



March 4, 2024

VIA ELECTRONIC FILING

Mr. Craig Cellini
Rules Coordinator
Illinois Department of Financial and Professional Regulation (IDFPR)
329 West Washington, 3rd Floor
Springfield, IL 62789
Via Email: Craig.Cellini@Illinois.gov

RE: Comment on the Notice of Proposed Rules (NPR) regarding the Banking Community Reinvestment Rule (38 IAC 345), Mortgage Lenders Community Reinvestment Rule (38 IAC 1055), and Credit Union Community Reinvestment Rule (38 IAC 185) - Illinois Register Volume 48, Issue 2, Pages 621-799

Dear Mr. Cellini:

The National Community Reinvestment Coalition (NCRC), an association of over 700 community organizations dedicated to increasing access to credit for underserved communities, appreciates this opportunity to comment on the Notice of Proposed Rules (NPR) implementing the Illinois Community Reinvestment Act (ILCRA). We applaud the elected officials, community-based organizations, and other stakeholders who made the ILCRA possible. We particularly support how the ILCRA covers credit unions and mortgage companies in addition to banks, an improvement over the federal CRA.

We recommend revisions to the proposed regulations in order to create a geographic assessment for the largest credit unions, and making a credit union's CRA information available to all members of the public. Furthermore, while outside the scope of this rulemaking, we fully support SB3235 that would create a disparity study in order to evaluate an institutions performance in serving racial groups and communities identified to have significant gaps in accessing financial services and the wealth building opportunities they create. The institutional coverage, combined with the disparity study, will give Illinois the most comprehensive evaluation of how financial institutions are serving residents and communities and provide a model for other states, and even the federal CRA, to follow.

Reconsider Assessment Field and Geographic Criteria for Large Credit Unions

We recommend revising the assessment field for the largest Illinois chartered credit unions, and to remove language that limits a geographic analysis of CRA activities to only credit unions with community common bonds. Federal and state CRA laws recognize that analyzing CRA activities based on characteristics of both the people and places served are key to

evaluating how an institution meets community needs. We see this reflected in the recently updated federal CRA rules that maintain equal weights for lending performance to borrowers with LMI and LMI census tracts.¹ Illinois' proposed regulations set up asset thresholds for defining intermediate small, small, and very small credit unions, with credit unions over \$1.503 billion in assets left over as the largest group based on assets.² These categories reflect capacity differences based on the size of the institution, with the understanding that larger institutions have the resources and ability to do more to serve public needs and increase economic opportunity. For these credit unions, we recommend they create assessment areas based on their branch network following the same requirements as large banks. This will not burden larger credit unions, regardless of their common bond, since these credit unions have likely selected their branch locations based on where their members are located.

Furthermore, credit unions without community common bonds should not receive an automatic exemption from all geographic criteria.³ Doing so will prevent an analysis of how these credit unions are meeting the needs of underserved areas, including areas identified by the disparity study that SB3235 would add into the CRA evaluation framework.⁴ This may also unintentionally put credit unions without community common bonds at a disadvantage when evaluating their community development activities, as the definition of community development allows several place-based activities to count.⁵ Credit unions without community bonds would be unable to receive credit for place-based activities if they will “not be evaluated according to any criteria that references geographies or geographic area” as currently proposed.⁶ Revising this language will also provide a way for the largest credit unions to receive community development credit in low-and-moderate income census tracts if they have less direct lending opportunities in those tracts due to common bond.

Transparency of Credit Union's ILCRA File

A credit union's ILCRA file should be available to all members of the public, and not just their field of membership.⁷ This file contains comments on CRA performance from members of the public, as well as information on the products and services offered by the credit union. This

¹ Federal Register / Vol. 89, No. 22 / February 1, 2024. Page 6896. Available online at <https://www.govinfo.gov/content/pkg/FR-2024-02-01/pdf/2023-25797.pdf>

² Illinois Register / Vol. 48, Issue 2 / January 12, 2024. 38 Ill. Adm. Code 185. Section 185.20. Available online at https://www.ilsos.gov/departments/index/register/volume48/register_volume48_2.pdf

³ Illinois Register / Vol. 48, Issue 2 / January 12, 2024. 38 Ill. Adm. Code 185. Section 185.APPENDIX A (a)(2). Available online at https://www.ilsos.gov/departments/index/register/volume48/register_volume48_2.pdf

⁴ SB3235 introduced to the 103rd General Assembly on February 6, 2024.

⁵ Illinois Register / Vol. 48, Issue 2 / January 12, 2024. 38 Ill. Adm. Code 185. Section 185.20. Available online at https://www.ilsos.gov/departments/index/register/volume48/register_volume48_2.pdf

⁶ Illinois Register / Vol. 48, Issue 2 / January 12, 2024. 38 Ill. Adm. Code 185. Section 185.APPENDIX A (a)(2). Available online at https://www.ilsos.gov/departments/index/register/volume48/register_volume48_2.pdf

⁷ Illinois Register / Vol. 48, Issue 2 / January 12, 2024. 38 Ill. Adm. Code 185. Section 185.420. Available online at https://www.ilsos.gov/departments/index/register/volume48/register_volume48_2.pdf



would be valuable for households that may be considering relocating or changing professions and seeking to evaluate credit unions that could serve them, even if they are currently out of the field of membership. Making portions of CRA evaluations available to the public does not solve for this, as there can be gaps of up to five years between a credit union's CRA performance evaluations, and a credit union's product offering can change during this period between exams.⁸ Furthermore, the proposed regulations require banks and mortgage companies to make similar information available to the public.⁹

Thank you kindly for consideration of our views in this important matter. We appreciate how the IDFPR has previously made revisions regarding special purpose credit programs, community development data, and loan purchases after reviewing previously submitted comments from NCRC and our members. We now ask IDFPR to devote the same attention to the recommendations in this letter. If you have any questions, please contact Kevin Hill, Senior Policy Advisor, at khill@ncrc.org or myself at jvantol@ncrc.org.

Sincerely,

A handwritten signature in black ink that reads "Jesse Van Tol". The signature is written in a cursive, flowing style.

Jesse Van Tol
President and CEO
NCRC

⁸ Illinois Register / Vol. 48, Issue 2 / January 12, 2024. 38 Ill. Adm. Code 185. Section 185.470. Available online at https://www.ilsos.gov/departments/index/register/volume48/register_volume48_2.pdf

⁹ Illinois Register / Vol. 48, Issue 2 / January 12, 2024. 38 Ill. Adm. Code 345. Section 345.420. and 38 Ill. Adm. Code 1055. Section 1055.410. Available online at https://www.ilsos.gov/departments/index/register/volume48/register_volume48_2.pdf