*March 4, 2026*

*Illinois Credit Union League*

# *FACT SHEET*

**HB 4770 Rep. Jay Hoffman**

**SB 3113 Sen. David Koehler**

**Amendment to Illinois Credit Union Act**

## *BACKGROUND ON PROPOSAL*

HB 4770 / SB 3113 amends the Illinois Credit Union Act ("ICUA"), to make technical amendments that will enable Illinois credit unions to operate more efficiently in serving the more than 4 million citizens that are their members.

## *PROPOSED CHANGE AND EFFECT*

| ICUA Section | Change | Reason for Change |
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| Sec. 15 | Clarifies that the list of senior management officials with authority to expel members is illustrative not exhaustive. | Pursuant to Board policy, senior management officials may be delegated member expulsion authority under the existing provisions in ICUA Sec. 15 (4). With ever changing senior management job titles, the amendment simply clarifies the list set forth in Sec. 15 (4) is illustrative and not exhaustive. |
| Sec. 20 | Provides that it is permissive, not mandatory, for the business office of a credit union's registered agent to be the same as the principal place of business of the credit union. | A credit union may, but is not required to, appoint an individual as a registered agent. If it makes the appointment, the business office of the agent must be the same as the principal place of business of the credit union. Credit unions may desire to appoint an individual who is not employed at the credit union (e.g., one of its retained attorneys) Registered offices of Illinois business and not for profit corporation registered agents are not required to be the same as the corporation's place of business. The proposal gives credit unions a similar degree of flexibility. |
| Sec. 26 & 30 | Clarifies that in addition to the board, the CEO may also appoint vice presidents and other officers and fix their title, grade and compensation. | The amendment provides clarification and consistency between ICUA sections 26 and 30 to address the authority of the CEO to hire employees, including vice presidents and other officers. |
| Sec. 29 | Clarification that the Secretary or an appointed recording secretary signs Board (and member) meeting minutes only for the purpose of authentication as to the accuracy of information presented, deliberations and actions taken at meetings and that the board as the governing body of the credit union approves the minutes of board meetings.<br><br>The Department has frequently issued an examiner's finding in connection with regulatory exams that advises the credit union its Chairperson must sign meeting minutes. The Department has cited ICUA Section 29 as a reference in support of its finding. The citation is misplaced, because ICUA Section 29 is silent on the topic of Chairperson signature of meeting minutes (in fact, the entire ICUA, as well as the Standard Bylaws, are silent on the topic).<br><br>However, ICUA Section 29 does address approval of matters by a majority of the directors present at a meeting at | The Board, not the executive officers, are charged with and have control over the general management of the operations, funds and records of the credit union (ICUA Section 27(1)). Minutes of board meetings are part of the records of the credit union (ICUA Section 29(4)(a)). The Secretary (or recording secretary) signs the minutes to authenticate them as an accurate description of information presented and action taken at the subject meetings, so they can be presented to the Board (Robert's Rules of Order confirm that the Secretary should sign the minutes and that the signature serves as evidence that the minutes are authentic and accurately reflect the meeting's proceedings (Robert's Rules of Order Newly Revised 12th Edition, Sept. 2020)). The Chairperson and Secretary then have the opportunity to approve the minutes in their role as Directors, when the minutes are presented to the Board as an action item.<br><br>Approval of meeting minutes is legally effective only when the Board of Directors as the governing body of the credit union acts to approve them. Any signing by the Chairperson is legally meaningless, because the Chairperson |

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| | which a quorum is present (or by unanimous action without a meeting). Those standards are set forth in ICUA Section 29(1) and (3) and confirm that the vote of each Director is critical and of equal importance. | acting alone doesn't have the authority to "approve" them. The amendment to the ICUA provides this clarification and helps avoid any compliance risk. |
| Sec. 57.3 | Authority to establish relationships with third-party providers of digital asset services to enable credit union members to hold, buy and sell digital assets with those third party providers (digital representations of value used as a medium of exchange or store of value, but not fiat currency)<br><br>The "Digital Assets and Consumer Protection Act" was signed into law effective August 18, 2025. It provides that IDFPR shall regulate digital asset business activity in the State and sets forth a broad regulatory protocol. However, all credit unions and banks are exempt from its scope. | As it stands, Illinois credit unions must rely on a two-step argument to support their members' digital asset transactions. First, per NCUA Letter No. 21-CU-16 to Federally Insured Credit Unions (FICUs), December 2021, FICUs' have the authority to establish relationships with third-party providers to enable their members to buy, sell and hold digital assets. The authority is based on the incidental powers provision in NCUA Rule 721.5. Second, per the ICUA Section 65 conformity provision, Illinois credit unions may offer services to their members that federal credit unions may offer, unless the offering of the services violates the ICUA.<br><br>A better approach is to explicitly set forth within the four corners of the enabling act for Illinois credit unions their authority to perform administrative functions to facilitate digital asset transactions between their members and digital asset third party service providers. |
| Sec. 57.5 | Authority to sell debt protection/cancellation services and products, which are loan-related products and not insurance.<br><br>Debt cancellation services (e.g., GAP (Guaranteed Asset Protection) waiver coverages) are contractual assurances between the credit union as the lender and the member as the borrower that in the event auto insurance collision or comprehensive coverage is insufficient to cover the loan balance upon a total loss due to a collision or theft, the credit union will nonetheless cancel the debt (waive the deficiency). In other words, the "gap" between the auto insurance payout based on the vehicle's actual cash value and the larger amount still owed on the loan is cancelled. For that benefit, the credit union may choose to assess a fee to the member. | As it stands, Illinois credit unions must rely on a two-step argument to support their offering of Gap waivers. First, per a NCUA legal opinion letter issued in 1997, the NCUA concluded that federal credit unions may offer debt cancellation agreements to their members as an exercise of their incidental powers per NCUA Rule 721.3(h). Second, per the ICUA Section 65 conformity provision, Illinois credit unions may offer services to their members that federal credit unions may offer, unless the offering of the service violates the ICUA.<br><br>A better approach is to explicitly set forth within the four corners of the enabling act for Illinois credit unions their authority to provide debt cancellation services and products to their members. |
| Sec. 59 | Investment authority for commercial mortgage related securities/collateralized mortgage obligations.<br><br>NCUA Rule Section 703.14(j) states a federal credit union may purchase a commercial mortgage related security (CMRS):<br>- Permitted by FCUA Section 107(7)(E) relating to obligations and securities issued by or fully guaranteed by a United States agency; and<br>- Permitted by FCUA Section 107(15)(B) relating to issuers other than government sponsored enterprises (i.e., private label), if specified conditions are satisfied, including a credit analysis of the private label CMRS.<br><br>NCUA Rule 703.14(d) also provides that federal credit unions may invest in CMO's. | As it stands, Illinois credit unions must rely on a two-step argument to support their investment in CMRS's. First, they must draw upon NCUA Section 703.14(j). Second, per the ICUA Section 65 conformity provision, Illinois credit unions may offer services to their members that federal credit unions may offer, unless the offering of the service violates the ICUA.<br><br>A better approach is to explicitly set forth within the four corners of the enabling act for Illinois credit unions, their authority to invest in CMRS's consistent with the requirements of NCUA Rule 703. Such a change would also clarify that the Rule 703 standard takes priority over the confusingly drafted Investments Rule of the Department (38 IL. Adm. Code, Section 190.180), that provides credit unions may invest in privately issued CMO's secured by mortgage pass-through certificates of GNMA or FNMA. |

*SUPPORT THIS LEGISLATION!*

The Illinois Credit Union League represents nearly 200 credit unions doing business in Illinois that provide financial services to approximately 4.2 million consumers. On behalf of those credit unions and consumers, the League urges you to vote "YES" on HB 4770 / SB 3113

For more information about ICUL's position on this legislative measure, please contact, Ashley Sharp at (217) 372-7555 or Stephen Olson at (630) 712-9378.

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