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INTRODUCTION

The *Illinois Register* is the official state document for publishing public notice of rulemaking activity initiated by State governmental agencies. The table of contents is arranged categorically by rulemaking activity and alphabetically by agency within each category.

Rulemaking activity consists of proposed or adopted new rules; amendments to or repealers of existing rules; and rules promulgated by emergency or peremptory action. Executive Orders and Proclamations issued by the Governor; notices of public information required by State Statute; and activities (meeting agendas; Statements of Objection or Recommendation, etc.) of the Joint Committee on Administrative Rules (JCAR), a legislative oversight committee which monitors the rulemaking activities of State Agencies; is also published in the Register.

The Register is a weekly update of the Illinois Administrative Code (a compilation of the rules adopted by State agencies). The most recent edition of the Code, along with the Register, comprise the most current accounting of State agencies' rulemakings.

The *Illinois Register* is the property of the State of Illinois, granted by the authority of the Illinois Administrative Procedure Act [5 ILCS 100/1-1, et seq.].

ILLINOIS REGISTER PUBLICATION SCHEDULE FOR 2022

Issue#	Rules Due Date	Date of Issue
1	December 20, 2021	January 3, 2022
2	December 27, 2021	January 7, 2022
3	January 3, 2022	January 14, 2022
4	January 10, 2022	January 21, 2022
5	January 18, 2022	January 28, 2022
6	January 24, 2022	February 4, 2022
7	January 31, 2022	February 14, 2022
8	February 7, 2022	February 18, 2022
9	February 14, 2022	February 25, 2022
10	February 22, 2022	March 4, 2022
11	February 28, 2022	March 11, 2022
12	March 7, 2022	March 18, 2022
13	March 14, 2022	March 25, 2022
14	March 21, 2022	April 1, 2022
15	March 28, 2022	April 8, 2022
16	April 4, 2022	April 15, 2022
17	April 11, 2022	April 22, 2022
18	April 18, 2022	April 29, 2022
19	April 25, 2022	May 6, 2022
20	May 2, 2022	May 13, 2022
21	May 9, 2022	May 20, 2022

22	May 16, 2022	May 27, 2022
23	May 23, 2022	June 3, 2022
24	May 31, 2022	June 10, 2022
25	June 6, 2022	June 17, 2022
26	June 13, 2022	June 24, 2022
27	June 21, 2022	July 1, 2022
28	June 27, 2022	July 8, 2022
29	July 5, 2022	July 15, 2022
30	July 11, 2022	July 22, 2022
31	July 18, 2022	July 29, 2022
32	July 25, 2022	August 5, 2022
33	August 1, 2022	August 12, 2022
34	August 8, 2022	August 19, 2022
35	August 15, 2022	August 26, 2022
36	August 22, 2022	September 2, 2022
37	August 29, 2022	September 9, 2022
38	September 6, 2022	September 16, 2022
39	September 12, 2022	September 23, 2022
40	September 19, 2022	September 30, 2022
41	September 26, 2022	October 7, 2022
42	October 3, 2022	October 14, 2022
43	October 11, 2022	October 21, 2022
44	October 17, 2022	October 28, 2022
45	October 24, 2022	November 4, 2022
46	October 31, 2022	November 14, 2022
47	November 7, 2022	November 18, 2022
48	November 14, 2022	November 28, 2022
49	November 21, 2022	December 2, 2022
50	November 28, 2022	December 9, 2022
51	December 5, 2022	December 16, 2022
52	December 12, 2022	December 27, 2022
53	December 19, 2022	December 30, 2022

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

NOTICE OF PROPOSED RULES

- 1) Heading of the Part: Credit Union Community Reinvestment
- 2) Code Citation: 38 Ill. Adm. Code 185
- 3)

<u>Section Numbers</u> :	<u>Proposed Actions</u> :
185.10	New Section
185.20	New Section
185.200	New Section
185.210	New Section
185.220	New Section
185.230	New Section
185.240	New Section
185.250	New Section
185.260	New Section
185.270	New Section
185.280	New Section
185.290	New Section
185.400	New Section
185.410	New Section
185.420	New Section
185.430	New Section
185.440	New Section
185.450	New Section
185.460	New Section
185.470	New Section
185.480	New Section
185.490	New Section
185.500	New Section
185.510	New Section
185.APPENDIX A	New Section
185.APPENDIX B	New Section
185.APPENDIX C	New Section
185.APPENDIX D	New Section
- 4) Statutory Authority: Implementing and authorized by the Illinois Community Reinvestment Act [205 ILCS 735].
- 5) A Complete Description of the Subjects and Issues Involved: The Illinois Community Reinvestment Act (ILCRA) became law with the enactment of Public Act 101-657 on

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NOTICE OF PROPOSED RULES

March 23, 2021. The purpose of the ILCRA is to ensure that covered financial institutions are equitably providing financial services across the state, including low-income and moderate-income neighborhoods, and areas where there is a lack of access to safe and affordable banking and lending services. The ILCRA is modeled off the federal Community Reinvestment Act but expands the scope of covered financial institutions to include credit unions and entities licensed pursuant to the Residential Mortgage License Act of 1987 which lent or originated 50 or more mortgages in the previous calendar year which are not covered pursuant to federal law. The Department conducted four public meetings and received feedback from industry and consumers. The Department incorporated public feedback and suggestions in the proposed rules when recommendations were appropriate and consistent with the ILCRA and proper regulatory supervision. These proposed rules would set forth the framework and procedures for examining and evaluating whether covered credit unions are meeting the financial services needs of the communities in which their offices, branches, and other facilities are maintained. Separate rules will be promulgated for banks, credit unions, and mortgage lenders licensed pursuant to the Residential Mortgage Licensing Act of 1987. The rules generally cover the following topics: Authority, Purposes and Scope; Definitions; Assessment Factors; Performance Tests, Standards, and Ratings, in General; Lending Test; Investment Test; Service Test; Community Development Test for Wholesale or Limited Purpose Banks; Performance Standards; Strategic Plan; Assigned Ratings; Effect of ILCRA Performance on Application; Assessment Area Delineation; Data Collection, Reporting, and Disclosure; Content and Availability of Public File; Public Notice; Publication of Planned Examination Schedule; Alternative Examination Procedures (Credit Unions only); Examination Authority and Cooperation; Examination Schedule; Examination Fees; Implementation Period; and Enforcement.

The proposed rules are intended to help the Department fulfill its statutory responsibility of administering and enforcing the ILCRA in an equitable manner. There will be some costs for Illinois state-chartered credit unions, including small businesses, in complying with the rules. The proposed rules include a number of adjustments intended to provide less intrusive and less costly alternative methods of achieving the purpose of the proposed rule or amendment, whenever possible. To mitigate the impact on small businesses, the Department rules propose to use different tests and performance standards depending on the asset size of the Illinois state-chartered credit union subject to examination. The rules exempt small credit unions from some data reporting requirements and small credit unions are generally subject to less frequent examinations.

- 6) Published studies or reports, and sources of underlying data, used to compose this rulemaking: None

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- 7) Will this rulemaking replace any emergency rule currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other proposed rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objectives: This rulemaking will not require a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.
- 12) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to comment on this proposed rulemaking may submit written comments no later than 45 days after the publication of this Notice to:

Department of Financial and Professional Regulation
Attention: Craig Cellini
320 West Washington, 2nd Floor
Springfield, IL 62786

(217) 785-0810
Fax: (217) 557-4451

All written comments received within 45 days after this issue of the *Illinois Register* will be considered.

- 13) Initial Regulatory Flexibility Analysis:
 - A) Types of small businesses, small municipalities and not for profit corporations affected: Illinois chartered credit unions may be affected.
 - B) Reporting, bookkeeping, or other procedures required for compliance: Yes, the rules contain reporting, bookkeeping or other procedures required for compliance including, but not limited to rules on data collection, reporting, disclosure, and the posting of the ILCRA Notice. Please refer to the text of the proposed rules for more information on the specific requirements.

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- C) Types of professional skills necessary for compliance: The types of professional skills necessary for compliance are generally business administration and knowledge of the Illinois Credit Union Act, the Illinois Community Reinvestment Act, and various other federal and state laws.
- 14) Small Business Impact Analysis:
- A) Types of businesses subject to the proposed rule:
- 52 Finance and Insurance
- B) Categories that the agency reasonably believes the rulemaking will impact, including:
- ii Regulatory requirements
- 15) Regulatory Agenda on which this rulemaking was summarized: July 2022

The full text of the Proposed Rules begins on the next page:

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

NOTICE OF PROPOSED RULES

TITLE 38: FINANCIAL INSTITUTIONS

CHAPTER II: DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

PART 185

CREDIT UNION COMMUNITY REINVESTMENT

SUBPART A: GENERAL

Section

- 185.10 Authority, Purposes and Scope
- 185.20 Definitions

SUBPART B: STANDARDS OF ASSESSING PERFORMANCE

Section

- 185.200 Assessment Factors
- 185.210 Performance Tests, Standards, and Ratings, in General
- 185.220 Lending Test
- 185.230 Investment Test
- 185.240 Service Test
- 185.250 Community Development Test for Wholesale or Limited Purpose Credit Unions
- 185.260 Small Credit Union Performance Standards
- 185.270 Strategic Plan
- 185.280 Assigned Ratings
- 185.290 Effect of ILCRA Performance on Applications

SUBPART C: RECORDS, REPORTING, AND DISCLOSURE REQUIREMENTS;
EXAMINATIONS; ENFORCEMENT

Section

- 185.400 Assessment Area Delineation
- 185.410 Data Collection, Reporting, and Disclosure
- 185.420 Content and Availability of Public File
- 185.430 Public Notice by Credit Union
- 185.440 Publication of Planned Examination Schedule
- 185.450 Alternative Examination Procedures
- 185.460 Examination Authority and Cooperation
- 185.470 Examination Schedule
- 185.480 Examination Fees

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185.490 Implementation Period
185.500 Enforcement
185.510 Provisions for Granting of Variance from Rules

185.APPENDIX A Ratings
185.APPENDIX B ILCRA Notice
185.APPENDIX C Examples
185.APPENDIX D Alternative Examination Procedures

AUTHORITY: Implementing and authorized by the Illinois Community Reinvestment Act [205 ILCS 735].

SOURCE: Adopted at 47 Ill. Reg. _____, effective _____.

SUBPART A: GENERAL

Section 185.10 Authority, Purposes and Scope

- a) The Illinois Community Reinvestment Act (ILCRA) [205 ILCS 735] authorizes this Part.
- b) Purposes. This Part is intended to carry out the purposes of the Illinois Community Reinvestment Act (ILCRA) by establishing the framework and criteria by which the Secretary assesses a covered credit union's ILCRA record. These rules shall be liberally construed to effectuate their purpose. Without limiting the aforementioned purpose, specific purposes of this Part include:
 - 1) Establishment of rules pursuant to Section 35-10(b) of the ILCRA, which requires that this Part incorporate federal rules promulgated under the federal Community Reinvestment Act (12 U.S.C. 2901; see also 12 CFR Part 345). Specifically, Section 35-10(b) of the ILCRA states, in relevant part: *To assist in carrying out this Act, the Secretary shall adopt rules incorporating the regulations applicable to covered financial institutions under federal law, and the Secretary may make such adjustments and exceptions thereto as are deemed necessary.*
 - 2) Accordingly, this Part

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- i) may include references to federal statutes or rules established pursuant to the federal Community Reinvestment Act; and
 - ii) except where this Subpart makes adjustments or exceptions to the administrative rules established pursuant to the federal Community Reinvestment Act or where inconsistent with the ILCRA or this Subpart, this Subpart shall be construed and interpreted consistently with the appropriate federal financial supervisory agency's construction and interpretation of the federal rules.
- 3) Establishment of rules as required by Section 35-10(c) of the ILCRA. These rules shall be liberally construed to effectuate their purpose.
 - 4) Establishment of rules as the Secretary may deem appropriate as authorized by the Act under Section 35-15(a), Section 35-35, or otherwise.
- c) **Scope.** This Part applies to credit unions. Except as context otherwise indicates, this Part does not apply to a bank chartered under the Illinois Banking Act, a savings bank chartered under the Illinois Savings Bank Act, an entity licensed under the Illinois Residential Mortgage License Act of 1987 which lent or originated 50 or more residential mortgage loans in the previous calendar year, and any other financial institution under the jurisdiction of the Department as designated by rule by the Secretary.

Section 185.20 Definitions

For purposes of this Part, the following definitions apply:

"Alternative financial products or services" means financial products or services offered by persons other than an insured depository institution at a higher cost than comparable services offered by an insured depository institution.

"Affiliate" means any company that controls, is controlled by, or is under common control with another company. The term "control" has the meaning given to that term in 12 U.S.C. 1841(a)(2), and a company is under common control with another company if both companies are directly or indirectly controlled by the same company.

"Area median income" means:

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the median family income for the MSA/CBSA, if a person or geography is located in an MSA/CBSA; or

the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA/CBSA.

"Assessment area" means a geographic area delineated in accordance with Section 41 or another delineation for certain credit unions made pursuant to Section 400(g).

"Application" means an application for the establishment of a branch, office, or other facility, the relocation of a main office, branch, office, or other facility license renewal, change in control of a covered financial institution, or a merger or consolidation with or the acquisition of assets or assumption of liabilities of any financial institution, out-of-state bank, credit union, or residential mortgage licensee, national bank or credit union, or foreign financial institution.

"Automated teller machine (ATM)" means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the credit union at which deposits are received, cash dispersed, or money lent.

"Branch" means a staffed facility established or acquired as a branch under Illinois law.

"CBSA" means a core based statistical area as defined by the Director of the Office of Management and Budget.

"CMSA" means a consolidated metropolitan statistical area as defined by the Director of the Office of Management and Budget.

"Community development" means:

Affordable housing (including multifamily rental housing) for low- and moderate-income individuals;

Community services targeted to low- and moderate-income individuals;

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Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or

Activities that revitalize or stabilize –

low- or moderate-income geographies;

designated disaster areas; or

distressed or underserved nonmetropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency, based on –

rates of poverty, unemployment, and population loss; or

population size, density, and dispersion. Activities revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals; or

unbanked or underbanked geographies.

activities targeted to directly and tangibly –

increase climate resilience in low-income to moderate-income neighborhoods; or

mitigate environmental harm in low-income to moderate-income neighborhoods.

any other such area as determined by the Secretary based on –

Rates of poverty, unemployment, and population loss; or

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Population size, density, and dispersion. Activities revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

"Community development loan" means a loan that:

has as its primary purpose community development; and

except in the case of a wholesale or limited purpose credit union:

has not been reported or collected by the credit union or an affiliate for consideration in the credit union's assessment as a home mortgage or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to 12 CFR 203, the Consumer Financial Protection Bureau's implementing regulations for the Home Mortgage Disclosure Act); and

benefits the credit union's assessment area or a broader Statewide or regional area that includes the credit union's assessment area.

"Community development service" means a service that:

has as its primary purpose community development;

is related to the provision of financial services; and

has not been considered in the evaluation of the credit union's retail banking services under Section 240(d).

"Community Reinvestment Act" unless context indicates otherwise means the Illinois Community Reinvestment Act ("ILCRA").

"Consumer loan" means a loan to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage or small business loan. Consumer loans include the following categories of loans:

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Motor vehicle loan, a consumer loan extended for the purchase of and secured by a motor vehicle;

Credit card loan, a line of credit for household, family, or other personal expenditures that is accessed by a borrower's use of a "credit card", as this term is defined in 12 CFR 1026.2;

Home equity loan, a consumer loan secured by a residence of the borrower;

Other secured consumer loan, a secured consumer loan that is not included in one of the other categories of consumer loans; and

Other unsecured consumer loan, an unsecured consumer loan that is not included in one of the other categories of consumer loans.

"Credit union" means a corporation chartered under a cooperative, non-profit association, incorporated under the Illinois Credit Union Act.

"Department" means the Illinois Department of Financial and Professional Regulation.

"Field of membership" means the members or persons eligible to join a credit union.

"Fiscal year" means the fiscal year for the State of Illinois (starts July 1 and ends June 30).

"Geography" means a census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

"Home mortgage loan" means a closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2 and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (10) and (13).

"Income level" includes:

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Low-income, an individual income that is less than 50% of the area median income, or a median family income that is less than 50%, in the case of a geography.

Moderate-income, an individual income that is at least 50% and less than 80% of the area median income, or a median family income that is at least 50% and less than 80%, in the case of a geography.

Middle-income, an individual income that is at least 80% and less than 120% of the area median income, or a median family income that is at least 80% and less than 120%, in the case of a geography.

Upper-income, an individual income that is 120% or more of the area median income, or a median family income that is 120% or more, in the case of a geography.

"Institution", unless context indicates otherwise institution means a credit union.

"Limited purpose institution or limited purpose credit union", an institution that offers only a narrow product line (such as credit card or motor vehicle loans) to a regional or broader market and for which a designation as a limited purpose institution is in effect, in accordance with Section 185.250(2).

"Loan location", a loan is located as follows:

a consumer loan is located in the geography where the borrower resides;

a home mortgage loan is located in the geography where the property to which the loan relates is located; and

a small business loan is located in the geography where the main business facility or farm is located or where the loan proceeds otherwise will be applied, as indicated by the borrower.

"Loan production office" means a staffed facility of a credit union, other than a branch, that is open to the public or members and that provides lending-related services, such as loan information and applications.

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"Metropolitan division" means a metropolitan division as defined by the United States Director of the Office of Management and Budget.

"MSA" means a metropolitan statistical area or a primary metropolitan statistical area as defined by the United States Director of the Office of Management and Budget.

"Person" means any individual, partnership, joint venture, trust, estate, firm, corporation, cooperative society or association, or any other form of business association or legal entity.

"Qualified investment" means a lawful investment, deposit, membership share, or grant that has as its primary purpose community development, and lawful investments in the following:

corporations for the purpose of micro-lending in the area of small business and small farms;

corporations for the purpose of providing technical assistance to nonprofit housing corporations, small businesses and farms for the purpose of establishing creditworthiness;

contributions to any private nonprofit organization organized for improving the social and economic conditions, such as community development and redevelopment programs, small business technical assistance, and educational institutions, in communities in which the credit union has an office; and

contributions for the purpose of relieving suffering or distress resulting from disaster or other calamity, such as hurricane or flood, occurring in any part of the State; and

contributions to community development and redevelopment programs.

"Secretary" means the Secretary or Acting Secretary of the Financial and Professional Regulation and his or her authorized representatives.

"Small credit union" means a credit union that, as of December 31 of either of the prior two calendar years, had total assets of less than \$1.384 billion. "Intermediate

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small credit union” means a small credit union with assets of at least \$346 million as of December 31 of both of the prior two calendar years and less than \$1.384 billion as of December 31 of either of the prior two calendar years. The dollar figures in the small credit union definition of this section may be adjusted annually and published by the Secretary, based on the year to year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted for each twelve-month period ending in November, with rounding to the nearest million.

"Small business loan" means a loan to a business with gross annual revenues of \$1,000,000.00. For purposes of this Part, small business loan includes small farm loans.

"Unbanked person" means a person who does not have a checking or savings account with an insured bank, savings bank, or credit union.

"Underbanked person" means a person that has a checking or savings account with an insured depository institution but that used alternative financial products or services in the past 12 months.

"Wholesale credit union" means a credit union that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers, and for which a designation as a wholesale credit union is in effect, in accordance with Section 185.250(b).

SUBPART B: STANDARDS OF ASSESSING PERFORMANCE

Section 185.200 Assessment Factors

- a) As used in this Part, “assessment factors” means the assessment of the following factors to determine whether a credit union is meeting the financial services needs of local communities:
 - 1) activities to ascertain the financial services needs of the community, including communication with community members regarding the financial services provided;
 - 2) extent of marketing to make members of the community aware of the financial services offered;

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- 3) origination of mortgage loans including, but not limited to, home improvement and rehabilitation loans, and other efforts to assist existing low-income and moderate-income residents to be able to remain in affordable housing in their neighborhoods;
 - 4) for small business lenders, the origination of loans to businesses with gross annual revenues of \$1,000,000.00 or less, particularly those in low-income and moderate-income neighborhoods;
 - 5) participation, including investments, in community development and redevelopment programs, small business technical assistance programs, minority-owned depository institutions, community development financial institutions, and mutually-owned financial institutions;
 - 6) efforts working with delinquent customers to facilitate a resolution of the delinquency;
 - 7) origination of loans that show an under concentration and a systemic pattern of lending resulting in the loss of affordable housing units;
 - 8) evidence of discriminatory and prohibited practices; and
 - 9) offering retail banking services to unbanked and underbanked persons.
- b) In applying these factors, the Secretary shall account for a credit union's field of membership and any lending or investment limitation or prohibition applicable to the credit union pursuant to law.

Section 185.210 Performance Tests, Standards, and Ratings, In General

- a) Performance tests and standards. The Secretary assesses the ILCRA performance of a credit union in an examination as follows:
 - 1) The Secretary shall apply the assessment factors, as provided in Section 185.200, and the lending and service tests, as provided in Section 185.220 and Section 185.240 in evaluating the performance of a credit union, except as provided in Section 185.210(a)(2), (a)(3) and (a)(4). The investment test, as provided in Section 185.230, does not apply to credit

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unions unless the credit union elects to be evaluated pursuant to the investment test at the start of an examination.

- 2) Community development test for wholesale or limited purpose credit unions. The Secretary applies the community development test for a wholesale or limited purpose credit union, as provided in Section 185.250, except as provided in Section 185.210(a)(4).
 - 3) Small credit union performance standards. The Secretary applies the small credit union performance standards as provided in Section 185.260 in evaluating the performance of a small credit union or a credit union that was a small credit union during the prior calendar year, unless the credit union elects to be assessed as provided in Section 185.210(a)(1), (a)(2), or (a)(4). A small credit union may elect to be assessed as provided in Section 185.210(a)(1) only if it collects and reports the data required for other credit unions under Section 185.410.
 - 4) Strategic plan. The Secretary evaluates the performance of a credit union under a strategic plan if the credit union submits, and the Secretary approves, a strategic plan as provided in Section 185.270.
- b) Performance context. The Secretary applies the tests and standards in Section 185.210(a) and also considers whether to approve a proposed strategic plan in the context of:
- 1) demographic data on median income levels, distribution of household income, nature of housing stock, housing costs, and other relevant data pertaining to a credit union's assessment area;
 - 2) any information about lending, investment, and service opportunities in the credit union's assessment area maintained by the credit union or obtained from community organizations, state, local, and tribal governments, economic development agencies, or other sources;
 - 3) the credit union's product offerings and business strategy as determined from data provided by the credit union;
 - 4) credit union capacity and constraints, including the size and financial condition of the credit union, the economic climate (national, regional, and

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- local), safety and soundness limitations, and any other factors that significantly affect the credit union's ability to provide lending, investments, or services in its assessment area;
- 5) the credit union's past performance and the performance of similarly situated credit unions;
 - 6) the credit union's public file, as described in Section 185.420, and any written comments about the credit union's ILCRA performance submitted to the credit union or the Secretary;
 - 7) the credit union's defined membership by-law provisions, as prescribed in 205 ILCS 305/15, and the lending and investment authority restrictions under 205 ILCS 305/59; and
 - 8) any other information deemed relevant by the Secretary.
- c) **Assigned ratings.** The Secretary assigns to a credit union one of the following four ratings pursuant to Section 185.280 and 185.APPENDIXA (Ratings): "outstanding"; "satisfactory"; "needs to improve"; or "substantial noncompliance" as provided in [205 ILCS 735/35-15(c)]. The rating assigned by the Secretary reflects the credit union's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the credit union, and consistent with its common bond.
- d) **Safe and sound operations.** This Part and the ILCRA does not require a credit union to make loans or investments or to provide services that are inconsistent with safe and sound operations, or inconsistent with its common bond. Credit unions are permitted and encouraged to develop and apply flexible underwriting standards for loans that benefit low- and moderate-income geographies or individuals and work with delinquent customers to facilitate a resolution of the delinquency, only if consistent with safe and sound operations and consistent with its common bond.
- e) **Low-cost Education Loans Provided to Low-Income Borrowers.** In assessing and taking into account the record of a credit union under this Part, the Secretary considers as a factor, when applicable, low-cost education loans originated by the credit union to borrowers, particularly in its assessment area, who have an

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individual income that is less than 50 percent of the area median income. For purposes of this paragraph, “low-cost education loans” means any education loan, as defined in section 140(a)(7) of the Truth in Lending Act (15 U.S.C. 1650(a)(7)) (including a loan under a state or local education loan program), originated by the credit union for a student at an “institution of higher education”, as that term is generally defined in sections 101 and 102 of the Higher Education Act of 1965 (20 U.S.C. 1001 and 1002) and the implementing regulations published by the U.S. Department of Education, with interest rates and fees no greater than those of comparable education loans offered directly by the U.S. Department of Education. Such rates and fees are specified in section 455 of the Higher Education Act of 1965 (20 U.S.C. 1087e). This subsection only applies to credit unions that offer education loans.

- f) Activities in Cooperation with Community Development Financial Institutions, Minority- or Women-Owned Financial Institutions and Low-Income Credit Unions. The Secretary considers as a factor: capital investment, loan participation, and other ventures undertaken by the credit union in cooperation with Community Development Financial Institutions as defined in regulations issued by the U.S. Department of the Treasury, with minority- and women-owned financial institutions as defined in 12 U.S.C. 2907(b) and credit unions designated as low-income or minority depository institutions by the National Credit Union Administration. Such activities must help meet the credit needs of local communities in which Community Development Financial Institution, the minority- and women-owned financial institutions or low income or minority credit unions are chartered. To be considered, such activities need not also benefit the credit union’s assessment area. This subsection does not apply to credit unions designated as low-income or minority credit unions.

Section 185.220 Lending Test

- a) Scope of test.
- 1) The lending test evaluates a credit union’s record of helping to meet the credit needs of its assessment area through its lending activities by considering a credit union's home mortgage, small business and community development lending. If consumer lending constitutes a substantial majority of a credit union’s business, the Secretary will evaluate the credit union’s consumer lending in one or more of the following categories: motor vehicle, credit card, home equity, other

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secured, and other unsecured loans. At a credit union's option, the Secretary will also evaluate one or more categories of consumer lending, if the credit union has collected and maintained the data for each category that the credit union elects to have the Secretary evaluate as required in Section 185.410(d)(1).

- 2) The Secretary considers originations and purchases of loans. The Secretary will also consider any other loan data the credit union may choose to provide, including data on loans outstanding, commitments and letters of credit.
 - 3) A credit union may ask the Secretary to consider loans originated or purchased by consortia in which the credit union participates or by third parties in which the credit union has invested only if the loans meet the definition of community development loans and only in accordance with Section 185.220(d). The Secretary will not consider these loans under any criterion of the lending test except the community development lending criterion.
- b) Performance Criteria. The Secretary evaluates a credit union's lending performance considering all of the applicable assessment factors in Section 185.200 and pursuant to the following criteria:
- 1) Lending activity. The number and amount of the credit union's home mortgage, small business and consumer loans, if applicable, in the credit union's assessment area;
 - 2) Geographic distribution. The geographic distribution of the credit union's home mortgage small business, and consumer loans, if applicable, based on the loan location, including:
 - A) the proportion of the credit union's lending in the credit union's assessment area;
 - B) the dispersion of lending in the credit union's assessment area(s); and
 - C) the number and amount of loans in low-, moderate-, middle-, and upper-income geographies in the credit union's assessment area;

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- 3) Borrower characteristics. The distribution, particularly in the credit union's assessment area, of the credit union's home mortgage, small business loans, if applicable, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - A) home mortgage loans to low-, moderate-, middle-, and upper-income individuals, including loans to assist existing low- and moderate-income residents to be able to remain in affordable housing in their neighborhoods;
 - B) small business loans to businesses with gross annual revenues of \$1 million or less;
 - C) small business loans by loan amount at origination; and
 - D) consumer loans, to low-, moderate-, middle-, and upper- income individuals.
 - 4) Community development lending. The credit union's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
 - 5) Innovative or flexible lending practices. The credit union's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.
- c) Affiliate lending.
- 1) At a credit union's option, the Secretary will consider loans by an affiliate of the credit union, if the credit union provides data on the affiliate's loans pursuant to Section 185.410.
 - 2) The Secretary considers affiliate lending subject to the following constraints:
 - A) no affiliate may claim a loan origination or loan purchase if another institution claims the same loan origination or purchase

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and in this regard the credit union shall monitor and keep records of whether such claims exist; and

- B) if a credit union elects to have the Secretary consider loans within a particular lending category made by one or more of the credit union's affiliates in a particular assessment area, the credit union shall elect to have the Secretary consider, in accordance with Section 185.220(c)(1), all the loans within that lending category in that particular assessment area made by all of the credit union's affiliates.
- 3) The Secretary does not consider affiliate lending in assessing a credit union's performance under Section 185.220(b)(2)(A).
- d) Lending by a consortium or a third party. Community development loans originated or purchased by a consortium in which the credit union participates or by a third party in which the credit union has invested:
 - 1) will be considered, at the credit union's option, if the credit union reports the data pertaining to these loans under Section 185.410; and
 - 2) may be allocated among participants or investors, as they choose, for purposes of the lending test, except that no participant or investor:
 - A) may claim a loan origination or loan purchase if another participant or investor claims the same loan origination or purchase and in this regard the credit union shall monitor and keep records of whether such claims exist; or
 - B) may claim loans accounting for more than its percentage share (based on the level of its participation or investment) of the total loans originated by the consortium or third party.
- e) Lending performance rating. The Secretary rates a credit union's lending performance as provided in 185.APPENDIX A (Ratings).

Section 185.230 Investment Test

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- a) **Scope of test.** The investment test evaluates a credit union's record of helping to meet the credit needs of its assessment area through qualified investments that benefit its assessment area or a broader statewide or regional area that includes the credit union's assessment area.
- b) **Exclusion.** Activities considered under the lending or service tests shall not be considered under the investment test.
- c) **Affiliate investment.** At a credit union's option, the Secretary will consider, in its assessment of a credit union's investment performance, a qualified investment made by an affiliate of the credit union, if the qualified investment is not claimed by any other institution.
- d) **Disposition of branch premises.** Donating, selling on favorable terms, or making available on a rent-free basis a branch of the credit union that is located in a predominantly minority neighborhood to a minority depository institution or women's depository institution (as these terms are defined in 12 U.S.C. 2907(b)) or to credit unions designated by the National Credit Union Administration as low-income or minority depository institutions will be considered as a qualified investment.
- e) **Performance criteria.** The Secretary evaluates the investment performance of a credit union considering all of the applicable assessment factors in Section 185.200 and pursuant to the following criteria:
 - 1) the dollar amount of qualified investments;
 - 2) the innovativeness or complexity of qualified investments;
 - 3) the responsiveness of qualified investments to credit and community development needs
 - 4) the degree to which the qualified investments assist existing low- and moderate-income residents to be able to remain in affordable housing in their neighborhoods; and
 - 5) the degree to which the qualified investments are not routinely provided by private investors.

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- f) Investment performance rating. The Secretary rates a credit union's investment performance as provided in 185.APPENDIX A (Ratings).

Section 185.240 Service Test

- a) Scope of test. The service test evaluates a credit union's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of a credit union's systems for delivering retail banking services and the extent and innovativeness of its community development services. Credit unions that provide all or a majority of their services via mobile and other digital channels must fulfill their obligation to meet the financial service needs of their assessment areas, including low-income to moderate-income neighborhoods, consistent with their common bond.
- b) Area(s) benefited. Community development services must benefit a credit union's assessment area or a broader Statewide or regional area that includes the credit union's assessment area.
- c) Affiliate service. At a credit union's option, the Secretary will consider, in his or her assessment of a credit union's service performance, a community development service provided by an affiliate of the credit union, if the community development service is not claimed by any other institution and in this regard the bank shall monitor and keep records of whether such claims exist.
- d) Performance criteria -- Retail Banking Services. The Secretary evaluates the availability and effectiveness of a credit union's systems for delivering retail banking services, considering all of the applicable assessment factors in Section 185.200 and pursuant to the following criteria:
- 1) the current distribution of the credit union's branches among low-, moderate-, middle-, and upper-income geographies, if applicable;
 - 2) in the context of its current distribution of the credit union's branches, the credit union's record of opening and closing branches, particularly branches located in low- and moderate-income geographies or primarily serving low- and moderate- income individuals;
 - 3) the availability and effectiveness of alternative systems for delivering retail banking services (e.g., ATMs, ATMs not owned or operated by or

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exclusively for the credit union, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and

- 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies, if applicable, and the degree to which the services are tailored to meet the needs of those geographies; and
- 5) The credit union's record of effectively marketing its retail banking services and products to unbanked or underbanked persons and offering retail banking services and products targeted to meet the needs of unbanked and underbanked persons. In determining whether a credit union offers retail banking services and products targeted to meet the needs of unbanked and underbanked persons, the Department shall consider:
 - A) whether the credit union offers accounts substantially and materially similar to BankOn certified accounts; or
 - B) whether the credit union offers financial services and products to users of alternative financial products or services, provided that, that the credit union has affirmatively and reasonably demonstrated that:
 - i) the credit union offers such accounts or such financial services and products in conjunction with focused and sustained marketing efforts reasonably designed to reach unbanked and underbanked persons;
 - ii) unbanked and underbanked persons may reasonably conveniently obtain or use such accounts or such financial services and products; and
 - iii) the credit union offers such accounts or such financial services and products at a cost to the unbanked and underbanked persons that is significantly lower than would otherwise be incurred by the users of alternative financial products or services.

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- e) Performance criteria -- Community Development Services. The Secretary evaluates community development services considering all of the applicable assessment factors in Section 185.200 and pursuant to the following criteria:
 - 1) the extent to which the credit union provides community development services; and
 - 2) the innovativeness and responsiveness of community development services.
- f) Service performance rating. The Secretary rates a credit union's service performance as provided in 185.APPENDIX A (Ratings).

Section 185.250 Community Development Test for Wholesale or Limited Purpose Credit Unions

- a) Scope of test. The Secretary assesses a wholesale or limited purpose credit union's record of helping to meet the credit needs of its assessment area under the community development test through its community development lending, qualified investments, or community development services.
- b) Designation as a wholesale or limited purpose credit union. In order to receive a designation as a wholesale or limited purpose credit union, a credit union shall file a request, in writing, with the Secretary, at least six months prior to the proposed effective date of the designation. If the Secretary approves the designation, it remains in effect until the credit union requests revocation of the designation or until one year after the Secretary notifies the credit union that the Secretary has revoked the designation on his/her own initiative.
- c) Performance criteria. The Secretary evaluates the community development performance of a wholesale or limited purpose credit union considering all of the applicable assessment factors in Section 185.200 and pursuant to the following criteria:
 - 1) the number and amount of community development loans (including originations and purchases of loans and other community development loan data provided by the credit union, such as data on loans outstanding, commitments, and letters of credit), qualified investments, or community development services;

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- 2) the use of innovative or complex qualified investments, community development loans, or community development services and the extent to which the investments are not routinely provided by private investors; and
 - 3) the credit union's responsiveness to credit and community development needs.
- d) Indirect activities. At a credit union's option, the Secretary will consider in its community development performance assessment:
- 1) qualified investments or community development services provided by an affiliate of the credit union, if the investments or services are not claimed by any other institution; and
 - 2) community development lending by affiliates, consortia and third parties, subject to the requirements and limitations in Sections 185.220(c) and (d).
- e) Benefit to assessment area(s).
- 1) Benefit inside assessment area. The Secretary considers all qualified investments, community development loans, and community development services that benefit areas within the credit union's assessment area or a broader statewide or regional area that includes the credit union's assessment area.
 - 2) Benefit outside assessment area. The Secretary considers the qualified investments, community development loans, and community development services that benefit areas outside the credit union's assessment area, if the credit union has adequately addressed the needs of its assessment area.
- f) Community development performance rating. The Secretary rates a credit union's community development performance as provided in 185.APPENDIX A (Ratings).

Section 185.260 Small Credit Union Performance Standards

- a) Performance criteria.

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- 1) The Secretary evaluates the record of a small credit union of helping to meet the credit needs of its assessment area pursuant to all of the applicable assessment factors in Section 185.200 and subsection (b).
 - 2) The Secretary evaluates the record an intermediate small credit union, of helping to meet the credit needs of its assessment area pursuant to all of the applicable assessment factors in Section 185.200, subsections (b) and (c).
- b) Lending test. A small credit union's lending performance is evaluated pursuant to the following criteria:
- 1) the credit union's loan-to-share ratio, adjusted for seasonal variation and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
 - 2) the percentage of loans and, as appropriate, other lending-related activities located in the credit union's assessment area;
 - 3) the credit union's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses of different sizes;
 - 4) the geographic distribution of the credit union's loans in the context of its relevant field of membership;
 - 5) the credit union's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area and its performance with regard to fair lending policies and practices; and
 - 6) the origination of loans to businesses with gross annual revenues of \$1,000,000 or less, particularly those in low-income and moderate-income neighborhoods. Subsection (6) applies only to credit unions that make business loans.
- c) Community Development Test. An intermediate small credit union's community development performance is also evaluated pursuant to the following criteria:

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- 1) the number and amount of community development loans;
 - 2) the extent to which the credit union provides community development services;
 - 3) the credit union's responsiveness through such activities to community development lending, investment, and service needs; and
 - 4) at the election of the credit union, the number and amount of qualified investments.
- d) Small credit union performance rating. The Secretary considers all of the applicable assessment factors in Section 185.200 and rates the performance of a credit union evaluated under Section 185.260 as provided in 185.APPENDIX A (Ratings).

Section 185.270 Strategic Plan

- a) Alternative election. The Secretary will assess a credit union's record of helping to meet the credit needs of its assessment area considering all of the applicable assessment factors in Section 185.200 under a strategic plan if:
- 1) the credit union has submitted the plan to the Secretary as provided for in Section 185.270;
 - 2) the Secretary has approved the plan;
 - 3) the plan is in effect; and
 - 4) the credit union has been operating under an approved plan for at least one year.
- b) Data reporting. The Secretary's approval of a plan does not affect the credit union's obligation, if any, to report data as required by Section 185.41.
- c) Plans in general.

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- 1) Term. A plan may have a term of no more than five years, and any multi-year plan must include annual interim measurable goals under which the Secretary will evaluate the credit union's performance.
 - 2) Treatment of affiliates. Affiliated credit unions may prepare a joint plan if the plan provides measurable goals for each credit union. Activities may be allocated among credit unions at the credit union's option, provided that the same activities are not considered for more than one credit union.
- d) Public participation in plan development. Before submitting a plan to the Secretary for approval, a credit union shall:
- 1) informally seek suggestions from members of the public in its assessment area covered by the plan while developing the plan;
 - 2) once the credit union has developed a plan, formally solicit public comment on the plan for at least 30 days by publishing notice in at least one newspaper of general circulation in each assessment area covered by the plan and on the internet; and
 - 3) during the period of formal public comment, make copies of the plan available for review by the public at no cost at all offices of the credit union in any assessment area covered by the plan and provide copies of the plan upon request for a reasonable fee to cover copying and mailing, if applicable.
- e) Submission of plan. The credit union shall submit its plan to the Secretary at least six months prior to the proposed effective date of the plan. The credit union shall also submit with its plan a description of its informal efforts to seek suggestions from members of the public, any written public comment received, and, if the plan was revised in light of the comment received, the initial plan as released for public comment.
- f) Plan content.
- 1) Measurable goals.
 - A) A credit union shall specify in its plan measurable goals for helping to meet the credit needs of each assessment area covered

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by the plan, particularly the needs of low- and moderate-income geographies and low- and moderate-income individuals, through lending, investment, and services, as appropriate and considering all of the applicable assessment factors in Section 185.200.

- B) A credit union shall address in its plan all applicable performance categories and, unless the credit union has been designated as a wholesale or limited purpose credit union, shall emphasize lending and lending-related activities. Nevertheless, a different emphasis, including a focus on one or more performance categories, may be appropriate if responsive to the characteristics and credit needs of its assessment area, considering public comment and the credit union's capacity and constraints, product offerings, and business strategy.
- 2) Confidential information. A credit union may submit additional information to the Secretary on a confidential basis which shall not be deemed a public record as defined in [5 ILCS 140/2] or be subject to the public disclosure provisions of [5 ILCS 140/1], but the goals stated in the plan must be sufficiently specific to enable the public and the Secretary to judge the merits of the plan.
 - 3) Satisfactory and outstanding goals. A credit union shall specify in its plan measurable goals that constitute "satisfactory" performance. A plan may specify measurable goals that constitute "outstanding" performance. If a credit union submits, and the Secretary approves, both "satisfactory" and "outstanding" performance goals, the Secretary will consider the credit union eligible for an "outstanding" performance rating.
 - 4) Election if satisfactory goals not substantially met. A credit union may elect in its plan that, if the credit union fails to meet substantially its plan goals for a satisfactory rating, the Secretary will evaluate the credit union's performance under the lending, investment, and service tests, the community development test, or the small credit union performance standards, as appropriate.
- g) Plan approval.

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- 1) **Timing.** The Secretary will act upon a plan within 90 calendar days after the Secretary receives the complete plan and other material required under Section 185.270(e) and (f). If the Secretary fails to act within this time period, the plan shall be deemed approved unless the Secretary extends the review period in writing.
- 2) **Public participation.** In evaluating the plan's goals, the Secretary considers the public's involvement in formulating the plan, written public comment on the plan, and any response by the credit union to public comment on the plan.
- 3) **Criteria for evaluating plan.** The Secretary considers all of the applicable assessment factors in Section 185.200 and evaluates a plan's measurable goals using the following criteria, as appropriate and applicable:
 - A) the extent and breadth of lending or lending-related activities, including, as appropriate, the distribution of loans among different geographies, businesses and farms of different sizes, and individuals of different income levels, the extent of community development lending, and the use of innovative or flexible lending practices to address credit needs;
 - B) the amount and innovativeness, complexity, and responsiveness of the credit union's qualified investments; and
 - C) the availability and effectiveness of the credit union's systems for delivering retail banking services and the extent and innovativeness of the credit union's community development services.
- h) **Plan amendment.** During the term of a plan, a credit union may request the Secretary to approve an amendment to the plan on grounds that there has been a material change in circumstances. The credit union shall develop an amendment to a previously approved plan in accordance with the public participation requirements of Section 185.270(d).
- i) **Plan assessment.** The Secretary approves the goals and assesses performance under a plan as provided for in 185.APPENDIX A (Ratings).

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Section 185.280 Assigned Ratings

- a) Ratings in general. Subject to Section 185.280(b) and (c), the Secretary assigns to a credit union a rating of "outstanding", "satisfactory", "needs to improve", or "substantial noncompliance" based on the credit union's performance under the lending, investment and service tests, the community development test, the small credit union's performance standards, the intermediate small credit union's standards, or an approved strategic plan, as applicable.
- b) Lending, investment, and service tests. The Secretary assigns a rating for a credit union assessed under the lending, investment, and service tests in accordance with the following principles:
 - 1) a credit union that receives an "outstanding" rating on the lending test receives an assigned rating of at least "satisfactory";
 - 2) a credit union that receives an "outstanding" rating on both the service test and the investment test and a rating of at least "satisfactory" on the lending test receives an assigned rating of "outstanding"; and
 - 3) no credit union may receive an assigned rating of "satisfactory" or higher unless it receives a rating of at least "satisfactory" on the lending test;
- c) Effect of evidence of discriminatory or other illegal credit practices.
 - 1) The Secretary's evaluation of a credit union's ILCRA performance is adversely affected by evidence of discriminatory or other illegal credit practices in any geography by the credit union or in any assessment area by any affiliate whose loans have been considered as part of the credit union's lending performance. In connection with any type of lending activity described in Section 185.220(a), evidence of discriminatory or other credit practices that violate an applicable law, rule, or regulation includes, but is not limited to:
 - A) Discrimination against applicants on a prohibited basis in violation, for example, of the Equal Credit Opportunity Act or the Fair Housing Act;
 - B) Violations of the Home Ownership and Equity Protection Act;

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- C) Violations of section 5 of the Federal Trade Commission Act;
 - D) Violations of section 8 of the Real Estate Settlement Procedures Act;
 - E) Violations of the Truth in Lending Act provisions regarding a consumer's right of rescission
 - F) Violations of the Article 4 [Financial Credit] of Illinois Human Rights Act [775 ILCS 5/Art. 4];
 - G) Violations of the Illinois High Risk Home Loan Act [815 ILCS 137]; and
 - H) Violations of the Illinois Fairness in Lending Act [815 ILCS 120].
- 2) In determining the effect of evidence of practices described in subsection (c)(1) on the credit union's assigned rating, the Secretary considers the nature, extent, and strength of the evidence of the practices; the policies and procedures that the credit union (or affiliate, as applicable) has in place to prevent the practices; any corrective action that the credit union (or affiliate, as applicable) has taken or has committed to take, including voluntary corrective action resulting from self-assessment; and any other relevant information.

Section 185.290 Effect of ILCRA Performance on Applications

- a) **ILCRA Performance.** Among other factors, the Secretary shall take into account the record of performance under the ILCRA of each credit union and its parent company, including all subsidiaries thereof, relative to this Act submitting applications for the establishment of a branch, office, or other facility, the relocation of a main office, branch, office, or other facility, a license renewal, change in control of a covered financial institution, or a merger or consolidation with or the acquisition of assets or assumption of liabilities of any covered financial institution, out-of-state bank, credit union, or residential mortgage licensee, national bank or credit union, or foreign financial institution. In evaluating any other application which requires the Secretary's approval, the Secretary may take into account the record of performance under the ILCRA of

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each credit union and its parent company, including all subsidiaries thereof. Nothing in this Section requires a submission of an application which is not otherwise required under applicable law.

- b) Interested parties. The Secretary takes into account any views submitted by interested parties in accordance with the public notice posted pursuant to Section 35-20 of ILCRA.
- c) Denial. A credit union's record of ILCRA performance may be the basis for denying any application required to be submitted to the Secretary.

SUBPART C: RECORDS, REPORTING, AND DISCLOSURE REQUIREMENTS;
EXAMINATIONS; ENFORCEMENT

Section 185.400 Assessment Area Delineation

- a) In general. An institution shall delineate one or more assessment areas within which the Secretary evaluates the institution's record of helping to meet the credit needs of its community. The Secretary does not evaluate the institution's delineation of its assessment area as a separate performance criterion, but the Secretary reviews the delineation for compliance with the requirements of this Section.
- b) Geographic area for wholesale or limited purpose credit unions. The assessment area for a wholesale or limited purpose institution must consist generally of one or more MSAs/CBSAs (using the MSA/CBSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made), one or more contiguous political subdivisions, such as counties, cities, or towns, in which the institution has its main office, branches, and deposit-taking ATMs or otherwise be consistent with the geographic limitations of the credit union's field of membership.
- c) Geographic area(s) for other credit unions. The assessment area for an institution other than a wholesale or limited purpose institution or a credit union under Section 185.400(g) must:
 - 1) consist generally of one or more MSAs/CBSAs (using the MSA/CBSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made), one or more contiguous political

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subdivisions, such as counties, cities, or towns or otherwise be consistent with the geographic limitations contained within the credit union's field of membership; and

- 2) include the geographies in which the institution has its main office, its branches, and its deposit-taking ATMs, as well as the surrounding geographies in which the institution has originated or purchased a substantial portion of its loans (including home mortgage loans, small business and small farm loans, and any other loans the institution chooses, such as those consumer loans on which the institution elects to have its performance assessed).
- d) Adjustments to geographic area.
- 1) An institution may adjust the boundaries of its assessment area to include only the portion of a political subdivision that it reasonably can be expected to serve. An adjustment is particularly appropriate in the case of an assessment area that otherwise would be:
 - A) extremely large;
 - B) of unusual configuration;
 - C) divided by significant geographic barriers; or
 - D) if in light of a credit union's size and financial condition serving an entire political subdivision would be infeasible.
 - 2) A credit union may choose to exclude geographic areas outside the boundaries of the State of Illinois from its assessment area.
- e) Limitations on the delineation of an assessment area. Each credit union's assessment area(s):
- 1) must consist only of whole geographies unless the Secretary specifically approves use of a partial geography;
 - 2) may not reflect illegal discrimination;

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- 3) may not arbitrarily exclude low- and moderate-income geographies, taking into account the credit union's size and financial condition;
 - 4) may not extend substantially beyond a CMSA boundary or beyond a state boundary unless the assessment area is located in a multistate MSA/CBSA. If a credit union serves a geographic area that extends substantially beyond a state boundary, the credit union shall delineate separate assessment areas for the areas in each state. If a credit union serves a geographic area that extends substantially beyond a CMSA boundary, the credit union shall delineate separate assessment areas for the areas inside and outside the CMSA; and
 - 5) must cover substantially all of a credit union's field of membership except as otherwise permitted by subsections (g) or (h).
- f) Use of assessment area. The Secretary uses the assessment area delineated by a credit union in its evaluation of the credit union's ILCRA performance unless the Secretary determines that the assessment area do not comply with the requirements of this Section.
- g) A credit union whose field of membership, in whole or in part, is not based on residence may delineate its field of membership, including all eligible persons located in the State Illinois regardless of geography, as its assessment area. However, a credit union that cannot reasonably serve all areas which contain persons eligible to join the credit union pursuant to its field of membership, may designate all of its members and the geographic areas which encompass persons eligible to join the credit union pursuant to its field of membership which the credit union can reasonably expect to market to and serve taking into its size, financial health and any other relevant considerations pursuant to the requirements contained in this Section.
- h) The Secretary may approve a credit union to designate only its current members as its assessment area, or an assessment area that does not otherwise comply with the requirements set forth in this section if the credit union demonstrates that satisfying the requirements of this Section would be impractical and unreasonable in its specific case.
- i) A credit union may modify its assessment area whenever there is a material modification to its field of membership or with approval of the Secretary.

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Section 185.410 Data Collection, Reporting, and Disclosure

- a) Credit unions shall comply with all data collection, reporting and disclosure requirements as required by applicable law; and
- b) Credit unions that are subject to HMDA reporting requirements pursuant to 12 CFR 1003 shall report to the Department the location of each home mortgage loan application, origination, or purchase outside the MSAs/CBSAs in which the credit union has a home or branch office (or outside any MSA/CBSA) in accordance with the requirements of 12 CFR 1003. However, small credit unions, even if they are subject to HMDA reporting requirements, are exempt from reporting this data to the Department.
- c) Optional data collection and maintenance.
 - 1) Consumer Loans. A credit union may collect and maintain in machine readable form (as prescribed by the Secretary) data for consumer loans originated or purchased by the credit union for consideration under the lending test. A credit union may maintain data for one or more of the following categories of consumer loans: motor vehicle, credit card, home equity, other secured, and other unsecured. If the credit union maintains data for loans in a certain category, it shall maintain data for all loans originated or purchased within that category. The credit union shall maintain data separately for each category, including for each loan:
 - A) A unique number or alpha-numeric symbol that can be used to identify the relevant loan file;
 - B) The loan amount at origination or purchase;
 - C) The loan location; and
 - D) The gross annual income of the borrower that the credit union considered in making its credit decision.
 - 2) Other loan data. At its option, a credit union may provide other information concerning its lending performance, including additional loan distribution data.

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Section 185.420 Content and Availability of Public File

- a) Information available to the public. A credit union shall maintain a public file that includes the following information:
 - 1) all written comments received from the public for the current year and each of the prior two calendar years that specifically relate to the credit union's performance in helping to meet community credit needs, and any response to the comments by the credit union, if neither the comments nor the responses contain statements that reflect adversely on the good name or reputation of any persons other than the credit union or publication of which would violate specific provisions of law;
 - 2) a copy of the public section of the credit union's most recent ILCRA Performance Evaluation prepared by the Secretary. The credit union shall place this copy in the public file within 30 business days after its receipt from the Secretary;
 - 3) a list of the credit union's branches, their street addresses, and geographies;
 - 4) a list of branches opened or closed by the credit union during the current year and each of the prior two calendar years, their street addresses, and geographies;
 - 5) a list of services (including hours of operation, available loan and deposit products, and transaction fees) generally offered at the credit union's branches and descriptions of material differences in the availability or cost of services at particular branches, if any. At its option, a credit union may include information regarding the availability of alternative systems for delivering retail banking services (*e.g.*, ATMs, ATMs not owned or operated by or exclusively for the credit union, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs);
 - 6) a map of each assessment area showing the boundaries of the area and identifying the geographies contained within the area, either on the map or in a separate list, provided however, a map of the assessment area does not

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need to be maintained if the credit union's membership by-law provisions do not correspond to a defined geographic area;

- 7) the field of membership as defined in the credit union's Article of Incorporation and Article III of the bylaws; and
 - 8) any other information the credit union chooses.
- b) Additional information available to the public.
- 1) Credit Unions other than small credit unions. A credit union, except a small credit union or a credit union that was a small credit union during the prior calendar year, shall include in its public file the following information pertaining to the credit union and its affiliates, if applicable, for each of the prior two calendar years:
 - A) if the credit union has elected to have one or more categories of its consumer loans considered under the lending test, for each of these categories, the number and amount of loans:
 - i) to low-, moderate-, middle-, and upper-income individuals;
 - ii) located in low-, moderate-, middle-, and upper-income census tracts;
 - iii) located inside the credit union's assessment area and outside the credit union's assessment area; and
 - B) the credit union's CRA Disclosure Statement. The credit union shall place the statement in the public file within three business days of its receipt from the Secretary.
 - 2) Credit Union required to report Home Mortgage Disclosure Act (HMDA) data. A credit union required to report home mortgage loan data pursuant 12 CFR Part 1003 (Home Disclosure Data) shall include in its public file a written notice that the institution's HMDA Disclosure Statement may be obtained on the Consumer Financial Protection Bureau's (Bureau's) Website at www.consumerfinance.gov/hmda. In addition, a credit union that elected to have the Secretary consider the mortgage lending of an

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affiliate for any of these years shall include in its public file the affiliate's HMDA Disclosure Statement for those years. The credit union shall place the statement(s) in the public file within three business days after its receipt.

- 3) Small credit unions. A small credit union or a credit union that was a small credit union during the prior calendar year shall include in its public file:
 - A) the credit union's loan-to-share ratio by asset class for each quarter of the prior calendar year and, at its option, additional data on its loan-to-share ratio; and
 - B) the information required for other credit unions by Section 185.420(b)(1), if the credit union has elected to be evaluated under the lending, investment, and service tests.
 - 4) Credit unions with strategic plans. A credit union that has been approved to be assessed under a strategic plan shall include in its public file a copy of that plan. A credit union need not include information submitted to the Secretary on a confidential basis in conjunction with the plan.
 - 5) Credit unions with less than satisfactory ratings. A credit union that received a less than satisfactory rating during its most recent examination shall include in its public file a description of its current efforts to improve its performance in helping to meet the credit needs of its entire community. The credit union shall update the description quarterly.
- c) Location of public information. A credit union shall make available to the public for inspection upon request and at no cost the information required in this Section as follows:
- 1) at the main office and, if an interstate credit union, at one branch office in each state, all information in the public file; and
 - 2) at each branch:

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- A) a copy of the public section of the credit union's most recent ILCRA Performance Evaluation and a list of services provided by the branch; and
 - B) within five calendar days of the request, all the information in the public file relating to the assessment area in which the branch is located.
- d) Copies. Upon request, a credit union shall provide copies, on paper, electronically, or in another form acceptable to the person making the request, of the information in its public file. The credit union may charge a reasonable fee not to exceed the cost of copying and mailing, if applicable. A credit union shall not charge a fee if the information is only provided electronically.
- e) Updating. Except as otherwise provided in Section 185.420, a credit union shall ensure that the information required by Section 185.420 is current as of April 1 of each year.

Section 185.430 Public Notice by Credit Union

A credit union shall provide in the public lobby of its main office and each of its branches, if any, and on its website, the appropriate public notice set forth in 185.APPENDIX B. Only a branch of a credit union having more than one assessment area shall include the bracketed material in the notice for branch offices. Only a credit union that is an affiliate of a holding company shall include the second to the last sentence of the notices. A credit union shall include the last sentence of the notices only if it is an affiliate of a holding company that is not prevented by statute from acquiring additional credit unions.

Section 185.440 Publication of Planned Examination Schedule

The Secretary publishes at least 30 days in advance of the beginning of each calendar quarter a list of credit unions scheduled for ILCRA examinations in that quarter.

Section 185.450 Alternative Examination Procedures

- a) At the time of examination, any credit union with less than \$10,000,000 as shown by its Year-end Call Report may elect to use the Alternative Examination Procedures as set forth in 185.APPENDIX D.

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- b) For any credit union which elects to use the Alternative Examination Procedures, the Secretary shall apply the assessment factors, as provided in Section 185.200.
- c) A credit union who elects to use the Alternative Examination Procedures shall be charged a fee of \$2,200. The Secretary, in their sole discretion, may waive this fee for a credit union with total assets of \$1,000,000 or less.
- d) A credit union who elects to use the Alternative Examination Procedures shall only receive an overall rating of “satisfactory”, “needs improvement” or “substantial noncompliance” and shall not receive an overall rating of “outstanding”.
- e) Any credit union which receives an overall rating of “substantial noncompliance” on its last examination shall not be eligible to use the Alternative Examination for Credit Unions on its next examination.
- f) Nothing contained in this Section, prohibits the Secretary from considering other sources of information including, but not limited to, evidence of discriminatory or other illegal credit practices, or public comments in assessing whether a credit union is meeting the financial services needs of local communities pursuant to Section 185.200.
- g) The alternative examination procedures shall in no way limit public participation.
- h) A credit union electing to use the Alternative Examination Procedures does not affect the credit union’s obligation, if any to report data as required by Section 185.410.
- i) A credit union electing to use the Alternative Examination Procedures does not affect the credit union’s obligation to maintain a public file as required by Section 185.420.

Section 185.460 Examination Authority and Cooperation

- a) The Secretary and his or her appointees may examine the entire books, records, documents, and operations of each credit union, its parent company, and its subsidiaries, affiliates, or agents, and may examine any credit union, its parent company's or its subsidiaries', affiliates', or agents' officers, directors, employees, and agents under oath.

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- b) A credit union shall be required to fully cooperate in any examination conducted pursuant to this Part. Cooperation includes, but is not limited to:
 - 1) timely and full production of books, records, and documents, in any reasonable format requested by the Department; and
 - 2) ensuring all officers, directors, employees, and agents of the credit union are available for depositions or interviews upon reasonable notice.
- c) Except as otherwise specified in ILCRA or this Part, examination related to this Part shall be conducted consistent with 205 ILCS 305/9/(3.5), 38 Ill. Adm. Code 190.25, and accompanying guidelines.

Section 185.470 Examination Schedule

- a) The Secretary may conduct a discretionary ILCRA examination of a credit union at any time.
- b) Initial CRA examinations of credit unions shall be conducted according to the following schedule:
 - 1) Initial ILCRA examinations of credit unions with total assets of \$1 billion or more, as shown by its Year-end Call Report, shall not be conducted until at least six months after the rules contained in this Part are filed with the Secretary of the State and shall be conducted within 3 years.
 - 2) Initial ILCRA examinations of credit unions with total assets of \$100,000,000 to less than \$1 billion, as shown by its Year-end Call Report, shall not be conducted until at least six months after the rules contained in this Part are filed with the Secretary of State and shall be conducted within 4 years.
 - 3) Initial ILCRA examinations of credit unions with total assets of \$10,000,000 but less than \$100,000,000, as shown by its Year-end Call Report, shall not be conducted until at least one year after the rules contained in this Part are filed with the Secretary of State and shall be conducted within 5 years.

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- 4) Initial ILCRA examinations of credit unions with total assets of less than \$10,000,000, as shown by its Year-end Call Report, shall not be conducted until at least one year after the rules contained in this Part are filed with the Secretary of State shall be conducted within 6 years.
- c) Mandatory ILCRA examinations of credit unions shall be conducted according to the following schedule:
- 1) ILCRA examinations of credit unions with total assets of greater than or equal to \$250,000,000, as shown by its Year-end Call Report, shall be conducted as follows:
 - A) For a credit union that is assigned an “outstanding” or “satisfactory” rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 3 years of the issuance of the report of examination of its most recent prior examination under the ILCRA.
 - B) For a credit union that is assigned a “needs improvement” rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 2 years of the issuance of the report of examination of its most recent prior examination under the ILCRA.
 - C) For a credit union that is assigned a “substantial noncompliance” rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 1 year of the issuance of the report of examination of its most recent prior examination under the ILCRA.
 - 2) ILCRA examinations of credit unions with total assets of less than \$250,000,000, as shown by its Year-end Call Report, shall be conducted as follows:
 - A) For a credit union that is assigned an “outstanding” rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 5 years of the issuance of the report of examination of its most recent prior examination under the ILCRA.

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- B) For a credit union that is assigned a “satisfactory” rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 4 years of the issuance of the report of examination of its most recent prior examination under the ILCRA.
 - C) For a credit union that is assigned a “needs improvement” rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 2 years of the issuance of the report of examination of its most recent prior examination under the ILCRA.
 - D) For a credit union that is assigned a “substantial noncompliance” rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 1 year of the issuance of the report of examination of its most recent prior examination under the ILCRA.
- d) A credit union may request a mid-cycle review to evaluate whether a less than satisfactory rating may be modified. Upon receipt of such request, the Secretary may, in his or her sole discretion, conduct an additional mid-cycle review. All costs of such mid-cycle examination, as determined by the Secretary, shall be borne by the credit union and such costs shall be in addition to the examination fee required under Section 185.480.

Section 185.480 Examination Fees

- a) Examination Fees
 - 1) Time expended in the conduct of any examination of a credit union or its affiliates pursuant to Section 35-15 of the ILCRA shall be billed by the Department at a rate of \$2,200 per day. Fees will be billed following completion of the examination and shall be paid within 30 days after receipt of the billing. The examination fee shall increase 5% annually.
 - 2) When out-of-state travel occurs in the conduct of any examination, the credit union shall make arrangements to reimburse the Department all charges for services such as travel expenses, including airfare, hotel and per diem incurred by the employee. These expenses are to be in accord

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with applicable travel regulations published by the Department of Central Management Services and approved by the Governor's Travel Control Board (80 Ill. Adm. Code 2800).

- b) Examination Assessments. Each credit union shall pay to the Department its pro rata share of the cost for administration of the ILCRA for credit unions that exceeds the examination fees paid pursuant to subsection (a), as estimated by the Department, for the current year and any deficit actually incurred in the administration of the Act in prior years. In addition to this assessment, credit unions with a current rating of “needs to improve” or “substantial noncompliance” may be assessed a surcharge, and in that case, the assessment on other credit unions shall be reduced in amount equal to such surcharge. The aggregate surcharge shall not be greater than an amount equal to 20% of the cost for administration of the ILCRA that exceeds the examination fees paid pursuant to subsection (a). Each credit union’s pro rata share of an assessment shall be the percentage that the assets shown on the credit union’s Consolidated Statement of Financial Condition and Income bears to the total assets of all credit unions covered by the ILCRA. Each credit union’s pro rata share of a surcharge shall be the percentage that the assets shown on the credit union’s Consolidated Statement of Financial Condition and Income bears to the total assets of all credit unions subject to a surcharge and covered by the ILCRA.
- c) All fees received pursuant to this Part shall be deposited in the Credit Union Fund.

Section 185.490 Implementation Period

- a) Credit unions with total assets of \$250,000,000 or more shall have six months from the effective date of this Part to comply with the requirements of this Part.
- b) Credit unions with total assets less than \$250,000,000 shall have one year from the effective date of this Part to comply with the requirements of this Part.
- c) The Secretary shall not cause an examination to be initiated under the ILCRA or this Part for one year after the implementation period of subsection (a) or (b) ends; provided that, the Secretary may conduct an examination at any time after six months for Credit unions with total assets of \$250,000,000 or more upon finding (i) substantial evidence of discriminatory or other illegal credit practices, or (ii) the Secretary otherwise finds sufficient cause.

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Section 185.500 Enforcement

- a) Any failure to comply with a requirement of the ILCRA, this Part or other law referenced in ILCRA or this Part shall be subject to enforcement actions as authorized under the ILCRA and under the Act, as applicable to the particular credit union.
- b) Any such failure to comply with a requirement of the ILCRA may also be subject to referral to law enforcement or administrative authority with jurisdiction over the subject matter of such failure to comply.
- c) In addition to any other action authorized by ILCRA, this Part or any other law, the Secretary may enter agreed upon orders or enter into settlement agreements for the purpose of resolving any such failure to comply.
- d) Except as otherwise specified in this Illinois Community Reinvestment Act or this Part, enforcement and supervision related to this Part shall be conducted consistent with 205 ILCS 305/9(3.5), 38 IL Adm. Code Section 190.25; and accompanying regulatory guidelines.

Section 185.510 Provisions for Granting of Variance from Rules

The Secretary may grant variances from this Part in individual cases where it is determined that in their sole discretion that:

- a) The provision from which the variance is granted is not statutorily mandated;
- b) No party will be injured by granting the variance; and
- c) The Rule from which the variance is granted would, in the particular case, be unnecessarily burdensome.

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Section 185.APPENDIX A Ratings

- a) Ratings in general.
 - 1) In assigning a rating, the Secretary evaluates a credit union's performance under the applicable performance criteria in this Part, in accordance with Section 185.200, Section 185.210, and Section 185.280. This includes, if applicable, consideration of low-cost education loans provided to low-income borrowers and activities in cooperation with Community Development Financial Institutions, minority- or women-owned financial institutions and low-income or minority designated credit unions, as well as adjustments on the basis of evidence of discriminatory or other illegal credit practices.
 - 2) A credit union's performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. A rating shall take into consideration the credit union's defined membership by-law provisions, as prescribed in 205 ILCS 305/15, and the lending and investment authority restrictions under 205 ILCS 305/59. The credit union's overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate rating profile as follows.
- b) Credit Unions evaluated under the Lending and Service Tests.
 - 1) Lending Performance Rating. The Secretary assigns each credit union's lending performance one of the four following ratings.
 - A) Outstanding. The Secretary rates a credit union's lending performance "outstanding" if, in general, it demonstrates:
 - i) Excellent responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage, and consumer loans, if applicable, in its assessment area;

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- ii) A substantial majority of its loans are made in its assessment area;
 - iii) An excellent geographic distribution of loans in its assessment area, provided however, a geographic analysis is relevant in the context of the credit union's membership by-law provisions;
 - iv) An excellent distribution, particularly in its assessment area(s), of loans among members of different income levels, given the product lines offered by the credit union;
 - v) An excellent record of serving the credit needs of highly economically disadvantaged areas in its assessment area, and low-income members, including loans and other efforts to assist existing low- and moderate-income members to be able to remain in their neighborhoods, consistent with safe and sound operations;
 - vi) Extensive use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income members or geographies;
 - vii) There is no evidence of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units; and
 - viii) An excellent record relative to fair lending policies and practices.
- B) Satisfactory. The Secretary rates a credit union's lending performance "satisfactory" if, in general, it demonstrates:
- i) Adequate responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage, and consumer loans, if applicable, in its assessment area;

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- ii) An adequate percentage of its loans are made in its assessment area;
 - iii) An adequate geographic distribution of loans in its assessment area, provided however, a geographic analysis is relevant in the context of the credit union's membership by-law provisions;
 - iv) An adequate distribution, particularly in its assessment area, of loans among members of different income levels, given the product lines offered by the credit union;
 - v) An adequate record of serving the credit needs of highly economically disadvantaged areas in its assessment area, and low-income members, including loans and other efforts to assist existing low- and moderate-income members to be able to remain in their neighborhoods, consistent with safe and sound operations;
 - vi) Limited use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income members or geographies;
 - vii) There is no evidence of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units; and
 - viii) An adequate record relative to fair lending policies and practices.
- C) Needs to improve. The Secretary rates a credit union's lending performance "needs to improve" if, in general, it demonstrates:
- i) Poor responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage, and consumer loans, if applicable, in its assessment area;

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- ii) A small percentage of its loans are made in its assessment area;
 - iii) A poor geographic distribution of loans, particularly to low- and moderate-income geographies, in its assessment area, provided however, a geographic analysis is relevant in the context of the credit union's membership by-law provisions;
 - iv) A poor distribution, particularly in its assessment area, of loans among members of different income levels, given the product lines offered by the credit union;
 - v) A poor record of serving the credit needs of highly economically disadvantaged areas in its assessment area, and low-income members, including loans and other efforts to assist existing low- and moderate-income members to be able to remain in their neighborhoods, consistent with safe and sound operations;
 - vi) Little use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income members or geographies;
 - vii) There is possible evidence of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units; and
 - viii) A poor record relative to fair lending policies and practices.
- D) Substantial noncompliance. The Secretary rates a credit union's lending performance as being in "substantial noncompliance" if, in general, it demonstrates:
- i) A very poor responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage, and consumer loans, if applicable, in its assessment area;

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- ii) A very small percentage of its loans are made in its assessment area;
 - iii) A very poor geographic distribution of loans, particularly to low- and moderate-income geographies, in its assessment area, provided however, a geographic analysis is relevant in the context of the credit union's membership by-law provisions;
 - iv) A very poor distribution, particularly in its assessment area, of loans among members of different income levels, given the product lines offered by the credit union;
 - v) A very poor record of serving the credit needs of highly economically disadvantaged areas in its assessment area, and low-income members, including loans and other efforts to assist existing low- and moderate-income members to be able to remain in their neighborhoods, consistent with safe and sound operations;
 - vi) No use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income members or geographies;
 - vii) Origination of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units; and
 - viii) A very poor record relative to fair lending policies and practices.
- 2) Service performance rating. The Secretary assigns each credit union's service performance one of the four following ratings.
- A) Outstanding. The Secretary rates a credit union's service performance "outstanding" if, in general, the credit union demonstrates:

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- i) Its service delivery systems are readily accessible to members and geographies of different income levels in its assessment area;
 - ii) To the extent changes have been made, its record of opening and closing branches has improved the accessibility of its delivery systems, particularly to low- and moderate-income members or in low- and moderate-income geographies;
 - iii) Its services (including, where appropriate, business hours) are tailored to the convenience and needs of its assessment area, particularly low- and moderate-income members or in low- and moderate-income geographies; and
 - iv) It is a leader in providing community development services.
- B) Satisfactory. The Secretary rates a credit union's service performance "satisfactory" if, in general, the credit union demonstrates:
- i) Its service delivery systems are reasonably accessible to members and geographies of different income levels in its assessment area;
 - ii) To the extent changes have been made, its record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income members and in low- and moderate-income geographies;
 - iii) Its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income members and low- and moderate-income geographies; and
 - iv) It provides an adequate level of community development services.

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- C) Needs to improve. The Secretary rates a credit union's service performance "needs to improve" if, in general, the credit union demonstrates:
- i) Its service delivery systems are unreasonably inaccessible to portions of its assessment area, particularly to low- and moderate-income members or to low- and moderate-income geographies;
 - ii) To the extent changes have been made, its record of opening and closing branches has adversely affected the accessibility its delivery systems, particularly to low- and moderate- income members or in low- and moderate-income geographies;
 - iii) Its services (including, where appropriate, business hours) vary in a way that inconveniences its assessment area, particularly low- and moderate-income members or low- and moderate-income geographies; and
 - iv) It provides a limited level of community development services.
- D) Substantial noncompliance. The Secretary rates a credit union's service performance as being in "substantial noncompliance" if, in general, the credit union demonstrates:
- i) Its service delivery systems are unreasonably inaccessible to significant portions of its assessment area, particularly to low- and moderate-income members or to low- and moderate-income geographies;
 - ii) To the extent changes have been made, its record of opening and closing branches has significantly adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income members or in low- and moderate-income geographies;

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- iii) Its services (including, where appropriate, business hours) vary in a way that significantly inconveniences its assessment area, particularly low- and moderate-income members or low- and moderate-income geographies; and
 - iv) It provides few, if any, community development services.
- c) Investment performance rating. The Secretary assigns each credit union's investment performance one of the four following ratings.
- 1) Outstanding. The Secretary rates a credit union's investment performance "outstanding" if, in general, it demonstrates:
 - A) An excellent level of qualified investments, particularly those that are not routinely provided by private investors, often in a leadership position;
 - B) Extensive use of innovative or complex qualified investments; and
 - C) Excellent responsiveness to credit and community development needs.
 - 2) Satisfactory. The Secretary rates a credit union's investment performance "satisfactory" if, in general, it demonstrates:
 - A) An adequate level of qualified investments, particularly those that are not routinely provided by private investors, although rarely in a leadership position;
 - B) Occasional use of innovative or complex qualified investments; and
 - C) Adequate responsiveness to credit and community development needs.
 - 3) Needs to improve. The Secretary rates a credit union's investment performance "needs to improve" if, in general, it demonstrates:

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- A) A poor level of qualified investments, particularly those that are not routinely provided by private investors;
 - B) Rare use of innovative or complex qualified investments; and
 - C) Poor responsiveness to credit and community development needs.
- 4) Substantial noncompliance. The Secretary rates a credit union's investment performance as being in "substantial noncompliance" if, in general, it demonstrates:
- A) Few, if any, qualified investments, particularly those that are not routinely provided by private investors;
 - B) No use of innovative or complex qualified investments; and
 - C) Very poor responsiveness to credit and community development needs.
- d) Wholesale or limited purpose credit unions. The Secretary assigns each wholesale or limited purpose credit union's community development performance one of the four following ratings.
- 1) Outstanding. The Secretary rates a wholesale or limited purpose credit union's community development performance "outstanding" if, in general, it demonstrates:
- A) A high level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;
 - B) Extensive use of innovative or complex qualified investments, community development loans, or community development services; and
 - C) Excellent responsiveness to credit and community development needs in its assessment area.

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- 2) Satisfactory. The Secretary rates a wholesale or limited purpose credit union's community development performance "satisfactory" if, in general, it demonstrates:
 - A) An adequate level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;
 - B) Occasional use of innovative or complex qualified investments, community development loans, or community development services; and
 - C) Adequate responsiveness to credit and community development needs in its assessment area.
- 3) Needs to improve. The Secretary rates a wholesale or limited purpose credit union's community development performance as "needs to improve" if, in general, it demonstrates:
 - A) A poor level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;
 - B) Rare use of innovative or complex qualified investments, community development loans, or community development services; and
 - C) Poor responsiveness to credit and community development needs in its assessment area.
- 4) Substantial noncompliance. The Secretary rates a wholesale or limited purpose credit union's community development performance in "substantial noncompliance" if, in general, it demonstrates:
 - A) Few, if any, community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;

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- B) No use of innovative or complex qualified investments, community development loans, or community development services; and
 - C) Very poor responsiveness to credit and community development needs in its assessment area.
- e) Credit Unions evaluated under the small credit union performance standards.
- 1) Lending test ratings for small credit unions.
 - A) Eligibility for a satisfactory rating. The Secretary rates a small credit union's performance "satisfactory" if, in general, the credit union demonstrates:
 - i) A reasonable loan-to-share ratio (considering seasonal variations) given the credit union's size, financial condition, the credit needs of its assessment area(s), and taking into account, as appropriate, lending-related activities such as loan originations for sale to the secondary markets and community development loans and qualified investments;
 - ii) A majority of its loans and, as appropriate, other lending-related activities are in its assessment area;
 - iii) A distribution of loans to and, as appropriate, other lending related-activities for individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes that is reasonable given the demographics of the credit union's assessment area;
 - iv) A record of taking appropriate action, as warranted, in response to written complaints, if any, about the credit union's performance in helping to meet the credit needs of its assessment area and reasonable performance with regard to fair lending policies and practices; and

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- v) A reasonable geographic distribution of loans given the credit union's assessment area.
 - B) Eligibility for an outstanding rating. A small credit union that meets each of the standards for a "satisfactory" rating under this paragraph and exceeds some or all of those standards may warrant consideration for an overall rating of "outstanding."
 - C) Needs to improve or substantial noncompliance ratings. A small credit union also may receive a rating of "needs to improve" or "substantial noncompliance" depending on the degree to which its performance has failed to meet the standards for a "satisfactory" rating.
- 2) Community Development Test Ratings for Intermediate Small Credit Unions
- A) Eligibility for a Satisfactory Community Development Test Rating. The Secretary rates an intermediate small credit union's community development performance "satisfactory" if the credit union demonstrates adequate responsiveness to the community development needs of its assessment area or a broader statewide or regional area that includes the credit union's assessment area through community development loans, qualified investments, and community development services. The adequacy of the credit union's response will depend on its capacity for such community development activities, its assessment area's need for such community development activities, and the availability of such opportunities for community development in the credit union's assessment area.
 - B) Community Development Test Ratings for Intermediate Small Credit Unions -- Eligibility for an Outstanding Community Development Test Rating. The Secretary rates an intermediate small credit union's community development performance "outstanding" if the credit union demonstrates excellent responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering

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the credit union's capacity and the need and availability of such opportunities for community development in the credit union's assessment area.

- C) Community Development Test Ratings for Intermediate Small Credit Unions – Needs to Improve or Substantial Noncompliance Ratings. An intermediate small credit union may also receive a community development test rating of “needs to improve” or “substantial noncompliance” depending on the degree to which its performance has failed to meet the standards for a “satisfactory” rating
- 3) Service test rating for credit unions that are intermediate small credit unions: A credit union that is an intermediate small credit union will be rated under the service test in accordance with (b)(2) of 185.APPENDIX A (Ratings).
- f) Overall rating
 - 1) Eligibility for a satisfactory overall rating. No intermediate small credit union may receive an assigned overall rating of "satisfactory" unless it receives a rating of at least "satisfactory" on both tests.
 - 2) Eligibility for an outstanding overall rating.
 - A) An intermediate small credit union that receives an "outstanding" rating on one test and at least "satisfactory" on the other test may receive an assigned overall rating of "outstanding".
 - B) A small credit union that is not an intermediate small credit union that meets each of the standards for a "satisfactory" rating under the lending test and exceeds some or all of those standards may warrant consideration for an overall rating of "outstanding". In assessing whether a credit union's performance is "outstanding", the Secretary considers the extent to which the credit union exceeds each of the performance standards for a "satisfactory" rating and its performance in making qualified investments and its performance in providing branches and other services and delivery systems that enhance credit availability in its assessment area.

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- 3) Needs to improve or substantial noncompliance overall rating. A small credit union may also receive a rating of "needs to improve" or "substantial noncompliance" depending on the degree to which its performance has failed to meet the standards for a "satisfactory" rating.
- g) Strategic plan assessment and rating
- 1) Satisfactory goals. The Secretary approves as "satisfactory" measurable goals that adequately help to meet the credit needs of the credit union's assessment area.
 - 2) Outstanding goals. If the plan identifies a separate group of measurable goals that substantially exceed the levels approved as "satisfactory", the Secretary will approve those goals as "outstanding".
 - 3) Rating. The Secretary assesses the performance of a credit union operating under an approved plan to determine if the credit union has met its plan goals:
 - A) If the credit union substantially achieves its plan goals for a satisfactory rating, the Secretary will rate the credit union's performance under the plan as "satisfactory".
 - B) If the credit union exceeds its plan goals for a satisfactory rating and substantially achieves its plan goals for an outstanding rating, the Secretary will rate the credit union's performance under the plan as "outstanding".
 - C) If the credit union fails to meet substantially its plan goals for a satisfactory rating, the Secretary will rate the credit union as either "needs to improve" or "substantial noncompliance", depending on the extent to which it falls short of its plan goals, unless the credit union elected in its plan to be rated otherwise, as provided in Section 185.270(f)(4).
- h) Other eligible criteria for an outstanding rating. A credit union that achieves at least a "satisfactory" rating under the lending and service tests may warrant consideration for an overall rating of "outstanding". In assessing whether a credit

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union 's performance is "outstanding", the Secretary will also consider the credit union's performance in making qualified investments and community development loans to the extent authorized under law.

- i) Component test ratings. The Secretary may develop, by written policy or directive, a matrix system which sets forth the methodology for aggregating a credit union's scores on the lending, service, and investment tests to arrive at an assigned rating.

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Section 185.APPENDIX B ILCRA Notice

- a) Notice for main office. A credit union shall prominently display the following notice at its main office and on its website.

ILLINOIS COMMUNITY REINVESTMENT ACT NOTICE

Under the Illinois Community Reinvestment Act (ILCRA), the Secretary of the Department of Financial and Professional Regulation (Secretary) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations, and consistent with our common bond. The Secretary also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the ILCRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent ILCRA Performance Evaluation, prepared by the Secretary; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the Secretary publishes a list of the s that are scheduled for ILCRA examination by the Secretary in that quarter. This list is available from the Secretary at 320 West Washington Street, 3rd Floor Springfield, IL 62786 and 555 W. Monroe St., Suite 500, Chicago, IL 60661. You may send written comments about our performance in helping to meet community credit needs to (name and address of official at credit union) and to the Secretary at 320 West Washington Street, 3rd Floor Springfield, IL 62786 and 555 W. Monroe St., Suite 500, Chicago, IL 60661 or electronically at <https://idfpr.illinois.gov/Admin/CRA.asp>. Your letter, together with any response by us, will be considered by the Secretary in evaluating our ILCRA performance and may be made public.

You may ask to look at any comments received by the Secretary. You may also request from the Secretary an announcement of our applications covered by the ILCRA filed with the Secretary. [We are an affiliate of (name of holding company), a bank holding company].

- b) Notice for branch offices. A credit union shall prominently display the following notice at all branch offices and on its website.

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ILLINOIS COMMUNITY REINVESTMENT ACT NOTICE

Under the Illinois Community Reinvestment Act (ILCRA), the Secretary of the Department of Financial and Professional Regulation (Secretary) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The Secretary also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the ILCRA. You may review today the public section of our most recent ILCRA evaluation, prepared by Secretary, and a list of services provided at this branch. You may also have access to the following additional information, which we will make available to you at this branch within five calendar days after you make a request to us:

- 1) a map showing the assessment area containing this branch, which is the area in which the Commissioner evaluates our ILCRA performance in this community;
- 2) information about our branches in this assessment area;
- 3) a list of services we provide at those locations;
- 4) data on our lending performance in this assessment area; and
- 5) copies of all written comments received by us that specifically relate to our ILCRA performance in this assessment area, and any responses we have made to those comments. If we are operating under an approved strategic plan, you may also have access to a copy of the plan.

If you would like to review information about our ILCRA performance in other communities served by us, the public file for our entire credit union is available at (name of office located in state), located at (address).

At least 30 days before the beginning of each quarter, the Secretary publishes a list of the credit unions that are scheduled for ILCRA examination by the Secretary in that quarter. This list is available from the Secretary Commissioner of Banks at 320 West Washington Street, 3rd Floor Springfield, IL 62786 and 555 W. Monroe St., Suite 500, Chicago, IL 60661. You may send written comments about our performance in helping to meet community credit needs to (name and address of official at credit union) and to the Secretary at 320 West Washington Street, 3rd Floor Springfield, IL 62786 and 555 W. Monroe St., Suite 500, Chicago, IL 60661 or electronically at <https://idfpr.illinois.gov/Admin/CRA.asp>. Your letter, together with any

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response by us, will be considered by the Secretary in evaluating our ILCRA performance and may be made public.

You may ask to look at any comments received by the Secretary. You may also request from the Secretary an announcement of our applications covered by the ILCRA filed with the Secretary. (We are an affiliate of (name of holding company), a holding company. You may request from (title of responsible official), Federal Reserve Bank of _____ (address) an announcement of applications covered by the ILCRA filed by holding companies.)

- c) The Secretary may update the address(es) or web address(es) to be included on the required notices by posting a notice of the change of address(es) to the Department's website at least 30 days prior to the change.

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Section 185.APPENDIX C Examples

Examples of lawful investments, deposits, memberships shares, and grants which may be deemed to have the primary purpose of community development include, but are not limited to the following:

- a) Establishment of charitable donation accounts and donor advised funds that benefit charitable organization which help meet the financial services needs of low-income and moderate-income neighborhoods or individuals within the credit union's assessment area;
- b) Establishment of foundations and other affiliated companies that provide programs and services to meet the credit needs of low-income to moderate-income neighborhoods;
- c) Establishment of products and services targeted to expand access to safe and affordable banking services;
- d) Provision or support of community development services that directly and tangibly benefit the assessment area;
- e) Establishment of products and services and/or provision of investments targeted to directly and tangibly increase climate resilience in low-income to moderate-income neighborhoods; and
- f) Establishment of products and services and or provision of investments targeted to directly and tangibly mitigate environmental harm in low-income to moderate-income neighborhoods.

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Section 185.APPENDIX D Alternative Examination Procedures

- a) Describe your activities to ascertain the financial services needs of the community, if any, and provide supporting documentation.
- b) Describe the extent of marketing, if any, to make members of the community aware of the financial services offered and provide supporting documentation.
- c) Describe your efforts, if any, to assist existing low-income and moderate-income residents to be able to remain in affordable housing in their neighborhoods.
- d) Describe efforts to assist existing low-income and moderate-income residents to be able to remain in affordable housing in their neighborhoods including, but not limited to, origination of mortgage loans including and home improvement and rehabilitation loans. At the discretion of the Secretary, a credit union shall also be required to submit to the Department:
 - 1) HMDA-LAR Quarterly Reports; or
 - 2) The following applicant information:
 - A) Application date
 - B) Loan Type
 - C) Property Type
 - D) Purpose
 - E) Owner Occupancy
 - F) Pre-approval
 - G) Loan Action Taken (details and date)
 - H) Property Address
 - I) Applicant's Ethnicity

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- J) Applicant's Race
 - K) Applicant's Sex
 - L) Gross Annual Income
- e) For small business lenders, the application and loan details regarding origination of loans to businesses with gross annual revenues of \$1,000,000.00 or less, particularly those in low-income and moderate-income neighborhoods.
- f) Describe your participation, including investments, in community development and redevelopment programs, small business technical assistance programs, minority-owned depository institutions, community development financial institutions, and mutually-owned financial institutions, if any, and provide supporting documentation.
- g) Describe your efforts working with delinquent customers to facilitate a resolution of the delinquency and provide supporting documentation. At the discretion of the Secretary, a credit union shall also be required submit to the Department:
- 1) A delinquency report for the last six months;
 - 2) Collection notes for loans delinquent for sixty or more days; and
 - 3) Current loan status.
- h) Describe your efforts, if any, to offer retail banking services to unbanked and underbanked persons and provide supporting documentation.
- i) Provide a written response to any public comments, if any, received since your last examination.
- j) Provide any other information you believe is relevant to assessing whether you are meeting the financial services needs of local communities.

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- 1) Heading of the Part: Bank Community Reinvestment
- 2) Code Citation: 38 Ill. Adm. Code 345
- 3)

<u>Section Numbers:</u>	<u>Proposed Actions:</u>
345.10	New Section
345.20	New Section
345.200	New Section
345.210	New Section
345.220	New Section
345.230	New Section
345.240	New Section
345.250	New Section
345.260	New Section
345.270	New Section
345.280	New Section
345.290	New Section
345.400	New Section
345.410	New Section
345.420	New Section
345.430	New Section
345.440	New Section
345.450	New Section
345.460	New Section
345.470	New Section
345.480	New Section
345.490	New Section
345.500	New Section
345.APPENDIX A	New Section
345.APPENDIX B	New Section
- 4) Statutory Authority: Implementing and authorized by the Illinois Community Reinvestment Act [205 ILCS 735].
- 5) A Complete Description of the Subjects and Issues Involved: The Illinois Community Reinvestment Act (ILCRA) became law with the enactment of Public Act 101-657 on March 23, 2021. The purpose of the ILCRA is to ensure that covered financial institutions are equitably providing financial services across the state, including low-income and moderate-income neighborhoods, and areas where there is a lack of access to

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safe and affordable banking and lending services. The ILCRA is modeled off the federal Community Reinvestment Act but expands the scope of covered financial institutions to include credit unions and entities licensed pursuant to the Residential Mortgage License Act of 1987 which lent or originated 50 or more mortgages in the previous calendar year which are not covered pursuant to federal law. The Department conducted four public meetings to receive feedback from industry and consumers and incorporated their feedback and recommendations when consistent with the Act and proper regulatory supervision. These proposed rules would set forth the framework and procedures for examining and evaluating whether covered banks are meeting the financial services needs of the communities in which their offices, branches, and other facilities are maintained. Separate rules will be promulgated for banks, credit unions, and mortgage lenders licensed pursuant to the Residential Mortgage Licensing Act of 1987. The rules generally cover the following topics: Authority, Purposes and Scope; Definitions; Assessment Factors; Performance Tests, Standards, and Ratings, in General; Lending Test; Investment Test; Service Test; Community Development Test for Wholesale or Limited Purpose Banks; Performance Standards; Strategic Plan; Assigned Ratings; Effect of ILCRA Performance on Application; Assessment Area Delineation; Data Collection, Reporting, and Disclosure; Content and Availability of Public File; Public Notice; Publication of Planned Examination Schedule; Alternative Examination Procedures (Credit Unions only); Examination Authority and Cooperation; Examination Schedule; Examination Fees; Implementation Period; and Enforcement.

The proposed rules are intended to help the Department fulfill its statutory responsibility of administering and enforcing the ILCRA in an equitable manner. There will be some costs for Illinois-chartered banks and savings banks, including small businesses, in complying with the rules. The proposed rules include a number of adjustments intended to provide less intrusive and less costly alternative methods of achieving the purpose of the proposed rule or amendment, whenever possible. To mitigate the impact on small businesses, the Department rules propose to use different tests and performance standards depending on the asset size of the Illinois-chartered bank subject to examination. The rules exempt small banks from some data reporting requirements and small banks are generally subject to less frequent examinations.

- 6) Published studies or reports, and sources of underlying data, used to compose this rulemaking: None
- 7) Will this rulemaking replace any emergency rule currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No

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- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other proposed rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objectives: This rulemaking will not require a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.
- 12) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to comment on this proposed rulemaking may submit written comments no later than 45 days after the publication of this Notice to:

Department of Financial and Professional Regulation
Attention: Craig Cellini
320 West Washington, 2nd Floor
Springfield, IL 62786

(217) 785-0810
Fax: (217) 557-4451

All written comments received within 45 days after this issue of the *Illinois Register* will be considered.

- 13) Initial Regulatory Flexibility Analysis:
- A) Types of small businesses, small municipalities and not for profit corporations affected: Illinois chartered banks may be affected.
- B) Reporting, bookkeeping or other procedures required for compliance: Yes, the rules contain reporting, bookkeeping or other procedures required for compliance including, but not limited to rules on data collection, reporting, disclosure, and the posting of the ILCRA Notice. Please refer to the text of the proposed rules for more information on the specific requirements.
- C) Types of professional skills necessary for compliance: The types of professional skills necessary for compliance are generally business administration and knowledge of the Illinois Banking Act, the Savings Bank Act, the Illinois Community Reinvestment Act, and various other federal and State laws.

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- 14) Small Business Impact Analysis:
- A) Types of businesses subject to the proposed rule:
- 52 Finance and Insurance
- B) Categories that the agency reasonably believes the rulemaking will impact, including:
- ii. regulatory requirements
- 15) Regulatory Agenda on which this rulemaking was summarized: July 2022

The full text of the Proposed Rules begins on the next page:

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TITLE 38: FINANCIAL INSTITUTIONS

CHAPTER II: DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

PART 345

BANK COMMUNITY REINVESTMENT

SUBPART A: GENERAL

Section

- 345.10 Authority, Purposes, and Scope
- 345.20 Definitions

SUBPART B: STANDARDS OF ASSESSING PERFORMANCE

Section

- 345.200 Assessment Factors
- 345.210 Performance Tests, Standards, and Ratings, in General
- 345.220 Lending Test
- 345.230 Investment Test
- 345.240 Service Test
- 345.250 Community Development Test for Wholesale or Limited Purpose Banks
- 345.260 Small Bank Performance Standards
- 345.270 Strategic Plan
- 345.280 Assigned Ratings
- 345.290 Effect of ILCRA Performance on Applications

SUBPART C: RECORDS, REPORTING, AND DISCLOSURE REQUIREMENTS;
EXAMINATIONS

Section

- 345.400 Assessment Area Delineation
- 345.410 Data Collection, Reporting, and Disclosure
- 345.420 Content and Availability of Public File
- 345.430 Public Notice by Banks
- 345.440 Publication of Planned Examination Schedule
- 345.450 Alternative Examination Procedures
- 345.460 Examination Authority and Cooperation
- 345.470 Examination Frequency and Coordination
- 345.480 Examination Fees

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345.490 Implementation Period
345.500 Enforcement

345.APPENDIX A Ratings
345.APPENDIX B ILCRA Notice

AUTHORITY: Implementing and authorized by the Illinois Community Reinvestment Act [205 ILCS 735].

SOURCE: Adopted at 47 Ill. Reg. _____, effective _____.

SUBPART A: GENERAL

Section 345.10 Authority, Purposes, and Scope

- a) The Illinois Community Reinvestment Act (ILCRA) [205 ILCS 735] authorizes this Part.
- b) Purposes. This Part is intended to carry out the purposes of the Illinois Community Reinvestment Act (ILCRA) by establishing the framework and criteria by which the Secretary assesses the ILCRA record of a bank, as defined by Section 345.10. Without limiting the aforementioned purpose, specific purposes of this Part include:
 - 1) Establishment of rules pursuant to Section 35-10(b) of the ILCRA, which requires that this Part incorporate federal rules promulgated under the federal Community Reinvestment Act [12 U.S.C. 2901; see also 12 CFR 345]. Specifically, Section 35-10(b) of the ILCRA states, in relevant part: *To assist in carrying out this Act, the Secretary shall adopt rules incorporating the regulations applicable to covered financial institutions under federal law, and the Secretary may make such adjustments and exceptions thereto as are deemed necessary.*
 - 2) Accordingly, this Part
 - i) may include references to federal statutes or administrative rules established pursuant to the federal Community Reinvestment Act; and

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- ii) except where this Subpart makes adjustments or exceptions to the federal rules established pursuant to the federal Community Reinvestment Act or where inconsistent with the ILCRA or this Subpart, this Subpart shall be construed and interpreted consistently with the appropriate federal financial supervisory agency's construction and interpretation of the federal rules.
 - 3) Establishment of rules as required by Section 35-10(c) of the ILCRA.
 - 4) Establishment of rules as the Secretary may deem appropriate as authorized by the Act under Section 35-15(a), Section 35-35, or otherwise. These rules shall be liberally construed to effectuate their purpose.
- c) Scope –
- 1) General. Except for certain special purpose banks described in subsection (c)(3), this Part applies to all State banks and savings banks.
 - 2) Foreign Bank Corporations. In the case of banking offices of a foreign banking corporation, as defined in Section 2 of the Foreign Banking Office Act [205 ILCS 645/2], references in this Part to “main office” mean the principal branch within the State and the term “branch” or “branches” refers to any branch or branches located within the State. The “assessment area” of a banking office is the community or communities located within the State served by the branch as described in Section 345.400.
 - 3) Certain special purpose banks. This Part does not apply to special purpose banks that do not perform commercial or retail banking services by granting credit to the public in the ordinary course of business, other than as incident to their specialized operations. These banks include banker's banks, as defined in Section 5c of the Illinois Banking Act [205 ILCS 5/5c], and banks that engage only in one or more of the following activities: providing cash management controlled disbursement services or serving as correspondent banks, trust companies, or clearing agents.

Section 345.20 Definitions

For purposes of this Part, the following definitions apply:

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"Affiliate" means any company that controls, is controlled by, or is under common control with another company. The term "control" has the meaning given to that term in 12 U.S.C. 1841(a)(2), and a company is under common control with another company if both companies are directly or indirectly controlled by the same company.

"Alternative financial products or services" means financial products or services offered by persons other than an insured depository institution at a higher cost than comparable services offered by an insured depository institution.

"Area median income" means:

the median family income for the Metropolitan Statistical Area (MSA), if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or

the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

"Assessment area" means a geographic area delineated in accordance with Section 345.400.

"Remote Service Facility (RSF)" means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank, such as an automated teller machine, cash dispensing machine, point-of-sale terminal, or other remote electronic facility, at which deposits are received, cash dispersed, or money lent.

"Bank" means a bank that has a charter issued under the Illinois Banking Act [205 ILCS 5], a savings bank that has a charter issued under the Savings Bank Act [205 ILCS 205], and a banking office of a foreign banking corporation issued a certificate of authority under the Foreign Banking Office Act [205 ILCS 645] and, as applicable under this Part, any affiliates thereof.

"Branch" means a staffed banking facility defined as a branch under Section 2 of the Illinois Banking Act [205 ILCS 5/2] or Section 1007.20 of the Illinois Savings Bank Act [205 ILCS 205/1007.20], and a branch of a banking office of a foreign banking corporation issued a certificate of authority under the Foreign Banking Office Act [205 ILCS 645], whether shared or unshared, including, for example, a

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mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

"Community development" means:

Affordable housing (including multifamily rental housing) for low- or moderate-income individuals;

Community services targeted to low- or moderate-income individuals;

Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or

Activities that revitalize or stabilize –

Low-or moderate-income geographies;

Designated disaster areas;

Distressed or underserved nonmetropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, FDIC, and Office of the Comptroller of the Currency, based on –

Rates of poverty, unemployment, and population loss; or

Population size, density, and dispersion. Activities revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals; or

Unbanked or underbanked geographies.

Activities targeted to directly and tangibly –

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Increase climate resilience in low-income to moderate-income neighborhoods; or

Mitigate environmental harm in low-income to moderate-income neighborhoods.

"Community development loan" means a loan that:

Has as its primary purpose community development; and

Except in the case of a wholesale or limited purpose bank:

Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless the loan is for a multifamily dwelling (as defined in 12 CFR 1003.2(n)); and

Benefits the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area.

"Community development service" means a service that:

Has as its primary purpose community development;

Is related to the provision of financial services; and

Has not been considered in the evaluation of the bank's retail banking services under Section 345.240(d).

"Consumer loan" means a loan to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. Consumer loans include the following categories of loans:

Motor vehicle loan, which is a consumer loan extended for the purchase of and secured by a motor vehicle;

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Credit card loan, which is a line of credit for household, family, or other personal expenditures that is accessed by a borrower's use of a "credit card," as this term is defined in 12 CFR 1026.2;

Other secured consumer loan, which is a secured consumer loan that is not included in one of the other categories of consumer loans; and

Other unsecured consumer loan, which is an unsecured consumer loan that is not included in one of the other categories of consumer loans.

"Department" means the Illinois Department of Financial and Professional Regulation.

"Geography" means a census tract delineated by the United States Bureau of the Census in the most recent decennial census.

"Home mortgage loan" means a closed-end mortgage loan or an open-end line of credit as these terms are defined under Section 1003.2 and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (10) and (13).

"Income level" includes:

Low-income, which means an individual income that is less than 50 percent of the area median income or a median family income that is less than 50 percent in the case of a geography.

Moderate-income, which means an individual income that is at least 50 percent and less than 80 percent of the area median income or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Middle-income, which means an individual income that is at least 80 percent and less than 120 percent of the area median income or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Upper-income, which means an individual income that is 120 percent or more of the area median income or a median family income that is 120 percent or more in the case of a geography.

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"Limited purpose bank" means a bank that offers only a narrow product line (such as credit card or motor vehicle loans) to a regional or broader market and for which a designation as a limited purpose bank is in effect, in accordance with Section 345.250(b).

"Loan location". A loan is located as follows:

A consumer loan is located in the geography where the borrower resides;

A home mortgage loan is located in the geography where the property to which the loan relates is located; and

A small business or small farm loan is located in the geography where the main business facility or farm is located or where the loan proceeds otherwise will be applied, as indicated by the borrower.

"Loan production office" means a staffed facility of a bank, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

"Metropolitan division" means a metropolitan division as defined by the United States Director of the Office of Management and Budget.

"Metropolitan Statistical Area (MSA)" means a metropolitan statistical area as defined by the United States Director of the Office of Management and Budget.

"Nonmetropolitan area" means any area that is not located in an MSA.

"Qualified investment" means a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

"Small Bank" means a bank that is a small bank under federal administrative rules established by the bank's primary federal financial supervisory agency pursuant to the federal Community Reinvestment Act and an intermediate small bank means a bank that is an intermediate small bank under federal administrative rules established by the bank's primary federal financial supervisory agency pursuant to the federal Community Reinvestment Act.

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"Small business loan" means a loan included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income [Federal Financial Institution Examination Council (FFIEC) 031 and 041].

"Small farm loan" means a loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income [FFIEC 031 and 041].

"Unbanked person" means an individual that does not have a checking or savings account with an insured depository institution.

"Underbanked person" means an individual that has a checking or saving account with an insured depository institution but that used financial products or services from a person other than an insured depository institution in the past 12 months.

"Wholesale bank" means a bank that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with Section 345.250(b).

SUBPART B: STANDARDS OF ASSESSING PERFORMANCE

Section 345.200 Assessment Factors

As used in this Part, "assessment factors" means the assessment of the following factors to determine whether a bank is meeting the financial services needs of local communities:

- a) activities to ascertain the financial services needs of the community, including communication with community members regarding the financial services provided;
- b) extent of marketing to make members of the community aware of the financial services offered;
- c) origination of mortgage loans including, but not limited to, home improvement and rehabilitation loans, and other efforts to assist existing low-income and moderate-income resident to be able to remain in affordable housing in their neighborhoods;

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- d) for small business lenders, the origination of loans to businesses with gross annual revenues of \$1,000,000.00 or less, particularly those in low-income and moderate-income neighborhoods;
- e) participation, including investments, in community development and redevelopment programs, small business technical assistance programs, minority-owned depository institutions, community development financial institutions, and mutually owned financial institutions;
- f) efforts working with delinquent customers to facilitate a resolution of the delinquency;
- g) origination of loans that show an under concentration and a systemic pattern of lending resulting in the loss of affordable housing units;
- h) evidence of discriminatory and prohibited practices; and
- i) offering retail banking services to unbanked and underbanked persons.

Section 345.210 Performance Tests, Standards, and Ratings, in General

- a) Performance tests and standards. The Secretary assesses the ILCRA performance of a bank in an examination as follows:
 - 1) Lending, investment, and service tests. The Secretary applies the assessment factors, as provided in Section 345.200, and lending, investment, and service tests, as provided in Section 345.220 through 345.240, in evaluating the performance of a bank, except as provided in subsections (a)(2), (a)(3), and (a)(4).
 - 2) Community development test for wholesale or limited purpose banks. The Secretary applies the community development test for a wholesale or limited purpose bank, as provided in Section 345.250, except as provided in subsection (a)(4).
 - 3) Small bank performance standards. The Secretary applies the small bank performance standards as provided in Section 345.260 in evaluating the performance of a small bank or a bank that was a small bank during the

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prior calendar year, unless the bank elects to be assessed as provided in subsections (a)(1), (a)(2), or (a)(4). The bank may elect to be assessed as provided in subsection (a)(1) only if it collects and reports the data required for other banks under Section 345.410.

- 4) Strategic plan. The Secretary evaluates the performance of a bank under a strategic plan if the bank submits, and the Secretary approves, a strategic plan as provided in Section 345.270.
- b) Performance context. The Secretary applies the tests and standards in subsection (a) and also considers whether to approve a proposed strategic plan in the context of:
- 1) Demographic data on median income levels, distribution of household income, nature of housing stock, housing costs, and other relevant data pertaining to a bank's assessment area;
 - 2) Any information about lending, investment, and service opportunities in the bank's assessment area maintained by the bank or obtained from community organizations, state, local, and tribal governments, economic development agencies, or other sources;
 - 3) The bank's product offerings and business strategy as determined from data provided by the bank;
 - 4) Institutional capacity and constraints, including the size and financial condition of the bank, the economic climate (national, regional, and local), safety and soundness limitations, and any other factors that significantly affect the bank's ability to provide lending, investments, or services in its assessment area;
 - 5) The bank's past performance and the performance of similarly situated lenders;
 - 6) The bank's public file, as described in Section 345.420, and any written comments about the bank's ILCRA performance submitted to the bank or the Secretary;

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- 7) The bank's public file, as described in 12 CFR 345.43, and any written comments about the bank's federal Community Reinvestment Act performance submitted to the bank or its federal regulator; and
 - 8) Any other information deemed relevant by the Secretary.
- c) Assigned ratings. The Secretary assigns to a bank one of the following four ratings pursuant to Section 345.280 and 345.APPENDIX A: "outstanding"; "satisfactory"; "needs to improve"; or "substantial noncompliance" as provided in Section 35-15(c) of the ILCRA. The rating assigned by the Secretary reflects the bank's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the bank.
- d) Safe and sound operations. This Part and the ILCRA do not require a bank to make loans or investments or to provide services that are inconsistent with safe and sound operations. To the contrary, the Secretary anticipates banks can meet the standards of this Part with safe and sound loans, investments, and services on which the banks expect to make a profit. Banks are permitted and encouraged to develop and apply flexible underwriting standards for loans that benefit low- or moderate-income geographies or individuals, only if consistent with safe and sound operations.
- e) Low-cost education loans provided to low-income borrowers. In assessing and taking into account the record of a bank under this Part, the Secretary considers, as a factor, low-cost education loans originated by the bank to borrowers, particularly in its assessment area, who have an individual income that is less than 50 percent of the area median income. For purposes of this subsection, "low-cost education loans" means any education loan, as defined in section 140(a)(7) of the Truth in Lending Act (15 U.S.C. 1650(a)(7)) (including a loan under a state or local education loan program), originated by the bank for a student at an "institution of higher education", as that term is generally defined in sections 101 and 102 of the Higher Education Act of 1965 (20 U.S.C. 1001 and 1002) and the implementing regulations published by the U.S. Department of Education, with interest rates and fees no greater than those of comparable education loans offered directly by the U.S. Department of Education. Such rates and fees are specified in section 455 of the Higher Education Act of 1965 (20 U.S.C. 1087e).

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- f) Activities in cooperation with minority- or women-owned financial institutions and low-income credit unions. In assessing and taking into account the record of a nonminority-owned and nonwomen-owned bank under this Part, the Secretary considers as a factor capital investment, loan participation, and other ventures undertaken by the bank in cooperation with minority- and women-owned financial institutions and low-income credit unions, and the Secretary may consider favorably whether the minority- and women-owned financial institutions and low-income credit unions are organized under the laws of Illinois and/or are mutually-owned. Such activities must help meet the credit needs of local communities in which the minority- and women-owned financial institutions and low-income credit unions are chartered. To be considered, such activities need not also benefit the bank's assessment area or the broader Statewide or regional area that includes the bank's assessment area.

Section 345.220 Lending Test

- a) Scope of test.
- 1) The lending test evaluates a bank's record of helping to meet the credit needs of its assessment area through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the Secretary will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured loans. In addition, at a bank's option, the Secretary will evaluate one or more categories of consumer lending, if the bank has collected and maintained, as required in Section 345.410(c)(1), the data for each category that the bank elects to have the Secretary evaluate.
 - 2) The Secretary considers originations and purchases of loans. The Secretary will also consider any other loan data the bank may choose to provide, including data on loans outstanding, commitments and letters of credit.
 - 3) A bank may ask the Secretary to consider loans originated or purchased by consortia in which the bank participates or by third parties in which the bank has invested only if the loans meet the definition of community development loans and only in accordance with subsection (d). The

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Secretary will not consider these loans under any criterion of the lending test except the community development lending criterion.

- b) Performance criteria. The Secretary evaluates a bank's lending performance considering the assessment factors in Section 345.200 and pursuant to the following criteria:
- 1) Lending activity. The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
 - 2) Geographic distribution. The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - A) The proportion of the bank's lending in the bank's assessment area;
 - B) The dispersion of lending in the bank's assessment area; and
 - C) The number and amount of loans in low-, moderate-, middle-, and upper-income geographies in the bank's assessment area;
 - 3) Borrower characteristics. The distribution, particularly in the bank's assessment area, of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - A) Home mortgage loans to low-, moderate-, middle-, and upper-income individuals;
 - B) Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - C) Small business and small farm loans by loan amount at origination; and
 - D) Consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals;

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- 4) Community development lending. The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
 - 5) Innovative or flexible lending practices. The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies. Such lending practices may include efforts working with delinquent customers to facilitate a resolution of the delinquency, in which case the bank shall maintain written loss mitigation/workout policies and procedures.
- c) Affiliate lending.
- 1) At a bank's option, the Secretary will consider loans by an affiliate of the bank, if the bank provides data on the affiliate's loans pursuant to Section 345.410.
 - 2) The Secretary considers affiliate lending subject to the following constraints:
 - A) No affiliate may claim a loan origination or loan purchase if another institution claims the same loan origination or purchase and in this regard the bank shall monitor and keep records of whether such claims exist; and
 - B) If a bank elects to have the Secretary consider loans within a particular lending category made by one or more of the bank's affiliates in a particular assessment area, the bank shall elect to have the Secretary consider, in accordance with subsection (c)(1), all the loans within that lending category in that particular assessment area made by all of the bank's affiliates.
 - 3) The Secretary does not consider affiliate lending in assessing a bank's performance under subsection (b)(2)(A).
- d) Lending by a consortium or a third party. Community development loans originated or purchased by a consortium in which the bank participates or by a third party in which the bank has invested:

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- 1) Will be considered, at the bank's option, if the bank reports the data pertaining to these loans under Section 345.410(b)(2); and
- 2) May be allocated among participants or investors, as they choose, for purposes of the lending test, except that no participant or investor:
 - A) May claim a loan origination or loan purchase if another participant or investor claims the same loan origination or purchase and in this regard the bank shall monitor and keep records of whether such claims exist; or
 - B) May claim loans accounting for more than its percentage share (based on the level of its participation or investment) of the total loans originated by the consortium or third party.
- e) Lending performance rating. The Secretary rates a bank's lending performance as provided in 345.APPENDIX A.

Section 345.230 Investment Test

- a) Scope of test. The investment test evaluates a bank's record of helping to meet the credit needs of its assessment area through qualified investments that benefit its assessment area or a broader statewide or regional area that includes the bank's assessment area.
- b) Exclusion. Activities considered under the lending or service tests may not be considered under the investment test.
- c) Affiliate investment. At a bank's option, the Secretary will consider, in its assessment of a bank's investment performance, a qualified investment made by an affiliate of the bank, if the qualified investment is not claimed by any other institution.
- d) Disposition of branch premises. Donating, selling on favorable terms, or making available on a rent-free basis a branch of the bank that is located in a predominantly minority neighborhood to a minority depository institution or women's depository institution (as these terms are defined in 12 U.S.C. 2907(b)) will be considered as a qualified investment.

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- e) Performance criteria. The Secretary evaluates the investment performance of a bank considering the assessment factors in Section 345.200 and pursuant to the following criteria:
 - 1) The dollar amount of qualified investments;
 - 2) The innovativeness or complexity of qualified investments;
 - 3) The responsiveness of qualified investments to credit and community development needs; and
 - 4) The degree to which the qualified investments are not routinely provided by private investors.
- f) Investment performance rating. The Secretary rates a bank's investment performance as provided in 345.APPENDIX A.

Section 345.240 Service Test

- a) Scope of test. The service test evaluates a bank's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of a bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.
- b) Area benefited. Community development services must benefit a bank's assessment area or a broader Statewide or regional area that includes the bank's assessment area.
- c) Affiliate service. At a bank's option, the Secretary will consider, in its assessment of a bank's service performance, a community development service provided by an affiliate of the bank, if the community development service is not claimed by any other institution and in this regard the bank shall monitor and keep records of whether such claims exist.
- d) Performance criteria--retail banking services. The Secretary evaluates the availability and effectiveness of a bank's systems for delivering retail banking services, considering the assessment factors in Section 345.200 and pursuant to the following criteria:

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- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.
- 5) The bank's record of effectively marketing its retail banking services to unbanked or underbanked persons and offering retail banking services targeted to meet the needs of unbanked and underbanked persons. In determining whether a bank offers retail banking products and services targeted to meet the needs of unbanked and underbanked persons, the Department shall consider:
 - A) whether the bank offers accounts substantially and materially similar to BankOn certified accounts; or
 - B) whether the bank offers financial services and products to users of alternative financial products or services, provided that, that the bank has affirmatively and reasonably demonstrated that:
 - i) the bank offers such accounts or such financial services and products in conjunction with focused and sustained marketing efforts reasonably designed to reach unbanked and underbanked persons;

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- ii) unbanked and underbanked persons may reasonably conveniently obtain or use such accounts or such financial services and products; and
 - iii) the bank offers such accounts or such financial services and products at a cost to the unbanked and underbanked persons that is significantly lower than would otherwise be incurred by the users of alternative financial products or services.
- e) Performance criteria--community development services. The Secretary evaluates community development services considering the assessment factors in Section 345.200 and pursuant to the following criteria:
- 1) The extent to which the bank provides community development services; and
 - 2) The innovativeness and responsiveness of community development services.
- f) Service performance rating. The Secretary rates a bank's service performance as provided in 345.APPENDIX A.

Section 345.250 Community Development Test for Wholesale or Limited Purpose Banks

- a) Scope of test. The FDIC assesses a wholesale or limited purpose bank's record of helping to meet the credit needs of its assessment area under the community development test through its community development lending, qualified investments, or community development services.
- b) Designation as a wholesale or limited purpose bank. In order to receive a designation as a wholesale or limited purpose bank, a bank shall file a request, in writing, with the Department, at least three months prior to the proposed effective date of the designation. If the Department approves the designation, it remains in effect until the bank requests revocation of the designation or until one year after the Department notifies the bank that the Department has revoked the designation on its own initiative.

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- c) Performance criteria. The Secretary evaluates the community development performance of a wholesale or limited purpose bank considering the assessment factors in Section 345.200 and pursuant to the following criteria:
- 1) The number and amount of community development loans (including originations and purchases of loans and other community development loan data provided by the bank, such as data on loans outstanding, commitments, and letters of credit), qualified investments, or community development services;
 - 2) The use of innovative or complex qualified investments, community development loans, or community development services and the extent to which the investments are not routinely provided by private investors; and
 - 3) The bank's responsiveness to credit and community development needs.
- d) Indirect activities. At a bank's option, the Secretary will consider in its community development performance assessment:
- 1) Qualified investments or community development services provided by an affiliate of the bank, if the investments or services are not claimed by any other institution; and
 - 2) Community development lending by affiliates, consortia and third parties, subject to the requirements and limitations in Section 345.220(c) and (d).
- e) Benefit to assessment area –
- 1) Benefit inside assessment area. The Secretary considers all qualified investments, community development loans, and community development services that benefit areas within the bank's assessment area or a broader Statewide or regional area that includes the bank's assessment area.
 - 2) Benefit outside assessment area. The Secretary considers the qualified investments, community development loans, and community development services that benefit areas outside the bank's assessment area, if the bank has adequately addressed the needs of its assessment area.

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- f) Community development performance rating. The Secretary rates a bank's community development performance as provided in 345.APPENDIX A.

Section 345.260 Small Bank Performance Standards

- a) Performance criteria –
- 1) Small banks that are not intermediate small banks. The Secretary evaluates the record of a small bank that is not, or that was not during the prior calendar year, an intermediate small bank, of helping to meet the credit needs of its assessment area by considering the assessment factors in Section 345.200 and pursuant to the criteria set forth in subsection (b).
 - 2) Intermediate small banks. The Secretary evaluates the record of a small bank that is, or that was during the prior calendar year, an intermediate small bank, of helping to meet the credit needs of its assessment area by considering the assessment factors in Section 345.200 and pursuant to the criteria set forth in subsections (b) and (c).
- b) Lending test. A small bank's lending performance is evaluated pursuant to the following criteria:
- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
 - 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area;
 - 3) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes;
 - 4) The geographic distribution of the bank's loans; and
 - 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area.

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- c) Community development test. An intermediate small bank's community development performance also is evaluated pursuant to the following criteria:
 - 1) The number and amount of community development loans;
 - 2) The number and amount of qualified investments;
 - 3) The extent to which the bank provides community development services; and
 - 4) The bank's responsiveness through such activities to community development lending, investment, and services needs.
- d) Small bank performance rating. The Secretary considers the assessment factors in Section 345.200 and rates the performance of a bank evaluated under this section as provided in 345.APPENDIX A.

Section 345.270 Strategic Plan

- a) Alternative election. The Secretary will assess a bank's record of helping to meet the credit needs of its assessment area considering the assessment factors in Section 345.200 under a strategic plan if:
 - 1) The bank has submitted the plan to the Secretary as provided for in this section;
 - 2) The Secretary has approved the plan;
 - 3) The plan is in effect; and
 - 4) The bank has been operating under an approved plan for at least one year.
- b) Data reporting. The Secretary's approval of a plan does not affect the bank's obligation, if any, to report data as required by Section 345.410.
- c) Plans in general –

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- 1) Term. A plan may have a term of no more than five years, and any multi-year plan must include annual interim measurable goals under which the Secretary will evaluate the bank's performance.
 - 2) Multiple assessment areas. A bank with more than one assessment area may prepare a single plan for all of its assessment areas or one or more plans for one or more of its assessment areas.
 - 3) Treatment of affiliates. Affiliated institutions may prepare a joint plan if the plan provides measurable goals for each institution. Activities may be allocated among institutions at the institutions' option, provided that the same activities are not considered for more than one institution.
- d) Public participation in plan development. Before submitting a plan to the Secretary for approval, a bank shall:
- 1) Informally seek suggestions from members of the public in its assessment areas covered by the plan while developing the plan;
 - 2) Once the bank has developed a plan, formally solicit public comment on the plan for at least 30 days by publishing notice in at least one newspaper of general circulation in each assessment area covered by the plan; and
 - 3) During the period of formal public comment, make copies of the plan available for review by the public at no cost at all offices of the bank in any assessment area covered by the plan and provide copies of the plan upon request for a reasonable fee to cover copying and mailing, if applicable.
- e) Submission of plan. The bank shall submit its plan to the Secretary at least four months prior to the proposed effective date of the plan. The bank shall also submit with its plan a description of its informal efforts to seek suggestions from members of the public, any written public comment received, and, if the plan was revised in light of the comment received, the initial plan as released for public comment.
- f) Plan content –
- 1) Measurable goals.

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- A) A bank shall specify in its plan measurable goals for helping to meet the credit needs of each assessment area covered by the plan, particularly the needs of low- and moderate-income geographies and low- and moderate-income individuals, through lending, investment, and services as appropriate and considering the assessment factors in Section 345.200.
 - B) A bank shall address in its plan all three performance categories and, unless the bank has been designated as a wholesale or limited purpose bank, shall emphasize lending and lending-related activities. Nevertheless, a different emphasis, including a focus on one or more performance categories, may be appropriate if responsive to the characteristics and credit needs of its assessment areas, considering public comment and the bank's capacity and constraints, product offerings, and business strategy.
- 2) Confidential information. A bank may submit additional information to the Secretary on a confidential basis, but the goals stated in the plan must be sufficiently specific to enable the public and the Secretary to judge the merits of the plan.
 - 3) Satisfactory and outstanding goals. A bank shall specify in its plan measurable goals that constitute "satisfactory" performance. A plan may specify measurable goals that constitute "outstanding" performance. If a bank submits, and the Secretary approves, both "satisfactory" and "outstanding" performance goals, the Secretary will consider the bank eligible for an "outstanding" performance rating.
 - 4) Election if satisfactory goals not substantially met. A bank may elect in its plan that, if the bank fails to meet substantially its plan goals for a satisfactory rating, the Secretary will evaluate the bank's performance under the lending, investment, and service tests, the community development test, or the small bank performance standards, as appropriate.
- g) Plan approval –
 - 1) Timing. The Secretary will act upon a plan within 90 calendar days after the Secretary receives the complete plan and other material required under

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subsection (e). If the Secretary fails to act within this time period, the plan shall be deemed approved unless the Secretary extends the review period in writing.

- 2) Public participation. In evaluating the plan's goals, the Secretary considers the public's involvement in formulating the plan, written public comment on the plan, and any response by the bank to public comment on the plan.
- 3) Criteria for evaluating plan. The Secretary considers the assessment factors in Section 345.200 and evaluates a plan's measurable goals using the following criteria, as appropriate:
 - A) The extent and breadth of lending or lending-related activities, including, as appropriate, the distribution of loans among different geographies, businesses and farms of different sizes, and individuals of different income levels, the extent of community development lending, and the use of innovative or flexible lending practices to address credit needs;
 - B) The amount and innovativeness, complexity, and responsiveness of the bank's qualified investments; and
 - C) The availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of the bank's community development services.
- h) Plan amendment. During the term of a plan, a bank may request the Secretary to approve an amendment to the plan on grounds that there has been a material change in circumstances. The bank shall develop an amendment to a previously approved plan in accordance with the public participation requirements of subsection (d).
- i) Plan assessment. The Secretary approves the goals and assesses performance under a plan as provided for in 345.APPENDIX A.

Section 345.280 Assigned Ratings

- a) Ratings in general. Subject to subsections (b) and (c), the Secretary assigns to a bank a rating of "outstanding", "satisfactory", "needs to improve", or "substantial

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noncompliance” based on the bank’s performance under the lending, investment and service tests, the community development test, the small bank performance standards, or an approved strategic plan, as applicable.

- b) Lending, investment, and service tests. The Secretary assigns a rating for a bank assessed under the lending, investment, and service tests in accordance with the following principles:
- 1) A bank that receives an “outstanding” rating on the lending test receives an assigned rating of at least “satisfactory”;
 - 2) A bank that receives an “outstanding” rating on both the service test and the investment test and a rating of at least “high satisfactory” on the lending test receives an assigned rating of “outstanding”; and
 - 3) No bank may receive an assigned rating of “satisfactory” or higher unless it receives a rating of at least “low satisfactory” on the lending test.
- c) Effect of evidence of discriminatory or other illegal credit practices.
- 1) The Secretary’s evaluation of a bank’s ILCRA performance is adversely affected by evidence of discriminatory or other illegal credit practices in any geography by the bank or in any assessment area by any affiliate whose loans have been considered as part of the bank’s lending performance. In connection with any type of lending activity described in Section 345.220(a), evidence of discriminatory or other credit practices that violate an applicable law, rule, or regulation includes, but is not limited to:
 - A) Discrimination against applicants on a prohibited basis in violation, for example, of the Equal Credit Opportunity Act or the Fair Housing Act;
 - B) Violations of the Home Ownership and Equity Protection Act;
 - C) Violations of section 5 of the Federal Trade Commission Act;
 - D) Violations of section 8 of the Real Estate Settlement Procedures Act;

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- E) Violations of the Truth in Lending Act provisions regarding a consumer's right of rescission;
 - F) Violations of Article 4 (Financial Credit) of the Illinois Human Rights Act [775 ILCS 5/Art. 4];
 - G) Violations of the Illinois High Risk Home Loan Act [815 ILCS 137]; and
 - H) Violations of the Illinois Fairness in Lending Act [815 ILCS 120].
- 2) In determining the effect of evidence of practices described in subsection (c)(1) on the bank's assigned rating, the Secretary considers the nature, extent, and strength of the evidence of the practices; the policies and procedures that the bank (or affiliate, as applicable) has in place to prevent the practices; any corrective action that the bank (or affiliate, as applicable) has taken or has committed to take, including voluntary corrective action resulting from self-assessment; and any other relevant information.

Section 345.290 Effect of ILCRA Performance on Applications

- a) ILCRA performance. Among other factors, the Secretary takes into account the record of performance under the ILCRA of each applicant bank in considering an application for approval of:
 - 1) The relocation of the bank's main office or a branch, but only when express prior approval is otherwise required under applicable State law or administrative rule; and
 - 2) The merger, consolidation, acquisition of assets, or assumption of liabilities.
- b) New financial institutions. A newly chartered bank shall submit with its application for a permit to organize a description of how it will meet its ILCRA objectives. The Secretary takes the description into account in considering the application and may deny or condition approval on that basis.

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- c) Interested parties. The Secretary takes into account any views submitted by interested parties in accordance with the public notice posted pursuant to Section 35-20 of ILCRA.
- d) Denial or conditional approval of application. A bank's record of performance may be the basis for denying or conditioning approval of an application listed in subsection (a).

SUBPART C: RECORDS, REPORTING, AND DISCLOSURE REQUIREMENTS;
EXAMINATIONS**Section 345.400 Assessment Area Delineation**

- a) In general. A bank shall delineate one or more assessment areas within which the Secretary evaluates the bank's record of helping to meet the credit needs of its community. The Secretary does not evaluate the bank's delineation of its assessment area as a separate performance criterion, but the Secretary reviews the delineation for compliance with the requirements of this Section.
- b) Geographic areas for wholesale or limited purpose banks. The assessment area for a wholesale or limited purpose bank must consist generally of one or more MSAs or metropolitan divisions (using the MSA or metropolitan division boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATM's.
- c) Geographic areas for other banks. The assessment area for a bank other than a wholesale or limited purpose bank must:
 - 1) Consist generally of one or more MSAs or metropolitan divisions (using the MSA or metropolitan division boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns; and
 - 2) Include the geographies in which the bank has its main office, its branches, and its deposit-taking RSFs, as well as the surrounding geographies in which the bank has originated or purchased a substantial

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portion of its loans (including home mortgage loans, small business and small farm loans, and any other loans the bank chooses, such as those consumer loans on which the bank elects to have its performance assessed).

- d) Adjustments to geographic areas. A bank may adjust the boundaries of its assessment area to include only the portion of a political subdivision that it reasonably can be expected to serve. An adjustment is particularly appropriate in the case of an assessment area that otherwise would be extremely large, of unusual configuration, or divided by significant geographic barriers.
- e) Limitations on the delineation of an assessment area. Each bank's assessment area:
 - 1) Must consist only of whole geographies;
 - 2) May not reflect illegal discrimination;
 - 3) May not arbitrarily exclude low- or moderate-income geographies, taking into account the bank's size and financial condition; and
 - 4) May not extend substantially beyond an MSA boundary or beyond a state boundary unless the assessment area is located in a multistate MSA. If a bank serves a geographic area that extends substantially beyond a state boundary, the bank shall delineate separate assessment areas for the areas in each state. If a bank serves a geographic area that extends substantially beyond an MSA boundary, the bank shall delineate separate assessment areas for the areas inside and outside the MSA.
- f) Banks serving military personnel. Notwithstanding the requirements of this Section, a bank whose business predominantly consists of serving the needs of military personnel or their dependents who are not located within a defined geographic area may delineate its entire deposit customer base as its assessment area.
- g) Use of assessment areas. The Secretary uses the assessment area delineated by a bank in its evaluation of the bank's ILCRA performance unless the Secretary determines that the assessment areas do not comply with the requirements of this Section.

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Section 345.410 Data Collection, Reporting, and Disclosure

- a) Loan information required to be collected and maintained. A bank, except a small bank, shall collect, and maintain in machine readable form (as prescribed by the Secretary) until the completion of its next ILCRA examination, the following data for each small business or small farm loan originated or purchased by the bank:
- 1) A unique number or alpha-numeric symbol that can be used to identify the relevant loan file;
 - 2) The loan amount at origination;
 - 3) The loan location; and
 - 4) An indicator whether the loan was to a business or farm with gross annual revenues of \$1 million or less.
- b) Loan information required to be reported. A bank, except a small bank or a bank that was a small bank during the prior calendar year, shall report annually by March 1 to the Secretary in machine readable form (as prescribed by the Secretary) the following data for the prior calendar year:
- 1) Small business and small farm loan data. For each geography in which the bank originated or purchased a small business or small farm loan, the aggregate number and amount of loans:
 - A) With an amount at origination of \$100,000 or less;
 - B) With an amount at origination of more than \$100,000 but less than or equal to \$250,000;
 - C) With an amount at origination of more than \$250,000; and
 - D) To businesses and farms with gross annual revenues of \$1 million or less (using the revenues that the bank considered in making its credit decision);

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- 2) Community development loan data. The aggregate number and aggregate amount of community development loans originated or purchased; and
 - 3) Home mortgage loans. If the bank is subject to reporting under 12 CFR 1003 (Home Data Disclosure), the location of each home mortgage loan application, origination, or purchase outside the MSAs in which the bank has a home or branch office (or outside any MSA) in accordance with the requirements of 12 CFR 1003 (Home Data Disclosure).
- c) Optional data collection and maintenance.
- 1) Consumer loans. A bank may collect and maintain in machine readable form (as prescribed by the Secretary) data for consumer loans originated or purchased by the bank for consideration under the lending test. A bank may maintain data for one or more of the following categories of consumer loans: motor vehicle, credit card, other secured, and other unsecured. If the bank maintains data for loans in a certain category, it shall maintain data for all loans originated or purchased within that category. The bank shall maintain data separately for each category, including for each loan:
 - A) A unique number or alpha-numeric symbol that can be used to identify the relevant loan file;
 - B) The loan amount at origination or purchase;
 - C) The loan location; and
 - D) The gross annual income of the borrower that the bank considered in making its credit decision.
 - 2) Other loan data. At its option, a bank may provide other information concerning its lending performance, including additional loan distribution data.
- d) Data on affiliate lending. A bank that elects to have the Secretary consider loans by an affiliate, for purposes of the lending or community development test or an approved strategic plan, shall collect, maintain, and report for those loans the data that the bank would have collected, maintained, and reported pursuant to

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subsections (a), (b), and (c) had the loans been originated or purchased by the bank. For home mortgage loans, the bank shall also be prepared to identify the home mortgage loans reported under 12 CFR 1003 (Home Data Disclosure) by the affiliate.

- e) Data on lending by a consortium or a third party. A bank that elects to have the Secretary consider community development loans by a consortium or third party, for purposes of the lending or community development tests or an approved strategic plan, shall report for those loans the data that the bank would have reported under subsection (b)(2) had the loans been originated or purchased by the bank.
- f) Small banks electing evaluation under the lending, investment, and service tests. A bank that qualifies for evaluation under the small bank performance standards but elects evaluation under the lending, investment, and service tests shall collect, maintain, and report the data required for other banks pursuant to subsections (a) and (b).
- g) Assessment area data. A bank, except a small bank or a bank that was a small bank during the prior calendar year, shall collect and report to the Secretary by March 1 of each year a list for each assessment area showing the geographies within the area.

Section 345.420 Content and Availability of Public File

- a) Information available to the public. A bank shall maintain a public file that includes the following information:
 - 1) All written comments received from the public for the current year and each of the prior two calendar years that specifically relate to the bank's performance in helping to meet community credit needs, and any response to the comments by the bank, if neither the comments nor the responses contain statements that reflect adversely on the good name or reputation of any persons other than the bank or publication of which would violate specific provisions of law;
 - 2) A copy of the public section of the bank's most recent ILCRA Performance Evaluation prepared by the Secretary. The bank shall place

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this copy in the public file within 30 business days after its receipt from the Secretary;

- 3) A list of the bank's branches, their street addresses, and geographies;
 - 4) A list of branches opened or closed by the bank during the current year and each of the prior two calendar years, their street addresses and geographies;
 - 5) A list of services (including hours of operation, available loan and deposit products, and transaction fees) generally offered at the bank's branches and descriptions of material differences in the availability or cost of services at particular branches, if any. At its option, a bank may include information regarding the availability of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs);
 - 6) A map of each assessment area showing the boundaries of the area and identifying the geographies contained within the area, either on the map or in a separate list; and
 - 7) Any other information the bank chooses.
- b) Additional information available to the public –
- 1) Banks other than small banks. A bank, except a small bank or a bank that was a small bank during the prior calendar year, shall include in its public file the following information pertaining to the bank and its affiliates, if applicable, for each of the prior two calendar years:
 - A) If the bank has elected to have one or more categories of its consumer loans considered under the lending test, for each of these categories, the number and amount of loans:
 - i) To low-, moderate-, middle-, and upper-income individuals;

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- ii) Located in low-, moderate-, middle-, and upper-income census tracts; and
 - iii) Located inside the bank's assessment area and outside the bank's assessment area; and
- B) The bank's federal Community Reinvestment Act Disclosure Statement. The bank shall place the statement in the public file within three business days of its receipt from its appropriate federal financial supervisory agency.
- 2) Banks required to report Home Mortgage Disclosure Act (HMDA) data. A bank required to report home mortgage loan data pursuant 12 CFR 1003 (Home Disclosure Data) shall include in its public file a written notice that the institution's HMDA Disclosure Statement may be obtained on the Consumer Financial Protection Bureau's (Bureau's) Web site at www.consumerfinance.gov/hmda. In addition, a bank that elected to have the Secretary consider the mortgage lending of an affiliate shall include in its public file the name of the affiliate and a written notice that the affiliate's HMDA Disclosure Statement may be obtained at the Bureau's Web site. The bank shall place the written notice in the public file within three business days after receiving notification from the Federal Financial Institutions Examination Council of the availability of the disclosure statement.
- 3) Small banks. A small bank or a bank that was a small bank during the prior calendar year shall include in its public file:
- A) The bank's loan-to-deposit ratio for each quarter of the prior calendar year and, at its option, additional data on its loan-to-deposit ratio; and
 - B) The information required for other banks by subsection (b)(1), if the bank has elected to be evaluated under the lending, investment, and service tests.
- 4) Banks with strategic plans. A bank that has been approved to be assessed under a strategic plan shall include in its public file a copy of that plan. A

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bank need not include information submitted to the Secretary on a confidential basis in conjunction with the plan.

- 5) Banks with less than satisfactory ratings. A bank that received a less than satisfactory rating during its most recent examination shall include in its public file a description of its current efforts to improve its performance in helping to meet the credit needs of its entire community. The bank shall update the description quarterly.
- c) Location of public information. A bank shall make available to the public for inspection upon request and at no cost the information required in this Section as follows:
 - 1) At the main office and, if an interstate bank, at one branch office in each state, all information in the public file; and
 - 2) At each branch:
 - A) A copy of the public section of the bank's most recent ILCRA Performance Evaluation and a list of services provided by the branch; and
 - B) Within five calendar days of the request, all the information in the public file relating to the assessment area in which the branch is located.
 - d) Copies. Upon request, a bank shall provide copies, either on paper or in another form acceptable to the person making the request, of the information in its public file. The bank may charge a reasonable fee not to exceed the cost of copying and mailing (if applicable).
 - e) Updating. Except as otherwise provided in this Section, a bank shall ensure that the information required by this Section is current as of April 1 of each year.

Section 345.430 Public Notice by Banks

A bank shall provide in the public lobby of its main office and each of its branches, if any, and on its website the appropriate public notice set forth in 345.APPENDIX B. Only a branch of a bank having more than one assessment area shall include the bracketed material in the notice for

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branch offices. Only a bank that is an affiliate of a holding company shall include the next to the last sentence of the notices. A bank shall include the last sentence of the notices only if it is an affiliate of a holding company that is not prevented by statute from acquiring additional banks.

Section 345.440 Publication of Planned Examination Schedule

The Secretary publishes at least 30 days in advance of the beginning of each calendar quarter a list of banks scheduled for ILCRA examinations in that quarter.

Section 345.450 Alternative Examination Procedures

The Secretary may establish alternative examination procedures for banks which were rated “outstanding” as of their most recent ILCRA or federal Community Reinvestment Act examination. The purpose of such alternative procedures shall be to reduce the cost to such banks. The alternative procedures shall in no way limit public participation.

Section 345.460 Examination Authority and Cooperation

- a) Pursuant to the Secretary’s authority under the ILCRA, including, but not limited to, Sections 35-15 and 35-25 thereof, the Secretary and his or her appointees may examine the entire books, records, documents, and operations of each bank or its affiliates or agents, and may examine any banks’ or affiliates’ or agents’ officers, directors, employees, and agents under oath.
- b) A bank shall be required to fully cooperate in any examination conducted pursuant to this Part. Cooperation includes, but is not limited to:
 - 1) timely and full production of books, records, and documents, in any reasonable format requested by the Department; and
 - 2) ensuring all officers, directors, employees, and agents of the bank are available for depositions or interviews upon reasonable notice.
- c) Except as otherwise specified in ILCRA or this Part, examination related to this Part shall be conducted consistent with 205 ILCS 5/48(2.1), 38 Ill. Adm. Code 381, and accompanying guidelines.

Section 345.470 Examination Frequency and Coordination

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- a) Subject to the provisions of this Section, the Secretary shall conduct examinations under the ILCRA or this Part in coordination with a bank's primary federal financial supervisory agency.
- b) For banks with total assets greater than \$250 million, and notwithstanding subsection (a), the Secretary shall conduct examinations under the ILCRA with the following frequency:
 - 1) For a bank that is assigned an "outstanding" or "satisfactory" rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 3 years of the issuance of the report of examination of its most recent prior examination under the ILCRA.
 - 2) For a bank that is assigned a "needs to improve" rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 2 years of the issuance of the report of examination of its most recent prior examination under the ILCRA.
 - 3) For a bank that is assigned a "substantial noncompliance" rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 1 year of the issuance of the report of examination of its most recent prior examination under the ILCRA.
- c) For banks with total assets of \$250 million or less, and notwithstanding subsection (a), the Secretary shall conduct examinations under the ILCRA with the following frequency:
 - 1) For a bank that is assigned an "outstanding" rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 5 years of the issuance of the report of examination of its most recent prior examination under the ILCRA.
 - 2) For a bank that is assigned a "satisfactory" rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 4 years of the issuance of the report of examination of its most recent prior examination under the ILCRA.
 - 3) For a bank that is assigned a "needs to improve" rating in its most recent prior examination under the ILCRA, the next examination shall be

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initiated within 2 years of the issuance of the report of examination of its most recent prior examination under the ILCRA.

- 4) For a bank that is assigned “substantial noncompliance” rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 1 year of the issuance of the report of examination of its most recent prior examination under the ILCRA.
- d) Notwithstanding the provisions of this Section, the Secretary may:
- 1) conduct an examination at any time upon finding:
 - A) a bank’s primary federal financial supervisory agency has rated the bank, as of its most recent examination, in “substantial noncompliance” with the federal Community Reinvestment Act;
 - B) substantial evidence of discriminatory or other illegal credit practices; or
 - C) the Secretary otherwise finds sufficient cause; or
 - 2) notwithstanding subsections (b)(1) and (c)(1), extend by one year the time between examination of any bank or banks with an “outstanding” or “satisfactory” rating if the Secretary finds that an extension is necessitated by:
 - A) the need to examine or investigate a bank or banks with a “needs to improve” or “substantial noncompliance” rating; or
 - B) the need to examine or investigate a bank or banks showing substantial evidence of illegal credit practices.
- e) Notwithstanding any other provision of this Section, the Secretary may examine a bank at any time as authorized by the ILCRA.
- f) For purposes of this Section, a bank’s total assets shall be as reported on the bank’s Consolidated Report of Condition and Income contemporaneous with the bank’s most recent prior examination.

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Section 345.480 Examination Fees

- a) Hourly Rate and Out-of-State Travel Expenses
 - 1) Time expended in the conduct of any examination of a bank or its affiliates pursuant to Section 35-15 of the ILCRA shall be billed by the Department at a rate of \$2,200 per day. Fees will be billed following completion of the examination and shall be paid within 30 days after receipt of the billing. The examination fee shall increase 5% annually.
 - 2) When out-of-state travel occurs in the conduct of any examination, the bank shall make arrangements to reimburse the Department all charges for services such as travel expenses, including airfare, hotel and per diem incurred by the employee. These expenses are to be in accord with applicable travel regulations published by the Department of Central Management Services and approved by the Governor's Travel Control Board (80 Ill. Adm. Code 2800).
- b) Assessments. Each bank shall pay to the Department its pro rata share of the cost for administration of the ILCRA for banks that exceeds the examination fees paid pursuant to subsection (a), as estimated by the Department, for the current year and any deficit actually incurred in the administration of the Act in prior years. In addition to this assessment, banks with a current rating of "needs to improve" or "substantial noncompliance" may be assessed a surcharge, and in that case, the assessment on other banks shall be reduced in amount equal to such surcharge. The aggregate surcharge shall not be greater than an amount equal to 20% of the cost for administration of the ILCRA that exceeds the examination fees paid pursuant to subsection (a). Each bank's pro rata share of an assessment shall be the percentage that the assets shown on the bank's Consolidated Report of Condition and Income (FFIEC 031 and 041) bears to the total assets of all banks covered by the ILCRA. Each bank's pro rata share of a surcharge shall be the percentage that the assets shown on the bank's Consolidated Report of Condition and Income (FFIEC 031 and 041) bears to the total assets of all banks subject to a surcharge and covered by the ILCRA.
- c) All fees received pursuant to this Part shall be deposited in the Bank and Trust Company Fund.

Section 345.490 Implementation Period

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- a) Banks shall have six months from the effective date of this Part to comply with the requirements of this Part.
- b) The Secretary shall not cause an examination to be initiated under the ILCRA or this Part for one year after the implementation period of subsection (a) ends; provided that, the Secretary may conduct an examination at any time upon finding:
 - 1) a bank's primary federal financial supervisory agency has rated the bank, as of its most recent examination, in "substantial noncompliance" with the federal Community Reinvestment Act;
 - 2) substantial evidence of discriminatory or other illegal credit practices; or
 - 3) the Secretary otherwise finds sufficient cause.
- c) For purposes of Section 345.470, with regard to the timing of the initial examination of a bank under ILCRA, the "most recent prior exam under the ILCRA" shall be read as the most recent examination under the federal Community Reinvestment Act.

Section 345.500 Enforcement

Any failure to comply with a requirement of the ILCRA, this Part or other law referenced in the ILCRA, or this Part shall be subject to enforcement actions as authorized under the ILCRA and under the Illinois Banking Act, Savings Bank Act, or Foreign Banking Office Act, as applicable to the particular bank. Any such failure to comply with a requirement of the ILCRA may also be subject to referral to law enforcement or administrative authority with jurisdiction over the subject matter of such failure to comply. In addition to any other action authorized by ILCRA, this Part or any other law, the Secretary may enter agreed upon orders or enter into settlement agreements for the purpose of resolving any such failure to comply.

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Section 345.APPENDIX A Ratings

- a) Ratings in general –
 - 1) In assigning a rating, the Secretary evaluates a bank's performance under the applicable performance criteria in this part, in accordance with Sections 345.210 and 345.280. This includes consideration of low-cost education loans provided to low-income borrowers and activities in cooperation with minority- or women-owned financial institutions and low-income credit unions, as well as adjustments on the basis of evidence of discriminatory or other illegal credit practices.
 - 2) A bank's performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The bank's overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate rating profile as follows.
- b) Banks evaluated under the lending, investment, and service tests.
 - 1) Lending performance rating. The Secretary assigns each bank's lending performance one of the five following ratings.
 - A) Outstanding. The Secretary rates a bank's lending performance "outstanding" if, in general, it demonstrates:
 - i) Excellent responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage, small business, small farm, and consumer loans, if applicable, in its assessment area;
 - ii) A substantial majority of its loans are made in its assessment area;
 - iii) An excellent geographic distribution of loans in its assessment area;

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- iv) An excellent distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank;
 - v) An excellent record of serving the credit needs of highly economically disadvantaged areas in its assessment area, low-income individuals, or businesses (including farms) with gross annual revenues of \$1 million or less, consistent with safe and sound operations;
 - vi) Extensive use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies; and
 - vii) It is a leader in making community development loans.
- B) High satisfactory. The Secretary rates a bank's lending performance "high satisfactory" if, in general, it demonstrates:
- i) Good responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage, small business, small farm, and consumer loans, if applicable, in its assessment area;
 - ii) A high percentage of its loans are made in its assessment area;
 - iii) A good geographic distribution of loans in its assessment area;
 - iv) A good distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank;
 - v) A good record of serving the credit needs of highly economically disadvantaged areas in its assessment area, low-income individuals, or businesses (including farms)

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with gross annual revenues of \$1 million or less, consistent with safe and sound operations;

- vi) Use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies; and
 - vii) It has made a relatively high level of community development loans.
- C) Low satisfactory. The Secretary rates a bank's lending performance "low satisfactory" if, in general, it demonstrates:
- i) Adequate responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage, small business, small farm, and consumer loans, if applicable, in its assessment area;
 - ii) An adequate percentage of its loans are made in its assessment area;
 - iii) An adequate geographic distribution of loans in its assessment area;
 - iv) An adequate distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank;
 - v) An adequate record of serving the credit needs of highly economically disadvantaged areas in its assessment area, low-income individuals, or businesses (including farms) with gross annual revenues of \$1 million or less, consistent with safe and sound operations;
 - vi) Limited use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies; and

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- vii) It has made an adequate level of community development loans.
- D) Needs to improve. The Secretary rates a bank's lending performance "needs to improve" if, in general, it demonstrates:
- i) Poor responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage, small business, small farm, and consumer loans, if applicable, in its assessment area;
 - ii) A small percentage of its loans are made in its assessment area;
 - iii) A poor geographic distribution of loans, particularly to low- or moderate-income geographies, in its assessment area;
 - iv) A poor distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank;
 - v) A poor record of serving the credit needs of highly economically disadvantaged areas in its assessment area, low-income individuals, or businesses (including farms) with gross annual revenues of \$1 million or less, consistent with safe and sound operations;
 - vi) Little use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies; and
 - vii) It has made a low level of community development loans.
- E) Substantial noncompliance. The Secretary rates a bank's lending performance as being in "substantial noncompliance" if, in general, it demonstrates:

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- i) A very poor responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage, small business, small farm, and consumer loans, if applicable, in its assessment area;
 - ii) A very small percentage of its loans are made in its assessment area;
 - iii) A very poor geographic distribution of loans, particularly to low- or moderate-income geographies, in its assessment area;
 - iv) A very poor distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank;
 - v) A very poor record of serving the credit needs of highly economically disadvantaged areas in its assessment area, low-income individuals, or businesses (including farms) with gross annual revenues of \$1 million or less, consistent with safe and sound operations;
 - vi) No use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies; and
 - vii) It has made few, if any, community development loans.
- 2) Investment performance rating. The Secretary assigns each bank's investment performance one of the five following ratings:
- A) Outstanding. The Secretary rates a bank's investment performance "outstanding" if, in general, it demonstrates:
 - i) An excellent level of qualified investments, particularly those that are not routinely provided by private investors, often in a leadership position;

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- ii) Extensive use of innovative or complex qualified investments; and
 - iii) Excellent responsiveness to credit and community development needs.
- B) High satisfactory. The Secretary rates a bank's investment performance "high satisfactory" if, in general, it demonstrates:
- i) A significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position;
 - ii) Significant use of innovative or complex qualified investments; and
 - iii) Good responsiveness to credit and community development needs.
- C) Low satisfactory. The Secretary rates a bank's investment performance "low satisfactory" if, in general, it demonstrates:
- i) An adequate level of qualified investments, particularly those that are not routinely provided by private investors, although rarely in a leadership position;
 - ii) Occasional use of innovative or complex qualified investments; and
 - iii) Adequate responsiveness to credit and community development needs.
- D) Needs to improve. The Secretary rates a bank's investment performance "needs to improve" if, in general, it demonstrates:
- i) A poor level of qualified investments, particularly those that are not routinely provided by private investors;

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- ii) Rare use of innovative or complex qualified investments; and
 - iii) Poor responsiveness to credit and community development needs.
- E) Substantial noncompliance. The Secretary rates a bank's investment performance as being in "substantial noncompliance" if, in general, it demonstrates:
- i) Few, if any, qualified investments, particularly those that are not routinely provided by private investors;
 - ii) No use of innovative or complex qualified investments; and
 - iii) Very poor responsiveness to credit and community development needs.
- 3) Service performance rating. The Secretary assigns each bank's service performance one of the five following ratings.
- A) Outstanding. The Secretary rates a bank's service performance "outstanding" if, in general, the bank demonstrates:
- i) Its service delivery systems are readily accessible to geographies and individuals of different income levels in its assessment area;
 - ii) To the extent changes have been made, its record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals;
 - iii) Its services (including, where appropriate, business hours) are tailored to the convenience and needs of its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals; and

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- iv) It is a leader in providing community development services.
- B) High satisfactory. The Secretary rates a bank's service performance "high satisfactory" if, in general, the bank demonstrates:
- i) Its service delivery systems are accessible to geographies and individuals of different income levels in its assessment area;
 - ii) To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals;
 - iii) Its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals; and
 - iv) It provides a relatively high level of community development services.
- C) Low satisfactory. The Secretary rates a bank's service performance "low satisfactory" if, in general, the bank demonstrates:
- i) Its service delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment area;
 - ii) To the extent changes have been made, its record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals;

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- iii) Its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals; and
 - iv) It provides an adequate level of community development services.
- D) Needs to improve. The Secretary rates a bank's service performance "needs to improve" if, in general, the bank demonstrates:
- i) Its service delivery systems are unreasonably inaccessible to portions of its assessment area, particularly to low- or moderate-income geographies or to low- or moderate-income individuals;
 - ii) To the extent changes have been made, its record of opening and closing branches has adversely affected the accessibility its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals;
 - iii) Its services (including, where appropriate, business hours) vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals; and
 - iv) It provides a limited level of community development services.
- E) Substantial noncompliance. The Secretary rates a bank's service performance as being in "substantial noncompliance" if, in general, the bank demonstrates:
- i) Its service delivery systems are unreasonably inaccessible to significant portions of its assessment area, particularly to low- or moderate-income geographies or to low- or moderate-income individuals;

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- ii) To the extent changes have been made, its record of opening and closing branches has significantly adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals;
 - iii) Its services (including, where appropriate, business hours) vary in a way that significantly inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals; and
 - iv) It provides few, if any, community development services.
- c) Wholesale or limited purpose banks. The Secretary assigns each wholesale or limited purpose bank's community development performance one of the four following ratings.
- 1) Outstanding. The Secretary rates a wholesale or limited purpose bank's community development performance "outstanding" if, in general, it demonstrates:
 - A) A high level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;
 - B) Extensive use of innovative or complex qualified investments, community development loans, or community development services; and
 - C) Excellent responsiveness to credit and community development needs in its assessment area.
 - 2) Satisfactory. The Secretary rates a wholesale or limited purpose bank's community development performance "satisfactory" if, in general, it demonstrates:

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- A) An adequate level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;
 - B) Occasional use of innovative or complex qualified investments, community development loans, or community development services; and
 - C) Adequate responsiveness to credit and community development needs in its assessment area.
- 3) Needs to improve. The Secretary rates a wholesale or limited purpose bank's community development performance as "needs to improve" if, in general, it demonstrates:
- A) A poor level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;
 - B) Rare use of innovative or complex qualified investments, community development loans, or community development services; and
 - C) Poor responsiveness to credit and community development needs in its assessment area.
- 4) Substantial noncompliance. The Secretary rates a wholesale or limited purpose bank's community development performance in "substantial noncompliance" if, in general, it demonstrates:
- A) Few, if any, community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;
 - B) No use of innovative or complex qualified investments, community development loans, or community development services; and

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- C) Very poor responsiveness to credit and community development needs in its assessment area.
- d) Banks evaluated under the small bank performance standards –
- 1) Lending test ratings.
 - A) Eligibility for a satisfactory lending test rating. The Secretary rates a small bank’s lending performance “satisfactory” if, in general, the bank demonstrates:
 - i) A reasonable loan-to-deposit ratio (considering seasonal variations) given the bank’s size, financial condition, the credit needs of its assessment area, and taking into account, as appropriate, other lending-related activities such as loan originations for sale to the secondary markets and community development loans and qualified investments;
 - ii) A majority of its loans and, as appropriate, other lending-related activities, are in its assessment area;
 - iii) A distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes that is reasonable given the demographics of the bank’s assessment area;
 - iv) A record of taking appropriate action, when warranted, in response to written complaints, if any, about the bank’s performance in helping to meet the credit needs of its assessment area; and
 - v) A reasonable geographic distribution of loans given the bank’s assessment area.
 - B) Eligibility for an “outstanding” lending test rating. A small bank that meets each of the standards for a “satisfactory” rating under

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this subsection and exceeds some or all of those standards may warrant consideration for a lending test rating of “outstanding.”

- C) Needs to improve or substantial noncompliance ratings. A small bank may also receive a lending test rating of “needs to improve” or “substantial noncompliance depending on the degree to which its performance has failed to meet the standard for a “satisfactory” rating.
- 2) Community development test ratings for intermediate small banks –
- A) Eligibility for a satisfactory community development test rating. The Secretary rates an intermediate small bank’s community development performance “satisfactory” if the bank demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. The adequacy of the bank’s response will depend on its capacity for such community development activities, its assessment area’s need for such community development activities, and the availability of such opportunities for community development in the bank’s assessment area.
 - B) Eligibility for an outstanding community development test rating. The Secretary rates an intermediate small bank’s community development performance “outstanding” if the bank demonstrates excellent responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the bank’s assessment area.
 - C) Needs to improve or substantial noncompliance ratings. An intermediate small bank may also receive a community development test rating of “needs to improve” or “substantial noncompliance” depending on the degree to which its performance has failed to meet the standards for a “satisfactory” rating.

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- 3) Overall rating –
 - A) Eligibility for a satisfactory overall rating. No intermediate small bank may receive an assigned overall rating of “satisfactory” unless it receives a rating of a least “satisfactory” on both the lending test and the community development test.
 - B) Eligibility for an outstanding overall rating.
 - i) An intermediate small bank that receives an “outstanding” rating on one test and at least “satisfactory” on the other test may receive an assigned overall rating of “outstanding.”
 - ii) A small bank that is not an intermediate small bank that meets each of the standards for a “satisfactory” rating under the lending test and exceeds some or all of those standards may warrant consideration for an overall rating of “outstanding.” In assessing whether a bank’s performance is “outstanding,” the Secretary considers the extent to which the bank exceeds each of the performance standards for a “satisfactory” rating and its performance in making qualified investments and its performance in providing branches and other services and delivery systems that enhance credit availability in its assessment area.
 - C) Needs to improve or substantial noncompliance overall ratings. A small bank may also receive a rating of “needs to improve” or “substantial noncompliance” depending on the degree to which its performance has failed to meet the standards for a “satisfactory” rating.
- e) Strategic plan assessment and rating.
 - 1) Satisfactory goals. The Secretary approves as “satisfactory” measurable goals that adequately help to meet the credit needs of the bank’s assessment area.

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- 2) Outstanding goals. If the plan identifies a separate group of measurable goals that substantially exceed the levels approved as “satisfactory,” the Secretary will approve those goals as “outstanding.”
- 3) Rating. The Secretary assesses the performance of a bank operating under an approved plan to determine if the bank has met its plan goals:
 - A) If the bank substantially achieves its plan goals for a satisfactory rating, the Secretary will rate the bank’s performance under the plan as “satisfactory.”
 - B) If the bank exceeds its plan goals for a satisfactory rating and substantially achieves its plan goals for an outstanding rating, the Secretary will rate the bank’s performance under the plan as “outstanding.”
 - C) If the bank fails to meet substantially its plan goals for a satisfactory rating, the Secretary will rate the bank as either “needs to improve” or “substantial noncompliance,” depending on the extent to which it falls short of its plan goals, unless the bank elected in its plan to be rated otherwise, as provided in Section 345.270(f)(4).

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Section 345.APPENDIX B ILCRA Notice

- a) Notice for main offices and, if an interstate bank, one branch office in each state.

Community Reinvestment Act Notice

Under the Illinois Community Reinvestment Act (ILCRA), the Secretary of the Department of Financial and Professional Regulation (Secretary) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The Secretary also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the ILCRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent ILCRA Performance Evaluation, prepared by the Secretary; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the Secretary publishes a list of the banks that are scheduled for ILCRA examination in that quarter. This list is available from the Secretary at 320 West Washing Street, 3rd Floor Springfield, IL 62786 and 555 West Monroe Street, Suite 500 Chicago, IL 60661. You may send written comments about our performance in helping to meet community credit needs to (name and address of official at bank) and Secretary. You may also submit comments electronically through the Department's Web site at <https://idfpr.illinois.gov/Admin/CRA.asp>. Your letter, together with any response by us, will be considered by the Secretary in evaluating our ILCRA performance and may be made public.

You may ask to look at any comments received by the Secretary. You may also request from the Secretary an announcement of our applications covered by the ILCRA filed with the Secretary.

We are an affiliate of (name of holding company), a bank holding company. You may request from the (title of responsible official), Federal Reserve Bank of _____

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(address) an announcement of applications covered by the ILCRA filed by bank holding companies.

- b) Notice for branch offices.

Illinois Community Reinvestment Act Notice

Under the Illinois Community Reinvestment Act (ILCRA), the Secretary evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The Secretary also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the ILCRA. You may review today the public section of our most recent ILCRA evaluation, prepared by the Secretary, and a list of services provided at this branch. You may also have access to the following additional information, which we will make available to you at this branch within five calendar days after you make a request to us:

- 1) a map showing the assessment area containing this branch, which is the area in which the Secretary evaluates our ILCRA performance in this community;
- 2) information about our branches in this assessment area;
- 3) a list of services we provide at those locations;
- 4) data on our lending performance in this assessment area; and
- 5) copies of all written comments received by us that specifically relate to our ILCRA performance in this assessment area, and any responses we have made to those comments. If we are operating under an approved strategic plan, you may also have access to a copy of the plan.

(If you would like to review information about our ILCRA performance in other communities served by us, the public file for our entire bank is available at (name of office located in state), located at (address).)

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At least 30 days before the beginning of each quarter, the Secretary publishes a nationwide list of the banks that are scheduled for ILCRA examination in that quarter. This list is available from the Secretary (address). You may send written comments about our performance in helping to meet community credit needs to (name and address of official at bank) and the Secretary. You may also submit comments electronically through the Department's Web site at [web address]. Your letter, together with any response by us, will be considered by the Secretary in evaluating our ILCRA performance and may be made public.

You may ask to look at any comments received by the Secretary. You may also request from the Secretary an announcement of our applications covered by the ILCRA filed with the Secretary. We are an affiliate of (name of holding company), a bank holding company. You may request from the (title of responsible official), Federal Reserve Bank of _____ (address) an announcement of applications covered by the ILCRA filed by bank holding companies.

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

NOTICE OF PROPOSED AMENDMENT

- 1) Heading of the Part: Rules Governing the Request for Reconsideration of Examination Findings
- 2) Code Citation: 38 Ill. Adm. Code 385
- 3) Section Number: 385.20 Proposed Action: Amendment
- 4) Statutory Authority: Implementing and authorized by Section 48(2) and (6)(a) of the Illinois Banking Act [205 ILCS 5/48(2) and 6(a)]; Section 9004 of the Savings Bank Act [205 ILCS 205/9004]; Section 0.05 of the Pawnbroker Regulation Act [205 ILCS 510/0.05]; Sections 20 and 25 of the Electronic Fund Transfer Act [205 ILCS 616/20 and 25]; Sections 5-1 and 5-2 of the Corporate Fiduciary Act [205 ILCS 620/5-1 and 5-2]; Sections 17 and 18 of the Foreign Banking Office Act [205 ILCS 645/17 and 18]; and Section 8 of the Foreign Bank Representative Office Act [205 ILCS 650/8].
- 5) A Complete Description of the Subjects and Issues Involved: This amendment would add savings banks to the definition of a “Regulated Financial Institution”. It also updates the definition for “Material Supervisory Determinations” to include a rating assigned to a state bank pursuant to the Illinois Community Reinvestment Act (ILCRA) [205 ILCS 735].
- 6) Published studies or reports, and source of underlying data, used to compose this rulemaking: None
- 7) Will this rulemaking replace any emergency rule currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other proposed rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objectives: This rulemaking will not require a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

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- 12) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to comment on this proposed rulemaking may submit written comments no later than 45 days after the publication of this Notice to:

Department of Financial and Professional Regulation
Attention: Craig Cellini
320 West Washington, 2nd Floor
Springfield, IL 62786

(217) 785-0810
Fax: (217) 557-4451

All written comments received within 45 days after this issue of the *Illinois Register* will be considered.

- 13) Initial Regulatory Flexibility Analysis:
- A) Types of small businesses, small municipalities and not for profit corporations affected: Illinois chartered savings banks could be affected.
 - B) Reporting, bookkeeping or other procedures required for compliance: None
 - C) Types of professional skills necessary for compliance: The types of professional skills necessary for compliance are generally business administration and knowledge of the Savings Bank Act, the Illinois Community Reinvestment Act, and various other federal and State laws.
- 14) Small Business Impact Analysis:
- A) Types of businesses subject to the proposed rule:
52 Finance and Insurance
 - B) Categories that the agency reasonably believes the rulemaking will impact, including:
 - ii. regulatory requirements
- 15) Regulatory Agenda on which this rulemaking was summarized: July 2022

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NOTICE OF PROPOSED AMENDMENT

The full text of the Proposed Amendment begins on the next page:

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NOTICE OF PROPOSED AMENDMENT

TITLE 38: FINANCIAL INSTITUTIONS

CHAPTER II: DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
~~OFFICE OF BANKS AND REAL ESTATE~~

PART 385

RULES GOVERNING THE REQUEST FOR
RECONSIDERATION OF EXAMINATION FINDINGS

Section

385.10	Applicability
385.20	Definitions
385.30	Request for Reconsideration
385.40	Form of Request for Reconsideration
385.50	Initial Reconsideration Review
385.60	Final Review
385.70	Effect of Filing a Request

AUTHORITY: Implementing and authorized by Section 48(2) and (6)(a) of the Illinois Banking Act [205 ILCS 5/48(2) and 6(a)]; Section 9004 of the Savings Bank Act [205 ILCS 205/9004]; Section 0.05 of the Pawnbroker Regulation Act [205 ILCS 510/0.05]; Sections 20 and 25 of the Electronic Fund Transfer Act [205 ILCS 616/20 and 25]; Sections 5-1 and 5-2 of the Corporate Fiduciary Act [205 ILCS 620/5-1 and 5-2]; Sections 17 and 18 of the Foreign Banking Office Act [205 ILCS 645/17 and 18]; and Section 8 of the Foreign Bank Representative Office Act [205 ILCS 650/8].

SOURCE: Adopted at 28 Ill. Reg. 1062, effective January 5, 2004; amended at 47 Ill. Reg. _____, effective _____.

Section 385.20 Definitions

"Assistant Commissioner" means the Assistant Commissioner of Banks and Real Estate, Bureau of Banks and Trust Companies.

"Commissioner" means the Commissioner of Banks and Real Estate or a person authorized by the Commissioner, the Office of Banks and Real Estate Act [20 ILCS 3205], or the Illinois Banking Act [205 ILCS 5].

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"Chief Counsel" means the individual appointed by the Commissioner to serve as the Chief Counsel to the Office of Banks and Real Estate, Bureau of Banks and Trust Companies, or his or her delegated representative.

"Division Director" means the individual appointed by the Commissioner to directly manage and supervise the examination and regulation of specific Regulated Financial Institutions. Division Directors include, but are not limited to, the Administrator of Pawnbroker Regulation; the Director of Commercial Bank Supervision-Springfield; the Director of Commercial Bank Supervision-Chicago; the Director of International Bank Supervision; and the Director of Specialized Activities Supervision.

"Material Supervisory Determinations" include, but are not limited to, material determinations related to UFIRS Ratings assigned to a State bank, ROCA/ROC Ratings assigned to a Foreign Banking Office or Foreign Banking Representative Office, UITRS Ratings assigned to a corporate fiduciary, and URSIT Ratings assigned to Information Technology; [rating assigned to a State bank or savings bank pursuant to the Illinois Community Reinvestment Act \[205 ILCS 735\]](#) the adequacy of loan reserve provisions; loan classifications; and findings resulting from an examination of a pawnshop.

"ROCA/ROC Rating" means the rating assigned to a Foreign Banking Office and a Foreign Bank Representative Office, respectively, by the Commissioner based upon a composite evaluation of the following performance components: Risk Management; Operational Controls; Compliance; and Asset Quality. The rating assigned to each individual performance component will be assigned a range of 1 through 5, with 1 being the highest possible rating and 5 being the lowest possible rating.

"Regulated Financial Institution" means a pawnshop, bank, [savings bank](#), corporate fiduciary, foreign banking office, foreign bank representative office, or a subsidiary, affiliate, parent company, or contractual service provider of the bank, [savings bank](#), corporate fiduciary, foreign banking office, or foreign bank representative office, subject to examination by the Commissioner.

"UFIRS Rating" means the rating assigned to a State bank by the Commissioner based upon a composite evaluation of the following six individual performance components of the Uniform Financial Institutions Rating System: Capital; Asset Quality; Management; Earnings; Liquidity; and Sensitivity to Market Risk. The

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UFIRS Rating and the rating assigned to each individual performance component will be assigned a range of 1 through 5, with 1 being the highest possible rating and 5 being the lowest possible rating.

"UITRS Rating" means the rating assigned to a corporate fiduciary by the Commissioner based upon a composite evaluation of the following performance components of the Uniform Interagency Trust Rating System: Management; Operations, Internal Controls and Auditing; Earnings; Compliance; and Asset Management. The rating assigned to each individual performance component will be assigned a range of 1 through 5, with 1 being the highest possible rating and 5 being the lowest possible rating.

"URSIT Rating" means the rating assigned to a Regulated Financial Institution's information systems by the Commissioner based upon a risk evaluation of the following components of the Uniform Rating System for Information Technology: Audit; Management; Development and Acquisition; and Support and Delivery. The rating assigned to each individual performance component will be assigned a range of 1 through 5, with 1 being the highest possible rating and 5 being the lowest possible rating.

(Source: Amended at 47 Ill. Reg. _____, effective _____)

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- 1) Heading of the Part: Mortgage Community Reinvestment
- 2) Code Citation: 38 Ill. Adm. Code 1055
- 3)

<u>Section Numbers:</u>	<u>Proposed Actions:</u>
1055.10	New Section
1055.20	New Section
1055.200	New Section
1055.210	New Section
1055.220	New Section
1055.230	New Section
1055.240	New Section
1055.250	New Section
1055.400	New Section
1055.410	New Section
1055.420	New Section
1055.430	New Section
1055.440	New Section
1055.450	New Section
1055.460	New Section
1055.470	New Section
1055.APPENDIX A	New Section
1055.APPENDIX B	New Section
- 4) Statutory Authority: Implementing and authorized by the Illinois Community Reinvestment Act [205 ILCS 735].
- 5) A Complete Description of the Subjects and Issues Involved: The Illinois Community Reinvestment Act (ILCRA) became law with the enactment of Public Act 101-657 on March 23, 2021. The purpose of the ILCRA is to ensure that covered financial institutions are equitably providing financial services across the state, including low-income and moderate-income neighborhoods, and areas where there is a lack of access to safe and affordable banking and lending services. The ILCRA is modeled off the federal Community Reinvestment Act but expands the scope of covered financial institutions to include credit unions and entities licensed pursuant to the Residential Mortgage License Act of 1987 which lent or originated 50 or more mortgages in the previous calendar year which are not covered pursuant to federal law. The Department conducted four public meetings to receive feedback from industry and consumers and incorporated their feedback and recommendations when consistent with the Act and proper regulatory

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supervision. These proposed rules would set forth the framework and procedures for examining and evaluating whether covered mortgage lenders are meeting the financial services needs of the communities in which their offices, branches, and other facilities are maintained. Separate rules will be promulgated for banks, credit unions, and mortgage lenders licensed pursuant to the Residential Mortgage Licensing Act of 1987. The rules generally cover the following topics: Authority, Purposes and Scope; Definitions; Assessment Factors; Performance Tests, Standards, and Ratings, in General; Lending Test; Investment Test; Service Test; Community Development Test for Wholesale or Limited Purpose Banks; Performance Standards; Strategic Plan; Assigned Ratings; Effect of ILCRA Performance on Application; Assessment Area Delineation; Data Collection, Reporting, and Disclosure; Content and Availability of Public File; Public Notice; Publication of Planned Examination Schedule; Alternative Examination Procedures (Credit Unions only); Examination Authority and Cooperation; Examination Schedule; Examination Fees; Implementation Period; and Enforcement.

The proposed rules are intended to help the Department fulfill its statutory responsibility of administering and enforcing the ILCRA in an equitable manner. There will be some costs for Illinois licensed mortgage lenders, including small businesses, in complying with the rules. The proposed rules include a number of adjustments intended to provide less intrusive and less costly alternative methods of achieving the purpose of the proposed rule or amendment, whenever possible. To mitigate the impact on small businesses, the Department rules propose to use different tests and performance standards depending on the asset size of the Illinois licensed mortgage lender subject to examination. Smaller mortgage lenders are generally subject to less frequent examinations.

- 6) Published studies or reports, and sources underlying data, used to compose this rulemaking: None
- 7) Will this rulemaking replace any emergency rule currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other proposed rulemakings pending on this Part? No

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- 11) Statement of Statewide Policy Objectives: This rulemaking will not require a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.
- 12) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to comment on this proposed rulemaking may submit written comments no later than 45 days after the publication of this Notice to:

Department of Financial and Professional Regulation
Attention: Craig Cellini
320 West Washington, 2nd Floor
Springfield, IL 62786

(217) 785-0810
Fax: (217) 557-4451

All written comments received within 45 days after this issue of the *Illinois Register* will be considered.

- 13) Initial Regulatory Flexibility Analysis:
- A) Types of small businesses, small municipalities and not for profit corporations affected: Licensed mortgage lenders could be affected.
- B) Reporting, bookkeeping or other procedures required for compliance: Yes, the rules contain reporting, bookkeeping or other procedures required for compliance including, but not limited to rules on data collection, reporting, disclosure, and the posting of the ILCRA Notice. Please refer to the text of the proposed rules for more information on the specific requirements.
- C) Types of professional skills necessary for compliance: The types of professional skills necessary for compliance are generally business administration and knowledge of the Residential Mortgage License Act of 1987, the Illinois Community Reinvestment Act, and various other federal and state laws.
- 14) Small Business Impact Analysis:
- A) Types of businesses subject to the proposed rule:

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B) Categories that the agency reasonably believes the rulemaking will impact, including:

ii. regulatory requirements

15) Regulatory Agenda on which this rulemaking was summarized: July 2022

The full text of the Proposed Rules begins on the next page:

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NOTICE OF PROPOSED RULES

TITLE 38: FINANCIAL INSTITUTIONS

CHAPTER II: DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

PART 1055

MORTGAGE COMMUNITY REINVESTMENT

SUBPART A: GENERAL

Section

- 1055.10 Authority, Purposes and Scope
- 1055.20 Definitions

SUBPART B: STANDARDS OF ASSESSING PERFORMANCE

Section

- 1055.200 Assessment Factors
- 1055.210 Performance Tests, Standards, and Ratings, in General
- 1055.220 Lending Test
- 1055.230 Service Test
- 1055.240 Assigned Ratings
- 1055.250 Effect of Record of Performance on Applications

SUBPART C: RECORDS, REPORTING, AND DISCLOSURE REQUIREMENTS;
EXAMINATIONS

Section

- 1055.400 Data Collection and Reporting
- 1055.410 Content and Availability of Public Information
- 1055.420 Publication of Planned Examination Schedule
- 1055.430 Alternative Examination Procedures
- 1055.440 Examination Authority and Cooperation
- 1055.450 Examination Frequency
- 1055.460 Examination Fees
- 1055.470 Implementation Period

- 1055.APPENDIX A Ratings
- 1055.APPENDIX B CRA Notice

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AUTHORITY: Implementing and authorized by the Illinois Community Reinvestment Act [205 ILCS 735].

SOURCE: Adopted at 47 Ill. Reg. _____, effective _____.

SUBPART A: GENERAL

Section 1055.10 Authority, Purposes and Scope

- a) The Illinois Community Reinvestment Act (ILCRA) [205 ILCS 735] authorizes this Part.
- b) Purposes. This Part is intended to carry out the mortgage lender community investment purposes of 205 ILCS 735 by establishing the framework and criteria by which the Secretary assesses a mortgage lender's record of helping to meet the mortgage credit needs of the State, including low- and moderate-income neighborhoods and individuals, consistent with the safe and sound operation of the mortgage lender, and by providing that the Secretary takes that record into account in considering certain applications pursuant to Section 1055.250.
- c) Scope. This Part applies to all mortgage lenders as defined in Section 1055.20.

Section 1055.20 Definitions

For purposes of this Part, the following definitions apply:

"Area median income" means:

the median family income for the Metropolitan Statistical Area (MSA) (as defined in subsection (n)), if a person or geography is located in an MSA;
or

the Statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

"Additional full time service" means any Illinois Residential Mortgage Licensee maintaining or establishing an additional full-service office that conducts residential mortgage licensable activities in the State of Illinois staffed facility licensed as an additional full-service office under 205 ILCS 635/1-3(f) & 2-8.

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"Community development" means:

Mortgage products and other efforts to assist low- and moderate-income individuals to acquire or remain in affordable housing;

Community services targeted to low- and moderate-income individuals;

Activities that revitalize or stabilize:

Low- or moderate-income geographies;

Designated disaster areas; or

Distressed or underserved nonmetropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency; or

Any other such area as determined by the Secretary based on:

Rates of poverty, unemployment, and population loss; or

Population Size, Density, and Dispersion. Activities revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community and economic development needs, including needs of low- and moderate-income individuals.

"Community development loan" means a loan that:

Has as its primary purpose community development; and

Has not been reported or collected by the mortgage lender for consideration in the mortgage lender's assessment as a home mortgage loan, unless it is a multifamily dwelling loan (as described in Appendix A to 12 CFR 203, the Consumer Financial Protection Bureau's implementing regulations for the Home Mortgage Disclosure Act); and

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Benefits the State or a broader regional area that includes the State.

"Community development service" means a service that:

Has as its primary purpose community development; and

Is related to the provision of financial services, including technical services.

"Department" means the Illinois Department of Financial and Professional Regulation.

"Geography" means a census tract, or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

"Home Mortgage Disclosure Act" or "HMDA" means the Consumer Financial Protection Bureau's implementing regulations found at 12 CFR 1003.

"Home mortgage loan" means a "home improvement loan", or a "home purchase loan" as defined in 12 CFR 1003.2 of HMDA or a home equity loan or any other extension of credit, including but not limited to a refinance, secured by a residence of the borrower for personal, family, or household purposes.

"Highly economically disadvantaged areas" means economically distressed areas designated pursuant to 26 U.S.C. 1391.

"Income level" means:

Low-income, an individual income that is less than 50% of the area median income, or a median family income that is less than 50%, in the case of a geography.

Moderate-income, an individual income that is at least 50% and less than 80% of the area median income, or a median family income that is at least 50% and less than 80%, in the case of a geography.

Middle-income, an individual income that is at least 80% and less than 120% of the area median income, or a median family income that is at least 80% and less than 120%, in the case of a geography.

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Upper-income, an individual income that is 120% or more of the area median income, or a median family income that is 120% or more, in the case of a geography.

"Loan location" means a home mortgage loan is located in the geography where the property to which the loan relates is situated.

"Mortgage lender" means a mortgage lender, licensed under 205 ILCS 635, that has made 50 or more home mortgage loans in the State in the last calendar year reportable under the Home Mortgage Disclosure Act and also is responsible for underwriting, making credit decisions for, issuing of commitments, or funding the home mortgage loans.

"MSA" means a metropolitan statistical area as defined by the United States Director of the Office of Management and Budget.

"Qualified investment" means a lawful investment, deposit, donation, membership share, or grant that has as its primary purpose community development, and lawful investments in the following:

corporations for the purpose of providing technical assistance to nonprofit housing corporations for the purpose of establishing creditworthiness;

contributions to any private nonprofit organization organized for improving the social and economic conditions, such as community development programs, foreclosure prevention initiatives, and educational institutions focusing on financial literacy initiatives, in communities in the State;

contributions for the purpose of relieving suffering or distress resulting from disaster or other calamity, such as hurricane or flood, occurring in any part of the State; and

contributions to any private nonprofit organization organized for fair housing and fair lending education and training.

SUBPART B: STANDARDS OF ASSESSING PERFORMANCE

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Section 1055.200 Assessment Factors

As used in this Part, “assessment factors” means the assessment of the following factors to determine whether a mortgage lender is meeting the financial services needs of local communities:

- a) activities to ascertain the financial services needs of the community, including communication with community members regarding the financial services provided;
- b) extent of marketing to make members of the community aware of the financial services offered;
- c) origination of mortgage loans including, but not limited to, home improvement and rehabilitation loans, and other efforts to assist existing low-income and moderate-income residents to be able to remain in affordable housing in their neighborhoods;
- d) for small business lenders, the origination of loans to businesses with gross annual revenues of \$1,000,000.00 or less, particularly those in low-income and moderate-income neighborhoods;
- e) participation, including investments, in community development and redevelopment programs, small business technical assistance programs, minority-owned depository institutions, community development financial institutions, and mutually-owned financial institutions;
- f) efforts working with delinquent customers to facilitate a resolution of the delinquency;
- g) origination of loans that show an under concentration and a systemic pattern of lending resulting in the loss of affordable housing units;
- h) evidence of discriminatory and prohibited practices; and
- i) offering mortgage lending to unbanked and underbanked persons.

Section 1055.210 Performance Tests, Standards, and Ratings, in General

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- a) Performance tests and standards. The Secretary assesses the performance of a mortgage lender in an examination as follows: Mortgage Lender Performance Standards. The Secretary applies the assessment factors, as provided in Section 1055.200, and lending and service tests, as provided in Sections 1055.220 and 1055.230 in evaluating the performance of a mortgage lender. However, a mortgage lender that achieves at least a “satisfactory” rating under both the lending and service tests may warrant consideration for an overall rating of “outstanding” depending on the mortgage lender’s performance in making qualified investments and community development loans to the extent authorized under law, in accordance with 1055.APPENDIX A, subsection (b)(3).
- b) Performance context. The Secretary applies the tests and standards in Section 1055.210(1) in the context of:
 - 1) demographic data on median income levels, distribution of household income, nature of housing stock, housing costs, and other relevant data pertaining to the State;
 - 2) any information about lending and service opportunities in the State maintained by the mortgage lender or obtained from community organizations, state, local, and tribal governments, economic development agencies, or other sources;
 - 3) the mortgage lender’s product offerings and business strategy as determined from data provided by the mortgage lender in the State;
 - 4) the mortgage lender’s capacity and constraints, including the size and financial condition of the mortgage lender, the economic climate (national, regional, and local), safety and soundness limitations, and any other factors that significantly affect the mortgage lender’s ability to provide lending or services in the State;
 - 5) the mortgage lender’s past performance and the performance of similarly situated lenders in the State; and
 - 6) any other information deemed relevant by the Secretary.
- c) Assigned ratings. The Secretary assigns to a mortgage lender one of the following five ratings pursuant to Sections 1055.240 and 1055.APPENDIX A:

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“outstanding”; “satisfactory”; “needs to improve”; or “substantial noncompliance” as provided in 205 ILCS 735/35-15(c). The rating assigned by the Secretary reflects the mortgage lender’s record of helping to meet the mortgage credit needs of the State, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the mortgage lender.

- d) Safe and sound operations. This Part does not require a mortgage lender to make loans or investments or to provide services that are inconsistent with safe and sound operations. To the contrary, the Secretary anticipates mortgage lenders can meet the standards of this Part with safe and sound loans, investments, and services on which the mortgage lender can expect to make a profit. Mortgage lenders are permitted and encouraged to develop and apply flexible underwriting standards for loans that benefit and are suitable for low- and moderate-income geographies or individuals, only if consistent with safe and sound operations.

Section 1055.220 Lending Test

- a) Scope of test.
- 1) The lending test evaluates a mortgage lender’s record of helping to meet the mortgage credit needs of the State through its lending activities by considering a mortgage lender’s home mortgage and community development lending.
 - 2) The Secretary considers originations and purchases of loans as reported by the mortgage lender under HMDA. The Secretary will also consider any other loan data the mortgage lender may choose to provide.
- b) Performance criteria. The Secretary evaluates a mortgage lender’s performance considering the assessment factors in Section 1055.200 and pursuant to the following criteria:
- 1) Geographic distribution. The geographic distribution of the mortgage lender’s home mortgage loans, based on the loan location, including:
 - A) the dispersion of lending in the State and whether lending arbitrarily excludes low- and moderate-income geographies; and

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- B) the number and amount of loans in low-, moderate-, middle-, and upper-income geographies in the State.
- 2) Borrower characteristics. The distribution of the mortgage lender's home mortgage loans based on borrower characteristics, including the number and amount of home mortgage loans to low-, moderate-, middle-, and upper-income individuals, including loans to assist existing low- and moderate-income residents to be able to acquire or remain in affordable housing in their neighborhoods at rates and terms that are reasonable considering the mortgage lender's history with similarly situated borrowers;
- 3) Innovative or flexible lending practices. The mortgage lender's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies, including loans and other products to assist delinquent home mortgage borrowers to be able to remain in their homes. The Secretary shall also consider the availability of mortgage loan products that are suitable for such low- and moderate-income individuals;
- 4) Loss mitigation efforts. The mortgage lender's efforts to work with delinquent home mortgage loan borrowers to facilitate a resolution of the delinquency, including the number of loan modifications, the timeliness or such modifications, and the extent to which such modifications are effective in preventing subsequent defaults or foreclosures;
- 5) Fair lending. The mortgage lender's performance relative to fair lending policies and practices pursuant to written policies and directives issued by the Secretary; and
- 6) Loss of affordable housing. The mortgage lender's number and amount of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units, including a pattern of early payment defaults.
- c) Third-party lending. No mortgage lender may include a loan origination or loan purchase for consideration if another mortgage lender or depository institution claims the same loan origination or purchase under this Part or the State or federal Community Reinvestment Act.

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- d) Lending performance rating. The Secretary rates a mortgage lender's performance as provided in 1055.APPENDIX A.

Section 1055.230 Service Test

- a) Scope of test. The service test evaluates a mortgage lender's record of helping to meet the mortgage credit needs in the State by analyzing both the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products and the extent and innovativeness of its community development services. A mortgage lender that has made fewer than 100 home mortgage loans in the State in the last calendar year shall not be subjected to the service test outlined in Section 1055.230.
- b) Areas benefited. Community development services must benefit the State or a broader regional area that includes the State.
- c) Performance criteria - community development services. The Secretary evaluates community development services pursuant to the following criteria:
 - 1) the extent to which the mortgage lender provides community development services; and
 - 2) the innovativeness and responsiveness of community development services.
- d) Performance criteria - mortgage lending services. The Secretary evaluates the availability and effectiveness of a mortgage lender's systems for delivering mortgage lending services considering the assessment factors in Section 1055.200 and, pursuant to the following criteria:
 - 1) the availability and effectiveness of systems for delivering mortgage lending services (e.g., internet, telephone solicitation, direct mail) in low- and moderate-income geographies and to low- and moderate-income individuals, including, to the extent applicable, the current distribution of the mortgage lender's additional full-service office among low-, moderate-, middle-, and upper-income geographies; and

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- 2) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.
- e) Service performance rating. The Secretary rates a mortgage lender's service performance as provided in 1055.APPENDIX A.

Section 1055.240 Assigned Ratings

- a) Ratings in general. Subject to Section 1055.240(2) and (3), the Secretary assigns to a mortgage lender a rating of "outstanding", "satisfactory", "needs to improve", or "substantial noncompliance" based on the mortgage lender's performance under the lending and service tests.
- b) Lending test. No mortgage lender may receive an assigned overall rating of "satisfactory" or higher unless it receives a rating of at least "satisfactory" on the lending test.
- c) Effect of evidence of discriminatory or other illegal credit practices. Evidence of discriminatory or other illegal credit practices adversely affects the Secretary's evaluation of mortgage lender's performance. In determining the effect on the mortgage lender's assigned rating, the Secretary considers the nature and extent of the evidence, the policies and procedures that the mortgage lender has in place to prevent discriminatory or other illegal credit practices, any corrective action that the mortgage lender has taken or has committed to take, particularly voluntary corrective action resulting from self-assessment, the mortgage lender's compliance with written policies and directives with regard to fair lending, and other relevant information. In connection with any type of lending activity described in Section 1055.220, evidence of discriminatory or other credit practices that violate an applicable law, rule, or regulation includes but is not limited to:
 - 1) Discrimination against applicants on a prohibited basis in violation, for example of the Equal Credit Opportunity Act or Fair Housing Act;
 - 2) Violations of section 5 of the Federal Trade Commission Act;
 - 3) Violations of section 8 of the Real Estate Settlement Procedures Act;

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- 4) Violations of the Truth in Lending Act provisions regarding a consumer's right of rescission;
- 5) Violations of Residential Real Property Disclosure Act;
- 6) Violations of the Illinois High Risk Home Loan Act [815 ILCS 137];
- 7) Violations of the Illinois Fairness in Lending Act [815 ILCS 120]; and
- 8) Violations of Article 4 [Financial Credit] of the Illinois Human Rights Act [775 ILCS 5/Art. 4].

Section 1055.250 Effect of Record of Performance on Applications

- a) Performance. Among other factors, the Secretary takes into account the record of performance of each mortgage lender, under the mortgage lender community investment provisions of 205 ILCS 735 when submitting applications for the following:
 - 1) renewal of a license to conduct business in the State by all mortgage lenders;
 - 2) establishment or renewal of any additional full-service office by all mortgage lenders;
 - 3) any merger with or acquisition of a mortgage lender or mortgage broker by a mortgage lender or any other proposed change in control of a mortgage lender; and
 - 4) any other approval of the Secretary, provided that there are no other countervailing financial safety and soundness or other policy considerations.
- b) Interested parties. In considering a record of performance in applications described in Section 1055.250(a), the Secretary takes into account any views expressed by interested parties that are submitted.

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- c) Denial, deferral, or conditional approval of application. A mortgage lender's record of performance may be the basis for denying, deferring, or conditioning approval of an application listed in Section 1055.250(a).

SUBPART C: RECORDS, REPORTING, AND
DISCLOSURE REQUIREMENTS; EXAMINATIONS

Section 1055.400 Data Collection and Reporting

- a) As part of its examination, the Secretary shall require a mortgage lender to collect and report for examination purposes additional data fields beyond what is required under HMDA. The mortgage lender shall be expected to test its data collection and reporting, including its HMDA data, as part of its routine internal controls to ensure compliance with all data reporting requirements as well as its own policies and procedures.
- b) Optional data collection and maintenance. At its option, a mortgage lender may provide other information concerning its lending performance, including additional loan distribution data.

Section 1055.410 Content and Availability of Public Information

- a) Information available to the public. A mortgage lender shall maintain the following information to be made available to the public upon request:
 - 1) all written comments received from the public for the current year and each of the prior two calendar years that specifically relate to the mortgage lender's performance in helping to meet the mortgage credit needs of the State, and any response to the comments by the mortgage lender, if neither the comments nor the responses contain statements that reflect adversely on the good name or reputation of any persons other than the mortgage lender or publication of which would violate specific provisions of law;
 - 2) a copy of the public section of the mortgage lender's most recent Performance Evaluation prepared by the Secretary; and

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- 3) a copy of the HMDA Disclosure Statement provided by the Federal Financial Institutions Examination Council pertaining to the mortgage lender for each of the prior two calendar years.
- b) Copies. Upon request, a mortgage lender shall provide within five business days of the request, copies, either on paper or in another form acceptable to the person making the request, of the information required under Section 1055.410(1). The mortgage lender may charge a reasonable fee not to exceed the cost of copying and mailing, if applicable.

Section 1055.420 Publication of Planned Examination Schedule

The Secretary publishes at least thirty days in advance of the beginning of each calendar quarter a list of mortgage lenders scheduled for ILCRA examinations in that quarter.

Section 1055.430 Alternative Examination Procedures

The Secretary may establish alternative examination procedures for institutions which were rated “outstanding” as of their most recent ILCRA compliance examination. The purpose of such alternative procedures shall be to reduce the cost to institutions. The alternative procedures shall in no way limit public participation.

Section 1055.440 Examination Authority and Cooperation

- a) Pursuant to the Secretary’s authority under the ILCRA, including, but not limited to, Sections 35-15 and 35-25 thereof, the Secretary and his or her appointees may examine the entire books, records, documents, and operations of each mortgage lender or its directors, employees, and agents under oath.
- b) A mortgage lender shall be required to fully cooperate in any examination conducted pursuant to this Part. Cooperation includes, but is not limited to:
 - 1) timely and full production of books, records, and documents, in any reasonable format requested by the Department; and
 - 2) ensuring all officers, directors, employees, and agents of the mortgage lender are available for depositions or interviews upon reasonable notice.

Section 1055.450 Examination Frequency

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- a) Subject to the provisions of this Section, the Secretary may conduct examinations under the ILCRA or this Part in coordination with authorities from other states with the authority to regulate institutions and individuals engaged in the offering and provision of home mortgage loans (“Other State Regulators”).
- b) For mortgage lenders that made more than 100 home mortgage loans in the State in the last calendar year; the Secretary shall conduct examinations under the ILCRA with the following frequency:
 - 1) For a mortgage lender that is assigned an “outstanding” or “satisfactory” rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 3 years of the issuance of the report of examination of its most recent prior examination under the ILCRA.
 - 2) For a mortgage lender that is assigned a “needs to improve” rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 2 years of the issuance of the report of examination of its most recent prior examination under the ILCRA.
 - 3) For a mortgage lender that is assigned a “substantial noncompliance” rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within one year of the issuance of the report of examination of its most recent prior examination under the ILCRA.
- c) For mortgage lenders that made less than 100 home mortgage loans in the State in the last calendar year, the Secretary shall conduct examinations under the ILCRA with the following frequency:
 - 1) For a mortgage lender that is assigned an “outstanding” rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 5 years of the issuance of the report of examination of its most recent prior examination under the ILCRA.
 - 2) For a mortgage lender that is assigned a “satisfactory” rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 4 years of the issuance of the report of examination of its most recent prior examination under the ILCRA.

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- 3) For a mortgage lender that is assigned a “needs to improve” rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 2 years of the issuance of the report of examination of its most recent prior examination under the ILCRA.
 - 4) For a mortgage lender that is assigned “substantial noncompliance” rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within 1 year of the issuance of the report of examination of its most recent prior examination under the ILCRA.
- d) Notwithstanding the provisions of this Section, the Secretary may
- 1) conduct an examination at any time upon finding:
 - A) an Other State Regulator has rated the mortgage lender, as of its most recent examination, in “substantial noncompliance” or equivalent rating with that state’s Community Reinvestment Act;
 - B) substantial evidence of discriminatory or other illegal credit practices; or
 - C) the Secretary otherwise finds sufficient cause; or
 - 2) notwithstanding subsections (b)(1) and (c)(1), extend by one year the time between examination of any mortgage lender or mortgage lenders with an “outstanding” or “satisfactory” rating if the Secretary finds that an extension is necessitated by:
 - A) the need to examine or investigate a mortgage lender or mortgage lenders with a “needs to improve” or “substantial noncompliance” rating; or
 - B) the need to examine or investigate a mortgage lender or mortgage lenders showing substantial evidence of illegal credit practices.
 - 3) examine a mortgage lender at any time as authorized by the ILCRA.

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- e) For purposes of this Section, mortgage lenders will report the number of home loans as reported on the Mortgage Call Report for the last calendar year.

Section 1055.460 Examination Fees

- a) Hourly Rate and Out-of-State Travel Expenses
 - 1) Time expended in the conduct of any examination of a mortgage lender pursuant to Section 35-15 of the ILCRA shall be billed by the Department at a rate of \$2,200 per day. Fees will be billed following completion of the examination and shall be paid within 30 days after receipt of the billing.
 - 2) When out-of-state travel occurs in the conduct of any examination, the mortgage lender shall make arrangements to reimburse the Department all charges for services such as travel expenses, including airfare, hotel and per diem incurred by the employee. These expenses are to be in accord with applicable travel regulations published by the Department of Central Management Services and approved by the Governor's Travel Control Board (80 Ill. Adm. Code 2800).
- b) Assessments. Each mortgage lender shall pay to the Department its pro rata share of the cost for administration of the ILCRA for mortgage lenders that exceeds the examination fees paid pursuant to subsection (a), as estimated by the Department, for the current year and any deficit actually incurred in the administration of the Act in prior years. In addition to this assessment, mortgage lenders with a current rating of "needs to improve" or "substantial noncompliance" may be assessed a surcharge, and in that case, the assessment on other mortgage lenders shall be reduced in amount equal to such surcharge. The aggregate surcharge shall not be greater than an amount equal to 20% of the cost for administration of the ILCRA that exceeds the examination fees paid pursuant to subsection (a). Each mortgage lender's pro rata share of an assessment shall be the percentage that the total number of loans shown on the mortgage lender's Mortgage Call Report bears to the total number of loans of all mortgage lenders covered by the ILCRA. Each mortgage lender's pro rata share of a surcharge shall be the percentage that the number of loans shown on the mortgage lender's Mortgage Call Report bears to the total number of loans of all mortgage lenders subject to a surcharge and covered by the ILCRA.

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- c) All fees received pursuant to this Part shall be deposited in the Residential Finance Regulatory Fund.

Section 1055.470 Implementation Period

- a) Mortgage lenders shall have six months from the effective date of this Part to comply with the requirements of this Part.
- b) The Secretary shall not cause an examination to be initiated under the ILCRA or this Part for one year after the implementation period of subsection (a) ends; provided that, the Secretary may conduct an examination at any time upon finding:
 - 1) the mortgage lender has been found to be in “substantial noncompliance” with another state’s Community Reinvestment Act;
 - 2) substantial evidence of discriminatory or other illegal credit practices; or
 - 3) the Secretary otherwise finds sufficient cause.
- c) For purposes of Section 1055.450, with regard to the timing of the initial examination of a mortgage lender under ILCRA, the “most recent prior exam under the ILCRA” shall be read as the most recent examination by an Other State Regulator pursuant to that state’s Community Reinvestment Act.

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Section 1055.APPENDIX A Ratings

- a) Ratings in general.
 - 1) In assigning a rating, the Secretary evaluates a mortgage lender's performance under the applicable performance criteria in this Part, in accordance with Sections 1055.210 and 1055.240, which provide for adjustments on the basis of evidence of discriminatory or other illegal credit practices.
 - 2) A mortgage lender's performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The mortgage lender's overall performance, however, must be consistent with safe and sound lending practices and generally with the appropriate rating profile as follows.
- b) Mortgage lenders evaluated under the lending and service tests.
 - 1) Lending performance rating. The Secretary assigns each mortgage lender's lending performance one of the five following ratings.
 - A) Outstanding. The Secretary rates a mortgage lender's performance "outstanding" if, in general, it demonstrates:
 - i) An excellent geographic distribution of loans in the State;
 - ii) An excellent distribution of loans among individuals of different income levels, given the product lines offered by the mortgage lender;
 - iii) An excellent record of serving the mortgage credit needs of highly economically disadvantaged areas in the State and low-income individuals, including loans to assist existing low- and moderate-income residents to be able to acquire or remain in affordable housing in their neighborhoods at rates and terms that are reasonable considering the mortgage lender's history with similarly situated borrowers, consistent with safe and sound operations;

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- iv) Extensive use of innovative or flexible lending practices in a safe and sound manner to address the mortgage credit needs of low- and moderate-income individuals or geographies, including loans and other products to assist delinquent home mortgage borrowers to be able to remain in their homes;
 - v) Mortgage products demonstrate an excellent suitability for low- and moderate-income individuals;
 - vi) It plays a leadership role in working with delinquent mortgage loan borrowers to facilitate a successful resolution of the delinquency, including a substantial number of loan modifications in a timely manner and which are effective in preventing subsequent defaults or foreclosures;
 - vii) There is no evidence of loans that show an undue concentration and a systematic pattern of lending, including early payment defaults, resulting in the loss of affordable housing units; and
 - viii) An excellent record relative to fair lending policies and practices.
- B) Satisfactory. The Secretary rates a mortgage lender's performance "satisfactory" if, in general, it demonstrates:
- i) An adequate geographic distribution of loans in the State;
 - ii) An adequate distribution of loans among individuals of different income levels, given the product lines offered by the mortgage lender;
 - iii) An adequate record of serving the mortgage credit needs of highly economically disadvantaged areas in the State and low-income individuals, including loans to assist existing low- and moderate-income residents to be able to acquire

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or remain in affordable housing in their neighborhoods at rates and terms that are reasonable considering the mortgage lender's history with similarly situated borrowers consistent with safe and sound operations;

- iv) Limited use of innovative or flexible lending practices in a safe and sound manner to address the mortgage credit needs of low- and moderate-income individuals or geographies, including loans and other products to assist delinquent home mortgage borrowers to be able to remain in their homes;
 - v) Mortgage products demonstrate an adequate suitability for low- and moderate-income individuals;
 - vi) Its efforts are adequate in working with delinquent mortgage loan borrowers to facilitate a successful resolution of the delinquency, including an adequate number of loan modifications completed in a prompt manner and which are effective in preventing subsequent defaults or foreclosures;
 - vii) There is no evidence of loans that show an undue concentration and a systematic pattern of lending, including early payment defaults, resulting in the loss of affordable housing units; and
 - viii) An adequate record relative to fair lending policies and practices.
- C) Needs to improve. The Secretary rates a mortgage lender's performance "needs to improve" if, in general, it demonstrates:
- i) A poor geographic distribution of loans, particularly to low- and moderate-income geographies, in the State;
 - ii) A poor distribution of loans among individuals of different income levels, given the product lines offered by the mortgage lender;

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- iii) A poor record of serving the mortgage credit needs of highly economically disadvantaged areas in the State and low-income individuals, including loans to assist existing low- and moderate-income residents to be able to acquire or remain in affordable housing in their neighborhoods at rates and terms that are reasonable considering the mortgage lender's history with similarly situated borrowers consistent with safe and sound operations;
 - iv) Little use of innovative or flexible lending practices in a safe and sound manner to address the mortgage credit needs of low- and moderate-income individuals or geographies, including loans and other products to assist delinquent home mortgage borrowers to be able to remain in their homes;
 - v) Mortgage products demonstrate a poor suitability for low- and moderate-income individuals;
 - vi) Its efforts are poor in working with delinquent mortgage loan borrowers to facilitate a successful resolution of the delinquency, including slow responses to requests for modification with few loan modifications completed or for which modifications are not effective in preventing subsequent defaults or foreclosures;
 - vii) There is possible evidence of loans that show an undue concentration and a systematic pattern of lending, including early payment defaults, resulting in the loss of affordable housing units; and
 - viii) A poor record relative to fair lending policies and practices.
- D) Substantial noncompliance. The Secretary rates a mortgage lender's performance as being in "substantial noncompliance" if, in general, it demonstrates:

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- i) A very poor geographic distribution of loans, particularly to low- and moderate-income geographies, in the State;
- ii) A very poor distribution of loans among individuals of different income levels given the product lines offered by the mortgage lender;
- iii) A very poor record of serving the mortgage credit needs of highly economically disadvantaged areas in the State and low-income individuals, including loans to assist existing low- and moderate-income residents to be able to acquire or remain in affordable housing in their neighborhoods, at rates and terms that are reasonable considering the mortgage lender's history with similarly situated borrowers consistent with safe and sound operations;
- iv) No use of innovative or flexible lending practices in a safe and sound manner to address the mortgage credit needs of low- and moderate-income individuals or geographies, including loans and other products to assist delinquent home mortgage borrowers to be able to remain in their homes;
- v) Mortgage products are unsuitable for low- and moderate-income individuals;
- vi) It fails to work with delinquent mortgage loan borrowers to facilitate a successful resolution of the delinquency, including no response to requests for loan modifications or modifications which are ineffective in preventing subsequent defaults or foreclosures;
- vii) Origination of loans that show an undue concentration and a systematic pattern of lending, including early payment defaults, resulting in the loss of affordable housing units; and
- viii) A very poor record relative to fair lending policies and practices.

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- 2) Service performance rating. The Secretary assigns each mortgage lender's service performance one of the five following ratings.
 - A) Outstanding. The Secretary rates a mortgage lender's service performance "outstanding" if, in general, the mortgage lender demonstrates:
 - i) It is a leader in providing community development services;
 - ii) Its service delivery systems are readily accessible to geographies and individuals of different income levels in the State;
 - iii) To the extent changes have been made, its record of opening and closing additional full-service offices has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals; and
 - iv) Its services (including, where appropriate, business hours) are tailored to the convenience and needs of the State, particularly low- and moderate-income geographies or low- and moderate-income individuals.
 - B) Satisfactory. The Secretary rates a mortgage lender's service performance "satisfactory" if, in general, the mortgage lender demonstrates:
 - i) It provides an adequate level of community development services;
 - ii) Its service delivery systems are reasonably accessible to geographies and individuals of different income levels in the State;
 - iii) To the extent changes have been made, its record of opening and closing additional full-service offices has

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generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals; and

- iv) Its services (including, where appropriate, business hours) do not vary in a way that inconveniences geographies or individuals, particularly low- and moderate-income geographies and low- and moderate-income individuals.
- C) Needs to improve. The Secretary rates a mortgage lender's service performance "needs to improve" if, in general, the mortgage lender demonstrates:
- i) It provides a limited level of community development services;
 - ii) Its service delivery systems are unreasonably inaccessible to portions of the State, particularly to low- and moderate-income geographies or to low- and moderate-income individuals;
 - iii) To the extent changes have been made, its record of opening and closing additional full-service offices has adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals; and
 - iv) Its services (including, where appropriate, business hours) vary in a way that inconveniences geographies or individuals, particularly low- and moderate-income geographies or low- and moderate-income individuals.
- D) Substantial noncompliance. The Secretary rates a mortgage lender's service performance as being in "substantial noncompliance" if, in general, the mortgage lender demonstrates:
- i) It provides few, if any, community development services;

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- ii) Its service delivery systems are unreasonably inaccessible to significant portions of the State, particularly to low- and moderate-income geographies or to low- and moderate-income individuals;
 - iii) To the extent changes have been made, its record of opening and closing additional full-service offices has significantly adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals; and
 - iv) Its services (including, where appropriate, business hours) vary in a way that significantly inconveniences geographies or individuals, particularly low- and moderate-income geographies or low- and moderate-income individuals.
- 3) Other eligible criteria for an outstanding rating. A mortgage lender that achieves at least a “satisfactory” rating under both the lending and service tests may warrant consideration for an overall rating of “outstanding”. In assessing whether a mortgage lender’s performance is “outstanding”, the Secretary will also consider the mortgage lender’s performance in making qualified investments and community development loans to the extent authorized under law.

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Section 1055.APPENDIX B CRA Notice

- a) Notice for main offices of mortgage lenders.

Community Reinvestment Act Notice

Under the Illinois Community Reinvestment Act (ILCRA), the Secretary of the Department of Financial and Professional Regulation (Secretary) evaluates our record of helping to meet the lending needs of this community consistent with safe and sound operations. The Secretary also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the ILCRA, including, for example, information about our additional full-service office(s), such as their location and services provided at them; the public section of our most recent ILCRA Performance Evaluation, prepared by the Secretary; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the Secretary publishes a nationwide list of the mortgage lenders that are scheduled for ILCRA examination in that quarter. This list is available from the Secretary at 320 West Washington Street, 3rd Floor, Springfield, IL 62786 and at 555 West Monroe Street, Suite 500, Chicago, IL 60661. You may send written comments about our performance in helping to meet community lending needs to (name and address of official at mortgage lender) and the Secretary. You may also submit comments electronically through the Department's Web site at <https://idfpr.illinois.gov/Admin/CRA.asp>. Your letter, together with any response by us, will be considered by the Secretary in evaluating our ILCRA performance and may be made public.

You may ask to look at any comments received by the Secretary. You may also request from the Secretary an announcement of our applications covered by the ILCRA filed with the Secretary.

- b) Notice for additional full-service offices.

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Illinois Community Reinvestment Act Notice

Under the Illinois Community Reinvestment Act (ILCRA), the Secretary evaluates our record of helping to meet the lending needs of this community consistent with safe and sound operations. The Secretary also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the ILCRA. You may review today the public section of our most recent ILCRA evaluation, prepared by the Secretary, and a list of services provided at this additional full-service office. You may also have access to the following additional information, which we will make available to you at this additional full-service office within five calendar days after you make a request to us:

- 1) a map showing the assessment area containing this additional full-service office, which is the area in which the Secretary evaluates our ILCRA performance in this community;
- 2) information about our additional full-service offices in this assessment area;
- 3) a list of services we provide at those locations;
- 4) data on our lending performance in this assessment area; and
- 5) copies of all written comments received by us that specifically relate to our ILCRA performance in this assessment area, and any responses we have made to those comments. If we are operating under an approved strategic plan, you may also have access to a copy of the plan.

At least 30 days before the beginning of each quarter, the Secretary publishes a nationwide list of the mortgage lenders that are scheduled for ILCRA examination in that quarter. This list is available from the Secretary. You may send written comments about our performance in helping to meet community credit needs to (name and address of official at mortgage lender) and the Secretary. You may also submit comments electronically through the Department's Web site at <https://idfpr.illinois.gov/Admin/CRA.asp>. Your letter, together with any response by us,

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will be considered by the Secretary in evaluating our ILCRA performance and may be made public.

You may ask to look at any comments received by the Secretary. You may also request from the Secretary an announcement of our applications covered by the ILCRA filed with the Secretary.