

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 10, 19, 29, 34, and 63 as follows:

(205 ILCS 305/10) (from Ch. 17, par. 4411)

Sec. 10. Credit union records; member financial records.

(1) A credit union shall establish and maintain books, records, accounting systems and procedures which accurately reflect its operations and which enable the Department to readily ascertain the true financial condition of the credit union and whether it is complying with this Act.

(2) A photostatic or photographic reproduction of any credit union records shall be admissible as evidence of transactions with the credit union.

(3)(a) For the purpose of this Section, the term "financial records" means any original, any copy, or any summary of (1) a document granting signature authority over an account, (2) a statement, ledger card or other record on any account which shows each transaction in or with respect to that account, (3) a check, draft or money order drawn on a financial institution or other entity or issued and payable by or through a financial institution or other entity, or (4) any

other item containing information pertaining to any relationship established in the ordinary course of business between a credit union and its member, including financial statements or other financial information provided by the member.

(b) This Section does not prohibit:

(1) The preparation, examination, handling or maintenance of any financial records by any officer, employee or agent of a credit union having custody of such records, or the examination of such records by a certified public accountant engaged by the credit union to perform an independent audit.

(2) The examination of any financial records by or the furnishing of financial records by a credit union to any officer, employee or agent of the Department, the National Credit Union Administration, Federal Reserve board or any insurer of share accounts for use solely in the exercise of his duties as an officer, employee or agent.

(3) The publication of data furnished from financial records relating to members where the data cannot be identified to any particular customer of account.

(4) The making of reports or returns required under Chapter 61 of the Internal Revenue Code of 1954.

(5) Furnishing information concerning the dishonor of any negotiable instrument permitted to be disclosed under the Uniform Commercial Code.

(6) The exchange in the regular course of business of (i) credit information between a credit union and other credit unions or financial institutions or commercial enterprises, directly or through a consumer reporting agency or (ii) financial records or information derived from financial records between a credit union and other credit unions or financial institutions or commercial enterprises for the purpose of conducting due diligence pursuant to a merger or a purchase or sale of assets or liabilities of the credit union.

(7) The furnishing of information to the appropriate law enforcement authorities where the credit union reasonably believes it has been the victim of a crime.

(8) The furnishing of information pursuant to the Revised Uniform Unclaimed Property Act.

(9) The furnishing of information pursuant to the Illinois Income Tax Act and the Illinois Estate and Generation-Skipping Transfer Tax Act.

(10) The furnishing of information pursuant to the federal Currency and Foreign Transactions Reporting Act, Title 31, United States Code, Section 1051 et sequentia.

(11) The furnishing of information pursuant to any other statute which by its terms or by regulations promulgated thereunder requires the disclosure of financial records other than by subpoena, summons, warrant or court order.

(12) The furnishing of information in accordance with the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Any credit union governed by this Act shall enter into an agreement for data exchanges with a State agency provided the State agency pays to the credit union a reasonable fee not to exceed its actual cost incurred. A credit union providing information in accordance with this item shall not be liable to any account holder or other person for any disclosure of information to a State agency, for encumbering or surrendering any assets held by the credit union in response to a lien or order to withhold and deliver issued by a State agency, or for any other action taken pursuant to this item, including individual or mechanical errors, provided the action does not constitute gross negligence or willful misconduct. A credit union shall have no obligation to hold, encumber, or surrender assets until it has been served with a subpoena, summons, warrant, court or administrative order, lien, or levy.

(13) The furnishing of information to law enforcement authorities, the Illinois Department on Aging and its regional administrative and provider agencies, the Department of Human Services Office of Inspector General, or public guardians: (i) upon subpoena by the investigatory entity or the guardian, or (ii) if there is suspicion by the credit union that a member who is an

elderly person or person with a disability has been or may become the victim of financial exploitation. For the purposes of this item (13), the term: (i) "elderly person" means a person who is 60 or more years of age, (ii) "person with a disability" means a person who has or reasonably appears to the credit union to have a physical or mental disability that impairs his or her ability to seek or obtain protection from or prevent financial exploitation, and (iii) "financial exploitation" means tortious or illegal use of the assets or resources of an elderly person or person with a disability, and includes, without limitation, misappropriation of the elderly or disabled person's assets or resources by undue influence, breach of fiduciary relationship, intimidation, fraud, deception, extortion, or the use of assets or resources in any manner contrary to law. A credit union or person furnishing information pursuant to this item (13) shall be entitled to the same rights and protections as a person furnishing information under the Adult Protective Services Act and the Illinois Domestic Violence Act of 1986.

(13.5) The furnishing of information to any person on a list submitted and periodically updated by a member who is an elderly person or person with a disability, if there is suspicion by the credit union that the member has been or may become a victim of financial exploitation. For purposes of this item (13.5), the terms "elderly person",

"person with a disability", and "financial exploitation"
have the meanings given to those terms in item (13). The
credit union may convey the suspicion to any of the
following persons, if the person is not the suspected
perpetrator: (i) any person on the list; (ii) any
co-owner, additional authorized signatory, or beneficiary
on the account of the member; or (iii) any person known by
the credit union to be a family member, including a
parent, spouse, adult child, or sibling. When providing
information under this item (13.5), the credit union shall
limit the information and only disclose that the credit
union has cause to suspect that the member may be a victim
or target of financial exploitation and the basis or bases
of the credit union's reasonable suspicion, without
disclosing any other details or confidential information
regarding the financial affairs of the member. Any
disclosure made pursuant to this subsection shall comply
with all other privacy laws and legal prohibitions,
including confidentiality requirements for suspicious
activity reports. The credit union may rely on information
provided by the member in compiling the list of contact
persons. The credit union and any employee of the credit
union acting in good faith is immune from all criminal,
civil, and administrative liability for contacting a
person or electing not to contact a person under this item
(13.5) and for actions taken in furtherance of that

determination, if the determination was made based on a reasonable suspicion.

(14) The disclosure of financial records or information as necessary to effect, administer, or enforce a transaction requested or authorized by the member, or in connection with:

(A) servicing or processing a financial product or service requested or authorized by the member;

(B) maintaining or servicing a member's account with the credit union; or

(C) a proposed or actual securitization or secondary market sale (including sales of servicing rights) related to a transaction of a member.

Nothing in this item (14), however, authorizes the sale of the financial records or information of a member without the consent of the member.

(15) The disclosure of financial records or information as necessary to protect against or prevent actual or potential fraud, unauthorized transactions, claims, or other liability.

(16)(a) The disclosure of financial records or information related to a private label credit program between a financial institution and a private label party in connection with that private label credit program. Such information is limited to outstanding balance, available credit, payment and performance and account history,

product references, purchase information, and information related to the identity of the customer.

(b) (1) For purposes of this item (16), "private label credit program" means a credit program involving a financial institution and a private label party that is used by a customer of the financial institution and the private label party primarily for payment for goods or services sold, manufactured, or distributed by a private label party.

(2) For purposes of this item (16), "private label party" means, with respect to a private label credit program, any of the following: a retailer, a merchant, a manufacturer, a trade group, or any such person's affiliate, subsidiary, member, agent, or service provider.

(17)(a) The furnishing of financial records of a member to the Department to aid the Department's initial determination or subsequent re-determination of the member's eligibility for Medicaid and Medicaid long-term care benefits for long-term care services, provided that the credit union receives the written consent and authorization of the member, which shall:

(1) have the member's signature notarized;

(2) be signed by at least one witness who certifies that he or she believes the member to be of sound mind and memory;

(3) be tendered to the credit union at the

earliest practicable time following its execution,
certification, and notarization;

(4) specifically limit the disclosure of the
member's financial records to the Department; and

(5) be in substantially the following form:

CUSTOMER CONSENT AND AUTHORIZATION
FOR RELEASE OF FINANCIAL RECORDS

I, , hereby authorize
(Name of Customer)

.....
(Name of Financial Institution)

.....
(Address of Financial Institution)

to disclose the following financial records:

any and all information concerning my deposit, savings, money
market, certificate of deposit, individual retirement,
retirement plan, 401(k) plan, incentive plan, employee benefit
plan, mutual fund and loan accounts (including, but not
limited to, any indebtedness or obligation for which I am a
co-borrower, co-obligor, guarantor, or surety), and any and

all other accounts in which I have an interest and any other information regarding me in the possession of the Financial Institution,

to the Illinois Department of Human Services or the Illinois Department of Healthcare and Family Services, or both ("the Department"), for the following purpose(s):

to aid in the initial determination or re-determination by the State of Illinois of my eligibility for Medicaid long-term care benefits, pursuant to applicable law.

I understand that this Consent and Authorization may be revoked by me in writing at any time before my financial records, as described above, are disclosed, and that this Consent and Authorization is valid until the Financial Institution receives my written revocation. This Consent and Authorization shall constitute valid authorization for the Department identified above to inspect all such financial records set forth above, and to request and receive copies of such financial records from the Financial Institution (subject to such records search and reproduction reimbursement policies as the Financial Institution may have in place). An executed copy of this Consent and Authorization shall be sufficient and as good as the original and permission is hereby granted to honor a photostatic or electronic copy of this Consent and

Authorization. Disclosure is strictly limited to the Department identified above and no other person or entity shall receive my financial records pursuant to this Consent and Authorization. By signing this form, I agree to indemnify and hold the Financial Institution harmless from any and all claims, demands, and losses, including reasonable attorneys fees and expenses, arising from or incurred in its reliance on this Consent and Authorization. As used herein, "Customer" shall mean "Member" if the Financial Institution is a credit union.

.....

(Date)

(Signature of Customer)

.....

.....

(Address of Customer)

.....

(Customer's birth date)

(month/day/year)

The undersigned witness certifies that, known to me to be the same person whose name is subscribed as the customer to the foregoing Consent and Authorization, appeared before me and the notary public and acknowledged

signing and delivering the instrument as his or her free and voluntary act for the uses and purposes therein set forth. I believe him or her to be of sound mind and memory. The undersigned witness also certifies that the witness is not an owner, operator, or relative of an owner or operator of a long-term care facility in which the customer is a patient or resident.

Dated:

(Signature of Witness)

.....

(Print Name of Witness)

.....

.....

(Address of Witness)

State of Illinois)

) ss.

County of)

The undersigned, a notary public in and for the above county and state, certifies that, known to me to be the same person whose name is subscribed as the customer to the foregoing Consent and Authorization, appeared before me

together with the witness,, in person and acknowledged signing and delivering the instrument as the free and voluntary act of the customer for the uses and purposes therein set forth.

Dated:

Notary Public:

My commission expires:

(b) In no event shall the credit union distribute the member's financial records to the long-term care facility from which the member seeks initial or continuing residency or long-term care services.

(c) A credit union providing financial records of a member in good faith relying on a consent and authorization executed and tendered in accordance with this item (17) shall not be liable to the member or any other person in relation to the credit union's disclosure of the member's financial records to the Department. The member signing the consent and authorization shall indemnify and hold the credit union harmless that relies in good faith upon the consent and authorization and incurs a loss because of such reliance. The credit union recovering under this indemnification provision shall also be entitled to reasonable attorney's fees and the expenses of recovery.

(d) A credit union shall be reimbursed by the member for all costs reasonably necessary and directly incurred in searching for, reproducing, and disclosing a member's financial records required or requested to be produced pursuant to any consent and authorization executed under this item (17). The requested financial records shall be delivered to the Department within 10 days after receiving a properly executed consent and authorization or at the earliest practicable time thereafter if the requested records cannot be delivered within 10 days, but delivery may be delayed until the final reimbursement of all costs is received by the credit union. The credit union may honor a photostatic or electronic copy of a properly executed consent and authorization.

(e) Nothing in this item (17) shall impair, abridge, or abrogate the right of a member to:

(1) directly disclose his or her financial records to the Department or any other person; or

(2) authorize his or her attorney or duly appointed agent to request and obtain the member's financial records and disclose those financial records to the Department.

(f) For purposes of this item (17), "Department" means the Department of Human Services and the Department of Healthcare and Family Services or any successor administrative agency of either agency.

(18) The furnishing of the financial records of a member to an appropriate law enforcement authority, without prior notice to or consent of the member, upon written request of the law enforcement authority, when reasonable suspicion of an imminent threat to the personal security and safety of the member exists that necessitates an expedited release of the member's financial records, as determined by the law enforcement authority. The law enforcement authority shall include a brief explanation of the imminent threat to the member in its written request to the credit union. The written request shall reflect that it has been authorized by a supervisory or managerial official of the law enforcement authority. The decision to furnish the financial records of a member to a law enforcement authority shall be made by a supervisory or managerial official of the credit union. A credit union providing information in accordance with this item (18) shall not be liable to the member or any other person for the disclosure of the information to the law enforcement authority.

(c) Except as otherwise provided by this Act, a credit union may not disclose to any person, except to the member or his duly authorized agent, any financial records relating to that member of the credit union unless:

(1) the member has authorized disclosure to the person;

(2) the financial records are disclosed in response to a lawful subpoena, summons, warrant, citation to discover assets, or court order that meets the requirements of subparagraph (3) (d) of this Section; or

(3) the credit union is attempting to collect an obligation owed to the credit union and the credit union complies with the provisions of Section 2I of the Consumer Fraud and Deceptive Business Practices Act.

(d) A credit union shall disclose financial records under item (3) (c) (2) of this Section pursuant to a lawful subpoena, summons, warrant, citation to discover assets, or court order only after the credit union sends a copy of the subpoena, summons, warrant, citation to discover assets, or court order to the person establishing the relationship with the credit union, if living, and otherwise the person's personal representative, if known, at the person's last known address by first class mail, postage prepaid, through a third-party commercial carrier or courier with delivery charge fully prepaid, by hand delivery, or by electronic delivery at an email address on file with the credit union (if the person establishing the relationship with the credit union has consented to receive electronic delivery and, if the person establishing the relationship with the credit union is a consumer, the person has consented under the consumer consent provisions set forth in Section 7001 of Title 15 of the United States Code), unless the credit union is specifically

prohibited from notifying the person by order of court or by applicable State or federal law. In the case of a grand jury subpoena, a credit union shall not mail a copy of a subpoena to any person pursuant to this subsection if the subpoena was issued by a grand jury under the Statewide Grand Jury Act or notifying the person would constitute a violation of the federal Right to Financial Privacy Act of 1978.

(e)(1) Any officer or employee of a credit union who knowingly and willfully furnishes financial records in violation of this Section is guilty of a business offense and upon conviction thereof shall be fined not more than \$1,000.

(2) Any person who knowingly and willfully induces or attempts to induce any officer or employee of a credit union to disclose financial records in violation of this Section is guilty of a business offense and upon conviction thereof shall be fined not more than \$1,000.

(f) A credit union shall be reimbursed for costs which are reasonably necessary and which have been directly incurred in searching for, reproducing or transporting books, papers, records or other data of a member required or requested to be produced pursuant to a lawful subpoena, summons, warrant, citation to discover assets, or court order. The Secretary and the Director may determine, by rule, the rates and conditions under which payment shall be made. Delivery of requested documents may be delayed until final reimbursement of all costs is received.

(Source: P.A. 101-81, eff. 7-12-19; 102-873, eff. 5-13-22.)

(205 ILCS 305/19) (from Ch. 17, par. 4420)

Sec. 19. Meeting of members.

(1)(a) The annual meeting shall be held each year during the months of January, February or March or such other month as may be approved by the Department. The meeting shall be held at the time, place and in the manner set forth in the bylaws. Any special meetings of the members of the credit union shall be held at the time, place and in the manner set forth in the bylaws. Unless otherwise set forth in this Act, quorum requirements for meetings of members shall be established by a credit union in its bylaws. Notice of all meetings must be given by the secretary of the credit union at least 7 days before the date of such meeting, either by handing a written or printed notice to each member of the credit union, by mailing the notice to the member at his address as listed on the books and records of the credit union, by posting a notice of the meeting in three conspicuous places, including the office of the credit union, by posting the notice of the meeting on the credit union's website, or by disclosing the notice of the meeting in membership newsletters or account statements.

(b) Unless expressly prohibited by the articles of incorporation or bylaws and subject to applicable requirements of this Act, the board of directors may provide by resolution that members may attend, participate in, act in, and vote at

any annual meeting or special meeting through the use of a conference telephone or interactive technology, including, but not limited to, electronic transmission, internet usage, or remote communication, by means of which all persons participating in the meeting can communicate with each other. Participation through the use of a conference telephone or interactive technology shall constitute attendance, presence, and representation in person at the annual meeting or special meeting of the person or persons so participating and count towards the quorum required to conduct business at the meeting. The following conditions shall apply to any virtual meeting of the members:

- (i) the credit union must internally possess or retain the technological capacity to facilitate virtual meeting attendance, participation, communication, and voting; and

- (ii) the members must receive notice of the use of a virtual meeting format and appropriate instructions for joining, participating, and voting during the virtual meeting at least 7 days before the virtual meeting.

(2) On all questions and at all elections, except election of directors, each member has one vote regardless of the number of his shares. There shall be no voting by proxy except on the election of directors, proposals for merger or voluntary dissolution. Members may vote on questions, including, without limitation, the approval of mergers and voluntary dissolutions under this Act, and in elections by

electronic record if approved by the board of directors. Members shall have the right to vote on all such questions in person by written ballot. All voting on the election of directors shall be by ballot, but when there is no contest, written or electronic ballots need not be cast. The record date to be used for the purpose of determining which members are entitled to notice of or to vote at any meeting of members, may be fixed in advance by the directors on a date not more than 90 days nor less than 10 days prior to the date of the meeting. If no record date is fixed by the directors, the first day on which notice of the meeting is given, mailed or posted is the record date.

(3) Regardless of the number of shares owned by a society, association, club, partnership, other credit union or corporation, having membership in the credit union, it shall be entitled to only one vote and it may be represented and have its vote cast by its designated agent acting on its behalf pursuant to a resolution adopted by the organization's board of directors or similar governing authority; provided that the credit union shall obtain a certified copy of such resolution before such vote may be cast.

(4) A member may revoke a proxy by delivery to the credit union of a written statement to that effect, by execution of a subsequently dated proxy, by execution of an electronic record, or by attendance at a meeting and voting in person.

(5) 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.

(6) As used in this Section, "electronic", "electronic record", and "security procedure" have the meanings ascribed to those terms in the Uniform Electronic Transactions Act.

(Source: P.A. 102-38, eff. 6-25-21; 102-496, eff. 8-20-21; 102-774, eff. 5-13-22; 102-813, eff. 5-13-22; 103-154, eff. 6-30-23.)

(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.

(1.7) Notwithstanding subsection (1) or (1.5), the board of directors of a credit union with \$50,000,000 or more in assets, 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 the composite rating of either 1 or 2 may meet no fewer than 4 times annually, with at least one meeting held during each fiscal quarter. The board of directors of a credit union with less than \$50,000,000 in assets, but with the composite and management ratings referenced in this subsection, may meet no fewer than 4 times annually, with at least one meeting held during each fiscal quarter, upon prior written approval of the Secretary. The meeting frequency schedule set forth in this subsection 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. 103-289, eff. 7-28-23.)

Sec. 34. Duties of supervisory committee.

(1) The supervisory committee shall make or cause to be made an annual internal audit of the books and affairs of the credit union to determine that the credit union's accounting records and reports are prepared promptly and accurately reflect operations and results, that internal controls are established and effectively maintained to safeguard the assets of the credit union, and that the policies, procedures and practices established by the board of directors and management of the credit union are being properly administered. The supervisory committee shall submit a report of that audit to the board of directors and a summary of that report to the members at the next annual meeting of the credit union. It shall make or cause to be made such supplementary audits as it deems necessary or as are required by the Secretary or by the board of directors, and submit reports of these supplementary audits to the Secretary or board of directors as applicable. If the supervisory committee has not engaged a licensed certified public accountant or licensed certified public accounting firm to make the internal audit, the supervisory committee or other officials of the credit union shall not indicate or in any manner imply that such audit has been performed by a licensed certified public accountant or licensed certified public accounting firm or that the audit represents the independent opinion of a licensed certified public accountant or licensed certified public accounting

firm. The supervisory committee must retain its tapes and working papers of each internal audit for inspection by the Department. The report of this audit must be made on a form approved by the Secretary. A copy of the report must be promptly delivered to the Secretary as set forth in paragraph (C) of subsection (3).

(2) The supervisory committee shall make or cause to be made at least once each year a reasonable percentage verification of members' share and loan accounts, consistent with rules promulgated by the Secretary.

(3) (A) The supervisory committee of a credit union with assets of \$10,000,000 or more shall engage a licensed certified public accountant or licensed certified public accounting firm to perform an annual external independent audit of the credit union's financial statements in accordance with generally accepted auditing standards and the financial statements shall be issued in accordance with accounting principles generally accepted in the United States of America.

(B) The supervisory committee of a credit union with assets of ~~\$5,000,000 or more, but~~ less than \$10,000,000 may, at its option, ~~shall~~ engage a licensed certified public accountant or licensed certified public accounting firm to perform on an annual basis: (i) ~~the an agreed-upon~~ procedures ~~engagement under attestation standards established by the American Institute of Certified Public Accountants~~ to minimally satisfy the supervisory committee internal audit

standards set forth in subsection (1) within the standards established by the American Institute of Certified Public Accountants; (ii) an external independent audit of the credit union's financial statements pursuant to the standards set forth in paragraph (A) of subsection (3); or (iii) an external independent audit of the credit union's financial statements in accordance with subsection (5).

(C) Notwithstanding anything to the contrary in Section 6, each credit union organized under this Act shall select the annual period it desires to use for purposes of performing the external independent audit, agreed-upon procedures engagement, or internal audit described in this Section. The annual period may end on the final day of any month and shall be construed to mean once every calendar year and not once every 12-month period. Irrespective of the annual period selected, the credit union shall complete its external independent audit report, agreed-upon procedures report, or internal audit report and deliver a copy to the Secretary no later than 120 days after the effective date of the audit or engagement, which shall mean the last day of the selected annual period. A credit union or group of credit unions may obtain an extension of the due date upon application to and receipt of written approval from the Secretary.

(D) If the credit union engages a licensed certified public accountant or licensed certified public accounting firm to perform an annual (i) external independent audit of the

credit union's financial statements pursuant to the standards in paragraph (A) of subsection (3); (ii) regulatory basis financial statement audit pursuant to the standards in subsection (5); or (iii) ~~or an annual~~ agreed-upon procedures engagement pursuant to the standards in paragraph (B) of subsection (3), then the annual internal audit requirements of subsection (1) shall be deemed satisfied and met in all respects.

(4) In determining the appropriate balance in the allowance for loan losses account, a credit union may determine its historical loss rate using a defined period of time of less than 5 years, provided that:

(A) the methodology used to determine the defined period of time is formally documented in the credit union's policies and procedures and is appropriate to the credit union's size, business strategy, and loan portfolio characteristics and the economic environment of the areas and employers served by the credit union;

(B) supporting documentation is maintained for the technique used to develop the credit union loss rates, including the period of time used to accumulate historical loss data and the factors considered in establishing the time frames; and

(C) the external auditor conducting the credit union's financial statement audit has analyzed the methodology employed by the credit union and concludes that the

financial statements, including the allowance for loan losses, are fairly stated in all material respects in accordance with U.S. Generally Accepted Accounting Principles, as promulgated by the Financial Accounting Standards Board, or the regulatory basis of accounting identified in subsection (5).

(5) A credit union with total assets of less than \$10,000,000 that does not engage a licensed certified public accountant or licensed certified public accounting firm to perform an annual external independent audit of the credit union's financial statements pursuant to the standards in paragraph (A) of subsection (3) is not required to determine its allowance for loan losses in accordance with generally accepted accounting principles. Any such credit union may instead use any reasonable reserve methodology, including incurred loss, if it adequately covers known and probable loan losses and complies with the Department's rule addressing loan loss accounting procedures in 38 Ill. Adm. Code 190.70. Any such credit union shall also have the option of engaging a licensed certified public accountant or licensed certified public accounting firm to perform a financial statement audit in accordance with this regulatory basis of accounting rather than the standards in paragraph (A) of subsection (3).

(6) A majority of the members of the supervisory committee shall constitute a quorum.

(7) On an annual basis commencing January 1, 2015, the

members of the supervisory committee shall receive training related to their statutory duties. Supervisory committee members may receive the training through internal credit union training, external training offered by the credit union's retained auditors, trade associations, vendors, regulatory agencies, or any other sources or on-the-job experience, or a combination of those activities. The training may be received through any medium, including, but not limited to, conferences, workshops, audit closing meetings, seminars, teleconferences, webinars, and other Internet-based delivery channels.

(Source: P.A. 101-81, eff. 7-12-19; 102-496, eff. 8-20-21; 102-774, eff. 5-13-22.)

(205 ILCS 305/63) (from Ch. 17, par. 4464)

Sec. 63. Merger and consolidation.

(1) Any two or more credit unions, regardless of whether or not they have the same common bond, may merge or consolidate into a single credit union. A merger or consolidation may be with a credit union organized under the laws of this State or of another state or of the United States and is subject to the approval of the Secretary. It must be made on such terms as have been agreed upon by a vote of a majority of the directors present at a meeting of the board of directors of each credit union at which a quorum is present, and approved by an affirmative vote of a majority of the members of the merging

credit union being absorbed present at a meeting, either in person or by proxy, duly called for that purpose, except as hereinafter specified. Notice of the meeting stating the purpose must be sent by the secretary ~~Secretary~~ of each merging credit union being absorbed to each member by mail or electronic record as authorized by Section 10.2 of this Act at least 45 but no more than 90 days before the date of the meeting, except as specified in this Act.

(1.5) If the Secretary determines the merging credit union is not yet in danger of insolvency but supervisory concerns exist as described in this paragraph (1.5), and upon agreement of the boards of directors of the merging and continuing credit unions as confirmed by a majority vote of the directors present at a meeting of each board at which a quorum is present, the Secretary may permit the merger to become effective without (i) an affirmative vote of the membership of the merging credit union otherwise required by paragraph (1) of Section 63, (ii) adherence to the merging credit union membership meeting notice requirement set forth in subsection (1) of Section 63, or (iii) both. For the avoidance of doubt, if supervisory concerns exist, the Secretary and both credit unions may agree to conduct the merging credit union membership meeting, but on a timeline shorter than that prescribed in subsection (1) of Section 63. Supervisory concerns supporting such a waiver or adjustment of the merging credit union membership notice and voting process include

without limitation, abandonment of management or officials, or both, of the merging credit union and the inability to find suitable replacements; material loss of sponsor support; serious and persistent recordkeeping problems or deficiencies; or sustained material decline in financial condition supported by at least 12 months of historical data that reflects the merging credit union's net worth is declining at a rate that will take it under 2% net worth within 18 months.

(2) One of the merging credit unions may continue after the merger or consolidation either as a surviving credit union retaining its identity or as a new credit union as has been agreed upon under the terms of the merger. At least 9 members of the new proposed credit union must apply to the Department for permission to organize the new credit union. The same procedure shall be followed as provided for the organization of a new credit union.

(3) After approval by the members of the credit union which is to be absorbed by the merger or consolidation, the chairman or president and the secretary of each credit union shall execute a certificate of merger or consolidation, which shall set forth all of the following:

(a) The time and place of the meeting of each board of directors at which the plan was agreed upon;

(b) The vote in favor of the adoption of the plan;

(c) A copy of each resolution or other action by which the plan was agreed upon;

(d) The time and place of the meeting of the members of the absorbed credit union at which the plan agreed upon was approved; and,

(e) The vote by which the plan was approved by the members of the absorbed credit union.

(4) Such certificate and a copy of the plan of merger or consolidation agreed upon shall be mailed to the Secretary for review. If the provisions of this Act have been complied with, the certificate shall be approved by him, and returned to the credit unions which are parties to the merger or consolidation within 30 days. When so approved by the Secretary the certificate shall constitute the Department's certificate of approval of the merger or consolidation.

(5) Upon issuance of the certificate of approval, each merging credit union which was absorbed shall cease operation. Each party to the merger shall file the certificate of approval with the Recorder or County Clerk of the county in which the credit union has or had its principal office.

(6) Each credit union absorbed by the merger or consolidation shall return to the Secretary the original statement of incorporation, certificate of approval of incorporation, and the bylaws of the credit union. The surviving credit union shall continue its operation under its existing certificate of approval, articles of incorporation, and the bylaws or if a new credit union has been formed, under the new certificate of approval, articles of incorporation,

and bylaws.

(7) All rights of membership in and any obligation or liability of any member to any credit union which is party to a consolidation or merger are continued in the surviving or new credit union without reservation or diminution.

(8) A pending action or other judicial proceeding to which any of the consolidating or merging credit unions is a party does not abate by reason of the consolidation or merger.

(Source: P.A. 101-567, eff. 8-23-19.)

Section 10. The Gestational Surrogacy Act is amended by changing Section 25 as follows:

(750 ILCS 47/25)

Sec. 25. Requirements for a gestational surrogacy contract.

(a) A gestational surrogacy contract shall be presumed enforceable for purposes of State law only if:

(1) it meets the contractual requirements set forth in subsection (b) of this Section; and

(2) it contains at a minimum each of the terms set forth in subsection (c) of this Section.

(b) A gestational surrogacy contract shall meet the following requirements:

(1) it shall be in writing;

(2) it shall be executed prior to the commencement of

any medical procedures (other than medical or mental health evaluations necessary to determine eligibility of the parties pursuant to Section 20 of this Act) in furtherance of the gestational surrogacy:

(i) by a gestational surrogate meeting the eligibility requirements of subsection (a) of Section 20 of this Act and, if married, the gestational surrogate's husband; and

(ii) by the intended parent or parents meeting the eligibility requirements of subsection (b) of Section 20 of this Act. In the event an intended parent is married, both husband and wife must execute the gestational surrogacy contract;

(3) each of the gestational surrogate and the intended parent or parents shall have been represented by separate counsel in all matters concerning the gestational surrogacy and the gestational surrogacy contract;

(3.5) each of the gestational surrogate and the intended parent or parents shall have signed a written acknowledgement that he or she received information about the legal, financial, and contractual rights, expectations, penalties, and obligations of the surrogacy agreement;

(4) if the gestational surrogacy contract provides for the payment of compensation to the gestational surrogate, the compensation shall have been placed in escrow with an

independent escrow agent that is bonded prior to the gestational surrogate's commencement of any medical procedure (other than medical or mental health evaluations necessary to determine the gestational surrogate's eligibility pursuant to subsection (a) of Section 20 of this Act). The independent escrow agent must hold a minimum bond of no less than \$1,000,000; and

(5) it shall be witnessed by 2 competent adults.

(c) A gestational surrogacy contract shall provide for:

(1) the express written agreement of the gestational surrogate to:

(i) undergo pre-embryo transfer and attempt to carry and give birth to the child; and

(ii) surrender custody of the child to the intended parent or parents immediately upon the birth of the child;

(2) if the gestational surrogate is married, the express agreement of her husband to:

(i) undertake the obligations imposed on the gestational surrogate pursuant to the terms of the gestational surrogacy contract;

(ii) surrender custody of the child to the intended parent or parents immediately upon the birth of the child;

(3) the right of the gestational surrogate to utilize the services of a physician of her choosing, after

consultation with the intended parents, to provide her care during the pregnancy; and

(4) the express written agreement of the intended parent or parents to:

(i) accept custody of the child immediately upon his or her birth; and

(ii) assume sole responsibility for the support of the child immediately upon his or her birth.

(d) A gestational surrogacy contract shall be presumed enforceable for purposes of State law even though it contains one or more of the following provisions:

(1) the gestational surrogate's agreement to undergo all medical exams, treatments, and fetal monitoring procedures that the physician recommended for the success of the pregnancy;

(2) the gestational surrogate's agreement to abstain from any activities that the intended parent or parents or the physician reasonably believes to be harmful to the pregnancy and future health of the child, including, without limitation, smoking, drinking alcohol, using nonprescribed drugs, using prescription drugs not authorized by a physician aware of the gestational surrogate's pregnancy, exposure to radiation, or any other activities proscribed by a health care provider;

(3) the agreement of the intended parent or parents to pay the gestational surrogate reasonable compensation; and

(4) the agreement of the intended parent or parents to pay for or reimburse the gestational surrogate for reasonable expenses (including, without limitation, medical, legal, or other professional expenses) related to the gestational surrogacy and the gestational surrogacy contract.

(e) In the event that any of the requirements of this Section are not met, a court of competent jurisdiction shall determine parentage based on evidence of the parties' intent.

(Source: P.A. 93-921, eff. 1-1-05.)