TITLE 38: FINANCIAL INSTITUTIONS
CHAPTER I: DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

PART 190
ILLINOIS CREDIT UNION ACT

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AUTHORITY: Implementing and authorized by the Illinois Credit Union Act [205 ILCS 305].

SOURCE: Adopted at 4 Ill. Reg. 20, p. 17, effective May 7, 1980; amended at 6 Ill. Reg. 11154, effective September 7, 1982; amended and codified at 7 Ill. Reg. 14973, effective October 26, 1983; emergency amendment at 9 Ill. Reg. 14378, effective September 11, 1985, for a maximum of 150 days; amended at 9 Ill. Reg. 16231, effective October 10, 1985; amended at 10 Ill. Reg. 14667, effective August 27, 1986; amended at 12 Ill. Reg. 10464, effective June 7, 1988; amended at 12 Ill. Reg. 17383, effective October 24, 1988; amended at 13 Ill. Reg. 3793, effective March 10, 1989; amended at 13 Ill. Reg. 15998, effective October 2, 1989; emergency amendment at 16 Ill. Reg. 12781, effective July 29, 1992, for a maximum of 150 days; amended at 16 Ill. Reg. 17073, effective October 26, 1992; amended at 19 Ill. Reg. 2826, effective February 24, 1995; amended at 20 Ill. Reg. 5803, effective April 8, 1996; emergency amendment at 20 Ill. Reg. 13093, effective September 27, 1996, for a maximum of 150 days; emergency expired February 17, 1997; amended at 22 Ill. Reg. 17317, effective September 15, 1998; emergency amendment at 23 Ill. Reg. 3086, effective February 23, 1999, for a maximum of 150

days; emergency expired July 22, 1999; amended at 23 Ill. Reg. 12614, effective October 4, 1999; amended at 23 Ill. Reg. 14031, effective November 12, 1999; amended at 25 Ill. Reg. 6244, effective May 17, 2001; amended at 25 Ill. Reg. 13278, effective October 19, 2001; amended at 26 Ill. Reg. 17999, effective December 9, 2002; amended at 28 Ill. Reg. 11699, effective July 29, 2004; amended at 29 Ill. Reg. 10579, effective July 8, 2005; amended at 30 Ill. Reg. 18919, effective December 4, 2006; amended at 32 Ill. Reg. 1377, effective January 16, 2008; amended at 34 Ill. Reg. 10500, effective July 12, 2010; amended at 37 Ill. Reg. 12450, effective July 16, 2013; amended at 38 Ill. Reg. 19910, effective October 17, 2014; amended at 41 Ill. Reg. 4764, effective May 1, 2017; amended at 41 Ill. Reg. 11307, effective August 28, 2017; amended at 43 Ill. Reg. 303, effective January 1, 2019; amended at 44 Ill. Reg. 18320, effective November 13, 2020; emergency amendment at 45 Ill. Reg. 1186, effective January 8, 2021, for a maximum of 150 days; amended at 45 Ill. Reg. 5829, effective April 23, 2021; emergency amendment at 45 Ill. Reg. 13695, effective October 15, 2021, for a maximum of 150 days; amended at 46 Ill. Reg. _____, effective _____.

SUBPART A: GENERAL PROVISIONS

Section 190.60 General Accounting Procedures

a) All credit unions will maintain their books and records in accordance with GAAP, and in such a manner as to provided an accurate report of financial condition, with the exception of the selection of the accounting method to be used or when otherwise directed by statutory requirements. In the event that a credit union is using the modified cash basis of accounting, and the Secretary determines that method causes a material misstatement of the financial condition of the credit union, he or she shall require that the credit union convert to the full accrual method of accounting, except when factors such as prohibitive cost or lack of expertise are evident. The Division shall notify in writing any credit union required to convert to the full accrual method and provide 60 days to review and respond.

b) If the credit union does not concur with the Division's requirement, it may request a formal hearing under Section 190.20. The order to change accounting procedures is stayed pending the final outcome of the hearing.

c) Regardless of the method of accounting in use, the following items must be accrued or amortized:

1) Dividends on Classes of Shares;

2) Premiums and Discounts on purchased investments;

3) Depreciation of Fixed Assets;

4) Interest on investments when paid less frequently than once a year.

d) If a credit union uses the accrual method to recognize interest income on consumer loans, the accrual must be stopped and income recognized on a cash basis whenever the borrower is three months or more delinquent in contractual payments.

e) Credit unions' charts of accounts must be kept in sufficient detail to allow accurate and full completion of all reports required by Section 9 of the Act.

f) Pursuant to the authority granted the Secretary by Section 60(B) of the Act to decrease the reserve requirement set forth in Section 60(A) of the Act, a credit union is exempt from the reserve requirement of Section 60(A) provided:

1) The credit union's net worth to asset ratio is 7% or greater; or

2) If the credit union's net worth to asset ratio at the end of a calendar quarter is less than 7%, the credit union transfers an amount equal to .1% of the credit union's assets from undivided earnings to regular reserve at the end of the next calendar quarter and quarterly thereafter until the net worth to assets ratio is equal to or greater than 7%.

3) Notwithstanding subsection (f)(2), a credit union with a net worth to asset ratio of greater than 6% is not required to make the earnings retention transfer of 0.1% from undivided earnings to regular reserve at the end of the next quarter until after the quarter ending 3/31/2022 unless the Secretary determines that a transfer is necessary to address safety and soundness concerns.

(Source: Amended at 46 Ill. Reg. _____, effective _____)