



Financial Institutions Committee

Filed: 2/16/2010

09600HB4865ham001

LRB096 16895 MJR 35853 a

1 AMENDMENT TO HOUSE BILL 4865

2 AMENDMENT NO. _____. Amend House Bill 4865 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 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

1 given by the Secretary of the credit union at least 7 days
2 before the date of such meeting, either by handing a written or
3 printed notice to each member of the credit union, by mailing
4 the notice to the member at his address as listed on the books
5 and records of the credit union, or by posting a notice of the
6 meeting in three conspicuous places, including the office of
7 the credit union.

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

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

1 directors or similar governing authority; provided that the
2 credit union shall obtain a certified copy of such resolution
3 before such vote may be cast.

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

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

9 (205 ILCS 305/34) (from Ch. 17, par. 4435)

10 Sec. 34. Duties of Supervisory Committee.

11 (1) The Supervisory Committee shall make or cause to be
12 made an annual internal audit of the books and affairs of the
13 credit union to determine that the credit union's accounting
14 records and reports are prepared promptly and accurately
15 reflect operations and results, that internal controls are
16 established and effectively maintained to safeguard the assets
17 of the credit union, and that the policies, procedures and
18 practices established by the Board of Directors and management
19 of the credit union are being properly administered. The
20 Supervisory Committee shall submit a report of that audit to
21 the Board of Directors and a summary of that report to the
22 members at the next annual meeting of the credit union. It
23 shall make or cause to be made such supplementary audits as it
24 deems necessary or as are required by the Director or by the
25 Board of Directors, and submit reports of these supplementary

1 audits to the Director or Board of Directors as applicable. If
2 the Supervisory Committee has not engaged a public accountant
3 registered by the Department of Professional Regulation to make
4 the internal audit, the Supervisory Committee or other
5 officials of the credit union shall not indicate or in any
6 manner imply that such audit has been performed by a public
7 accountant or that the audit represents the independent opinion
8 of a public accountant. The 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 Director. A copy of the report must be promptly
12 mailed to the Director.

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

17 (3) The Supervisory Committee of a credit union with assets
18 of \$5,000,000 or more shall engage a public accountant
19 registered by the Department of Professional Regulation to
20 perform an annual external independent audit of the credit
21 union's financial statements in accordance with generally
22 accepted auditing standards. The Supervisory Committee of a
23 credit union with assets of \$3,000,000 or more, but less than
24 \$5,000,000, shall engage a public accountant registered by the
25 Department of Professional Regulation to perform an external
26 independent audit of the credit union's financial statements in

1 accordance with generally accepted auditing standards at least
2 once every 3 years. A copy of an external independent audit
3 shall be completed and mailed to the Director no later than 90
4 days after December 31 of each year; provided that a credit
5 union or group of credit unions may obtain an extension of the
6 due date upon application to and receipt of written approval
7 from the Director ~~upon completion~~. If the annual internal audit
8 of such a credit union is conducted by a public accountant
9 registered by the Department of Professional Regulation and the
10 annual internal audit is done in conjunction with the credit
11 union's annual external audit, the requirements of subsection
12 (1) of this Section shall be deemed met.

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

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

23 (B) supporting documentation is maintained for the
24 technique used to develop the credit union loss rates,
25 including the period of time used to accumulate historical
26 loss data and the factors considered in establishing the

1 time frames; and

2 (C) the external auditor conducting the credit union's
3 financial statement audit has analyzed the methodology
4 employed by the credit union and concludes that the
5 financial statements, including the allowance for loan
6 losses, are fairly stated in all material respects in
7 accordance with U.S. Generally Accepted Accounting
8 Principles, as promulgated by the Financial Accounting
9 Standards Board.

10 (5) A majority of the members of the Supervisory Committee
11 shall constitute a quorum.

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

13 Section 99. Effective date. This Act takes effect upon
14 becoming law."