

**Illinois Department of Financial and Professional Regulation**

**Division of Financial Institutions**

**Illinois Board of Credit Union Advisors**

Wednesday, June 23, 2010  
320 W. Washington, Springfield, IL  
11:00 am

**Board Members -**

**Present** - Peggy Cummins, Alice Clements, Brian McDaniel, Raymond Rogers, Karen Woods & Helen Young.

**Not Present** - Bohdan Watral

**Quorum Present:** Yes

**Others Present -**

DFI Representatives – Robert Meza, Director; Brad Losch, Acting Asst. Supervisor, CU Section; Dave Anderson, PCO, CU Section; Ginger Gardiner & Colleen Stuart, CU Section;

Credit Union Representatives - Jeff Ambrose, CEFCU; Theresa Cummings & Delores Newman, Imperial CU; John Hegg, First Illinois CU; Betsy Rhynes & Paula Upchurch, Streator Community CU;

ICUL (Illinois Credit Union League) Representatives - Keith Sias & Patrick Smith

**Proceedings -**

Meeting called to order at 11:15 am by Chair, Peggy Cummins  
Introduction of Board, and of special guests, Robert Meza, ICUL Representatives & DFI Representatives

**Election of Officers for Board -**

Proceeded over by Nominating Chairman, Raymond Rogers

Nominated: Chairman – Peggy Cummins  
Vice Chair – Karen Woods  
Secretary – Brian McDaniel

Floor was open for any other nominations (3 requests). No other nominations were presented and it was moved that nominations be closed and a unanimous ballot was cast for the appointment of the officers.

## **Opening Remarks -**

Robert Meza gave a summary of the Credit Union Industry activities and the safety & soundness & statistics (as of March 31, 2010) and also updates since the previous meeting of the board of directors.

## **Credit Union Updates -**

Brad Losch gave a summary of the Credit Union Industry history & statistics, indicating that total credit union numbers are down, due to mergers, however, total assets are up and that the overall Net Worth Ratio is still pretty solid. On a loan standpoint during 2008 – 2009 there was a significant increase in loan delinquency, however, during the first quarter of 2010 there has been improvement, while loan growth is negative, delinquency is down, the provision expense is down & the net charge off has increased. These are all positive numbers with the hope that the 2<sup>nd</sup> quarter will also reflect a positive trend.

Dave Anderson discussed Problem Case credit unions (watch list credit unions) and how a watch list credit union is determined. These are credit unions that are having financial problems or problems with management and warrant close attention and monitoring and are determined by exam reports, FPR reports, Peer to Peer reports, NCUA or ASI reports, and various other methods, including net worth, delinquency charge offs & trends. The top ten problem credit unions with low net worth were discussed. Robert Meza provided additional information on watch list credit unions and a short question and answer session followed with information on the reason credit unions fall into the top ten, which included management, economic times, poor underwriting, loan losses, operating expenses, management not following through on examiner recommendations and other factors and also on what is considered a red flag - which is usually based on Net Worth.

Involuntary mergers and liquidations, which are rare, were discussed, with the last involuntary liquidation or merger in 2003. Enforcement actions between NCUA and / or ASI & DFI were also discussed.

## **ICUL -**

Keith Sias handed out copies of the June 2010 Legislative Report and highlighted updates on legislative issues on the credit union industry, specifically, statistics on House Bill #HR-4173 - Wall Street Reform and Consumer Protection Act indicating that modifications have been made but the ICUL still opposes the bill. The League should be getting more information soon, as they expect a vote by end of June.

Other items highlighted regarding the General Assembly:

- No dedicated funds were swept
- Bill 4865 - changes to IL CU Act - granted 30 extra days to file an external audit report
- Bill 6412 - makes the State Card Act line up with the Federal Card Act
- Bill 6477 - Redrafting of the Power of Attorney Act

- Senate Bill 377 – Budget Bill - Regarding Child Support Data Collection – League was able to get that off the table
- Senate Bill 1118 – MBL Interest Rate Calculation – amends the Interest Act to clarify the method of calculating interest on commercial loans
- Bill 3267 – Elder Abuse – Mandate Reporter – League was able to change that to mandated training versus mandated reporting

Patrick Smith handed out draft copies of updates to the Loss Loan Accounting Rules within the Illinois Credit Union Act Rules and Regulations & discussed the changes that will provide parity with federal credit unions and also discussed methodology credit unions use for reporting.

**New Business** – None

**Old Business** – None

**Questions from the Board -**

- 1) ASI (American Share Insurance) compliance and soundness was discussed and information was provided on the most recent ASI audit.
- 2) If annual exam dates for Federal Credit Unions could be changed was discussed. However, since it is regarding a Federal CU it is an issue for NCUA and not DFI.
- 3) If DFI thought NCUA would consider changes to net worth bench mark ratios & provisions to PCA for CU's was discussed.

**Date of next meeting** –

October 20, 2010 at the Thompson Center, Chicago, IL

**Meeting Adjourned -**

12:25 by Brian McDaniel, seconded by Karen Woods