



PUBLIC DISCLOSURE

DATE

ILLINOIS COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Covered Mortgage Licensee Name:
Covered Mortgage Licensee Identification Number:

Covered Mortgage Licensee Address:
City, State, and Zip

Illinois Department of Professional Regulation
555 West Monroe Street, 5th Floor Chicago, IL 60661

**THIS PORTION OF THE ILLINOIS COMMUNITY REINVESTMENT (ILCRA)
EVALUATION IS AVAILABLE FOR PUBLIC REVIEW AND COMMENT.**

This evaluation reflects the Secretary's assessment pursuant to Section 35-10(b) of the Illinois Community Reinvestment Act [205 ILCS 735/35-10(b)] of the performance of this covered mortgage licensee in helping to meet the credit needs of the State, including low- and moderate-income neighborhoods and individuals, consistent with the safe and sound operation of the covered mortgage licensee. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this covered mortgage licensee. The rating assigned herein does not represent an analysis, conclusion, or opinion of the Illinois Department of Financial and Professional Regulation Division of Banking concerning the safety and soundness of this covered mortgage licensee.

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GENERAL INFORMATION

This document is an evaluation of the performance of **Name of Mortgage Licensee**, pursuant to Section 35-10(b) of the Illinois Community Reinvestment Act (ILCRA) [205 ILCS 735/35-10(b)], prepared by the Secretary, the Mortgage Lender's supervisory agency, as of the date of the onsite examination.

MORTGAGE LENDER'S ILCRA RATING

This section provides the mortgage licensee's rating. The Secretary assigns a covered mortgage licensee a rating of "outstanding", "satisfactory", "needs to improve", or "substantial noncompliance" based on the covered mortgage licensee's performance under the lending and service tests.

DESCRIPTION OF MORTGAGE LENDER

This section includes a brief description of the mortgage lender.

DESCRIPTION OF ASSESSMENT AREA

This section provides an overview of the Assessment Area, including demographic information. Under the ILCRA, mortgage lenders are required to meet the credit needs of **communities throughout Illinois**, including low- and moderate-income neighborhoods.

SCOPE OF EVALUATION

This section describes the procedures used to evaluate a company's Mortgage ILCRA performance.

CONCLUSIONS ON PERFORMANCE CRITERIA

This section provides the conclusions of the performance criteria, including the results of the Lending and Service Tests.

LENDING TEST

A description of the mortgage lender's lending test performance and rating, in addition to information pertaining to the following:

I. Geographic Distribution

The Division reviews the geographic distribution of the covered mortgage licensee's home mortgage loans based on the loan location, including:

- a) the dispersion of lending in the State and whether lending arbitrarily excludes low- and moderate-income geographies; and
- b) the number and amount of loans in low-, moderate-, middle-, and upper-income geographies in the State.

II. Borrower Characteristics

The Division reviews the distribution of the covered mortgage licensee's home mortgage loans based on borrower characteristics, including the number and amount of 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 acquire or remain in affordable housing in their neighborhoods at rates and terms that are reasonable considering the covered mortgage licensee's history with similarly situated borrowers.

III. Innovative or Flexible Lending Practices

The Division reviews the covered mortgage licensee'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, including loans and other products to assist delinquent home mortgage borrowers to be able to remain in their homes. The Secretary shall also consider the availability of mortgage loan products that are suitable for low- and moderate-income individuals, including loans specifically approved for low- and moderate-income individuals by Federal Housing Administration, Veteran's Administration, federal Rural Housing Service, or a government-sponsored enterprise. In assessing performance pursuant to this Part, the Secretary shall consider whether a

covered mortgage licensee offers special credit programs. The covered mortgage licensee must be able to 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 a not-for-profit organization for the benefit of its members or an economically disadvantaged class of persons; or
- c. any special purpose credit program offered by a for-profit organization, or in which that organization participates to meet special social needs, if it meets certain standards prescribed in 12 CFR 1002.8(a)(3)(i).

IV. Loss Mitigation Efforts

The Division reviews a mortgage lender's efforts to work with delinquent home mortgage loan borrowers to facilitate a resolution of the delinquency, including the number of loan modifications, the timeliness of such modifications, and the extent to which such modifications are effective in preventing subsequent defaults or foreclosures. MSA Mortgage's originations are closed in the Lender's name and sold immediately to secondary market investors with servicing rights released. As such, this review does not include an evaluation of loan mitigation and modification efforts.

V. Minority Application Flow

The Division reviews the covered mortgage licensee's performance related to minority application lending.

VI. Loss of Affordable Housing

The Division reviews the covered mortgage licensee's number and amount of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units, including a pattern of early payment defaults.

SERVICE TEST

This section provides an overview of the mortgage lender's service test performance and rating, including mortgage lending and community development services.

Mortgage Lending Services

A brief description of the mortgage lender's record of delivering mortgage lending services.

Community Development Services

A brief description outlining the mortgage lender's community development services.

FAIR LENDING, DISCRIMINATORY, OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The Division provides comments regarding the institution's fair lending policies and procedures pursuant to 205 ILCS 735/35-15. Examiners conduct the fair lending review in accordance with the FFIEC Interagency Fair Lending Examination Procedures.

APPENDICES

MORTGAGE LENDER PERFORMANCE CRITERIA

Lending Test

The lending test evaluates a covered mortgage licensee's record of helping to meet the mortgage credit needs of the State through its lending activities by considering a covered mortgage licensee's home mortgage and community development lending. The Secretary considers originations and initial purchases of loans as reported by the covered mortgage licensee under HMDA. The Secretary will also consider any other loan data the covered mortgage licensee may choose to provide.

Service Test

The service test evaluates a covered mortgage licensee's record of helping to meet the mortgage credit needs in the State by analyzing both the availability and effectiveness of a covered mortgage licensee's systems for delivering mortgage loan products and the extent and innovativeness of its community development services. A covered mortgage licensee that has made fewer than 200 home mortgage loans in the State in the last calendar year is not subject to the service test outlined in this Section.

Community development services must benefit the State or a broader regional area that includes the State. The Secretary evaluates community development services pursuant to the following criteria:

- the extent to which the covered mortgage licensee provides community development services; and
- the innovativeness and responsiveness of community development services.

The Secretary evaluates the availability and effectiveness of a covered mortgage licensee's systems for delivering mortgage lending services considering the assessment factors in Section 1055.200 and, pursuant to the following criteria:

- 1) the availability and effectiveness of systems for delivering mortgage lending services (e.g., internet, telephone solicitation, direct mail) in low- and moderate-income geographies and to low- and moderate-income individuals, including, to the extent applicable, the current distribution of the covered mortgage licensee's additional full-service office among low-, moderate-, middle-, and upper-income geographies; and

- 2) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

ASSESSMENT FACTORS

Assessment of the following factors determines whether a covered mortgage licensee is meeting the financial services needs of local communities:

- a) activities to ascertain the financial services needs of the community, including communication with community members regarding the financial services provided;
- b) extent of marketing to make members of the community aware of the financial services offered;
- c) 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;
- d) 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;
- e) 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;
- f) efforts working with delinquent customers to facilitate a resolution of the delinquency;
- g) origination of loans that show an under concentration and a systemic pattern of lending resulting in the loss of affordable housing units;
- h) evidence of discriminatory and prohibited practices; and
- i) offering mortgage lending to unbanked and underbanked persons.

GLOSSARY

Additional Full-Service Office: This means any office established or maintained by a covered mortgage licensee under 205 ILCS 635/1-3(f) and 2-8.

Affiliate: This 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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five-year estimates based on population thresholds.

Area Median Income: This means the median family income for the Metropolitan Statistical Area (MSA), if a person or geography is located in an MSA, or the Statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development:

- Mortgage products and other efforts to assist low- and moderate-income individuals to acquire or remain in affordable housing;
- Community services targeted to low- and moderate-income individuals;
- 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, the Office of the Comptroller of the Currency; or
 - Any other 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 and economic development needs, including needs of low- and moderate-income individuals.

Community Development Loan: A loan that:

- 1) Has as its primary purpose community development; and
- 2) Has not been reported or collected by the covered mortgage licensee for consideration in the covered mortgage licensee's assessment as a home mortgage 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
- 3) Benefits the State or a broader regional area that includes the State.

Community Development Service: A service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services, including technical services.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Covered Mortgage Licensee: A mortgage lender, licensed under [205 ILCS 635], that has lent or originated 50 or more home mortgage loans in the State in the last calendar year reportable under the Home Mortgage Disclosure Act and also is responsible for underwriting, making credit decisions for, or issuing of commitments for the home mortgage loans.

Department: The Illinois Department of Financial and Professional Regulation.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Geography: A census tract, or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Highly Economically Disadvantaged Areas: This means economically distressed areas designated pursuant to 26 U.S.C. 1391.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants, the amount of loan requested, and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loan: This means a "home improvement loan", or a "home purchase loan" as defined in 12 CFR 1003.2 of HMDA or a home equity loan or any other extension of credit, including but not limited to a refinance, secured by a residence of the borrower for personal, family, or household purposes.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Income level includes:

Low-income: This means an individual income that is less than 50 percent of the area median income or a median family income that is less than 50 percent in the case of a geography.

Moderate-income: This means an individual income that is at least 50 percent and less than 80 percent of the area median income or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Middle-income: This means an individual income that is at least 80 percent and less than 120 percent of the area median income or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Upper-income: This means an individual income that is 120 percent or more of the area median income or a median family income that is 120 percent or more in the case of a geography.

Loan Location: This means a home mortgage loan is located in the geography where the property to which the loan relates is situated.

Loan production office: This means a staffed facility of a bank, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and the other having incomes below the median.

Metropolitan Division (MD): This means a metropolitan division as defined by the United States Director of the Office of Management and Budget.

Metropolitan Statistical Area (MSA): This means a metropolitan statistical area as defined by the United States Director of the Office of Management and Budget.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): This means any area that is not located in an MSA.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: This means a lawful investment, deposit, donation, membership share, or grant that has as its primary purpose community development, and lawful investments in the following:

- corporations for the purpose of providing technical assistance to nonprofit housing corporations for the purpose of establishing creditworthiness;
- contributions to any private nonprofit organization organized for improving the social and economic conditions, such as community development programs, foreclosure prevention initiatives, and educational institutions focusing on financial literacy initiatives, in communities in the State;
- 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 any private nonprofit organization organized for fair housing and fair lending education and training.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms.

Small business loan: This means a loan included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Federal Financial Institution Examination Council (FFIEC) 031 and 041).

Special credit program: This means any credit program offered by a bank 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 C.F.R. 1002.8).

Substantial majority: This means a portion of the bank'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: This means an individual that does not have a checking or savings account with an insured depository institution.

Underbanked person: This means an individual that has a checking or saving account with an insured depository institution but that used financial products or services from a person other than an insured depository institution in the past 12 months.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.