

IL CRA in Action

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Speakers



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IL CRA Coalition



- Co-led by Housing Action Illinois & Woodstock Institute
 - Over 50 members
 - For both federal and IL CRA: webinars, comment letters, policy advocacy, educating and engaging community in CRA policy
 - Moving forward: technical assistance for IL CRA (more on that later)
-

What is the IL CRA?



Illinois Community Reinvestment Act (IL CRA)

“Each covered financial institution shall have a **continuing and affirmative obligation to meet the financial services needs** [of the communities where they do business,] ... including **low-income and moderate-income neighborhoods**, and **areas where there is a lack of access** to safe and affordable banking and lending services...”

(205 ILCS 735/Art. 35)



Why it's special & how it's different from federal CRA:

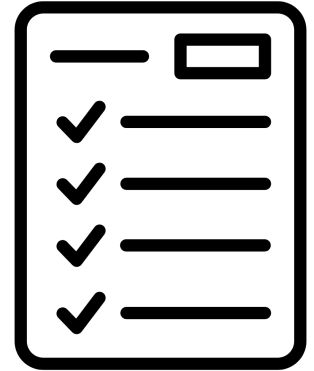
- Regulator: IL Department of Financial & Professional Regulation (IDFPR)
- Covered entities: state-chartered banks, state-chartered credit unions*, mortgage companies operating in IL*
*new to CRA obligations
- Part of IL Legislative Black Caucus's policy agenda passed in 2021
→ racial equity is important!

The Exam Process & Regulations: How Community Can Engage

- Exam Process & Tests
- Assessment Areas
- Submit Comments to IDFPR
- Unique considerations for credit unions & mortgage companies

Exam Process

- IDFPR will start exams in February 2025
- Exam schedules posted quarterly
- 3 tests: Lending Test, Service Test, Investment Test
- Exam results will be publicly available
 - IL-CRA ratings: Outstanding, Satisfactory, Needs to Improve, Substantial Noncompliance
- Needs to Improve or Substantial Noncompliance result → next exam will occur sooner
- Special exam procedures for small banks and small credit unions



Lending Test

- **Who receives this test:** banks, credit unions, mortgage companies
- Evaluates mortgage lending, small business lending, small farm lending and community development lending (+ sometimes consumer lending)
- Originations & first purchase of loans only → **no loan churn**
- Geographic distribution of mortgage and small business lending –
 - \$ and # of loans by income level of geography
- Borrower characteristics –
 - Distribution by borrower income level for mortgages & consumer loans
 - Loans to small businesses/small farms <\$1M gross annual revenue
 - \$ amount of small business loans
- Innovative or flexible lending practices



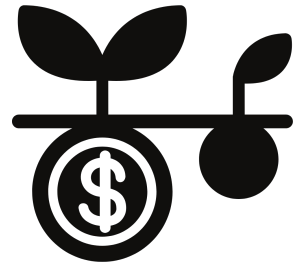
Service Test

- Who receives this test: banks, credit unions, mortgage companies
- Responsiveness and effectiveness of **service delivery channels**
- **Branch network** distribution and record of opening/closing branches
- Availability and effectiveness of alternative systems (e.g. ATMs, fee-free ATMs, phone or online banking, bank-by-mail or bank-at-work programs)
- **Marketing** of products tailored to unbanked/underbanked consumers



Investment Test

- Who receives this test: banks, credit unions
- Evaluated on innovativeness, complexity, responsiveness to community needs - inc. efforts to prevent displacement due to gentrification
- No overlap with other tests - activities can't double count under lending or service test and the investment test



Community Development Activity Examples

- Material support for small credit unions
- Products and services to expand access to safe and affordable banking services
- Products and services targeted to address issues in LMI neighborhoods, e.g.:
 - Increase climate resilience
 - Mitigate environmental harm
 - Mitigate the digital divide
- Additional examples from the federal CRA rules



Assessment Areas



- Entities delineate their AAs, IDFPR reviews them.
 - AAs can't reflect illegal discrimination and can't arbitrarily exclude LMI areas.
 - Must be whole geographies - MSAs, counties, cities, towns
-
- Banks: must contain the bank's main office, branches, ATMs, and surrounding areas where bank made a substantial portion of it's loans
 - Credit unions: reflect the CU's occupational, associational, or community common bond
 - Mortgage companies: Entire state, with additional review of areas with full-service offices



Submit Comments to IDFPR

- Can submit comments to be included as part of a covered entity's exam.
- Be proactive!



Illinois Community Reinvestment Act (CRA)

The Illinois Community Reinvestment Act (CRA) requires covered financial institutions including state banks, credit unions, and non-bank mortgage licensees to meet the financial services needs of the community with a focus on low-to-moderate income neighborhoods.

State Chartered Banks

CRA applies to banks chartered under the Illinois Banking Act and savings banks chartered under the Illinois Savings Bank Act

[Fill-able PDF Form >](#)

A Chicago Office 555 West Monroe Street, 5th Floor Chicago, IL 60661 >

A Springfield Office 320 West Washington, 5th Floor Suite 500 Springfield, IL 62786 >

[FPR.CRA.Banks@illinois.gov >](mailto:FPR.CRA.Banks@illinois.gov)

Credit Unions

CRA applies to a credit union incorporated under the Illinois Credit Union Act

[Fill-able PDF Form >](#)

A Springfield Office 320 West Washington, 5th Floor Suite 500 Springfield, IL 62786 >

[FPR.CRA.CreditUnion@illinois.gov >](mailto:FPR.CRA.CreditUnion@illinois.gov)

Non-Bank Mortgage Licensees

CRA applies to entities licensed under the [Illinois RMLA of 1987](#) that lent or originated 50 or more residential mortgage loans in the previous calendar year.

[Fill-able PDF Form >](#)

A Chicago Office 100 West Randolph, 9th Floor Chicago, IL 60601 >

A Springfield Office 320 West Washington, 5th Floor Suite 500 Springfield, IL 62786 >

FPR.CRA.MortgageLicensees

www.idfpr.illinois.gov/admin/cra.html



IDFPR
Illinois Department of
Financial and Professional Regulation
Division of Banking

This form is for submitting comments to the State for consideration at an upcoming CRA examination.

For all consumer complaints please use the "File A Complaint" form on our homepage.

I. BANK INFORMATION

| | |
|------------|-------------------|
| BANK NAME: | LOCATION OF BANK: |
|------------|-------------------|

II. CONTACT

| | | |
|----------------|------------|----------|
| FIRST NAME: | LAST NAME: | |
| ORGANIZATION: | | |
| ADDRESS LINE 1 | | |
| ADDRESS LINE 2 | | |
| CITY: | STATE: | ZIP CODE |
| EMAIL: | PHONE: | |

You will receive an acknowledgment via email only

Email to: FPR.CRA.Banks@illinois.gov

To mail comments involving a financial institution other than a credit union or consumer credit licensee, please mail to:
IL Dept. of Financial and Professional Regulation ATTN: Division of Banking
100 W Randolph St.
9th Floor
Chicago, IL 60601

DEPARTMENT USE ONLY

Received by _____ Date _____
Received via: Email Courier

IL486-2439 5/21

Continue to next page to enter your comments...

Enter your Comments (Limited to 6,000 characters)

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Unique Considerations for Credit Unions & Mortgage Companies

- State-chartered credit unions and mortgage companies are not subject to federal CRA, but are covered by the IL CRA.
- Opportunity to forge new connections and create new partnerships.
- Keep in mind scope of institution, product offerings, and facilities.



The Federal CRA Update: Implications for Illinois



Connection to IL CRA

- While IL CRA builds on the federal CRA, stakeholders also want to ensure it won't be in conflict with the federal law for banks.
 - So, changes in federal CRA will impact IL CRA.
- National Community Reinvestment Coalition (NCRC) has detailed info about the most recent round of federal CRA changes – see the IL CRA Coalition & NCRC webinar from September on ILCRACoalition.org



Size Threshold Changes: Impact on IL banks

- Large Banks - \$2B and up (prev. \$1.56B)
- Intermediate Banks - \$600M to \$2B (prev. \$391M to \$1.56B)
 - → No Service Test
- Small Banks - less than \$600M (prev. less than \$391M)
 - → No Community Development Test

9 banks previously would have been large banks are now intermediate banks → no Services Test under new rules (\$1.56B - \$2B)

- Signature Bank (Rosemont)
- First Bank Chicago (Highland Park)
- Blackhawk Bank & Trust (Milan)
- Crystal Lake Bank & Trust, N.A. (Crystal Lake)
- Peoples National Bank, N.A. (Mt Vernon)
- CNB Bank & Trust, N.A. (Carlinville)
- Bank of Springfield (Springfield)
- American Commercial Bank & Trust, N.A. (Ottawa)
- Providence Bank & Trust (South Holland)



Source: [FDIC Quarterly Call Report data compiled on iBanknet.com](#)

Size Threshold Changes: Impact on IL banks

39 banks previously intermediate banks are now small banks → no Community Development Test requirement under new rules (\$391M - \$600M)

- Longview Bank (Sidney)
- Bank of Hillsboro, N.A. (Hillsboro)
- Stillman Bancorp, N.A. (Stillman Valley)
- Apple River State Bank (Apple River)
- Bank & Trust Company (Litchfield)
- Washington Savings Bank (Effingham)
- Trustbank (Olney)
- First Eagle Bank (Chicago)
- Peoples National Bank of Kewanee (Kewanee)
- FNBC Bank & Trust (LaGrange)
- Lisle Savings Bank (Lisle)
- Solutions Bank (Forreston)
- First Nations Bank (Chicago)
- Devon Bank (Chicago)
- West Town Bank & Trust (North Riverside)
- Pan American Bank & Trust (Melrose Park)
- First Secure Community Bank (Sugar Grove)
- Citizens Community Bank (Mascoutah)
- Millennium Bank (Des Plaines)

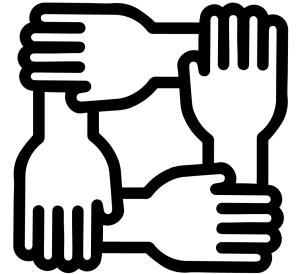
- Casey State Bank (Casey)
- First State Bank & Trust (Monticello)
- The FNB Community Bank (Vandalia)
- Bank of Belleville (Belleville)
- Germantown Trust & Savings Bank (Breese)
- Time Bank (Park Ridge)
- Better Banks (Peoria)
- First Robinson Savings Bank, N.A. (Robinson)
- First National Bank in Olney (Olney)
- American Eagle Bank (South Elgin)
- Gold Coast Bank (Chicago)
- The City National Bank of Metropolis (Metropolis)
- Hoyne Savings Bank (Chicago)
- Northwest Bank of Rockford (Rockford)
- Community Savings Bank (Chicago)
- Citizens State Bank (Lena)
- Alliance Community Bank (Petersburg)
- Eureka Savings Bank (La Salle)
- First National Bank & Trust Company (Clinton)
- The First National Bank of Allendale (Allendale)



**We want the IL
CRA to work!**

We want this law to work!

- Advocates want this law to be implemented well and successfully so it can benefit communities across Illinois.
- The covered entities - banks, credit unions, mortgage companies - are part of their communities.
- Covered entities and nonprofits can reach out to HAI & Woodstock for help connecting.



What nonprofits should do

- Familiarize yourself with local lending data.
 - Ex. Woodstock's Data Portal can help with this (woodstockinst.org/community-lending-data-portal/)
- Make a plan for which IL-CRA exams you want to submit comments on for covered entities in your community.
- Consider how your work contributes to responsiveness to financial service needs in your community.



Mark your calendars:

In-person **IL-CRA**
Roundtable events for
community, nonprofit
organizations, & covered
entities.

December 5 or 6, 2024: Metro
East St. Louis

January/February 2025:
Central Illinois

February/March 2025: Chicago

See ILCRACoalition.org for
updates & to sign up for email
alerts.

Disparity Study

- SB 3235 mandates disparity studies by the Commission on Equity and Inclusion to assess access to financial products and services in Illinois.
- Studies will focus on disparities for protected classes under the Illinois Human Rights Act.
- Identify discriminatory policies and practices, and explore opportunities for expanding Banking Development Districts in underserved areas.
- Findings may inform Illinois CRA examination processes through future rulemaking by IDFPR.



Keep in Touch!

Coalition website: event updates, latest news, coalition activities

➤ ILCRACoalition.org

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