



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3113

Introduced 2/2/2026, by Sen. David Koehler

SYNOPSIS AS INTRODUCED:

205 ILCS 305/20	from Ch. 17, par. 4421
205 ILCS 305/29	from Ch. 17, par. 4430
205 ILCS 305/57.3 new	
205 ILCS 305/57.5 new	
205 ILCS 305/59	from Ch. 17, par. 4460

Amends the Illinois Credit Union Act. Provides that the business office for a credit union's registered agent may, but is not required to, be (instead of shall be) the same as the principal place of business of the credit union. In provisions concerning meetings of directors, sets forth provisions concerning the preparation and approval of meeting minutes. Adds provisions concerning disclosure and due diligence requirements for credit unions when providing digital asset services or contracting with a covered person or digital asset service provider and provisions concerning sales of debt cancellation services and products by a credit union to its members. In provisions concerning the investment of funds not used in loans, provides that the funds may be invested in commercial mortgage related securities and collateralized mortgage obligations to aid in the credit union's management of its assets, liabilities, and liquidity. Effective immediately.

LRB104 19645 BAB 33094 b

1 AN ACT concerning regulation.

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

4 Section 5. The Illinois Credit Union Act is amended by
5 changing Sections 20, 29, and 59 and by adding Sections 57.3
6 and 57.5 as follows:

7 (205 ILCS 305/20) (from Ch. 17, par. 4421)

8 Sec. 20. Election or appointment of officials.

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

1 succeeding annual meeting if there are 2 classes or until the
2 third succeeding annual meeting if there are 3 classes. A
3 director shall hold office for the term for which he or she is
4 elected and until his or her successor is elected and
5 qualified.

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

1 administrative duties he is not thereby relieved from his
2 responsibility for their performance, that he will not
3 knowingly violate or permit to be violated any law applicable
4 to the credit union, and that he is the owner of at least one
5 share of the credit union.

6 (1.10) Upon amendment of a credit union's bylaws, in all
7 elections for directors, every member who is a natural person
8 shall have the right to cast one vote, regardless of the number
9 of his or her shares, in person, by proxy, or by electronic
10 record if approved by the board of directors, for as many
11 persons as there are directors to be elected.

12 (1.15) If the board of directors has adopted a policy
13 addressing age eligibility standards on voting, holding
14 office, or petitioning the board, then a credit union may
15 require (i) that members be at least 18 years of age by the
16 date of the meeting in order to vote at meetings of the
17 members, sign nominating petitions, or sign petitions
18 requesting special meetings, and (ii) that members be at least
19 18 years of age by the date of election or appointment in order
20 to hold elective or appointive office.

21 (2) The board of directors shall appoint from among the
22 members of the credit union, a supervisory committee of not
23 less than 3 members at the organization meeting and within 30
24 days following each annual meeting of the members for such
25 terms as the bylaws provide. Members of the supervisory
26 committee may, but need not be, on the board of directors, but

1 shall not be officers of the credit union.

2 (3) The board of directors may appoint, from among the
3 members of the credit union, a credit committee consisting of
4 an odd number, not less than 3 for such terms as the bylaws
5 provide. Members of the credit committee may, but need not be,
6 directors or officers of the credit union.

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

16 (5) The board of directors may appoint, from among the
17 members of the credit union, a nominating committee of 3 or
18 more persons. Members of the nominating committee may, but
19 need not, be directors or officers of the credit union, but may
20 not be members of the supervisory committee. The appointment,
21 if made, shall be made in a timely manner to permit the
22 nominating committee to recruit, evaluate, and nominate
23 eligible candidates for each position to be filled in the
24 election of directors or, in the event of a vacancy in office,
25 to be filled by appointment of the board of directors for the
26 remainder of the unexpired term of the director creating the

1 vacancy. Factors the nominating committee may consider in
2 evaluating prospective candidates include whether a candidate
3 possesses or is willing to acquire through training the
4 requisite skills and qualifications to carry out the statutory
5 duties of a director. The board of directors may delegate to
6 the nominating committee the recruitment, evaluation, and
7 nomination of eligible candidates to serve on committees and
8 in executive officer positions.

9 (6) The board of directors may create one or more other
10 committees in addition to the committees identified in this
11 Section and appoint directors or such other persons as the
12 board designates to serve on the committee or committees. Any
13 such committee shall serve at the pleasure of the board of
14 directors and it shall not act on behalf of the credit union or
15 bind it to any action, but it may make recommendations to the
16 board of directors.

17 (7) (a) The board of directors may appoint an individual as
18 a registered agent for the credit union. The name of the
19 registered agent appointed by the board of directors shall be
20 identified in the annual report filed by the credit union on
21 the annual report form supplied by the Department. The
22 business office of the registered agent may, but is not
23 required to, shall be the same as the principal place of
24 business of the credit union. Any process, notice, or demand
25 required or permitted by law to be served upon the credit union
26 may be served upon the registered agent appointed by the

1 credit union.

2 (b) A credit union that has appointed a registered agent
3 shall post on its website the name of its registered agent, the
4 address of its principal place of business, and that the
5 appointment was authorized by action of the board of
6 directors.

7 (c) A credit union that has appointed a registered agent
8 may change its registered agent at any time by posting on its
9 website a statement setting forth the following:

- 10 (i) the address of its principal place of business,
11 (ii) the name of its existing registered agent,
12 (iii) the name of its successor registered agent, and
13 (iv) that the change was authorized by action of the
14 board of directors.

15 (d) A registered agent may resign at any time by
16 submitting written notice thereof to the credit union at its
17 principal place of business. The notice shall set forth the
18 following:

- 19 (i) the name of the credit union for which the
20 registered agent is acting,
21 (ii) the address of the principal place of business of
22 the credit union,
23 (iii) the name of the registered agent,
24 (iv) that the registered agent is resigning, and
25 (v) the effective date of the resignation, which shall
26 not be less than 30 days after the date of filing of the

1 notice.

2 (8) The use of electronic records for member voting
3 pursuant to this Section shall employ a security procedure
4 that meets the attribution criteria set forth in Section 9 of
5 the Uniform Electronic Transactions Act.

6 (9) As used in this Section, "electronic", "electronic
7 record", and "security procedure" have the meanings ascribed
8 to those terms in the Uniform Electronic Transactions Act.

9 (Source: P.A. 102-38, eff. 6-25-21; 102-687, eff. 12-17-21;
10 102-774, eff. 5-13-22; 102-858, eff. 5-13-22; 103-154, eff.
11 6-30-23; 103-289, eff. 7-28-23.)

12 (205 ILCS 305/29) (from Ch. 17, par. 4430)

13 Sec. 29. Meetings of directors.

14 (1) The board of directors and the executive committee
15 shall meet as often as necessary, but one body must meet at
16 least monthly and the other at least quarterly, as prescribed
17 in the bylaws. Unless a greater number is required by the
18 bylaws, a majority of the whole board of directors shall
19 constitute a quorum. The act of a majority of the directors
20 present at a meeting at which a quorum is present shall be the
21 act of the board of directors unless the act of a greater
22 number is required by this Act, the credit union's articles of
23 incorporation or the bylaws.

24 (1.5) Notwithstanding anything to the contrary in
25 subsection (1), the board of directors of a credit union with a

1 composite rating of either 1 or 2 under the Uniform Financial
2 Institutions Rating System known as the CAMELS supervisory
3 rating system (or an equivalent rating under a comparable
4 rating system) and a management rating under such composite
5 rating of either 1 or 2 may meet not less than 6 times
6 annually, with at least one meeting held during each fiscal
7 quarter. This meeting frequency schedule shall be available to
8 an eligible credit union irrespective of whether it has
9 appointed an executive committee pursuant to Section 28.

10 (1.7) Notwithstanding subsection (1) or (1.5), the board
11 of directors of a credit union with \$50,000,000 or more in
12 assets, a composite rating of either 1 or 2 under the Uniform
13 Financial Institutions Rating System known as the CAMELS
14 supervisory rating system (or an equivalent rating under a
15 comparable rating system), and a management rating under the
16 composite rating of either 1 or 2 may meet no fewer than 4
17 times annually, with at least one meeting held during each
18 fiscal quarter. The board of directors of a credit union with
19 less than \$50,000,000 in assets, but with the composite and
20 management ratings referenced in this subsection, may meet no
21 fewer than 4 times annually, with at least one meeting held
22 during each fiscal quarter, upon prior written approval of the
23 Secretary. The meeting frequency schedule set forth in this
24 subsection shall be available to an eligible credit union,
25 irrespective of whether it has appointed an executive
26 committee pursuant to Section 28.

1 (2) Unless specifically prohibited by the articles of
2 incorporation or bylaws, directors and committee members may
3 participate in and act at any meeting of the board or committee
4 through the use of a conference telephone or other
5 communications equipment by means of which all persons
6 participating in the meeting can communicate with each other.
7 Participation in the meeting shall constitute attendance and
8 presence in person at the meeting of the person or persons so
9 participating.

10 (3) Unless specifically prohibited by the articles of
11 incorporation or bylaws, any action required by this Act to be
12 taken at a meeting of the board of directors or a committee and
13 any other action that may be taken at a meeting of the board of
14 directors or a committee may be taken without a meeting if a
15 consent in writing setting forth the action taken is signed by
16 all the directors entitled to vote with respect to the subject
17 matter thereof, or by all members of the committee, as the case
18 may be. The consent shall be evidenced by one or more written
19 approvals, each of which sets forth the action taken and bears
20 the signatures of one or more directors or committee members.
21 All the approvals evidencing the consent shall be delivered to
22 the secretary to be filed in the corporate records of the
23 credit union. The action taken shall be effective when all the
24 directors or committee members have approved the consent
25 unless the consent specifies a different effective date. A
26 consent signed by all the directors or all the members of a

1 committee shall have the same effect as a unanimous vote, and
2 may be stated as such in any document filed with the director
3 under this Act.

4 (3.5) (a) The secretary, as an executive officer of the
5 credit union elected by the board of directors pursuant to
6 subsection (1) of Section 26, or a recording secretary duly
7 appointed by the board of directors to act on behalf of the
8 secretary, shall prepare and maintain minutes of all meetings
9 of the members and the board of directors. The secretary or
10 recording secretary shall sign the minutes for the limited
11 purpose of authenticating them as an accurate description of
12 the information presented and action taken at the subject
13 meeting. The signature shall not constitute approval of the
14 minutes.

15 (b) The chairman may, but is not required to, sign the
16 minutes of any such meeting of the membership or board of
17 directors. In the event the chairman signs the minutes, that
18 signature shall not constitute approval of the minutes.

19 (c) Pursuant to subsection (1) of Section 27, the board of
20 directors is charged with and has control over the general
21 management of the operations, funds, and records of the credit
22 union, and the minutes, as compliance review documents of the
23 credit union under paragraph (a) of subsection (4) of this
24 Section 29, shall only be deemed final and binding upon the
25 approval by a majority vote of the directors present at a
26 meeting at which a quorum is present, or by unanimous action

1 without a meeting.

2 (d) Minutes of membership meetings require approval by a
3 majority of the membership present at a meeting at which a
4 quorum is present.

5 (4) (a) As used in this subsection:

6 "Affiliate" means an organization established to serve the
7 needs of credit unions, the business of which relates to the
8 daily operations of credit unions.

9 "Compliance review documents" means reports, meeting
10 minutes, and other documents prepared in connection with a
11 review or evaluation conducted by or for the board of
12 directors.

13 (b) This subsection applies to the board of directors in
14 relation to its functions to evaluate and seek to improve any
15 of the following:

16 (i) loan policies or underwriting standards;

17 (ii) asset quality;

18 (iii) financial reporting to federal or State
19 governmental or regulatory agencies; or

20 (iv) compliance with federal or State statutory or
21 regulatory requirements, including, without limitation,
22 the manner in which it performs its duties under Section
23 30.

24 (c) Meetings, minutes of meetings, and reports of the
25 board of directors shall be subject to the confidentiality and
26 redaction standards set forth in this subsection.

1 (d) Except as provided in paragraph (e), compliance review
2 documents and the deliberations of the board of directors are
3 confidential. An affiliate of a credit union, a credit union
4 regulatory agency, and the insurer of credit union share
5 accounts shall have access to compliance review documents;
6 however, (i) the documents remain confidential and (ii)
7 delivery of compliance review documents to an affiliate or
8 pursuant to the requirements of a credit union regulatory
9 agency or an insurer of credit union share accounts do not
10 constitute a waiver of the confidentiality granted in this
11 Section.

12 (e) This Section does not apply to any civil or
13 administrative action initiated by a credit union regulatory
14 agency or an insurer of credit union share accounts.

15 (f) This Section shall not be construed to limit the
16 discovery or admissibility in any civil action of any
17 documents, including compliance review documents.

18 (g) Any report required under this Act to be furnished to
19 the board of directors by the membership committee, credit
20 committee, or any other committee may be submitted in a
21 summary format that redacts personally identifiable
22 information as defined under applicable State and federal law.

23 (h) Compliance review documents may be disclosed by the
24 Secretary or a credit union to any person or entity to whom
25 confidential supervisory information may be disclosed pursuant
26 to subsection (3) of Section 9.1.

(Source: P.A. 103-289, eff. 7-28-23; 104-403, eff. 1-1-26.)

(205 ILCS 305/57.3 new)

Sec. 57.3. Digital asset services.

(a) For purposes of this Section, the terms "covered person", "digital asset", "digital asset business activity", and "service provider" have the meanings given to those terms in the Digital Assets and Consumer Protection Act.

(b) A credit union may establish relationships with covered persons and service providers in connection with the offering or provision by those covered persons or service providers of a digital asset business activity to enable the members of the credit union to hold, buy, and sell digital assets. The credit union shall have the authority to engage in digital asset business activity and perform administrative functions related thereto, including, without limitation, custodial services, to facilitate digital asset transactions between its members and covered persons and service providers.

(c) A credit union must exercise appropriate due diligence in selecting a covered person or service provider with whom to do business, and the written agreement between the credit union and covered person or service provider must address:

(1) the features of the digital asset program;

(2) the responsibilities and duties of the covered person or service provider and credit union under the program;

1 (3) the confidentiality, security, disclosure, and
2 processing of credit union member information;

3 (4) the applicable reporting and termination
4 provisions; and

5 (5) compliance with the requirements of all applicable
6 laws.

7 (d) When marketing or advertising digital assets, digital
8 asset business activities, and related administrative
9 functions to the members of the credit union, the members
10 shall be informed that the digital assets:

11 (1) are not federally insured or insured by any other
12 insurer approved by the Secretary;

13 (2) are not guaranteed by the credit union;

14 (3) are or may be speculative and volatile;

15 (4) may have associated fees;

16 (5) may not allow member recourse; and

17 (6) are or are not being offered by a third party.

18 (205 ILCS 305/57.5 new)

19 Sec. 57.5. Sales of debt cancellation services and
20 products.

21 (a) For purposes of this Section, "debt cancellation
22 services" means a contractual assurance between a credit union
23 as the lender and its member as the borrower on a motor vehicle
24 loan that, in the event collision or comprehensive insurance
25 coverage is insufficient to cover the loan balance on a total

1 loss due to a collision, theft, or other casualty covered by
2 the insurance, the credit union will cancel the debt. Through
3 cancellation of the debt, the recovery of any deficiency or
4 gap between the insurance payout based on the vehicle's actual
5 cash value and the greater amount still owed on the loan is
6 waived. Debt cancellation may also be referred to as debt
7 protection or guaranteed asset protection. In exchange for the
8 benefit provided by the debt cancellation, a credit union may
9 assess a fee to the member.

10 (b) A credit union may offer debt cancellation services to
11 a member in connection with a motor vehicle loan made to the
12 member. The terms and conditions of the debt cancellation
13 services, including the assessment of any fees, shall be set
14 forth in a written agreement between the credit union and the
15 member. The agreement shall be executed prior to, or
16 contemporaneous with, the execution of the loan agreement to
17 which the debt cancellation services relate.

18 (c) Debt cancellation services are loan-related and not
19 insurance under the Illinois Insurance Code.

20 (205 ILCS 305/59) (from Ch. 17, par. 4460)

21 Sec. 59. Investment of funds.

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

25 (1) In securities, obligations or other instruments of

1 or issued by or fully guaranteed as to principal and
2 interest by the United States of America or any agency
3 thereof or in any trust or trusts established for
4 investing directly or collectively in the same;

5 (2) In obligations of any state of the United States,
6 the District of Columbia, the Commonwealth of Puerto Rico,
7 and the several territories organized by Congress, or any
8 political subdivision thereof; however, a credit union may
9 not invest more than 10% of its unimpaired capital and
10 surplus in the obligations of one issuer, exclusive of
11 general obligations of the issuer, and investments in
12 municipal securities must be limited to securities rated
13 in one of the 4 highest rating investment grades by a
14 nationally recognized statistical rating organization;

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

24 (4) In shares, classes of shares or share certificates
25 of other credit unions, including, but not limited to,
26 corporate credit unions; provided that such credit unions

1 have their members' accounts insured by the NCUA or other
2 approved insurers, and that if the members' accounts are
3 so insured, a credit union's investment may exceed the
4 insured limit on accounts;

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

10 (6) In obligations of the State of Israel, or
11 obligations fully guaranteed by the State of Israel as to
12 payment of principal and interest;

13 (7) In shares, stocks or obligations of other
14 financial institutions in the total amount not exceeding
15 5% of the unimpaired capital and surplus of the credit
16 union;

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

18 (9) In shares or stocks of Credit Union Service
19 Organizations in the total amount not exceeding the
20 greater of 6% of the unimpaired capital and surplus of the
21 credit union or the amount authorized for federal credit
22 unions;

23 (10) In corporate bonds identified as investment grade
24 by at least one nationally recognized statistical rating
25 organization, provided that:

26 (i) the board of directors has established a

1 written policy that addresses corporate bond
2 investment procedures and how the credit union will
3 manage credit risk, interest rate risk, liquidity
4 risk, and concentration risk; and

5 (ii) the credit union has documented in its
6 records that a credit analysis of a particular
7 investment and the issuing entity was conducted by the
8 credit union, a third party on behalf of the credit
9 union qualified by education or experience to assess
10 the risk characteristics of corporate bonds, or a
11 nationally recognized statistical rating agency before
12 purchasing the investment and the analysis is updated
13 at least annually for as long as it holds the
14 investment;

15 (11) To aid in the credit union's management of its
16 assets, liabilities, and liquidity in the purchase of an
17 investment interest in a pool of loans, in whole or in part
18 and without regard to the membership of the borrowers,
19 from other depository institutions and financial type
20 institutions, including mortgage banks, finance companies,
21 insurance companies, and other loan sellers, subject to
22 such safety and soundness standards, limitations, and
23 qualifications as the Department may establish by rule or
24 guidance from time to time;

25 (12) To aid in the credit union's management of its
26 assets, liabilities, and liquidity by receiving funds from

1 another financial institution as evidenced by certificates
2 of deposit, share certificates, or other classes of shares
3 issued by the credit union to the financial institution;

4 (13) In the purchase and assumption of assets held by
5 other financial institutions, with approval of the
6 Secretary and subject to any safety and soundness
7 standards, limitations, and qualifications as the
8 Department may establish by rule or guidance from time to
9 time;

10 (14) In the shares, stocks, or obligations of
11 community development financial institutions as defined in
12 regulations issued by the U.S. Department of the Treasury
13 and minority depository institutions as defined by the
14 National Credit Union Administration; however the
15 aggregate amount of all such investments shall not at any
16 time exceed 5% of the paid-in and unimpaired capital and
17 surplus of the credit union;

18 (15) (A) In shares, stocks, or member units of
19 financial technology companies in the total amount not
20 exceeding 2.5% of the net worth of the credit union, so
21 long as:

22 (i) the credit union would remain well capitalized
23 as defined by 12 CFR 702.102 if the credit union
24 reduced its net worth by the full investment amount at
25 the time the investment is made or at any point during
26 the time the investment is held by the credit union;

1 (ii) the credit union and the financial technology
2 company are operated in a manner that demonstrates to
3 the public the separate corporate existence of the
4 credit union and financial technology company; and

5 (iii) the credit union has received a composite
6 rating of 1 or 2 under the CAMELS supervisory rating
7 system.

8 (B) The investment limit in subparagraph (A) of this
9 paragraph (15) is increased to 5% of the net worth of the
10 credit union if it has received a management rating of 1
11 under the CAMELS supervisory rating system at the time a
12 specific investment is made and at all times during the
13 term of the investment. A credit union that satisfies the
14 criteria in subparagraph (A) of this paragraph (15) and
15 this subparagraph may request approval from the Secretary
16 for an exception to the 5% limit up to a limit of 10% of
17 the net worth of the credit union, subject to such safety
18 and soundness standards, limitations, and qualifications
19 as the Department may establish by rule or guidance from
20 time to time. The request shall be in writing and
21 substantiate the need for the higher limit, describe the
22 credit union's record of investment activity, and include
23 financial statements reflecting a sound fiscal history.

24 (C) Before investing in a financial technology
25 company, the credit union shall obtain a written legal
26 opinion as to whether the financial technology company is

1 established in a manner that will limit potential exposure
2 of the credit union to no more than the loss of funds
3 invested in the financial technology company and the legal
4 opinion shall:

5 (i) address factors that have led courts to
6 "pierce the corporate veil", such as inadequate
7 capitalization, lack of separate corporate identity,
8 common boards of directors and employees, control of
9 one entity over another, and lack of separate books
10 and records; and

11 (ii) be provided by independent legal counsel of
12 the credit union.

13 (D) Before investing in the financial technology
14 company, the credit union shall enter into a written
15 investment agreement with the financial technology company
16 and the agreement shall contain the following clauses:

17 (i) the financial technology company will: (I)
18 provide the Department with access to the books and
19 records of the financial technology company relating
20 to the investment made by the credit union, with the
21 costs of examining those records borne by the credit
22 union in accordance with the per diem rate established
23 by the Department by rule; (II) follow generally
24 accepted accounting principles; and (III) provide the
25 credit union with its financial statements on at least
26 a quarterly basis and certified public accountant

1 audited financial statements on an annual basis; and

2 (ii) the financial technology company and credit
3 union agree to terminate their contractual
4 relationship: (I) upon 90 days' written notice to the
5 parties by the Secretary that the safety and soundness
6 of the credit union is threatened pursuant to the
7 Department's cease and desist and suspension authority
8 in Sections 8 and 61; (II) upon 30 days' written notice
9 to the parties if the credit union's net worth ratio
10 falls below the level that classifies it as well
11 capitalized as defined by 12 CFR 702.102; and (III)
12 immediately upon the parties' receipt of written
13 notice from the Secretary when the Secretary
14 reasonably concludes, based upon specific facts set
15 forth in the notice to the parties, that the credit
16 union will suffer immediate, substantial, and
17 irreparable injury or loss if it remains a party to the
18 investment agreement.

19 (E) The termination of the investment agreement
20 between the financial technology company and credit union
21 shall in no way operate to relieve the financial
22 technology company from repaying the investment or other
23 obligation due and owing the credit union at the time of
24 termination.

25 (F) Any financial technology company in which a credit
26 union invests pursuant to this paragraph (15) that

1 directly or indirectly originates, purchases, facilitates,
2 brokers, or services loans to consumers in Illinois shall
3 not charge an interest rate that exceeds the applicable
4 maximum rate established by the Board of the National
5 Credit Union Administration pursuant to 12 CFR
6 701.21(c)(7)(iii)-(iv). The maximum interest rate
7 described in this subparagraph that may be charged by a
8 financial technology company applies to all consumer loans
9 and consumer credit products; ~~and~~

10 (16) In derivatives transactions, to aid in the credit
11 union's management of interest rate risk. Before entering
12 into a derivatives transaction, and at all times during
13 its management of a derivatives transactions program, a
14 credit union shall satisfy and comply with all the
15 requirements set forth in 12 CFR 703.101 et seq. All
16 definitional terms and operational standards shall have
17 the meanings given to them in 12 CFR 703.101 et seq.,
18 except references to federal credit unions shall be
19 construed to mean Illinois-chartered credit unions, and
20 references to the National Credit Union Administration and
21 Regional Director shall be respectfully construed to mean
22 the Department and the Secretary. A credit union with
23 assets of at least \$500 million and a CAMELS management
24 component rating of 1 or 2 need not obtain prior approval
25 from the Department before engaging in derivative
26 transactions but shall notify the Secretary in writing or

1 by electronic mail within 5 business days after entering
2 into its first derivatives transaction; and -

3 (17) In commercial mortgage related securities and
4 collateralized mortgage obligations to aid in the credit
5 union's management of its assets, liabilities, and
6 liquidity. Before entering into a transaction to purchase
7 a commercial mortgage related security or investing in a
8 collateralized mortgage obligation and at all times during
9 its management of the purchase or investment, a credit
10 union shall satisfy and comply with the requirements set
11 forth in 12 CFR 703.14. For the purposes of this
12 paragraph, all definitional terms and operational
13 standards shall have the meanings given to them in 12 CFR
14 703.14, except references to federal credit unions shall
15 be construed to mean Illinois-chartered credit unions.

16 (b) As used in this Section:

17 "Political subdivision" includes, but is not limited to,
18 counties, townships, cities, villages, incorporated towns,
19 school districts, educational service regions, special road
20 districts, public water supply districts, fire protection
21 districts, drainage districts, levee districts, sewer
22 districts, housing authorities, park districts, and any
23 agency, corporation, or instrumentality of a state or its
24 political subdivisions, whether now or hereafter created and
25 whether herein specifically mentioned or not.

26 "Financial institution" includes any bank, savings bank,

1 savings and loan association, or credit union established
2 under the laws of the United States, this State, or any other
3 state.

4 "Financial technology company" includes any corporation,
5 partnership, limited liability company, or other entity
6 organized under the laws of Illinois, another state, or the
7 United States of America:

8 (1) that the principal business of which is the
9 provision of financial products or financial services, or
10 both, that:

11 (i) currently relate or may prospectively relate
12 to the daily operations of credit unions;

13 (ii) are of current or prospective benefit to the
14 members of credit unions; or

15 (iii) are of current or prospective benefit to
16 consumers eligible for membership in credit unions;
17 and

18 (2) that applies technological interventions,
19 including, without limitation, specialized software or
20 algorithm processes, products, or solutions, to improve
21 and automate the delivery and use of those financial
22 products or financial services.

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

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

5 (d) If a credit union acquires loans from another
6 financial institution or financial-type institution pursuant
7 to this Section, the credit union shall be authorized to
8 provide loan servicing and collection services in connection
9 with those loans.

10 (Source: P.A. 102-496, eff. 8-20-21; 102-774, eff. 5-13-22;
11 102-858, eff. 5-13-22; 103-154, eff. 6-30-23; 103-1034, eff.
12 8-9-24.)

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