

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 13, 42, 47, and 70 as follows:

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

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

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

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

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

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

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

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

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

(8) Honor requests for withdrawals or transfers of all or any part of member share accounts, and any classes thereof, in any manner approved by the credit union Board of Directors;

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

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

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

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

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

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

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

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

(17) Receive savings from nonmembers in the form of shares or share accounts in the case of credit unions serving predominantly low-income members. The term "low income members" shall mean those members who make less than 80% of the average for all wage earners as established by the Bureau of Labor Statistics or those members whose

annual household income falls at or below 80% of the median household income for the nation as established by the Census Bureau. The term "predominantly" is defined as a simple majority;

(18) ~~To~~ Establish, maintain, and operate terminals as authorized by the Electronic Fund Transfer Act; ~~and~~

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

(20) Make reasonable contributions to civic, charitable, or service organizations not organized for profit; religious corporations; and fundraisers benefiting persons in the credit union's service area.

(Source: P.A. 92-608, eff. 7-1-02; revised 1-20-03.)

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

Sec. 42. Shares in trust.

(1) Shares may be issued in trust to a member as trustee or to an individual or corporate trustee. If a corporate trustee is a bank or trust company, shares may be issued to the corporate trustee only if such bank or trust company is organized under the laws of the State of Illinois or is a nationally chartered bank located principally in the State of Illinois. An individual trustee shall be a member of the credit union unless the person establishing the trust in respect to

which such shares are issued or each beneficiary of the trust is a member of the credit union and the name of each beneficiary is disclosed to the credit union. Shares may also be issued in the name of an individual or corporate representative under the Illinois Probate Act of 1975 for or in respect to a member of a credit union. Shares may also be issued in trust under the Illinois Funeral or Burial Funds Act, for or in respect to a member of a credit union, to a trustee licensed under said Act. Any credit union which issues shares in trust as provided in this Section must be insured by the NCUA or another approved insurer. Payment of part or all of such shares to such trustee or member shall, to the extent of such payment, discharge the liability of the credit union to the member and the beneficiary and the credit union shall be under no obligation to see to the application of such payment.

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

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

(a) All contributions of funds are initially made to a

share account in the credit union;

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

(c) The member is notified of the fact that share insurance coverage is limited to funds held in share accounts; and

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

(Source: P.A. 91-131, eff. 7-16-99; 92-608, eff. 7-1-02.)

(205 ILCS 305/47) (from Ch. 17, par. 4448)

Sec. 47. Loan Applications. Every application for a loan shall be made in the manner prescribed by writing upon a form,~~which~~ the Credit Committee, credit manager, or loan officer ~~prescribes~~. The application shall state the purpose for which the loan is desired, and the security, if any, offered. Each loan shall be evidenced by a written document or by a record electronically stored or generated by any electronic or computer-generated process that accurately reproduces or records the agreement, transaction, act, occurrence, or event. The signature of any party to the loan includes any symbol executed or adopted, or any security procedure employed or adopted, using electronic means or otherwise, by or on behalf of a person with intent to authenticate a record.

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

(205 ILCS 305/70) (from Ch. 17, par. 4471)

Sec. 70. Use of name, sentence.

(a) No individual person, firm, association, or body politic and corporate, including, without limitation, any corporation, limited liability company, general partnership,

~~limited partnership, or joint venture that is not an authorized user partnership, or corporation, except corporations organized under this Act, the credit union acts of other states, or under the Federal Credit Union Act, associations of such corporations, or subsidiaries of such associations,~~ may use any name or title which contains the words "credit union" or any abbreviation thereof, and such use is a Class A Misdemeanor. For purposes of this Section, "authorized user" means a corporation organized under this Act, the credit union act of another state, or the Federal Credit Union Act, any association of such a corporation, and subsidiaries and affiliates of such an association.

(b) If the Director of the Division of Financial Institutions of the Department of Financial and Professional Regulation finds that an individual or entity that is not an authorized user has transacted or intends to transact business in this State in a manner that has a substantial likelihood of misleading the public by: (i) implying that the business is a credit union or (ii) using or intending to use the words "credit union", or any abbreviation thereof, in connection with its business, then the Director of the Division of Financial Institutions may direct the individual or entity to cease and desist from transacting its business or using the words "credit union", or any abbreviation thereof. If the individual or entity persists in transacting its business or using the words "credit union", or any abbreviation thereof, then the Director of the Division of Financial Institutions may impose a civil penalty of up to \$10,000 for each violation. Each day that the individual or entity continues transacting business or using the words "credit union", or any abbreviation thereof, in connection with its business shall constitute a separate violation of these provisions.

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

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