

1 AN ACT concerning credit unions.

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 1.1, 7, 8, 9, 13, 16, 20, 23, 27, 30, 42,
6 and 61 and adding Sections 9.1 and 10.1 as follows:

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

8 Sec. 1.1. Definitions. Credit Union - The term "credit
9 union" means a cooperative, non-profit association,
10 incorporated under this Act, under the laws of the United
11 States of America or under the laws of another state, for the
12 purposes of encouraging thrift among its members, creating a
13 source of credit at a reasonable rate of interest, and
14 providing an opportunity for its members to use and control
15 their own money in order to improve their economic and social
16 conditions. The membership of a credit union shall consist of
17 a group or groups each having a common bond as set forth in
18 this Act.

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

21 (1) Persons belonging to a specific association, group
22 or organization, such as a church, labor union, club or
23 society and members of their immediate families which shall
24 include any relative by blood or marriage or foster and
25 adopted children.

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

30 (3) Persons who have a common employer or who are
31 members of an organized labor union or an organized

1 occupational or professional group within a defined
2 geographical area, and members of their immediate families
3 which shall include any relative by blood or marriage or
4 foster and adopted children.

5 Shares - The term "shares" or "share accounts" means any
6 form of shares issued by a credit union and established by a
7 member in accordance with standards specified by a credit
8 union, including but not limited to common shares, share
9 draft accounts, classes of shares, share certificates,
10 special purpose share accounts, shares issued in trust,
11 custodial accounts, and individual retirement accounts or
12 other plans established pursuant to Section 401(d) or (f) or
13 Section 408(a) of the Internal Revenue Code, as now or
14 hereafter amended, or similar provisions of any tax laws of
15 the United States that may hereafter exist.

16 Credit Union Organization - The term "credit union
17 organization" means any organization established to serve the
18 needs of credit unions, the business of which relates to the
19 daily operations of credit unions.

20 Department - The term "Department" means the Illinois
21 Department of Financial Institutions.

22 Director - The term "Director" means the Director of the
23 Illinois Department of Financial Institutions.

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
27 the laws of the United States of America.

28 Central Credit Union - The term "central credit union"
29 means a credit union incorporated primarily to receive shares
30 from and make loans to credit unions and Directors, Officers,
31 committee members and employees of credit unions. A central
32 credit union may also accept as members persons who were
33 members of credit unions which were liquidated and persons
34 from occupational groups not otherwise served by another

1 credit union.

2 Corporate Credit Union - The term "corporate credit
3 union" means a credit union which is a cooperative,
4 non-profit association, the membership of which is limited
5 primarily to other credit unions.

6 Insolvent - "Insolvent" means the condition that results
7 when the total of all liabilities and shares exceeds net
8 assets of the credit union.

9 Danger of insolvency - For purposes of Section 61, a
10 credit union is in "danger of insolvency" if its net worth to
11 asset ratio falls below 2%. In calculating the danger of
12 insolvency ratio, secondary capital shall be excluded. For
13 purposes of Section 61, a credit union is also in "danger of
14 insolvency" if the Department is unable to ascertain, upon
15 examination, the true financial condition of the credit
16 union. The term "Danger of insolvency" as used in Section 61
17 means when a credit union falls below a 2% capital to asset
18 ratio.

19 Net Worth - "Net worth" means the retained earnings
20 balance of the credit union, as determined under generally
21 accepted accounting principles, and forms of secondary
22 capital approved by the Director pursuant to rulemaking.

23 (Source: P.A. 90-665, eff. 7-30-98.)

24 (205 ILCS 305/7) (from Ch. 17, par. 4408)

25 Sec. 7. Reciprocity - out of state credit unions.

26 (1) A credit union organized and duly chartered as a
27 credit union in another state shall be permitted to conduct
28 business as a credit union in this state if a credit union
29 chartered under the laws of this state is permitted to do
30 business in such other state, provided that:--Regardless--of
31 where---it--is--doing--business,--a--credit--union--shall--be
32 supervised-and-regulated-by-the--agency--so--charged--in--the
33 state-in-which-the-credit-union-is-chartered.

1 (a) The credit union shall register with the
2 Director prior to operating in this State, on a form
3 specified by the Director.

4 (b) The credit union may be required to pay a
5 registration fee in accordance with rules promulgated by
6 the Director.

7 (c) The credit union shall comply with rules
8 promulgated by the Director concerning the operation of
9 out of state credit unions in this State.

10 (2) It is intended that the legal existence of credit
11 unions chartered under this Act be recognized beyond the
12 limits of this State and that, subject to any reasonable
13 registration requirements, any credit union transacting
14 business outside of this State be granted the protection of
15 full faith and credit under Section 1 of Article IV of the
16 Constitution of the United States.

17 (Source: P.A. 81-329.)

18 (205 ILCS 305/8) (from Ch. 17, par. 4409)

19 Sec. 8. Director's powers and duties. Credit unions are
20 regulated by the Department. The Director, in executing the
21 powers and discharging the duties vested by law in the
22 Department has the following powers and duties:

23 (1) To exercise the rights, powers and duties set forth
24 in this Act or any related Act.

25 (2) To prescribe rules and regulations for the
26 administration of this Act. The provisions of the Illinois
27 Administrative Procedure Act are hereby expressly adopted and
28 incorporated herein as though a part of this Act, and shall
29 apply to all administrative rules and procedures of the
30 Department under this Act.

31 (3) To direct and supervise all the administrative and
32 technical activities of the Department including the
33 employment of a Credit Union Supervisor who shall have

1 knowledge in the theory and practice of, or experience in,
2 the operations or supervision of financial institutions,
3 preferably credit unions, and such other persons as are
4 necessary to carry out his functions.

5 (4) To issue cease and desist orders when in the opinion
6 of the Director, a credit union is engaged or has engaged, or
7 the Director has reasonable cause to believe the credit union
8 is about to engage, in an unsafe or unsound practice, or is
9 violating or has violated or the Director has reasonable
10 cause to believe is about to violate a law, rule or
11 regulation or any condition imposed in writing by the
12 Department.

13 (5) To suspend from office and to prohibit from further
14 participation in any manner in the conduct of the affairs of
15 his credit union any director, officer or committee member
16 who has committed any violation of a law, rule, regulation or
17 of a cease and desist order or who has engaged or
18 participated in any unsafe or unsound practice in connection
19 with the credit union or who has committed or engaged in any
20 act, omission, or practice which constitutes a breach of his
21 fiduciary duty as such director, officer or committee member,
22 when the Director has determined that such action or actions
23 have resulted or will result in substantial financial loss or
24 other damage that seriously prejudices the interests of the
25 members.

26 (6) Except for the fees established in this Act, to
27 prescribe, by rule and regulation, fees and penalties for
28 preparing, approving, and filing reports and other
29 documents;i7 furnishing transcripts;7 holding hearings; and
30 investigating applications for permission to organize, merge,
31 or convert; failure to maintain accurate books and records to
32 enable the Department to conduct an examination; and taking
33 supervisory actions.

34 (7) To destroy, in his discretion, any or all books and

1 records of any credit union in his possession or under his
2 control after the expiration of three years from the date of
3 cancellation of the charter of such credit unions.

4 (8) To make investigations and to conduct research and
5 studies and to publish some of the problems of persons in
6 obtaining credit at reasonable rates of interest and of the
7 methods and benefits of cooperative saving and lending for
8 such persons.

9 (9) To authorize, foster or establish experimental,
10 developmental, demonstration or pilot projects by public or
11 private organizations including credit unions which:

12 (a) promote more effective operation of credit
13 unions so as to provide members an opportunity to use and
14 control their own money to improve their economic and
15 social conditions; or

16 (b) are in the best interests of credit unions,
17 their members and the people of the State of Illinois.

18 (10) To cooperate in studies, training or other
19 administrative activities with, but not limited to, the NCUA,
20 other state credit union regulatory agencies and industry
21 trade associations in order to promote more effective and
22 efficient supervision of Illinois chartered credit unions.

23 (Source: P.A. 91-357, eff. 7-29-99.)

24 (205 ILCS 305/9) (from Ch. 17, par. 4410)

25 Sec. 9. Reports and examinations.

26 (1) Credit unions shall report to the Department on
27 forms supplied by the Department, in accordance with a
28 schedule published by the Department annually--on--or--before
29 the--first--day--of--February--in--each--year--on--forms--supplied--by
30 the--Department. A recapitulation of the Annual Reports shall
31 be compiled and published annually by the Department, for the
32 use of the General Assembly, credit unions, various
33 educational institutions and other interested parties. A

1 credit union which fails to file any report when due shall
2 pay to the Department a late filing fee of ~~of~~-\$5.00 for each day
3 the report is overdue as prescribed by rule. The Director may
4 extend the time for filing a report.

5 (2) The Director may require special examinations of and
6 special financial reports from a credit union or a credit
7 union organization in which a credit union loans, invests, or
8 delegates substantially all managerial duties and
9 responsibilities when he determines that such examinations
10 and reports are necessary to enable the Department to
11 determine the safety of a credit union's operation or its
12 solvency. The cost to the Department of the aforesaid special
13 examinations shall be borne by the credit union being
14 examined as prescribed by rule.

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

1 independent audit of financial statements, the requirements
2 of this Section and subsection (3) of Section 34 shall be
3 deemed met.

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

20 (Source: P.A. 91-755, eff. 1-1-01.)

21 (205 ILCS 305/9.1 new)

22 Sec. 9.1. Disclosures of reports of examinations and
23 confidential supervisory information; limitations.

24 (1) Any report of examination, visitation, or
25 investigation prepared by the Director under this Act or by
26 the state regulatory authority charged with enforcing the
27 Electronic Fund Transfer Act or the Corporate Fiduciary Act
28 or by the state regulatory authority of another state that
29 examines an office of an Illinois credit union in that state,
30 any document or record prepared or obtained in connection
31 with or relating to any examination, visitation, or
32 investigation, and any record prepared or obtained by the
33 Director to the extent that the record summarizes or contains

1 information derived from any report, document, or record
 2 described in this subsection shall be deemed "confidential
 3 supervisory information". Confidential supervisory
 4 information shall not include any information or record
 5 routinely prepared by a credit union and maintained in the
 6 ordinary course of business or any information or record that
 7 is required to be made publicly available pursuant to State
 8 or federal law or rule.

9 (2) Confidential supervisory information is privileged
 10 from discovery and shall only be disclosed under the
 11 circumstances and for the purposes set forth in this Section.

12 (3) Relevant confidential supervisory information may be
 13 disclosed under a statute that by its terms or by rules
 14 promulgated thereunder requires the disclosure of
 15 confidential supervisory information other than by subpoena,
 16 summons, warrant, or court order; to the appropriate law
 17 enforcement authorities when the Director or the credit union
 18 reasonably believes the credit union, which the Director has
 19 caused to be examined, has been a victim of a crime; to other
 20 agencies or entities having a legitimate regulatory interest;
 21 to the credit union's board, officers, retained
 22 professionals, and insurers; to persons seeking to merge with
 23 or purchase all or part of the assets of the credit union;
 24 and where disclosure is otherwise required for the benefit of
 25 the credit union. Disclosure of confidential supervisory
 26 information to these persons does not constitute a waiver of
 27 the legal privilege otherwise available with respect to the
 28 information.

29 (4) A person to whom confidential supervisory
 30 information is disclosed shall not further disseminate
 31 confidential supervisory information.

32 (5) (a) Any person upon whom a demand for production of
 33 confidential supervisory information is made, whether by
 34 subpoena, order, or other judicial or administrative

1 process, must withhold production of the confidential
2 supervisory information and must notify the Director of
3 the demand, at which time the Director is authorized to
4 intervene for the purpose of enforcing the limitations of
5 this Section or seeking the withdrawal or termination of
6 the attempt to compel production of the confidential
7 supervisory information.

8 (b) Any request for discovery or disclosure of
9 confidential supervisory information, whether by
10 subpoena, order, or other judicial or administrative
11 process, shall be made to the Director, and the Director
12 shall determine within 15 days whether to disclose the
13 information pursuant to procedures and standards that the
14 Director shall establish by rule. If the Director
15 determines that such information will not be disclosed,
16 the Director's decision shall be subject to judicial
17 review under the provisions of the Administrative Review
18 Law, and venue shall be in either Sangamon County or Cook
19 County.

20 (c) Any court order that compels disclosure of
21 confidential supervisory information may be immediately
22 appealed by the Director, and the order shall be
23 automatically stayed pending the outcome of the appeal.

24 (205 ILCS 305/10.1 new)

25 Sec. 10.1. Retention of records. Unless a federal law
26 requires otherwise, the Director may by rule prescribe
27 periods of time for which credit unions operating under this
28 Act must retain records and after the expiration of which the
29 credit union may destroy those records. No liability shall
30 accrue against the credit union, the Director, or this State
31 for the destruction of records according to rules of the
32 Director promulgated under the authority of this Section. In
33 any cause or proceeding in which any records may be called in

1 question or be demanded from any credit union, a showing of
2 the expiration of the period so prescribed shall be
3 sufficient excuse for failure to produce them.

4 (205 ILCS 305/13) (from Ch. 17, par. 4414)

5 Sec. 13. General powers. A credit union may:

6 (1) Make contracts; sue and be sued; adopt and use a
7 common seal and alter same;

8 (2) Acquire, lease (either as lessee or lessor), hold,
9 pledge, mortgage, sell and dispose of real property, either
10 in whole or in part, or any interest therein, as may be
11 necessary or incidental to its present or future operations
12 and needs, subject to such limitations as may be imposed
13 thereon in rules and regulations promulgated by the Director;
14 acquire, lease (either as lessee or lessor), hold, pledge,
15 mortgage, sell and dispose of personal property, either in
16 whole or in part, or any interest therein, as may be
17 necessary or incidental to its present or future operations
18 and needs;

19 (3) At the discretion of the Board of Directors, require
20 the payment of an entrance fee or annual membership fee, or
21 both, of any person admitted to membership;

22 (4) Receive savings from its members in the form of
23 shares of various classes, or special purpose share accounts;
24 act as custodian of its members' accounts; issue shares in
25 trust as provided in this Act;

26 (5) Lend its funds to its members and otherwise as
27 hereinafter provided;

28 (6) Borrow from any source in accordance with policy
29 established by the Board of Directors to a maximum of 50% of
30 capital, surplus and reserves;

31 (7) Discount and sell any obligations owed to the credit
32 union;

33 (8) Honor requests for withdrawals or transfers of all

1 or any part of member share accounts, and any classes
2 thereof, in any manner approved by the credit union Board of
3 Directors;

4 (9) Sell all or substantially all of its assets or
5 purchase all or substantially all of the assets of another
6 credit union, subject to the prior approval of the Director;

7 (10) Invest surplus funds as provided in this Act;

8 (11) Make deposits in banks, savings banks, savings and
9 loan associations, trust companies; and invest in shares,
10 classes of shares or share certificates of other credit
11 unions;

12 (12) Assess charges and fees to members in accordance
13 with board resolution;

14 (13) Hold membership in and pay dues to associations and
15 organizations; to invest in shares, stocks or obligations of
16 any credit union organization;

17 (14) Declare dividends and pay interest refunds to
18 borrowers as provided in this Act;

19 (15) Collect, receive and disburse monies in connection
20 with providing negotiable checks, money orders and other
21 money-type instruments, and for such other purposes as may
22 provide benefit or convenience to its members, and charge a
23 reasonable fee for such services;

24 (16) Act as fiscal agent for and receive deposits from
25 the federal government, this state or any agency or political
26 subdivision thereof;

27 (17) Receive savings from nonmembers in the form of
28 shares or share accounts in the case of credit unions serving
29 predominantly low-income members. The term "low income
30 members" shall mean those members who make less than 80% of
31 the average for all wage earners as established by the Bureau
32 of Labor Statistics or those members whose annual household
33 income falls at or below 80% of the median household income
34 for the nation as established by the Census Bureau the-lower

1 level-standard-of-living-classification-as-established-by-the
2 Bureau-of-Labor-Statistics-and-updated-by-the-Employment--and
3 Training--Administration-of-the-U.S.-Department-of-Labor. The
4 term "predominantly" is defined as a simple majority;

5 (18) To establish, maintain, and operate terminals as
6 authorized by the Electronic Fund Transfer Act; and

7 (19) Subject to Article XLIV of the Illinois Insurance
8 Code, to act as the agent for any fire, life, or other
9 insurance company authorized by the State of Illinois, by
10 soliciting and selling insurance and collecting premiums on
11 policies issued by such company; and may receive for services
12 so rendered such fees or commissions as may be agreed upon
13 between the said credit union and the insurance company for
14 which it may act as agent; provided, however, that no such
15 credit union shall in any case assume or guarantee the
16 payment of any premium on insurance policies issued through
17 its agency by its principal; and provided further, that the
18 credit union shall not guarantee the truth of any statement
19 made by an assured in filing his application for insurance.

20 (Source: P.A. 89-310, eff. 1-1-96; 90-41, eff. 10-1-97;
21 90-655, eff. 7-30-98.)

22 (205 ILCS 305/16) (from Ch. 17, par. 4417)

23 Sec. 16. Societies, associations. Societies,
24 associations, clubs, and partnerships, corporations, and
25 limited liability companies in which the majority of the
26 members, partners, or shareholders are individuals who are
27 eligible for credit union membership, ~~and corporations, the~~
28 ~~majority of whose stockholders are individuals, who are~~
29 ~~eligible for credit union membership,~~ may be admitted to
30 membership in a credit union in the same manner and under the
31 same conditions as individuals, subject to such rules as the
32 Director may promulgate hereunder.

33 (Source: P.A. 85-249.)

1 (205 ILCS 305/20) (from Ch. 17, par. 4421)

2 Sec. 20. Election or appointment of officials.

3 (1) The credit union shall be directed by a Board of
4 Directors consisting of no less than 7 in number, to be
5 elected at the annual meeting by and from the members.
6 Directors shall hold office until the next annual meeting,
7 unless their terms are staggered. Upon amendment of its
8 bylaws, a credit union may divide the Directors into 2 or 3
9 classes with each class as nearly equal in number as
10 possible. The term of office of the directors of the first
11 class shall expire at the first annual meeting after their
12 election, that of the second class shall expire at the second
13 annual meeting after their election, and that of the third
14 class, if any, shall expire at the third annual meeting after
15 their election. At each annual meeting after the
16 classification, the number of directors equal to the number
17 of directors whose terms expire at the time of the meeting
18 shall be elected to hold office until the second succeeding
19 annual meeting if there are 2 classes or until the third
20 succeeding annual meeting if there are 3 classes. A Director
21 shall hold office for the term for which he or she is elected
22 and until his or her successor is elected and qualified. In
23 all elections for Directors, every member has the right to
24 vote, in person or by proxy, the number of shares owned by
25 him, or in the case of a member other than a natural person,
26 the member's one vote, for as many persons as there are
27 Directors to be elected, or to cumulate such shares, and give
28 one candidate as many votes as the number of Directors
29 multiplied by the number of his shares equals, or to
30 distribute them on the same principle among as many
31 candidates as he may desire and the Directors shall not be
32 elected in any other manner. Shares held in a joint account
33 owned by more than one member may be voted by any one of the
34 members, however, the number of cumulative votes cast may not

1 exceed a total equal to the number of shares multiplied by
2 the number of directors to be elected. A majority of the
3 shares entitled to vote shall be represented either in person
4 or by proxy for the election of Directors. Each Director
5 shall wholly take and subscribe to an oath that he will
6 diligently and honestly perform his duties in administering
7 the affairs of the credit union, that while he may delegate
8 to another the performance of those administrative duties he
9 is not thereby relieved from his responsibility for their
10 performance, that he will not knowingly violate or willingly
11 permit to be violated any law applicable to the credit union,
12 and that he is the owner of at least one share of the credit
13 union.

14 (2) The Board of Directors shall appoint from among the
15 members of the credit union, a Supervisory Committee of not
16 less than 3 members at the organization meeting and within 30
17 days following each annual meeting of the members for such
18 terms as the bylaws provide. Members of the Supervisory
19 Committee may, but need not be, on the Board of Directors,
20 but shall not be officers of the credit union, members of the
21 Credit Committee, or the credit manager if no Credit
22 Committee has been appointed.

23 (3) The Board of Directors may appoint, from among the
24 members of the credit union, a Credit Committee consisting of
25 an odd number, not less than 3 for such terms as the bylaws
26 provide. Members of the Credit Committee may, but need not
27 be, Directors or officers of the credit union, but shall not
28 be members of the Supervisory Committee.

29 (4) The Board of Directors ~~may shall~~ appoint from among
30 the members of the credit union a Membership Committee of one
31 or more persons. If appointed, the Committee ~~It~~ shall act
32 upon all applications for membership and submit a report of
33 its actions to the Board of Directors at the next regular
34 ~~monthly~~ meeting for review. If no Membership Committee is

1 appointed, credit union management shall act upon all
 2 applications for membership and submit a report of its
 3 actions to the Board of Directors at the next regular meeting
 4 for review.

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

6 (205 ILCS 305/23) (from Ch. 17, par. 4424)

7 Sec. 23. Compensation of officials.

8 (1) No director or committee member may receive
 9 compensation be--compensated for his service as such.
 10 "Compensation" as used in this subsection (1) refers to
 11 remuneration expense to the credit union for services
 12 provided by a director or committee member in his or her
 13 capacity as director or committee member. "Compensation" as
 14 used in this subsection (1) does not include the expense of
 15 but providing reasonable life, health, accident, and similar
 16 insurance protection benefits for a director or committee
 17 member shall-not-be-considered-compensation.

18 (2) Directors, committee members and employees, while on
 19 official business of the credit union, may be reimbursed for
 20 reasonable and necessary expenses.

21 (3) The Board of Directors may establish compensation
 22 for officers of the credit union.

23 (Source: P.A. 81-329.)

24 (205 ILCS 305/27) (from Ch. 17, par. 4428)

25 Sec. 27. Authority of directors.

26 (1) The Board of Directors shall be charged with and
 27 have control over the general management of the operations,
 28 funds and records of the credit union.

29 (2) In discharging the duties of their respective
 30 positions, the board of directors, committees of the board,
 31 and individual directors shall be entitled to rely on advice,
 32 information, opinions, reports or statements, including

1 financial statements and financial data, prepared or
 2 presented by: (i) one or more officers or employees of the
 3 credit union whom the director believes to be reliable and
 4 competent in the matter presented; (ii) one or more counsel,
 5 accountants, or other consultants as to matters that the
 6 Director believes to be within that person's professional or
 7 expert competence; or (iii) a committee of the board upon
 8 which the Director does not serve, as to matters within that
 9 committee's designated authority; provided that the
 10 Director's reliance under this subsection (2) is placed in
 11 good faith, after reasonable inquiry if the need for such
 12 inquiry is apparent under the circumstances and without
 13 knowledge that would cause such reliance to be unreasonable.

14 (Source: P.A. 81-329.)

15 (205 ILCS 305/30) (from Ch. 17, par. 4431)

16 Sec. 30. Duties of directors. It shall be the duty of
 17 the directors to:

18 (1) Review ~~the---Membership---Committee's~~ actions on
 19 applications for membership. A record of the Membership
 20 Committee's approval or denial of membership or management's
 21 approval or denial of membership if no Membership Committee
 22 has been appointed shall be available to the Board of
 23 Directors for inspection. A person denied membership by the
 24 Membership Committee or credit union management may appeal
 25 the denial to the Board;

26 (2) Provide adequate fidelity bond coverage for
 27 officers, employees, directors and committee members, and for
 28 losses caused by persons outside of the credit union, subject
 29 to rules and regulations promulgated by the Director;

30 (3) Determine from time to time the interest rates, not
 31 in excess of that allowed under this Act, which shall be
 32 charged on loans to members and to authorize interest
 33 refunds, if any, to members from income earned and received

1 in proportion to the interest paid by them on such classes of
2 loans and under such conditions as the Board prescribes. The
3 Directors may establish different interest rates to be
4 charged on different classes of loans;

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

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

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

12 (7) Have charge of the investment of funds, except that
13 the Board of Directors may designate an Investment Committee
14 or any qualified individual or entity to have charge of
15 making investments under policies established by the Board of
16 Directors;

17 (8) Authorize the employment of or contracting with such
18 persons or organizations as may be necessary to carry on the
19 operations of the credit union, provided that prior approval
20 is received from the Department before ~~becoming involved with~~
21 ~~a credit union organization by loaning to, investing in, or~~
22 delegating substantially all managerial duties and
23 responsibilities to a such credit union organization, and
24 fix the compensation, if any, of the officers and provide for
25 compensation for other employees within policies established
26 by the Board of Directors;

27 (9) Authorize the conveyance of property;

28 (10) Borrow or lend money consistent with the provisions
29 of this Act;

30 (11) Designate a depository or depositories for the
31 funds of the credit union and supervise the investment of
32 funds;

33 (12) Suspend or remove, or both, for cause, any or all
34 officers or any or all members of the Membership, Credit,

1 Supervisory or other committees for failure to perform their
2 duties;

3 (13) Appoint any special committees deemed necessary;
4 and;

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

9 (Source: P.A. 84-1390.)

10 (205 ILCS 305/42) (from Ch. 17, par. 4443)

11 Sec. 42. Shares in trust.

12 (1) Shares may be issued in trust to a member as trustee
13 or to an individual or corporate trustee. If a corporate
14 trustee is a bank or trust company, shares may be issued to
15 the corporate trustee only if such bank or trust company is
16 organized under the laws of the State of Illinois or is a
17 nationally chartered bank located principally in the State of
18 Illinois. An individual trustee shall be a member of the
19 credit union unless the person establishing the trust in
20 respect to which such shares are issued or each beneficiary
21 of the trust is a member of the credit union and the name of
22 each beneficiary is disclosed to the credit union. Shares
23 may also be issued in the name of an individual or corporate
24 representative under the Illinois Probate Act of 1975 for or
25 in respect to a member of a credit union. Shares may also be
26 issued in trust under the Illinois Funeral or Burial Funds
27 Act, for or in respect to a member of a credit union, to a
28 trustee licensed under said Act. Any credit union which
29 issues shares in trust as provided in this Section must be
30 insured by the NCUA or another approved insurer. No trustee
31 or beneficiary, unless a member in his own right, shall be
32 permitted to vote, obtain loans, hold office or be required
33 to pay an entrance or membership fee. Payment of part or all

1 of such shares to such trustee or member shall, to the extent
2 of such payment, discharge the liability of the credit union
3 to the member and the beneficiary and the credit union shall
4 be under no obligation to see to the application of such
5 payment.

6 (2) If a credit union's shares are insured as provided
7 for in this Act, such credit union shall have power to act as
8 trustee or custodian under individual retirement accounts or
9 plans established pursuant to the Internal Revenue Code for
10 its members or groups or organizations of its members
11 provided the funds of such accounts or plans are invested
12 solely in (1) share accounts of, or (2) share accounts and
13 obligations issued by such credit union. All funds held in
14 such fiduciary capacity shall be maintained in accordance
15 with applicable statutes and regulations promulgated
16 thereunder by any authority exercising jurisdiction over such
17 trusts or custodial accounts.

18 (3) Notwithstanding any language to the contrary in this
19 Section 42, a credit union may act as trustee or custodian of
20 individual retirement plans of its members established
21 pursuant to the Employee Retirement Income Security Act of
22 1974 or self-employed retirement plans established pursuant
23 to the Self-Employed Individuals Retirement Act of 1962, and
24 any laws amendatory or supplementary to such Acts, provided
25 that:

26 (a) All contributions of funds are initially made
27 to a share account in the credit union;

28 (b) Any subsequent transfer of funds to other
29 assets is solely at the direction of the member and the
30 credit union performs only custodial duties, exercises no
31 investment discretion and provides no investment advice
32 with respect to plan assets;

33 (c) The member is notified of the fact that share
34 insurance coverage is limited to funds held in share

1 accounts; and

2 (d) The credit union complies with all applicable
3 provisions of this Act and applicable laws and
4 regulations as may be promulgated by any authority
5 exercising jurisdiction over such trust or custodial
6 accounts.

7 (Source: P.A. 91-131, eff. 7-16-99.)

8 (205 ILCS 305/61) (from Ch. 17, par. 4462)

9 Sec. 61. Suspension.

10 (1) If the Director determines that any credit union is
11 bankrupt, insolvent, impaired or that it has willfully
12 violated this Act, or is operating in an unsafe or unsound
13 manner, he shall issue an order temporarily suspending the
14 credit union's operations for not more than 60 days. The
15 Board of Directors shall be given notice by registered or
16 certified mail of such suspension, which notice shall include
17 the reasons for such suspension and a list of specific
18 violations of the Act. The Director shall also notify the
19 members of the Credit Union Board of Advisors of any
20 suspension. The Director may assess to the credit union a
21 penalty, not to exceed the regulatory examination fee as set
22 forth in this Act, to offset costs incurred in determining
23 the condition of the credit union's books and records.

24 (2) Upon receipt of such suspension notice, the credit
25 union shall cease all operations, except those authorized by
26 the Director, or the Director may appoint a Manager-Trustee
27 to operate the credit union during the suspension period.
28 The Board of Directors shall, within 10 days of the receipt
29 of the suspension notice, file with the Director a reply to
30 the suspension notice by submitting a corrective plan of
31 action or a request for formal hearing on said action
32 pursuant to the Department's rules and regulations.

33 (3) Upon receipt from the suspended credit union of

1 evidence that the conditions causing the order of suspension
2 have been corrected, and after determining that the proposed
3 corrective plan of action submitted is factual, the Director
4 shall revoke the suspension notice, permit the credit union
5 to resume normal operations, and notify the Board of Credit
6 Union Advisors of such action.

7 (4) If the Director determines that the proposed
8 corrective plan of action will not correct such conditions,
9 he may take possession and control of the credit union. The
10 Director may permit the credit union to operate under his
11 direction and control and may appoint a Manager-Trustee to
12 manage its affairs until such time as the condition requiring
13 such action has been remedied, or in the case of insolvency
14 or danger of insolvency where an emergency requiring
15 expeditious action exists, the Director may involuntarily
16 merge the credit union without the vote of the suspended
17 credit union's Board of Directors or members (hereafter
18 involuntary merger) subject to rules promulgated by the
19 Director. No credit union shall be required to serve as a
20 surviving credit union in any involuntary merger. Upon the
21 request of the Director, a credit union by a vote of a
22 majority of its Board of Directors may elect to serve as a
23 surviving credit union in an involuntary merger. If the
24 Director determines that the suspended credit union should be
25 liquidated, he may appoint a Liquidating Agent and require of
26 that person such bond and security as he considers proper.

27 (5) Upon receipt of a request for a formal hearing, the
28 Director shall conduct proceedings pursuant to rules and
29 regulations of the Department. The credit union may request
30 the appropriate court to stay execution of such action.
31 Involuntary liquidation or involuntary merger may not be
32 ordered prior to the conclusion of suspension procedures
33 outlined in this Section.

34 (6) If, within the suspension period, the credit union

1 fails to answer the suspension notice or fails to request a
2 formal hearing, or both, the Director may then (i)
3 involuntarily merge the credit union if the credit union is
4 insolvent or in danger of insolvency and an emergency
5 requiring expeditious action exists or (ii) revoke the credit
6 union's charter, appoint a Liquidating Agent and liquidate
7 the credit union.

8 (Source: P.A. 90-665, eff. 7-30-98.)

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