

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

PART 185  
CREDIT UNION COMMUNITY REINVESTMENT

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

SOURCE: Adopted at 48 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

## SUBPART A: GENERAL

**Section 185.10 Authority, Purposes and Scope**

- a) The Illinois Community Reinvestment Act (ILCRA) [205 ILCS 735] authorizes this Part.
- b) Purposes. This Part is intended to carry out the purposes of the Illinois Community Reinvestment Act (ILCRA) by establishing the framework and criteria by which the Secretary assesses a covered credit union's ILCRA record. These rules shall be liberally construed to effectuate their purpose. Without limiting the aforementioned purpose, specific purposes of this Part include:
  - 1) Establishment of rules pursuant to Section 35-10(b) of the ILCRA, which requires that this Part incorporate federal rules promulgated under the federal Community Reinvestment Act (12 U.S.C. 2901; see also 12 CFR Part 345). Specifically, Section 35-10(b) of the ILCRA states, in relevant part: *To assist in carrying out this Act, the Secretary shall adopt rules incorporating the regulations applicable to covered financial institutions under federal law, and the Secretary may make such adjustments and exceptions thereto as are deemed necessary.* [205 ILCS 735/35-10(b)]
  - 2) Accordingly, this Part
    - A) may include references to federal statutes or rules established pursuant to the federal Community Reinvestment Act; and
    - B) except where this Subpart A makes adjustments or exceptions to the administrative rules established pursuant to the federal Community Reinvestment Act or where inconsistent with the ILCRA or this Subpart, this Subpart shall be construed and interpreted consistently with the appropriate federal financial supervisory agency's construction and interpretation of the federal rules.
  - 3) Establishment of rules as required by Section 35-10(c) of the ILCRA. These rules shall be liberally construed to effectuate their purpose.
  - 4) Establishment of rules as the Secretary may deem appropriate as authorized by the Act under Section 35-15(a), Section 35-35, or otherwise.

- c) Scope. This Part applies to credit unions. Except as context otherwise indicates, this Part does not apply to a bank chartered under the Illinois Banking Act [205 ILCS 5], a savings bank chartered under the Savings Bank Act [205 ILCS 205], an entity licensed under the Residential Mortgage License Act of 1987 [205 ILCS 635] which lent or originated 50 or more residential mortgage loans in the previous calendar year, and any other financial institution under the jurisdiction of the Department as designated by rule by the Secretary.

**Section 185.20 Definitions**

For purposes of this Part, the following definitions apply:

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

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

"Area median income" means:

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

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

"Assessment field" means the persons delineated in accordance with Section 400 as subject to the ILCRA evaluation.

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

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

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

"Community development" means:

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

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

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

Activities that revitalize or stabilize –

low- or moderate-income geographies;

designated disaster areas; or

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

rates of poverty, unemployment, and population loss; or

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

unbanked or underbanked geographies;

Activities targeted to directly and tangibly –

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

mitigate environmental harm in low-income to moderate-income neighborhoods; and

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:

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

directly or indirectly benefits the credit union's assessment field.

"Community development service" means a service that:

has as its primary purpose community development;

is related to the provision of financial services; and

has not been considered in the evaluation of the credit union's retail banking services under Section 185.240(d).

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

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

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

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

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

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

"Credit union" means a corporation chartered as a cooperative, non-profit association, incorporated under the Illinois Credit Union Act [205 ILCS 305].

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

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

within one or more of the following common bonds: association, occupation or community as defined in 205 ILCS 305; and

as otherwise authorized under 205 ILCS 305.

"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.

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

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

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

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

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

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

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

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

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

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

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

"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 \$391 million. "Intermediate small credit union" means a credit union with assets of at least \$391 million as of December 31 of both of the prior two calendar years and less than \$1.564 billion as of December 31 of either of the prior two calendar years. The asset-size thresholds (dollar figures) for small credit unions and intermediate small credit unions shall be automatically adjusted to remain consistent with the asset-size thresholds in effect for small banks and intermediate small banks as published by the Federal Deposit Insurance Corporation. The Secretary shall publish each adjustment of the asset-size thresholds for small credit unions and intermediate small credit unions on the Department's website. "Very Small Credit Union" means a credit union that is eligible for the Very Small Credit Union Examination Procedures set forth in 185.Appendix D pursuant to Section 185.450.

"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.

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

"Substantial majority" means a portion of the credit union's lending activity so significant by number and dollar volume of loans that the lending test evaluation would not meaningfully reflect its lending performance if consumer loans were excluded.

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

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

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

## SUBPART B: STANDARDS OF ASSESSING PERFORMANCE

**Section 185.200 Assessment Factors**

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

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

- a) Performance tests and standards. The Secretary assesses the ILCRA performance of a credit union in an examination as follows:
  - 1) The Secretary shall apply the assessment factors, as provided in Section 185.200, and the lending and service tests, as provided in Section 185.220 and Section 185.240 in evaluating the performance of a credit union, except as provided in Section 185.210(a)(2), (a)(3) and (a)(4). The investment test, as provided in Section 185.230, does not apply to credit unions unless the credit union elects to be evaluated pursuant to the investment test at the start of an examination.
  - 2) Community development test for wholesale or limited purpose credit unions. The Secretary applies the community development test for a wholesale or limited purpose credit union, as provided in Section 185.250, except as provided in Section 185.210(a)(4).
  - 3) Small credit union and intermediate small credit union performance standards. The Secretary applies the small credit union and intermediate small credit union performance standards as provided in Section 185.260 in evaluating the performance of a small credit union or intermediate small credit union or a credit union that was a small credit union during the prior calendar year, unless the credit union elects to be assessed as provided in subsections (a)(1), (a)(2), or (a)(4) of this Section. A small credit union or intermediate small credit union may elect to be assessed as provided in subsection (a)(1) of this Section only if it collects and reports the data required for other credit unions under Section 185.410.
  - 4) Strategic plan. The Secretary evaluates the performance of a credit union under a strategic plan if the credit union submits, and the Secretary approves, a strategic plan as provided in Section 185.270.
- b) Performance context. The Secretary applies the tests and standards in subsection (a) and also considers whether to approve a proposed strategic plan in the context of:
  - 1) demographic data on median income levels, distribution of household income, nature of housing stock, housing costs, and other relevant data pertaining to a credit union's assessment field;

- 2) any information about lending, investment, and service opportunities in the credit union's assessment field maintained by the credit union or obtained from community organizations, state, local, and tribal governments, economic development agencies, or other sources;
  - 3) the credit union's product offerings and business strategy as determined from data provided by the credit union;
  - 4) credit union capacity and constraints, including the size and financial condition of the credit union, the economic climate (national, regional, and local), safety and soundness limitations, and any other factors that significantly affect the credit union's ability to provide lending, investments, or services in its assessment field;
  - 5) the credit union's past performance and the performance of similarly situated credit unions;
  - 6) the credit union's ILCRA file, as described in Section 185.420, and any written comments about the credit union's ILCRA performance submitted to the credit union or the Secretary;
  - 7) the credit union's field of membership and any lending, investment, and other limitation or prohibition applicable to the credit union pursuant to law; and
  - 8) any other information deemed relevant by the Secretary.
- c) Assigned ratings. The Secretary assigns to a credit union one of the following four ratings pursuant to Section 185.280 and 185.APPENDIX A (Ratings): "outstanding"; "satisfactory"; "needs to improve"; or "substantial noncompliance" as provided in 205 ILCS 735/35-15(c). The rating assigned by the Secretary reflects the credit union's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the credit union, and consistent with its common bond. A credit union will be evaluated by how it serves its assessment field. A credit union's rating will not be negatively impacted by the composition of its assessment field, including without limitation the income and geographic demographic data of borrowers in the assessment field, so long as the assessment field is delineated in accordance with Section 185.400.
- d) Safe and sound operations. This Part and the ILCRA does not require a credit union to make loans or investments or to provide services that are inconsistent with safe and sound operations, its size and financial condition, or inconsistent

with its common bond. Credit unions are permitted and encouraged to develop and apply flexible underwriting standards for loans that benefit low- and moderate-income geographies or individuals and work with delinquent customers to facilitate a resolution of the delinquency, only if consistent with safe and sound operations and consistent with its common bond.

- e) Low-cost education loans provided to low-income borrowers. In assessing and taking into account the record of a credit union under this Part, the Secretary shall consider, when applicable, low-cost education loans originated by the credit union to borrowers, particularly in its assessment field, who have an individual income that is less than 50 percent of the area median income. For purposes of this paragraph, "low-cost education loans" means any education loan, as defined in section 140(a)(7) of the Truth in Lending Act (15 U.S.C. 1650(a)(7)) (including a loan under a state or local education loan program), originated by the credit union for a student at an "institution of higher education", as that term is generally defined in sections 101 and 102 of the Higher Education Act of 1965 (20 U.S.C. 1001 and 1002) and the implementing regulations published by the U.S. Department of Education, with interest rates and fees no greater than those of comparable education loans offered directly by the U.S. Department of Education. Such rates and fees are specified in section 455 of the Higher Education Act of 1965 (20 U.S.C. 1087e). This subsection only applies to credit unions that offer education loans.
- f) Activities in cooperation with Community Development Financial Institutions, Minority- or Women-Owned Financial Institutions and Low-Income Credit Unions. In assessing performance to this Part, the Secretary shall consider: capital investment, loan participation, and other ventures undertaken by the credit union in cooperation with Community Development Financial Institutions as defined in regulations issued by the U.S. Department of the Treasury, with minority- and women-owned financial institutions as defined in 12 U.S.C. 2907(b) and credit unions designated as low-income or minority depository institutions by the National Credit Union Administration. 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, activities need not also benefit the credit union's assessment field. 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 Institution, Minority Depository Institution and/or Low-Income Designated Credit Union. The

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Department may require documentation to confirm the credit union still meets the criteria for the certification or designation.



**Section 185.220 Lending Test**

- a) Scope of test.
  - 1) The lending test evaluates a credit union's record of helping to meet the credit needs of its assessment field through its lending activities by considering a credit union's home mortgage, small business and community development lending as applicable. If consumer lending constitutes a substantial majority of a credit union's business, the Secretary will evaluate the credit union's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured loans in addition to home mortgage, small business and community development lending as applicable. At a credit union's option, the Secretary will also evaluate one or more categories of consumer lending, if the credit union has collected and maintained the data for each category that the credit union elects to have the Secretary evaluate as required in Section 185.410(c)(1) in addition to home mortgage, small business and community development lending as applicable.
  - 2) The Secretary considers originations and initial purchases of loans. The Secretary will also consider any other loan data the credit union may choose to provide, including data on loans outstanding, commitments and letters of credit.
  - 3) A credit union may ask the Secretary to consider loans originated or purchased by consortia in which the credit union participates or by third parties in which the credit union has invested only if the loans meet the definition of community development loans and only in accordance with subsection (d). The Secretary will not consider these loans under any criterion of the lending test except the community development lending criterion.
- b) Performance criteria. The Secretary evaluates a credit union's lending performance considering all of the applicable assessment factors in Section 185.200 and pursuant to the following criteria:
  - 1) Geographic distribution. The geographic distribution of the credit union's home mortgage small business, and consumer loans, if applicable, based on the loan location, including:
    - A) the dispersion of lending in the credit union's assessment field; and

- B) the number and amount of loans in low-, moderate-, middle-, and upper-income geographies in the credit union's assessment fields.
- 2) Borrower characteristics. The distribution of the credit union's home mortgage, small business loans, if applicable, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
- A) home mortgage loans to low-, moderate-, middle-, and upper-income individuals, including loans to assist existing low- and moderate-income residents to be able to remain in affordable housing in their neighborhoods;
  - B) small business loans to businesses with gross annual revenues of \$1 million or less;
  - C) small business loans by loan amount at origination; and
  - D) consumer loans, to low-, moderate-, middle-, and upper- income individuals.
- 3) Community development lending. The credit union's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 4) 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 of 12 CFR 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:
- A) any credit assistance program expressly authorized by federal or state law for the benefit of an economically disadvantaged class of persons;
  - B) any credit assistance program offered by credit union for the benefit of its members or an economically disadvantaged class of persons; or

- C) any special credit program offered by a credit union, 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).
- 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 field, the credit union shall elect to have the Secretary consider, in accordance with subsection (c)(1), all the loans within that lending category in that particular assessment field made by all of the credit union's affiliates.
  - 3) The Secretary does not consider affiliate lending in assessing a credit union's performance under subsection (b)(2)(A).
- d) Lending by a consortium or a third party. Community development loans originated or purchased by a consortium in which the credit union participates or by a third party in which the credit union has invested:
- 1) will be considered, at the credit union's option, if the credit union reports the data pertaining to these loans under Section 185.410; and
  - 2) may be allocated among participants or investors, as they choose, for purposes of the lending test, except that no participant or investor:
    - A) may claim a loan origination or loan purchase if another participant or investor claims the same loan origination or purchase and in this

regard the credit union shall monitor and keep records of whether claims exist; or

- B) may claim loans accounting for more than its percentage share (based on the level of its participation or investment) of the total loans originated by the consortium or third party.
- e) Lending performance rating. The Secretary rates a credit union's lending performance as provided in 185.APPENDIX A (Ratings).

**Section 185.230 Investment Test**

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

- 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 field 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 fields, including low-income to moderate-income neighborhoods, consistent with their common bond.
- b) **Areas benefited.** Community development services must benefit a credit union's assessment field.
- c) **Affiliate service.** At a credit union's option, the Secretary will consider, in the 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 credit union shall monitor and keep records of whether such claims exist.
- d) **Performance criteria – Retail Banking Services.** The Secretary evaluates the availability and effectiveness of a credit union's systems for delivering retail banking services, considering all of the applicable assessment factors in Section 185.200 and pursuant to the following criteria:
  - 1) the current distribution of the credit union's branches among low-, moderate-, middle-, and upper-income geographies, if applicable;
  - 2) in the context of its current distribution of the credit union's branches, the credit union's record of opening and closing branches, particularly branches located in low- and moderate-income geographies or primarily serving low- and moderate- income individuals;
  - 3) the availability and effectiveness of alternative systems for delivering retail banking services (e.g., ATMs, surcharge-free ATMs within its network, ATMs not owned or operated by or exclusively for the credit union, banking by telephone or computer, loan production offices, bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals;

- 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies, if applicable, and the degree to which the services are tailored to meet the needs of those geographies; and
  - 5) The credit union's record of effectively marketing its retail banking services and products to unbanked or underbanked persons and offering retail banking services and products targeted to meet the needs of unbanked and underbanked persons. In determining whether a credit union offers retail banking services and products targeted to meet the needs of unbanked and underbanked persons, the Department shall consider:
    - A) whether the credit union is BankOn certified or offers accounts substantially and materially similar to BankOn certified accounts; or
    - B) whether the credit union offers financial services and products to users of alternative financial products or services, provided that, that the credit union has affirmatively and reasonably demonstrated that:
      - i) the credit union offers such accounts or such financial services and products in conjunction with focused and sustained marketing efforts reasonably designed to reach unbanked and underbanked persons;
      - ii) unbanked and underbanked persons may reasonably conveniently obtain or use such accounts or such financial services and products; and
      - iii) the credit union offers such accounts or such financial services and products at a cost to the unbanked and underbanked persons that is significantly lower than would otherwise be incurred by the users of alternative financial products or services.
- e) Performance criteria – Community Development Services. The Secretary evaluates community development services considering all of the applicable assessment factors in Section 185.200 and pursuant to the following criteria:
- 1) the extent to which the credit union provides community development services; and



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- 2) the innovativeness and responsiveness of community development services.
  - f) Service performance rating. The Secretary rates a credit union's service performance as provided in 185.APPENDIX A (Ratings).

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

- a) Scope of test. The Secretary assesses a wholesale or limited purpose credit union's record of helping to meet the credit needs of its assessment field under the community development test through its community development lending, qualified investments, or community development services.
- b) Designation as a wholesale or limited purpose credit union. In order to receive a designation as a wholesale or limited purpose credit union, a credit union shall file a request, in writing, with the Secretary, at least six months prior to the proposed effective date of the designation. If the Secretary approves the designation, it remains in effect until the credit union requests revocation of the designation or until one year after the Secretary notifies the credit union that the Secretary has revoked the designation on the Secretary's own initiative.
- c) Performance criteria. The Secretary evaluates the community development performance of a wholesale or limited purpose credit union considering all of the applicable assessment factors in Section 185.200 and pursuant to the following criteria:
  - 1) the number and amount of community development loans (including originations and initial purchases of loans and other community development loan data provided by the credit union, such as data on loans outstanding, commitments, and letters of credit), qualified investments, or community development services;
  - 2) the use of innovative or complex qualified investments, community development loans, or community development services and the extent to which the investments are not routinely provided by private investors; and
  - 3) the credit union's responsiveness to credit and community development needs.
- d) Indirect activities. At a credit union's option, the Secretary will consider in its community development performance assessment:
  - 1) qualified investments or community development services provided by an affiliate of the credit union, if the investments or services are not claimed by any other institution; and

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- 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 field.
- 1) Benefit inside assessment field. The Secretary considers all qualified investments, community development loans, and community development services that benefit areas within the credit union's assessment field
  - 2) Benefit outside assessment field. The Secretary considers the qualified investments, community development loans, and community development services that indirectly benefit the credit union's assessment field, if the credit union has adequately addressed the direct needs of its assessment field.
- f) Community development performance rating. The Secretary rates a credit union's community development performance as provided in 185.APPENDIX A (Ratings).

**Section 185.260 Small Credit Union and Intermediate Small Credit Union Performance Standards**

- a) Performance criteria.
  - 1) Except as set forth in Section 185.460, the Secretary evaluates the record of a small credit union of helping to meet the credit needs of its assessment field 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 field pursuant to all of the applicable assessment factors in Section 185.200, subsections (b) and (c).
- b) Lending test. A small credit union and intermediate small credit union's lending performance in home mortgage, small business, community development lending, consumer lending, or any other type of lending, as applicable 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 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) the geographic distribution of the credit union's loans in the context of its relevant field of membership;
  - 4) 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 field and its performance with regard to fair lending policies and practices; and
  - 5) 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. This subsection (b)(5) 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.
- d) Small credit union and intermediate small credit union performance rating. The Secretary considers all of the applicable assessment factors in Section 185.200 and rates the performance of a credit union evaluated under this Section as provided in 185.APPENDIX A (Ratings).

**Section 185.270 Strategic Plan**

- a) Alternative election. The Secretary will assess a credit union's record of helping to meet the credit needs of its assessment field considering all of the applicable assessment factors in Section 185.200 under a strategic plan if:
  - 1) the credit union has submitted the plan to the Secretary as provided for in this Section;
  - 2) the Secretary has approved the plan;
  - 3) the plan is in effect; and
  - 4) the credit union has been operating under an approved plan for at least one year.
- b) Data reporting. The Secretary's approval of a plan does not affect the credit union's obligation, if any, to report data as required by Section 185.410.
- c) Plans in general.
  - 1) Term. A plan may have a term of no more than five years, and any multi-year plan must include annual interim measurable goals under which the Secretary will evaluate the credit union's performance.
  - 2) Treatment of affiliates. Affiliated credit unions may prepare a joint plan if the plan provides measurable goals for each credit union. Activities may be allocated among credit unions at the credit union's option, provided that the same activities are not considered for more than one credit union.
- d) Public participation in plan development. Before submitting a plan to the Secretary for approval, a credit union shall:
  - 1) informally seek suggestions from members of the public in its assessment field covered by the plan while developing the plan;
  - 2) once the credit union has developed a plan, formally solicit public comment on the plan for at least 30 days by publishing notice in at least one newspaper of general circulation in each assessment field covered by the plan and on the internet; and

- 3) during the period of formal public comment, make copies of the plan available for review by the public at no cost at all offices of the credit union in any assessment field covered by the plan and provide copies of the plan upon request for a reasonable fee to cover copying and mailing, if applicable.
- e) Submission of plan. The credit union shall submit its plan to the Secretary at least six months prior to the proposed effective date of the plan. The credit union shall also submit with its plan a description of its informal efforts to seek suggestions from members of the public, any written public comment received, and, if the plan was revised in light of the comment received, the initial plan as released for public comment.
- f) Plan content.
- 1) Measurable goals.
    - A) A credit union shall specify in its plan measurable goals for helping to meet the credit needs of each assessment field covered by the plan, particularly the needs of low- and moderate-income geographies and low- and moderate-income individuals, through lending, investment, and services, as appropriate and considering all of the applicable assessment factors in Section 185.200.
    - B) A credit union shall address in its plan all applicable performance categories and, unless the credit union has been designated as a wholesale or limited purpose credit union, shall emphasize lending and lending-related activities. Nevertheless, a different emphasis, including a focus on one or more performance categories, may be appropriate if responsive to the characteristics and credit needs of its assessment field, considering public comment and the credit union's capacity and constraints, product offerings, and business strategy.
  - 2) Confidential information. A credit union may submit additional information to the Secretary on a confidential basis which shall not be deemed a public record as defined in 5 ILCS 140/2 or be subject to the public disclosure provisions of 5 ILCS 140/1, but the goals stated in the plan must be sufficiently specific to enable the public and the Secretary to judge the merits of the plan.
  - 3) Satisfactory and outstanding goals. A credit union shall specify in its plan measurable goals that constitute "satisfactory" performance. A plan may

specify measurable goals that constitute "outstanding" performance. If a credit union submits, and the Secretary approves, both "satisfactory" and "outstanding" performance goals, the Secretary will consider the credit union eligible for an "outstanding" performance rating.

- 4) Election if satisfactory goals not substantially met. A credit union may elect in its plan that, if the credit union fails to meet substantially its plan goals for a satisfactory rating, the Secretary will evaluate the credit union's performance under the lending, investment, and service tests, the community development test, or the small credit union performance standards, as appropriate.
- g) Plan approval.
- 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 subsections (e) and (f). If the Secretary fails to act within this time period, the plan shall be deemed approved unless the Secretary extends the review period in writing.
  - 2) Public participation. In evaluating the plan's goals, the Secretary considers the public's involvement in formulating the plan, written public comment on the plan, and any response by the credit union to public comment on the plan.
  - 3) Criteria for evaluating plan. The Secretary considers all of the applicable assessment factors in Section 185.200 and evaluates a plan's measurable goals using the following criteria, as appropriate and applicable:
    - A) the extent and breadth of lending or lending-related activities, including, as appropriate, the distribution of loans among different geographies, businesses and farms of different sizes, and individuals of different income levels, the extent of community development lending, and the use of innovative or flexible lending practices to address credit needs;
    - B) the amount and innovativeness, complexity, and responsiveness of the credit union's qualified investments; and
    - C) the availability and effectiveness of the credit union's systems for delivering retail banking services and the extent and innovativeness of the credit union's community development services.



- h) Plan amendment. During the term of a plan, a credit union may request the Secretary to approve an amendment to the plan on grounds that there has been a material change in circumstances. The credit union shall develop an amendment to a previously approved plan in accordance with the public participation requirements of subsection (d).
- i) Plan assessment. The Secretary approves the goals and assesses performance under a plan as provided for in 185.APPENDIX A (Ratings).

**Section 185.280 Assigned Ratings**

- a) Ratings in general. Subject to subsections (b) and (c), the Secretary assigns to a credit union a rating of "outstanding", "satisfactory", "needs to improve", or "substantial noncompliance" based on the credit union's performance under the lending, investment and service tests, the community development test, the small credit union's performance standards, the intermediate small credit union's standards, or an approved strategic plan, as applicable.
- b) Lending, investment, and service tests. The Secretary assigns a rating for a credit union assessed under the lending, investment, and service tests in accordance with the following principles:
  - 1) a credit union that receives an "outstanding" rating on the lending test receives an assigned rating of at least "satisfactory";
  - 2) a credit union that receives an "outstanding" rating on both the service test and the investment test and a rating of at least "satisfactory" on the lending test receives an assigned rating of "outstanding"; and
  - 3) no credit union may receive an assigned rating of "satisfactory" or higher unless it receives a rating of at least "satisfactory" on the lending test.
- c) Effect of evidence of discriminatory or other illegal credit practices.
  - 1) The Secretary's evaluation of a credit union's ILCRA performance is adversely affected by evidence of discriminatory or other illegal credit practices in any geography by the credit union or in any assessment field by any affiliate whose loans have been considered as part of the credit union's lending performance. In connection with any type of lending activity described in Section 185.220(a), evidence of discriminatory or other credit practices that violate an applicable law, rule, or regulation includes, but is not limited to:
    - A) Discrimination against applicants on a prohibited basis in violation, for example, of the Equal Credit Opportunity Act (15 U.S.C. 1691-1691f) or the Fair Housing Act (42 U.S.C. 3601-19), including, for example, relying on or giving force or effect to discriminatory appraisals to deny loan applications where the covered financial institution knew or should have known of the discrimination;

- B) Violations of the Home Ownership and Equity Protection Act (15 U.S.C. 1601-02, 1639-41);
  - C) Violations of section 5 of the Federal Trade Commission Act (15 U.S.C. 45);
  - D) Violations of section 8 of the Real Estate Settlement Procedures Act (12 U.S.C. 2607);
  - E) Violations of the Truth in Lending Act (15 U.S.C. 1635) provisions regarding a consumer's right of rescission;
  - F) Violations of the Article 4 [Financial Credit] of Illinois Human Rights Act [775 ILCS 5/Art. 4];
  - G) Violations of the Illinois High Risk Home Loan Act [815 ILCS 137]; and
  - H) Violations of the Illinois Fairness in Lending Act [815 ILCS 120].
- 2) In determining the effect of evidence of practices described in subsection (c)(1) on the credit union's assigned rating, the Secretary considers the nature, extent, and strength of the evidence of the practices; the policies and procedures that the credit union (or affiliate, as applicable) has in place to prevent the practices; any corrective action that the credit union (or affiliate, as applicable) has taken or has committed to take, including voluntary corrective action resulting from self-assessment; and any other relevant information.

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

- a) ILCRA Performance. Among other factors, the Secretary takes into account the record of performance under the ILCRA of each applicant credit union in considering an application for approval of:
  - 1) The relocation of the credit union's main office or a branch, but only when express prior approval is otherwise required under applicable State law of administrative rule; and
  - 2) The merger, consolidation, acquisition of assets, or assumption of liabilities.
- b) New financial institutions. A newly chartered credit union shall submit with its application for a permit to organize a description of how it will meet its ILCRA objectives. The Secretary takes the description into account in considering the application and may deny or condition approval on that basis.
- c) Interested parties. The Secretary takes into account any views submitted by interested parties in accordance with the public notice posted pursuant to Section 35-20 of ILCRA.
- d) Denial or conditional approval of application. A credit union's record of ILCRA performance may be the basis for denying or conditioning approval of an application listed in subsection (a).

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

**Section 185.400 Assessment Field Delineation**

- a) The Secretary does not evaluate the institution's delineation of its assessment field as a separate performance criterion, but the Secretary reviews the delineation for compliance with the requirements of this Section.
- b) Except as otherwise set forth in subsection (f), a credit union shall delineate as its assessment field:
  - 1) members from its occupational common bonds, if any;
  - 2) members from its associational common bonds, if any;
  - 3) members other than community common bond members admitted to membership under the Illinois Credit Union Act, if any; and
  - 4) the geographic areas containing members and persons eligible for membership pursuant to its community common bonds or portions of the community common bonds, if any, that the credit union reasonably believes it can serve. In evaluating whether a credit union can reasonably serve persons eligible for membership pursuant to its community common bonds, the credit union shall consider its:
    - A) Size;
    - B) Financial health;
    - C) Ability to effectively promote and market membership and membership services and products throughout the community common bond in a cost-effective manner;
    - D) Applicable legal restrictions,
    - E) The location of its offices, branches, and other facilities; and
    - F) Other relevant considerations, including without limitation, the size, configuration and existence of political subdivisions and geographic barriers within the geographic areas.

- c) A credit union may choose to include or exclude any community common bonds located outside of the State of Illinois from its assessment field. A credit union may choose to include or exclude any members for membership pursuant to its occupational or associational common bonds located outside of the State of Illinois from its assessment.
- d) A credit union shall not arbitrarily exclude low-income and moderate-income neighborhoods, persons, and areas where there is a lack of access to safe and affordable banking and lending services from its assessment field. A credit union's assessment field shall not reflect illegal discrimination.
- e) With respect to a community common bond, a credit union may delineate only its members as its assessment field with approval of the Secretary when inclusion of geographic areas containing persons eligible for membership pursuant to its community common bonds, if any, would be unreasonable or impractical in the credit union's specific case. In evaluating whether to approve such a request, the Secretary shall consider:
  - 1) The size of the credit union;
  - 2) The financial health of the credit union;
  - 3) Applicable legal restrictions;
  - 4) The ability to effectively promote and market membership and membership services and products throughout the community common bond in a cost-effective manner; and
  - 5) Any other relevant considerations, including without limitation, the size, configuration and existence of political subdivisions and geographic barriers within the geographic areas presented by the credit union.
- f) A credit union may delineate only the geographic areas containing members and persons eligible for membership pursuant to its community common bonds or portions thereof as its assessment field when such delineation is reasonable and consistent with a meaningful evaluation of the credit union's ILCRA record. In reviewing whether such delineation is reasonable, the Secretary shall consider:
  - 1) The size of geographic areas designated by the credit union;
  - 2) The number of Illinois residents living or working in the delineated geographic areas;

- 3) Whether the geographic area contains low-income and moderate-income neighborhoods, or areas where there is a lack of access to safe and affordable banking and lending services;
  - 4) The size of the credit union;
  - 5) The financial health of the credit union;
  - 6) The ability to effectively promote and market membership and membership services and products throughout the community common bond in a cost-effective manner;
  - 7) Applicable legal restrictions;
  - 8) The location of its offices, branches, and other facilities; and
  - 9) Any other relevant considerations, including without limitation, the size, configuration and existence of political subdivisions and geographic barriers within the geographic areas presented by the credit union.
- g) The credit union shall memorialize the bases for its assessment field delineation at or before the end of the implementation period set forth in Section 185.490. The credit union shall memorialize the bases for its assessment field delineation in writing and provide a copy of the writing to the Secretary. The following governs a credit union changing its assessment field:
- 1) A credit union may choose to change the delineation of its assessment field at any time, except a credit union may not change the delineation of its assessment field after an examination has been scheduled; and
  - 2) A credit union shall modify the delineation of its assessment field when there is a material modification to the credit union's field of membership or other material change in circumstances.
- h) A credit union may request a written finding from the Secretary that its assessment field delineation complies with this Section prior to the initial ILCRA examination. The request shall include the credit union's bases for its assessment field delineation and any other documentation required by the Secretary to evaluate the request. The request shall be made no later than 90 days before the end of the applicable implementation period set forth in Section 185.490. No later than 90 days after receipt a complete request, the Secretary shall provide a written finding that the delineation is in compliance with the requirements of this Section or that the delineation is not in compliance together with the reasons. The

time periods set forth in the Section may be extended for good cause shown or by agreement between the Secretary and credit union. A credit union may rely in good faith on the Secretary's written finding with respect to any subsequent efforts by the Secretary to reject or modify the prior assessment field delineation unless and until there has been a material modification to the credit union's field of membership or other material change in circumstances.

- i) The Secretary uses the assessment field delineated by a credit union in its evaluation of the credit union's ILCRA performance unless the Secretary determines that the assessment field does not comply with the requirements of this Section. If the Secretary determines that the assessment field delineated by the credit union does not comply with this requirement of this Section, the Secretary shall provide the credit union at least one additional reasonable opportunity to delineate an assessment field in compliance with the requirements of this Section.
- j) For purposes of this Section, a "material modification or material change in circumstances" shall be deemed to exist if there has been a significant change in the members served by the credit union or the geographic areas containing members and persons eligible for membership from its community common bonds or portions thereof, if any, that the credit union reasonably believes it can serve after considering the factors enumerated in subsections (b) or (f) as applicable.
- k) For purposes of the Section, "members" means current members as reflected on the membership list of the credit union, as that membership list changes from time to time.



**Section 185.410 Data Collection, Reporting, and Disclosure**

- a) Credit unions shall comply with all data collection, reporting and disclosure requirements as required by applicable law.
- b) A credit union, except a credit union that meets the definition of a small credit union or intermediate small credit union, which is subject to HMDA reporting requirements, shall report to the Department the location of each home mortgage loan application, origination, or purchase outside the credit union's assessment field in accordance with the requirements of 12 CFR 1003.
- 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, 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 approved strategic plan, shall report for those loans the data that the credit union would have reported had the loans been originated or purchased by the credit union.

**Section 185.420 Content and Availability of ILCRA File**

- a) Information available to the field of membership. A credit union shall maintain an ILCRA file for its field of membership that includes the following information:
  - 1) all written comments received from the public for the current year and each of the prior two calendar years that specifically relate to the credit union's performance in helping to meet community credit needs, and any response to the comments by the credit union, if neither the comments nor the responses contain statements that reflect adversely on the good name or reputation of any persons other than the credit union or publication of which would violate specific provisions of law.
  - 2) a copy of the public section of the credit union's most recent ILCRA Performance Evaluation prepared by the Secretary. The credit union shall place this copy in the ILCRA file within 30 business days after its receipt from the Secretary. A copy of the public section includes:
    - A) The assessment factors utilized to determine the credit union's descriptive rating;
    - B) The Secretary's conclusion with respect to each assessment factor;
    - C) A discussion of the facts supporting the conclusions;
    - D) The credit union's descriptive rating and the basis therefor;
    - E) The assigned overall rating;
    - F) Any other information the Secretary finds that the ends of justice and the public advantage will be served by the disclosure; and
    - G) 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, bank-at-work or bank-by-mail programs);
  - 6) the field of membership as defined in the credit union's Article of Incorporation and Article III of the bylaws;
  - 7) its assessment field delineation; and
  - 8) any other information the credit union chooses.
- b) Additional information available to the field of membership.
- 1) Credit Unions other than small credit unions or intermediate small credit unions. A credit union, except a small credit union or intermediate small credit union or a credit union that was a small credit union or intermediate small credit union the prior calendar year, shall include in its ILCRA file the following information pertaining to the credit union and its affiliates, if applicable, for each of the prior two calendar years. If the credit union has elected to have one or more categories of its consumer loans considered under the lending test, for each of these categories, the number and amount of loans:
    - A) to low-, moderate-, middle-, and upper-income individuals;
    - B) located in low-, moderate-, middle-, and upper-income census tracts; and
    - C) located inside the credit union's assessment field and outside the credit union's assessment field.
  - 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 ILCRA 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](http://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 ILCRA file the affiliate's HMDA Disclosure Statement for those years. The credit union shall place the statements in the ILCRA file within three business days after its receipt.

- 3) Small credit unions and intermediate small credit unions. A small credit union or intermediate small credit union or a credit union that was a small credit union or intermediate small credit union during the prior calendar year shall include in its ILCRA file 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.
  - 4) Credit unions with strategic plans. A credit union that has been approved to be assessed under a strategic plan shall include in its ILCRA 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 ILCRA 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 information. A credit union shall make available to the field of membership for inspection upon request and at no cost the information required in this Section as follows:
- 1) at the main office and, if an interstate credit union, at one branch office in each state, all information in the ILCRA file; and
  - 2) at each branch, if any:
    - A) a copy of the public section of the credit union's most recent ILCRA Performance Evaluation and a list of services provided by the branch; and
    - B) within five calendar days after the request, all the information in the ILCRA file relating to the assessment field 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 ILCRA file. The credit union may charge a reasonable fee not to exceed the cost of copying and mailing, if applicable. A credit union shall not charge a fee if the information is only provided electronically.

- e) Updating. Except as otherwise provided in this Section, a credit union shall ensure that the information required by this Section is current as of April 1 of each year.
- f) Notwithstanding subsections (a) through (e), this Section does not prohibit a credit union from establishing and implementing standards and procedures that a person must follow to obtain the ILCRA file. The standards and procedures shall provide reasonable access to the ILCRA file. In determining whether standards and procedures are reasonable, the Secretary shall consider:
  - 1) The credit union's size and financial condition;
  - 2) The location of the credit union and its hours of operation;
  - 3) Whether the ILCRA file is available electronically; and
  - 4) Any other unique circumstances presented by the credit union.
- g) A credit union may request a written finding from the Secretary that its standards and procedures provide reasonable access to the file from the Secretary. Any credit union which relies on a finding shall not be subject to an enforcement action by the Department for a violation of this Section. Unless extended by the Secretary in writing, any finding shall expire at the end of the credit union's next examination.
- h) The Department shall make the public section of the written evaluation available to all persons for inspection or copying pursuant to Section 35-15(b) of the ILCRA. Public comments, together with any response from a credit union will be considered by the Secretary in evaluating our ILCRA performance and may be made public.

**Section 185.430 Public Notice by Credit Union**

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

**Section 185.440 Publication of Planned Examination Schedule**

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



**Section 185.450 Very Small Credit Union Examination Procedures**

- a) At the time of examination any credit union that satisfies either of the following eligibility standards as shown in its Year-end Call report and other related documentation may elect to use the Very Small Credit Union Examination Procedures set forth in 185.APPENDIX D:
- 1) Total assets less than \$25,000,000; or
  - 2) Total assets less than \$100,000,000 that lent or originated less than 50 residential mortgage loans reportable under the Home Mortgage Disclosure Act in the previous calendar year. The \$100,000,000 threshold shall be adjusted based on amendments made by the National Credit Union Administration from time to time in its definition of "small entity" for purposes of the federal Regulatory Flexibility Act (5 U.S.C. Section 601, et seq.). For purposes of this subsection (a)(2), "lent" or "originated" means the credit union was responsible for underwriting, making credit decisions for, issuing commitments for, or funding for the residential mortgage loan; "residential mortgage loan" means any loan primarily for personal, family or household use that is secured by a mortgage, deed or trust or other equivalent consensual security interest on a dwelling or residential real estate upon which is constructed or intended to be constructed a dwelling; and "dwelling" means a residential structure or mobile home which contains one to four family housing units or individual units of condominiums or cooperatives. For purposes of this subsection (a)(2), "lent" or "originated" does not include the performance of brokerage or referral activities.
- b) For any credit union which elects to use the Very Small Credit Union Examination Procedures set forth in 185.APPENDIX D, the Secretary shall apply the assessment factors, as provided in Section 185.200. The written evaluation shall comply with all requirements for a written evaluation set forth in Section 15(b) of the ILCRA.
- c) Any credit union which receives an overall rating of "substantial noncompliance" on its last examination shall not be eligible to use the Very Small Credit Union Examination Procedures set forth in 185.APPENDIX D on its next examination.
- d) Nothing contained in this Section, prohibits the Secretary from considering other sources of information including, but not limited to, evidence of discriminatory or other illegal credit practices, or public comments in assessing whether a credit

union is meeting the financial services needs of local communities pursuant to Section 185.200.

- e) The Very Small Credit Union Examination Procedures set forth in 185.APPENDIX D shall in no way limit public participation.
- f) A credit union electing to use the Very Small Credit Union Examination Procedures set forth in 185.APPENDIX D does not affect the credit union's obligation, if any, to report data as required by Section 185.410.
- g) A credit union electing to use the Very Small Credit Union Examination Procedures set forth in 185.APPENDIX D does not affect the credit union's obligation to maintain an ILCRA file as required by Section 185.420.
- h) A credit union that elects to use the Very Small Credit Union Examination Procedures set forth in 185.APPENDIX D shall have at least three months to complete the examination. The credit union shall have the opportunity to review its proposed examination response with an examiner prior to the due date.

**Section 185.460 Examination Authority and Cooperation**

- a) Pursuant to the Secretary's authority under the ILCRA, including, but not limited to, Sections 35-15 and 35-25 of the ILCRA. The Secretary or appointees may examine the entire books, records, documents, and operations of each credit union, affiliates, or agents, and may examine any credit union, its affiliates', or agents' officers, directors, employees, and agents under oath.
- b) A credit union shall be required to fully cooperate in any examination conducted pursuant to this Part. Cooperation includes, but is not limited to:
  - 1) timely and full production of books, records, and documents, in any reasonable format requested by the Department; and
  - 2) ensuring all officers, directors, employees, and agents of the credit union are available for depositions or interviews upon reasonable notice.
  - 3) Except as otherwise specified in ILCRA or this Part, examination related to this Part shall be conducted consistent with 205 ILCS 305/9(3.5), 38 Ill. Adm. Code 190.25, and accompanying regulatory guidelines (Guidelines for Regulatory Scope, Clarity and Resolution of Examination Items) found on the Department's website.

**Section 185.470 Examination Schedule**

- a) The Secretary may conduct a discretionary ILCRA examination of a credit union at any time.
- b) Initial CRA examinations of credit unions shall be conducted according to the following schedule:
  - 1) Initial ILCRA examinations of credit unions with total assets of \$1 billion or more, as shown by its Year-end Call Report, shall not be conducted until at least February 1, 2025 and shall be conducted within three years.
  - 2) Initial ILCRA examinations of credit unions with total assets of \$391,000,000 to less than \$1 billion, as shown by its Year-end Call Report, shall not be conducted until at least February 1, 2025 and shall be conducted within four years.
  - 3) Initial ILCRA examinations of credit unions with total assets of \$10,000,000 but less than \$391,000,000, as shown by its Year-end Call Report, shall not be conducted until at least August 1, 2025 and shall be conducted within five 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 August 1, 2025 and shall be conducted within six 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 \$391,000,000, 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 three 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 two 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 one 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 \$391,000,000, as shown by its Year-end Call Report, shall be conducted as follows:
- A) For a credit union that is assigned an "outstanding" rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within five 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 "satisfactory" rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within four years of the issuance of the report of examination of its most recent prior examination under the ILCRA.
- C) For a credit union that is assigned a "needs improvement" rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within two years of the issuance of the report of examination of its most recent prior examination under the ILCRA.
- D) For a credit union that is assigned a "substantial noncompliance" rating in its most recent prior examination under the ILCRA, the next examination shall be initiated within one year of the issuance of the report of examination of its most recent prior examination under the ILCRA.
- d) A credit union may request reconsideration to evaluate whether a less than satisfactory ILCRA rating may be modified. The request for reconsideration shall be in writing and shall identify each aspect of the written evaluation and the Department's findings that the credit union requests the Department to reconsider. The credit union shall provide any evidence, analyses, or information the credit union believes justifies changing the credit union's ILCRA rating to the Department. Upon receipt of the request, pursuant to Section 185.460(b)(3), the

Secretary shall adhere to the progressive steps of review set forth in 38 Ill. Adm. Code 190.25(d). A request for reconsideration shall be delivered in writing no later than 90 days after the date the Secretary publishes the public section of the written evaluation on the the Department's website. If the Secretary determines a change of rating is justified, the Secretary shall publish a supplemental written evaluation with the new ILCRA rating and all bases for changing the rating. A credit union may request reconsideration of an ILCRA rating and the Department's written ILCRA evaluation and findings only as set forth in this Section.

**Section 185.480 Examination Fees**

## a) Examination Fees

- 1) Annual Fees. Each fiscal year, credit unions shall pay an annual ILCRA fee to the Department based upon its total assets as shown on its Year-end Call Report at the following rate:

<b>TOTAL ASSETS</b>	<b>ILCRA ANNUAL FISCAL YEAR 2025</b>	<b>ILCRA ANNUAL FISCAL YEAR 2026</b>
\$1,000,000 or less	No Charge	No Charge
Over \$1,000,000 and not over \$10,000,000	No Charge	No Charge
Over \$10,000,000 and not over \$30,000,000	\$1,000	\$1,050
Over \$30,000,000 and not over \$50,000,000	\$2,000	\$2,100
Over \$50,000,000 and not over \$100,000,000	\$3,000	\$3,150
Over \$100,000,000 and not over \$350,000,000	\$4,500	\$4,725
Over \$350,000,000 and over \$500,000,000	\$9,000	\$9,450
Over \$500,000,000 and not over \$1,000,000,000	\$13,000	\$13,650
Over \$1,000,000,000 and not over \$10,000,000,000	\$18,000	\$18,900
Over \$10,000,000,000	\$24,000	\$25,000

- 2) When out-of-state travel occurs in the conduct of any examination, the credit union shall make arrangements to reimburse the Department all charges for services such as travel expenses, including airfare, hotel and per diem incurred by the employee. These expenses are to be in accord with applicable travel regulations published by the Department of Central Management Services and approved by the Governor's Travel Control Board (80 Ill. Adm. Code 2800).

- b) All fees received pursuant to this Part shall be deposited in the Credit Union Fund and subject to Section 12(6) of the Illinois Credit Union Act [205 ILCS 305/12(6)].

- c) Notwithstanding Section 185.490, the fee for fiscal year 2025 shall be due on September 1, 2024. The fee for each fiscal year thereafter shall be due within 30 days after the start of each fiscal year. For purposes of this Section, "fiscal year" means a period beginning on July 1 of any calendar year and ending on June 30 of the next calendar year.



**Section 185.490 Implementation Period**

- a) Credit unions with total assets of \$391,000,000 or more shall have until February 1, 2025 to comply with the requirements of this Part.
- b) Credit unions with total assets less than \$391,000,000 shall have until August 1, 2025 to comply with the requirements of this Part.

**Section 185.500 Enforcement**

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

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

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

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

**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. Notwithstanding any contrary provision in this Part, the Secretary may consider as a basis to adjust a credit union's overall rating, 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 credit union that does not have a community common bond shall not be evaluated according to any criteria that references geographies or geographic area. A credit union with a field of membership consisting of multiple common bonds that includes community common bonds shall not be evaluated according to any criteria that references geographies or geographic area, except with respect to its community common bonds. 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 and other limitations and restrictions under 205 ILCS 305. 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. A credit union will be evaluated by how it serves its assessment field. A credit union's rating will not be negatively impacted by the composition of its assessment field including without limitation the income and geographic demographic data of borrowers in the assessment

field so long as the assessment field is delineated in accordance with Section 185.400.

- 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.
- b) Credit Unions evaluated under the Lending and Service Tests.
- 1) Lending Performance Rating. The Secretary assigns each credit union's lending performance one of the five following ratings.
    - A) Outstanding. The Secretary rates a credit union's lending performance "outstanding" if, in general, it demonstrates:
      - i) Excellent responsiveness to credit needs in its assessment field, taking into account the number and amount of home mortgage, and consumer loans, if applicable, in its assessment field;
      - ii) An excellent geographic distribution of loans in its assessment field, provided, however, a geographic analysis is relevant in the context of the credit union's membership by-law provisions;
      - iii) An excellent distribution, particularly in its assessment field, of loans among members of different income levels, given the product lines offered by the credit union;
      - iv) An excellent record of serving the credit needs of highly economically disadvantaged persons in its assessment field, 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) Extensive use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income members or geographies;

- vi) 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;
  - vii) An excellent record relative to fair lending policies and practices; and
  - viii) It is a leader in making community development loans.
- 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 field, taking into account the number and amount of home mortgage, and consumer loans, if applicable, in its assessment field;
  - ii) A good geographic distribution of loans in its assessment field, 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 field, 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 persons in its assessment field, 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;
  - vi) 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;
  - vii) A good record relative to fair lending policies and practices; and

- viii) It has made a relatively high level of community development loans.
- C) Low satisfactory. 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 field, taking into account the number and amount of home mortgage, and consumer loans, if applicable, in its assessment field;
  - ii) An adequate geographic distribution of loans in its assessment field, 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 field, 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 persons in its assessment field, 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;
  - vi) 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;
  - vii) An adequate record relative to fair lending policies and practices; and
  - viii) It has made an adequate level of community development loans.

- D) 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 field, taking into account the number and amount of home mortgage, and consumer loans, if applicable, in its assessment field;
  - ii) A poor geographic distribution of loans, particularly to low- and moderate-income geographies, in its assessment field, provided, however, a geographic analysis is relevant in the context of the credit union's membership by-law provisions;
  - iii) A poor distribution, particularly in its assessment field, 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 persons in its assessment field, 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) 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;
  - vi) 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;
  - vii) A poor record relative to fair lending policies and practices; and
  - viii) It has made a low level of community development loans.
- E) 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 field, taking into account the number and amount of home mortgage, and consumer loans, if applicable, in its assessment field;
  - ii) A very poor geographic distribution of loans, particularly to low- and moderate-income geographies, in its assessment field, provided, however, a geographic analysis is relevant in the context of the credit union's membership by-law provisions;
  - iii) A very poor distribution, particularly in its assessment field, 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 persons in its assessment field, 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;
  - vi) Origination of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units;
  - vii) A very poor record relative to fair lending policies and practices; and
  - viii) It has made few, if any, community development loans.
- 2) Service performance rating. The Secretary assigns each credit union's service performance one of the five following ratings.
  - A) Outstanding. The Secretary rates a credit union's service performance "outstanding" if, in general, the credit union demonstrates:

- i) Its service delivery systems are readily accessible to members and geographies of different income levels in its assessment field;
  - ii) To the extent changes have been made, its record of opening and closing branches has improved the accessibility of its delivery systems, particularly to low- and moderate-income members or in low- and moderate-income geographies;
  - iii) Its services (including, where appropriate, business hours) are tailored to the convenience and needs of its assessment field, particularly low- and moderate-income members or in low- and moderate-income geographies; and
  - iv) It is a leader in providing community development services.
- B) 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 field;
  - 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 field, 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 satisfactory. 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 field, particularly low- and moderate-income members and low- and moderate-income geographies; and
  - iv) It provides an adequate level of community development services.
- D) 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 field, 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 field, particularly low- and moderate-income members or low- and moderate-income geographies; and
  - iv) It provides a limited level of community development services.

- E) 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 field, 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 field, particularly low- and moderate-income members or low- and moderate-income geographies; and
  - iv) It provides few, if any, community development services.
- c) Investment performance rating. The Secretary assigns each credit union's investment performance one of the 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.
  - 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:
- A) An adequate level of qualified investments, particularly those that are not routinely provided by private investors, although rarely in a leadership position;
  - B) Occasional use of innovative or complex qualified investments;  
and
  - C) Adequate responsiveness to credit and community development needs.
- 4) Needs to improve. The Secretary rates a credit union's investment performance "needs to improve" if, in general, it demonstrates:
- A) A poor level of qualified investments, particularly those that are not routinely provided by private investors;
  - B) Rare use of innovative or complex qualified investments; and
  - C) Poor responsiveness to credit and community development needs.
- 5) Substantial noncompliance. The Secretary rates a credit union's investment performance as being in "substantial noncompliance" if, in general, it demonstrates:
- A) Few, if any, qualified investments, particularly those that are not routinely provided by private investors;
  - B) No use of innovative or complex qualified investments; and
  - C) Very poor responsiveness to credit and community development needs.

- d) Wholesale or limited purpose credit unions. The Secretary assigns each wholesale or limited purpose credit union's community development performance one of the four following ratings.
- 1) Outstanding. The Secretary rates a wholesale or limited purpose credit union's community development performance "outstanding" if, in general, it demonstrates:
    - A) A high level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;
    - B) Extensive use of innovative or complex qualified investments, community development loans, or community development services; and
    - C) Excellent responsiveness to credit and community development needs in its assessment field.
  - 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 field.
  - 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 field.
- 4) Substantial noncompliance. The Secretary rates a wholesale or limited purpose credit union's community development performance in "substantial noncompliance" if, in general, it demonstrates:
- A) Few, if any, community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;
  - B) No use of innovative or complex qualified investments, community development loans, or community development services; and
  - C) Very poor responsiveness to credit and community development needs in its assessment field.
- e) Credit Unions evaluated under the small credit union and intermediate small credit union performance standards.
- 1) Lending test ratings for small credit unions and intermediate small credit unions.
- A) Eligibility for a satisfactory rating. The Secretary rates a small credit union or intermediate small credit union's performance "satisfactory" if, in general, the credit union demonstrates:
    - i) A reasonable loan-to-share ratio (considering seasonal variations) given the credit union's size, financial condition, the credit needs of its assessment field, and taking into account, as appropriate, lending-related activities such as loan originations for sale to the secondary markets and community development loans and qualified investments;
    - ii) A majority of its loans and, as appropriate, other lending-related activities are in its assessment field;

- iii) A distribution of loans to and, as appropriate, other lending related-activities for individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes that is reasonable given the demographics of the credit union's assessment field;
    - iv) A record of taking appropriate action, as warranted, in response to written complaints, if any, about the credit union's performance in helping to meet the credit needs of its assessment field and reasonable performance with regard to fair lending policies and practices; and
    - v) A reasonable geographic distribution of loans given the credit union's assessment field.
  - B) Eligibility for an outstanding rating. A small credit union or intermediate small credit union that meets each of the standards for a "satisfactory" rating under this paragraph and exceeds some or all of those standards may warrant consideration for an overall rating of "outstanding."
  - C) Needs to improve or substantial noncompliance ratings. A small credit union or intermediate small credit union also may receive a rating of "needs to improve" or "substantial noncompliance" depending on the degree to which its performance has failed to meet the standards for a "satisfactory" rating.
- 2) Community Development Test Ratings for Intermediate Small Credit Unions
- A) Eligibility for a Satisfactory Community Development Test Rating. The Secretary rates an intermediate small credit union's community development performance "satisfactory" if the credit union demonstrates adequate responsiveness to the community development needs of its assessment field through community development loans, qualified investments, and community development services. The adequacy of the credit union's response will depend on its capacity for such community development activities, its assessment field's need for such community development activities, and the availability of such opportunities for community development in the credit union's assessment field.



- B) Eligibility for an Outstanding Community Development Test Rating. The Secretary rates an intermediate small credit union's community development performance "outstanding" if the credit union demonstrates excellent responsiveness to community development needs in its assessment field through community development loans, qualified investments, and community development services, as appropriate, considering the credit union's capacity and the need and availability of such opportunities for community development in the credit union's assessment field.
  - C) Needs to Improve or Substantial Noncompliance Ratings. An intermediate small credit union may also receive a community development test rating of "needs to improve" or "substantial noncompliance" depending on the degree to which its performance has failed to meet the standards for a "satisfactory" rating
- 3) Service test rating for credit unions that are intermediate small credit unions: A credit union that is an intermediate small credit union will be rated under the service test in accordance with subsection (b)(2) of 185.APPENDIX A (Ratings).
- f) Overall rating
- 1) Eligibility for a satisfactory overall rating. No intermediate small credit union may receive an assigned overall rating of "satisfactory" unless it receives a rating of at least "satisfactory" on both the lending test and community development test.
  - 2) Eligibility for an outstanding overall rating.
    - A) An intermediate small credit union that receives an "outstanding" rating on one test and at least "satisfactory" on the other test may receive an assigned overall rating of "outstanding".
    - B) A small credit union that meets each of the standards for a "satisfactory" rating under the lending test and exceeds some or all of those standards may warrant consideration for an overall rating of "outstanding". In assessing whether a credit union's performance is "outstanding", the Secretary considers the extent to which the credit union exceeds each of the performance standards for a "satisfactory" rating and its performance in making qualified investments and its performance in providing branches and other

services and delivery systems that enhance credit availability in its assessment field.

- 3) Needs to improve or substantial noncompliance overall rating. A small credit union may also receive a rating of "needs to improve" or "substantial noncompliance" depending on the degree to which its performance has failed to meet the standards for a "satisfactory" rating.
- g) Strategic plan assessment and rating
- 1) Satisfactory goals. The Secretary approves as "satisfactory" measurable goals that adequately help to meet the credit needs of the credit union's assessment field.
  - 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.

**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.

Members and persons eligible to join our credit union 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, 3<sup>rd</sup> 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, 3<sup>rd</sup> Floor Springfield, IL 62786 and 555 W. Monroe St., Suite 500, Chicago, IL 60661 or electronically at <https://idfpr.illinois.gov/admin/cra.html>. 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**

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

Your involvement is encouraged.

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

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

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

At least 30 days before the beginning of each quarter, the Secretary publishes a list of the credit unions that are scheduled for ILCRA examination by the Secretary in that quarter. This list is available from the Secretary at 320 West Washington Street, 3<sup>rd</sup> 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, 3<sup>rd</sup> Floor Springfield, IL 62786 and 555 W. Monroe St., Suite 500, Chicago, IL 60661 or electronically at <https://idfpr.illinois.gov/admin/cra.html>. 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 holding company. You may request from (title of responsible official), Federal Reserve Bank of \_\_\_\_\_ (address) an announcement of applications covered by the ILCRA filed by holding companies.)

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

**Section 185.APPENDIX C Examples of Community Development**

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

- a) Establishment of or material support of charitable donation accounts and donor advised funds that benefit charitable organization which help meet the financial services needs of low-income and moderate-income neighborhoods or individuals within the credit union's assessment field;
- b) Establishment of or material support of foundations and other affiliated companies that provide programs and services to meet the credit needs of low-income to moderate-income neighborhoods;
- c) Material support of small credit unions as defined in Section 185.20 that provide programs, products and services to meet the credit needs of low-income to moderate-income individuals or families;
- d) Offering products and services targeted to expand access to safe and affordable banking services;
- e) Provision or support of community development services that directly and tangibly benefit the assessment field;
- f) Offering products and services and/or provision of investments targeted to directly and tangibly increase climate resilience in low-income to moderate-income neighborhoods;
- g) Offering products and services and or provision of investments targeted to directly and tangibly mitigate environmental harm in low-income to moderate-income neighborhoods;
- h) Offering products and services and/or the provision of investments targeted to directly and tangibly mitigate the digital divide in low-income and moderate-income neighborhoods.
- i) Participating in Invest in Illinois or other similar state or federal programs which have the primary purpose of community development; and
- j) Participating in an activity listed on the Office of the Comptroller of the Currency's CRA Illustrative List of Qualifying Activities found on the Office's

website. The Secretary shall post a link to the Office of the Comptroller of the Currency's CRA Illustrative List of Qualifying Activities on the Department's website.



**Section 185.APPENDIX D Very Small Credit Union Examination Procedures**

- a) Describe your activities to ascertain the financial services needs of your assessment field, if any, and provide supporting documentation.
- b) Describe the extent of marketing, if any, to your assessment field aware of the financial services offered and provide supporting documentation.
- c) Describe efforts and successes, if any, to assist existing low-income and moderate-income residents in your assessment field 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;
    - K) Applicant's Sex; and
    - L) Gross Annual Income.

- d) For small business lenders, the application and loan details regarding origination of loans to businesses in your assessment field with gross annual revenues of \$1,000,000.00 or less, particularly those in low-income and moderate-income neighborhoods in your assessment field.
- e) 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.
- f) Describe your efforts and successes working with delinquent members in your assessment field 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.
- g) Describe your efforts and successes, if any, to offer retail banking services to unbanked and underbanked persons in your assessment field and provide supporting documentation.
- h) Provide a written response to any public comments, if any, received since your last ILCRA examination.
- i) Provide any other information you believe is relevant to assessing whether you are meeting the financial services needs of your assessment field.