



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB1994

Introduced 2/6/2025, by Sen. David Koehler

#### 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 07807 BAB 17853 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.

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

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

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

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

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

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

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

20          (13) The furnishing of information to law enforcement  
21          authorities, the Illinois Department on Aging and its  
22          regional administrative and provider agencies, the  
23          Department of Human Services Office of Inspector General,  
24          or public guardians: (i) upon subpoena by the  
25          investigatory entity or the guardian, or (ii) if there is  
26          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:

1                                   CUSTOMER CONSENT AND AUTHORIZATION  
 2                                   FOR RELEASE OF FINANCIAL RECORDS

3    I, ..... , hereby authorize  
 4                                   (Name of Customer)

5                                   .....  
 6                                   (Name of Financial Institution)

7                                   .....  
 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.

1 Dated: .....

2 Notary Public: .....

3 My commission expires: .....

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

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

21 (d) A credit union shall be reimbursed by the member  
 22 for all costs reasonably necessary and directly incurred  
 23 in searching for, reproducing, and disclosing a member's  
 24 financial records required or requested to be produced  
 25 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.)