

1 AN ACT relating to certain financial institutions.

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 12, 15, 40, 46, 51, and 59 as follows:

6 (205 ILCS 305/12) (from Ch. 17, par. 4413)

7 Sec. 12. Regulatory fees.

8 (1) A credit union regulated by the Department shall pay
9 a regulatory fee to the Department based upon its total
10 assets as shown by its Year-end Call Report at the following
11 rates:

TOTAL ASSETS	REGULATORY FEE
\$25,000 or less	\$100
Over \$25,000 and not over	
\$100,000	\$100 plus \$4 per \$1,000 of
	assets in excess of \$25,000
Over \$100,000 and not over	
\$200,000	\$400 plus \$3 per \$1,000 of
	assets in excess of \$100,000
Over \$200,000 and not over	
\$500,000	\$700 plus \$2 per \$1,000 of
	assets in excess of \$200,000
Over \$500,000 and not over	
\$1,000,000	\$1,300 plus \$1.40 per \$1,000
	of assets in excess of
	\$500,000
Over \$1,000,000 and not	
over \$5,000,000.....	\$2,000 plus \$0.50 per
	\$1,000 of assets in
	excess of \$1,000,000
Over \$5,000,000 and not	

1 over \$30,000,000 \$4,000 plus \$0.35
2 per \$1,000 assets
3 in excess of \$5,000,000
4 Over \$30,000,000 and not
5 over \$100,000,000 \$12,750 plus \$0.30
6 per \$1,000 of assets in
7 excess of \$30,000,000
8 Over \$100,000,000 and not
9 over \$500,000,000 \$33,750 plus \$0.15 per
10 \$1,000 of assets in excess
11 of \$100,000,000
12 Over \$500,000,000 \$93,750 plus \$0.05 per
13 \$1,000 of assets in excess
14 of \$500,000,000

15 (2) The Director shall review the regulatory fee
16 schedule in subsection (1) and the projected earnings on
17 those fees on an annual basis and adjust the fee schedule no
18 more than 5% annually if necessary to defray the estimated
19 administrative and operational expenses of the Department as
20 defined in subsection (5). The Director shall provide credit
21 unions with written notice of any adjustment made in the
22 regulatory fee schedule.

23 (3) Not later than July 1 ~~March 1~~ of each calendar year,
24 a credit union shall pay to the Department a regulatory fee
25 for that calendar year in accordance with the regulatory fee
26 schedule in subsection (1), on the basis of assets as of the
27 Year-end Call Report of the preceding year. The regulatory
28 fee shall not be less than \$100 or more than \$125,000,
29 provided that the regulatory fee cap of \$125,000 shall be
30 adjusted to incorporate the same percentage increase as the
31 Director makes in the regulatory fee schedule from time to
32 time under subsection (2). No regulatory fee shall be
33 collected from a credit union until it has been in operation
34 for one year.

1 (4) The aggregate of all fees collected by the
2 Department under this Act shall be paid promptly after they
3 are received, accompanied by a detailed statement thereof,
4 into the State Treasury and shall be set apart in the Credit
5 Union Fund, a special fund hereby created in the State
6 treasury. The amount from time to time deposited in the
7 Credit Union Fund and shall be used to offset the ordinary
8 administrative and operational expenses of the Department
9 under this Act. All earnings received from investments of
10 funds in the Credit Union Fund shall be deposited into the
11 Credit Union Fund and may be used for the same purposes as
12 fees deposited into that Fund.

13 (5) The administrative and operational expenses for any
14 calendar year shall mean the ordinary and contingent expenses
15 for that year incidental to making the examinations provided
16 for by, and for administering, this Act, including all
17 salaries and other compensation paid for personal services
18 rendered for the State by officers or employees of the State
19 to enforce this Act; all expenditures for telephone and
20 telegraph charges, postage and postal charges, office
21 supplies and services, furniture and equipment, office space
22 and maintenance thereof, travel expenses and other necessary
23 expenses; all to the extent that such expenditures are
24 directly incidental to such examination or administration.

25 (6) When the aggregate of all fees collected by the
26 Department under this Act and all earnings thereon for any
27 calendar year exceeds 150% of the total administrative and
28 operational expenses under this Act for that year, such
29 excess shall be credited to credit unions and applied against
30 their regulatory fees for the subsequent year. The amount
31 credited to a credit union shall be in the same proportion as
32 the fee paid by such credit union for the calendar year in
33 which the excess is produced bears to the aggregate of the
34 fees collected by the Department under this Act for the same

1 year.

2 (7) Examination fees for the year 2000 statutory
3 examinations paid pursuant to the examination fee schedule in
4 effect at that time shall be credited toward the regulatory
5 fee to be assessed the credit union in calendar year 2001.

6 (8) Nothing in this Act shall prohibit the General
7 Assembly from appropriating funds to the Department from the
8 General Revenue Fund for the purpose of administering this
9 Act.

10 (Source: P.A. 91-755, eff. 1-1-01; 92-293, eff. 8-9-01.)

11 (205 ILCS 305/15) (from Ch. 17, par. 4416)

12 Sec. 15. Membership defined.

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

33 (2) Any member may withdraw from a credit union at any

1 time upon giving notice of withdrawal as required by the
2 bylaws.

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

7 (4) A member who has caused a loss to the credit union,
8 ~~or--who--has~~ failed to maintain one or more shares at the
9 credit union, or violated Board policy applicable to members
10 may be expelled by a majority vote of a quorum of directors
11 if the board has adopted a policy providing for expulsion
12 under those circumstances. In maintaining and enforcing a
13 policy based on loss, the board may consider, without
14 limitation, a member's failure to pay amounts due under a
15 loan, failure to provide collected funds to cover withdrawals
16 or personal share drafts or credit union drafts where the
17 member is a remitter, or failure to pay fees or charges due
18 the credit union. If a policy is adopted by the board
19 pursuant to this subsection (4), written notice of the policy
20 and the effective date of the policy shall be mailed to each
21 member of the credit union at the member's current address
22 appearing on the records of the credit union. The policy
23 shall be mailed to members not fewer than 30 days prior to
24 the effective date of the policy. In addition, new members
25 shall be provided written notice of the policy prior to or
26 upon applying for membership.

27 (5) All or any part of the amount paid on shares of a
28 withdrawing member or expelled member with any declared
29 dividends or interest on the date of withdrawal or expulsion
30 must, after deducting all amounts due from the member to the
31 credit union, be paid to him. The credit union may require
32 not more than 60 days' written notice of intention to
33 withdraw shares, but a notice of withdrawal does not entitle
34 the member to any preferred or prior claim in the event of

1 liquidation. Withdrawing or expelled members have no further
2 rights in the credit union, but are not, by withdrawal or
3 expulsion, released from any obligation they owe to the
4 credit union.

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

11 (Source: P.A. 91-929, eff. 12-15-00.)

12 (205 ILCS 305/40) (from Ch. 17, par. 4441)

13 Sec. 40. Shares to Minors. Shares may be issued in the
14 name of a minor or in the name of a custodian under the
15 Illinois Uniform Transfers to Minors Act, as amended. If
16 shares are issued in the name of a minor, redemption of any
17 part or all of the shares by payment to the minor or upon
18 order of the minor of the amount of the shares and any
19 declared dividends releases the credit union from all
20 obligations to the minor as to the shares redeemed. Further,
21 if shares are issued in the name of a minor, the minor shall
22 be considered as being of the age of majority and having
23 contractual capacity.

24 (Source: P.A. 84-915.)

25 (205 ILCS 305/46) (from Ch. 17, par. 4447)

26 Sec. 46. Loans and interest rate.

27 (1) A credit union may make loans to its members for
28 such purpose and upon such security and terms, including
29 rates of interest, as the Credit Committee, credit manager,
30 or loan officer approves. Notwithstanding the provisions of
31 any other law in connection with extensions of credit, a
32 credit union may elect to contract for and receive interest

1 and fees and other charges for extensions of credit subject
2 only to the provisions of this Act and rules promulgated
3 under this Act, except that extensions of credit secured by
4 residential real estate shall be subject to the laws
5 applicable thereto. The rates of interest to be charged on
6 loans to members shall be set by the Board of Directors of
7 each individual credit union and such rates may be less than,
8 but may not exceed, the maximum rate set forth in this
9 Section. A borrower may repay his loan prior to maturity, in
10 whole or in part, without penalty. The credit contract may
11 provide for the payment by the member and receipt by the
12 credit union of all costs and disbursements, including
13 reasonable attorney's fees and collection agency charges,
14 incurred by the credit union to collect or enforce the debt
15 in the event of a delinquency by the member, or in the event
16 of a breach of any obligation of the member under the credit
17 contract. A contingency or hourly arrangement established
18 under an agreement entered into by a credit union with an
19 attorney or collection agency to collect a loan of a member
20 in default shall be presumed prima facie reasonable.

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

33 For purposes of this subsection (2) of this Section 46, a
34 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
3 contract or loan agreement on which the total indebtedness
4 shall be paid in full, or before the date on which all
5 payments, if timely made, shall have been made. In the event
6 of a prepayment of the indebtedness which is made on a date
7 after the date on which interest on the indebtedness was last
8 computed, calculated, charged, or collected but before the
9 next date on which interest on the indebtedness was to be
10 calculated, computed, charged, or collected, the lender may
11 calculate, charge and collect interest on the indebtedness
12 for the period which elapsed between the date on which the
13 prepayment is made and the date on which interest on the
14 indebtedness was last computed, calculated, charged or
15 collected at a rate equal to $1/360$ of the annual rate for
16 each day which so elapsed, which rate shall be applied to the
17 indebtedness outstanding as of the date of prepayment. The
18 lender shall refund to the borrower any interest charged or
19 collected which exceeds that which the lender may charge or
20 collect pursuant to the preceding sentence. The provisions
21 of this amendatory Act of 1985 shall apply only to contracts
22 or loans entered into on or after the effective date of this
23 amendatory Act.

24 (3) Notwithstanding any other provision of this Act, a
25 credit union authorized under this Act to make loans secured
26 by an interest or equity in real estate may engage in making
27 "reverse mortgage" loans to persons for the purpose of making
28 home improvements or repairs, paying insurance premiums or
29 paying real estate taxes on the homestead properties of such
30 persons. If made, such loans shall be made on such terms and
31 conditions as the credit union shall determine and as shall
32 be consistent with the provisions of this Section and such
33 rules and regulations as the Director shall promulgate
34 hereunder. For purposes of this Section, a "reverse

1 mortgage" loan shall be a loan extended on the basis of
2 existing equity in homestead property and secured by a
3 mortgage on such property. Such loans shall be repaid upon
4 the sale of the property or upon the death of the owner or,
5 if the property is in joint tenancy, upon the death of the
6 last surviving joint tenant who had such an interest in the
7 property at the time the loan was initiated, provided,
8 however, that the credit union and its member may by mutual
9 agreement, establish other repayment terms. A credit union,
10 in making a "reverse mortgage" loan, may add deferred
11 interest to principal or otherwise provide for the charging
12 of interest or premiums on such deferred interest.
13 "Homestead" property, for purposes of this Section, means the
14 domicile and contiguous real estate owned and occupied by the
15 mortgagor. The Director shall promulgate rules and
16 regulations under this Section; provided that such rules and
17 regulations need not be promulgated jointly with any other
18 administrative agency of this State.

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

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

27 Any mortgage or deed of trust given to secure a revolving
28 credit loan may, and when so expressed therein shall, secure
29 not only the existing indebtedness but also such future
30 advances, whether such advances are obligatory or to be made
31 at the option of the lender, or otherwise, as are made within
32 twenty years from the date thereof, to the same extent as if
33 such future advances were made on the date of the execution
34 of such mortgage or deed of trust, although there may be no

1 advance made at the time of execution of such mortgage or
2 other instrument, and although there may be no indebtedness
3 outstanding at the time any advance is made. The lien of
4 such mortgage or deed of trust, as to third persons without
5 actual notice thereof, shall be valid as to all such
6 indebtedness and future advances from the time said mortgage
7 or deed of trust is filed for record in the office of the
8 Recorder of Deeds or the Registrar of Titles of the county
9 where the real property described therein is located. The
10 total amount of indebtedness that may be so secured may
11 increase or decrease from time to time, but the total unpaid
12 balance so secured at any one time shall not exceed a maximum
13 principal amount which must be specified in such mortgage or
14 deed of trust, plus interest thereon, and any disbursements
15 made for the payment of taxes, special assessments, or
16 insurance on said real property, with interest on such
17 disbursements.

18 Any such mortgage or deed of trust shall be valid and
19 have priority over all subsequent liens and encumbrances,
20 including statutory liens, except taxes and assessments
21 levied on said real property.

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

26 (Source: P.A. 90-222, eff. 7-25-97.)

27 (205 ILCS 305/51) (from Ch. 17, par. 4452)

28 Sec. 51. Other Loan Programs.

29 (1) Subject to such rules and regulations as the
30 Director may promulgate, a credit union may participate in
31 loans to credit union members jointly with other credit
32 unions, corporations, or financial institutions. An
33 originating credit union may originate loans only to its own

1 members. A participating credit union that is not the
2 originating lender may participate in loans made to its own
3 members or to members of another participating credit union.
4 "Originating lender" means the participating credit union
5 with which the member contracts. A master participation
6 agreement must be properly executed, and the agreement must
7 include provisions for identifying, either through documents
8 incorporated by reference or directly in the agreement, the
9 participation loan or loans prior to their sale.

10 (2) Any credit union with assets of \$500,000 or more may
11 loan to its members under the State Scholarships Law or other
12 scholarship programs which are subject to a federal or state
13 law providing 100% repayment guarantee.

14 (3) A credit union may purchase the conditional sales
15 contracts, notes and similar instruments which evidence an
16 indebtedness of its members.

17 (4) With approval of the Board of Directors, a credit
18 union may make loans, either on its own or jointly with other
19 credit unions, corporations or financial institutions, to
20 credit union organizations; provided, that the aggregate
21 amount of all such loans outstanding shall not at any time
22 exceed the greater of 3% 1% of the paid-in and unimpaired
23 capital and surplus of the credit union or the amount
24 authorized for federal credit unions.

25 (Source: P.A. 92-293, eff. 8-9-01.)

26 (205 ILCS 305/59) (from Ch. 17, par. 4460)

27 Sec. 59. Investment of Funds. Funds not used in loans to
28 members may be invested, pursuant to subsection (7) of
29 Section 30 of this Act, and subject to Departmental rules and
30 regulations:

31 (1) In securities, obligations or other instruments of
32 or issued by or fully guaranteed as to principal and interest
33 by the United States of America or any agency thereof or in

1 any trust or trusts established for investing directly or
2 collectively in the same;

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

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

21 (4) In shares, classes of shares or share certificates
22 of other credit unions, including, but not limited to
23 corporate credit unions; provided that such credit unions
24 have their members' accounts insured by the NCUA or other
25 approved insurers, and that if the members' accounts are so
26 insured, a credit union's investment may exceed the insured
27 limit on accounts;

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

33 (6) In obligations of the State of Israel, or
34 obligations fully guaranteed by the State of Israel as to

1 payment of principal and interest;

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

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

6 (9) In shares or stocks of Credit Union Service
7 Organizations in the total amount not exceeding the greater
8 of 3% 1% of the unimpaired capital and surplus of the credit
9 union or the amount authorized for federal credit unions.

10 As used in this Section, "political subdivision"
11 includes, but is not limited to, counties, townships, cities,
12 villages, incorporated towns, school districts, educational
13 service regions, special road districts, public water supply
14 districts, fire protection districts, drainage districts,
15 levee districts, sewer districts, housing authorities, park
16 districts, and any agency, corporation, or instrumentality of
17 a state or its political subdivisions, whether now or
18 hereafter created and whether herein specifically mentioned
19 or not.

20 (Source: P.A. 92-293, eff. 8-9-01.)

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