

# Speaking Up for a Strong IL CRA

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December 14, 2021  
Illinois CRA Coalition



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# Illinois CRA: The Basics

## Illinois Community Reinvestment Act

Passed in January 2021

Covers:

- 300 **state-chartered banks**
- About 190 **credit unions**
- 500+ **non-bank mortgage lenders**

Enforcement:

- Oversight by the **Illinois Department of Financial and Professional Regulation for Financial Institutions (IDFPR)**, which is now going to create standards to examine low- and moderate-income lending and community development efforts

Comment:

- IDFPR issues an Advanced Notice of Proposed Rulemaking (ANPR) where they're asking for feedback on some general issues that will help them when they sit down and start writing the implementing regulation to this law

# Illinois CRA: Making Comments

## The Illinois CRA Coalition Steering Committee has drafted an organizational sign on letter.

- **Your organization can choose to sign on to the Coalition's letter**
  - 12pm on 12/27/21
  - The Coalition will send our letter to IDFPR with all signatories
- **Why you're here today:**
  - Collected ideas on issues from coalition members
  - Share those points and issues



# Illinois CRA Coalition: Comment Letter to IDFP

## The Illinois CRA Coalition organizational sign on letter has the address the following issues:

- Need to address historic and current redlining
- Addressing how community should be defined
- Recommendations on factors to assess the compliance
- Flagging the issue of equity in the lending process and appraisals



# Illinois CRA: Racial Equity

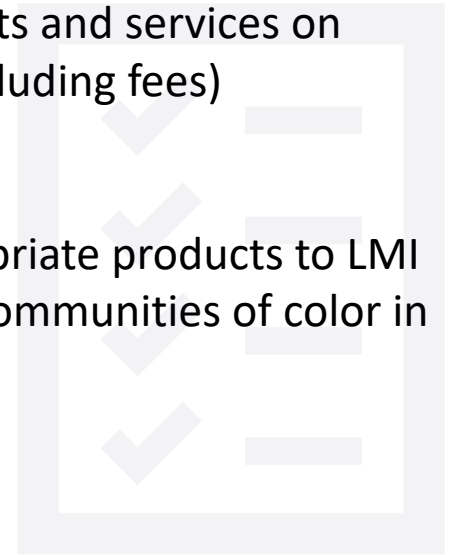
**The Federal CRA was enacted to eliminate redlining by lenders.**

- **Was drafted to eliminate the practice of redlining by lending institutions.**
  - Only protected class in redlining considered as unacceptable risk is race
- **Race and ethnicity are not a formal part of either the Federal or IL CRA, but**
  - **Factors of discrimination based on race and ethnicity can be added in rulemaking**
- **IL CRA assessment should be an evaluation of the lenders' record using other non-discrimination & fair housing/lending laws**
  - The Fair Housing Act (FHA)
  - Equal Credit Opportunity Act (ECOA)
- **Violations of these provisions should be defined as non-compliance with the IL CRA**

# Assessing Compliance: Key Focus Areas

**We made recommendations regarding the assessment of financial institutions based on the IL CRA law:**

- **Knowing the Market & Community Needs**
  - Building and maintaining strong relationship with community organizations
  - Awareness of community demographics and various local/regional planning resources
  - Assessment factor A
  - Impact of products and services on communities (including fees)
- **Marketing**
  - Marketing appropriate products to LMI communities & communities of color in appropriate ways



# Assessing Compliance: Key Focus Areas

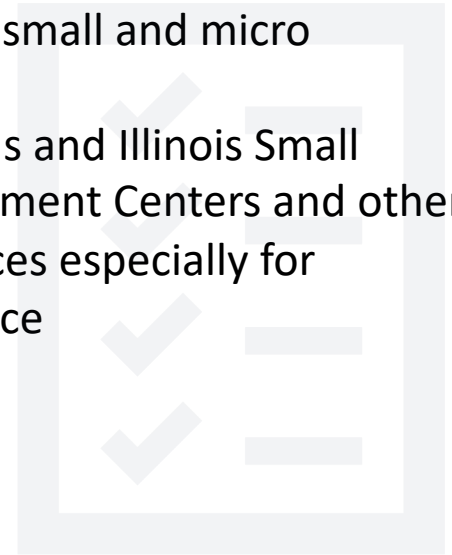
**We made recommendations regarding the assessment of financial institutions based on the IL CRA law:**

- **Mortgage Loan Origination**
  - IDFPD should analyze HMDA data for equitable lending
  - Subsidized mortgage program participation
  - Long term affordability and accessibility of products
  - Lending in both origination and refinance products
  - Use of Special Purpose Credit programs and attaching requirement for counseling by HUD-approved Housing Counseling Agency
  - Partnership with CDFIs **AND** full suite of products & services in LMI communities

# Assessing Compliance: Key Focus Areas

**We made recommendations regarding the assessment of financial institutions based on the IL CRA law:**

- **Small business loans and Services**
  - Evaluate using Dodd Frank Section 1071 Small Business data (pending release) for equitable lending
  - Flexible lending in areas where redlining has occurred and various stages of business cycle
  - Analyze loans for small and micro businesses
  - Partner with CDFIs and Illinois Small Business Development Centers and other community services especially for technical assistance



# Assessing Compliance: Key Focus Areas

**We made recommendations regarding the assessment of financial institutions based on the IL CRA law:**

- **Participation in Community Focused Programs**
  - Support CDFIs but do not substitute this support for engaging LMI communities/customers of color
  - Support HUD-approved Counseling Agencies
- **Support for Delinquent Customers**
  - Institutions should partner with HUD approved Housing Counseling agencies and IL DCEO Small Business Development Centers



# Assessing Compliance: Key Focus Areas

## We made recommendations regarding the assessment of financial institutions based on the IL CRA law:

- **Preservation of Affordable Housing Units and Small Business Corridors**
  - Institutions should monitor their practices to avoid displacement of affordable housing and small businesses
    - particularly in hot real estate markets which were historically redlined
  - IDFPR should incentivize the preservation
    - affordable rental & homeownership
- **What else should be included?**
  - Adjustments: Model Massachusetts' CRA for Credit Unions
  - Regulation BB from federal CRA
  - Flagging appraisal gap impacts

# Responding to IDFP's Questions

## How to handle lenders that primarily operate online or with mobile services:

- IDFP should take a data driven approach to define the markets
- Financial institutions must have local assessment areas
- Assess institutions on whether they are meeting the needs of LMI households that have:
  - limited technology literacy
  - limited broadband/internet access
  - language access



# How to be heard

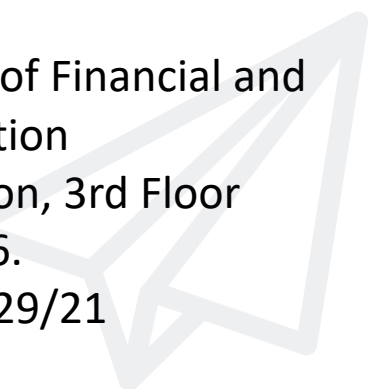
## Join the Coalition and sign on to the Illinois CRA Coalition letter

<https://housingactionil.salsalabs.org/ilcrarulemaking/index.html>

- **Firm Deadline: 12/27/2021 at noon (12:00 p.m.)**

**OR**

- **You can write your own comment letter**
  - Use the Coalition letter as a template
  - Submit to Craig Cellini at IDFPR
  - by email to [Craig.Cellini@illinois.gov](mailto:Craig.Cellini@illinois.gov),
  - by fax to 217/557-4451
  - by mail to:  
Illinois Department of Financial and Professional Regulation  
320 West Washington, 3rd Floor  
Springfield, IL 62786.
- IDFPR's deadline: 12/29/21



# Questions & Discussion

## What does the IDFPR need to know from community to make the IL CRA an effective tool?

- **What will help your community meet their credit needs?**
  - What rules will make things better in your community? What are you hoping to see change?
- Share your organization's experience serving your community – and feel free to add any specific recommendations and/or cautions you have.



# THANK YOU

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QUESTIONS? COMMENTS?