



IDFPR

Illinois Department of
Financial and Professional Regulation

Division of Financial Institutions

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IDFPR's Division of Financial Institutions Announces Program Expansion for Credit Unions to Manage Assets More Effectively

CHICAGO – The Illinois Department of Financial and Professional Regulation (IDFPR) announced today expanded parameters for its Credit Union Loan Source (CULS) program. The CULS program enables Illinois credit unions to improve the diversification of their loan portfolios and increases their ability to manage their assets and liabilities.

IDFPR first partnered with Credit Union Loan Source, LLC ("CULS") in 2017 to create the CULS pilot program. The program permitted participating credit unions to buy a pro-rata portion of certain loans CULS originated. Initially, IDFPR's Division of Financial Institutions limited participation in the program to larger credit unions with the experience, knowledge, and expertise to address unexpected problems with the program.

Five years of experience and persistently high industry liquidity led IDFPR to increase the maximum allowable amount credit unions can invest in the CULS program from 100% of net worth to 125% of net worth. A credit union may only take advantage of the increased allowable investment if it meets the following criteria:

- The credit union's assets total at least \$100M,
- The credit union's composite score from its most recent CAMEL examination is a 1 or 2,
- The credit union has a minimum loan-to-share ratio of 50%. If the credit union's loan to share ratio is less than 50%, then the credit union's investment in CULs may not exceed the amount of the credit union's auto loan portfolio.
- The credit union has at least one year of CULS participation at the 90% of net worth level,
- The credit union obtains approval from their share insurer, and
- The credit union amends its board-approved CULS policy to include the following:
 1. Monthly program monitoring
 2. Quarterly reporting to the Board of Directors with discussion documented in the minutes.
 3. An exit strategy for the program that includes trigger points and corresponding actions

Credit unions can learn more about the expanded CULS program by emailing the Division of Financial Institutions' Credit Union Section at FPR.CreditUnion@illinois.gov.