



Rep. Lou Lang

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1 AMENDMENT TO HOUSE BILL 5342

2 AMENDMENT NO. _____. Amend House Bill 5342 by replacing
3 everything after the enacting clause with the following:

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

7 (205 ILCS 305/1.1) (from Ch. 17, par. 4402)

8 Sec. 1.1. Definitions.

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

1 consist of a group or groups each having a common bond as set
2 forth in this Act.

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

5 (1) Persons belonging to a specific association, group
6 or organization, such as a church, labor union, club or
7 society and members of their immediate families which shall
8 include any relative by blood or marriage or foster and
9 adopted children.

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

14 (3) Persons who have a common employer or who are
15 members of an organized labor union or an organized
16 occupational or professional group within a defined
17 geographical area, and members of their immediate families
18 which shall include any relative by blood or marriage or
19 foster and adopted children.

20 Shares - The term "shares" or "share accounts" means any
21 form of shares issued by a credit union and established by a
22 member in accordance with standards specified by a credit
23 union, including but not limited to common shares, share draft
24 accounts, classes of shares, share certificates, special
25 purpose share accounts, shares issued in trust, custodial
26 accounts, and individual retirement accounts or other plans

1 established pursuant to Section 401(d) or (f) or Section 408(a)
2 of the Internal Revenue Code, as now or hereafter amended, or
3 similar provisions of any tax laws of the United States that
4 may hereafter exist.

5 Credit Union Organization - The term "credit union
6 organization" means any organization established to serve the
7 needs of credit unions, the business of which relates to the
8 daily operations of credit unions.

9 Department - The term "Department" means the Illinois
10 Department of Financial and Professional Regulation.

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

14 Division of Financial Institutions - The term "Division of
15 Financial Institutions" means the Division of Financial
16 Institutions of the Department of Financial and Professional
17 Regulation.

18 Director - The term "Director of Financial Institutions"
19 means the Director of the Division of Financial Institutions of
20 the Department of Financial and Professional Regulation.

21 Office - The term "office" means the Division of Financial
22 Institutions of the Department of Financial and Professional
23 Regulation.

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

1 the laws of the United States of America.

2 Central Credit Union - The term "central credit union"
3 means a credit union incorporated primarily to receive shares
4 from and make loans to credit unions and directors, officers,
5 committee members and employees of credit unions. A central
6 credit union may also accept as members persons who were
7 members of credit unions which were liquidated and persons from
8 occupational groups not otherwise served by another credit
9 union.

10 Corporate Credit Union - The term "corporate credit union"
11 means a credit union which is a cooperative, non-profit
12 association, the membership of which is limited primarily to
13 other credit unions.

14 Insolvent - "Insolvent" means the condition that results
15 when the total of all liabilities and shares exceeds net assets
16 of the credit union.

17 Danger of insolvency - For purposes of Section 61, a credit
18 union is in "danger of insolvency" if its net worth to asset
19 ratio falls below 2%. In calculating the danger of insolvency
20 ratio, secondary capital shall be excluded. For purposes of
21 Section 61, a credit union is also in "danger of insolvency" if
22 the Department is unable to ascertain, upon examination, the
23 true financial condition of the credit union.

24 Net Worth - "Net worth" means the retained earnings balance
25 of the credit union, as determined under generally accepted
26 accounting principles, and forms of secondary capital approved

1 by the Secretary and the Director pursuant to rulemaking.

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

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

11 (205 ILCS 305/9) (from Ch. 17, par. 4410)

12 Sec. 9. Reports and examinations.

13 (1) Credit unions shall report to the Department on forms
14 supplied by the Department, in accordance with a schedule
15 published by the Department. A recapitulation of the annual
16 reports shall be compiled and published annually by the
17 Department, for the use of the General Assembly, credit unions,
18 various educational institutions and other interested parties.
19 A credit union which fails to file any report when due shall
20 pay to the Department a late filing fee for each day the report
21 is overdue as prescribed by rule. The Secretary may extend the
22 time for filing a report.

23 (2) The Secretary may require special examinations of and
24 special financial reports from a credit union or a credit union
25 organization in which a credit union loans, invests, or

1 delegates substantially all managerial duties and
2 responsibilities when he determines that such examinations and
3 reports are necessary to enable the Department to determine the
4 safety of a credit union's operation or its solvency. The cost
5 to the Department of the aforesaid special examinations shall
6 be borne by the credit union being examined as prescribed by
7 rule.

8 (3) All credit unions incorporated under this Act shall be
9 examined at least biennially by the Department or, at the
10 discretion of the Secretary, by a public accountant registered
11 by the Department of Financial and Professional Regulation. The
12 costs of an examination shall be paid by the credit union. The
13 scope of all examinations by a public accountant shall be at
14 least equal to the examinations made by the Department. The
15 examiners shall have full access to, and may compel the
16 production of, all the books, papers, securities and accounts
17 of any credit union. A special examination shall be made by the
18 Department or by a public accountant approved by the Department
19 upon written request of 5 or more members, who guarantee the
20 expense of the same. Any credit union refusing to submit to an
21 examination when ordered by the Department shall be reported to
22 the Attorney General, who shall institute proceedings to have
23 its charter revoked. If the Secretary determines that the
24 examination of a credit union is to be conducted by a public
25 accountant registered by the Department of Financial and
26 Professional Regulation and the examination is done in

1 conjunction with the credit union's external independent audit
2 of financial statements, the requirements of this Section and
3 subsection (3) of Section 34 shall be deemed met.

4 (3.5) Pursuant to Section 8, the Secretary shall adopt
5 rules that ensure consistency and due process in the
6 examination process. The Secretary may also establish
7 guidelines that (i) define the scope of the examination process
8 and (ii) clarify examination items to be resolved. The rules,
9 formal guidance, interpretative letters, or opinions furnished
10 to credit unions by the Secretary may be relied upon by the
11 credit unions.

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

1 accepted by the Department.

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

3 (205 ILCS 305/30) (from Ch. 17, par. 4431)

4 Sec. 30. Duties of directors.

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

6 (1) Review actions on applications for membership. A
7 record of the membership committee's approval or denial of
8 membership or management's approval or denial of
9 membership if no membership committee has been appointed
10 shall be available to the board of directors for
11 inspection. A person denied membership by the membership
12 committee or credit union management may appeal the denial
13 to the board;

14 (2) Provide adequate fidelity bond coverage for
15 officers, employees, directors and committee members, and
16 for losses caused by persons outside of the credit union,
17 subject to rules and regulations promulgated by the
18 Secretary;

19 (3) Determine from time to time the interest rates, not
20 in excess of that allowed under this Act, which shall be
21 charged on loans to members and to authorize interest
22 refunds, if any, to members from income earned and received
23 in proportion to the interest paid by them on such classes
24 of loans and under such conditions as the board prescribes.
25 The directors may establish different interest rates to be

1 charged on different classes of loans;

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

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

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

9 (7) Have charge of the investment of funds, except that
10 the board of directors may designate an investment
11 committee or any qualified individual or entity to have
12 charge of making investments under policies established by
13 the board of directors;

14 (8) Authorize the employment of or contracting with
15 such persons or organizations as may be necessary to carry
16 on the operations of the credit union, provided that prior
17 approval is received from the Department before delegating
18 substantially all managerial duties and responsibilities
19 to a credit union organization, and fix the compensation,
20 if any, of the officers and provide for compensation for
21 other employees within policies established by the board of
22 directors;

23 (9) Authorize the conveyance of property;

24 (10) Borrow or lend money consistent with the
25 provisions of this Act;

26 (11) Designate a depository or depositories for the

1 funds of the credit union and supervise the investment of
2 funds;

3 (12) Suspend or remove, or both, any or all officers or
4 any or all members of the membership, credit, or other
5 committees whenever, in the judgment of the board of
6 directors, the best interests of the credit union will be
7 served thereby; provided that members of the supervisory
8 committee may not be suspended or removed except for
9 failure to perform their duties; and provided that removal
10 of any officer shall be without prejudice to the contract
11 rights, if any, of the person so removed;

12 (13) Appoint any special committees deemed necessary;
13 and

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

18 (b) The board of directors may delegate to the chief
19 management official, according to guidelines established by
20 the board that may include the authority to further delegate
21 one or more duties, all of the following duties:

22 (1) determining the interest rates on loans;

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

24 and

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

1 (c) Each director shall have a working familiarity with
2 basic finance and accounting practices consistent with the size
3 and complexity of the credit union operation they serve,
4 including the ability to read and understand the credit union's
5 balance sheet and income and expense statements and the ability
6 to ask, when appropriate, substantive questions of management
7 and auditors. For the purposes of this subsection (c),
8 substantive questions include queries concerning financial
9 services and products offered to the membership; how those
10 activities generate revenue for the credit union; the credit,
11 liquidity, interest rate, compliance, strategic, transaction,
12 and reputation risks associated with those activities; and the
13 internal control structures maintained by the credit union that
14 limit and manage those risks.

15 A director who was elected or appointed on or after January
16 1, 2015 and who comes to the position without the requisite
17 financial skills shall have until 6 months after the date of
18 election or appointment to acquire the enumerated skills.

19 An incumbent director who was elected or appointed before
20 January 1, 2015 and does not possess the requisite financial
21 skills shall have until July 1, 2015 to acquire the enumerated
22 skills.

23 An incumbent director or a director who is elected or
24 appointed on or after January 1, 2015 who already understands
25 his or her credit union's financial statements shall not be
26 required to do anything further to satisfy the financial skills

1 requirement set forth in subsection (c).

2 It is the intent of the Department that all credit union
3 directors possess a basic understanding of their credit union's
4 financial condition. It is not the intent of the Department to
5 subject credit union directors to examiner scrutiny of their
6 financial skills. Rather, the Department shall evaluate
7 whether the credit union has in place a policy to make
8 available to their directors appropriate training to enhance
9 their financial knowledge of the credit union. Directors may
10 receive the training through internal credit union training,
11 external training offered by the credit union's retained
12 auditors, trade associations, vendors, regulatory agencies, or
13 any other sources or on-the-job experience, or a combination of
14 those activities. The training may be received through any
15 medium, including, but not limited to, conferences, workshops,
16 audit closing meetings, seminars, teleconferences, webinars,
17 and other internet based delivery channels.

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

19 (205 ILCS 305/34) (from Ch. 17, par. 4435)

20 Sec. 34. Duties of supervisory committee.

21 (1) The supervisory committee shall make or cause to be
22 made an annual internal audit of the books and affairs of the
23 credit union to determine that the credit union's accounting
24 records and reports are prepared promptly and accurately
25 reflect operations and results, that internal controls are

1 established and effectively maintained to safeguard the assets
2 of the credit union, and that the policies, procedures and
3 practices established by the board of directors and management
4 of the credit union are being properly administered. The
5 supervisory committee shall submit a report of that audit to
6 the board of directors and a summary of that report to the
7 members at the next annual meeting of the credit union. It
8 shall make or cause to be made such supplementary audits as it
9 deems necessary or as are required by the Secretary or by the
10 board of directors, and submit reports of these supplementary
11 audits to the Secretary or board of directors as applicable. If
12 the supervisory committee has not engaged a public accountant
13 registered by the Department of Financial and Professional
14 Regulation to make the internal audit, the supervisory
15 committee or other officials of the credit union shall not
16 indicate or in any manner imply that such audit has been
17 performed by a public accountant or that the audit represents
18 the independent opinion of a public accountant. The supervisory
19 committee must retain its tapes and working papers of each
20 internal audit for inspection by the Department. The report of
21 this audit must be made on a form approved by the Secretary. A
22 copy of the report must be promptly mailed to the Secretary.

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

1 (3) The supervisory committee of a credit union with assets
2 of \$5,000,000 or more shall engage a public accountant
3 registered by the Department of Financial and Professional
4 Regulation to perform an annual external independent audit of
5 the credit union's financial statements in accordance with
6 generally accepted auditing standards. The supervisory
7 committee of a credit union with assets of \$3,000,000 or more,
8 but less than \$5,000,000, shall engage a public accountant
9 registered by the Department of Financial and Professional
10 Regulation to perform an external independent audit of the
11 credit union's financial statements in accordance with
12 generally accepted auditing standards at least once every 3
13 years. A copy of an external independent audit shall be
14 completed and mailed to the Secretary no later than 90 days
15 after December 31 of each year; provided that a credit union or
16 group of credit unions may obtain an extension of the due date
17 upon application to and receipt of written approval from the
18 Secretary. If the annual internal audit of such a credit union
19 is conducted by a public accountant registered by the
20 Department of Financial and Professional Regulation and the
21 annual internal audit is done in conjunction with the credit
22 union's annual external audit, the requirements of subsection
23 (1) of this Section shall be deemed met.

24 (4) In determining the appropriate balance in the allowance
25 for loan losses account, a credit union may determine its
26 historical loss rate using a defined period of time of less

1 than 5 years, provided that:

2 (A) the methodology used to determine the defined
3 period of time is formally documented in the credit union's
4 policies and procedures and is appropriate to the credit
5 union's size, business strategy, and loan portfolio
6 characteristics and the economic environment of the areas
7 and employers served by the credit union;

8 (B) supporting documentation is maintained for the
9 technique used to develop the credit union loss rates,
10 including the period of time used to accumulate historical
11 loss data and the factors considered in establishing the
12 time frames; and

13 (C) the external auditor conducting the credit union's
14 financial statement audit has analyzed the methodology
15 employed by the credit union and concludes that the
16 financial statements, including the allowance for loan
17 losses, are fairly stated in all material respects in
18 accordance with U.S. Generally Accepted Accounting
19 Principles, as promulgated by the Financial Accounting
20 Standards Board.

21 (5) A majority of the members of the supervisory committee
22 shall constitute a quorum.

23 (6) On an annual basis commencing January 1, 2015, the
24 members of the supervisory committee shall receive training
25 related to their statutory duties. Supervisory committee
26 members may receive the training through internal credit union

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

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

10 (205 ILCS 305/39) (from Ch. 17, par. 4440)

11 Sec. 39. Special purpose share accounts; charitable
12 donation accounts.

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

17 (2) Pursuant to a policy adopted by the board of directors,
18 which may be amended from time to time, a credit union may
19 establish one or more charitable donation accounts. The
20 investments and purchases to fund a charitable donation account
21 are not subject to the investment limitations of this Act,
22 provided the charitable donation account is structured in
23 accordance with this Act. At their time of purchase, the book
24 value of the investments in all charitable donation accounts,
25 in the aggregate, shall not exceed 5% of the credit union's net

1 worth.

2 (a) If a credit union chooses to establish a charitable
3 donation account using a trust vehicle, the trustee must be
4 an entity regulated by the Office of the Comptroller of the
5 Currency, the U.S. Securities and Exchange Commission,
6 another federal regulatory agency, or a State financial
7 regulatory agency. A regulated trustee or other person who
8 is authorized to make investment decisions for a charitable
9 donation account, other than the credit union itself, shall
10 either be registered with the U.S. Securities and Exchange
11 Commission as an investment advisor or regulated by the
12 Office of the Comptroller of the Currency.

13 (b) The parties to the charitable donation account must
14 document the terms and conditions controlling the account
15 in a written operating agreement, trust agreement, or
16 similar instrument. The terms of the agreement shall be
17 consistent with the requirements and conditions set forth
18 in this Section. The agreement, if applicable, and policies
19 must document the investment strategies of the charitable
20 donation account trustee or other manager in administering
21 the charitable donation account and provide for the
22 accounting of all aspects of the account, including its
23 distributions and liquidation, in accordance with
24 generally accepted accounting principles.

25 (c) A credit union's charitable donation account
26 agreement, if applicable, and policies shall provide that

1 the charitable organization or non-profit entity
2 recipients of any charitable donation account funds must be
3 identified in the policy and be exempt from taxation under
4 Section 501(c)(3) of the Internal Revenue Code.

5 (d) Upon termination of a charitable donation account,
6 the credit union may receive a distribution of the
7 remaining assets in cash, or a distribution in kind of the
8 remaining assets, but only if those assets are permissible
9 investments for credit unions pursuant to this Act.

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

11 (205 ILCS 305/46) (from Ch. 17, par. 4447)
12 Sec. 46. Loans and interest rate.

13 (1) A credit union may make loans to its members for such
14 purpose and upon such security and terms, including rates of
15 interest, as the credit committee, credit manager, or loan
16 officer approves. Notwithstanding the provisions of any other
17 law in connection with extensions of credit, a credit union may
18 elect to contract for and receive interest and fees and other
19 charges for extensions of credit subject only to the provisions
20 of this Act and rules promulgated under this Act, except that
21 extensions of credit secured by residential real estate shall
22 be subject to the laws applicable thereto. The rates of
23 interest to be charged on loans to members shall be set by the
24 board of directors of each individual credit union in
25 accordance with Section 30 of this Act and such rates may be

1 less than, but may not exceed, the maximum rate set forth in
2 this Section. A borrower may repay his loan prior to maturity,
3 in whole or in part, without penalty. The credit contract may
4 provide for the payment by the member and receipt by the credit
5 union of all costs and disbursements, including reasonable
6 attorney's fees and collection agency charges, incurred by the
7 credit union to collect or enforce the debt in the event of a
8 delinquency by the member, or in the event of a breach of any
9 obligation of the member under the credit contract. A
10 contingency or hourly arrangement established under an
11 agreement entered into by a credit union with an attorney or
12 collection agency to collect a loan of a member in default
13 shall be presumed prima facie reasonable.

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

25 For purposes of this subsection (2) of this Section 46, a
26 prepayment shall mean the payment of the total indebtedness,

1 with the exception of late payment penalties if incurred or
2 charged, on any date before the date specified in the contract
3 or loan agreement on which the total indebtedness shall be paid
4 in full, or before the date on which all payments, if timely
5 made, shall have been made. In the event of a prepayment of the
6 indebtedness which is made on a date after the date on which
7 interest on the indebtedness was last computed, calculated,
8 charged, or collected but before the next date on which
9 interest on the indebtedness was to be calculated, computed,
10 charged, or collected, the lender may calculate, charge and
11 collect interest on the indebtedness for the period which
12 elapsed between the date on which the prepayment is made and
13 the date on which interest on the indebtedness was last
14 computed, calculated, charged or collected at a rate equal to
15 1/360 of the annual rate for each day which so elapsed, which
16 rate shall be applied to the indebtedness outstanding as of the
17 date of prepayment. The lender shall refund to the borrower any
18 interest charged or collected which exceeds that which the
19 lender may charge or collect pursuant to the preceding
20 sentence. The provisions of this amendatory Act of 1985 shall
21 apply only to contracts or loans entered into on or after the
22 effective date of this amendatory Act.

23 (3) Notwithstanding any other provision of this Act, a
24 credit union authorized under this Act to make loans secured by
25 an interest or equity in real estate may engage in making
26 "reverse mortgage" loans to persons for the purpose of making

1 home improvements or repairs, paying insurance premiums or
2 paying real estate taxes on the homestead properties of such
3 persons. If made, such loans shall be made on such terms and
4 conditions as the credit union shall determine and as shall be
5 consistent with the provisions of this Section and such rules
6 and regulations as the Secretary shall promulgate hereunder.
7 For purposes of this Section, a "reverse mortgage" loan shall
8 be a loan extended on the basis of existing equity in homestead
9 property and secured by a mortgage on such property. Such loans
10 shall be repaid upon the sale of the property or upon the death
11 of the owner or, if the property is in joint tenancy, upon the
12 death of the last surviving joint tenant who had such an
13 interest in the property at the time the loan was initiated,
14 provided, however, that the credit union and its member may by
15 mutual agreement, establish other repayment terms. A credit
16 union, in making a "reverse mortgage" loan, may add deferred
17 interest to principal or otherwise provide for the charging of
18 interest or premiums on such deferred interest. "Homestead"
19 property, for purposes of this Section, means the domicile and
20 contiguous real estate owned and occupied by the mortgagor.

21 (4) Notwithstanding any other provisions of this Act, a
22 credit union authorized under this Act to make loans secured by
23 an interest or equity in real property may engage in making
24 revolving credit loans secured by mortgages or deeds of trust
25 on such real property or by security assignments of beneficial
26 interests in land trusts.

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

3 Any mortgage or deed of trust given to secure a revolving
4 credit loan may, and when so expressed therein shall, secure
5 not only the existing indebtedness but also such future
6 advances, whether such advances are obligatory or to be made at
7 the option of the lender, or otherwise, as are made within
8 twenty years from the date thereof, to the same extent as if
9 such future advances were made on the date of the execution of
10 such mortgage or deed of trust, although there may be no
11 advance made at the time of execution of such mortgage or other
12 instrument, and although there may be no indebtedness
13 outstanding at the time any advance is made. The lien of such
14 mortgage or deed of trust, as to third persons without actual
15 notice thereof, shall be valid as to all such indebtedness and
16 future advances from the time said mortgage or deed of trust is
17 filed for record in the office of the recorder of deeds or the
18 registrar of titles of the county where the real property
19 described therein is located. The total amount of indebtedness
20 that may be so secured may increase or decrease from time to
21 time, but the total unpaid balance so secured at any one time
22 shall not exceed a maximum principal amount which must be
23 specified in such mortgage or deed of trust, plus interest
24 thereon, and any disbursements made for the payment of taxes,
25 special assessments, or insurance on said real property, with
26 interest on such disbursements.

1 Any such mortgage or deed of trust shall be valid and have
2 priority over all subsequent liens and encumbrances, including
3 statutory liens, except taxes and assessments levied on said
4 real property.

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

8 (6) Credit unions may make residential real estate mortgage
9 loans on terms and conditions established by the United States
10 Department of Agriculture through its Rural Development
11 Housing and Community Facilities Program. The portion of any
12 loan in excess of the appraised value of the real estate shall
13 be allocable only to the guarantee fee required under the
14 program.

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

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

1 (205 ILCS 305/57.1 new)

2 Sec. 57.1. Services to other credit unions.

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

6 (1) sharing, utilizing, renting, leasing, purchasing,
7 selling, and joint ownership of fixed assets or engaging in
8 activities and services that relate to the daily operations
9 of credit unions; and

10 (2) providing correspondent services to other credit
11 unions that the service provider credit union is authorized
12 to perform for its own members or as part of its
13 operations, including, but not limited to, loan
14 processing, loan servicing, member check cashing services,
15 disbursing share withdrawals and loan proceeds, cashing
16 and selling money orders, ACH and wire transfer services,
17 coin and currency services, performing internal audits,
18 and automated teller machine deposit services.

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