

**Anti-Predatory Lending Database
Semi-Annual Summary Report
May 4, 2011**



**Governor Pat Quinn
Secretary Brent E. Adams
Department of Financial and Professional Regulation**



Illinois Department of Financial and Professional Regulation

Office of the Secretary

PAT QUINN
Governor

Brent E. Adams
Secretary

May 4, 2011

Governor Pat Quinn
207 State House
Springfield, IL 62706

Illinois General Assembly
State House
Springfield, IL 62706

Dear Governor Quinn & Members of the General Assembly:

As required by Section 70(k) of the Residential Real Property Act, enclosed is the Department's semi-annual report detailing certain findings regarding the Anti-Predatory Lending Database Program. We are grateful for the opportunity to provide you with this data. If you have any questions, please do not hesitate to contact me at 312-814-2837 or brent.adams@illinois.gov.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Brent E. Adams".

Brent E. Adams

Summary of Anti-Predatory Lending Database (APLD) Program

- While loans that trigger the counseling requirement continue to be offered in the program area, they represent less than 2% of all loans entered into the APLD. Loans that trigger the counseling requirement include adjustable rate, interest-only, and negative amortization loans as well as loans with points and fees exceeding 5% of principal and loans with prepayment penalties.
- Product offering trend data indicates that the counseling requirement has deterred loan originators from offering loans with predatory or exotic characteristics.
- Since program inception, the average number of days to close a loan with counseling is 5.3 days longer than a loan without counseling.
- The APLD interface with the IDFPR licensing database has facilitated timelier license renewal, data clean-up and accuracy, and enforcement of suspensions.
- APLD data has supported investigations and disciplinary actions. APLD data has enabled IDFPR to uncover unlicensed activity, unregistered loan originators, unreported branch offices, and unreported changes of licensee location.
- Since program inception, there were a total of 4,008 loans in which borrowers required housing counseling. Of these, 2,766 (69%) loans were closed; 1,242 (31%) were not. In some cases, counselor advice may have resulted in non-closure of a loan. However, IDFPR does not have specific data on this point.
- Active use of the database continues to expand. DFPR examiners have access to the database reporting functionality in order to be able to obtain data in real time. This has enhanced their examination capabilities. Reports from the APLD are now required for all examinations and have been used to support findings and ratings. APLD reports have also revealed information that would not have been discovered in the ordinary course of examination.
- IDFPR has found no evidence that the APLD impedes mortgage lending in the four county program area.

Data Since Inception of the APLD¹

- The number of loans registered with the APLD to date: **237,420**
- The number of borrowers receiving counseling to date: **6,162**
- The number of borrowers receiving counseling by county to date: Cook (**6,024**); Kane (**63**); Peoria (**1**); and Will (**74**)
- The number of loans closed to date: **151,006**
- Loan Type and Number requiring counseling to date:²
 - Interest Only Loans: **1,810**
 - Negative Amortization Loans: **121**
 - Loans with Points and Fees Exceeding 5%: **145**
 - Loans with Prepayment Penalty: **2,038**
 - Adjustable Rate Loans: **464**
- The number of loans requiring counseling where the mortgage originator changed the loan terms subsequent to counseling to date: **8,051**
- The number of licensed mortgage brokers and loan originators entering information into the database to date: **4,650**

Number of investigations based on information from the APLD:

During the May 2011 reporting period (10/16/10 – 4/15/11), 11 investigations or enforcement actions have resulted from information obtained from, or as a result of, the database. Some investigations have resulted from specific reports obtained from the database. Others have resulted from ongoing monitoring of the database or examinations using the database report function. Calls from brokers, originators, or lenders seeking access to the database have revealed unlicensed activity, illegal branches, or misrepresentation of activity.

Six licensees have been issued fines while other investigations remain in progress and may well result in disciplinary action. A Cease and Desist Order was entered against one licensee. Preliminary investigation has begun concerning three licensees. Information from the database has also contributed to disciplinary action against title agents.

¹ Statistics for each county can be found in the tables beginning on page 7.

² The total number of loans reflected in this section does not match the total number of borrowers receiving counseling because individual mortgage loans often have more than one borrower, borrowers may have chosen not to attend counseling (and thus, not proceed with the loan), or the loan may have contained multiple counseling triggers.

Types of non-traditional mortgage products being offered:

Non-traditional products continue to be offered. These include interest-only loans, negative amortization loans, loans with prepayment penalties, adjustable rate mortgages with initial terms of three years or less, and high cost loans with points and fees exceeding 5%. Breakdowns of the number of products that were offered in each of these categories may be found on pages 6-8 of this report.

How the Department is actively utilizing the program to combat mortgage fraud:

Information from the database has contributed to Mortgage Fraud Task Force (MFTF) investigations and enforcements as well as disciplinary action against title agents and has assisted with the orderly process of license surrender. Winner of the 2010 Investigative Excellence Award from the national association of state regulators, the MFTF was formed in 2006 to investigate and stop mortgage fraud. Since its inception, the MFTF has taken disciplinary action against more than 100 persons and entities and assessed fines in excess of \$2 million.

All files in which counselors have indicated “Indicia of Fraud” are investigated by the MFTF. A report of such files is obtained on a regular basis. The DFPR investigator may interview the counselor, loan originator, seller, and/or borrower and may order that the subject files be provided to DFPR for review.

STATISTICAL INFORMATION

Required Data Pursuant to Act:	May 2011 Reporting Period (10/16/10 - 4/15/11)	November 2010 Reporting Period (4/16/10 - 10/15/10)
Loans Registered with APLD³	40,658	50,620
Refinancing Primary Residence	23,997	30,801
Purchasing Primary Residence	8,880	11,581
First Time Homebuyers	7,278	9,882
Loans Closed in APLD	29,366	29,233
Borrowers Requiring Counseling	963	1,078
Loans Requiring Counseling⁴	614	711
Interest Only Loans	144	268
Negative Amortization Loans	10	12
Loans with Points and Fees Exceeding 5%	31	44
Loans with Prepayment Penalty	424	400
Adjustable Rate Loans	78	75
Loans Modified to Avoid Counseling	1,071	1,412
Loans Exempt from APLD	88,356	75,220

³ The totals may include loans that are in process or have been abandoned.

⁴ The number of loans requiring counseling is often less than the number of borrowers requiring counseling because there may be multiple borrowers per loan.

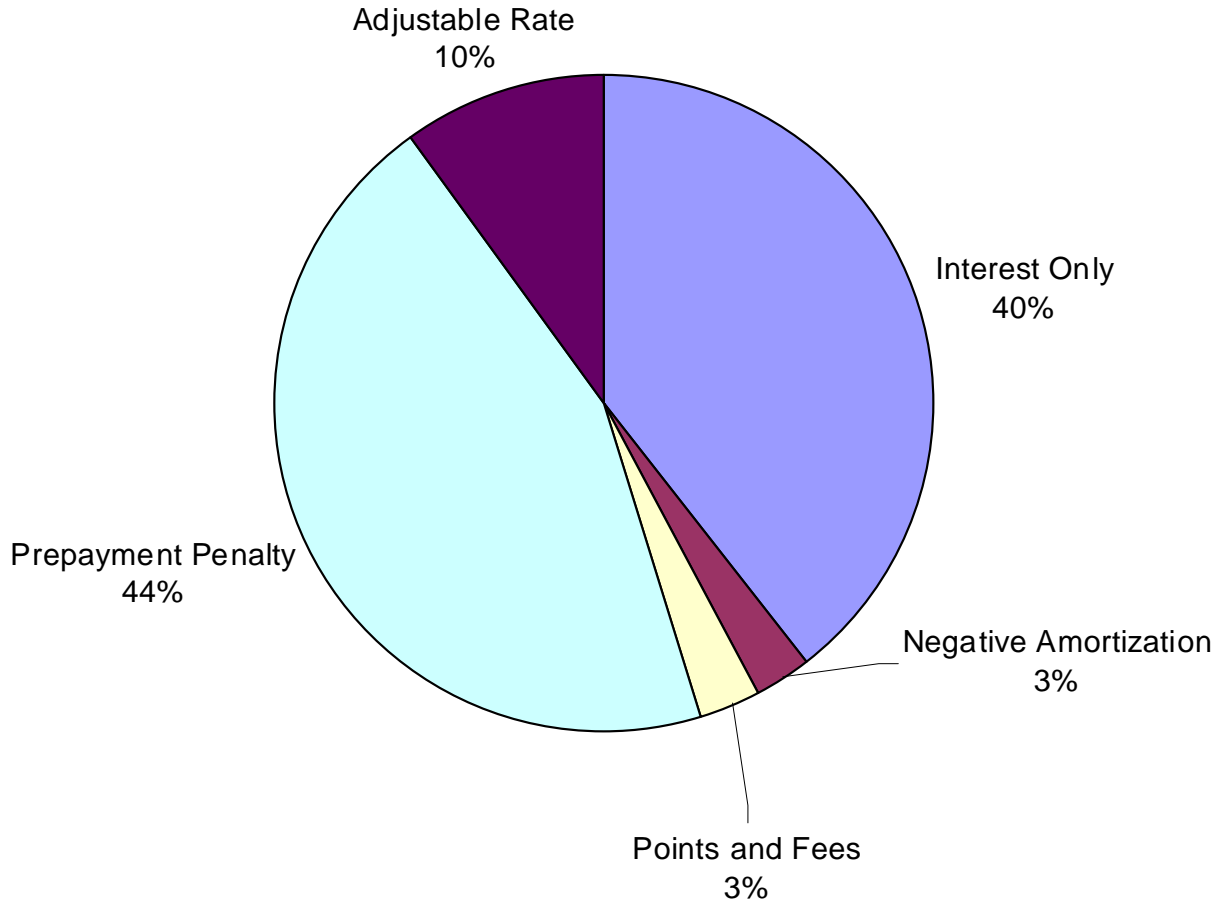
Required Data Pursuant to Act:	May 2010 Reporting Period (10/16/10 - 4/15/11)			
	Cook County	Kane County	Peoria County	Will County
Loans Registered with APLD⁵	31,774	3,486	262	5,136
Refinancing Primary Residence	18,429	2,020	158	3,390
Purchasing Primary Residence	6,908	905	44	1,023
First Time Homebuyers	5,818	670	16	774
Loans Closed in APLD	22,632	2,624	152	3,958
Borrowers Requiring Counseling	879	35	0	49
Loans Requiring Counseling⁶	558	22	0	34
Interest Only Loans	136	5	0	3
Negative Amortization Loans	9	0	0	1
Loans with Points and Fees Exceeding 5%	26	0	0	5
Loans with Prepayment Penalty	386	16	0	22
Adjustable Rate Loans	70	1	0	7
Loans Modified to Avoid Counseling	805	108	15	143
Loans Exempt from APLD	58,007	5,118	1,983	4,859

⁵ The totals may include loans that are in process or have been abandoned.

⁶ The number of loans requiring counseling is often less than the number of borrowers requiring counseling because there may be multiple borrowers per loan.

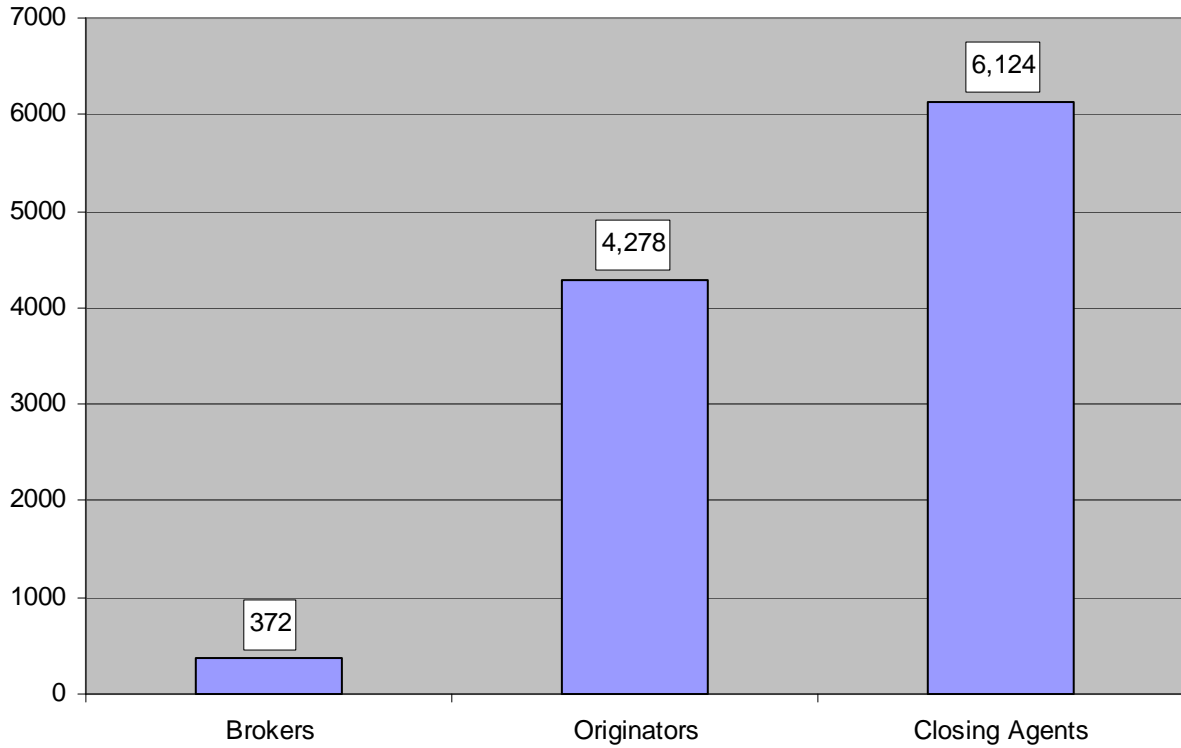
APLD Product Summary

Types of Loans Triggering the Counseling Requirement
(Since program inception)



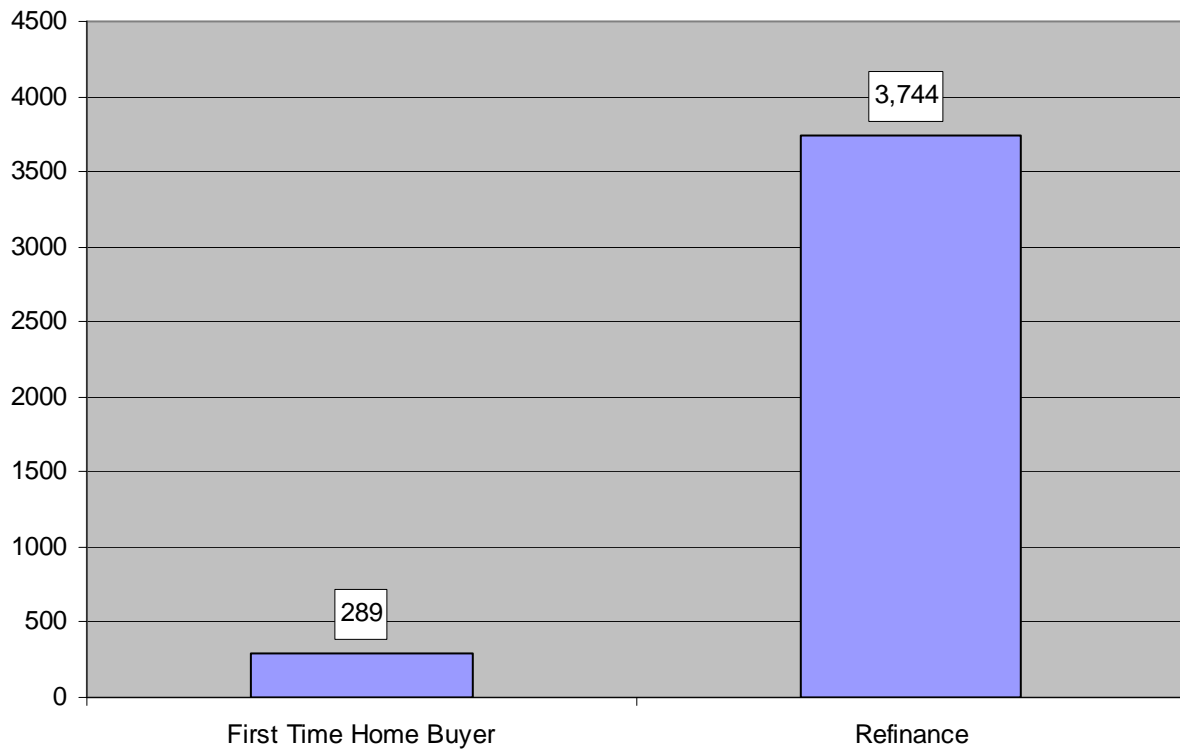
APLD User Summary

Number of Individual Brokers, Loan Originators, and Closing Agents with Access to the APLD in the Four County Program Area
(Since program inception)



APLD Loan Profile

The majority of loans requiring counseling are refinances of existing properties
(Since program inception)



Summary of Average Time to Closing

Counseling Requirement Postpones Closing by 5.3 Days on Average
(Since program inception).

