

1 AN ACT concerning financial 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 19 and 34 as follows:

6 (205 ILCS 305/19) (from Ch. 17, par. 4420)

7 Sec. 19. Meeting of members.

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

1 (2) On all questions and at all elections, except election
2 of directors, each member has one vote regardless of the number
3 of his shares. There shall be no voting by proxy except on the
4 election of directors, proposals for merger or voluntary
5 dissolution. All voting on the election of directors shall be
6 by ballot, but when there is no contest, written ballots need
7 not be cast. The record date to be used for the purpose of
8 determining which members are entitled to notice of or to vote
9 at any meeting of members, may be fixed in advance by the
10 directors on a date not more than 90 days nor less than 10 days
11 prior to the date of the meeting. If no record date is fixed by
12 the directors, the first day on which notice of the meeting is
13 given, mailed or posted is the record date.

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

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

1 (Source: P.A. 89-603, eff. 8-2-96.)

2 (205 ILCS 305/34) (from Ch. 17, par. 4435)

3 Sec. 34. Duties of Supervisory Committee.

4 (1) The Supervisory Committee shall make or cause to be
5 made an annual internal audit of the books and affairs of the
6 credit union to determine that the credit union's accounting
7 records and reports are prepared promptly and accurately
8 reflect operations and results, that internal controls are
9 established and effectively maintained to safeguard the assets
10 of the credit union, and that the policies, procedures and
11 practices established by the Board of Directors and management
12 of the credit union are being properly administered. The
13 Supervisory Committee shall submit a report of that audit to
14 the Board of Directors and a summary of that report to the
15 members at the next annual meeting of the credit union. It
16 shall make or cause to be made such supplementary audits as it
17 deems necessary or as are required by the Director or by the
18 Board of Directors, and submit reports of these supplementary
19 audits to the Director or Board of Directors as applicable. If
20 the Supervisory Committee has not engaged a public accountant
21 registered by the Department of Professional Regulation to make
22 the internal audit, the Supervisory Committee or other
23 officials of the credit union shall not indicate or in any
24 manner imply that such audit has been performed by a public
25 accountant or that the audit represents the independent opinion

1 of a public accountant. The Committee must retain its tapes and
2 working papers of each internal audit for inspection by the
3 Department. The report of this audit must be made on a form
4 approved by the Director. A copy of the report must be promptly
5 mailed to the Director.

6 (2) The Supervisory Committee shall make or cause to be
7 made at least once each year a reasonable percentage
8 verification of members' share and loan accounts, consistent
9 with rules promulgated by the Director.

10 (3) The Supervisory Committee of a credit union with assets
11 of \$5,000,000 or more shall engage a public accountant
12 registered by the Department of Professional Regulation to
13 perform an annual external independent audit of the credit
14 union's financial statements in accordance with generally
15 accepted auditing standards. The Supervisory Committee of a
16 credit union with assets of \$3,000,000 or more, but less than
17 \$5,000,000, shall engage a public accountant registered by the
18 Department of Professional Regulation to perform an external
19 independent audit of the credit union's financial statements in
20 accordance with generally accepted auditing standards at least
21 once every 3 years. A copy of an external independent audit
22 shall be completed and mailed to the Director no later than 90
23 days after December 31 of each year; provided that a credit
24 union or group of credit unions may obtain an extension of the
25 due date upon application to and receipt of written approval
26 from the Director ~~upon completion~~. If the annual internal audit

1 of such a credit union is conducted by a public accountant
2 registered by the Department of Professional Regulation and the
3 annual internal audit is done in conjunction with the credit
4 union's annual external audit, the requirements of subsection
5 (1) of this Section shall be deemed met.

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

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

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

21 (C) the external auditor conducting the credit union's
22 financial statement audit has analyzed the methodology
23 employed by the credit union and concludes that the
24 financial statements, including the allowance for loan
25 losses, are fairly stated in all material respects in
26 accordance with U.S. Generally Accepted Accounting

1 Principles, as promulgated by the Financial Accounting
2 Standards Board.

3 (5) A majority of the members of the Supervisory Committee
4 shall constitute a quorum.

5 (Source: P.A. 96-141, eff. 8-7-09.)

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.