

AN ACT concerning regulation.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Illinois Credit Union Act is amended by changing Sections 15 and 20 and adding Section 64.5 as follows:

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

Sec. 15. Membership defined.

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 20. Election or appointment of officials.

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

qualified.

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

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

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

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

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

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

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

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

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

(205 ILCS 305/64.5 new)

Sec. 64.5. Continuation of corporate entity.

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

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

property, rights, powers, duties, and obligations of each merging or consolidating credit union or of the converting credit union, except as affected by the charter and bylaws of the resulting credit union. A resulting credit union shall be liable for all liabilities of the merging or consolidating credit union or converting credit union. All the rights, franchises, and interests of the merging or consolidating credit union or converting credit union in and to every species of property, real, personal, and mixed, and choses in action thereunto belonging, shall be deemed to be automatically transferred to and vested in the resulting credit union as a successor-in-interest without any deed or other transfer, and the resulting credit union, without any order or other action on the part of any court or otherwise, shall hold and enjoy the same and all rights of property, franchises, and interests, including appointments, designations, and nominations, and all other rights and interests as trustee, executor, administrator, registrar or transfer agent of stocks and bonds, guardian, assignee, receiver, and in every other fiduciary capacity, in the same manner and to the same extent as was held and enjoyed by the merging or consolidating credit union or the converting credit union. Any reference to a merging, consolidating, or converting credit union in any writing, whether executed or taking effect before or after the merger, consolidation, or conversion, shall be deemed a reference to the resulting credit union if not inconsistent with the other

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provisions of the writing.

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