

1 TITLE 38: FINANCIAL INSTITUTIONS
2 CHAPTER II: DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

3
4 PART 185
5 CREDIT UNION COMMUNITY REINVESTMENT

6
7 SUBPART A: GENERAL

8
9 Section

10 185.10 Authority, Purposes and Scope
11 185.20 Definitions

12
13 SUBPART B: STANDARDS OF ASSESSING PERFORMANCE

14
15 Section

16 185.200 Assessment Factors
17 185.210 Performance Tests, Standards, and Ratings, in General
18 185.220 Lending Test
19 185.230 Investment Test
20 185.240 Service Test
21 185.250 Community Development Test for Wholesale or Limited Purpose Credit Unions
22 185.260 Small Credit Union Performance Standards
23 185.270 Strategic Plan
24 185.280 Assigned Ratings
25 185.290 Effect of ILCRA Performance on Applications

26
27 SUBPART C: RECORDS, REPORTING, AND DISCLOSURE REQUIREMENTS;
28 EXAMINATIONS; ENFORCEMENT

29
30 Section

31 185.400 Assessment Area Delineation
32 185.410 Data Collection, Reporting, and Disclosure
33 185.420 Content and Availability of Public File
34 185.430 Public Notice by Credit Union
35 185.440 Publication of Planned Examination Schedule
36 185.450 Alternative Examination Procedures [for Credit Unions with Assets Less than](#)
37 [\\$10,000,000](#)
38 185.460 Examination Authority and Cooperation
39 185.470 Examination Schedule
40 185.480 Examination Fees
41 185.490 Implementation Period
42 185.500 Enforcement
43 185.510 Provisions for Granting of Variance from Rules

44
45 185.APPENDIX A Ratings
46 185.APPENDIX B ILCRA Notice
47 185.APPENDIX C Examples [of Community Development](#)
48 185.APPENDIX D Alternative Examination Procedures [for Credit Unions with Assets Less](#)
49 [than \\$10,000,000](#)
50
51

52 AUTHORITY: Implementing and authorized by the Illinois Community Reinvestment Act [205
53 ILCS 735].
54

55 SOURCE: Adopted at 47 Ill. Reg. _____, effective _____.
56

57 SUBPART A: GENERAL
58

59 **Section 185.10 Authority, Purposes and Scope**
60

61 a) The Illinois Community Reinvestment Act (ILCRA) [205 ILCS 735] authorizes
62 this Part.
63

64 b) Purposes. This Part is intended to carry out the purposes of the Illinois
65 Community Reinvestment Act (ILCRA) by establishing the framework and
66 criteria by which the Secretary assesses a covered credit union's ILCRA record.
67 These rules shall be liberally construed to effectuate their purpose. Without
68 limiting the aforementioned purpose, specific purposes of this Part include:
69

70 1) Establishment of rules pursuant to Section 35-10(b) of the ILCRA, which
71 requires that this Part incorporate federal rules promulgated under the
72 federal Community Reinvestment Act (12 U.S.C. 2901; see also 12 CFR
73 Part 345). Specifically, Section 35-10(b) of the ILCRA states, in relevant
74 part:
75

76 To assist in carrying out this Act, the Secretary shall adopt rules
77 incorporating the regulations applicable to covered financial institutions
78 under federal law, and the Secretary may make such adjustments and
79 exceptions thereto as are deemed necessary.
80

81 2) Accordingly, this Part,
82

83 i) may include references to federal statutes or rules established
84 pursuant to the federal Community Reinvestment Act; and
85

- 86 ii) except where this Subpart makes adjustments or exceptions to the
87 administrative rules established pursuant to the federal Community
88 Reinvestment Act or where inconsistent with the ILCRA or this
89 Subpart, this Subpart shall be construed and interpreted
90 consistently with the appropriate federal financial supervisory
91 agency's construction and interpretation of the federal rules.
92
- 93 3) Establishment of rules as required by Section 35-10(c) of the ILCRA.
94 These rules shall be liberally construed to effectuate their purpose.
95
- 96 4) Establishment of rules as the Secretary may deem appropriate as
97 authorized by the Act under Section 35-15(a), Section 35-35, or otherwise.
98
- 99 c) Scope. This Part applies to credit unions. Except as context otherwise indicates,
100 this Part does not apply to a bank chartered under the Illinois Banking Act, a
101 savings bank chartered under the Illinois Savings Bank Act, an entity licensed
102 under the Illinois Residential Mortgage License Act of 1987 which lent or
103 originated 50 or more residential mortgage loans in the previous calendar year,
104 and any other financial institution under the jurisdiction of the Department as
105 designated by rule by the Secretary.
106

107 **Section 185.20 Definitions**

108
109 For purposes of this Part, the following definitions apply:

110
111 "Affiliate" means any company that controls, is controlled by, or is under
112 common control with another company. The term "control" has the meaning
113 given to that term in 12 U.S.C. 1841(a)(2), and a company is under common
114 control with another company if both companies are directly or indirectly
115 controlled by the same company.
116

117 "Alternative financial products or services" means financial products or services
118 offered by persons other than an insured depository institution at a higher cost
119 than comparable services offered by an insured depository institution.
120

121 ~~"Affiliate" means any company that controls, is controlled by, or is under~~
122 ~~common control with another company. The term "control" has the meaning~~
123 ~~given to that term in 12 U.S.C. 1841(a)(2), and a company is under common~~
124 ~~control with another company if both companies are directly or indirectly~~
125 ~~controlled by the same company.~~
126

127 "Area median income" means:
128

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

131
132 the statewide nonmetropolitan median family income, if a person or
133 geography is located outside an MSA/CBSA.

134
135 "Assessment area" means a geographic area delineated in accordance with Section
136 ~~41400. or another delineation for certain credit unions made pursuant to Section~~
137 ~~400(g).~~

138
139 "Application" means an application for the establishment of a branch, office, or
140 other facility, the relocation of a main office, branch, office, or other facility
141 license renewal, change in control of a covered financial institution, or a merger
142 or consolidation with or the acquisition of assets or assumption of liabilities of
143 any financial institution, out-of-state bank, credit union, or residential mortgage
144 licensee, national bank or credit union, or foreign financial institution.

145
146 "Automated teller machine (ATM)" means an automated, unstaffed banking
147 facility owned or operated by, or operated exclusively for, the credit union at
148 which deposits are received, cash dispersed, or money lent.

149
150 "Branch" means a staffed facility established or acquired as a branch under
151 Illinois law.

152
153 "CBSA" means a core based statistical area as defined by the Director of the
154 Office of Management and Budget.

155
156 ~~"CMSA" means a consolidated metropolitan statistical area as defined by the~~
157 ~~Director of the Office of Management and Budget.~~

158
159 "Community development" means:

160
161 Affordable housing (including multifamily rental housing) for low- and
162 moderate-income individuals;

163
164 Community services targeted to low- and moderate-income individuals;

165
166 Activities that promote economic development by financing businesses or
167 farms that meet the size eligibility standards of the Small Business
168 Administration's Development Company or Small Business Investment
169 Company programs (13 CFR 121.301) or have gross annual revenues of
170 \$1 million or less; or
171

172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214

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.

Aactivities 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

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:

215
216 has not been reported or collected by the credit union or an affiliate
217 for consideration in the credit union's assessment as a home
218 mortgage or consumer loan, unless it is a multifamily dwelling
219 loan (as described in Appendix A to 12 CFR 203, the Consumer
220 Financial Protection Bureau's implementing regulations for the
221 Home Mortgage Disclosure Act); and

222
223 benefits the credit union's assessment area or a broader Statewide
224 or regional area that includes the credit union's assessment area.
225

226 "Community development service" means a service that:

227
228 Has as its primary purpose community development;

229
230 Is related to the provision of financial services; and

231
232 Has not been considered in the evaluation of the credit union's retail
233 banking services under Section [185.240\(d\)](#).

234
235 "Community Reinvestment Act" unless context indicates otherwise means the
236 Illinois Community Reinvestment Act ("ILCRA").
237

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

242
243 Motor vehicle loan, a consumer loan extended for the purchase of and
244 secured by a motor vehicle;

245
246 Credit card loan, a line of credit for household, family, or other personal
247 expenditures that is accessed by a borrower's use of a "credit card", as this
248 term is defined in 12 CFR 1026.2;

249
250 Home equity loan, a consumer loan secured by a residence of the
251 borrower;

252
253 Other secured consumer loan, a secured consumer loan that is not included
254 in one of the other categories of consumer loans; and

255
256 Other unsecured consumer loan, an unsecured consumer loan that is not
257 included in one of the other categories of consumer loans.

258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300

"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.

"Disparity Study" means a study conducted by or on behalf of the Department pursuant to Section 34185.210(hi).

"Field of membership" means the members or persons eligible to join a credit union consisting of one or more of the following common bonds: association, occupation or community. -

"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:

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.

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

302
303 "Limited purpose institution or limited purpose credit union", an institution that
304 offers only a narrow product line (such as credit card or motor vehicle loans) to a
305 regional or broader market and for which a designation as a limited purpose
306 institution is in effect, in accordance with Section 185.250(b2).

307
308 "Loan location", a loan is located as follows:

309
310 Aa consumer loan is located in the geography where the borrower resides;

311
312 Aa home mortgage loan is located in the geography where the property to
313 which the loan relates is located; and

314
315 Aa small business loan is located in the geography where the main
316 business facility or farm is located or where the loan proceeds otherwise
317 will be applied, as indicated by the borrower.

318
319 "Loan production office" means a staffed facility of a credit union, other than a
320 branch, that is open to the public or members and that provides lending-related
321 services, such as loan information and applications.

322
323 "Metropolitan division" means a metropolitan division as defined by the United
324 States Director of the Office of Management and Budget.

325
326 "MSA" means a metropolitan statistical area or a primary metropolitan statistical
327 area as defined by the United States Director of the Office of Management and
328 Budget.

329
330 "Person" means any individual, partnership, joint venture, trust, estate, firm,
331 corporation, cooperative society or association, or any other form of business
332 association or legal entity.

333
334 "Protected characteristic" means any basis for which discrimination is prohibited
335 by a law for which a credit union is examined for compliance under this Part,
336 including but not limited to, under the Illinois Human Rights Act for example,
337 race, color, religion, national origin, ancestry, age, sex, marital status, order of
338 protection status, disability, military status, sexual orientation, pregnancy, or
339 unfavorable discharge from military service."

340
341 "Public lobby" means an area generally accessible to a credit union's members
342 which allows for easy reading of notices in the place of business.

343

344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384

"Qualified investment" means a lawful investment, deposit, membership share, or grant that has as its primary purpose community development, and lawful investments include 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 \$1.503 ~~\$1.384~~ billion.

"Intermediate small credit union" means a small credit union with assets of at least ~~\$346~~ \$376 million as of December 31 of both of the prior two calendar years and less than ~~\$1.384~~ \$1.503 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.

385 "Special Credit Program" means any credit program offered by a credit union to
386 meet special social needs which is in conformity with and explicitly authorized by
387 the Equal Credit Opportunity Act, 15 U.S.C. § 1691(c) and Regulation B, 12
388 C.F.R. § 1002.8, and the Illinois Human Rights Act 775 ILCS 5/4-104(C).

389
390
391 "Unbanked person" means a person who does not have a checking or savings
392 account with an insured bank, savings bank, or credit union.

393
394 "Underbanked person" means a person that has a checking or savings account
395 with an insured depository institution but that used alternative financial products
396 or services in the past 12 months.

397
398 "Wholesale credit union" means a credit union that is not in the business of
399 extending home mortgage, small business, small farm, or consumer loans to retail
400 customers, and for which a designation as a wholesale credit union is in effect, in
401 accordance with Section 185.250(b).

402
403 SUBPART B: STANDARDS OF ASSESSING PERFORMANCE

404
405 **Section 185.200 Assessment Factors**

- 406
407 a) As used in this Part, "assessment factors" means the assessment of the following
408 factors to determine whether a credit union is meeting the financial services needs
409 of local communities:
- 410
411 1) Aactivities to ascertain the financial services needs of the community,
412 including communication with community members regarding the
413 financial services provided;
 - 414
415 2) Eextent of marketing to make members of the community aware of the
416 financial services offered;
 - 417
418 3) Origination of mortgage loans including, but not limited to, home
419 improvement and rehabilitation loans, and other efforts to assist existing
420 low-income and moderate-income residents to be able to remain in
421 affordable housing in their neighborhoods;
 - 422
423 4) For small business lenders, the origination of loans to businesses with
424 gross annual revenues of \$1,000,000.00 or less, particularly those in low-
425 income and moderate-income neighborhoods;
 - 426

- 427 5) Participation, including investments, in community development and
 428 redevelopment programs, small business technical assistance programs,
 429 minority-owned depository institutions, community development financial
 430 institutions, and mutually-owned financial institutions;
 431
- 432 6) Efforts working with delinquent customers to facilitate a resolution of the
 433 delinquency;
 434
- 435 7) Originations of loans that show an under concentration and a systemic
 436 pattern of lending resulting in the loss of affordable housing units;
 437
- 438 8) Evidence of discriminatory and prohibited practices; and
 439
- 440 9) Offering retail banking services to unbanked and underbanked persons.
 441
- 442 b) In applying these factors, the Secretary shall account for a credit union's field of
 443 membership and any lending or investment limitation or prohibition applicable to
 444 the credit union pursuant to law.
 445

446 **Section 185.210 Performance Tests, Standards, and Ratings, In General**
 447

- 448 a) Performance tests and standards. The Secretary assesses the ILCRA performance
 449 of a credit union in an examination as follows:
 450
- 451 1) The Secretary shall apply the assessment factors, as provided in Section
 452 185.200, and the lending and service tests, as provided in Section 185.220
 453 and Section 185.240 in evaluating the performance of a credit union,
 454 except as provided in Section 185.210(a)(2), (a)(3) and (a)(4). The
 455 investment test, as provided in Section 185.230, does not apply to credit
 456 unions unless the credit union elects to be evaluated pursuant to the
 457 investment test at the start of an examination.
 458
- 459 2) Community development test for wholesale or limited purpose credit
 460 unions. The Secretary applies the community development test for a
 461 wholesale or limited purpose credit union, as provided in Section 185.250,
 462 except as provided in Section 185.210(a)(4).
 463
- 464 3) Small credit union performance standards. The Secretary applies the
 465 small credit union performance standards as provided in Section 185.260
 466 in evaluating the performance of a small credit union or a credit union that
 467 was a small credit union during the prior calendar year, unless the credit
 468 union elects to be assessed as provided in Section 185.210(a)(1), (a)(2), or
 469 (a)(4). A small credit union may elect to be assessed as provided in

470 Section 185.210(a)(1) only if it collects and reports the data required for
471 other credit unions under Section 185.410.

472
473 4) Strategic plan. The Secretary evaluates the performance of a credit union
474 under a strategic plan if the credit union submits, and the Secretary
475 approves, a strategic plan as provided in Section 185.270.

476
477 b) Performance context. The Secretary applies the tests and standards in Section
478 185.210(a) and also considers whether to approve a proposed strategic plan in the
479 context of:

480
481 1) Demographic data on median income levels, distribution of household
482 income, nature of housing stock, housing costs, and other relevant data
483 pertaining to a credit union's assessment area;

484
485 2) Any information about lending, investment, and service opportunities in
486 the credit union's assessment area maintained by the credit union or
487 obtained from community organizations, state, local, and tribal
488 governments, economic development agencies, or other sources;

489
490 3) The credit union's product offerings and business strategy as determined
491 from data provided by the credit union;

492
493 4) Credit union capacity and constraints, including the size and financial
494 condition of the credit union, the economic climate (national, regional, and
495 local), safety and soundness limitations, and any other factors that
496 significantly affect the credit union's ability to provide lending,
497 investments, or services in its assessment area;

498
499 5) The credit union's past performance and the performance of similarly
500 situated credit unions;

501
502 6) The credit union's public file, as described in Section 185.420, and any
503 written comments about the credit union's ILCRA performance submitted
504 to the credit union or the Secretary;

505
506 7) The credit union's defined membership by-law provisions, as prescribed
507 in 205 ILCS 305/15, and the lending and investment authority restrictions
508 under 205 ILCS 305/59; and

509
510 8) Any other information deemed relevant by the Secretary.

511

- 512 c) Assigned ratings. The Secretary assigns to a credit union one of the following
 513 four ratings pursuant to Section 185.280 and 185.APPENDIXA (Ratings):
 514 "outstanding"; "satisfactory"; "needs to improve"; or "substantial noncompliance"
 515 as provided in [205 ILCS 735/35-15(c)]. The rating assigned by the Secretary
 516 reflects the credit union's record of helping to meet the credit needs of its entire
 517 community, including low- and moderate-income neighborhoods, consistent with
 518 the safe and sound operation of the credit union, and consistent with its common
 519 bond.
- 520
- 521 d) Safe and sound operations. This Part and the ILCRA does not require a credit
 522 union to make loans or investments or to provide services that are inconsistent
 523 with safe and sound operations, its size and financial condition, or inconsistent
 524 with its common bond. Credit unions are permitted and encouraged to develop
 525 and apply flexible underwriting standards for loans that benefit low- and
 526 moderate-income geographies or individuals and work with delinquent customers
 527 to facilitate a resolution of the delinquency, only if consistent with safe and sound
 528 operations and consistent with its common bond.
- 529
- 530 e) Low-cost Education Loans Provided to Low-Income Borrowers. In assessing and
 531 taking into account the record of a credit union under this Part, the Secretary shall
 532 consider ~~s-as-a factor~~, when applicable, low-cost education loans originated by the
 533 credit union to borrowers, particularly in its assessment area, who have an
 534 individual income that is less than 50 percent of the area median income. For
 535 purposes of this paragraph, "low-cost education loans" means any education loan,
 536 as defined in section 140(a)(7) of the Truth in Lending Act (15 U.S.C. 1650(a)(7))
 537 (including a loan under a state or local education loan program), originated by the
 538 credit union for a student at an "institution of higher education", as that term is
 539 generally defined in sections 101 and 102 of the Higher Education Act of 1965
 540 (20 U.S.C. 1001 and 1002) and the implementing regulations published by the
 541 U.S. Department of Education, with interest rates and fees no greater than those of
 542 comparable education loans offered directly by the U.S. Department of Education.
 543 Such rates and fees are specified in section 455 of the Higher Education Act of
 544 1965 (20 U.S.C. 1087e). This subsection only applies to credit unions that offer
 545 education loans.
- 546
- 547 f) Activities in Cooperation with Community Development Financial Institutions,
 548 Minority- or Women-Owned Financial Institutions and Low-Income Credit
 549 Unions. In assessing performance to this Part the Secretary shall considers
 550 ~~as a factor~~: capital investment, loan participation, and other ventures undertaken
 551 by the credit union in cooperation with Community Development Financial
 552 Institutions as defined in regulations issued by the U.S. Department of the
 553 Treasury, with minority- and women-owned financial institutions as defined in 12
 554 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.

g) Community Development Financial Institutions, Minority Depository Institutions and Low-Income Designated Credit Unions. In assessing performance pursuant to this Part, the Secretary shall consider whether a credit union is certified or designated as a Community Development Financial Institutions, Minority Depository Institution and/or Low-Income Designated Credit Union. The Department may require documentation to confirm the credit union still meets the criteria for the certification or designation.

~~h) Special Purpose Credit Programs. In assessing performance pursuant to this Part, the Secretary shall consider whether a credit union offers Special Purpose Credit Programs that are in conformity with and explicitly authorized by the Equal Credit Opportunity Act, 15 U.S.C. Section 1691(c) and Regulation B, 12 C.F.R. Section 1002.8: The credit union must be able show that the program will fall under any of the following: (1) any credit assistance program expressly authorized by federal or state law for the benefit of an economically disadvantaged class of persons; (2) any credit assistance program offered by a not for profit organization for the benefit of its members or an economically disadvantaged class of persons; or (3) any special purpose credit program offered by a for-profit organization, or in which such an organization participates to meet special social needs, if it meets certain standards prescribed in 12 CFR 1002.8(a)(3)(i).~~

hi) Disparity Study. The Secretary may retain qualified persons to design and conduct a study, and prepare and report findings and conclusions to the Secretary (1) to identify and describe geographies in Illinois exhibiting significant disparities by race or other protected characteristics in access to relevant financial products or services, and (2) to develop methods and procedures to identify policies, procedures, patterns, or practices that have disparate impact or discriminatory effects. Following the publication of this study, the Secretary may incorporate the findings, conclusions and other results from the study into the examination process.

Section 185.220 Lending Test

- 595 a) Scope of test.
 596
 597 1) The lending test evaluates a credit union’s record of helping to meet the
 598 credit needs of its assessment area through its lending activities by
 599 considering a credit union's home mortgage, small business and
 600 community development lending. If consumer lending constitutes a
 601 substantial majority of a credit union’s business, the Secretary will
 602 evaluate the credit union’s consumer lending in one or more of the
 603 following categories: motor vehicle, credit card, home equity, other
 604 secured, and other unsecured loans. At a credit union’s option, the
 605 Secretary will also evaluate one or more categories of consumer lending, if
 606 the credit union has collected and maintained the data for each category
 607 that the credit union elects to have the Secretary evaluate as required in
 608 Section 185.410(c~~d~~)(1).
 609
 610 2) The Secretary considers originations and initial purchases of loans. The
 611 Secretary will also consider any other loan data the credit union may
 612 choose to provide, including data on loans outstanding, commitments and
 613 letters of credit.
 614
 615 3) A credit union may ask the Secretary to consider loans originated or
 616 purchased by consortia in which the credit union participates or by third
 617 parties in which the credit union has invested only if the loans meet the
 618 definition of community development loans and only in accordance with
 619 Section 185.220(d). The Secretary will not consider these loans under any
 620 criterion of the lending test except the community development lending
 621 criterion.
 622
 623 b) Performance Criteria. The Secretary evaluates a credit union’s lending
 624 performance considering all of the applicable assessment factors in Section
 625 185.200 and pursuant to the following criteria:
 626
 627 ~~1) Lending activity. The number and amount of the credit union’s home~~
 628 ~~mortgage, small business and consumer loans, if applicable, in the credit~~
 629 ~~union’s assessment area;~~
 630
 631 12) Geographic distribution. The geographic distribution of the credit union’s
 632 home mortgage small business, and consumer loans, if applicable, based
 633 on the loan location, including:
 634
 635 ~~A) the proportion of the credit union’s lending in the credit union's~~
 636 ~~assessment area;~~
 637

- 638 ~~AB)~~ ~~The~~ dispersion of lending in the credit union’s assessment area(s);
 639 ~~and~~
 640
- 641 ~~BC)~~ ~~The~~ number and amount of loans in low-, moderate-, middle-, and
 642 upper-income geographies in the credit union’s assessment area;
 643 ~~and~~
 644
- 645 ~~C~~ The number and amount of loans in areas, if any, identified as
 646 exhibiting significant disparities by race or other protected
 647 characteristics in access to loans by a Disparity Study incorporated
 648 into the examination process under section 185.210(h).
 649
- 650 23) Borrower characteristics. The distribution, ~~particularly in the credit~~
 651 ~~union’s assessment area,~~ of the credit union’s home mortgage, small
 652 business loans, if applicable, and consumer loans, if applicable, based on
 653 borrower characteristics, including the number and amount of:
 654
- 655 A) ~~H~~home mortgage loans to low-, moderate-, middle-, and upper-
 656 income individuals, including loans to assist existing low- and
 657 moderate-income residents to be able to remain in affordable
 658 housing in their neighborhoods;
 659
- 660 B) ~~S~~small business loans to businesses with gross annual revenues of
 661 \$1 million or less;
 662
- 663 C) ~~S~~small business loans by loan amount at origination; ~~and~~
 664
- 665 D) ~~C~~consumer loans, to low-, moderate-, middle-, and upper- income
 666 individuals; ~~and~~ -
 667
- 668 ~~E)~~ Home mortgage, small business, small farm, and consumer loans,
 669 if applicable, to members of identified racial or other groups in
 670 areas, if any, identified as exhibiting significant disparities by race
 671 or other protected characteristics in access to loans by a Disparity
 672 Study incorporated into the examination process under Ssection
 673 185.210(h).
 674
- 675 43) Community development lending. The credit union's community
 676 development lending, including the number and amount of community
 677 development loans, and their complexity and innovativeness, as well as
 678 the credit union’s community development lending performance in areas,
 679 if any, identified as exhibiting significant disparities by race or other
 680 protected characteristics in access to community development loans by a

Disparity Study incorporated into the examination process under Section 185.210(h); and

54) 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. In assessing performance pursuant to this Part, the Secretary shall consider whether a credit union offers Special Credit Programs that are in conformity with and explicitly authorized by the Equal Credit Opportunity Act, 15 U.S.C. § 1691(c), Regulation B, 12 C.F.R. § 1002.8, and the Illinois Human Rights Act 775 ILCS 5/4-104(C). The credit union must be able show that the program will fall under any of the following: (1) any credit assistance program expressly authorized by federal or state law for the benefit of an economically disadvantaged class of persons; (2) any credit assistance program offered by credit union a not for profit organization for the benefit of its members or an economically disadvantaged class of persons; or (3) any special credit program offered by a credit union for profit organization, or in which such an organization participates to meet special social needs, if it meets certain standards prescribed in 12 C.F.R. § 1002.8(a)(3)(i).

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 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.

- 724 3) The Secretary does not consider affiliate lending in assessing a credit
725 union's performance under Section 185.220(b)(2)(A).
726
- 727 d) Lending by a consortium or a third party. Community development loans
728 originated or purchased by a consortium in which the credit union participates or
729 by a third party in which the credit union has invested:
730
- 731 1) Will be considered, at the credit union's option, if the credit union
732 reports the data pertaining to these loans under Section 185.410; and
733
- 734 2) May be allocated among participants or investors, as they choose, for
735 purposes of the lending test, except that no participant or investor:
736
- 737 A) May claim a loan origination or loan purchase if another
738 participant or investor claims the same loan origination or purchase
739 and in this regard the credit union shall monitor and keep records
740 of whether such claims exist; or
741
- 742 B) May claim loans accounting for more than its percentage share
743 (based on the level of its participation or investment) of the total
744 loans originated by the consortium or third party.
745
- 746 e) Lending performance rating. The Secretary rates a credit union's lending
747 performance as provided in 185.APPENDIX A (Ratings).
748

749 **Section 185.230 Investment Test**
750

- 751 a) Scope of test. The investment test evaluates a credit union's record of helping to
752 meet the credit needs of its assessment area through qualified investments that
753 benefit its assessment area or a broader statewide or regional area that includes
754 the credit union's assessment area.
755
- 756 b) Exclusion. Activities considered under the lending or service tests shall not be
757 considered under the investment test.
758
- 759 c) Affiliate investment. At a credit union's option, the Secretary will consider, in its
760 assessment of a credit union's investment performance, a qualified investment
761 made by an affiliate of the credit union, if the qualified investment is not claimed
762 by any other institution.
763
- 764 d) Disposition of branch premises. Donating, selling on favorable terms, or making
765 available on a rent-free basis a branch of the credit union that is located in a
766 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~~ the dollar amount of qualified investments;
- 2) ~~The~~ the innovativeness or complexity of qualified investments;
- 3) ~~The~~ the responsiveness of qualified investments to credit and community development needs;
- 4) ~~The~~ 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~~ the degree to which the qualified investments are not routinely provided by private investors.
- 6) The credit union's performance on the above criteria in areas, if any, identified as exhibiting significant disparities by race or other protected characteristics in access to qualified investments by a Disparity Study incorporated into the examination process under sSection 185.210(h).

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.

809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
840
841
842
843
844
845
846
847
848

- 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) ~~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 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

849 offers retail banking services and products targeted to meet the needs of
850 unbanked and underbanked persons, the Department shall consider:

851
852 A) ~~Whether~~ the credit union is BankOn certified or offers accounts
853 substantially and materially similar to BankOn certified accounts;
854 or

855
856 B) ~~Whether~~ the credit union offers financial services and products to
857 users of alternative financial products or services, provided that,
858 that the credit union has affirmatively and reasonably demonstrated
859 that:

860
861 i) ~~The~~ credit union offers such accounts or such
862 financial services and products in conjunction with focused
863 and sustained marketing efforts reasonably designed to
864 reach unbanked and underbanked persons;

865
866 ii) ~~Un~~banked and underbanked persons may reasonably
867 conveniently obtain or use such accounts or such financial
868 services and products; and

869
870 iii) ~~The~~ credit union offers such accounts or such financial
871 services and products at a cost to the unbanked and
872 underbanked persons that is significantly lower than would
873 otherwise be incurred by the users of alternative financial
874 products or services.

875
876 ~~6) The credit union's performance on the above criteria in areas, if~~
877 ~~any, identified as exhibiting significant disparities by race or other~~
878 ~~protected characteristics in access to retail banking services by a Disparity~~
879 ~~Study incorporated into the examination process under sSection~~
880 ~~185.210(h).~~

881
882
883 e) Performance criteria -- Community Development Services. The Secretary
884 evaluates community development services considering all of the applicable
885 assessment factors in Section 185.200 and pursuant to the following criteria:

886
887 1) ~~The~~ extent to which the credit union provides community development
888 services; and

889
890 2) ~~The~~ innovativeness and responsiveness of community development
891 services.

892
893 3) The credit union's performance on the above criteria in areas, if any,
894 identified as exhibiting significant disparities by race or other protected
895 characteristics, if any, in access to community development services by a
896 Disparity Study incorporated into the examination process under sSection
897 185.210(h).
898

- 899 f) Service performance rating. The Secretary rates a credit union's service
900 performance as provided in 185.APPENDIX A (Ratings).
901

902 **Section 185.250 Community Development Test for Wholesale or Limited Purpose Credit**
903 **Unions**
904

- 905 a) Scope of test. The Secretary assesses a wholesale or limited purpose credit
906 union's record of helping to meet the credit needs of its assessment area under the
907 community development test through its community development lending,
908 qualified investments, or community development services.
909
- 910 b) Designation as a wholesale or limited purpose credit union. In order to receive a
911 designation as a wholesale or limited purpose credit union, a credit union shall file
912 a request, in writing, with the Secretary, at least six months prior to the proposed
913 effective date of the designation. If the Secretary approves the designation, it
914 remains in effect until the credit union requests revocation of the designation or
915 until one year after the Secretary notifies the credit union that the Secretary has
916 revoked the designation on his/her own initiative.
917
- 918 c) Performance criteria. The Secretary evaluates the community development
919 performance of a wholesale or limited purpose credit union considering all of the
920 applicable assessment factors in Section 185.200 and pursuant to the following
921 criteria:
922
- 923 1) The number and amount of community development loans (including
924 initial purchases of loans and other community
925 development loan data provided by the credit union, such as data on loans
926 outstanding, commitments, and letters of credit), qualified investments, or
927 community development services;
928
- 929 2) The use of innovative or complex qualified investments, community
930 development loans, or community development services and the extent to
931 which the investments are not routinely provided by private investors; and
932
- 933 3) The credit union's responsiveness to credit and community development
934 needs.

- 935
936
937
938
939
940
941
942
943
944
945
946
947
948
949
950
951
952
953
954
955
956
957
958
959
960
961
962
963
- 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).

964 **Section 185.260 Small Credit Union Performance Standards**

- 965
966
967
968
969
970
971
972
973
974
975
976
977
- a) Performance criteria.
 - 1) The Secretary evaluates the record of a small credit union that is not 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 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).

978
979
980
981
982
983
984
985
986
987
988
989
990
991
992
993
994
995
996
997
998
999
1000
1001
1002
1003
1004
1005
1006
1007
1008
1009
1010
1011
1012
1013
1014
1015
1016
1017
1018
1019

- 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;~~
 - 23) 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;
 - ~~3)4)~~ The geographic distribution of the credit union's loans in the context of its relevant field of membership;
 - 45) 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
 - 56) 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 (~~56~~) 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:
- 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.

1020 d) Small credit union performance rating. The Secretary considers all of the
1021 applicable assessment factors in Section 185.200 and rates the performance of a
1022 credit union evaluated under Section 185.260 as provided in 185.APPENDIX A
1023 (Ratings).
1024

1025 **Section 185.270 Strategic Plan**
1026

1027 a) Alternative election. The Secretary will assess a credit union's record of helping
1028 to meet the credit needs of its assessment area considering all of the applicable
1029 assessment factors in Section 185.200 under a strategic plan if:

- 1030
- 1031 1) The credit union has submitted the plan to the Secretary as provided for in
1032 Section 185.270;
 - 1033
 - 1034 2) The Secretary has approved the plan;
 - 1035
 - 1036 3) The plan is in effect; and
 - 1037
 - 1038 4) The credit union has been operating under an approved plan for at least
1039 one year.

1040

1041 b) Data reporting. The Secretary's approval of a plan does not affect the credit
1042 union's obligation, if any, to report data as required by Section 185.410.
1043

1044 c) Plans in general.
1045

1046 1) Term. A plan may have a term of no more than five years, and any multi-
1047 year plan must include annual interim measurable goals under which the
1048 Secretary will evaluate the credit union's performance.
1049

1050 2) Treatment of affiliates. Affiliated credit unions may prepare a joint plan if
1051 the plan provides measurable goals for each credit union. Activities may
1052 be allocated among credit unions at the credit union's option, provided
1053 that the same activities are not considered for more than one credit union.
1054

1055 d) Public participation in plan development. Before submitting a plan to the
1056 Secretary for approval, a credit union shall:
1057

- 1058 1) Informally seek suggestions from members of the public in its assessment
1059 area covered by the plan while developing the plan;
- 1060
- 1061 2) Once the credit union has developed a plan, formally solicit public
1062 comment on the plan for at least 30 days by publishing notice in at least

- 1063 one newspaper of general circulation in each assessment area covered by
1064 the plan and on the internet; and
1065
1066 3) Deduring the period of formal public comment, make copies of the plan
1067 available for review by the public at no cost at all offices of the credit
1068 union in any assessment area covered by the plan and provide copies of
1069 the plan upon request for a reasonable fee to cover copying and mailing, if
1070 applicable.
1071
1072 e) Submission of plan. The credit union shall submit its plan to the Secretary at least
1073 six months prior to the proposed effective date of the plan. The credit union shall
1074 also submit with its plan a description of its informal efforts to seek suggestions
1075 from members of the public, any written public comment received, and, if the
1076 plan was revised in light of the comment received, the initial plan as released for
1077 public comment.
1078
1079 f) Plan content.
1080
1081 1) Measurable goals.
1082
1083 A) A credit union shall specify in its plan measurable goals for
1084 helping to meet the credit needs of each assessment area covered
1085 by the plan, particularly the needs of low- and moderate-income
1086 geographies and low- and moderate-income individuals, through
1087 lending, investment, and services, as appropriate and considering
1088 all of the applicable assessment factors in Section 185.200.
1089
1090 B) A credit union shall address in its plan all applicable performance
1091 categories and, unless the credit union has been designated as a
1092 wholesale or limited purpose credit union, shall emphasize lending
1093 and lending-related activities. Nevertheless, a different emphasis,
1094 including a focus on one or more performance categories, may be
1095 appropriate if responsive to the characteristics and credit needs of
1096 its assessment area, considering public comment and the credit
1097 union's capacity and constraints, product offerings, and business
1098 strategy.
1099
1100 2) Confidential information. A credit union may submit additional
1101 information to the Secretary on a confidential basis which shall not be
1102 deemed a public record as defined in [5 ILCS 140/2] or be subject to the
1103 public disclosure provisions of [5 ILCS 140/1],-but the goals stated in the
1104 plan must be sufficiently specific to enable the public and the Secretary to
1105 judge the merits of the plan.

- 1106
 1107
 1108
 1109
 1110
 1111
 1112
 1113
 1114
 1115
 1116
 1117
 1118
 1119
 1120
 1121
 1122
 1123
 1124
 1125
 1126
 1127
 1128
 1129
 1130
 1131
 1132
 1133
 1134
 1135
 1136
 1137
 1138
 1139
 1140
 1141
 1142
 1143
 1144
 1145
 1146
 1147
- 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.
- 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

- 1148 C) ~~T~~he availability and effectiveness of the credit union's systems for
1149 delivering retail banking services and the extent and
1150 innovativeness of the credit union's community development
1151 services.
1152
- 1153 h) Plan amendment. During the term of a plan, a credit union may request the
1154 Secretary to approve an amendment to the plan on grounds that there has been a
1155 material change in circumstances. The credit union shall develop an amendment
1156 to a previously approved plan in accordance with the public participation
1157 requirements of Section 185.270(d).
1158
- 1159 i) Plan assessment. The Secretary approves the goals and assesses performance
1160 under a plan as provided for in 185.APPENDIX A (Ratings).
1161

1162 **Section 185.280 Assigned Ratings**
1163

- 1164 a) Ratings in general. Subject to Section 185.280(b) and (c), the Secretary assigns to
1165 a credit union a rating of "outstanding", "satisfactory", "needs to improve", or
1166 "substantial noncompliance" based on the credit union's performance under the
1167 lending, investment and service tests, the community development test, the small
1168 credit union's performance standards, the intermediate small credit union's
1169 standards, or an approved strategic plan, as applicable.
1170
- 1171 b) Lending, investment, and service tests. The Secretary assigns a rating for a credit
1172 union assessed under the lending, investment, and service tests in accordance with
1173 the following principles:
1174
- 1175 1) ~~A~~ credit union that receives an "outstanding" rating on the lending test
1176 receives an assigned rating of at least "satisfactory";
1177
- 1178 2) ~~A~~ credit union that receives an "outstanding" rating on both the service
1179 test and the investment test and a rating of at least "satisfactory" on the
1180 lending test receives an assigned rating of "outstanding"; and
1181
- 1182 3) ~~N~~o credit union may receive an assigned rating of "satisfactory" or
1183 higher unless it receives a rating of at least "satisfactory" on the lending
1184 test;
1185
- 1186 c) Effect of evidence of discriminatory or other illegal credit practices.
1187
- 1188 1) The Secretary's evaluation of a credit union's ILCRA performance is
1189 adversely affected by evidence of discriminatory or other illegal credit
1190 practices in any geography by the credit union or in any assessment area

1191 by any affiliate whose loans have been considered as part of the credit
1192 union's lending performance. In connection with any type of lending
1193 activity described in Section 185.220(a), evidence of discriminatory or
1194 other credit practices that violate an applicable law, rule, or regulation
1195 includes, but is not limited to:

- 1196
- 1197 A) Discrimination against applicants on a prohibited basis in
1198 violation, for example, of the Equal Credit Opportunity Act or the
1199 Fair Housing Act, including, for example, relying on or giving
1200 force or effect to discriminatory appraisals to deny loan
1201 applications where the covered financial institution knew or should
1202 have known of the discrimination;
- 1203
- 1204 B) Violations of the Home Ownership and Equity Protection Act;
- 1205
- 1206 C) Violations of section 5 of the Federal Trade Commission Act;
- 1207
- 1208 D) Violations of section 8 of the Real Estate Settlement Procedures
1209 Act;
- 1210
- 1211 E) Violations of the Truth in Lending Act provisions regarding a
1212 consumer's right of rescission
- 1213
- 1214 F) Violations of the Article 4 [Financial Credit] of Illinois Human
1215 Rights Act [775 ILCS 5/Art. 4];
- 1216
- 1217 G) Violations of the Illinois High Risk Home Loan Act [815 ILCS
1218 137]; and
- 1219
- 1220 H) Violations of the Illinois Fairness in Lending Act [815 ILCS 120].

1221

1222 2) In determining the effect of evidence of practices described in subsection
1223 (c)(1) on the credit union's assigned rating, the Secretary considers the
1224 nature, extent, and strength of the evidence of the practices; the policies
1225 and procedures that the credit union (or affiliate, as applicable) has in
1226 place to prevent the practices; any corrective action that the credit union
1227 (or affiliate, as applicable) has taken or has committed to take, including
1228 voluntary corrective action resulting from self-assessment; and any other
1229 relevant information.

1230

1231 **Section 185.290 Effect of ILCRA Performance on Applications**

1232

1233 a) ILCRA Performance. Among other factors, the Secretary shall take into account
1234 the record of performance under the ILCRA of each credit union and its parent
1235 company, including all subsidiaries thereof, relative to this Act submitting
1236 applications for the establishment of a branch, office, or other facility, the
1237 relocation of a main office, branch, office, or other facility, a license renewal,
1238 change in control of a covered financial institution, or a merger or consolidation
1239 with or the acquisition of assets or assumption of liabilities of any covered
1240 financial institution, out-of-state bank, credit union, or residential mortgage
1241 licensee, national bank or credit union, or foreign financial institution.

1242
1243 In evaluating any other application which requires the Secretary’s approval, the
1244 Secretary may take into account the record of performance under the ILCRA of
1245 each credit union and its parent company, including all subsidiaries thereof.

1246
1247 Nothing in this Section requires a submission of an application which is not
1248 otherwise required under applicable law.

1249
1250 b) Interested parties. The Secretary takes into account any views submitted by
1251 interested parties in accordance with the public notice posted pursuant to Section
1252 35-20 of ILCRA.

1253
1254 c) Denial. A credit union’s record of ILCRA performance may be the basis for
1255 denying any application required to be submitted to the Secretary.

1256
1257 SUBPART C: RECORDS, REPORTING, AND DISCLOSURE REQUIREMENTS;
1258 EXAMINATIONS; ENFORCEMENT

1259
1260 **Section 185.400 -Assessment Area Delineation**

1261
1262 ~~a) In general. An institution shall delineate one or more assessment areas within
1263 which the Secretary evaluates the institution's record of helping to meet the credit
1264 needs of its community. The Secretary does not evaluate the institution's
1265 delineation of its assessment area as a separate performance criterion, but the
1266 Secretary reviews the delineation for compliance with the requirements of this
1267 Section.~~

1268 a) The Secretary does not evaluate the institution's delineation of its assessment area
1269 as a separate performance criterion, but the Secretary reviews the delineation for
1270 compliance with the requirements of this Section.

1271
1272 b) A credit union shall delineate its field of membership, including persons eligible
1273 for membership, as its assessment area. A credit union may choose to include or
1274 exclude any community based common bonds located outside of the State of
1275 Illinois. A credit union may choose to include or exclude any members or persons

1276 eligible for membership pursuant to its occupational or associational common
1277 bonds located outside of the State of Illinois.

1278
1279 cb) Notwithstanding subsection (a), the Secretary may approve a credit union to
1280 designate only its current members as its assessment area, or an assessment area
1281 that does not otherwise comply with the requirements set forth in subsection (a) if
1282 the credit union demonstrates that satisfying the requirements of subsection (a)
1283 would be impractical and unreasonable in its specific case. Any designation
1284 pursuant to this subsection shall not reflect illegal discrimination and may not
1285 arbitrarily exclude low-and moderate income geographies. In evaluating whether
1286 compliance with subsection (a) would be impractical and unreasonable for a
1287 credit union in its specific case, the Secretary shall consider:

1288
1289 (1) ~~T~~the size of the credit union;

1290
1291 (2) ~~T~~the financial health of the credit union; and

1292
1293 (3) ~~and a~~Any other relevant consideration presented by the credit union.

1294
1295
1296
~~1297 Geographic area for wholesale or limited purpose credit unions. The assessment area for a~~
~~1298 wholesale or limited purpose institution must consist generally of one or more MSAs/CBSAs~~
~~1299 (using the MSA/CBSA boundaries that were in effect as of January 1 of the calendar year in~~
~~1300 which the delineation is made), one or more contiguous political subdivisions, such as counties,~~
~~1301 cities, or towns, in which the institution has its main office, branches, and deposit-taking ATMs~~
~~1302 or otherwise be consistent with the geographic limitations of the credit union's field of~~
~~1303 membership.~~

~~1304~~
~~1305 Geographic area(s) for other credit unions. The assessment area for an institution other than a~~
~~1306 wholesale or limited purpose institution or a credit union under Section 185.400(g) must:~~

~~1307~~
~~1308 consist generally of one or more MSAs/CBSAs (using the MSA/CBSA boundaries that were in~~
~~1309 effect as of January 1 of the calendar year in which the delineation is made), one or more~~
~~1310 contiguous political subdivisions, such as counties, cities, or towns or otherwise be consistent~~
~~1311 with the geographic limitations contained within the credit union's field of membership; and~~

~~1312~~
~~1313 include the geographies in which the institution has its main office, its branches, and its deposit-~~
~~1314 taking ATMs, as well as the surrounding geographies in which the institution has originated or~~
~~1315 purchased a substantial portion of its loans (including home mortgage loans, small business and~~
~~1316 small farm loans, and any other loans the institution chooses, such as those consumer loans on~~
~~1317 which the institution elects to have its performance assessed).~~
1318

- 1319 ~~d) Adjustments to geographic area.~~
1320
1321 ~~An institution may adjust the boundaries of its assessment area to include only the portion of a~~
1322 ~~political subdivision that it reasonably can be expected to serve. An adjustment is particularly~~
1323 ~~appropriate in the case of an assessment area that otherwise would be:~~
1324
1325 ~~A) extremely large;~~
1326
1327 ~~B) of unusual configuration;~~
1328
1329 ~~C) divided by significant geographic barriers; or~~
1330
1331 ~~if in light of a credit union's size and financial condition serving an entire political subdivision~~
1332 ~~would be infeasible.~~
1333
1334 ~~2) A credit union may choose to exclude geographic areas outside the boundaries of~~
1335 ~~the State of Illinois from its assessment area.~~
1336
1337 ~~e) Limitations on the delineation of an assessment area. Each credit union's~~
1338 ~~assessment area(s):~~
1339
1340 ~~1) must consist only of whole geographies unless the Secretary specifically approves use of~~
1341 ~~a partial geography;~~
1342
1343 ~~2) may not reflect illegal discrimination;~~
1344
1345 ~~3) may not arbitrarily exclude low and moderate income geographies, taking~~
1346 ~~into account the credit union's size and financial condition;~~
1347
1348 ~~4) may not extend substantially beyond a CMSA boundary or beyond a state~~
1349 ~~boundary unless the assessment area is located in a multistate~~
1350 ~~MSA/CBSA. If a credit union serves a geographic area that extends~~
1351 ~~substantially beyond a state boundary, the credit union shall delineate~~
1352 ~~separate assessment areas for the areas in each state. If a credit union~~
1353 ~~serves a geographic area that extends substantially beyond a CMSA~~
1354 ~~boundary, the credit union shall delineate separate assessment areas for the~~
1355 ~~areas inside and outside the CMSA; and~~
1356
1357 ~~5) must cover substantially all of a credit union's field of membership except~~
1358 ~~as otherwise permitted by subsections (g) or (h).~~
1359
1360

1361 ~~g) — A credit union whose field of membership, in whole or in part, is not based on residence~~
1362 ~~may delineate its field of membership, including all eligible persons located in the State Illinois~~
1363 ~~regardless of geography, as its assessment area. However, a credit union that cannot reasonably~~
1364 ~~serve all areas which contain persons eligible to join the credit union pursuant to its field of~~
1365 ~~membership, may designate all of its members and the geographic areas which encompass~~
1366 ~~persons eligible to join the credit union pursuant to its field of membership which the credit~~
1367 ~~union can reasonably expect to market to and serve taking into its size, financial health and any~~
1368 ~~other relevant considerations pursuant to the requirements contained in this Section.~~

1369
1370 ~~h) — The Secretary may approve a credit union to designate only its current members as its~~
1371 ~~assessment area, or an assessment area that does not otherwise comply with the requirements set~~
1372 ~~forth in this section if the credit union demonstrates that satisfying the requirements of this~~
1373 ~~Section would be impractical and unreasonable in its specific case.~~

1374
1375 ~~di) A credit union shall may~~ modify its assessment area whenever there is a ~~material~~
1376 ~~modification to its field of membership pursuant to subsection (b) unless it~~
1377 ~~receives approval from the Secretary to use a different assessment area pursuant~~
1378 ~~to subsection (c).~~

1379
1380 :

1381
1382 ~~e) — A credit union may request a written finding from the Secretary that its~~
1383 ~~assessment area delineation complies with this Section. Any credit union which~~
1384 ~~relies on such a finding shall not subject to an enforcement action pursuant to~~
1385 ~~Section for a violation of this Section. Unless extended by the Secretary in~~
1386 ~~writing, any such finding shall expire at the end of the credit union's next~~
1387 ~~examination.~~

1388
1389
1390
1391
1392 **Section 185.410 -Data Collection, Reporting, and Disclosure**

1393
1394 a) Credit unions shall comply with all data collection, reporting and disclosure
1395 requirements as required by applicable law; and

1396
1397 b) ~~A credit union, except a credit union that meets the definition of a small credit~~
1398 ~~union, which is subject to HMDA reporting requirements, shall report to the~~
1399 ~~Department the location of each home mortgage loan application, origination, or~~
1400 ~~purchase outside the credit union's assessment area in accordance with the~~
1401 ~~requirements of 12 CFR 1003. Credit unions that are subject to HMDA reporting~~
1402 ~~requirements pursuant to 12 CFR 1003 shall report to the Department the location~~
1403 ~~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 or any other data required or permitted to be reported by banks under Federal or state banking regulations.
- d) Data on affiliate lending. A credit union 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 credit union would have collected, maintained, and reported had the loans been originated or purchased by the credit union. For home mortgage loans, the credit union shall also be prepared to identify the home mortgage loans reported under 12 CFR Part 1003 (Home Data Disclosure) by the affiliate.
- e) Data on lending by a consortium or a third party. A credit union 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

1447 approved strategic plan, shall report for those loans the data that the credit union
1448 would have reported had the loans been originated or purchased by the credit
1449 union.
1450
1451
1452
1453

1454 **Section 185.420 Content and Availability of Public File**
1455

- 1456 a) Information available to the public. A credit union shall maintain a public file
1457 that includes the following information:
1458
1459 1) All written comments received from the public for the current year and
1460 each of the prior two calendar years that specifically relate to the credit
1461 union's performance in helping to meet community credit needs, and any
1462 response to the comments by the credit union, if neither the comments nor
1463 the responses contain statements that reflect adversely on the good name
1464 or reputation of any persons other than the credit union or publication of
1465 which would violate specific provisions of law;
1466
1467 2) A copy of the public section of the credit union's most recent ILCRA
1468 Performance Evaluation prepared by the Secretary. The credit union shall
1469 place this copy in the public file within 30 business days after its receipt
1470 from the Secretary.
1471

1472 A copy of the public section includes:
1473

1474 A) The assessment factors utilized to determine the credit union's
1475 descriptive rating;
1476

1477 B) The Secretary's conclusion with respect to each such assessment
1478 factor;
1479

1480 C) A discussion of the facts supporting such conclusions;
1481

1482 D) The credit union's descriptive rating and the basis therefor;
1483

1484 E) The assigned overall rating;
1485

1486 F) Any other information the Secretary finds that the ends of justice
1487 and the public advantage will be served by the disclosure; and
1488

1489 G) A summary of public comments.

1490
1491
1492
1493
1494
1495
1496
1497
1498
1499
1500
1501
1502
1503
1504
1505
1506
1507
1508
1509
1510
1511
1512
1513
1514
1515
1516
1517
1518
1519
1520
1521
1522
1523
1524
1525
1526
1527
1528
1529
1530
1531

- ~~i) — the assessment factors utilized to determine the credit union’s descriptive rating;~~
- ~~ii) — the Secretary’s conclusions with respect to each such assessment factor;~~
- ~~iii) — a discussion of the facts supporting such conclusions;~~
- ~~iv) — the credit union’s descriptive rating and the basis therefor;~~
- ~~v) — the assigned overall rating;~~
- ~~vi) — any other information the Secretary finds that the ends of justice and the public advantage will be served by the disclosure; and~~
- ~~vii) — a summary of public comments.~~

- 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 need to be maintained if the credit union’s membership by-law provisions do not correspond to a defined geographic area. ~~If a map of the assessment area does not need to be maintained the credit union must provide other documentation reflecting its assessment area;~~
- 7) ~~T~~he field of membership as defined in the credit union’s Article of Incorporation and Article III of the bylaws; and

1532
1533
1534
1535
1536
1537
1538
1539
1540
1541
1542
1543
1544
1545
1546
1547
1548
1549
1550
1551
1552
1553
1554
1555
1556
1557
1558
1559
1560
1561
1562
1563
1564
1565
1566
1567
1568
1569
1570
1571
1572
1573
1574

- 8) ~~A~~ny 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~~) ~~i~~f 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:
 - ~~A~~i) ~~T~~o low-, moderate-, middle-, and upper-income individuals;
 - ~~B~~ii) ~~L~~ocated in low-, moderate-, middle-, and upper-income census tracts; ~~and~~
 - ~~C~~iii) ~~L~~ocated 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 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:

1575
1576
1577
1578
1579
1580
1581
1582
1583
1584
1585
1586
1587
1588
1589
1590
1591
1592
1593
1594
1595
1596
1597
1598
1599
1600
1601
1602
1603
1604
1605
1606
1607
1608
1609
1610
1611
1612
1613
1614
1615
1616
1617

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) ~~A~~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) ~~A~~at each branch, if any:

A) ~~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) ~~W~~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.

1618 e) Updating. Except as otherwise provided in Section 185.420, a credit union shall
1619 ensure that the information required by Section 185.420 is current as of April 1 of
1620 each year.
1621

1622 f) Notwithstanding the foregoing, this Section does not prohibit a credit union from
1623 establishing and implementing standards and procedures that a person must
1624 follow to obtain the public file. Such standards and procedures shall provide
1625 reasonable access to the public file. In determining whether such standards and
1626 procedures are reasonable, the Secretary shall consider:
1627

1628 1) The credit union's size and financial condition;

1629 2) The location of the credit union and its hours of operation;

1630 3) Whether the public file is available electronically; and

1631 4) Any other unique circumstances presented by the credit union.
1632

1633
1634
1635
1636
1637 g) A credit union may request a written finding from the Secretary that its standards
1638 and procedures provide reasonable public access to the file from the Secretary.
1639 Any credit union which relies on such a finding shall not be subject to an
1640 enforcement action by the Department for a violation of this Section. Unless
1641 extended by the Secretary in writing, any such finding shall expire at the end of
1642 the credit union's next examination.
1643

1644 **Section 185.430 -Public Notice by Credit Union**
1645

1646 A credit union shall provide in the public lobby of its main office and each of its branches, if
1647 any, and on its website, the appropriate public notice set forth in 185.APPENDIX B. Only a
1648 branch of a credit union having more than one assessment area shall include the bracketed
1649 material in the notice for branch offices. Only a credit union that is an affiliate of a holding
1650 company shall include the second to the last sentence of the notices. A credit union shall include
1651 the last sentence of the notices only if it is an affiliate of a holding company that is not prevented
1652 by statute from acquiring additional credit unions.
1653

1654 **Section 185.440 -Publication of Planned Examination Schedule**
1655

1656 The Secretary publishes at least 30 days in advance of the beginning of each calendar quarter a
1657 list of credit unions scheduled for ILCRA examinations in that quarter.
1658

1659 **Section 185.450 -Alternative Examination Procedures for Credit Unions with Assets Less**
1660 **than \$10,000,000.**

- 1661
 1662 a) At the time of examination, any credit union with less than \$10,000,000 as shown
 1663 by its Year-end Call Report may elect to use the Alternative Examination
 1664 Procedures as set forth in 185.APPENDIX D.
 1665
 1666 b) For any credit union which elects to use the Alternative Examination Procedures,
 1667 the Secretary shall apply the assessment factors, as provided in Section 185.200.
 1668 The written evaluation shall comply with all requirements for a written evaluation
 1669 set forth in Section 15(b) of the ILCRA.
 1670
 1671 c) A credit union who elects to use the Alternative Examination Procedures shall be
 1672 charged a fee of \$2,200. The Secretary, in their sole discretion, may waive this fee
 1673 for a credit union with total assets of \$1,000,000 or less.
 1674
 1675 ~~d) A credit union who elects to use the Alternative Examination Procedures shall~~
 1676 ~~only receive an overall rating of “satisfactory”, “needs improvement” or~~
 1677 ~~“substantial noncompliance” and shall not receive an overall rating of~~
 1678 ~~“outstanding”.~~
 1679
 1680 de) Any credit union which receives an overall rating of “substantial noncompliance”
 1681 on its last examination shall not be eligible to use the Alternative Examination
 1682 Procedures for Credit Unions on its next examination.
 1683
 1684 ef) Nothing contained in this Section, prohibits the Secretary from considering other
 1685 sources of information including, but not limited to, evidence of discriminatory or
 1686 other illegal credit practices, or public comments in assessing whether a credit
 1687 union is meeting the financial services needs of local communities pursuant to
 1688 Section 185.200.
 1689
 1690 fg) The Alternative Examination Procedures shall in no way limit public
 1691 participation.
 1692
 1693 gh) A credit union electing to use the Alternative Examination Procedures does not
 1694 affect the credit union’s obligation, if any to report data as required by Section
 1695 185.410.
 1696
 1697 hi) A credit union electing to use the Alternative Examination Procedures does not
 1698 affect the credit union’s obligation to maintain a public file as required by Section
 1699 185.420.
 1700
 1701 ij) A credit union that elects to use the Alternative Examination Procedures shall
 1702 have at least three months to complete the examination. The credit union shall

1703 have the opportunity to review its proposed examination response with an
1704 examiner prior to the due date.
1705

1706 **Section 185.460 Examination Authority and Cooperation**
1707

- 1708 a) Pursuant to the Secretary's authority under the ILCRA, including, but not limited
1709 to, Sections 35-15 and 35-25 thereof, tThe Secretary and his or her appointees
1710 may examine the entire books, records, documents, and operations of each credit
1711 union, its parent company, and its subsidiaries, affiliates, or agents, and may
1712 examine any credit union, its parent company's or its subsidiaries', affiliates', or
1713 agents' officers, directors, employees, and agents under oath.
1714
- 1715 b) A credit union shall be required to fully cooperate in any examination conducted
1716 pursuant to this Part. Cooperation includes, but is not limited to:
1717
- 1718 1) Timely and full production of books, records, and documents, in any
1719 reasonable format requested by the Department; and
1720
- 1721 2) Ensuring all officers, directors, employees, and agents of the credit union
1722 are available for depositions or interviews upon reasonable notice.
1723
- 1724 c) Except as otherwise specified in ILCRA or this Part, examination related to this
1725 Part shall be conducted consistent with 205 ILCS 305/9/(3.5), 38 Ill. Adm. Code
1726 190.25, and accompanying guidelines.
1727

1728 **Section 185.470 Examination Schedule**
1729

- 1730 a) The Secretary may conduct a discretionary ILCRA examination of a credit union
1731 at any time.
1732
- 1733 b) Initial CRA examinations of credit unions shall be conducted according to the
1734 following schedule:
1735
- 1736 1) Initial ILCRA examinations of credit unions with total assets of \$1 billion
1737 or more, as shown by its Year-end Call Report, shall not be conducted
1738 until at least six months after the rules contained in this Part are filed with
1739 the Secretary of the State and shall be conducted within 3 years.
1740
- 1741 2) Initial ILCRA examinations of credit unions with total assets of
1742 ~~\$250+00~~,000,000 to less than \$1 billion, as shown by its Year-end Call
1743 Report, shall not be conducted until at least six months after the rules
1744 contained in this Part are filed with the Secretary of State and shall be
1745 conducted within 4 years.

1746
1747
1748
1749
1750
1751
1752
1753
1754
1755
1756
1757
1758
1759
1760
1761
1762
1763
1764
1765
1766
1767
1768
1769
1770
1771
1772
1773
1774
1775
1776
1777
1778
1779
1780
1781
1782
1783
1784
1785
1786
1787
1788

- 3) Initial ILCRA examinations of credit unions with total assets of \$10,000,000 but less than ~~\$25~~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.
- 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

- 1789 examination shall be initiated within 5 years of the issuance of the
1790 report of examination of its most recent prior examination under
1791 the ILCRA.
1792
- 1793 B) For a credit union that is assigned a “satisfactory” rating in its most
1794 recent prior examination under the ILCRA, the next examination
1795 shall be initiated within 4 years of the issuance of the report of
1796 examination of its most recent prior examination under the ILCRA.
1797
- 1798 C) For a credit union that is assigned a “needs improvement” rating in
1799 its most recent prior examination under the ILCRA, the next
1800 examination shall be initiated within 2 years of the issuance of the
1801 report of examination of its most recent prior examination under
1802 the ILCRA.
1803
- 1804 D) For a credit union that is assigned a “substantial noncompliance”
1805 rating in its most recent prior examination under the ILCRA, the
1806 next examination shall be initiated within 1 year of the issuance of
1807 the report of examination of its most recent prior examination
1808 under the ILCRA.
1809
- 1810 d) A credit union may request a mid-cycle review to evaluate whether a less than
1811 satisfactory rating may be modified. Upon receipt of such request, the Secretary
1812 may, in his or her sole discretion, conduct an additional mid-cycle review. All
1813 costs of such mid-cycle examination, as determined by the Secretary, shall be
1814 borne by the credit union and such costs shall be in addition to the examination
1815 fee required under Section 185.480.
1816

1817 **Section 185.480 Examination Fees**

- 1818
- 1819 a) Examination Fees
- 1820
- 1821 1) Time expended in the conduct of any examination of a credit union or its
1822 affiliates pursuant to Section 35-15 of the ILCRA shall be billed by the
1823 Department at a rate of \$2,200 per day. Fees will be billed following
1824 completion of the examination and shall be paid within 30 days after
1825 receipt of the billing. The examination fee shall increase by no more than
1826 5% annually.
1827
- 1828 2) When out-of-state travel occurs in the conduct of any examination, the
1829 credit union shall make arrangements to reimburse the Department all
1830 charges for services such as travel expenses, including airfare, hotel and
1831 per diem incurred by the employee. These expenses are to be in accord

1832 with applicable travel regulations published by the Department of Central
1833 Management Services and approved by the Governor's Travel Control
1834 Board (80 Ill. Adm. Code 2800).
1835

1836 b) Examination Assessments. Each credit union shall pay to the Department its pro
1837 rata share of the cost for administration of the ILCRA for credit unions that
1838 exceeds the examination fees paid pursuant to subsection (a) of this Section, as
1839 estimated by the Department, for the current year and any deficit actually incurred
1840 in the administration of the Act in prior years. The aggregate assessment may not
1841 increase by more than 5% annually. ~~In addition to this assessment, credit unions~~
1842 ~~with a current rating of “needs to improve” or “substantial noncompliance” may~~
1843 ~~be assessed a surcharge, and in that case, the assessment on other credit unions~~
1844 ~~shall be reduced in amount equal to such surcharge. The aggregate surcharge shall~~
1845 ~~not be greater than an amount equal to 20% of the cost for administration of the~~
1846 ~~ILCRA that exceeds the examination fees paid pursuant to subsection (a).~~ Each
1847 credit union’s pro rata share of an assessment shall be the percentage that the
1848 assets shown on the credit union’s Consolidated Statement of Financial Condition
1849 and Income bears to the total assets of all credit unions covered by the ILCRA.
1850 ~~Each credit union’s pro rata share of a surcharge shall be the percentage that the~~
1851 ~~assets shown on the credit union’s Consolidated Statement of Financial Condition~~
1852 ~~and Income bears to the total assets of all credit unions subject to a surcharge and~~
1853 ~~covered by the ILCRA.~~

1854
1855 c) All fees received pursuant to this Part shall be deposited in the Credit Union
1856 Fund.
1857

1858 **Section 185.490 Implementation Period**
1859

1860 a) Credit unions with total assets of \$250,000,000 or more shall have six months
1861 from the effective date of this Part to comply with the requirements of this Part.
1862

1863 b) Credit unions with total assets less than \$250,000,000 shall have one year from
1864 the effective date of this Part to comply with the requirements of this Part.
1865

1866 ~~e) The Secretary shall not cause an examination to be initiated under the ILCRA or~~
1867 ~~this Part for one year after the implementation period of subsection (a) or (b)~~
1868 ~~ends; provided that, the Secretary may conduct an examination at any time after~~
1869 ~~six months for Credit unions with total assets of \$250,000,000 or more upon~~
1870 ~~finding (i) substantial evidence of discriminatory or other illegal credit practices,~~
1871 ~~or (ii) the Secretary otherwise finds sufficient cause.~~

1872
1873 **Section 185.500 Enforcement**
1874

- 1875 a) Any failure to comply with a requirement of the ILCRA, this Part or other law
1876 referenced in ILCRA or this Part shall be grounds for ~~subject to~~ enforcement
1877 actions as authorized under the ILCRA and under the Act, as applicable to the
1878 particular credit union.
1879
- 1880 b) Any such failure to comply with a requirement of the ILCRA may also be
1881 grounds for ~~subject to~~ referral to law enforcement or administrative authority
1882 with jurisdiction over the subject matter ~~of such failure to comply~~.
1883
- 1884 c) In addition to any other action authorized by ~~ILCRA, this Part or any other~~ law,
1885 the Secretary may enter agreed upon orders, stipulations or ~~enter into~~ settlement
1886 agreements for the purpose of resolving any such failure to comply.
1887
- 1888 d) Except as otherwise specified in this Illinois Community Reinvestment Act or this
1889 Part, enforcement and supervision related to this Part shall be conducted
1890 consistent with 205 ILCS 305/9(3.5), 38 Ill. Adm. Code Section 190.25; and
1891 accompanying regulatory guidelines.
1892

1893 **Section 185.510 Provisions for Granting of Variance from Rules**
1894

1895 The Secretary may grant variances from this Part in individual cases where it is determined that
1896 in their sole discretion that:
1897

- 1898 a) The provision from which the variance is granted is not statutorily mandated;
1899
- 1900 b) No party will be injured by granting the variance; and
1901
- 1902 c) The Rule from which the variance is granted would, in the particular case, be
1903 unnecessarily burdensome.
1904

1905
1906
1907
1908
1909
1910
1911
1912
1913
1914
1915
1916
1917
1918
1919
1920
1921
1922
1923
1924
1925
1926
1927
1928
1929
1930
1931
1932
1933
1934
1935
1936
1937
1938
1939
1940
1941
1942
1943
1944
1945
1946
1947

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.~~ Notwithstanding any contrary provision in this Part, the Secretary may use as a basis to adjust a credit union’s overall rating consider the following:

(A) Providing low-cost education loans to low-income borrowers;

(B) Activities in cooperation with Community Development Financial Institutions, minority- or women-owned financial institutions;

(C) Certification as a Community Development Financial Institution or designated as a Minority Depository Institution or Low-Income Designated credit union;

(D) The offering of Special Credit Programs; and

(E) The 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.

3) The Secretary may take a credit union’s lack of previous experience with ILCRA examinations into account and the length of the implementation

period into consideration while assessing the performance of the credit union during its first ILCRA examination.

- 1948
1949
1950
1951
1952 b) Credit Unions evaluated under the Lending and Service Tests.
1953
1954 1) Lending Performance Rating. The Secretary assigns each credit union's
1955 lending performance one of the ~~four~~five following ratings.
1956
1957 A) Outstanding. The Secretary rates a credit union's lending
1958 performance "outstanding" if, in general, it demonstrates:
1959
1960 i) Excellent responsiveness to credit needs in its assessment
1961 area, taking into account the number and amount of home
1962 mortgage, and consumer loans, if applicable, in its
1963 assessment area;
1964
1965 ~~ii) A substantial majority of its loans are made in its~~
1966 ~~assessment area;~~
1967
1968 ~~iii)~~ An excellent geographic distribution of loans in its
1969 assessment area, provided however, a geographic analysis
1970 is relevant in the context of the credit union's membership
1971 by-law provisions;
1972
1973 ~~iii*)~~ An excellent distribution, particularly in its assessment
1974 area(s), of loans among members of different income
1975 levels, given the product lines offered by the credit union;
1976
1977 ~~iv)~~ An excellent record of serving the credit needs of highly
1978 economically disadvantaged areas in its assessment area,
1979 and low-income members, including loans and other efforts
1980 to assist existing low- and moderate-income members to be
1981 able to remain in their neighborhoods, consistent with safe
1982 and sound operations;
1983
1984 ~~v)~~ Extensive use of innovative or flexible lending practices in
1985 a safe and sound manner to address the credit needs of low-
1986 and moderate-income members or geographies;
1987
1988 ~~vi)~~ There is no evidence of loans that show an undue
1989 concentration and a systematic pattern of lending resulting
1990 in the loss of affordable housing units; ~~and~~

1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033

viii) An excellent record relative to fair lending policies and practices;~~and.~~

~~viii*)~~ It is a leader in making community development loans; and

ix) An excellent distribution of loans among individuals of different racial or other protected characteristics in areas identified as exhibiting significant disparities by race or other protected characteristics, if any, in access to lending products and services by a Disparity Study incorporated into the examination process under Ssection 185.210(h) as compared to the baseline distributions in those areas as identified by the study.;

B) High satisfactory. The Secretary rates a credit union’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, and consumer loans, if applicable, in its assessment area;

ii) A good 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;

iii) A good distribution, particularly in its assessment area, of loans among members of different income levels, given the product lines offered by the credit union;

iv) A good 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;

v) 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;

2034
2035
2036
2037
2038
2039
2040
2041
2042
2043
2044
2045
2046
2047
2048
2049
2050
2051
2052
2053
2054
2055
2056
2057
2058
2059
2060
2061
2062
2063
2064
2065
2066
2067
2068
2069
2070
2071
2072
2073
2074
2075
2076

- vi) There is ~~nominal~~ evidence of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units;
- vii) A good record relative to fair lending policies and practices; and
- viii) It has made a relatively high level of community development loans.

BC) Low sSatisfactory. The Secretary rates a credit union'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, and consumer loans, if applicable, in its assessment area;
- ~~ii) An adequate percentage of its loans are made in its assessment area;~~
- ii†) 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;
- ~~iii*)~~ 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;
- iv) 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;
- v†) 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;

2077
2078
2079
2080
2081
2082
2083
2084
2085
2086
2087
2088
2089
2090
2091
2092
2093
2094
2095
2096
2097
2098
2099
2100
2101
2102
2103
2104
2105
2106
2107
2108
2109
2110
2111
2112
2113
2114
2115
2116
2117
2118

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; ~~and~~.

ix) It has made an adequate level of community development loans.

ED) 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;

~~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;

~~iiiv)~~ 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;

iv) 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;

2119
2120
2121
2122
2123
2124
2125
2126
2127
2128
2129
2130
2131
2132
2133
2134
2135
2136
2137
2138
2139
2140
2141
2142
2143
2144
2145
2146
2147
2148
2149
2150
2151
2152
2153
2154
2155
2156
2157
2158
2159
2160

- 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; ~~and~~
 - viii) It has made a low level of community development loans.
- DE)** 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;
 - ~~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;
 - iiii) 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;
 - iv) 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;
 - v) 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;

- 2161 vii) Origination of loans that show an undue concentration and
2162 a systematic pattern of lending resulting in the loss of
2163 affordable housing units; ~~and~~
- 2164
- 2165 viii) A very poor record relative to fair lending policies and
2166 practices; ~~and~~ ~~;~~
- 2167
- 2168 viii) It has made few, if any, community development loans.
- 2169
- 2170 2) Service performance rating. The Secretary assigns each credit union's
2171 service performance one of the ~~four~~five following ratings.
- 2172
- 2173 A) Outstanding. The Secretary rates a credit union's service
2174 performance "outstanding" if, in general, the credit union
2175 demonstrates:
- 2176
- 2177 i) Its service delivery systems are readily accessible to
2178 members and geographies of different income levels in its
2179 assessment area;
- 2180
- 2181 ii) To the extent changes have been made, its record of
2182 opening and closing branches has improved the
2183 accessibility of its delivery systems, particularly to low-
2184 and moderate-income members or in low- and moderate-
2185 income geographies;
- 2186
- 2187 iii) Its services (including, where appropriate, business hours)
2188 are tailored to the convenience and needs of its assessment
2189 area, particularly low- and moderate-income members or in
2190 low- and moderate-income geographies; ~~and~~
- 2191
- 2192 iv) It is a leader in providing community development
2193 services; ~~and~~ ~~;~~
- 2194
- 2195 v) Excellent performance in the above criteria in areas, if any,
2196 identified as exhibiting significant disparities by race or
2197 other protected characteristics in access to community
2198 development services by a Disparity Study incorporated
2199 into the examination process under sSection 185.210(h) as
2200 compared to the baseline performance levels in those areas
2201 as identified by the study.
- 2202
- 2203

2204
2205
2206
2207
2208
2209
2210
2211
2212
2213
2214
2215
2216
2217
2218
2219
2220
2221
2222
2223
2224
2225
2226
2227
2228
2229
2230
2231
2232
2233
2234
2235
2236
2237
2238
2239
2240
2241
2242
2243
2244
2245
2246

- B) High satisfactory. The Secretary rates a credit union's service performance "high satisfactory" if, in general, the credit union demonstrates:
- i) Its service delivery systems are 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 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 a relatively high level of community development services.
- C) Low sSatisfactory. The Secretary rates a credit union's service performance "low 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.

2247
2248
2249
2250
2251
2252
2253
2254
2255
2256
2257
2258
2259
2260
2261
2262
2263
2264
2265
2266
2267
2268
2269
2270
2271
2272
2273
2274
2275
2276
2277
2278
2279
2280
2281
2282
2283
2284
2285
2286
2287
2288
2289

- ED) 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.

- DE) 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;
 - 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

2290
2291
2292
2293
2294
2295
2296
2297
2298
2299
2300
2301
2302
2303
2304
2305
2306
2307
2308
2309
2310
2311
2312
2313
2314
2315
2316
2317
2318
2319
2320
2321
2322
2323
2324
2325
2326
2327
2328
2329
2330

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~~five 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; ~~and~~ -

D) Excellent performance in the above criteria in areas, if any, identified as exhibiting significant disparities by race or other protected characteristics, if any, in access to qualified investments by a Disparity Study incorporated into the examination process under section 185.210(h) as compared to the baseline performance levels in those areas as identified by the study.

2) High Satisfactory. The Secretary rates a credit union's investment performance "high satisfactory" if, in general, it demonstrates:

A) A significant level of qualified investments, particularly those that are not routinely provided by private investors, although rarely in a leadership position;

B) Significant use of innovative or complex qualified investments; and

C) Good responsiveness to credit and community development needs.

3) Low Satisfactory. The Secretary rates a credit union's investment performance "low satisfactory" if, in general, it demonstrates:

- 2331 A) An adequate level of qualified investments, particularly those that
2332 are not routinely provided by private investors, although rarely in a
2333 leadership position;
2334
2335 B) Occasional use of innovative or complex qualified investments;
2336 and
2337
2338 C) Adequate responsiveness to credit and community development
2339 needs.
2340
2341 34) Needs to improve. The Secretary rates a credit union's investment
2342 performance "needs to improve" if, in general, it demonstrates:
2343
2344 A) A poor level of qualified investments, particularly those that are
2345 not routinely provided by private investors;
2346
2347 B) Rare use of innovative or complex qualified investments; and
2348
2349 C) Poor responsiveness to credit and community development needs.
2350
2351 45) Substantial noncompliance. The Secretary rates a credit union's
2352 investment performance as being in "substantial noncompliance" if, in
2353 general, it demonstrates:
2354
2355 A) Few, if any, qualified investments, particularly those that are not
2356 routinely provided by private investors;
2357
2358 B) No use of innovative or complex qualified investments; and
2359
2360 C) Very poor responsiveness to credit and community development
2361 needs.
2362
2363 d) Wholesale or limited purpose credit unions. The Secretary assigns each wholesale
2364 or limited purpose credit union's community development performance one of the
2365 four following ratings.
2366
2367 1) Outstanding. The Secretary rates a wholesale or limited purpose credit
2368 union's community development performance "outstanding" if, in general,
2369 it demonstrates:
2370
2371 A) A high level of community development loans, community
2372 development services, or qualified investments, particularly
2373 investments that are not routinely provided by private investors;

2374
2375
2376
2377
2378
2379
2380
2381
2382
2383
2384
2385
2386
2387
2388
2389
2390
2391
2392
2393
2394
2395
2396
2397
2398
2399
2400
2401
2402
2403
2404
2405
2406
2407
2408
2409
2410
2411
2412
2413
2414
2415

- 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 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:

- 2416 A) Few, if any, community development loans, community
2417 development services, or qualified investments, particularly
2418 investments that are not routinely provided by private investors;
2419
- 2420 B) No use of innovative or complex qualified investments,
2421 community development loans, or community development
2422 services; and
2423
- 2424 C) Very poor responsiveness to credit and community development
2425 needs in its assessment area.
2426
- 2427 e) Credit Unions evaluated under the small credit union performance standards.
2428
- 2429 1) Lending test ratings for small credit unions.
2430
- 2431 A) Eligibility for a satisfactory rating. The Secretary rates a small
2432 credit union's performance "satisfactory" if, in general, the credit
2433 union demonstrates:
2434
- 2435 i) A reasonable loan-to-share ratio (considering seasonal
2436 variations) given the credit union's size, financial
2437 condition, the credit needs of its assessment area(s), and
2438 taking into account, as appropriate, lending-related
2439 activities such as loan originations for sale to the secondary
2440 markets and community development loans and qualified
2441 investments;
2442
- 2443 ii) A majority of its loans and, as appropriate, other lending-
2444 related activities are in its assessment area;
2445
- 2446 iii) A distribution of loans to and, as appropriate, other lending
2447 related-activities for individuals of different income levels
2448 (including low- and moderate-income individuals) and
2449 businesses and farms of different sizes that is reasonable
2450 given the demographics of the credit union's assessment
2451 area;
2452
- 2453 iv) A record of taking appropriate action, as warranted, in
2454 response to written complaints, if any, about the credit
2455 union's performance in helping to meet the credit needs of
2456 its assessment area and reasonable performance with regard
2457 to fair lending policies and practices; and
2458

- 2459 v) A reasonable geographic distribution of loans given the
2460 credit union's assessment area.
2461
- 2462 B) Eligibility for an outstanding rating. A small credit union that
2463 meets each of the standards for a "satisfactory" rating under this
2464 paragraph and exceeds some or all of those standards may warrant
2465 consideration for an overall rating of "outstanding."
2466
- 2467 C) Needs to improve or substantial noncompliance ratings. A small
2468 credit union also may receive a rating of "needs to improve" or
2469 "substantial noncompliance" depending on the degree to which its
2470 performance has failed to meet the standards for a "satisfactory"
2471 rating.
2472
- 2473 2) Community Development Test Ratings for Intermediate Small Credit
2474 Unions
2475
- 2476 A) Eligibility for a Satisfactory Community Development Test Rating.
2477 The Secretary rates an intermediate small credit union's
2478 community development performance "satisfactory" if the credit
2479 union demonstrates adequate responsiveness to the community
2480 development needs of its assessment area or a broader statewide or
2481 regional area that includes the credit union's assessment area
2482 through community development loans, qualified investments, and
2483 community development services. The adequacy of the credit
2484 union's response will depend on its capacity for such community
2485 development activities, its assessment area's need for such
2486 community development activities, and the availability of such
2487 opportunities for community development in the credit union's
2488 assessment area.
2489
- 2490 B) ~~Community Development Test Ratings for Intermediate Small~~
2491 ~~Credit Unions~~—Eligibility for an Outstanding Community
2492 Development Test Rating. The Secretary rates an intermediate
2493 small credit union's community development performance
2494 "outstanding" if the credit union demonstrates excellent
2495 responsiveness to community development needs in its assessment
2496 area through community development loans, qualified investments,
2497 and community development services, as appropriate, considering
2498 the credit union's capacity and the need and availability of such
2499 opportunities for community development in the credit union's
2500 assessment area.
2501

- 2502 C) ~~Community Development Test Ratings for Intermediate Small~~
2503 ~~Credit Unions~~—Needs to Improve or Substantial Noncompliance
2504 Ratings. An intermediate small credit union may also receive a
2505 community development test rating of “needs to improve” or
2506 “substantial noncompliance” depending on the degree to which its
2507 performance has failed to meet the standards for a “satisfactory”
2508 rating
2509
- 2510 3) Service test rating for credit unions that are intermediate small credit
2511 unions: A credit union that is an intermediate small credit union will be
2512 rated under the service test in accordance with (b)(2) of 185.APPENDIX
2513 A (Ratings).
2514
- 2515 f) Overall rating
2516
- 2517 1) Eligibility for a satisfactory overall rating. No intermediate small credit
2518 union may receive an assigned overall rating of "satisfactory" unless it
2519 receives a rating of at least "satisfactory" on both the lending test and
2520 community development test. ~~tests.~~
2521
- 2522 2) Eligibility for an outstanding overall rating.
2523
- 2524 A) An intermediate small credit union that receives an "outstanding"
2525 rating on one test and at least "satisfactory" on the other test may
2526 receive an assigned overall rating of "outstanding".
2527
- 2528 B) A small credit union that is not an intermediate small credit union
2529 that meets each of the standards for a "satisfactory" rating under
2530 the lending test and exceeds some or all of those standards may
2531 warrant consideration for an overall rating of "outstanding". In
2532 assessing whether a credit union's performance is "outstanding",
2533 the Secretary considers the extent to which the credit union
2534 exceeds each of the performance standards for a "satisfactory"
2535 rating and its performance in making qualified investments and its
2536 performance in providing branches and other services and delivery
2537 systems that enhance credit availability in its assessment area.
2538
- 2539 3) Needs to improve or substantial noncompliance overall rating. A small
2540 credit union may also receive a rating of "needs to improve" or
2541 "substantial noncompliance" depending on the degree to which its
2542 performance has failed to meet the standards for a "satisfactory" rating.
2543
- 2544 g) Strategic plan assessment and rating

- 2545
2546
2547
2548
2549
2550
2551
2552
2553
2554
2555
2556
2557
2558
2559
2560
2561
2562
2563
2564
2565
2566
2567
2568
2569
2570
2571
2572
2573
2574
2575
2576
2577
2578
2579
2580
2581
2582
2583
2584
2585
- 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 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.

2586
2587
2588
2589
2590
2591
2592
2593
2594
2595
2596
2597
2598
2599
2600
2601
2602
2603
2604
2605
2606
2607
2608
2609
2610
2611
2612
2613
2614
2615
2616
2617
2618
2619
2620
2621
2622
2623
2624
2625
2626
2627

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 [credit unions](#) 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.

ILLINOIS COMMUNITY REINVESTMENT ACT NOTICE

2628 Under the Illinois Community Reinvestment Act (ILCRA), the Secretary of the Department of
2629 Financial and Professional Regulation (Secretary) evaluates our record of helping to meet the
2630 credit needs of this community consistent with safe and sound operations. The Secretary also
2631 takes this record into account when deciding on certain applications submitted by us.

2632

2633 Your involvement is encouraged.

2634

2635 You are entitled to certain information about our operations and our performance under the
2636 ILCRA. You may review today the public section of our most recent ILCRA evaluation,
2637 prepared by Secretary, and a list of services provided at this branch. You may also have access to
2638 the following additional information, which we will make available to you at this branch within
2639 five calendar days after you make a request to us:

2640

- 2641 1) a map showing the assessment area containing this branch, which is the area in
2642 which the ~~Secretary~~ Commissioner evaluates our ILCRA performance in this
2643 community or other documentation showing the assessment area;
- 2644 2) information about our branches in this assessment area;
- 2645 3) a list of services we provide at those locations;
- 2646 4) data on our lending performance in this assessment area; and
- 2647 5) copies of all written comments received by us that specifically relate to our
2648 ILCRA performance in this assessment area, and any responses we have made to
2649 those comments. If we are operating under an approved strategic plan, you may
2650 also have access to a copy of the plan.

2651

2652 If you would like to review information about our ILCRA performance in other communities
2653 served by us, the public file for our entire credit union is available at (name of office located in
2654 state), located at (address).

2655

2656 At least 30 days before the beginning of each quarter, the Secretary publishes a list of the credit
2657 unions that are scheduled for ILCRA examination by the Secretary in that quarter. This list is
2658 available from the Secretary ~~Commissioner of Banks~~ at 320 West Washington Street, 3rd Floor
2659 Springfield, IL 62786 and 555 W. Monroe St., Suite 500, Chicago, IL 60661. You may send
2660 written comments about our performance in helping to meet community credit needs to (name
2661 and address of official at credit union) and to the Secretary at 320 West Washington Street, 3rd
2662 Floor Springfield, IL 62786 and 555 W. Monroe St., Suite 500, Chicago, IL 60661 or
2663 electronically at <https://idfpr.illinois.gov/Admin/CRA.asp>. Your letter, together with any
2664 response by us, will be considered by the Secretary in evaluating our ILCRA performance and
2665 may be made public.

2666

2667 You may ask to look at any comments received by the Secretary. You may also request from the
2668 Secretary an announcement of our applications covered by the ILCRA filed with the Secretary.
2669 (We are an affiliate of (name of holding company), a holding company. You may request from

2670 (title of responsible official), Federal Reserve Bank of _____ (address) an announcement of
2671 applications covered by the ILCRA filed by holding companies.)

2672

2673 c) The Secretary may update the address(es) or web address(es) to be included on
2674 the required notices by posting a notice of the change of address(es) to the
2675 Department's website at least 30 days prior to the change.

2676

2677
2678 **Section 185.APPENDIX C**
2679

2680 **Examples of Community Development**
2681

2682 Examples of services, programs, sponsorships, donations, lawful investments, deposits,
2683 memberships shares, ~~and~~ grants, other activities which may be deemed to have the primary
2684 purpose of community development include, but are not limited to the following:
2685

- 2686 a) Establishment of or material support of charitable donation accounts and donor
2687 advised funds that benefit charitable organization which help meet the financial
2688 services needs of low-income and moderate-income neighborhoods or individuals
2689 within the credit union’s assessment area;
- 2690
- 2691 b) Establishment of or material support of foundations and other affiliated
2692 companies that provide programs and services to meet the credit needs of low-
2693 income to moderate-income neighborhoods;
- 2694
- 2695 c) Offering Establishment of products and services targeted to expand access to safe
2696 and affordable banking services;
- 2697
- 2698 d) Provision or support of community development services that directly and
2699 tangibly benefit the assessment area;
- 2700
- 2701 e) Offering Establishment of products and services and/or provision of investments
2702 targeted to directly and tangibly increase climate resilience in low-income to
2703 moderate-income neighborhoods; ~~and~~
- 2704
- 2705 f) Offering Establishment of products and services and or provision of investments
2706 targeted to directly and tangibly mitigate environmental harm in low-income to
2707 moderate-income neighborhoods; ~~and~~
- 2708
- 2709 g) Participating in Invest in Illinois or other similar state or federal programs which
2710 have the primary purpose of community development; and-
- 2711
- 2712 h) Participating in an ~~A~~ activity listed on the Office of the Comptroller of the
2713 Currency’s CRA Illustrative List of Qualifying Activities (May 20, 2020).
2714
2715

2716
2717
2718
2719
2720
2721
2722
2723
2724
2725
2726
2727
2728
2729
2730
2731
2732
2733
2734
2735
2736
2737
2738
2739
2740
2741
2742
2743
2744
2745
2746
2747
2748
2749
2750
2751
2752
2753
2754
2755
2756
2757
2758

Section 185.APPENDIX D Alternative Examination Procedures for Credit Unions with Assets less than \$10,000,000.

- 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 and successes, 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 and successes 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
 - J) Applicant’s Race

2759
2760
2761
2762
2763
2764
2765
2766
2767
2768
2769
2770
2771
2772
2773
2774
2775
2776
2777
2778
2779
2780
2781
2782
2783
2784
2785
2786
2787
2788
2789
2790
2791
2792
2793
2794
2795
2796
2797
2798
2799

- 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, if any, 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 and successes 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 and successes, 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.