

AN ACT concerning regulation.

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

Section 5. The Illinois Credit Union Act is amended by changing Sections 16, 20, 29, and 48 as follows:

(205 ILCS 305/16) (from Ch. 17, par. 4417)

Sec. 16. Societies and associations. Societies, associations, clubs, partnerships, corporations, and limited liability companies in which one or more ~~the majority~~ of the members, partners, or shareholders are individuals who are eligible for credit union membership may be admitted to membership in a credit union in the same manner and under the same conditions as individuals, subject to such rules as the Secretary and the Director may promulgate hereunder. Any members, partners, or shareholders who are ineligible for membership in the credit union shall not become eligible by virtue of the eligibility of the entity in which they hold an ownership interest.

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

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

Sec. 20. Election or appointment of officials.

(1) The credit union shall be directed by a board of

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

(1.5) Except as provided in subsection (1.10), in all elections for directors, every member has the right to vote, in person, by proxy, or by electronic record if approved by the board of directors, the number of shares owned by him, or in the case of a member other than a natural person, the member's one vote, for as many persons as there are directors to be elected, or to cumulate such shares, and give one candidate as

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

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

(1.15) If the board of directors has adopted a policy

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

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

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

(4) The board of directors may appoint from among the members of the credit union a membership committee of one or more persons. If appointed, the committee shall act upon all

applications for membership and submit a report of its actions to the board of directors at the next regular meeting for review. If no membership committee is appointed, credit union management shall act upon all applications for membership and submit a report of its actions to the board of directors at the next regular meeting for review.

(5) The board of directors may appoint, from among the members of the credit union, a nominating committee of 3 or more persons. Members of the nominating committee may, but need not, be directors or officers of the credit union, but may not be members of the supervisory committee. The appointment, if made, shall be made in a timely manner to permit the nominating committee to recruit, evaluate, and nominate eligible candidates for each position to be filled in the election of directors or, in the event of a vacancy in office, to be filled by appointment of the board of directors for the remainder of the unexpired term of the director creating the vacancy. Factors the nominating committee may consider in evaluating prospective candidates include whether a candidate possesses or is willing to acquire through training the requisite skills and qualifications to carry out the statutory duties of a director. The board of directors may delegate to the nominating committee the recruitment, evaluation, and nomination of eligible candidates to serve on committees and in executive officer positions.

(6) The board of directors may create one or more other

committees in addition to the committees identified in this Section and appoint directors or such other persons as the board designates to serve on the committee or committees. Any such committee shall serve at the pleasure of the board of directors and it shall not act on behalf of the credit union or bind it to any action, but it may make recommendations to the board of directors.

(7) (a) The board of directors may appoint an individual as a registered agent for the credit union. The name of the registered agent appointed by the board of directors shall be identified in the annual report filed by the credit union on the annual report form supplied by the Department. The business office of the registered agent shall be the same as the principal place of business of the credit union. Any process, notice, or demand required or permitted by law to be served upon the credit union may be served upon the registered agent appointed by the credit union.

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

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

(i) the address of its principal place of business,

(ii) the name of its existing registered agent,

(iii) the name of its successor registered agent,

and

(iv) that the change was authorized by action of the board of directors.

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

(i) the name of the credit union for which the registered agent is acting,

(ii) the address of the principal place of business of the credit union,

(iii) the name of the registered agent,

(iv) that the registered agent is resigning, and

(v) the effective date of the resignation, which shall not be less than 30 days after the date of filing of the notice.

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

(9) ~~(7)~~ As used in this Section, "electronic", "electronic record", and "security procedure" have the meanings ascribed

to those terms in the Uniform Electronic Transactions Act. ~~the~~
(Source: P.A. 102-38, eff. 6-25-21; 102-687, eff. 12-17-21;
102-774, eff. 5-13-22; 102-858, eff. 5-13-22; revised 8-3-22.)

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

Sec. 29. Meetings of directors.

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

(1.5) Notwithstanding anything to the contrary in subsection (1), the board of directors of a credit union with a composite rating of either 1 or 2 under the Uniform Financial Institutions Rating System known as the CAMELS supervisory rating system (or an equivalent rating under a comparable rating system) and a management rating under such composite rating of either 1 or 2 may meet not less than 6 times annually, with at least one meeting held during each fiscal quarter. This meeting frequency schedule shall be available to an eligible credit union irrespective of whether it has

appointed an executive committee pursuant to Section 28.

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

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

consent signed by all the directors or all the members of a committee shall have the same effect as a unanimous vote, and may be stated as such in any document filed with the director under this Act.

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

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

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

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

(i) loan policies or underwriting standards;

(ii) asset quality;

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

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

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

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

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

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

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

(h) Compliance review documents may be disclosed by the Secretary or a credit union to any person or entity to

whom confidential supervisory information may be disclosed pursuant to subsection (3) of Section 9.1.

(Source: P.A. 89-603, eff. 8-2-96.)

(205 ILCS 305/48) (from Ch. 17, par. 4449)

Sec. 48. Loan limit. Within any limitations set forth in a policy adopted by the board of directors, a credit union may place a limit upon the aggregate amount to be loaned to or cosigned for by any one member provided that no loan shall be made to any member in an aggregate amount in excess of 10% of the credit union's unimpaired capital and surplus. Such loan limits shall not be subject to reduction by rules adopted by the Secretary.

(Source: P.A. 100-361, eff. 8-25-17.)

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