



# Illinois Community Reinvestment Act (IL CRA)

The **Illinois Community Reinvestment Act (IL CRA)**, 205 ILCS 735, was signed into law on March 23, 2021. The IL CRA is intended to incentivize state-regulated financial institutions to provide access to credit for low- and moderate-income communities and communities of color in an **equitable and comprehensive** manner. This includes, for example, providing financing for community and economic development activities, credit to help small businesses thrive, and access to sustainable and affordable housing and to responsible consumer credit.

The law was passed “to establish a regulatory framework that explicitly and intentionally aims to reverse the profoundly negative consequences of redlining.\*

\*Illinois Senator Jacqueline Y. Collins, legislative champion of the IL CRA, [comment letter to the Office of the Comptroller of the Currency](#) on 2022 Notice of Proposed Rulemaking on the Community Reinvestment Act, August 5, 2022. Co-signed by Illinois Senators Napoleon Harris, III, Christopher Belt, Laura Fine, and Robert Peters.

## Overview of IL CRA Proposed Rules

On December 16, 2022, the **Illinois Department of Financial and Professional Regulation (IDFPR)** published proposed rules for implementing the IL CRA, with a deadline of **March 16, 2023**, for written comments. Find more info on how to get involved at the Illinois CRA Coalition webpage: [www.ilcracoalition.org](http://www.ilcracoalition.org).



### IL CRA Covered Entities

IDFPR maintains a license search engine that can be found [here](#).

- State Chartered Banks
- State Chartered Credit Unions
- State Licensed Mortgage Companies that lent or originated 50 or more mortgages in the previous calendar year



## Exam Schedule

Under the Proposed Rules, IDFPR will examine the covered entities every one to five years, depending on their size, volume of activities, and prior IL CRA ratings. A list of scheduled exams for a quarter will be published by IDFPR at least 30 days before that quarter.



## Ratings

Based on this exam, a covered entity can receive one of the following ratings:

- Outstanding
- Satisfactory
- Needs to improve
- Substantial noncompliance

## Assessment Factors

Ratings are generally based on:

- Activities to ascertain the financial product and service needs of the applicable community
- Marketing of products and services to applicable communities
- Loan origination and other efforts to help low- and moderate-income (LMI) families retain affordable housing
- Origination of small business loans
- Participation in community development programs, small business technical assistance, and housing/credit counseling
- Support of minority-owned depository institutions (MDIs) and community development financial institutions (CDFIs)
- Efforts to prevent and resolve delinquencies
- Origination of loans that spur displacement by decreasing the supply of affordable housing supply
- Evidence of discriminatory and prohibited practices
- Retail services for underbanked and unbanked households

## Performance Context

Evaluators take into consideration:

- Demographic data on income and housing for each assessment area
- Lending, investment, and service opportunities in each assessment area
- Covered entity's product offerings and business strategy
- Institutional capacity and constraints
- Past performance under the IL CRA and performance of similarly situated institutions
- For credit unions and state chartered banks, the public file containing state and federal CRA materials described below
- For credit unions, defined membership and legal restrictions
- Any other information deemed relevant by IDFPR

*Encouraged activities all must fall within the context of safe and sound operations.*

## Performance Tests

<h3>Lending Test</h3> <p>Evaluates home mortgage, small business, and community development lending, as well as origination and purchase of loans.</p>	<h3>Service Test</h3> <p>Covered entity’s record of meeting credit needs based on an analysis of the availability and effectiveness of its system for delivering banking services, and the innovativeness and extent of community development services.</p>	<h3>Investment Test</h3> <p>Evaluates covered entity’s record of meeting community needs through qualified investments (primary purpose needs to be community development) in its assessment area, or statewide or regional areas that include its assessment area. This test does not include any activity considered under the lending or service tests.</p>
<p><b><i>In addition:</i></b></p> <p><b><i>Credit Unions</i></b> may request consideration of community development loans made by consortia or third-party entities.</p> <p>Applies to <b><i>Mortgage Companies</i></b> doing 50+ mortgage loans in Illinois within the last calendar year; generally focuses on mortgage lender’s home mortgage activity (as reported through HMDA, although other data can be considered) and community development lending.</p>	<p><b><i>In addition:</i></b></p> <p><b><i>Credit Unions</i></b> that provide all or a majority of their services via digital channels must meet financial needs within their assessment areas.</p> <p>Applies to <b><i>Mortgage Companies</i></b> doing 100+ mortgage loans in Illinois within the last calendar year; generally focuses on availability and effectiveness of mortgage lender’s systems for delivering mortgage loan products and the extent and innovativeness of its community development services.</p>	<p><b><i>In addition:</i></b></p> <p>Applies to <b><i>Credit Unions</i></b> only if Credit Union opts in. Credit unions can also elect to include affiliate investments.</p>

## Publicly Required Information

If requested, entities covered by the IL CRA must provide:

- Written comments from community stakeholders for the current year and two years prior relating to IL CRA performance and the covered entity’s response(s)
- Public section of the most recent IL CRA performance evaluation
- Map of each assessment area
- Copy of strategic plan (if applicable)
- If the previous rating was below “Satisfactory,” must include a description of current efforts to improve that is updated quarterly

*Additional information required for State Chartered Credit Unions and Banks:*

- List of branches with their addresses, as well as list of branches opened and closed within the current and two previous years and their addresses
- List of services generally offered and material differences in cost or availability at different branches
- For credit unions, description of field of membership

*Additional information required for covered Mortgage Companies:*

- HMDA Disclosure Statement from the FFIEC for each of prior two years

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## Proposed Rules Specific to Credit Unions (in addition to above)

*Credit Union Community Reinvestment - 38 Ill. Adm. Code 185*

### Classifications



#### Small Credit Union

Assets less than **\$1.384 billion** in either of the last two years



#### Intermediate Small

Between **\$346 million** and **\$1.384 billion** in assets in both of the last two years

### Performance Tests

In addition to the performance tests outlined above, **Small Credit Unions** have separate evaluation standards that include a modified lending test, while **Small Intermediate Credit Unions** will be evaluated under a modified community development test.

Small Credit Unions have the option to be evaluated under the standard lending and services tests.

### Strategic Plan Option

A strategic plan option is available subject to review and approval by IDFPR. The plan must include measurable goals for meeting credit and community needs and address all applicable performance categories. This option does not change the credit union's data reporting obligations.

### Assessment Areas (where activity will be evaluated):

- Credit unions must delineate at least one geographic assessment area, subject to IDFPR review
- Assessment areas should generally comprise whole geographies; partial geographies, if approved by IDFPR, still cannot result in illegal discrimination or arbitrary exclusion of LMI geographies
- Assessment areas must cover substantially all of the credit union's field of membership
- If the above requirements are deemed impractical and unreasonable for a given credit union by IDFPR, the credit union may select all current members as their assessment area

## Proposed Rules Specific to State-Chartered Banks (in addition to above)

*Bank Community Reinvestment - 38 Ill. Adm. Code 345*



### Covers

Generally applies to all state banks and savings banks, with specific exemptions, e.g., certain special purpose banks.

### Performance Tests

See outline of performance tests above. For banks (including small banks), these are similar to the Federal CRA review.

An additional **Community Development Test** applies to wholesale or limited purpose banks. This evaluates their record of helping to meet the credit needs of its assessment area through community development lending, qualified investments, or community development services.

### Strategic Plan Option

A strategic plan option is available subject to review and approval by IDFPR. The plan must include measurable goals for meeting credit and community needs and address all applicable performance categories. This option does not change the bank's data reporting obligations.

### Assessment Areas (where activity will be evaluated):

- Banks must delineate at least one assessment area, subject to IDFPR review
- For **wholesale or limited purpose banks**, assessment area(s) must generally consist of one or more MSAs or metro divisions, or one or more contiguous political subdivision(s)
- For **all other banks**:
  - One or more MSAs or metro divisions, or one or more contiguous political subdivisions; and includes geographies in which the bank has its main office, its branches, and its deposit-taking locations, as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans.
- Must consist only of whole geographies
- May not reflect illegal discrimination or arbitrary exclusion of LMI geographies

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## Proposed Rules Specific to Mortgage Companies (in addition to above)

*Mortgage Community Reinvestment - 38 Ill. Adm. Code 1055*



### Covers

Entities licensed under the Illinois Residential Mortgage License Act of 1987 which **lent or originated 50 or more mortgages** in the previous calendar year and which are not covered by the federal CRA.

### Performance Tests

See outline of performance tests above. The lending test applies to Mortgage Companies doing 50+ mortgage loans in Illinois within the last calendar year; service test applies to Mortgage Companies doing 100+ mortgage loans in Illinois within the last calendar year.

**Assessment Area** (where activity will be evaluated):

- Entire state, with additional review of areas with full-service offices