 State banks for that year under paragraph (a) of subsection

1 (3), plus any amounts transferred into the Bank and Trust
2 Company Fund from the State Pensions Fund for that year,
3 plus all other amounts collected by the Commissioner for
4 that year under any other provision of this Act, plus the
5 aggregate of all fees collected for that year by the
6 Commissioner under the Corporate Fiduciary Act, excluding
7 the receivership fees provided for in Section 5-10 of the
8 Corporate Fiduciary Act, and the Foreign Banking Office
9 Act. The aggregate amount of the contingent fee thus
10 arrived at for any fiscal year shall be apportioned
11 amongst, assessed upon, and paid by the State banks and
12 foreign banking corporations, respectively, in the same
13 proportion that the fee of each under paragraph (a) of
14 subsection (3), respectively, for that year bears to the
15 aggregate for that year of the fees collected under
16 paragraph (a) of subsection (3). The aggregate amount of
17 the contingent fee, and the portion thereof to be assessed
18 upon each State bank and foreign banking corporation,
19 respectively, shall be determined by the Commissioner and
20 shall be paid by each, respectively, within 120 days of the
21 close of the period for which the contingent fee is
22 computed and is payable, and the Commissioner shall give 20
23 days advance notice of the amount of the contingent fee
24 payable by the State bank and of the date fixed by the
25 Commissioner for payment of the fee.

26 (c) The "administration expenses" for any fiscal year

1 shall mean the ordinary and contingent expenses for that
2 year incident to making the examinations provided for by,
3 and for otherwise administering, this Act, the Corporate
4 Fiduciary Act, excluding the expenses paid from the
5 Corporate Fiduciary Receivership account in the Bank and
6 Trust Company Fund, the Foreign Banking Office Act, the
7 Electronic Fund Transfer Act, and the Illinois Bank
8 Examiners' Education Foundation Act, including all
9 salaries and other compensation paid for personal services
10 rendered for the State by officers or employees of the
11 State, including the Commissioner and the Deputy
12 Commissioners, communication equipment and services,
13 office furnishings, surety bond premiums, and travel
14 expenses of those officers and employees, employees,
15 expenditures or charges for the acquisition, enlargement
16 or improvement of, or for the use of, any office space,
17 building, or structure, or expenditures for the
18 maintenance thereof or for furnishing heat, light, or power
19 with respect thereto, all to the extent that those
20 expenditures are directly incidental to such examinations
21 or administration. The Commissioner shall not be required
22 by paragraphs (c) or (d-1) of this subsection (3) to
23 maintain in any fiscal year's budget appropriated reserves
24 for accrued vacation and accrued sick leave that is
25 required to be paid to employees of the Commissioner upon
26 termination of their service with the Commissioner in an

1 amount that is more than is reasonably anticipated to be
2 necessary for any anticipated turnover in employees,
3 whether due to normal attrition or due to layoffs,
4 terminations, or resignations.

5 (d) The aggregate of all fees collected by the
6 Secretary under this Act, the Corporate Fiduciary Act, or
7 the Foreign Banking Office Act on and after July 1, 1979,
8 shall be paid promptly after receipt of the same,
9 accompanied by a detailed statement thereof, into the State
10 treasury and shall be set apart in a special fund to be
11 known as the "Bank and Trust Company Fund", except as
12 provided in paragraph (c) of subsection (11) of this
13 Section. All earnings received from investments of funds in
14 the Bank and Trust Company Fund shall be deposited in the
15 Bank and Trust Company Fund and may be used for the same
16 purposes as fees deposited in that Fund. The amount from
17 time to time deposited into the Bank and Trust Company Fund
18 shall be used: (i) to offset the ordinary administrative
19 expenses of the Secretary as defined in this Section or
20 (ii) as a credit against fees under paragraph (d-1) of this
21 subsection (3). Nothing in this amendatory Act of 1979
22 shall prevent continuing the practice of paying expenses
23 involving salaries, retirement, social security, and
24 State-paid insurance premiums of State officers by
25 appropriations from the General Revenue Fund. However, the
26 General Revenue Fund shall be reimbursed for those payments

1 made on and after July 1, 1979, by an annual transfer of
2 funds from the Bank and Trust Company Fund. Moneys in the
3 Bank and Trust Company Fund may be transferred to the
4 Professions Indirect Cost Fund, as authorized under
5 Section 2105-300 of the Department of Professional
6 Regulation Law of the Civil Administrative Code of
7 Illinois.

8 Notwithstanding provisions in the State Finance Act,
9 as now or hereafter amended, or any other law to the
10 contrary, the sum of \$18,788,847 shall be transferred from
11 the Bank and Trust Company Fund to the Financial
12 Institutions Settlement of 2008 Fund on the effective date
13 of this amendatory Act of the 95th General Assembly, or as
14 soon thereafter as practical.

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

1 January 10, 2011, from the Bank and Trust Company Fund to
2 the General Revenue Fund pursuant to this provision shall
3 not exceed during any fiscal year 10% of the revenues to be
4 deposited into the Bank and Trust Company Fund during that
5 fiscal year. The State Treasurer and Comptroller shall
6 transfer the amounts designated under this Section as soon
7 as may be practicable after receiving the direction to
8 transfer from the Governor.

9 (d-1) Adequate funds shall be available in the Bank and
10 Trust Company Fund to permit the timely payment of
11 administration expenses. In each fiscal year the total
12 administration expenses shall be deducted from the total
13 fees collected by the Commissioner and the remainder
14 transferred into the Cash Flow Reserve Account, unless the
15 balance of the Cash Flow Reserve Account prior to the
16 transfer equals or exceeds one-fourth of the total initial
17 appropriations from the Bank and Trust Company Fund for the
18 subsequent year, in which case the remainder shall be
19 credited to State banks and foreign banking corporations
20 and applied against their fees for the subsequent year. The
21 amount credited to each State bank and foreign banking
22 corporation shall be in the same proportion as the Call
23 Report Fees paid by each for the year bear to the total
24 Call Report Fees collected for the year. If, after a
25 transfer to the Cash Flow Reserve Account is made or if no
26 remainder is available for transfer, the balance of the

1 Cash Flow Reserve Account is less than one-fourth of the
2 total initial appropriations for the subsequent year and
3 the amount transferred is less than 5% of the total Call
4 Report Fees for the year, additional amounts needed to make
5 the transfer equal to 5% of the total Call Report Fees for
6 the year shall be apportioned amongst, assessed upon, and
7 paid by the State banks and foreign banking corporations in
8 the same proportion that the Call Report Fees of each,
9 respectively, for the year bear to the total Call Report
10 Fees collected for the year. The additional amounts
11 assessed shall be transferred into the Cash Flow Reserve
12 Account. For purposes of this paragraph (d-1), the
13 calculation of the fees collected by the Commissioner shall
14 exclude the receivership fees provided for in Section 5-10
15 of the Corporate Fiduciary Act.

16 (e) The Commissioner may upon request certify to any
17 public record in his keeping and shall have authority to
18 levy a reasonable charge for issuing certifications of any
19 public record in his keeping.

20 (f) In addition to fees authorized elsewhere in this
21 Act, the Commissioner may, in connection with a review,
22 approval, or provision of a service, levy a reasonable
23 charge to recover the cost of the review, approval, or
24 service.

25 (4) Nothing contained in this Act shall be construed to
26 limit the obligation relative to examinations and reports of

1 any State bank, deposits in which are to any extent insured by
2 the United States or any agency thereof, nor to limit in any
3 way the powers of the Commissioner with reference to
4 examinations and reports of that bank.

5 (5) The nature and condition of the assets in or investment
6 of any bonus, pension, or profit sharing plan for officers or
7 employees of every State bank or, after May 31, 1997, branch of
8 an out-of-state bank shall be deemed to be included in the
9 affairs of that State bank or branch of an out-of-state bank
10 subject to examination by the Commissioner under the provisions
11 of subsection (2) of this Section, and if the Commissioner
12 shall find from an examination that the condition of or
13 operation of the investments or assets of the plan is unlawful,
14 fraudulent, or unsafe, or that any trustee has abused his
15 trust, the Commissioner shall, if the situation so found by the
16 Commissioner shall not be corrected to his satisfaction within
17 60 days after the Commissioner has given notice to the board of
18 directors of the State bank or out-of-state bank of his
19 findings, report the facts to the Attorney General who shall
20 thereupon institute proceedings against the State bank or
21 out-of-state bank, the board of directors thereof, or the
22 trustees under such plan as the nature of the case may require.

23 (6) The Commissioner shall have the power:

24 (a) To promulgate reasonable rules for the purpose of
25 administering the provisions of this Act.

26 (a-5) To impose conditions on any approval issued by

1 the Commissioner if he determines that the conditions are
2 necessary or appropriate. These conditions shall be
3 imposed in writing and shall continue in effect for the
4 period prescribed by the Commissioner.

5 (b) To issue orders against any person, if the
6 Commissioner has reasonable cause to believe that an unsafe
7 or unsound banking practice has occurred, is occurring, or
8 is about to occur, if any person has violated, is
9 violating, or is about to violate any law, rule, or written
10 agreement with the Commissioner, or for the purpose of
11 administering the provisions of this Act and any rule
12 promulgated in accordance with this Act.

13 (b-1) To enter into agreements with a bank establishing
14 a program to correct the condition of the bank or its
15 practices.

16 (c) To appoint hearing officers to execute any of the
17 powers granted to the Commissioner under this Section for
18 the purpose of administering this Act and any rule
19 promulgated in accordance with this Act and otherwise to
20 authorize, in writing, an officer or employee of the Office
21 of Banks and Real Estate to exercise his powers under this
22 Act.

23 (d) To subpoena witnesses, to compel their attendance,
24 to administer an oath, to examine any person under oath,
25 and to require the production of any relevant books,
26 papers, accounts, and documents in the course of and

1 pursuant to any investigation being conducted, or any
2 action being taken, by the Commissioner in respect of any
3 matter relating to the duties imposed upon, or the powers
4 vested in, the Commissioner under the provisions of this
5 Act or any rule promulgated in accordance with this Act.

6 (e) To conduct hearings.

7 (7) Whenever, in the opinion of the Secretary, any
8 director, officer, employee, or agent of a State bank or any
9 subsidiary or bank holding company of the bank or, after May
10 31, 1997, of any branch of an out-of-state bank or any
11 subsidiary or bank holding company of the bank shall have
12 violated any law, rule, or order relating to that bank or any
13 subsidiary or bank holding company of the bank, shall have
14 obstructed or impeded any examination or investigation by the
15 Secretary, shall have engaged in an unsafe or unsound practice
16 in conducting the business of that bank or any subsidiary or
17 bank holding company of the bank, or shall have violated any
18 law or engaged or participated in any unsafe or unsound
19 practice in connection with any financial institution or other
20 business entity such that the character and fitness of the
21 director, officer, employee, or agent does not assure
22 reasonable promise of safe and sound operation of the State
23 bank, the Secretary may issue an order of removal. If, in the
24 opinion of the Secretary, any former director, officer,
25 employee, or agent of a State bank or any subsidiary or bank
26 holding company of the bank, prior to the termination of his or

1 her service with that bank or any subsidiary or bank holding
2 company of the bank, violated any law, rule, or order relating
3 to that State bank or any subsidiary or bank holding company of
4 the bank, obstructed or impeded any examination or
5 investigation by the Secretary, engaged in an unsafe or unsound
6 practice in conducting the business of that bank or any
7 subsidiary or bank holding company of the bank, or violated any
8 law or engaged or participated in any unsafe or unsound
9 practice in connection with any financial institution or other
10 business entity such that the character and fitness of the
11 director, officer, employee, or agent would not have assured
12 reasonable promise of safe and sound operation of the State
13 bank, the Secretary may issue an order prohibiting that person
14 from further service with a bank or any subsidiary or bank
15 holding company of the bank as a director, officer, employee,
16 or agent. An order issued pursuant to this subsection shall be
17 served upon the director, officer, employee, or agent. A copy
18 of the order shall be sent to each director of the bank
19 affected by registered mail. A copy of the order shall also be
20 served upon the bank of which he is a director, officer,
21 employee, or agent, whereupon he shall cease to be a director,
22 officer, employee, or agent of that bank. The Secretary may
23 institute a civil action against the director, officer, or
24 agent of the State bank or, after May 31, 1997, of the branch
25 of the out-of-state bank against whom any order provided for by
26 this subsection (7) of this Section 48 has been issued, and

1 against the State bank or, after May 31, 1997, out-of-state
2 bank, to enforce compliance with or to enjoin any violation of
3 the terms of the order. Any person who has been the subject of
4 an order of removal or an order of prohibition issued by the
5 Secretary under this subsection or Section 5-6 of the Corporate
6 Fiduciary Act may not thereafter serve as director, officer,
7 employee, or agent of any State bank or of any branch of any
8 out-of-state bank, or of any corporate fiduciary, as defined in
9 Section 1-5.05 of the Corporate Fiduciary Act, or of any other
10 entity that is subject to licensure or regulation by the
11 Division of Banking unless the Secretary has granted prior
12 approval in writing.

13 For purposes of this paragraph (7), "bank holding company"
14 has the meaning prescribed in Section 2 of the Illinois Bank
15 Holding Company Act of 1957.

16 (8) The Commissioner may impose civil penalties of up to
17 \$100,000 against any person for each violation of any provision
18 of this Act, any rule promulgated in accordance with this Act,
19 any order of the Commissioner, or any other action which in the
20 Commissioner's discretion is an unsafe or unsound banking
21 practice.

22 (9) The Commissioner may impose civil penalties of up to
23 \$100 against any person for the first failure to comply with
24 reporting requirements set forth in the report of examination
25 of the bank and up to \$200 for the second and subsequent
26 failures to comply with those reporting requirements.

1 (10) All final administrative decisions of the
2 Commissioner hereunder shall be subject to judicial review
3 pursuant to the provisions of the Administrative Review Law.
4 For matters involving administrative review, venue shall be in
5 either Sangamon County or Cook County.

6 (11) The endowment fund for the Illinois Bank Examiners'
7 Education Foundation shall be administered as follows:

8 (a) (Blank).

9 (b) The Foundation is empowered to receive voluntary
10 contributions, gifts, grants, bequests, and donations on
11 behalf of the Illinois Bank Examiners' Education
12 Foundation from national banks and other persons for the
13 purpose of funding the endowment of the Illinois Bank
14 Examiners' Education Foundation.

15 (c) The aggregate of all special educational fees
16 collected by the Secretary and property received by the
17 Secretary on behalf of the Illinois Bank Examiners'
18 Education Foundation under this subsection (11) on or after
19 June 30, 1986, shall be either (i) promptly paid after
20 receipt of the same, accompanied by a detailed statement
21 thereof, into the State Treasury and shall be set apart in
22 a special fund to be known as "The Illinois Bank Examiners'
23 Education Fund" to be invested by either the Treasurer of
24 the State of Illinois in the Public Treasurers' Investment
25 Pool or in any other investment he is authorized to make or
26 by the Illinois State Board of Investment as the State

1 Banking Board of Illinois may direct or (ii) deposited into
2 an account maintained in a commercial bank or corporate
3 fiduciary in the name of the Illinois Bank Examiners'
4 Education Foundation pursuant to the order and direction of
5 the Board of Trustees of the Illinois Bank Examiners'
6 Education Foundation.

7 (12) (Blank).

8 (13) The Secretary may borrow funds from the General
9 Revenue Fund on behalf of the Bank and Trust Company Fund if
10 the Director of Banking certifies to the Governor that there is
11 an economic emergency affecting banking that requires a
12 borrowing to provide additional funds to the Bank and Trust
13 Company Fund. The borrowed funds shall be paid back within 3
14 years and shall not exceed the total funding appropriated to
15 the Agency in the previous year.

16 (Source: P.A. 96-1163, eff. 1-1-11; 96-1365, eff. 7-28-10;
17 97-333, eff. 8-12-11.)

18 Section 4. The Savings Bank Act is amended by changing
19 Section 9004 as follows:

20 (205 ILCS 205/9004) (from Ch. 17, par. 7309-4)

21 Sec. 9004. Examination.

22 (a) At least once every 18 months or more often if it is
23 deemed necessary or expedient, the Secretary shall examine the
24 books, records, operations, and affairs of each savings bank

1 operating under this Act. In the course of the examination, the
2 Secretary may also examine in the same manner all entities,
3 companies, and individuals which or whom the Secretary
4 determines may have a relationship with the savings bank or any
5 subsidiary or entity affiliated with it, if the relationship
6 may adversely affect the affairs, activities, and safety and
7 soundness of the savings bank, including: (i) companies
8 controlled by the savings bank; (ii) entities, including
9 companies controlled by the company, individual, or
10 individuals that control the savings bank; and (iii) the
11 company or other entity which controls or owns the savings
12 bank. Notwithstanding any other provision of this Act, every
13 savings bank, as defined by rule, or, if not defined, to the
14 same extent as would be permitted in the case of a State bank,
15 the Secretary, in lieu of the examination, may accept on an
16 alternating basis the examination made by the eligible savings
17 bank's appropriate federal banking agency pursuant to Section
18 111 of the Federal Deposit Insurance Corporation Improvement
19 Act of 1991, provided the appropriate federal banking agency
20 has made an examination.

21 (b) The Secretary shall examine to determine:

22 (1) Quality of financial condition, including safety
23 and soundness and investment and loan quality.

24 (2) Compliance with this Act and other applicable
25 statutes and regulations.

26 (3) Quality of management policies.

1 (4) Overall safety and soundness of the savings bank,
2 its parent, subsidiaries, and affiliates.

3 (5) Remedial actions required to correct and to restore
4 compliance with applicable statutes, regulations, and
5 proper business policies.

6 (c) The Secretary may promulgate regulations to implement
7 and administer this Section.

8 (d) If a savings bank, its holding company, or any of its
9 corporate subsidiaries has not been audited at least once in
10 the 12 months prior to the Secretary's examination, the
11 Secretary may cause an audit of the savings bank's books and
12 records to be made by an independent licensed public
13 accountant. The cost of the audit shall be paid for by the
14 entity being audited.

15 (e) The Secretary or his or her examiners or other formally
16 designated agents are authorized to administer oaths and to
17 examine and to take and preserve testimony under oath as to
18 anything in the affairs or ownership of any savings bank or
19 institution or affiliate thereof.

20 (f) Pursuant to subsection (c) of this Section, the
21 Secretary shall adopt rules that ensure consistency and due
22 process in the examination process. The Secretary may also
23 establish guidelines that (i) define the scope of the
24 examination process and (ii) clarify examination items to be
25 resolved. The rules, formal guidance, interpretive letters, or
26 opinions furnished to savings banks by the Secretary may be

1 relied upon by the savings banks.

2 (Source: P.A. 96-1365, eff. 7-28-10; 97-492, eff. 1-1-12.)

3 Section 5. The Illinois Credit Union Act is amended by
4 changing Sections 1.1, 9, 30, 34, 39, and 46 and by adding
5 Section 57.1 as follows:

6 (205 ILCS 305/1.1) (from Ch. 17, par. 4402)

7 Sec. 1.1. Definitions.

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

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

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

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

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

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

22 Credit Union Organization - The term "credit union
23 organization" means any organization established to serve the
24 needs of credit unions, the business of which relates to the
25 daily operations of credit unions.

26 Department - The term "Department" means the Illinois

1 Department of Financial and Professional Regulation.

2 Secretary - The term "Secretary" means the Secretary of
3 Financial and Professional Regulation or a person authorized by
4 the Secretary or this Act to act in the Secretary's stead.

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

9 Director - The term "Director of Financial Institutions"
10 means the Director of the Division of Financial Institutions of
11 the Department of Financial and Professional Regulation.

12 Office - The term "office" means the Division of Financial
13 Institutions of the Department of Financial and Professional
14 Regulation.

15 NCUA - The term "NCUA" means the National Credit Union
16 Administration, an agency of the United States Government
17 charged with the supervision of credit unions chartered under
18 the laws of the United States of America.

19 Central Credit Union - The term "central credit union"
20 means a credit union incorporated primarily to receive shares
21 from and make loans to credit unions and directors, officers,
22 committee members and employees of credit unions. A central
23 credit union may also accept as members persons who were
24 members of credit unions which were liquidated and persons from
25 occupational groups not otherwise served by another credit
26 union.

1 Corporate Credit Union - The term "corporate credit union"
2 means a credit union which is a cooperative, non-profit
3 association, the membership of which is limited primarily to
4 other credit unions.

5 Insolvent - "Insolvent" means the condition that results
6 when the total of all liabilities and shares exceeds net assets
7 of the credit union.

8 Danger of insolvency - For purposes of Section 61, a credit
9 union is in "danger of insolvency" if its net worth to asset
10 ratio falls below 2%. In calculating the danger of insolvency
11 ratio, secondary capital shall be excluded. For purposes of
12 Section 61, a credit union is also in "danger of insolvency" if
13 the Department is unable to ascertain, upon examination, the
14 true financial condition of the credit union.

15 Net Worth - "Net worth" means the retained earnings balance
16 of the credit union, as determined under generally accepted
17 accounting principles, and forms of secondary capital approved
18 by the Secretary and the Director pursuant to rulemaking.

19 Charitable Donation Account - The term "charitable
20 donation account" means an account owned by a credit union that
21 is held in a segregated custodial account or special purpose
22 entity and specifically identified as a charitable donation
23 account whereby, no less frequently than every 5 years and upon
24 termination of the account, at least 51% of the total return on
25 assets in the account is distributed to one or more charitable
26 organizations or non-profit entities.

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

2 (205 ILCS 305/9) (from Ch. 17, par. 4410)

3 Sec. 9. Reports and examinations.

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

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

24 (3) All credit unions incorporated under this Act shall be
25 examined at least biennially by the Department or, at the

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

21 (3.5) Pursuant to Section 8, the Secretary shall adopt
22 rules that ensure consistency and due process in the
23 examination process. The Secretary may also establish
24 guidelines that (i) define the scope of the examination process
25 and (ii) clarify examination items to be resolved. The rules,
26 formal guidance, interpretative letters, or opinions furnished

1 to credit unions by the Secretary may be relied upon by the
2 credit unions.

3 (4) A copy of the completed report of examination and a
4 review comment letter, if any, citing exceptions revealed
5 during the examination, shall be submitted to the credit union
6 by the Department. A detailed report stating the corrective
7 actions taken by the board of directors on each exception set
8 forth in the review comment letter shall be filed with the
9 Department within 40 days after the date of the review comment
10 letter, or as otherwise directed by the Department. Any credit
11 union through its officers, directors, committee members or
12 employees, which willfully provides fraudulent or misleading
13 information regarding the corrective actions taken on
14 exceptions appearing in a review comment letter may have its
15 operations restricted to the collection of principal and
16 interest on loans outstanding and the payment of normal
17 expenses and salaries until all exceptions are corrected and
18 accepted by the Department.

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

20 (205 ILCS 305/30) (from Ch. 17, par. 4431)

21 Sec. 30. Duties of directors.

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

23 (1) Review actions on applications for membership. A
24 record of the membership committee's approval or denial of
25 membership or management's approval or denial of

1 membership if no membership committee has been appointed
2 shall be available to the board of directors for
3 inspection. A person denied membership by the membership
4 committee or credit union management may appeal the denial
5 to the board;

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

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

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

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

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

26 (7) Have charge of the investment of funds, except that

1 the board of directors may designate an investment
2 committee or any qualified individual or entity to have
3 charge of making investments under policies established by
4 the board of directors;

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

14 (9) Authorize the conveyance of property;

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

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

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

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

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

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

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

13 (1) determining the interest rates on loans;

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

15 and

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

18 (c) Each director shall have a working familiarity with
19 basic finance and accounting practices consistent with the size
20 and complexity of the credit union operation they serve,
21 including the ability to read and understand the credit union's
22 balance sheet and income and expense statements and the ability
23 to ask, when appropriate, substantive questions of management
24 and auditors. For the purposes of this subsection (c),
25 substantive questions include queries concerning financial
26 services and products offered to the membership; how those

1 activities generate revenue for the credit union; the credit,
2 liquidity, interest rate, compliance, strategic, transaction,
3 and reputation risks associated with those activities; and the
4 internal control structures maintained by the credit union that
5 limit and manage those risks.

6 A director who was elected or appointed on or after January
7 1, 2015 and who comes to the position without the requisite
8 financial skills shall have until 6 months after the date of
9 election or appointment to acquire the enumerated skills.

10 An incumbent director who was elected or appointed before
11 January 1, 2015 and does not possess the requisite financial
12 skills shall have until July 1, 2015 to acquire the enumerated
13 skills.

14 An incumbent director or a director who is elected or
15 appointed on or after January 1, 2015 who already understands
16 his or her credit union's financial statements shall not be
17 required to do anything further to satisfy the financial skills
18 requirement set forth in subsection (c).

19 It is the intent of the Department that all credit union
20 directors possess a basic understanding of their credit union's
21 financial condition. It is not the intent of the Department to
22 subject credit union directors to examiner scrutiny of their
23 financial skills. Rather, the Department shall evaluate
24 whether the credit union has in place a policy to make
25 available to their directors appropriate training to enhance
26 their financial knowledge of the credit union. Directors may

1 receive the training through internal credit union training,
2 external training offered by the credit union's retained
3 auditors, trade associations, vendors, regulatory agencies, or
4 any other sources or on-the-job experience, or a combination of
5 those activities. The training may be received through any
6 medium, including, but not limited to, conferences, workshops,
7 audit closing meetings, seminars, teleconferences, webinars,
8 and other internet based delivery channels.

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

10 (205 ILCS 305/34) (from Ch. 17, par. 4435)

11 Sec. 34. Duties of supervisory committee.

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

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

14 (2) The supervisory committee shall make or cause to be
15 made at least once each year a reasonable percentage
16 verification of members' share and loan accounts, consistent
17 with rules promulgated by the Secretary.

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

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

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

19 (A) the methodology used to determine the defined
20 period of time is formally documented in the credit union's
21 policies and procedures and is appropriate to the credit
22 union's size, business strategy, and loan portfolio
23 characteristics and the economic environment of the areas
24 and employers served by the credit union;

25 (B) supporting documentation is maintained for the
26 technique used to develop the credit union loss rates,

1 including the period of time used to accumulate historical
2 loss data and the factors considered in establishing the
3 time frames; and

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

12 (5) A majority of the members of the supervisory committee
13 shall constitute a quorum.

14 (6) On an annual basis commencing January 1, 2015, the
15 members of the supervisory committee shall receive training
16 related to their statutory duties. Supervisory committee
17 members may receive the training through internal credit union
18 training, external training offered by the credit union's
19 retained auditors, trade associations, vendors, regulatory
20 agencies, or any other sources or on-the-job experience, or a
21 combination of those activities. The training may be received
22 through any medium, including, but not limited to, conferences,
23 workshops, audit closing meetings, seminars, teleconferences,
24 webinars, and other Internet-based delivery channels.

25 (Source: P.A. 96-141, eff. 8-7-09; 96-963, eff. 7-2-10; 97-133,
26 eff. 1-1-12.)

1 (205 ILCS 305/39) (from Ch. 17, par. 4440)

2 Sec. 39. Special purpose share accounts; charitable
3 donation accounts.

4 (1) If provided for in and consistent with the bylaws,
5 Christmas clubs, vacation clubs and other special purpose share
6 accounts may be established and offered under conditions and
7 restrictions established by the board of directors.

8 (2) Pursuant to a policy adopted by the board of directors,
9 which may be amended from time to time, a credit union may
10 establish one or more charitable donation accounts. The
11 investments and purchases to fund a charitable donation account
12 are not subject to the investment limitations of this Act,
13 provided the charitable donation account is structured in
14 accordance with this Act. At their time of purchase, the book
15 value of the investments in all charitable donation accounts,
16 in the aggregate, shall not exceed 5% of the credit union's net
17 worth.

18 (a) If a credit union chooses to establish a charitable
19 donation account using a trust vehicle, the trustee must be
20 an entity regulated by the Office of the Comptroller of the
21 Currency, the U.S. Securities and Exchange Commission,
22 another federal regulatory agency, or a State financial
23 regulatory agency. A regulated trustee or other person who
24 is authorized to make investment decisions for a charitable
25 donation account, other than the credit union itself, shall

1 either be registered with the U.S. Securities and Exchange
2 Commission as an investment advisor or regulated by the
3 Office of the Comptroller of the Currency.

4 (b) The parties to the charitable donation account must
5 document the terms and conditions controlling the account
6 in a written operating agreement, trust agreement, or
7 similar instrument. The terms of the agreement shall be
8 consistent with the requirements and conditions set forth
9 in this Section. The agreement, if applicable, and policies
10 must document the investment strategies of the charitable
11 donation account trustee or other manager in administering
12 the charitable donation account and provide for the
13 accounting of all aspects of the account, including its
14 distributions and liquidation, in accordance with
15 generally accepted accounting principles.

16 (c) A credit union's charitable donation account
17 agreement, if applicable, and policies shall provide that
18 the charitable organization or non-profit entity
19 recipients of any charitable donation account funds must be
20 identified in the policy and be exempt from taxation under
21 Section 501(c)(3) of the Internal Revenue Code.

22 (d) Upon termination of a charitable donation account,
23 the credit union may receive a distribution of the
24 remaining assets in cash, or a distribution in kind of the
25 remaining assets, but only if those assets are permissible
26 investments for credit unions pursuant to this Act.

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

2 (205 ILCS 305/46) (from Ch. 17, par. 4447)

3 Sec. 46. Loans and interest rate.

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

1 contingency or hourly arrangement established under an
2 agreement entered into by a credit union with an attorney or
3 collection agency to collect a loan of a member in default
4 shall be presumed prima facie reasonable.

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

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

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

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

1 shall be repaid upon the sale of the property or upon the death
2 of the owner or, if the property is in joint tenancy, upon the
3 death of the last surviving joint tenant who had such an
4 interest in the property at the time the loan was initiated,
5 provided, however, that the credit union and its member may by
6 mutual agreement, establish other repayment terms. A credit
7 union, in making a "reverse mortgage" loan, may add deferred
8 interest to principal or otherwise provide for the charging of
9 interest or premiums on such deferred interest. "Homestead"
10 property, for purposes of this Section, means the domicile and
11 contiguous real estate owned and occupied by the mortgagor.

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

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

20 Any mortgage or deed of trust given to secure a revolving
21 credit loan may, and when so expressed therein shall, secure
22 not only the existing indebtedness but also such future
23 advances, whether such advances are obligatory or to be made at
24 the option of the lender, or otherwise, as are made within
25 twenty years from the date thereof, to the same extent as if
26 such future advances were made on the date of the execution of

1 such mortgage or deed of trust, although there may be no
2 advance made at the time of execution of such mortgage or other
3 instrument, and although there may be no indebtedness
4 outstanding at the time any advance is made. The lien of such
5 mortgage or deed of trust, as to third persons without actual
6 notice thereof, shall be valid as to all such indebtedness and
7 future advances from the time said mortgage or deed of trust is
8 filed for record in the office of the recorder of deeds or the
9 registrar of titles of the county where the real property
10 described therein is located. The total amount of indebtedness
11 that may be so secured may increase or decrease from time to
12 time, but the total unpaid balance so secured at any one time
13 shall not exceed a maximum principal amount which must be
14 specified in such mortgage or deed of trust, plus interest
15 thereon, and any disbursements made for the payment of taxes,
16 special assessments, or insurance on said real property, with
17 interest on such disbursements.

18 Any such mortgage or deed of trust shall be valid and have
19 priority over all subsequent liens and encumbrances, including
20 statutory liens, except taxes and assessments levied on said
21 real property.

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

25 (6) Credit unions may make residential real estate mortgage
26 loans on terms and conditions established by the United States

1 Department of Agriculture through its Rural Development
2 Housing and Community Facilities Program. The portion of any
3 loan in excess of the appraised value of the real estate shall
4 be allocable only to the guarantee fee required under the
5 program.

6 (7) For a renewal, refinancing, or restructuring of an
7 existing loan that is secured by an interest or equity in real
8 estate, a new appraisal of the collateral shall not be required
9 when the transaction involves an existing extension of credit
10 at the credit union, no new moneys are advanced other than
11 funds necessary to cover reasonable closing costs, and there
12 has been no obvious or material change in market conditions or
13 physical aspects of the real estate that threatens the adequacy
14 of the credit union's real estate collateral protection after
15 the transaction.

16 (Source: P.A. 96-141, eff. 8-7-09; 97-133, eff. 1-1-12.)

17 (205 ILCS 305/57.1 new)

18 Sec. 57.1. Services to other credit unions.

19 (a) A credit union may act as a representative of and enter
20 into an agreement with credit unions or other organizations for
21 the purpose of:

22 (1) sharing, utilizing, renting, leasing, purchasing,
23 selling, and joint ownership of fixed assets or engaging in
24 activities and services that relate to the daily operations
25 of credit unions; and

1 (2) providing correspondent services to other credit
2 unions that the service provider credit union is authorized
3 to perform for its own members or as part of its
4 operations, including, but not limited to, loan
5 processing, loan servicing, member check cashing services,
6 disbursing share withdrawals and loan proceeds, cashing
7 and selling money orders, ACH and wire transfer services,
8 coin and currency services, performing internal audits,
9 and automated teller machine deposit services.

10 Section 99. Effective date. This Act takes effect upon
11 becoming law.