

1 AN ACT concerning regulation.

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

4 Section 5. The Illinois Credit Union Act is amended by
5 changing Sections 15, 23, 57.1, 59, and 63 and by adding
6 Sections 10.2 and 44.1 as follows:

7 (205 ILCS 305/10.2 new)

8 Sec. 10.2. Electronic records.

9 (a) As used in this Section, "electronic" and "electronic
10 record" have the meanings given to those terms in the
11 Electronic Commerce Security Act.

12 (b) If a provision of this Act requires information to be
13 written or delivered in writing, or provides for certain
14 consequences if it is not, an electronic record or electronic
15 delivery satisfies that rule of law.

16 (c) If a provision of this Act requires a policy, record,
17 notice or other document or information to be mailed or
18 otherwise furnished, posted, or disclosed by a credit union,
19 electronic delivery or distribution satisfies that rule of law.
20 Policies and notifications of general interest to or impact on
21 the membership may be posted on a credit union's website or
22 disclosed in membership newsletters or account statements, in
23 addition to, or in lieu of, any other methods of notification

1 or distribution specified in this Act.

2 (205 ILCS 305/15) (from Ch. 17, par. 4416)

3 Sec. 15. Membership defined.

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

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

25 (3) Any member may be expelled by a 2/3 vote of the members

1 present at any regular or special meeting called to consider
2 the matter, but only after an opportunity has been given to the
3 member to be heard.

4 (4) A member ~~who has caused a loss to the credit union,~~
5 ~~failed to maintain one or more shares at the credit union, or~~
6 ~~violated board policy applicable to members~~ may be expelled by
7 a majority vote of a quorum of directors if the board has
8 adopted a policy providing for expulsion for any of the
9 following acts committed by the member: under those
10 circumstances.

11 (i) causing a loss to the credit union;

12 (ii) failing to maintain one or more shares at the
13 credit union;

14 (iii) committing fraud or any similar misdeed against
15 the credit union;

16 (iv) engaging in inappropriate behavior involving
17 another person, such as physical or verbal abuse of another
18 member or an employee of the credit union, while
19 transacting business with the credit union; or

20 (v) otherwise violating board policy applicable to
21 members.

22 In maintaining and enforcing a policy based on loss, the
23 board may consider, without limitation, a member's failure to
24 pay amounts due under a loan, failure to provide collected
25 funds to cover withdrawals or personal share drafts or credit
26 union drafts where the member is a remitter, or failure to pay

1 fees or charges due the credit union.

2 The policy may delegate the expulsion authority to the
3 senior management officials of the credit union. If a member is
4 expelled by a senior management official of the credit union,
5 the member may, within 30 days after the expulsion, seek
6 reinstatement by appealing the action in writing to the board
7 of directors of the credit union. The board may affirm,
8 disaffirm, or modify the action, and the board's decision is
9 final. As used in this subsection (4), "senior management
10 official" includes the chief management officer of the credit
11 union (including the person holding the title of President or
12 Chief Executive Officer, or both, or Treasurer/Manager) and
13 other management officers of the credit union (including the
14 persons holding the title of Chief Operating Officer, Chief
15 Financial Officer, Chief Administrative Officer, Chief
16 Information Officer, Chief Security Officer, Executive Vice
17 President, Senior Vice President, or Vice President).

18 If a policy is adopted by the board pursuant to this
19 subsection (4), ~~written notice of the policy shall be~~
20 distributed not fewer than 30 days before the effective date of
21 the policy by: (i) mailing it and the effective date of the
22 ~~policy shall be mailed~~ to each member of the credit union at
23 the member's current address appearing on the records of the
24 credit union; (ii) electronically delivering it to all members
25 by posting it on the credit union's website; or (iii)
26 disclosing it to all members in membership newsletters or

1 ~~account statements. The policy shall be mailed to members not~~
2 ~~fewer than 30 days prior to the effective date of the policy.~~

3 In addition, new members shall be provided written notice of
4 the policy prior to or upon applying for membership by using
5 one of the distribution methods described in this subsection
6 (4).

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

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

24 (7) If a member fails to maintain one fully paid share, the
25 credit union, at its option, may permit the member to
26 re-subscribe and pay for one or more shares within 30 days

1 after the date the member failed to maintain one fully paid
2 share, without affecting the member's status or rights as a
3 member during that period. A member that fails to re-subscribe
4 for at least one fully paid share within the 30-day period
5 shall be automatically expelled from the credit union and
6 treated as an expelled member under subsection (5) of this
7 Section 15.

8 (Source: P.A. 97-133, eff. 1-1-12; 97-855, eff. 7-27-12.)

9 (205 ILCS 305/23) (from Ch. 17, par. 4424)

10 Sec. 23. Compensation of officials.

11 (1) Directors and committee members ~~No director or~~
12 ~~committee member~~ may receive reasonable compensation for their
13 ~~his~~ service as such, the amount of which shall be set by the
14 board of directors. The Department shall, by rule, establish
15 maximum rates of reasonable compensation that are generally
16 applicable to credit unions considering factors the Department
17 may establish from time to time, including, but not limited to,
18 total assets, nonprofit cooperative structure, and the best
19 interests of members. "Compensation" as used in this subsection
20 (1) refers to remuneration expense to the credit union for
21 services provided by a director or committee member in his or
22 her capacity as director or committee member. The remuneration
23 expense shall be disclosed on an annual basis to the membership
24 in the financial statement that is part of the annual
25 membership meeting materials. The disclosure shall contain:

1 (i) the amount paid to each director and (ii) the amount paid
2 to the directors as a group. "Compensation" as used in this
3 subsection (1) does not include

4 (2) The credit union may incur the expense of providing
5 reasonable life, health, accident, and similar insurance
6 protection benefits for directors and ~~a director or~~ committee
7 members member.

8 (3) ~~(2)~~ Directors, committee members and employees, while
9 on official business of the credit union, may be reimbursed for
10 reasonable and necessary expenses. Alternatively, the credit
11 union may make direct payment to a third party for such
12 business expenses. Reasonable and necessary expenses may
13 include the payment of travel costs for the foregoing officials
14 and one guest per official. All payment of costs shall be made
15 in accordance with written policies and procedures established
16 by the board of directors.

17 (4) ~~(3)~~ The board of directors may establish compensation
18 for officers of the credit union.

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

20 (205 ILCS 305/44.1 new)

21 Sec. 44.1. Unclaimed property; dormancy or escheat fee. A
22 credit union may deduct a dormancy charge or an escheat fee
23 from property required to be paid or delivered to the
24 administrator under the Revised Uniform Unclaimed Property
25 Act, provided the amount of the deduction is consistent with

1 the standards set forth in subsection (b) of Section 15-602 of
2 that Act. In making the deduction, a credit union may allocate,
3 classify, and record all or a portion of the deduction, as
4 applicable, as the minimum share amount required to preserve
5 the member's status as a member of the credit union.

6 (205 ILCS 305/57.1)

7 Sec. 57.1. Services to other credit unions. A credit union
8 may act as a representative of and enter into an agreement with
9 credit unions or other organizations for the purposes of:

10 (1) sharing, utilizing, renting, leasing, purchasing,
11 selling, and joint ownership of fixed assets or engaging in
12 activities and services that relate to the daily operations
13 of credit unions; and

14 (2) providing correspondent services to other credit
15 unions or other organizations that the service provider
16 credit union is authorized to perform for its own members
17 or as part of its operations, including, but not limited
18 to, loan processing, loan servicing, member check cashing
19 services, disbursing share withdrawals and loan proceeds,
20 cashing and selling money orders, ACH and wire transfer
21 services, implementation and administrative support
22 services related to the use of debit cards, payroll debit
23 cards, and other prepaid debit cards and credit cards, coin
24 and currency services, performing internal audits, and
25 automated teller machine deposit services.

1 (Source: P.A. 99-78, eff. 7-20-15; 99-149, eff. 1-1-16;
2 100-201, eff. 8-18-17.)

3 (205 ILCS 305/59) (from Ch. 17, par. 4460)

4 Sec. 59. Investment of funds.

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

8 (1) In securities, obligations or other instruments of
9 or issued by or fully guaranteed as to principal and
10 interest by the United States of America or any agency
11 thereof or in any trust or trusts established for investing
12 directly or collectively in the same;

13 (2) In obligations of any state of the United States,
14 the District of Columbia, the Commonwealth of Puerto Rico,
15 and the several territories organized by Congress, or any
16 political subdivision thereof; however, a credit union may
17 not invest more than 10% of its unimpaired capital and
18 surplus in the obligations of one issuer, exclusive of
19 general obligations of the issuer, and investments in
20 municipal securities must be limited to securities rated in
21 one of the 4 highest rating categories by a nationally
22 recognized statistical rating organization;

23 (3) In certificates of deposit or passbook type
24 accounts issued by a state or national bank, mutual savings
25 bank or savings and loan association; provided that such

1 institutions have their accounts insured by the Federal
2 Deposit Insurance Corporation or the Federal Savings and
3 Loan Insurance Corporation; but provided, further, that a
4 credit union's investment in an account in any one
5 institution may exceed the insured limit on accounts;

6 (4) In shares, classes of shares or share certificates
7 of other credit unions, including, but not limited to
8 corporate credit unions; provided that such credit unions
9 have their members' accounts insured by the NCUA or other
10 approved insurers, and that if the members' accounts are so
11 insured, a credit union's investment may exceed the insured
12 limit on accounts;

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

18 (6) In obligations of the State of Israel, or
19 obligations fully guaranteed by the State of Israel as to
20 payment of principal and interest;

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

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

25 (9) In shares or stocks of Credit Union Service
26 Organizations in the total amount not exceeding the greater

1 of 3% of the unimpaired capital and surplus of the credit
2 union or the amount authorized for federal credit unions;

3 (10) In corporate bonds identified as investment grade
4 by at least one nationally recognized statistical rating
5 organization, provided that:

6 (i) the board of directors has established a
7 written policy that addresses corporate bond
8 investment procedures and how the credit union will
9 manage credit risk, interest rate risk, liquidity
10 risk, and concentration risk; and

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

20 (11) To aid in the credit union's management of its
21 assets, liabilities, and liquidity in the purchase of an
22 investment interest in a pool of loans, in whole or in part
23 and without regard to the membership of the borrowers, from
24 other depository institutions and financial type
25 institutions, including mortgage banks, finance companies,
26 insurance companies, and other loan sellers, subject to

1 such safety and soundness standards, limitations, and
2 qualifications as the Department may establish by rule or
3 guidance from time to time;

4 (12) To aid in the credit union's management of its
5 assets, liabilities, and liquidity by receiving funds from
6 another financial institution as evidenced by certificates
7 of deposit, share certificates, or other classes of shares
8 issued by the credit union to the financial institution;
9 and

10 (13) In the purchase and assumption of assets held by
11 other financial institutions, with approval of the
12 Secretary and subject to any safety and soundness
13 standards, limitations, and qualifications as the
14 Department may establish by rule or guidance from time to
15 time.

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 under
2 the laws of the United States, this State, or any other state.

3 (c) A credit union investing to fund an employee benefit
4 plan obligation is not subject to the investment limitations of
5 this Act and this Section and may purchase an investment that
6 would otherwise be impermissible if the investment is directly
7 related to the credit union's obligation under the employee
8 benefit plan and the credit union holds the investment only for
9 so long as it has an actual or potential obligation under the
10 employee benefit plan.

11 (d) If a credit union acquires loans from another financial
12 institution or financial-type institution pursuant to this
13 Section, the credit union shall be authorized to provide loan
14 servicing and collection services in connection with those
15 loans.

16 (Source: P.A. 100-361, eff. 8-25-17; 100-778, eff. 8-10-18.)

17 (205 ILCS 305/63) (from Ch. 17, par. 4464)

18 Sec. 63. Merger and consolidation.

19 (1) Any two or more credit unions, regardless of whether or
20 not they have the same common bond, may merge or consolidate
21 into a single credit union. A merger or consolidation may be
22 with a credit union organized under the laws of this State or
23 of another state or of the United States and is subject to the
24 approval of the Secretary. It must be made on such terms as
25 have been agreed upon by a vote of a majority of the board of

1 directors of each credit union, and approved by an affirmative
2 vote of a majority of the members of the merging credit union
3 being absorbed present at a meeting, either in person or by
4 proxy, duly called for that purpose, except as hereinafter
5 specified. Notice of the meeting stating the purpose must be
6 sent by the Secretary of each merging credit union being
7 absorbed to each member by mail at least 45 but no more than 90
8 ~~7~~ days before the date of the meeting.

9 (2) One of the merging credit unions may continue after the
10 merger or consolidation either as a surviving credit union
11 retaining its identity or as a new credit union as has been
12 agreed upon under the terms of the merger. At least 9 members
13 of the new proposed credit union must apply to the Department
14 for permission to organize the new credit union. The same
15 procedure shall be followed as provided for the organization of
16 a new credit union.

17 (3) After approval by the members of the credit union which
18 is to be absorbed by the merger or consolidation, the chairman
19 or president and the secretary of each credit union shall
20 execute a certificate of merger or consolidation, which shall
21 set forth all of the following:

22 (a) The time and place of the meeting of each board of
23 directors at which the plan was agreed upon;

24 (b) The vote in favor of the adoption of the plan;

25 (c) A copy of each resolution or other action by which
26 the plan was agreed upon;

1 (d) The time and place of the meeting of the members of
2 the absorbed credit union at which the plan agreed upon was
3 approved; and,

4 (e) The vote by which the plan was approved by the
5 members of the absorbed credit union.

6 (4) Such certificate and a copy of the plan of merger or
7 consolidation agreed upon shall be mailed to the Secretary for
8 review. If the provisions of this Act have been complied with,
9 the certificate shall be approved by him, and returned to the
10 credit unions which are parties to the merger or consolidation
11 within 30 days. When so approved by the Secretary the
12 certificate shall constitute the Department's certificate of
13 approval of the merger or consolidation.

14 (5) Upon issuance of the certificate of approval, each
15 merging credit union which was absorbed shall cease operation.
16 Each party to the merger shall file the certificate of approval
17 with the Recorder or County Clerk of the county in which the
18 credit union has or had its principal office.

19 (6) Each credit union absorbed by the merger or
20 consolidation shall return to the Secretary the original
21 statement of incorporation, certificate of approval of
22 incorporation, and the bylaws of the credit union. The
23 surviving credit union shall continue its operation under its
24 existing certificate of approval, articles of incorporation,
25 and the bylaws or if a new credit union has been formed, under
26 the new certificate of approval, articles of incorporation, and

1 bylaws.

2 (7) All rights of membership in and any obligation or
3 liability of any member to any credit union which is party to a
4 consolidation or merger are continued in the surviving or new
5 credit union without reservation or diminution.

6 (8) A pending action or other judicial proceeding to which
7 any of the consolidating or merging credit unions is a party
8 does not abate by reason of the consolidation or merger.

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

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