**Section 190.200 Conversion of Charter**

a) Conversion from a State of Illinois chartered credit union to a credit union chartered by NCUA or by a state regulatory authority of credit unions of another state shall be authorized subject to the following requirements:

1) The proposal for the conversion of charter is approved by resolution of the board of directors.

2) Written notification is given of the intent to convert to the Secretary at least 30 days prior to the mailing to the members of the Notice of Meeting at which the question of conversion is to be voted.

3) Evidence is furnished to the Secretary that NCUA or the state regulatory authority for credit unions in the other state is agreeable to the conversion proposal.

4) The conversion proposal is approved by ⅔ of the members present or voting. Notice of the meeting must be given in accordance with Section 19(1) of the Act and include:

A) the time, place and purpose of the meeting;

B) a brief and accurate statement of the reasons for or against the proposed conversion, including any effects it could have on the shareholdings of members and the policies and practices of the credit union;

C) a ballot and details of how the ballot may be voted.

5) Proxy voting is not permitted. Ballots will be distributed or mailed to the members and the returned ballots shall be counted with those ballots of members present at the meeting. Ballots must be distributed or mailed at least 7 days before the date of the meeting. All ballots postmarked on or before the date of the meeting shall be included in the final vote computation.

6) A notarized report attesting to the accuracy of the voting shall be forwarded to the Secretary within 10 days after the meeting and shall contain the following information:

A) date of mailing and/or posting notice of the meeting;

B) date of members' meeting or any adjourned meetings;

C) number of members;

D) number of members present at meeting;

E) number of members voting for the proposal in person at the meeting and the number of members not at the meeting voting for the proposal by ballot.

7) If ⅔ of the voting members approve the proposal, and the appropriate federal or other state regulatory agency approves the conversion, a request to convert the charter shall be sent to the Secretary within 10 days after the members' meeting. If the credit union is not subject to any formal supervisory restraints or other supervisory proceedings and if the conversion is in the best interests of the members, the Secretary shall issue a Certificate of Conversion approving the change of chartering authority.

8) The credit union shall return its Illinois charter and Articles of Incorporation to the Secretary and shall record the Certificate of Conversion in the County Recorder's Office in the Illinois county where the credit union's office is located and forward the recorded information to the Secretary. The converted credit union shall be merely a continuation of the State of Illinois credit union under a new name and new jurisdiction and with revision of its corporate structure necessary for its proper operation under the new jurisdiction. The effective date of the charter conversion will be the date that the Certificate of Conversion is recorded at the County Recorder's Office.

b) Conversion from a federally chartered credit union or from a credit union chartered by another state to a State of Illinois chartered credit union shall be authorized subject to the following requirements:

1) complying with all requirements of the Federal Credit Union Act or the applicable Act of the state under which it is organized;

2) filing with the Secretary evidence of that compliance, which shall include a copy of the most recent examination by the regulatory agency, correspondence on exceptions noted, and a statement that the credit union is not subject to any formal supervisory restraint or proceeding that would be circumvented by the conversion;

3) filing with the Secretary Articles of Incorporation and By-laws as required by Section 2 of the Act.

c) The Secretary may require that an examination of the credit union be conducted by the Division to verify the financial and operating condition of the credit union. The Secretary shall base his or her decision on the recency of the last examination, the nature of the exceptions noted, and the scope of the examination. A fee may be assessed for the examination not to exceed the limits set forth either in Section 12 of the Act or Section 190.50, as appropriate.

d) Upon receipt of the materials listed in subsections (b)(2) and (b)(3), the Secretary shall determine if all requirements for conversion of the credit union have been met and, if affirmative, the Secretary shall issue a Certificate of Approval that must be filed as provided under Section 2(4) of the Act. The effective date of the conversion will be the date, after the Certificate of Approval is recorded, that the credit union ceases to be a federal credit union or a credit union chartered by another state.

e) The converted credit union shall be vested with all of the assets and is responsible for all of the obligations of its predecessor.

(Source: Amended at 37 Ill. Reg. 12450, effective July 16, 2013)