

IL Community Reinvestment Act (205 ILCS 735)

The IL Community Reinvestment Act creates an affirmative obligation for banks, credit unions, and mortgage companies to meet the needs of the communities they serve. A main goal of the IL CRA is to make our financial system more equitable and to spur increased investments, services, and credit to low- and moderate-income (LMI) communities and to communities of color.

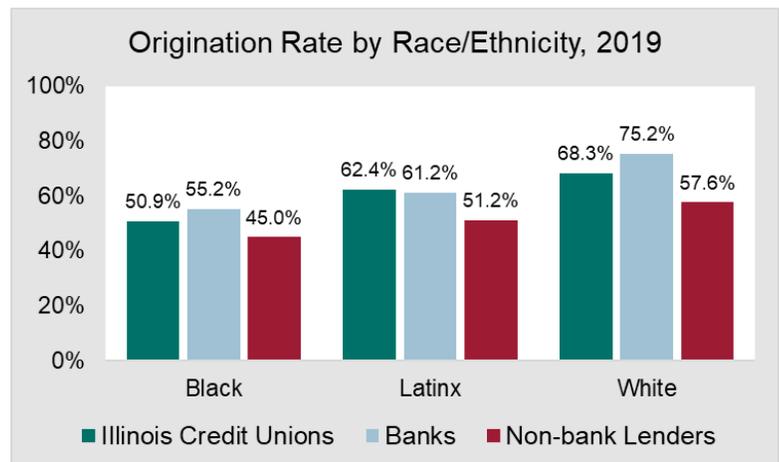
This law is modeled after the federal Community Reinvestment Act.

- The federal CRA was enacted in 1977 to hold banks accountable for meeting the credit needs of local communities, including LMI communities. It sought to address institutionalized credit discrimination. However, the federal CRA only covers banks. It does not cover credit unions or nonbank mortgage companies.
- Like the federal CRA, the banking regulator – the Illinois Department of Financial and Professional Regulation (IDFPR) – will drive implementation through the rulemaking process. The federal CRA rules will be incorporated into the state CRA rules subject to IDFPR’s “adjustments and exceptions thereto as are deemed necessary.”
- Massachusetts, New York, and Connecticut have their own comprehensive and successful state CRAs.

The effects of redlining and discrimination from the 20th century still impact communities of color today.

- According to an analysis from WBEZ and City Bureau, in recent years, banks invested more mortgage capital in one majority-white Chicago neighborhood than all majority-Black neighborhoods in Chicago combined.¹

- These inequities are not confined to Chicago. In Springfield, a set of railroad tracks separates the predominantly white side of Springfield on the west from the predominantly Black side on the east. Recent Home Mortgage Disclosure Act (HMDA) data reveals that more mortgage dollars were lent in a single census tract west of the railroad tracks as were lent in all tracts east of the tracks combined.



The landscape of financial services has changed over the past few decades. With the Illinois CRA combined with the federal CRA, the vast majority of mortgage lenders in the State now have CRA obligations.

- Nonbank lenders now originate most mortgages in the U.S.
- In recognition of this shift, the Illinois CRA covers state-chartered credit unions and state-licensed mortgage companies in addition to state-chartered banks. *All* financial institutions have a role to play in creating a more equitable financial system.

¹ WBEZ & City Bureau, “[Where Banks Don’t Lend](#),” 3 June 2020.