

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, 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
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 shall
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 and the basis or bases
14 of the credit union's reasonable suspicion, without
15 disclosing any other details or confidential information
16 regarding the financial affairs of the member. Any
17 disclosure made pursuant to this subsection shall comply
18 with all other privacy laws and legal prohibitions,
19 including confidentiality requirements for suspicious
20 activity reports. The credit union may rely on information
21 provided by the member in compiling the list of contact
22 persons. The credit union and any employee of the credit
23 union acting in good faith is immune from all criminal,
24 civil, and administrative liability for contacting a
25 person or electing not to contact a person under this item
26 (13.5) and for actions taken in furtherance of that

1 determination, if the determination was made based on a
2 reasonable suspicion.

3 (14) The disclosure of financial records or
4 information as necessary to effect, administer, or enforce
5 a transaction requested or authorized by the member, or in
6 connection with:

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

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

11 (C) a proposed or actual securitization or
12 secondary market sale (including sales of servicing
13 rights) related to a transaction of a member.

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

17 (15) The disclosure of financial records or
18 information as necessary to protect against or prevent
19 actual or potential fraud, unauthorized transactions,
20 claims, or other liability.

21 (16) (a) The disclosure of financial records or
22 information related to a private label credit program
23 between a financial institution and a private label party
24 in connection with that private label credit program. Such
25 information is limited to outstanding balance, available
26 credit, payment and performance and account history,

1 product references, purchase information, and information
2 related to the identity of the customer.

3 (b) (1) For purposes of this item (16), "private label
4 credit program" means a credit program involving a
5 financial institution and a private label party that is
6 used by a customer of the financial institution and the
7 private label party primarily for payment for goods or
8 services sold, manufactured, or distributed by a private
9 label party.

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

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

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

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

26 (3) be tendered to the credit union at the

1 earliest practicable time following its execution,
2 certification, and notarization;

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

5 (5) be in substantially the following form:

6 CUSTOMER CONSENT AND AUTHORIZATION
7 FOR RELEASE OF FINANCIAL RECORDS

8 I, , hereby authorize
9 (Name of Customer)

10
11 (Name of Financial Institution)

12
13 (Address of Financial Institution)

14 to disclose the following financial records:

15 any and all information concerning my deposit, savings, money
16 market, certificate of deposit, individual retirement,
17 retirement plan, 401(k) plan, incentive plan, employee benefit
18 plan, mutual fund and loan accounts (including, but not
19 limited to, any indebtedness or obligation for which I am a
20 co-borrower, co-obligor, guarantor, or surety), and any and

1 all other accounts in which I have an interest and any other
2 information regarding me in the possession of the Financial
3 Institution,

4 to the Illinois Department of Human Services or the Illinois
5 Department of Healthcare and Family Services, or both ("the
6 Department"), for the following purpose(s):

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

10 I understand that this Consent and Authorization may be
11 revoked by me in writing at any time before my financial
12 records, as described above, are disclosed, and that this
13 Consent and Authorization is valid until the Financial
14 Institution receives my written revocation. This Consent and
15 Authorization shall constitute valid authorization for the
16 Department identified above to inspect all such financial
17 records set forth above, and to request and receive copies of
18 such financial records from the Financial Institution (subject
19 to such records search and reproduction reimbursement policies
20 as the Financial Institution may have in place). An executed
21 copy of this Consent and Authorization shall be sufficient and
22 as good as the original and permission is hereby granted to
23 honor a photostatic or electronic copy of this Consent and

1 Authorization. Disclosure is strictly limited to the
 2 Department identified above and no other person or entity
 3 shall receive my financial records pursuant to this Consent
 4 and Authorization. By signing this form, I agree to indemnify
 5 and hold the Financial Institution harmless from any and all
 6 claims, demands, and losses, including reasonable attorneys
 7 fees and expenses, arising from or incurred in its reliance on
 8 this Consent and Authorization. As used herein, "Customer"
 9 shall mean "Member" if the Financial Institution is a credit
 10 union.

11

12 (Date) (Signature of Customer)

13

14

15 (Address of Customer)

16

17 (Customer's birth date)

18 (month/day/year)

19 The undersigned witness certifies that,
 20 known to me to be the same person whose name is subscribed as
 21 the customer to the foregoing Consent and Authorization,
 22 appeared before me and the notary public and acknowledged

1 signing and delivering the instrument as his or her free and
 2 voluntary act for the uses and purposes therein set forth. I
 3 believe him or her to be of sound mind and memory. The
 4 undersigned witness also certifies that the witness is not an
 5 owner, operator, or relative of an owner or operator of a
 6 long-term care facility in which the customer is a patient or
 7 resident.

8 Dated:

9 (Signature of Witness)

10

11 (Print Name of Witness)

12

13

14 (Address of Witness)

15 State of Illinois)

16) ss.

17 County of

18 The undersigned, a notary public in and for the above county
 19 and state, certifies that, known to me to be the
 20 same person whose name is subscribed as the customer to the
 21 foregoing Consent and Authorization, appeared before me

1 together with the witness,, in person and
 2 acknowledged signing and delivering the instrument as the free
 3 and voluntary act of the customer for the uses and purposes
 4 therein set forth.

5 Dated:
 6 Notary Public:
 7 My commission expires:

8 (b) In no event shall the credit union distribute the
 9 member's financial records to the long-term care facility
 10 from which the member seeks initial or continuing
 11 residency or long-term care services.

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

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

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

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

19 (2) authorize his or her attorney or duly
20 appointed agent to request and obtain the member's
21 financial records and disclose those financial records
22 to the Department.

23 (f) For purposes of this item (17), "Department" means
24 the Department of Human Services and the Department of
25 Healthcare and Family Services or any successor
26 administrative agency of either agency.

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

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

25 (1) the member has authorized disclosure to the
26 person;

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

5 (3) the credit union is attempting to collect an
6 obligation owed to the credit union and the credit union
7 complies with the provisions of Section 2I of the Consumer
8 Fraud and Deceptive Business Practices Act.

9 (d) A credit union shall disclose financial records under
10 item (3) (c) (2) of this Section pursuant to a lawful subpoena,
11 summons, warrant, citation to discover assets, or court order
12 only after the credit union sends a copy of the subpoena,
13 summons, warrant, citation to discover assets, or court order
14 to the person establishing the relationship with the credit
15 union, if living, and otherwise the person's personal
16 representative, if known, at the person's last known address
17 by first class mail, postage prepaid, through a third-party
18 commercial carrier or courier with delivery charge fully
19 prepaid, by hand delivery, or by electronic delivery at an
20 email address on file with the credit union (if the person
21 establishing the relationship with the credit union has
22 consented to receive electronic delivery and, if the person
23 establishing the relationship with the credit union is a
24 consumer, the person has consented under the consumer consent
25 provisions set forth in Section 7001 of Title 15 of the United
26 States Code), unless the credit union is specifically

1 prohibited from notifying the person by order of court or by
2 applicable State or federal law. In the case of a grand jury
3 subpoena, a credit union shall not mail a copy of a subpoena to
4 any person pursuant to this subsection if the subpoena was
5 issued by a grand jury under the Statewide Grand Jury Act or
6 notifying the person would constitute a violation of the
7 federal Right to Financial Privacy Act of 1978.

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

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

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

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

2 (205 ILCS 305/19) (from Ch. 17, par. 4420)

3 Sec. 19. Meeting of members.

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

22 (b) Unless expressly prohibited by the articles of
23 incorporation or bylaws and subject to applicable requirements
24 of this Act, the board of directors may provide by resolution
25 that members may attend, participate in, act in, and vote at

1 any annual meeting or special meeting through the use of a
2 conference telephone or interactive technology, including, but
3 not limited to, electronic transmission, internet usage, or
4 remote communication, by means of which all persons
5 participating in the meeting can communicate with each other.
6 Participation through the use of a conference telephone or
7 interactive technology shall constitute attendance, presence,
8 and representation in person at the annual meeting or special
9 meeting of the person or persons so participating and count
10 towards the quorum required to conduct business at the
11 meeting. The following conditions shall apply to any virtual
12 meeting of the members:

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

16 (ii) the members must receive notice of the use of a
17 virtual meeting format and appropriate instructions for
18 joining, participating, and voting during the virtual
19 meeting at least 7 days before the virtual meeting.

20 (2) On all questions and at all elections, except election
21 of directors, each member has one vote regardless of the
22 number of his shares. There shall be no voting by proxy except
23 on the election of directors, proposals for merger or
24 voluntary dissolution. Members may vote on questions,
25 including, without limitation, the approval of mergers and
26 voluntary dissolutions under this Act, and in elections by

1 electronic record if approved by the board of directors.
2 Members shall have the right to vote on all such questions in
3 person by written ballot. All voting on the election of
4 directors shall be by ballot, but when there is no contest,
5 written or electronic ballots need not be cast. The record
6 date to be used for the purpose of determining which members
7 are entitled to notice of or to vote at any meeting of members,
8 may be fixed in advance by the directors on a date not more
9 than 90 days nor less than 10 days prior to the date of the
10 meeting. If no record date is fixed by the directors, the first
11 day on which notice of the meeting is given, mailed or posted
12 is the record date.

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

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

26 (5) The use of electronic records for member voting

1 pursuant to this Section shall employ a security procedure
2 that meets the attribution criteria set forth in Section 9 of
3 the Uniform Electronic Transactions Act.

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

7 (Source: P.A. 102-38, eff. 6-25-21; 102-496, eff. 8-20-21;
8 102-774, eff. 5-13-22; 102-813, eff. 5-13-22; 103-154, eff.
9 6-30-23.)

10 (205 ILCS 305/29) (from Ch. 17, par. 4430)

11 Sec. 29. Meetings of directors.

12 (1) The board of directors and the executive committee
13 shall meet as often as necessary, but one body must meet at
14 least monthly and the other at least quarterly, as prescribed
15 in the bylaws. Unless a greater number is required by the
16 bylaws, a majority of the whole board of directors shall
17 constitute a quorum. The act of a majority of the directors
18 present at a meeting at which a quorum is present shall be the
19 act of the board of directors unless the act of a greater
20 number is required by this Act, the credit union's articles of
21 incorporation or the bylaws.

22 (1.5) Notwithstanding anything to the contrary in
23 subsection (1), the board of directors of a credit union with a
24 composite rating of either 1 or 2 under the Uniform Financial
25 Institutions Rating System known as the CAMELS supervisory

1 rating system (or an equivalent rating under a comparable
2 rating system) and a management rating under such composite
3 rating of either 1 or 2 may meet not less than 6 times
4 annually, with at least one meeting held during each fiscal
5 quarter. This meeting frequency schedule shall be available to
6 an eligible credit union irrespective of whether it has
7 appointed an executive committee pursuant to Section 28.

8 (1.7) Notwithstanding subsection (1) or (1.5), the board
9 of directors of a credit union with \$50,000,000 or more in
10 assets, a composite rating of either 1 or 2 under the Uniform
11 Financial Institutions Rating System known as the CAMELS
12 supervisory rating system (or an equivalent rating under a
13 comparable rating system), and a management rating under the
14 composite rating of either 1 or 2 may meet no fewer than 4
15 times annually, with at least one meeting held during each
16 fiscal quarter. The board of directors of a credit union with
17 less than \$50,000,000 in assets, but with the composite and
18 management ratings referenced in this subsection, may meet no
19 fewer than 4 times annually, with at least one meeting held
20 during each fiscal quarter, upon prior written approval of the
21 Secretary. The meeting frequency schedule set forth in this
22 subsection shall be available to an eligible credit union,
23 irrespective of whether it has appointed an executive
24 committee pursuant to Section 28.

25 (2) Unless specifically prohibited by the articles of
26 incorporation or bylaws, directors and committee members may

1 participate in and act at any meeting of the board or committee
2 through the use of a conference telephone or other
3 communications equipment by means of which all persons
4 participating in the meeting can communicate with each other.
5 Participation in the meeting shall constitute attendance and
6 presence in person at the meeting of the person or persons so
7 participating.

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

1 under this Act.

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

3 "Affiliate" means an organization established to serve the
4 needs of credit unions, the business of which relates to the
5 daily operations of credit unions.

6 "Compliance review documents" means reports, meeting
7 minutes, and other documents prepared in connection with a
8 review or evaluation conducted by or for the board of
9 directors.

10 (b) This subsection applies to the board of directors in
11 relation to its functions to evaluate and seek to improve any
12 of the following:

13 (i) loan policies or underwriting standards;

14 (ii) asset quality;

15 (iii) financial reporting to federal or State
16 governmental or regulatory agencies; or

17 (iv) compliance with federal or State statutory or
18 regulatory requirements, including, without limitation,
19 the manner in which it performs its duties under Section
20 30.

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

24 (d) Except as provided in paragraph (e), compliance review
25 documents and the deliberations of the board of directors are
26 confidential. An affiliate of a credit union, a credit union

1 regulatory agency, and the insurer of credit union share
2 accounts shall have access to compliance review documents;
3 however, (i) the documents remain confidential and (ii)
4 delivery of compliance review documents to an affiliate or
5 pursuant to the requirements of a credit union regulatory
6 agency or an insurer of credit union share accounts do not
7 constitute a waiver of the confidentiality granted in this
8 Section.

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

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

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

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

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

25 (205 ILCS 305/34) (from Ch. 17, par. 4435)

1 Sec. 34. Duties of supervisory committee.

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

1 firm. The supervisory 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 Secretary. A copy of the report must be
5 promptly delivered to the Secretary as set forth in paragraph
6 (C) of subsection (3).

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

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

19 (B) The supervisory committee of a credit union with
20 assets of ~~\$5,000,000 or more, but~~ less than \$10,000,000 may,
21 at its option, ~~shall~~ engage a licensed certified public
22 accountant or licensed certified public accounting firm to
23 perform on an annual basis: (i) ~~the an agreed-upon~~ procedures
24 ~~engagement under attestation standards established by the~~
25 ~~American Institute of Certified Public Accountants~~ to
26 minimally satisfy the supervisory committee internal audit

1 standards set forth in subsection (1) within the standards
2 established by the American Institute of Certified Public
3 Accountants; (ii) an external independent audit of the credit
4 union's financial statements pursuant to the standards set
5 forth in paragraph (A) of subsection (3); or (iii) an external
6 independent audit of the credit union's financial statements
7 in accordance with subsection (5).

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

24 (D) If the credit union engages a licensed certified
25 public accountant or licensed certified public accounting firm
26 to perform an annual (i) external independent audit of the

1 credit union's financial statements pursuant to the standards
2 in paragraph (A) of subsection (3); (ii) regulatory basis
3 financial statement audit pursuant to the standards in
4 subsection (5); or (iii) ~~or an annual~~ agreed-upon procedures
5 engagement pursuant to the standards in paragraph (B) of
6 subsection (3), then the annual internal audit requirements of
7 subsection (1) shall be deemed satisfied and met in all
8 respects.

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

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

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

24 (C) the external auditor conducting the credit union's
25 financial statement audit has analyzed the methodology
26 employed by the credit union and concludes that the

1 financial statements, including the allowance for loan
2 losses, are fairly stated in all material respects in
3 accordance with U.S. Generally Accepted Accounting
4 Principles, as promulgated by the Financial Accounting
5 Standards Board, or the regulatory basis of accounting
6 identified in subsection (5).

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

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

26 (7) On an annual basis commencing January 1, 2015, the

1 members of the supervisory committee shall receive training
2 related to their statutory duties. Supervisory committee
3 members may receive the training through internal credit union
4 training, external training offered by the credit union's
5 retained auditors, trade associations, vendors, regulatory
6 agencies, or any other sources or on-the-job experience, or a
7 combination of those activities. The training may be received
8 through any medium, including, but not limited to,
9 conferences, workshops, audit closing meetings, seminars,
10 teleconferences, webinars, and other Internet-based delivery
11 channels.

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

14 (205 ILCS 305/63) (from Ch. 17, par. 4464)

15 Sec. 63. Merger and consolidation.

16 (1) Any two or more credit unions, regardless of whether
17 or not they have the same common bond, may merge or consolidate
18 into a single credit union. A merger or consolidation may be
19 with a credit union organized under the laws of this State or
20 of another state or of the United States and is subject to the
21 approval of the Secretary. It must be made on such terms as
22 have been agreed upon by a vote of a majority of the directors
23 present at a meeting of the board of directors of each credit
24 union at which a quorum is present, and approved by an
25 affirmative vote of a majority of the members of the merging

1 credit union being absorbed present at a meeting, either in
2 person or by proxy, duly called for that purpose, except as
3 hereinafter specified. Notice of the meeting stating the
4 purpose must be sent by the secretary ~~Secretary~~ of each
5 merging credit union being absorbed to each member by mail or
6 electronic record as authorized by Section 10.2 of this Act at
7 least 45 but no more than 90 days before the date of the
8 meeting, except as specified in this Act.

9 (1.5) If the Secretary determines the merging credit union
10 is not yet in danger of insolvency but supervisory concerns
11 exist as described in this paragraph (1.5), and upon agreement
12 of the boards of directors of the merging and continuing
13 credit unions as confirmed by a majority vote of the directors
14 present at a meeting of each board at which a quorum is
15 present, the Secretary may permit the merger to become
16 effective without (i) an affirmative vote of the membership of
17 the merging credit union otherwise required by paragraph (1)
18 of Section 63, (ii) adherence to the merging credit union
19 membership meeting notice requirement set forth in subsection
20 (1) of Section 63, or (iii) both. For the avoidance of doubt,
21 if supervisory concerns exist, the Secretary and both credit
22 unions may agree to conduct the merging credit union
23 membership meeting, but on a timeline shorter than that
24 prescribed in subsection (1) of Section 63. Supervisory
25 concerns supporting such a waiver or adjustment of the merging
26 credit union membership notice and voting process include,

1 without limitation, abandonment of management or officials, or
2 both, of the merging credit union and the inability to find
3 suitable replacements; material loss of sponsor support;
4 serious and persistent recordkeeping problems or deficiencies;
5 or sustained material decline in financial condition supported
6 by at least 12 months of historical data that reflects the
7 merging credit union's net worth is declining at a rate that
8 will take it under 2% net worth within 18 months.

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

17 (3) After approval by the members of the credit union
18 which is to be absorbed by the merger or consolidation, the
19 chairman or president and the secretary of each credit union
20 shall execute a certificate of merger or consolidation, which
21 shall set forth all of the following:

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

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

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

1 (d) The time and place of the meeting of the members of
2 the absorbed credit union at which the plan agreed upon
3 was approved; and,

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

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

14 (5) Upon issuance of the certificate of approval, each
15 merging credit union which was absorbed shall cease operation.
16 Each party to the merger shall file the certificate of
17 approval with the Recorder or County Clerk of the county in
18 which the credit union has or had its principal office.

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

1 and bylaws.

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

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

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