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- Chicago Community Loan Fund
- Chicago Community Trust
- Chicago Lawyers' Committee for Civil Rights
- Chicago Rehab Network
- Chicago Urban League
- NHS of Chicago
- The Resurrection Project
- Small Business Majority

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# SUPPORT SB 3235

House Sponsors: Sonya Harper - Mark Walker

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(Passed Senate on 4/18/24: 039-019-000)

## DISPARITY STUDY NECESSARY TO IMPLEMENT THE IL CRA

### WHAT IS THE ILLINOIS COMMUNITY REINVESTMENT ACT?

Passed as part of the Illinois Legislative Black Caucus's Economic Access, Equity and Opportunity Pillar and signed into law on March 23, 2021, the **IL CRA (205 ILCS 735)** will incentivize state-regulated financial institutions to meet the financial services needs of areas where there is a lack of access to affordable banking and lending services.

Examples of these needs include providing financing for community and economic development activities, credit to help small businesses thrive, access to sustainable and affordable mortgages and consumer credit with reasonable interest rates and underwriting criteria.

The Illinois Department of Financial and Professional Regulation (IDFPR) is currently finalizing the rules to implement the IL CRA, including the examination process for state regulated financial institutions—banks, credit unions and mortgage lenders.

### WHAT SB 3235 DOES

SB 3235 requires the Commission on Equity and Inclusion to conduct one or more disparity studies, all subject to appropriation, to identify and define places in Illinois exhibiting significant disparities with respect to access to financial products and services, as well as lending and investments by covered financial institutions. The studies will:

- Analyze disparities experienced by protected classes under the Illinois Human Rights Act, including, but not limited to, race, national origin, sex and marital status.
- Identify policies and practices that have or may have disparate impact or discriminatory effects.
- Identify opportunities for establishing and growing Banking Development Districts in geographic locations where there are the greatest underbanked and unbanked populations.

IDFPR may use the information, findings, and other results from the studies as part of the IL CRA examination process, as determined by subsequent rulemaking.

### WHY THE DISPARITY STUDY IS IMPORTANT

Inclusion of the Disparity Study in the IL CRA implementation is critical to ensure the IL CRA can fulfill its purpose of being a tool for economic justice and racial equity.

