

104TH GENERAL ASSEMBLY**State of Illinois****2025 and 2026****HB2785**

Introduced 2/6/2025, by Rep. Jay Hoffman

SYNOPSIS AS INTRODUCED:

205 ILCS 305/10	from Ch. 17, par. 4411
205 ILCS 305/29	from Ch. 17, par. 4430
205 ILCS 305/34	from Ch. 17, par. 4435
205 ILCS 305/63	from Ch. 17, par. 4464

Amends the Illinois Credit Union Act. Authorizes a credit union to furnish information to any person on a list submitted and periodically updated by a member who is an elderly person or person with a disability or to specified other persons, if there is suspicion by the credit union that the member has been or may become a victim of financial exploitation. Provides that 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 and a management rating under such composite rating of either 1 or 2 may meet not less than 4 (instead of 6) times annually. Provides that the supervisory committee of a credit union with assets of less than \$10,000,000 may, at its option, engage (instead of a credit union with assets of \$5,000,000 or more, but less than \$10,000,000 shall engage) a licensed certified public accountant or licensed certified public accounting firm to perform specified auditing and other services. Permits the merger of credit unions, without meeting certain voting and notice requirements, where supervisory concerns exist 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. Makes other changes.

LRB104 07806 BAB 17852 b

1 AN ACT concerning regulation.

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 10, 29, 34, and 63 as follows:

6 (205 ILCS 305/10) (from Ch. 17, par. 4411)

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

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

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

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

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

6 (b) This Section does not prohibit:

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

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

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

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

24 (5) Furnishing information concerning the dishonor of
25 any negotiable instrument permitted to be disclosed under
26 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

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

21 (13.5) The furnishing of information to any person on
22 a list submitted and periodically updated by a member who
23 is an elderly person or person with a disability, if there
24 is suspicion by the credit union that the member has been
25 or may become a victim of financial exploitation. For
26 purposes of this item (13.5), the terms "elderly person",

1 "person with a disability", and "financial exploitation"
2 have the meanings given to those terms in item (13). The
3 credit union may convey the suspicion to any of the
4 following persons, if the person is not the suspected
5 perpetrator: (i) any person on the list; (ii) any
6 co-owner, additional authorized signatory, or beneficiary
7 on the account of the member; or (iii) any person known by
8 the credit union to be a family member, including a
9 parent, spouse, adult child, or sibling. When providing
10 information under this item (13.5), the credit union may
11 limit the information and only disclose that the credit
12 union has cause to suspect that the member may be a victim
13 or target of financial exploitation, without disclosing
14 any other details or confidential information regarding
15 the financial affairs of the member. The credit union may
16 rely on information provided by the member in compiling
17 the list of contact persons. The credit union and any
18 employee of the credit union acting in good faith is
19 immune from all criminal, civil, and administrative
20 liability for contacting a person or electing not to
21 contact a person under this item (13.5) and for actions
22 taken in furtherance of that determination, if the
23 determination was made based on a reasonable suspicion.

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

1 connection with:

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

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

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

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

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

16 (16) (a) The disclosure of financial records or
17 information related to a private label credit program
18 between a financial institution and a private label party
19 in connection with that private label credit program. Such
20 information is limited to outstanding balance, available
21 credit, payment and performance and account history,
22 product references, purchase information, and information
23 related to the identity of the customer.

24 (b) (1) For purposes of this item (16), "private label
25 credit program" means a credit program involving a
26 financial institution and a private label party that is

1 used by a customer of the financial institution and the
2 private label party primarily for payment for goods or
3 services sold, manufactured, or distributed by a private
4 label party.

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

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

17 (1) have the member's signature notarized;

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

21 (3) be tendered to the credit union at the
22 earliest practicable time following its execution,
23 certification, and notarization;

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

26 (5) be in substantially the following form:

CUSTOMER CONSENT AND AUTHORIZATION
FOR RELEASE OF FINANCIAL RECORDS

I, , hereby authorize
(Name of Customer)

.....

6 (Name of Financial Institution)

.....

8 (Address of Financial Institution)

9 to disclose the following financial records:

10 any and all information concerning my deposit, savings, money
11 market, certificate of deposit, individual retirement,
12 retirement plan, 401(k) plan, incentive plan, employee benefit
13 plan, mutual fund and loan accounts (including, but not
14 limited to, any indebtedness or obligation for which I am a
15 co-borrower, co-obligor, guarantor, or surety), and any and
16 all other accounts in which I have an interest and any other
17 information regarding me in the possession of the Financial
18 Institution,

19 to the Illinois Department of Human Services or the Illinois

1 Department of Healthcare and Family Services, or both ("the
2 Department"), for the following purpose(s):

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

6 I understand that this Consent and Authorization may be
7 revoked by me in writing at any time before my financial
8 records, as described above, are disclosed, and that this
9 Consent and Authorization is valid until the Financial
10 Institution receives my written revocation. This Consent and
11 Authorization shall constitute valid authorization for the
12 Department identified above to inspect all such financial
13 records set forth above, and to request and receive copies of
14 such financial records from the Financial Institution (subject
15 to such records search and reproduction reimbursement policies
16 as the Financial Institution may have in place). An executed
17 copy of this Consent and Authorization shall be sufficient and
18 as good as the original and permission is hereby granted to
19 honor a photostatic or electronic copy of this Consent and
20 Authorization. Disclosure is strictly limited to the
21 Department identified above and no other person or entity
22 shall receive my financial records pursuant to this Consent
23 and Authorization. By signing this form, I agree to indemnify
24 and hold the Financial Institution harmless from any and all

1 claims, demands, and losses, including reasonable attorneys
2 fees and expenses, arising from or incurred in its reliance on
3 this Consent and Authorization. As used herein, "Customer"
4 shall mean "Member" if the Financial Institution is a credit
5 union.

6

7 (Date) (Signature of Customer)

8

9

10 (Address of Customer)

11

12 (Customer's birth date)

13 (month/day/year)

14 The undersigned witness certifies that ,
15 known to me to be the same person whose name is subscribed as
16 the customer to the foregoing Consent and Authorization,
17 appeared before me and the notary public and acknowledged
18 signing and delivering the instrument as his or her free and
19 voluntary act for the uses and purposes therein set forth. I
20 believe him or her to be of sound mind and memory. The
21 undersigned witness also certifies that the witness is not an
22 owner, operator, or relative of an owner or operator of a

1 long-term care facility in which the customer is a patient or
2 resident.

3 Dated:

4 (Signature of Witness)

5

6 (Print Name of Witness)

7

8

9 (Address of Witness)

10 State of Illinois)

11) ss.

12 County of

13 The undersigned, a notary public in and for the above county
14 and state, certifies that, known to me to be the
15 same person whose name is subscribed as the customer to the
16 foregoing Consent and Authorization, appeared before me
17 together with the witness,, in person and
18 acknowledged signing and delivering the instrument as the free
19 and voluntary act of the customer for the uses and purposes
20 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

1 this item (17). The requested financial records shall be
2 delivered to the Department within 10 days after receiving
3 a properly executed consent and authorization or at the
4 earliest practicable time thereafter if the requested
5 records cannot be delivered within 10 days, but delivery
6 may be delayed until the final reimbursement of all costs
7 is received by the credit union. The credit union may
8 honor a photostatic or electronic copy of a properly
9 executed consent and authorization.

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

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

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

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

22 (18) The furnishing of the financial records of a
23 member to an appropriate law enforcement authority,
24 without prior notice to or consent of the member, upon
25 written request of the law enforcement authority, when
26 reasonable suspicion of an imminent threat to the personal

1 security and safety of the member exists that necessitates
2 an expedited release of the member's financial records, as
3 determined by the law enforcement authority. The law
4 enforcement authority shall include a brief explanation of
5 the imminent threat to the member in its written request
6 to the credit union. The written request shall reflect
7 that it has been authorized by a supervisory or managerial
8 official of the law enforcement authority. The decision to
9 furnish the financial records of a member to a law
10 enforcement authority shall be made by a supervisory or
11 managerial official of the credit union. A credit union
12 providing information in accordance with this item (18)
13 shall not be liable to the member or any other person for
14 the disclosure of the information to the law enforcement
15 authority.

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

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

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

26 (3) the credit union is attempting to collect an

1 obligation owed to the credit union and the credit union
2 complies with the provisions of Section 2I of the Consumer
3 Fraud and Deceptive Business Practices Act.

4 (d) A credit union shall disclose financial records under
5 item (3) (c) (2) of this Section pursuant to a lawful subpoena,
6 summons, warrant, citation to discover assets, or court order
7 only after the credit union sends a copy of the subpoena,
8 summons, warrant, citation to discover assets, or court order
9 to the person establishing the relationship with the credit
10 union, if living, and otherwise the person's personal
11 representative, if known, at the person's last known address
12 by first class mail, postage prepaid, through a third-party
13 commercial carrier or courier with delivery charge fully
14 prepaid, by hand delivery, or by electronic delivery at an
15 email address on file with the credit union (if the person
16 establishing the relationship with the credit union has
17 consented to receive electronic delivery and, if the person
18 establishing the relationship with the credit union is a
19 consumer, the person has consented under the consumer consent
20 provisions set forth in Section 7001 of Title 15 of the United
21 States Code), unless the credit union is specifically
22 prohibited from notifying the person by order of court or by
23 applicable State or federal law. In the case of a grand jury
24 subpoena, a credit union shall not mail a copy of a subpoena to
25 any person pursuant to this subsection if the subpoena was
26 issued by a grand jury under the Statewide Grand Jury Act or

1 notifying the person would constitute a violation of the
2 federal Right to Financial Privacy Act of 1978.

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

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

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

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

23 (205 ILCS 305/29) (from Ch. 17, par. 4430)

24 Sec. 29. Meetings of directors.

25 (1) The board of directors and the executive committee

1 shall meet as often as necessary, but one body must meet at
2 least monthly and the other at least quarterly, as prescribed
3 in the bylaws. Unless a greater number is required by the
4 bylaws, a majority of the whole board of directors shall
5 constitute a quorum. The act of a majority of the directors
6 present at a meeting at which a quorum is present shall be the
7 act of the board of directors unless the act of a greater
8 number is required by this Act, the credit union's articles of
9 incorporation or the bylaws.

10 (1.5) Notwithstanding anything to the contrary in
11 subsection (1), the board of directors of a credit union with a
12 composite rating of either 1 or 2 under the Uniform Financial
13 Institutions Rating System known as the CAMELS supervisory
14 rating system (or an equivalent rating under a comparable
15 rating system) and a management rating under such composite
16 rating of either 1 or 2 may meet not less than 4 ~~6~~ times
17 annually, with at least one meeting held during each fiscal
18 quarter. This meeting frequency schedule shall be available to
19 an eligible credit union irrespective of whether it has
20 appointed an executive committee pursuant to Section 28.

21 (2) Unless specifically prohibited by the articles of
22 incorporation or bylaws, directors and committee members may
23 participate in and act at any meeting of the board or committee
24 through the use of a conference telephone or other
25 communications equipment by means of which all persons
26 participating in the meeting can communicate with each other.

1 Participation in the meeting shall constitute attendance and
2 presence in person at the meeting of the person or persons so
3 participating.

4 (3) Unless specifically prohibited by the articles of
5 incorporation or bylaws, any action required by this Act to be
6 taken at a meeting of the board of directors or a committee and
7 any other action that may be taken at a meeting of the board of
8 directors or a committee may be taken without a meeting if a
9 consent in writing setting forth the action taken is signed by
10 all the directors entitled to vote with respect to the subject
11 matter thereof, or by all members of the committee, as the case
12 may be. The consent shall be evidenced by one or more written
13 approvals, each of which sets forth the action taken and bears
14 the signatures of one or more directors or committee members.
15 All the approvals evidencing the consent shall be delivered to
16 the secretary to be filed in the corporate records of the
17 credit union. The action taken shall be effective when all the
18 directors or committee members have approved the consent
19 unless the consent specifies a different effective date. A
20 consent signed by all the directors or all the members of a
21 committee shall have the same effect as a unanimous vote, and
22 may be stated as such in any document filed with the director
23 under this Act.

24 (4) (a) As used in this subsection:

25 "Affiliate" means an organization established to serve the
26 needs of credit unions, the business of which relates to the

1 daily operations of credit unions.

2 "Compliance review documents" means reports, meeting
3 minutes, and other documents prepared in connection with a
4 review or evaluation conducted by or for the board of
5 directors.

6 (b) This subsection applies to the board of directors in
7 relation to its functions to evaluate and seek to improve any
8 of the following:

9 (i) loan policies or underwriting standards;

10 (ii) asset quality;

11 (iii) financial reporting to federal or State
12 governmental or regulatory agencies; or

13 (iv) compliance with federal or State statutory or
14 regulatory requirements, including, without limitation,
15 the manner in which it performs its duties under Section
16 30.

17 (c) Meetings, minutes of meetings, and reports of the
18 board of directors shall be subject to the confidentiality and
19 redaction standards set forth in this subsection.

20 (d) Except as provided in paragraph (e), compliance review
21 documents and the deliberations of the board of directors are
22 confidential. An affiliate of a credit union, a credit union
23 regulatory agency, and the insurer of credit union share
24 accounts shall have access to compliance review documents;
25 however, (i) the documents remain confidential and (ii)
26 delivery of compliance review documents to an affiliate or

1 pursuant to the requirements of a credit union regulatory
2 agency or an insurer of credit union share accounts do not
3 constitute a waiver of the confidentiality granted in this
4 Section.

5 (e) This Section does not apply to any civil or
6 administrative action initiated by a credit union regulatory
7 agency or an insurer of credit union share accounts.

8 (f) This Section shall not be construed to limit the
9 discovery or admissibility in any civil action of any
10 documents, including compliance review documents.

11 (g) Any report required under this Act to be furnished to
12 the board of directors by the membership committee, credit
13 committee, or any other committee may be submitted in a
14 summary format that redacts personally identifiable
15 information as defined under applicable State and federal law.

16 (h) Compliance review documents may be disclosed by the
17 Secretary or a credit union to any person or entity to whom
18 confidential supervisory information may be disclosed pursuant
19 to subsection (3) of Section 9.1.

20 (Source: P.A. 103-289, eff. 7-28-23.)

21 (205 ILCS 305/34) (from Ch. 17, par. 4435)

22 Sec. 34. Duties of supervisory committee.

23 (1) The supervisory committee shall make or cause to be
24 made an annual internal audit of the books and affairs of the
25 credit union to determine that the credit union's accounting

1 records and reports are prepared promptly and accurately
2 reflect operations and results, that internal controls are
3 established and effectively maintained to safeguard the assets
4 of the credit union, and that the policies, procedures and
5 practices established by the board of directors and management
6 of the credit union are being properly administered. The
7 supervisory committee shall submit a report of that audit to
8 the board of directors and a summary of that report to the
9 members at the next annual meeting of the credit union. It
10 shall make or cause to be made such supplementary audits as it
11 deems necessary or as are required by the Secretary or by the
12 board of directors, and submit reports of these supplementary
13 audits to the Secretary or board of directors as applicable.
14 If the supervisory committee has not engaged a licensed
15 certified public accountant or licensed certified public
16 accounting firm to make the internal audit, the supervisory
17 committee or other officials of the credit union shall not
18 indicate or in any manner imply that such audit has been
19 performed by a licensed certified public accountant or
20 licensed certified public accounting firm or that the audit
21 represents the independent opinion of a licensed certified
22 public accountant or licensed certified public accounting
23 firm. The supervisory committee must retain its tapes and
24 working papers of each internal audit for inspection by the
25 Department. The report of this audit must be made on a form
26 approved by the Secretary. A copy of the report must be

1 promptly delivered to the Secretary as set forth in paragraph
2 (C) of subsection (3).

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

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

15 (B) The supervisory committee of a credit union with
16 assets of ~~\$5,000,000 or more, but less than \$10,000,000~~ may,
17 at its option, ~~shall~~ engage a licensed certified public
18 accountant or licensed certified public accounting firm to
19 perform on an annual basis: (i) an agreed-upon procedures
20 engagement under attestation standards established by the
21 American Institute of Certified Public Accountants to
22 minimally satisfy the supervisory committee internal audit
23 standards set forth in subsection (1); (ii) an external
24 independent audit of the credit union's financial statements
25 pursuant to the standards set forth in paragraph (A) of
26 subsection (3); or (iii) an external independent audit of the

1 credit union's financial statements in accordance with
2 subsection (5).

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

19 (D) If the credit union engages a licensed certified
20 public accountant or licensed certified public accounting firm
21 to perform an annual (i) external independent audit of the
22 credit union's financial statements pursuant to the standards
23 in paragraph (A) of subsection (3); (ii) regulatory basis
24 financial statement audit pursuant to the standards in
25 subsection (5); or (iii) or an annual agreed-upon procedures
26 engagement pursuant to the standards in paragraph (B) of

1 subsection (3), then the annual internal audit requirements of
2 subsection (1) shall be deemed satisfied and met in all
3 respects.

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

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

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

19 (C) the external auditor conducting the credit union's
20 financial statement audit has analyzed the methodology
21 employed by the credit union and concludes that the
22 financial statements, including the allowance for loan
23 losses, are fairly stated in all material respects in
24 accordance with U.S. Generally Accepted Accounting
25 Principles, as promulgated by the Financial Accounting
26 Standards Board, or the regulatory basis of accounting

1 identified in subsection (5).

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

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

21 (7) On an annual basis commencing January 1, 2015, the
22 members of the supervisory committee shall receive training
23 related to their statutory duties. Supervisory committee
24 members may receive the training through internal credit union
25 training, external training offered by the credit union's
26 retained auditors, trade associations, vendors, regulatory

1 agencies, or any other sources or on-the-job experience, or a
2 combination of those activities. The training may be received
3 through any medium, including, but not limited to,
4 conferences, workshops, audit closing meetings, seminars,
5 teleconferences, webinars, and other Internet-based delivery
6 channels.

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

9 (205 ILCS 305/63) (from Ch. 17, par. 4464)

10 Sec. 63. Merger and consolidation.

11 (1) Any two or more credit unions, regardless of whether
12 or not they have the same common bond, may merge or consolidate
13 into a single credit union. A merger or consolidation may be
14 with a credit union organized under the laws of this State or
15 of another state or of the United States and is subject to the
16 approval of the Secretary. It must be made on such terms as
17 have been agreed upon by a vote of a majority of the directors
18 present at a meeting of the board of directors of each credit
19 union at which a quorum is present, and approved by an
20 affirmative vote of a majority of the members of the merging
21 credit union being absorbed present at a meeting, either in
22 person or by proxy, duly called for that purpose, except as
23 hereinafter specified. Notice of the meeting stating the
24 purpose must be sent by the secretary Secretary of each
25 merging credit union being absorbed to each member by mail or

1 electronic record as authorized by Section 10.2 of this Act at
2 least 45 but no more than 90 days before the date of the
3 meeting, except as specified in this Act.

4 (1.5) If the Secretary determines the merging credit union
5 is not yet in danger of insolvency but supervisory concerns
6 exist as described in this paragraph (1.5), and upon agreement
7 of the boards of directors of the merging and continuing
8 credit unions as confirmed by a majority vote of the directors
9 present at a meeting of each board at which a quorum is
10 present, the Secretary may permit the merger to become
11 effective without (i) an affirmative vote of the membership of
12 the merging credit union otherwise required by paragraph (1)
13 of Section 63, (ii) adherence to the merging credit union
14 membership meeting notice requirement set forth in subsection
15 (1) of Section 63, or (iii) both. For the avoidance of doubt,
16 if supervisory concerns exist, the Secretary and both credit
17 unions may agree to conduct the merging credit union
18 membership meeting, but on a timeline shorter than that
19 prescribed in subsection (1) of Section 63. Supervisory
20 concerns supporting such a waiver or adjustment of the merging
21 credit union membership notice and voting process include
22 without limitation, abandonment of management or officials, or
23 both, of the merging credit union and the inability to find
24 suitable replacements; material loss of sponsor support;
25 serious and persistent recordkeeping problems or deficiencies;
26 or sustained material decline in financial condition supported

1 by at least 12 months of historical data that reflects the
2 merging credit union's net worth is declining at a rate that
3 will take it under 2% net worth within 18 months.

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

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

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

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

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

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

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

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

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

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

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

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

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