



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB3235

Introduced 2/6/2024, by Sen. Christopher Belt

SYNOPSIS AS INTRODUCED:

205 ILCS 735/35-5
205 ILCS 735/35-15

Amends the Illinois Community Reinvestment Act. Provides that the Secretary of Financial and Professional Regulation shall retain qualified persons to design and conduct one or more disparity studies to prepare and report findings and conclusions to the Secretary to: (1) identify and delineate geographies in Illinois exhibiting significant disparities by protected characteristics with respect to: access to financial products or services, including, but not limited to, physical branches of covered financial institutions; and lending and investments by covered financial institutions; and (2) identify policies, procedures, patterns, or practices that have or may have disparate impact or discriminatory effects. Provides that the Secretary shall implement the findings, conclusions, and other results from the study into the examination process as detailed in rule. Provides that the Secretary shall update the disparity studies at least every 4 years, but may require it to be updated more frequently at the Secretary's discretion. Provides that the Secretary may use specified fees to pay for the disparity studies, as necessary. Defines the term "protected characteristic". Effective immediately.

LRB103 37444 RTM 67566 b

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Community Reinvestment Act is
5 amended by changing Sections 35-5 and 35-15 as follows:

6 (205 ILCS 735/35-5)

7 Sec. 35-5. Definitions. As used in this Act:

8 "Covered financial institution" means a bank chartered
9 under the Illinois Banking Act, a savings bank chartered under
10 the Illinois Savings Bank Act, a credit union incorporated
11 under the Illinois Credit Union Act, an entity licensed under
12 the Illinois Residential Mortgage License Act of 1987 which
13 lent or originated 50 or more residential mortgage loans in
14 the previous calendar year, and any other financial
15 institution under the jurisdiction of the Department as
16 designated by rule by the Secretary.

17 "Department" means the Department of Financial and
18 Professional Regulation.

19 "Division of Banking" means the Division of Banking within
20 the Department.

21 "Division of Financial Institutions" means the Division of
22 Financial Institutions within the Department.

23 "Protected characteristic" means any basis for which

1 discrimination is prohibited by law, including, but not
2 limited to, under the Illinois Human Rights Act, for which a
3 covered financial institution is examined for compliance under
4 this Act. "Protected characteristic" includes race, color,
5 religion, national origin, ancestry, age, sex, marital status,
6 order of protection status, disability, military status,
7 sexual orientation, pregnancy, or unfavorable discharge from
8 military service.

9 "Secretary" means the Secretary of Financial and
10 Professional Regulation, or his or her designee, including the
11 Director of the Division of Banking or the Director of the
12 Division of Financial Institutions.

13 (Source: P.A. 101-657, eff. 3-23-21.)

14 (205 ILCS 735/35-15)

15 Sec. 35-15. Examinations.

16 (a) The Secretary shall have the authority to examine each
17 covered financial institution for compliance with this Act, in
18 consultation with State and federal regulators with an
19 appropriate regulatory interest, for and in compliance with
20 applicable State and federal fair lending laws, including, but
21 not limited to, the Illinois Human Rights Act, the federal
22 Equal Credit Opportunity Act, and the federal Home Mortgage
23 Disclosure Act, as often as the Secretary deems necessary and
24 proper. The Secretary may adopt rules with respect to the
25 frequency and manner of examination including the imposition

1 of examination fees. The Secretary shall appoint a suitable
2 person to perform such examination. The Secretary and his or
3 her appointees may examine the entire books, records,
4 documents, and operations of each covered financial
5 institution, its parent company, and its subsidiaries,
6 affiliates, or agents, and may examine any of the covered
7 financial institution's, its parent company's or its
8 subsidiaries', affiliates', or agents' officers, directors,
9 employees, and agents under oath. Any document or record
10 prepared or obtained in connection with or relating to any
11 such examination, and any record prepared or obtained by the
12 Secretary to the extent that the record summarizes or contains
13 information derived from any document or record described in
14 this subsection (a), shall not be disclosed to the public
15 unless otherwise provided by this Act.

16 (b) Upon the completion of the examination of a covered
17 financial institution under this Section, the Secretary shall
18 prepare a written evaluation of the covered financial
19 institution's record of performance relative to this Act. Each
20 written evaluation required under this subsection (b) shall
21 have a public section, which shall include no less information
22 than would be disclosed in a written evaluation under the
23 federal Community Reinvestment Act, and a confidential
24 section. The Secretary shall give the covered financial
25 institution an opportunity to comment on the evaluation, and
26 then shall make the public section of the written evaluation

1 open to public inspection upon request. The written evaluation
2 shall include, but is not limited to:

3 (1) the assessment factors utilized to determine the
4 covered financial institution's descriptive rating;

5 (2) the Secretary's conclusions with respect to each
6 such assessment factor;

7 (3) a discussion of the facts supporting such
8 conclusions;

9 (4) the covered financial institution's descriptive
10 rating and the basis therefor; and

11 (5) a summary of public comments.

12 (c) Based upon the examination, the covered financial
13 institution shall be assigned one of the following ratings:

14 (1) outstanding record of performance in meeting its
15 community financial services needs;

16 (2) satisfactory record of performance in meeting its
17 community financial services needs;

18 (3) needs to improve record of performance in meeting
19 its community services needs; or

20 (4) substantial noncompliance in meeting its community
21 financial services needs.

22 (d) Notwithstanding the foregoing provisions of this
23 Section, the Secretary may establish an alternative
24 examination procedure for any covered financial institution,
25 which, as of the most recent examination, has been assigned a
26 rating of outstanding or satisfactory for its record of

1 performance in meeting its community financial services needs.

2 (e) The Secretary shall retain qualified persons to design
3 and conduct one or more disparity studies to prepare and
4 report findings and conclusions to the Secretary to:

5 (1) identify and delineate geographies in Illinois
6 exhibiting significant disparities by protected
7 characteristics with respect to:

8 (A) access to financial products or services,
9 including, but not limited to, physical branches of
10 covered financial institutions; and

11 (B) lending and investments by covered financial
12 institutions; and

13 (2) identify policies, procedures, patterns, or
14 practices that have or may have disparate impact or
15 discriminatory effects.

16 (f) The Secretary shall implement the findings,
17 conclusions, and other results from the study into the
18 examination process as detailed in rule.

19 (g) The Secretary shall update the disparity studies at
20 least every 4 years, but may require it to be updated more
21 frequently at the Secretary's discretion.

22 (h) The Secretary may use fees collected under this
23 Section to pay for the disparity studies, as necessary.

24 (Source: P.A. 101-657, eff. 3-23-21.)

25 Section 99. Effective date. This Act takes effect upon
26 becoming law.