



Sen. David Koehler

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10400SB1994sam001

LRB104 07807 BAB 23058 a

1 AMENDMENT TO SENATE BILL 1994

2 AMENDMENT NO. _____. Amend Senate Bill 1994 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Credit Union Act is amended by
5 changing Sections 10, 19, 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

1 "financial records" means any original, any copy, or any
2 summary of (1) a document granting signature authority over an
3 account, (2) a statement, ledger card or other record on any
4 account which shows each transaction in or with respect to
5 that account, (3) a check, draft or money order drawn on a
6 financial institution or other entity or issued and payable by
7 or through a financial institution or other entity, or (4) any
8 other item containing information pertaining to any
9 relationship established in the ordinary course of business
10 between a credit union and its member, including financial
11 statements or other financial information provided by the
12 member.

13 (b) This Section does not prohibit:

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

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

26 (3) The publication of data furnished from financial

1 records relating to members where the data cannot be
2 identified to any particular customer of account.

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

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

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

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

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

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

26 (10) The furnishing of information pursuant to the

1 federal Currency and Foreign Transactions Reporting Act,
2 Title 31, United States Code, Section 1051 et sequentia.

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

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

1 (13) The furnishing of information to law enforcement
2 authorities, the Illinois Department on Aging and its
3 regional administrative and provider agencies, the
4 Department of Human Services Office of Inspector General,
5 or public guardians: (i) upon subpoena by the
6 investigatory entity or the guardian, or (ii) if there is
7 suspicion by the credit union that a member who is an
8 elderly person or person with a disability has been or may
9 become the victim of financial exploitation. For the
10 purposes of this item (13), the term: (i) "elderly person"
11 means a person who is 60 or more years of age, (ii) "person
12 with a disability" means a person who has or reasonably
13 appears to the credit union to have a physical or mental
14 disability that impairs his or her ability to seek or
15 obtain protection from or prevent financial exploitation,
16 and (iii) "financial exploitation" means tortious or
17 illegal use of the assets or resources of an elderly
18 person or person with a disability, and includes, without
19 limitation, misappropriation of the elderly or disabled
20 person's assets or resources by undue influence, breach of
21 fiduciary relationship, intimidation, fraud, deception,
22 extortion, or the use of assets or resources in any manner
23 contrary to law. A credit union or person furnishing
24 information pursuant to this item (13) shall be entitled
25 to the same rights and protections as a person furnishing
26 information under the Adult Protective Services Act and

1 the Illinois Domestic Violence Act of 1986.

2 (13.5) The furnishing of information to any person on
3 a list submitted and periodically updated by a member who
4 is an elderly person or person with a disability, if there
5 is suspicion by the credit union that the member has been
6 or may become a victim of financial exploitation. For
7 purposes of this item (13.5), the terms "elderly person",
8 "person with a disability", and "financial exploitation"
9 have the meanings given to those terms in item (13). The
10 credit union may convey the suspicion to any of the
11 following persons, if the person is not the suspected
12 perpetrator: (i) any person on the list; (ii) any
13 co-owner, additional authorized signatory, or beneficiary
14 on the account of the member; or (iii) any person known by
15 the credit union to be a family member, including a
16 parent, spouse, adult child, or sibling. When providing
17 information under this item (13.5), the credit union shall
18 limit the information and only disclose that the credit
19 union has cause to suspect that the member may be a victim
20 or target of financial exploitation and the basis or bases
21 of the credit union's reasonable suspicion, without
22 disclosing any other details or confidential information
23 regarding the financial affairs of the member. Any
24 disclosure made pursuant to this subsection shall comply
25 with all other privacy laws and legal prohibitions,
26 including confidentiality requirements for suspicious

1 activity reports. The credit union may rely on information
2 provided by the member in compiling the list of contact
3 persons. The credit union and any employee of the credit
4 union acting in good faith is immune from all criminal,
5 civil, and administrative liability for contacting a
6 person or electing not to contact a person under this item
7 (13.5) and for actions taken in furtherance of that
8 determination, if the determination was made based on a
9 reasonable suspicion.

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

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

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

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

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

24 (15) The disclosure of financial records or
25 information as necessary to protect against or prevent
26 actual or potential fraud, unauthorized transactions,

1 claims, or other liability.

2 (16) (a) The disclosure of financial records or
3 information related to a private label credit program
4 between a financial institution and a private label party
5 in connection with that private label credit program. Such
6 information is limited to outstanding balance, available
7 credit, payment and performance and account history,
8 product references, purchase information, and information
9 related to the identity of the customer.

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

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

22 (17) (a) The furnishing of financial records of a
23 member to the Department to aid the Department's initial
24 determination or subsequent re-determination of the
25 member's eligibility for Medicaid and Medicaid long-term
26 care benefits for long-term care services, provided that

1 the credit union receives the written consent and
2 authorization of the member, which shall:

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

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

7 (3) be tendered to the credit union at the
8 earliest practicable time following its execution,
9 certification, and notarization;

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

12 (5) be in substantially the following form:

13 CUSTOMER CONSENT AND AUTHORIZATION
14 FOR RELEASE OF FINANCIAL RECORDS

15 I, , hereby authorize
16 (Name of Customer)

17
18 (Name of Financial Institution)

19
20 (Address of Financial Institution)

21 to disclose the following financial records:

1 any and all information concerning my deposit, savings, money
2 market, certificate of deposit, individual retirement,
3 retirement plan, 401(k) plan, incentive plan, employee benefit
4 plan, mutual fund and loan accounts (including, but not
5 limited to, any indebtedness or obligation for which I am a
6 co-borrower, co-obligor, guarantor, or surety), and any and
7 all other accounts in which I have an interest and any other
8 information regarding me in the possession of the Financial
9 Institution,

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

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

16 I understand that this Consent and Authorization may be
17 revoked by me in writing at any time before my financial
18 records, as described above, are disclosed, and that this
19 Consent and Authorization is valid until the Financial
20 Institution receives my written revocation. This Consent and
21 Authorization shall constitute valid authorization for the
22 Department identified above to inspect all such financial

1 records set forth above, and to request and receive copies of
 2 such financial records from the Financial Institution (subject
 3 to such records search and reproduction reimbursement policies
 4 as the Financial Institution may have in place). An executed
 5 copy of this Consent and Authorization shall be sufficient and
 6 as good as the original and permission is hereby granted to
 7 honor a photostatic or electronic copy of this Consent and
 8 Authorization. Disclosure is strictly limited to the
 9 Department identified above and no other person or entity
 10 shall receive my financial records pursuant to this Consent
 11 and Authorization. By signing this form, I agree to indemnify
 12 and hold the Financial Institution harmless from any and all
 13 claims, demands, and losses, including reasonable attorneys
 14 fees and expenses, arising from or incurred in its reliance on
 15 this Consent and Authorization. As used herein, "Customer"
 16 shall mean "Member" if the Financial Institution is a credit
 17 union.

18

19 (Date)

(Signature of Customer)

20

21

22 (Address of Customer)

23

1 (Customer's birth date)
2 (month/day/year)

3 The undersigned witness certifies that
4 known to me to be the same person whose name is subscribed as
5 the customer to the foregoing Consent and Authorization,
6 appeared before me and the notary public and acknowledged
7 signing and delivering the instrument as his or her free and
8 voluntary act for the uses and purposes therein set forth. I
9 believe him or her to be of sound mind and memory. The
10 undersigned witness also certifies that the witness is not an
11 owner, operator, or relative of an owner or operator of a
12 long-term care facility in which the customer is a patient or
13 resident.

14 Dated:

15 (Signature of Witness)

16

17 (Print Name of Witness)

18

19

20 (Address of Witness)

21 State of Illinois)

1) ss.

2 County of)

3 The undersigned, a notary public in and for the above county
4 and state, certifies that, known to me to be the
5 same person whose name is subscribed as the customer to the
6 foregoing Consent and Authorization, appeared before me
7 together with the witness,, in person and
8 acknowledged signing and delivering the instrument as the free
9 and voluntary act of the customer for the uses and purposes
10 therein set forth.

11 Dated:

12 Notary Public:

13 My commission expires:

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

18 (c) A credit union providing financial records of a
19 member in good faith relying on a consent and
20 authorization executed and tendered in accordance with
21 this item (17) shall not be liable to the member or any
22 other person in relation to the credit union's disclosure
23 of the member's financial records to the Department. The

1 member signing the consent and authorization shall
2 indemnify and hold the credit union harmless that relies
3 in good faith upon the consent and authorization and
4 incurs a loss because of such reliance. The credit union
5 recovering under this indemnification provision shall also
6 be entitled to reasonable attorney's fees and the expenses
7 of recovery.

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

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

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

26 (2) authorize his or her attorney or duly

1 appointed agent to request and obtain the member's
2 financial records and disclose those financial records
3 to the Department.

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

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

1 authority.

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

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

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

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

16 (d) A credit union shall disclose financial records under
17 item (3)(c)(2) of this Section pursuant to a lawful subpoena,
18 summons, warrant, citation to discover assets, or court order
19 only after the credit union sends a copy of the subpoena,
20 summons, warrant, citation to discover assets, or court order
21 to the person establishing the relationship with the credit
22 union, if living, and otherwise the person's personal
23 representative, if known, at the person's last known address
24 by first class mail, postage prepaid, through a third-party
25 commercial carrier or courier with delivery charge fully
26 prepaid, by hand delivery, or by electronic delivery at an

1 email address on file with the credit union (if the person
2 establishing the relationship with the credit union has
3 consented to receive electronic delivery and, if the person
4 establishing the relationship with the credit union is a
5 consumer, the person has consented under the consumer consent
6 provisions set forth in Section 7001 of Title 15 of the United
7 States Code), unless the credit union is specifically
8 prohibited from notifying the person by order of court or by
9 applicable State or federal law. In the case of a grand jury
10 subpoena, a credit union shall not mail a copy of a subpoena to
11 any person pursuant to this subsection if the subpoena was
12 issued by a grand jury under the Statewide Grand Jury Act or
13 notifying the person would constitute a violation of the
14 federal Right to Financial Privacy Act of 1978.

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

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

24 (f) A credit union shall be reimbursed for costs which are
25 reasonably necessary and which have been directly incurred in
26 searching for, reproducing or transporting books, papers,

1 records or other data of a member required or requested to be
2 produced pursuant to a lawful subpoena, summons, warrant,
3 citation to discover assets, or court order. The Secretary and
4 the Director may determine, by rule, the rates and conditions
5 under which payment shall be made. Delivery of requested
6 documents may be delayed until final reimbursement of all
7 costs is received.

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

9 (205 ILCS 305/19) (from Ch. 17, par. 4420)

10 Sec. 19. Meeting of members.

11 (1) (a) The annual meeting shall be held each year during
12 the months of January, February or March or such other month as
13 may be approved by the Department. The meeting shall be held at
14 the time, place and in the manner set forth in the bylaws. Any
15 special meetings of the members of the credit union shall be
16 held at the time, place and in the manner set forth in the
17 bylaws. Unless otherwise set forth in this Act, quorum
18 requirements for meetings of members shall be established by a
19 credit union in its bylaws. Notice of all meetings must be
20 given by the secretary of the credit union at least 7 days
21 before the date of such meeting, either by handing a written or
22 printed notice to each member of the credit union, by mailing
23 the notice to the member at his address as listed on the books
24 and records of the credit union, by posting a notice of the
25 meeting in three conspicuous places, including the office of

1 the credit union, by posting the notice of the meeting on the
2 credit union's website, or by disclosing the notice of the
3 meeting in membership newsletters or account statements.

4 (b) Unless expressly prohibited by the articles of
5 incorporation or bylaws and subject to applicable requirements
6 of this Act, the board of directors may provide by resolution
7 that members may attend, participate in, act in, and vote at
8 any annual meeting or special meeting through the use of a
9 conference telephone or interactive technology, including, but
10 not limited to, electronic transmission, internet usage, or
11 remote communication, by means of which all persons
12 participating in the meeting can communicate with each other.
13 Participation through the use of a conference telephone or
14 interactive technology shall constitute attendance, presence,
15 and representation in person at the annual meeting or special
16 meeting of the person or persons so participating and count
17 towards the quorum required to conduct business at the
18 meeting. The following conditions shall apply to any virtual
19 meeting of the members:

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

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

1 (2) On all questions and at all elections, except election
2 of directors, each member has one vote regardless of the
3 number of his shares. There shall be no voting by proxy except
4 on the election of directors, proposals for merger or
5 voluntary dissolution. Members may vote on questions,
6 including, without limitation, the approval of mergers and
7 voluntary dissolutions under this Act, and in elections by
8 electronic record if approved by the board of directors.
9 Members shall have the right to vote on all such questions in
10 person by written ballot. All voting on the election of
11 directors shall be by ballot, but when there is no contest,
12 written or electronic ballots need not be cast. The record
13 date to be used for the purpose of determining which members
14 are entitled to notice of or to vote at any meeting of members,
15 may be fixed in advance by the directors on a date not more
16 than 90 days nor less than 10 days prior to the date of the
17 meeting. If no record date is fixed by the directors, the first
18 day on which notice of the meeting is given, mailed or posted
19 is the record date.

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

1 credit union shall obtain a certified copy of such resolution
2 before such vote may be cast.

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

7 (5) The use of electronic records for member voting
8 pursuant to this Section shall employ a security procedure
9 that meets the attribution criteria set forth in Section 9 of
10 the Uniform Electronic Transactions Act.

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

14 (Source: P.A. 102-38, eff. 6-25-21; 102-496, eff. 8-20-21;
15 102-774, eff. 5-13-22; 102-813, eff. 5-13-22; 103-154, eff.
16 6-30-23.)

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

18 Sec. 29. Meetings of directors.

19 (1) The board of directors and the executive committee
20 shall meet as often as necessary, but one body must meet at
21 least monthly and the other at least quarterly, as prescribed
22 in the bylaws. Unless a greater number is required by the
23 bylaws, a majority of the whole board of directors shall
24 constitute a quorum. The act of a majority of the directors
25 present at a meeting at which a quorum is present shall be the

1 act of the board of directors unless the act of a greater
2 number is required by this Act, the credit union's articles of
3 incorporation or the bylaws.

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

15 (1.7) Notwithstanding subsection (1) or (1.5), the board
16 of directors of a credit union with \$50,000,000 or more in
17 assets, a composite rating of either 1 or 2 under the Uniform
18 Financial Institutions Rating System known as the CAMELS
19 supervisory rating system (or an equivalent rating under a
20 comparable rating system), and a management rating under the
21 composite rating of either 1 or 2 may meet no fewer than 4
22 times annually, with at least one meeting held during each
23 fiscal quarter. The board of directors of a credit union with
24 less than \$50,000,000 in assets, but with the composite and
25 management ratings referenced in this subsection, may meet no
26 fewer than 4 times annually, with at least one meeting held

1 during each fiscal quarter, upon prior written approval of the
2 Secretary. The meeting frequency schedule set forth in this
3 subsection shall be available to an eligible credit union,
4 irrespective of whether it has appointed an executive
5 committee pursuant to Section 28.

6 (2) Unless specifically prohibited by the articles of
7 incorporation or bylaws, directors and committee members may
8 participate in and act at any meeting of the board or committee
9 through the use of a conference telephone or other
10 communications equipment by means of which all persons
11 participating in the meeting can communicate with each other.
12 Participation in the meeting shall constitute attendance and
13 presence in person at the meeting of the person or persons so
14 participating.

15 (3) Unless specifically prohibited by the articles of
16 incorporation or bylaws, any action required by this Act to be
17 taken at a meeting of the board of directors or a committee and
18 any other action that may be taken at a meeting of the board of
19 directors or a committee may be taken without a meeting if a
20 consent in writing setting forth the action taken is signed by
21 all the directors entitled to vote with respect to the subject
22 matter thereof, or by all members of the committee, as the case
23 may be. The consent shall be evidenced by one or more written
24 approvals, each of which sets forth the action taken and bears
25 the signatures of one or more directors or committee members.
26 All the approvals evidencing the consent shall be delivered to

1 the secretary to be filed in the corporate records of the
2 credit union. The action taken shall be effective when all the
3 directors or committee members have approved the consent
4 unless the consent specifies a different effective date. A
5 consent signed by all the directors or all the members of a
6 committee shall have the same effect as a unanimous vote, and
7 may be stated as such in any document filed with the director
8 under this Act.

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

10 "Affiliate" means an organization established to serve the
11 needs of credit unions, the business of which relates to the
12 daily operations of credit unions.

13 "Compliance review documents" means reports, meeting
14 minutes, and other documents prepared in connection with a
15 review or evaluation conducted by or for the board of
16 directors.

17 (b) This subsection applies to the board of directors in
18 relation to its functions to evaluate and seek to improve any
19 of the following:

20 (i) loan policies or underwriting standards;

21 (ii) asset quality;

22 (iii) financial reporting to federal or State
23 governmental or regulatory agencies; or

24 (iv) compliance with federal or State statutory or
25 regulatory requirements, including, without limitation,
26 the manner in which it performs its duties under Section

1 30.

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

5 (d) Except as provided in paragraph (e), compliance review
6 documents and the deliberations of the board of directors are
7 confidential. An affiliate of a credit union, a credit union
8 regulatory agency, and the insurer of credit union share
9 accounts shall have access to compliance review documents;
10 however, (i) the documents remain confidential and (ii)
11 delivery of compliance review documents to an affiliate or
12 pursuant to the requirements of a credit union regulatory
13 agency or an insurer of credit union share accounts do not
14 constitute a waiver of the confidentiality granted in this
15 Section.

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

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

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

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

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

6 (205 ILCS 305/34) (from Ch. 17, par. 4435)

7 Sec. 34. Duties of supervisory committee.

8 (1) The supervisory committee shall make or cause to be
9 made an annual internal audit of the books and affairs of the
10 credit union to determine that the credit union's accounting
11 records and reports are prepared promptly and accurately
12 reflect operations and results, that internal controls are
13 established and effectively maintained to safeguard the assets
14 of the credit union, and that the policies, procedures and
15 practices established by the board of directors and management
16 of the credit union are being properly administered. The
17 supervisory committee shall submit a report of that audit to
18 the board of directors and a summary of that report to the
19 members at the next annual meeting of the credit union. It
20 shall make or cause to be made such supplementary audits as it
21 deems necessary or as are required by the Secretary or by the
22 board of directors, and submit reports of these supplementary
23 audits to the Secretary or board of directors as applicable.
24 If the supervisory committee has not engaged a licensed
25 certified public accountant or licensed certified public

1 accounting firm to make the internal audit, the supervisory
2 committee or other officials of the credit union shall not
3 indicate or in any manner imply that such audit has been
4 performed by a licensed certified public accountant or
5 licensed certified public accounting firm or that the audit
6 represents the independent opinion of a licensed certified
7 public accountant or licensed certified public accounting
8 firm. The supervisory committee must retain its tapes and
9 working papers of each internal audit for inspection by the
10 Department. The report of this audit must be made on a form
11 approved by the Secretary. A copy of the report must be
12 promptly delivered to the Secretary as set forth in paragraph
13 (C) of subsection (3).

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

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

26 (B) The supervisory committee of a credit union with

1 assets of ~~\$5,000,000 or more, but~~ less than \$10,000,000 may,
2 at its option, ~~shall~~ engage a licensed certified public
3 accountant or licensed certified public accounting firm to
4 perform on an annual basis: (i) the an agreed-upon procedures
5 ~~engagement under attestation standards established by the~~
6 ~~American Institute of Certified Public Accountants~~ to
7 minimally satisfy the supervisory committee internal audit
8 standards set forth in subsection (1) within the standards
9 established by the American Institute of Certified Public
10 Accountants; (ii) an external independent audit of the credit
11 union's financial statements pursuant to the standards set
12 forth in paragraph (A) of subsection (3); or (iii) an external
13 independent audit of the credit union's financial statements
14 in accordance with subsection (5).

15 (C) Notwithstanding anything to the contrary in Section 6,
16 each credit union organized under this Act shall select the
17 annual period it desires to use for purposes of performing the
18 external independent audit, agreed-upon procedures engagement,
19 or internal audit described in this Section. The annual period
20 may end on the final day of any month and shall be construed to
21 mean once every calendar year and not once every 12-month
22 period. Irrespective of the annual period selected, the credit
23 union shall complete its external independent audit report,
24 agreed-upon procedures report, or internal audit report and
25 deliver a copy to the Secretary no later than 120 days after
26 the effective date of the audit or engagement, which shall

1 mean the last day of the selected annual period. A credit union
2 or group of credit unions may obtain an extension of the due
3 date upon application to and receipt of written approval from
4 the Secretary.

5 (D) If the credit union engages a licensed certified
6 public accountant or licensed certified public accounting firm
7 to perform an annual (i) external independent audit of the
8 credit union's financial statements pursuant to the standards
9 in paragraph (A) of subsection (3); (ii) regulatory basis
10 financial statement audit pursuant to the standards in
11 subsection (5); or (iii) ~~or an annual~~ agreed-upon procedures
12 engagement pursuant to the standards in paragraph (B) of
13 subsection (3), then the annual internal audit requirements of
14 subsection (1) shall be deemed satisfied and met in all
15 respects.

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

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

26 (B) supporting documentation is maintained for the

1 technique used to develop the credit union loss rates,
2 including the period of time used to accumulate historical
3 loss data and the factors considered in establishing the
4 time frames; and

5 (C) the external auditor conducting the credit union's
6 financial statement audit has analyzed the methodology
7 employed by the credit union and concludes that the
8 financial statements, including the allowance for loan
9 losses, are fairly stated in all material respects in
10 accordance with U.S. Generally Accepted Accounting
11 Principles, as promulgated by the Financial Accounting
12 Standards Board, or the regulatory basis of accounting
13 identified in subsection (5).

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

1 licensed certified public accountant or licensed certified
2 public accounting firm to perform a financial statement audit
3 in accordance with this regulatory basis of accounting rather
4 than the standards in paragraph (A) of subsection (3).

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

7 (7) On an annual basis commencing January 1, 2015, the
8 members of the supervisory committee shall receive training
9 related to their statutory duties. Supervisory committee
10 members may receive the training through internal credit union
11 training, external training offered by the credit union's
12 retained auditors, trade associations, vendors, regulatory
13 agencies, or any other sources or on-the-job experience, or a
14 combination of those activities. The training may be received
15 through any medium, including, but not limited to,
16 conferences, workshops, audit closing meetings, seminars,
17 teleconferences, webinars, and other Internet-based delivery
18 channels.

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

21 (205 ILCS 305/63) (from Ch. 17, par. 4464)

22 Sec. 63. Merger and consolidation.

23 (1) Any two or more credit unions, regardless of whether
24 or not they have the same common bond, may merge or consolidate
25 into a single credit union. A merger or consolidation may be

1 with a credit union organized under the laws of this State or
2 of another state or of the United States and is subject to the
3 approval of the Secretary. It must be made on such terms as
4 have been agreed upon by a vote of a majority of the directors
5 present at a meeting of the board of directors of each credit
6 union at which a quorum is present, and approved by an
7 affirmative vote of a majority of the members of the merging
8 credit union being absorbed present at a meeting, either in
9 person or by proxy, duly called for that purpose, except as
10 hereinafter specified. Notice of the meeting stating the
11 purpose must be sent by the secretary ~~Secretary~~ of each
12 merging credit union being absorbed to each member by mail or
13 electronic record as authorized by Section 10.2 of this Act at
14 least 45 but no more than 90 days before the date of the
15 meeting, except as specified in this Act.

16 (1.5) If the Secretary determines the merging credit union
17 is not yet in danger of insolvency but supervisory concerns
18 exist as described in this paragraph (1.5), and upon agreement
19 of the boards of directors of the merging and continuing
20 credit unions as confirmed by a majority vote of the directors
21 present at a meeting of each board at which a quorum is
22 present, the Secretary may permit the merger to become
23 effective without (i) an affirmative vote of the membership of
24 the merging credit union otherwise required by paragraph (1)
25 of Section 63, (ii) adherence to the merging credit union
26 membership meeting notice requirement set forth in subsection

1 (1) of Section 63, or (iii) both. For the avoidance of doubt,
2 if supervisory concerns exist, the Secretary and both credit
3 unions may agree to conduct the merging credit union
4 membership meeting, but on a timeline shorter than that
5 prescribed in subsection (1) of Section 63. Supervisory
6 concerns supporting such a waiver or adjustment of the merging
7 credit union membership notice and voting process include
8 without limitation, abandonment of management or officials, or
9 both, of the merging credit union and the inability to find
10 suitable replacements; material loss of sponsor support;
11 serious and persistent recordkeeping problems or deficiencies;
12 or sustained material decline in financial condition supported
13 by at least 12 months of historical data that reflects the
14 merging credit union's net worth is declining at a rate that
15 will take it under 2% net worth within 18 months.

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

24 (3) After approval by the members of the credit union
25 which is to be absorbed by the merger or consolidation, the
26 chairman or president and the secretary of each credit union

1 shall execute a certificate of merger or consolidation, which
2 shall set forth all of the following:

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

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

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

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

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

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

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

26 (6) Each credit union absorbed by the merger or

1 consolidation shall return to the Secretary the original
2 statement of incorporation, certificate of approval of
3 incorporation, and the bylaws of the credit union. The
4 surviving credit union shall continue its operation under its
5 existing certificate of approval, articles of incorporation,
6 and the bylaws or if a new credit union has been formed, under
7 the new certificate of approval, articles of incorporation,
8 and bylaws.

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

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

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