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Via email: [craig.cellini@illinois.gov](mailto:craig.cellini@illinois.gov)

Department of Financial and Professional Regulation  
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**RE: Banking Community Reinvestment Rule (38 IAC 345), Mortgage Lenders Community Reinvestment Rule (38 IAC 1055), and Credit Union Community Reinvestment Rule (38 IAC 185)**

The Illinois Community Reinvestment Act (CRA) Coalition appreciates this opportunity to provide comment on the Notice of Proposed Rules implementing the Illinois Community Reinvestment Act (IL-CRA). The undersigned organizations comprise the Steering Committee for the Illinois CRA Coalition, a statewide group that has come together to develop and advocate for public policies that increase the availability of credit to low- and moderate-income (LMI) individuals, households, and businesses in LMI communities and communities of color. We advocated for passage of the IL-CRA, and are eager to see this important state law implemented. As such, we urge swift movement to adopt the proposed rules so that this 2021 law can begin to be implemented.

We are also advocating for the passage of SB3235, empowering the Illinois Department of Financial and Professional Regulation (IDFPR) to conduct a periodic disparity study that will be used as part of covered institutions' performance evaluations. The disparity study was carved out of the IL-CRA proposed rule in late 2023 so that it could be more expressly delineated within the law. The combination of the IL-CRA proposed rule and disparity study will set a national standard on how financial institutions should be serving residents and communities.

We want to echo a sentiment expressed by Co-Chair Cunningham at the Joint Committee on Administrative Rules hearing on December 12, 2023: the rulemaking process is not an opportunity for covered entities to try and change the law. The IL-CRA statute clearly defines state-chartered banks, state-chartered credit unions, and residential mortgage companies as covered financial institutions that have a continuing and affirmative obligation to meet their communities' financial service needs. We support IDFPR in creating rules to examine how those covered entities are fulfilling that obligation, consistent with the law. In particular, we thank IDFPR for their efforts to balance the interests of LMI communities in Illinois and the reasonable costs the new law places on state-chartered banks, credit unions, and covered mortgage companies.

We have limited comments on 38 IAC 345 (“the Bank Rule”) and 38 IAC 1055 (“the Mortgage Company Rule”), and more extensive comments on 38 IAC 185 (“the Credit Union Rule”).

### **The Bank Rule**

In regards to the Bank Rule, the Coalition supports the rule and exam procedures as published. Our only suggestion is to fix an apparent typo in Appendix C: item (a) in the list of examples of community development activities refers to “the credit union’s assessment area,” where we presume it intends to refer to the bank’s assessment area.

### **The Mortgage Company Rule**

Likewise, the Coalition supports the Mortgage Company Rule and exam procedures as published, with one suggested addition. We particularly appreciated the inclusion in the Bank and Credit Union Rules of the non-exhaustive list of examples of community development activities. Mortgage companies may also find a similar list useful as they forge new and strengthen existing relationships with community stakeholders, including Community Development Financial Institutions (CDFIs), Minority Depository Institutions (MDIs), and other nonprofits. We suggest that the Department add a similar list of examples to the Mortgage Company Rule.

### **The Credit Union Rule**

The credit union industry has been exempted from certain consumer protection laws like the federal Community Reinvestment Act. While small community-based and/or minority-focused credit unions serve a critically important role in LMI and communities of color, much of the industry is concentrated in a number of very large institutions that bear a closer resemblance to the larger national banks than to their small credit union cousins. Because of this, the Credit Union Rule reasonably delineates different levels of examination based on asset size, which provides relief for small community-based and/or minority-focused credit unions while still providing appropriate oversight of large credit unions. Additionally, while certain flexibilities in the examination procedure – for the small, volunteer-run, and/or minority depository institution (MDI) credit unions, for example – are certainly appropriate, ultimately, like products merit like regulation, and as covered financial institutions, credit unions should be subject to robust examination procedures to fulfill the intent of the law. As such, the Coalition has four priority issues in the regulation to discuss here.

First, the Credit Union Rule uses the term “community” throughout, but it is unclear what it refers to in each instance because “community” is not defined by itself in the regulation. The Coalition recommends that IDFP define what it means with respect to geographic scope and demographics when it uses the term ‘community’ in connection with assessment factors for credit unions.

Second, allowing credit unions to limit their assessment fields to just existing members is an unnecessary and inappropriate allowance, and we urge IDFP to reconsider this point. This

would essentially exempt all credit unions from any kind of geographic analysis of their IL-CRA activity. Moreover, it is likely that a credit union's deposit-taking locations are already aligned with the location of their members. If a credit union is chartered by the State to serve a certain geographic area, IDFP is more than justified in evaluating how that credit union is serving that geographic area under the IL-CRA as well. This is true especially for the large credit unions regardless of common bond. The Coalition strongly recommends that large credit unions' performance under the law be evaluated based on both the people and the places they serve.

Third, credit unions should be held to the same standard of disclosure and transparency as state-chartered banks and mortgage companies as it relates to their IL-CRA public files. Credit union members, prospective members, community members and other stakeholders should have equal access to IL-CRA related comments as well as detailed information on the products and services being offered by the institution. The Coalition recommends that the Credit Union Rule surrounding the public file be consistent with the other currently proposed rules.

Finally, the regulations provide for flexibility throughout based on whether a credit union can fulfill requirements in a "cost-effective" manner. This is too broad of an allowance and raises questions around how cost is calculated, what is considered effective, and who will make those determinations. "Cost-effectiveness," if left to the devices of a covered institution, could potentially lead to the manipulation of financial data towards an outcome that may benefit a credit union but would harm its members and/or community. Considering a credit union's capacity to fulfill these requirements is a more appropriate metric and is also more consistent with the Bank and Mortgage Company Rules. Capacity is inherently a more holistic measure than mere cost-effectiveness and will provide better balance between the interests of Illinois communities and residents and the regulatory requirements placed upon credit unions.

## **Conclusion**

Thank you again for the opportunity to comment on this rulemaking. As we have throughout this lengthy process, the IL-CRA Coalition will continue to advocate for strong implementing rules that will ensure that this state law can fulfill its potential to benefit communities across the state.

IL CRA Coalition Steering Committee Signatories:

Chicago Community Loan Fund  
Chicago Lawyers' Committee for Civil Rights  
Chicago Rehab Network  
Chicago Urban League  
Housing Action Illinois  
Neighborhood Housing Services of Chicago  
Small Business Majority  
Spanish Coalition for Housing  
The Chicago Community Trust  
Woodstock Institute