

1 AN ACT concerning credit unions.

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, 10, 12, 51, and 59 as follows:

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

7 Sec. 1.1. Definitions. As used in this Act:

8 ~~Credit---Union-----The--term~~ "Credit union" means a
9 cooperative, non-profit association, incorporated under this
10 Act, under the laws of the United States of America or under
11 the laws of another state, for the purposes of encouraging
12 thrift among its members, creating a source of credit at a
13 reasonable rate of interest, and providing an opportunity for
14 its members to use and control their own money in order to
15 improve their economic and social conditions. The membership
16 of a credit union shall consist of a group or groups each
17 having a common bond as set 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,
21 group or organization, such as a church, labor union,
22 club or society and members of their immediate families
23 which shall include any relative by blood or marriage or
24 foster and adopted children.

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

29 (3) Persons who have a common employer or who are
30 members of an organized labor union or an organized
31 occupational or professional group within a defined

1 geographical area, and members of their immediate
2 families which shall include any relative by blood or
3 marriage or foster and adopted children.

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

15 ~~Credit--Union--Organization----~~The term "Credit union
16 organization" means any organization established to serve the
17 needs of credit unions, the business of which relates to the
18 daily operations of credit unions.

19 ~~Department-----~~The term "Department" means the Illinois
20 Department of Financial Institutions.

21 ~~Director---~~The term "Director" means the Director of the
22 Illinois Department of Financial Institutions.

23 ~~NCUA-----~~The term "NCUA" means the National Credit Union
24 Administration, an agency of the United States Government
25 charged with the supervision of credit unions chartered under
26 the laws of the United States of America.

27 ~~Central--Credit--Union----~~The term "Central credit union"
28 means a credit union incorporated primarily to receive shares
29 from and make loans to credit unions and Directors, Officers,
30 committee members and employees of credit unions. A central
31 credit union may also accept as members persons who were
32 members of credit unions which were liquidated and persons
33 from occupational groups not otherwise served by another
34 credit union.

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

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

8 ~~Danger-of-insolvency---~~The-term "Danger of insolvency" as
 9 used in Section 61 means when a credit union falls below a 2%
 10 capital to asset ratio.

11 "Political subdivision" includes, but is not limited to,
 12 counties, townships, cities, villages, incorporated towns,
 13 school districts, and any agency, corporation, or
 14 instrumentality of a state or its political subdivisions.

15 (Source: P.A. 90-665, eff. 7-30-98.)

16 (205 ILCS 305/10) (from Ch. 17, par. 4411)

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

18 (1) A credit union shall establish and maintain books,
 19 records, accounting systems and procedures which accurately
 20 reflect its operations and which enable the Department to
 21 readily ascertain the true financial condition of the credit
 22 union and whether it is complying with this Act.

23 (2) A photostatic or photographic reproduction of any
 24 credit union records shall be admissible as evidence of
 25 transactions with the credit union.

26 (3) (a) For the purpose of this Section, the term
 27 "financial records" means any original, any copy, or any
 28 summary of (1) a document granting signature authority
 29 over an account, (2) a statement, ledger card or other
 30 record on any account which shows each transaction in or
 31 with respect to that account, (3) a check, draft or money
 32 order drawn on a financial institution or other entity or
 33 issued and payable by or through a financial institution

1 or other entity, or (4) any other item containing
2 information pertaining to any relationship established in
3 the ordinary course of business between a credit union
4 and its member.

5 (b) This Section does not prohibit:

6 (1) The preparation, examination, handling or
7 maintenance of any financial records by any officer,
8 employee or agent of a credit union having custody
9 of such records, or the examination of such records
10 by a certified public accountant engaged by the
11 credit union to perform an independent audit;

12 (2) The examination of any financial records
13 by or the furnishing of financial records by a
14 credit union to any officer, employee or agent of
15 the Department, the National Credit Union
16 Administration, Federal Reserve board or any insurer
17 of share accounts for use solely in the exercise of
18 his duties as an officer, employee or agent;

19 (3) The publication of data furnished from
20 financial records relating to members where the data
21 cannot be identified to any particular customer of
22 account;

23 (4) The making of reports or returns required
24 under Chapter 61 of the Internal Revenue Code of
25 1954;

26 (5) Furnishing information concerning the
27 dishonor of any negotiable instrument permitted to
28 be disclosed under the Uniform Commercial Code;

29 (6) The exchange in the regular course of
30 business of credit information between a credit
31 union and other credit unions or financial
32 institutions or commercial enterprises, directly or
33 through a consumer reporting agency;

34 (7) The furnishing of information to the

1 appropriate law enforcement authorities where the
2 credit union reasonably believes it has been the
3 victim of a crime;

4 (8) The furnishing of information pursuant to
5 the Uniform Disposition of Unclaimed Property Act;

6 (9) The furnishing of information pursuant to
7 the Illinois Income Tax Act and the Illinois Estate
8 and Generation-Skipping Transfer Tax Act;

9 (10) The furnishing of information pursuant to
10 the federal "Currency and Foreign Transactions
11 Reporting Act", Title 31, United States Code,
12 Section 1051 et sequentia; or

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

18 (12) The furnishing of information in
19 accordance with the federal Personal Responsibility
20 and Work Opportunity Reconciliation Act of 1996. Any
21 credit union governed by this Act shall enter into
22 an agreement for data exchanges with a State agency
23 provided the State agency pays to the credit union a
24 reasonable fee not to exceed its actual cost
25 incurred. A credit union providing information in
26 accordance with this item shall not be liable to any
27 account holder or other person for any disclosure of
28 information to a State agency, for encumbering or
29 surrendering any assets held by the credit union in
30 response to a lien or order to withhold and deliver
31 issued by a State agency, or for any other action
32 taken pursuant to this item, including individual or
33 mechanical errors, provided the action does not
34 constitute gross negligence or willful misconduct. A

1 credit union shall have no obligation to hold,
2 encumber, or surrender assets until it has been
3 served with a subpoena, summons, warrant, court or
4 administrative order, lien, or levy.

5 (13) The furnishing of information to law
6 enforcement authorities, the Illinois Department on
7 Aging and its regional administrative and provider
8 agencies, the Department of Human Services Office of
9 Inspector General, or public guardians, if the
10 credit union suspects that a member who is an
11 elderly or disabled person has been or may become
12 the victim of financial exploitation. For the
13 purposes of this item (13), the term: (i) "elderly
14 person" means a person who is 60 or more years of
15 age, (ii) "disabled person" means a person who has
16 or reasonably appears to the credit union to have a
17 physical or mental disability that impairs his or
18 her ability to seek or obtain protection from or
19 prevent financial exploitation, and (iii) "financial
20 exploitation" means tortious or illegal use of the
21 assets or resources of an elderly or disabled
22 person, and includes, without limitation,
23 misappropriation of the elderly or disabled person's
24 assets or resources by undue influence, breach of
25 fiduciary relationship, intimidation, fraud,
26 deception, extortion, or the use of assets or
27 resources in any manner contrary to law. A credit
28 union or person furnishing information pursuant to
29 this item (13) shall be entitled to the same rights
30 and protections as a person furnishing information
31 under the Elder Abuse and Neglect Act and the
32 Illinois Domestic Violence Act of 1986.

33 (c) A credit union may not disclose to any person,
34 except to the member or his duly authorized agent, any

1 financial records relating to that member of the credit union
2 unless:

3 (1) the member has authorized disclosure to the
4 person;

5 (2) the financial records are disclosed in response
6 to a lawful subpoena, summons, warrant or court order
7 that meets the requirements of subparagraph (d) of this
8 Section; or

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

13 (d) A credit union shall disclose financial records
14 under subparagraph (c)(2) of this Section pursuant to a
15 lawful subpoena, summons, warrant or court order only after
16 the credit union mails a copy of the subpoena, summons,
17 warrant or court order to the person establishing the
18 relationship with the credit union, if living, and otherwise
19 his personal representative, if known, at his last known
20 address by first class mail, postage prepaid unless the
21 credit union is specifically prohibited from notifying the
22 person by order of court or by applicable State or federal
23 law. In the case of a grand jury subpoena, a credit union
24 shall not mail a copy of a subpoena to any person pursuant to
25 this subsection if the subpoena was issued by a grand jury
26 under the Statewide Grand Jury Act or notifying the person
27 would constitute a violation of the federal Right to
28 Financial Privacy Act of 1978.

29 (e) (1) Any officer or employee of a credit union who
30 knowingly and wilfully furnishes financial records in
31 violation of this Section is guilty of a business offense
32 and upon conviction thereof shall be fined not more than
33 \$1,000.

34 (2) Any person who knowingly and wilfully induces

1 or attempts to induce any officer or employee of a credit
 2 union to disclose financial records in violation of this
 3 Section is guilty of a business offense and upon
 4 conviction thereof shall be fined not more than \$1,000.

5 (f) A credit union shall be reimbursed for costs which
 6 are reasonably necessary and which have been directly
 7 incurred in searching for, reproducing or transporting books,
 8 papers, records or other data of a member required or
 9 requested to be produced pursuant to a lawful subpoena,
 10 summons, warrant or court order. The Director may determine
 11 the rates and conditions under which payment shall be made.
 12 Delivery of requested documents may be delayed until final
 13 reimbursement of all costs is received.

14 (Source: P.A. 90-18, eff. 7-1-97; 91-929, eff. 12-15-00.)

15 (205 ILCS 305/12) (from Ch. 17, par. 4413)

16 Sec. 12. Regulatory fees ~~for~~---~~examination~~---~~and~~
 17 ~~administration~~.

18 (1) A credit union regulated by the Department shall pay
 19 a regulatory fee to the Department based upon its total
 20 assets as shown by its Year-end Call Report at the following
 21 rates:

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 \$1,000 of
	assets in excess of \$200,000
Over \$500,000 and not over	

1	\$1,000,000	\$1,300 plus \$1.40 per \$1,000
2		of assets in excess of
3		\$500,000
4	Over \$1,000,000 and not	
5	over \$5,000,000.....	\$2,000 plus \$0.50 per
6		\$1,000 of assets in
7		excess of \$1,000,000
8	Over \$5,000,000 and not	
9	over \$30,000,000	\$4,000 plus \$0.35
10		per \$1,000 assets
11		in excess of \$5,000,000
12	Over \$30,000,000 and not	
13	over \$100,000,000	\$12,750 plus \$0.30
14		per \$1,000 of assets in
15		excess of \$30,000,000
16	Over \$100,000,000 and not	
17	over \$500,000,000	\$33,750 plus \$0.15 per
18		\$1,000 of assets in excess
19		of \$100,000,000
20	Over \$500,000,000	\$93,750 plus \$0.05 per
21		\$1,000 of assets in excess
22		of \$500,000,000

23 (2) The Director shall review the regulatory fee
24 schedule in subsection (1) and the projected earnings on
25 those fees on an annual basis and adjust the fee schedule no
26 more than 5% annually if necessary to defray the estimated
27 administrative and operational expenses of the Department as
28 defined in subsection (5). The Director shall provide credit
29 unions with written notice of any adjustment made in the
30 regulatory fee schedule.

31 (3) Not later than March 1 of each calendar year, a
32 credit union shall pay to the Department, ~~for the preceding~~
33 ~~calendar year,~~ a regulatory fee for that calendar year in
34 accordance with the regulatory fee schedule in subsection

1 (1), on the basis of assets as of the Year-end Call Report of
2 the preceding year. The regulatory fee shall not be less
3 than \$100 or more than \$125,000, provided that the regulatory
4 fee cap of \$125,000 shall be adjusted to incorporate the same
5 percentage increase as the Director makes in the regulatory
6 fee schedule from time to time under subsection (2). No
7 regulatory fee shall be collected from a credit union until
8 it has been in operation for one year.

9 (4) The aggregate of all fees collected by the
10 Department under this Act shall be paid promptly after they
11 are received ~~receipt-of-the-same~~, accompanied by a detailed
12 statement thereof, into the State Treasury and shall be set
13 apart in the Credit Union Fund, a special fund hereby created
14 in the State treasury. The amount from time to time
15 deposited in the Credit Union Fund and shall be used to
16 offset the ordinary administrative and operational expenses
17 of the Department under this Act. Investment income earned
18 on the money in the Fund shall be deposited into and become
19 part of the Fund.

20 (5) The administrative and operational expenses for any
21 calendar year shall mean the ordinary and contingent expenses
22 for that year incidental to making the examinations provided
23 for by, and for administering, this Act, including all
24 salaries and other compensation paid for personal services
25 rendered for the State by officers or employees of the State
26 to enforce this Act; all expenditures for telephone and
27 telegraph charges, postage and postal charges, office
28 supplies and services, furniture and equipment, office space
29 and maintenance thereof, travel expenses and other necessary
30 expenses; all to the extent that such expenditures are
31 directly incidental to such examination or administration.

32 (6) When the aggregate of all fees collected by the
33 Department under this Act and all earnings thereon for any
34 calendar year exceeds 150% of the total administrative and

1 operational expenses under this Act for that year, such
 2 excess shall be credited to credit unions and applied against
 3 their regulatory fees for the subsequent year. The amount
 4 credited to a credit union shall be in the same proportion as
 5 the fee paid by such credit union for the calendar year in
 6 which the excess is produced bears to the aggregate of the
 7 fees collected by the Department under this Act for the same
 8 year.

9 (7) Examination fees for the year 2000 statutory
 10 examinations paid pursuant to the examination fee schedule in
 11 effect at that time shall be credited toward the regulatory
 12 fee to be assessed the credit union in calendar year 2001.

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

17 (Source: P.A. 91-755, eff. 1-1-01.)

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

19 Sec. 51. Other Loan Programs.

20 (1) Subject to such rules and regulations as the
 21 Director may promulgate, a credit union may participate in
 22 loans to credit union members jointly with other credit
 23 unions, credit union organizations, corporations, or
 24 financial institutions. An originating credit union may
 25 originate participation loans to its own members. A
 26 participating credit union that is not the originating lender
 27 may participate in loans made to its own members or to
 28 members of another participating credit union. "Originating
 29 lender" means the participating credit union with which the
 30 member contracts. A master participation agreement must be
 31 properly executed, and the agreement must include provisions
 32 for identifying, either through documents incorporated by
 33 reference or directly in the agreement, the participation

1 loan or loans prior to their sale.

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

6 (3) A credit union may purchase from any source the
7 conditional sales contracts, notes and similar instruments
8 which evidence an indebtedness of its members. A credit
9 union may sell to any source the loans of its members.

10 (4) With approval of the Board of Directors, a credit
11 union may make loans, either on its own or jointly with other
12 credit unions, corporations or financial institutions, to
13 credit union organizations; provided, that the aggregate
14 amount of all such loans outstanding shall not at any time
15 exceed 1% of the paid-in and unimpaired capital and surplus
16 of the credit union.

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

18 (205 ILCS 305/59) (from Ch. 17, par. 4460)

19 Sec. 59. Investment of Funds. Funds not used in loans to
20 members may be invested, pursuant to subsection (7) of
21 Section 30 of this Act, and subject to Departmental rules and
22 regulations:

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

28 (2) In obligations of any state of the United States,
29 the District of Columbia, the Commonwealth of Puerto Rico,
30 and the several territories organized by Congress, or any
31 political subdivision thereof; however, a credit union may
32 not invest more than 10% of its unimpaired capital and
33 surplus in the obligations of one issuer, exclusive of

1 general obligations of the issuer, and investments in
2 municipal securities must be limited to securities rated in
3 one of the 4 highest rating categories by a nationally
4 recognized statistical rating organization;

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

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

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

25 (6) In obligations of the State of Israel, or
26 obligations fully guaranteed by the State of Israel as to
27 payment of principal and interest;

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

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

32 (9) In shares or stocks of Credit Union Service
33 Organizations in the total amount not exceeding 1% of the
34 unimpaired capital and surplus of the credit union.

1 (Source: P.A. 86-432.)

2 Section 99. Effective date. This Act takes effect upon

3 becoming law.