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2 CHAPTER II: DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

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

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43 SOURCE: Adopted at 48 Ill. Reg. _____, effective _____.

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SUBPART A: GENERAL

Section 1055.10 Authority, Purposes and Scope

- a) The Illinois Community Reinvestment Act [205 ILCS 735] authorizes this Part.
- b) Purposes. This Part is intended to carry out the mortgage lender community investment purposes of [205 ILCS 735] by establishing the framework and criteria by which the Secretary assesses a covered mortgage licensee's record of helping to meet the mortgage 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, and by providing that the Secretary takes that record into account in considering certain applications pursuant to Section 1055.250.
- c) Scope. This Part applies to all covered mortgage licensees as defined in Section 1055.20.

Section 1055.20 Definitions

For purposes of this Part, the following definitions apply:

"Area median income" means:

- the median family income for the Metropolitan Statistical Area (MSA) (as defined in subsection (n)), 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.

"Additional full-service office" means any office established or maintained by a covered mortgage licensee under [205 ILCS 635/1-3(f) and 2-8].

"Community development" means:

- 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:

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88 Low- or moderate-income geographies;
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90 Designated disaster areas; or
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92 Distressed or underserved nonmetropolitan middle-income
93 geographies designated by the Board of Governors of the Federal
94 Reserve System, the Federal Deposit Insurance Corporation, the
95 Office of the Comptroller of the Currency; or
96
97 Any other such area as determined by the Secretary based on:
98
99 Rates of poverty, unemployment, and population loss; or
100
101 Population Size, Density, and Dispersion. Activities
102 revitalize and stabilize geographies designated based on
103 population size, density, and dispersion if they help to meet
104 essential community and economic development needs,
105 including needs of low- and moderate-income individuals.
106

107 "Community development loan" means a loan that:

108 Has as its primary purpose community development; and

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111 Has not been reported or collected by the covered mortgage licensee for
112 consideration in the covered mortgage licensee's assessment as a home
113 mortgage loan, unless it is a multifamily dwelling loan (as described in
114 Appendix A to 12 CFR 203, the Consumer Financial Protection Bureau's
115 implementing regulations for the Home Mortgage Disclosure Act); and

116
117 Benefits the State or a broader regional area that includes the State.
118

119 "Community development service" means a service that:

120
121 Has as its primary purpose community development; and

122
123 Is related to the provision of financial services, including technical
124 services.
125

126 "Covered Mortgage Licensee" means a mortgage lender, licensed under [205
127 ILCS 635], that has lent or originated 50 or more home mortgage loans in the
128 State in the last calendar year reportable under the Home Mortgage Disclosure

129 Act and also is responsible for underwriting, making credit decisions for, or
130 issuing of commitments for the home mortgage loans.

131
132 "Department" means the Illinois Department of Financial and Professional
133 Regulation.

134
135 "Geography" means a census tract, or a block numbering area delineated by the
136 United States Bureau of the Census in the most recent decennial census.

137
138 "Home Mortgage Disclosure Act" or "HMDA" means the Consumer Financial
139 Protection Bureau's implementing regulations found at 12 CFR 1003.

140
141 "Home mortgage loan" means a "home improvement loan", or a "home purchase
142 loan" as defined in 12 CFR 1003.2 of HMDA or a home equity loan or any other
143 extension of credit, including but not limited to a refinance, secured by a
144 residence of the borrower for personal, family, or household purposes.

145
146 "Highly economically disadvantaged areas" means economically distressed areas
147 designated pursuant to 26 U.S.C. 1391.

148
149 "Income level" means:

150
151 Low-income, an individual income that is less than 50% of the area
152 median income, or a median family income that is less than 50%, in the
153 case of a geography.

154
155 Moderate-income, an individual income that is at least 50% and less than
156 80% of the area median income, or a median family income that is at least
157 50% and less than 80%, in the case of a geography.

158
159 Middle-income, an individual income that is at least 80% and less than
160 120% of the area median income, or a median family income that is at
161 least 80% and less than 120%, in the case of a geography.

162
163 Upper-income, an individual income that is 120% or more of the area
164 median income, or a median family income that is 120% or more, in the
165 case of a geography.

166
167 "Loan location" means a home mortgage loan is located in the geography where
168 the property to which the loan relates is situated.

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

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"Qualified investment" 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.

"Special Credit Program" means any credit program offered by a covered mortgage licensee 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).

"Unbanked person" means an individual that does not have a checking or savings account with an insured depository institution.

"Underbanked person" 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.

SUBPART B: STANDARDS OF ASSESSING PERFORMANCE

Section 1055.200 Assessment Factors

As used in this Part, "assessment factors" means the assessment of the following factors to determine whether a covered mortgage licensee is meeting the financial services needs of local communities:

- 213 a) activities to ascertain the financial services needs of the community, including
214 communication with community members regarding the financial services
215 provided;
216
- 217 b) extent of marketing to make members of the community aware of the financial
218 services offered;
219
- 220 c) origination of mortgage loans including, but not limited to, home improvement
221 and rehabilitation loans, and other efforts to assist existing low-income and
222 moderate-income residents to be able to remain in affordable housing in their
223 neighborhoods;
224
- 225 d) for small business lenders, the origination of loans to businesses with gross annual
226 revenues of \$1,000,000.00 or less, particularly those in low-income and moderate-
227 income neighborhoods;
228
- 229 e) participation, including investments, in community development and
230 redevelopment programs, small business technical assistance programs, minority-
231 owned depository institutions, community development financial institutions, and
232 mutually-owned financial institutions;
233
- 234 f) efforts working with delinquent customers to facilitate a resolution of the
235 delinquency;
236
- 237 g) origination of loans that show an under concentration and a systemic pattern of
238 lending resulting in the loss of affordable housing units;
239
- 240 h) evidence of discriminatory and prohibited practices; and
241
- 242 i) offering mortgage lending to unbanked and underbanked persons.
243

244 **Section 1055.210 Performance Tests, Standards, and Ratings, in General**
245

- 246 a) Performance tests and standards. The Secretary assesses the performance of a
247 covered mortgage licensee in an examination as follows: Covered Mortgage
248 Licensee Performance Standards. The Secretary applies the assessment factors, as
249 provided in Section 1055.200, and lending and service tests, as provided in
250 Sections 1055.220 and 1055.230 in evaluating the performance of a covered
251 mortgage licensee. However, a covered mortgage licensee that achieves at least a
252 "satisfactory" rating under both the lending and service tests may warrant
253 consideration for an overall rating of "outstanding" depending on the covered
254 mortgage licensee's performance in making qualified investments and community

255 development loans to the extent authorized under law, in accordance with Section
256 1055.APPENDIX A (b)(3).

257
258 b) Performance context. The Secretary applies the tests and standards in Section
259 1055.210(a) in the context of:

260
261 1) demographic data on median income levels, distribution of household
262 income, nature of housing stock, housing costs, and other relevant data
263 pertaining to the State;

264
265 2) any information about lending and service opportunities in the State
266 maintained by the covered mortgage licensee or obtained from community
267 organizations, state, local, and tribal governments, economic development
268 agencies, or other sources;

269
270 3) the covered mortgage licensee's product offerings and business strategy as
271 determined from data provided by the covered mortgage licensee in the
272 State;

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274 4) the covered mortgage licensee's capacity and constraints, including the
275 size and financial condition of the covered mortgage licensee, the
276 economic climate (national, regional, and local), safety and soundness
277 limitations, and any other factors that significantly affect the covered
278 mortgage licensee's ability to provide lending or services in the State;

279
280 5) the covered mortgage licensee's past performance and the performance of
281 similarly situated lenders in the State; and

282
283 6) any other information deemed relevant by the Secretary.

284
285 c) Assigned ratings. The Secretary assigns to a covered mortgage licensee one of the
286 following five ratings pursuant to Sections 1055.240 and 1055.APPENDIX A:
287 "outstanding"; "satisfactory"; "needs to improve"; or "substantial noncompliance"
288 as provided in [205 ILCS 735/35-15(c)]. The rating assigned by the Secretary
289 reflects the covered mortgage licensee's record of helping to meet the mortgage
290 credit needs of the State, including low- and moderate-income neighborhoods,
291 consistent with the safe and sound operation of the covered mortgage licensee.

292
293 d) Safe and sound operations. This Part does not require a covered mortgage licensee
294 to make loans or investments or to provide services that are inconsistent with safe
295 and sound operations. To the contrary, the Secretary anticipates covered mortgage
296 licensees can meet the standards of this Part with safe and sound loans,
297 investments, and services on which the covered mortgage licensee can expect to

298 make a profit. Covered mortgage licensees are permitted and encouraged to
299 develop and apply flexible underwriting standards for loans that benefit and are
300 suitable for low- and moderate-income geographies or individuals, only if
301 consistent with safe and sound operations.

302
303 **Section 1055.220 Lending Test**

- 304
- 305 a) Scope of test.

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 - 307 1) The lending test evaluates a covered mortgage licensee's record of helping
308 to meet the mortgage credit needs of the State through its lending activities
309 by considering a covered mortgage licensee's home mortgage and
310 community development lending.

311
 - 312 2) The Secretary considers originations and initial purchases of loans as
313 reported by the covered mortgage licensee under HMDA. The Secretary
314 will also consider any other loan data the covered mortgage licensee may
315 choose to provide.

316
 - 317 b) Performance criteria. The Secretary evaluates a covered mortgage licensee's
318 performance considering the assessment factors in Section 1055.200 and pursuant
319 to the following criteria:

320

 - 321 1) Geographic distribution. The geographic distribution of the covered
322 mortgage licensee's home mortgage loans, based on the loan location,
323 including:

324

 - 325 A) the dispersion of lending in the State and whether lending
326 arbitrarily excludes low- and moderate-income geographies; and
327
 - 328 B) the number and amount of loans in low-, moderate-, middle-, and
329 upper-income geographies in the State.

330
 - 331 2) Borrower characteristics. The distribution of the covered mortgage
332 licensee's home mortgage loans based on borrower characteristics,
333 including the number and amount of home mortgage loans to low,
334 moderate, middle, and upper-income individuals, including loans to assist
335 existing low and moderate-income residents to be able to acquire or
336 remain in affordable housing in their neighborhoods at rates and terms that
337 are reasonable considering the covered mortgage licensee's history with
338 similarly situated borrowers.

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- 3) Innovative or flexible lending practices. 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 such 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 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 such an organization participates to meet special social needs, if it meets certain standards prescribed in 12 CFR 1002.8(a)(3)(i);
 - 4) Loss mitigation efforts. The covered mortgage licensee'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 or such modifications, and the extent to which such modifications are effective in preventing subsequent defaults or foreclosures;
 - 5) Fair lending. The covered mortgage licensee's performance relative to fair lending policies and practices pursuant to written policies and directives issued by the Secretary; and
 - 6) Loss of affordable housing. 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.

- 383
 384 c) Third-party lending. No covered mortgage licensee may include a loan origination
 385 or loan purchase for consideration if another covered mortgage licensee or
 386 depository institution claims the same loan origination or purchase under this Part
 387 or the State or federal Community Reinvestment Act.
 388
 389 d) Lending performance rating. The Secretary rates a covered mortgage licensee's
 390 performance as provided in Section 1055.APPENDIX A.
 391

392 **Section 1055.230 Service Test**
 393

- 394 a) Scope of test. The service test evaluates a covered mortgage licensee's record of
 395 helping to meet the mortgage credit needs in the State by analyzing both the
 396 availability and effectiveness of a covered mortgage licensee's systems for
 397 delivering mortgage loan products and the extent and innovativeness of its
 398 community development services. A covered mortgage licensee that has made
 399 fewer than 200 home mortgage loans in the State in the last calendar year shall
 400 not be subjected to the service test outlined in Section 1055.230.
 401
 402 b) Areas benefited. Community development services must benefit the State or a
 403 broader regional area that includes the State.
 404
 405 c) Performance criteria – community development services. The Secretary evaluates
 406 community development services pursuant to the following criteria:
 407
 408 1) the extent to which the covered mortgage licensee provides community
 409 development services; and
 410
 411 2) the innovativeness and responsiveness of community development
 412 services.
 413
 414 d) Performance criteria - mortgage lending services. The Secretary evaluates the
 415 availability and effectiveness of a covered mortgage licensee's systems for
 416 delivering mortgage lending services considering the assessment factors in
 417 Section 1055.200 and, pursuant to the following criteria:
 418
 419 1) the availability and effectiveness of systems for delivering mortgage
 420 lending services (e.g., internet, telephone solicitation, direct mail) in low-
 421 and moderate-income geographies and to low- and moderate-income
 422 individuals, including, to the extent applicable, the current distribution of
 423 the covered mortgage licensee's additional full-service office among low-,
 424 moderate-, middle-, and upper-income geographies; and
 425

- 426 2) the range of services provided in low-, moderate-, middle-, and upper-
427 income geographies and the degree to which the services are tailored to
428 meet the needs of those geographies.
429
- 430 e) Service performance rating. The Secretary rates a covered mortgage licensee's
431 service performance as provided in Section 1055.APPENDIX A.
432
- 433 f) Examples of community development. Examples of services, programs,
434 sponsorships, donations, lawful investments, deposits, membership shares, grants,
435 other activities which may be deemed to have the primary purpose of community
436 development include, but are not limited to the following:
437
- 438 1) Establishment of or material support of charitable donation accounts and
439 donor advised funds that benefit charitable organizations which help meet
440 the financial services needs of low-income and moderate-income
441 neighborhoods or individuals within the community;
442
- 443 2) Establishment of or material support of foundations and other affiliated
444 companies that provide programs and services to mee the credit needs of
445 low-income to moderate-income neighborhoods;
446
- 447 3) Offering products and services targeted to expand access to safe and
448 affordable banking services;
449
- 450 4) Provision or support of community development services that directly and
451 tangibly benefit the community;
452
- 453 5) Offering products and services and/or provision of investments targeted to
454 directly and tangibly increase climate resilience in low-income to
455 moderate-income neighborhoods;
456
- 457 6) Offering products and services and/or provision of investments targeted to
458 directly and tangibly mitigate environmental harm in low-income to
459 moderate-income neighborhoods;
460
- 461 7) Participating in Invest in Illinois or other similar state or federal programs
462 which have the primary purpose of community development;
463
- 464 8) Participating in an activity listed on the Office of the Comptroller of the
465 Currency's CRA Illustrative List of Qualifying Activities (May 20, 2020)
466 as amended from time to time. The Secretary shall post a link to the
467 Office of the Comptroller of the Currency's CRA Illustrative List of

468 Qualifying Activities (May 20, 2020) as amended from time to time on the
 469 Department's website.

470

471 **Section 1055.240 Assigned Ratings**

472

473 a) Ratings in general. Subject to subsections (a) and (b), the Secretary assigns to a
 474 covered mortgage licensee a rating of "outstanding", "satisfactory", "needs to
 475 improve", or "substantial noncompliance" based on the covered mortgage
 476 licensee's performance under the lending and service tests.

477

478 b) Lending test. No covered mortgage licensee may receive an assigned overall
 479 rating of "satisfactory" or higher unless it receives a rating of at least
 480 "satisfactory" on the lending test.

481

482 c) Effect of evidence of discriminatory or other illegal credit practices. Evidence of
 483 discriminatory or other illegal credit practices adversely affects the Secretary's
 484 evaluation of covered mortgage licensee's performance. In determining the effect
 485 on the covered mortgage licensee's assigned rating, the Secretary considers the
 486 nature and extent of the evidence, the policies and procedures that the covered
 487 mortgage licensee has in place to prevent discriminatory or other illegal credit
 488 practices, any corrective action that the covered mortgage licensee has taken or
 489 has committed to take, particularly voluntary corrective action resulting from self-
 490 assessment, the covered mortgage licensee's compliance with written policies and
 491 directives with regard to fair lending, and other relevant information. In
 492 connection with any type of lending activity described in Section 1055.220,
 493 evidence of discriminatory or other credit practices that violate an applicable law,
 494 rule, or regulation includes, but is not limited to:

495

496 1) Discrimination against applicants on a prohibited basis in violation, for
 497 example of the Equal Credit Opportunity Act (15 U.S.C. 1691-1691f) or
 498 Fair Housing Act (42 U.S.C. 3601-19), including, for example, relying on
 499 or giving force or effect to discriminatory appraisals to deny loan
 500 applications where the covered mortgage licensee knew or should have
 501 known of the discrimination;

502

503 2) Violations of section 5 of the Federal Trade Commission Act (15 U.S.C.
 504 45)

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506 3) Violations of section 8 of the Real Estate Settlement Procedures Act (12
 507 U.S.C. 2607);

508

509 4) Violations of the Truth in Lending Act provisions regarding a consumer's
 510 right of rescission (15 U.S.C. 1635);

- 511
512 5) Violations of the Home Ownership and Equity Protection Act (15 U.S.C.
513 1639 and 1648);
514
515 6) Violations of the Residential Real Property Disclosure Act [765 ILCS 77];
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517 7) Violations of the Illinois High Risk Home Loan Act [815 ILCS 137];
518
519 8) Violations of the Illinois Fairness in Lending Act [815 ILCS 120]; and
520
521 9) Violations of Article 4 (Financial Credit) of the Illinois Human Rights Act
522 [775 ILCS 5/Art. 4].
523

524 **Section 1055.250 Effect of Record of Performance on Applications**
525

- 526 a) Performance. Among other factors, the Secretary takes into account the record of
527 performance of each covered mortgage licensee, under the covered mortgage
528 licensee community investment provisions of [205 ILCS 735] when submitting
529 applications for the following:
530
531 1) renewal of a license to conduct business in the State by all covered
532 mortgage licensees;
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534 2) establishment or renewal of any additional full-service office by all
535 covered mortgage licensees;
536
537 3) any merger with or acquisition of a covered mortgage licensee or
538 mortgage broker by a covered mortgage licensee or any other proposed
539 change in control of a covered mortgage licensee; and
540
541 4) any other approval of the Secretary, provided that there are no other
542 countervailing financial safety and soundness or other policy
543 considerations.
544
545 b) Interested parties. In considering a record of performance in applications
546 described in Section 1055.250(a), the Secretary takes into account any views
547 expressed by interested parties that are submitted.
548
549 c) Denial, deferral, or conditional approval of application. A covered mortgage
550 licensee's record of performance may be the basis for denying, deferring, or
551 conditioning approval of an application listed in Section 1055.250(a).
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553 **SUBPART C: RECORDS, REPORTING, AND**

DISCLOSURE REQUIREMENTS; EXAMINATIONS

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Section 1055.400 Data Collection and Reporting

- a) As part of its examination, the Secretary shall require a covered mortgage licensee to collect and report for examination purposes the data fields required under HMDA. The covered mortgage licensee shall be expected to test its data collection and reporting as part of its routine internal controls to ensure compliance with all data reporting requirements as well as its own policies and procedures.
- b) Optional data collection and maintenance. At its option, a covered mortgage licensee may provide other information concerning its lending performance, including additional loan distribution data.

Section 1055.410 Content and Availability of Public Information

- a) Information available to the public. A covered mortgage licensee shall maintain the following information to be made available to the public upon request:
 - 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 covered mortgage licensee's performance in helping to meet the mortgage credit needs of the State, and any response to the comments by the covered mortgage licensee, if neither the comments nor the responses contain statements that reflect adversely on the good name or reputation of any persons other than the covered mortgage licensee or publication of which would violate specific provisions of law;
 - 2) a copy of the public section of the covered mortgage licensee's most recent performance evaluation prepared by the Secretary; and
 - 3) a copy of the HMDA Disclosure Statement provided by the Federal Financial Institutions Examination Council pertaining to the covered mortgage licensee for each of the prior two calendar years.
- b) Copies. Upon request, a covered mortgage licensee shall provide within five business days of the request, copies, either on paper or in another form acceptable to the person making the request, of the information required under Section 1055.410(a)(1). The covered mortgage licensee may charge a reasonable fee not to exceed the cost of copying and mailing, if applicable.

Section 1055.420 Publication of Planned Examination Schedule

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The Secretary publishes at least thirty days in advance of the beginning of each calendar quarter a list of covered mortgage licensees scheduled for ILCRA examinations in that quarter.

Section 1055.430 Alternative Examination Procedures

The Secretary may establish alternative examination procedures for institutions which were rated "outstanding" as of their most recent ILCRA compliance examination. The purpose of such alternative procedures shall be to reduce the cost to institutions. The alternative procedures shall in no way limit public participation.

Section 1055.440 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 and the Secretary's appointees may examine the entire books, records, documents, and operations of each covered mortgage licensee or its directors, employees, and agents under oath.
- b) A covered mortgage licensee 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 covered mortgage licensee are available for depositions or interviews upon reasonable notice.

Section 1055.450 Examination Frequency

- a) Subject to the provisions of this Section, the Secretary may conduct examinations under the ILCRA or this Part in coordination with authorities from other states with the authority to regulate institutions and individuals engaged in the offering and provision of home mortgage loans ("Other State Regulators").
- b) For covered mortgage licensees that made more than 100 home mortgage loans in the State in the last calendar year; the Secretary shall conduct examinations under the ILCRA with the following frequency:
 - 1) For a covered mortgage licensee that is assigned an "outstanding" or "satisfactory" rating in its most recent prior examination under the

640 ILCRA, the next examination shall be initiated within three years of the
641 issuance of the report of examination of its most recent prior examination
642 under the ILCRA.

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644 2) For a covered mortgage licensee that is assigned a "needs to improve"
645 rating in its most recent prior examination under the ILCRA, the next
646 examination shall be initiated within two years of the issuance of the
647 report of examination of its most recent prior examination under the
648 ILCRA.

649
650 3) For a covered mortgage licensee that is assigned a "substantial
651 noncompliance" rating in its most recent prior examination under the
652 ILCRA, the next examination shall be initiated within one year of the
653 issuance of the report of examination of its most recent prior examination
654 under the ILCRA.

655
656 c) For covered mortgage licensees that made less than 100 home mortgage loans in
657 the State in the last calendar year, the Secretary shall conduct examinations under
658 the ILCRA with the following frequency:

659
660 1) For a covered mortgage licensee that is assigned an "outstanding" rating in
661 its most recent prior examination under the ILCRA, the next examination
662 shall be initiated within five years of the issuance of the report of
663 examination of its most recent prior examination under the ILCRA.

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665 2) For a covered mortgage licensee that is assigned a "satisfactory" rating in
666 its most recent prior examination under the ILCRA, the next examination
667 shall be initiated within four years of the issuance of the report of
668 examination of its most recent prior examination under the ILCRA.

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670 3) For a covered mortgage licensee that is assigned a "needs to improve"
671 rating in its most recent prior examination under the ILCRA, the next
672 examination shall be initiated within two years of the issuance of the
673 report of examination of its most recent prior examination under the
674 ILCRA.

675
676 4) For a covered mortgage licensee that is assigned "substantial
677 noncompliance" rating in its most recent prior examination under the
678 ILCRA, the next examination shall be initiated within one year of the
679 issuance of the report of examination of its most recent prior examination
680 under the ILCRA.

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682 d) Notwithstanding the provisions of this Section, the Secretary may

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- 1) conduct an examination at any time upon finding:
 - A) an Other State Regulator has rated the covered mortgage licensee, as of its most recent examination, in "substantial noncompliance" or equivalent rating with that state's Community Reinvestment Act;
 - B) substantial evidence of discriminatory or other illegal credit practices; or
 - C) the Secretary otherwise finds sufficient cause.
 - 2) notwithstanding subsections (b)(1) and (c)(1), extend by one year the time between examination of any covered mortgage licensee or covered mortgage licensees with an "outstanding" or "satisfactory" rating if the Secretary finds that an extension is necessitated by:
 - A) the need to examine or investigate a covered mortgage licensee or covered mortgage licensees with a "needs to improve" or "substantial noncompliance" rating; or
 - B) the need to examine or investigate a covered mortgage licensee or covered mortgage licensees showing substantial evidence of illegal credit practices.
 - 3) examine a covered mortgage licensee at any time as authorized by the ILCRA.
- e) For purposes of this Section, covered mortgage licensees will report the number of home loans as reported on the Mortgage Call Report for the last calendar year.

715 **Section 1055.460 Examination Fees**

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- a) Hourly Rate and Out-of-State Travel Expenses
 - 1) Time expended in the conduct of any examination of a covered mortgage licensee pursuant to Section 35-15 of the ILCRA shall be billed by the Department at a rate of \$2,200 per day. Fees will be billed following completion of the examination and shall be paid within 30 days after receipt of the billing.

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

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 733 b) All fees received pursuant to this Part shall be deposited in the Residential
 734 Finance Regulatory Fund.
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736 **Section 1055.470 Implementation Period**

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 738 a) Covered mortgage licensees shall have six months from the effective date of this
 739 Part to comply with the requirements of this Part.
 740

741 b) For covered mortgage licensees that made fewer than 100 home mortgage loans in
 742 the State in the last calendar year, the Secretary shall not cause an examination to
 743 be initiated under the ILCRA or this Part for one year after the implementation
 744 period of subsection (a) ends; provided that, the Secretary may conduct an
 745 examination at any time upon finding:

- 746 1) the covered mortgage licensee has been found to be in "substantial
 747 noncompliance" with another state's Community Reinvestment Act;
- 748 2) substantial evidence of discriminatory or other illegal credit practices; or
- 749 3) the Secretary otherwise finds sufficient cause.

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 751 c) For purposes of Section 1055.450, with regard to the timing of the initial
 752 examination of a covered mortgage licensee under ILCRA, the "most recent prior
 753 exam under the ILCRA" shall be read as the most recent examination by an Other
 754 State Regulator pursuant to that state's Community Reinvestment Act.
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759 **Section 1055.480 Enforcement**

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 761 Failure to comply with any requirement under the ILCRA, this Part or other law referenced in
 762 the ILCRA, shall be grounds for enforcement actions as authorized under the ILCRA and under
 763 the Residential Mortgage License Act of 1987 [205 ILCS 635]. Any such failure to comply with
 764 a requirement of the ILCRA may also be grounds for referral to law enforcement or an
 765 administrative authority with jurisdiction over the subject matter. In addition to any other action
 766 authorized by law, the Secretary may enter agreed orders, stipulations or settlement agreements
 767 for the purpose of resolving any such failure to comply.

769 **Section 1055.APPENDIX A Ratings**

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- a) Ratings in general.
 - 1) In assigning a rating, the Secretary evaluates a covered mortgage licensee's performance under the applicable performance criteria in this Part, in accordance with Sections 1055.210 and 1055.240, which provide for adjustments on the basis of evidence of discriminatory or other illegal credit practices.
 - 2) A covered mortgage licensee'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. The covered mortgage licensee's overall performance, however, must be consistent with safe and sound lending practices and generally with the appropriate rating profile as follows.
- b) Covered mortgage licensees evaluated under the lending and service tests.
 - 1) Lending performance rating. The Secretary assigns each covered mortgage licensee's lending performance one of the four following ratings.
 - A) Outstanding. The Secretary rates a covered mortgage licensee's performance "outstanding" if, in general, it demonstrates:
 - i) An excellent geographic distribution of loans in the State;
 - ii) An excellent distribution of loans among individuals of different income levels, given the product lines offered by the covered mortgage licensee;
 - iii) An excellent record of serving the mortgage credit needs of highly economically disadvantaged areas in the State and low-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, consistent with safe and sound operations;
 - iv) Extensive use of innovative or flexible lending practices in a safe and sound manner to address the mortgage credit needs of low- and moderate-income individuals or

- 812 geographies, including loans and other products to assist
813 delinquent home mortgage borrowers to be able to remain
814 in their homes;
- 815
- 816 v) Mortgage products demonstrate an excellent suitability for
817 low- and moderate-income individuals;
- 818
- 819 vi) It plays a leadership role in working with delinquent
820 mortgage loan borrowers to facilitate a successful
821 resolution of the delinquency, including a substantial
822 number of loan modifications in a timely manner and
823 which are effective in preventing subsequent defaults or
824 foreclosures;
- 825
- 826 vii) There is no evidence of loans that show an undue
827 concentration and a systematic pattern of lending, including
828 early payment defaults, resulting in the loss of affordable
829 housing units; and
- 830
- 831 viii) An excellent record relative to fair lending policies and
832 practices.
- 833
- 834 B) Satisfactory. The Secretary rates a covered mortgage licensee's
835 performance "satisfactory" if, in general, it demonstrates:
- 836
- 837 i) An adequate geographic distribution of loans in the State;
- 838
- 839 ii) An adequate distribution of loans among individuals of
840 different income levels, given the product lines offered by
841 the covered mortgage licensee;
- 842
- 843 iii) An adequate record of serving the mortgage credit needs of
844 highly economically disadvantaged areas in the State and
845 low-income individuals, including loans to assist existing
846 low- and moderate-income residents to be able to acquire
847 or remain in affordable housing in their neighborhoods at
848 rates and terms that are reasonable considering the covered
849 mortgage licensee's history with similarly situated
850 borrowers consistent with safe and sound operations;
- 851
- 852 iv) Limited use of innovative or flexible lending practices in a
853 safe and sound manner to address the mortgage credit
854 needs of low- and moderate-income individuals or

- 855 geographies, including loans and other products to assist
856 delinquent home mortgage borrowers to be able to remain
857 in their homes;
858
- 859 v) Mortgage products demonstrate an adequate suitability for
860 low- and moderate-income individuals;
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- 862 vi) Its efforts are adequate in working with delinquent
863 mortgage loan borrowers to facilitate a successful
864 resolution of the delinquency, including an adequate
865 number of loan modifications completed in a prompt
866 manner and which are effective in preventing subsequent
867 defaults or foreclosures;
868
- 869 vii) There is no evidence of loans that show an undue
870 concentration and a systematic pattern of lending, including
871 early payment defaults, resulting in the loss of affordable
872 housing units; and
873
- 874 viii) An adequate record relative to fair lending policies and
875 practices.
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- 877 C) Needs to improve. The Secretary rates a covered mortgage
878 licensee's performance "needs to improve" if, in general, it
879 demonstrates:
880
- 881 i) A poor geographic distribution of loans, particularly to
882 low- and moderate-income geographies, in the State;
883
- 884 ii) A poor distribution of loans among individuals of different
885 income levels, given the product lines offered by the
886 covered mortgage licensee;
887
- 888 iii) A poor record of serving the mortgage credit needs of
889 highly economically disadvantaged areas in the State and
890 low-income individuals, including loans to assist existing
891 low- and moderate-income residents to be able to acquire
892 or remain in affordable housing in their neighborhoods at
893 rates and terms that are reasonable considering the covered
894 mortgage licensee's history with similarly situated
895 borrowers consistent with safe and sound operations;
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- iv) Little use of innovative or flexible lending practices in a safe and sound manner to address the mortgage 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;
 - v) Mortgage products demonstrate a poor suitability for low- and moderate-income individuals;
 - vi) Its efforts are poor in working with delinquent mortgage loan borrowers to facilitate a successful resolution of the delinquency, including slow responses to requests for modification with few loan modifications completed or for which modifications are not effective in preventing subsequent defaults or foreclosures;
 - vii) There is possible evidence of loans that show an undue concentration and a systematic pattern of lending, including early payment defaults, resulting in the loss of affordable housing units; and
 - viii) A poor record relative to fair lending policies and practices.
- D) Substantial noncompliance. The Secretary rates a covered mortgage licensee's performance as being in "substantial noncompliance" if, in general, it demonstrates:
- i) A very poor geographic distribution of loans, particularly to low- and moderate-income geographies, in the State;
 - ii) A very poor distribution of loans among individuals of different income levels given the product lines offered by the covered mortgage licensee;
 - iii) A very poor record of serving the mortgage credit needs of highly economically disadvantaged areas in the State and low-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 consistent with safe and sound operations;

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- iv) No use of innovative or flexible lending practices in a safe and sound manner to address the mortgage 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;
 - v) Mortgage products are unsuitable for low- and moderate-income individuals;
 - vi) It fails to work with delinquent mortgage loan borrowers to facilitate a successful resolution of the delinquency, including no response to requests for loan modifications or modifications which are ineffective in preventing subsequent defaults or foreclosures;
 - vii) Origination of loans that show an undue concentration and a systematic pattern of lending, including early payment defaults, resulting in the loss of affordable housing units; and
 - viii) A very poor record relative to fair lending policies and practices.
- 2) Service performance rating. The Secretary assigns each covered mortgage licensee's service performance one of the four following ratings.
- A) Outstanding. The Secretary rates a covered mortgage licensee's service performance "outstanding" if, in general, the covered mortgage licensee demonstrates:
 - i) It is a leader in providing community development services;
 - ii) Its service delivery systems are readily accessible to geographies and individuals of different income levels in the State;
 - iii) To the extent changes have been made, its record of opening and closing additional full-service offices has improved the accessibility of its delivery systems,

- 982 particularly in low- and moderate-income geographies or to
983 low- and moderate-income individuals; and
984
985 iv) Its services (including, where appropriate, business hours)
986 are tailored to the convenience and needs of the State,
987 particularly low- and moderate-income geographies or low-
988 and moderate-income individuals.
989
- 990 B) Satisfactory. The Secretary rates a covered mortgage licensee's
991 service performance "satisfactory" if, in general, the covered
992 mortgage licensee demonstrates:
993
- 994 i) It provides an adequate level of community development
995 services;
996
- 997 ii) Its service delivery systems are reasonably accessible to
998 geographies and individuals of different income levels in
999 the State;
1000
- 1001 iii) To the extent changes have been made, its record of
1002 opening and closing additional full-service offices has
1003 generally not adversely affected the accessibility of its
1004 delivery systems, particularly in low- and moderate-income
1005 geographies and to low- and moderate-income individuals;
1006 and
1007
- 1008 iv) Its services (including, where appropriate, business hours)
1009 do not vary in a way that inconveniences geographies or
1010 individuals, particularly low- and moderate-income
1011 geographies and low- and moderate-income individuals.
1012
- 1013 C) Needs to improve. The Secretary rates a covered mortgage
1014 licensee's service performance "needs to improve" if, in general,
1015 the covered mortgage licensee demonstrates:
1016
- 1017 i) It provides a limited level of community development
1018 services;
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- 1020 ii) Its service delivery systems are unreasonably inaccessible
1021 to portions of the State, particularly to low- and moderate-
1022 income geographies or to low- and moderate-income
1023 individuals;
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- iii) To the extent changes have been made, its record of opening and closing additional full-service offices has adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate- income individuals; and
 - iv) Its services (including, where appropriate, business hours) vary in a way that inconveniences geographies or individuals, particularly low- and moderate-income geographies or low- and moderate-income individuals.
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- D) Substantial noncompliance. The Secretary rates a covered mortgage licensee's service performance as being in "substantial noncompliance" if, in general, the covered mortgage licensee demonstrates:
- 1041 i) It provides few, if any, community development services;
 - 1042
 - 1043 ii) Its service delivery systems are unreasonably inaccessible to significant portions of the State, particularly to low- and moderate-income geographies or to low- and moderate-income individuals;
 - 1044
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 - 1047
 - 1048 iii) To the extent changes have been made, its record of opening and closing additional full-service offices has significantly adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals;
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 - 1053 and
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 - 1055 iv) Its services (including, where appropriate, business hours) vary in a way that significantly inconveniences geographies or individuals, particularly low- and moderate-income geographies or low- and moderate-income individuals.
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- 3) Other eligible criteria for an outstanding rating. A covered mortgage licensee that achieves at least a "satisfactory" rating under both the lending and service tests may warrant consideration for an overall rating of "outstanding". In assessing whether a covered mortgage licensee's performance is "outstanding", the Secretary will also consider the covered mortgage licensee's performance in making qualified investments and community development loans to the extent authorized under law.

1068 **Section 1055.APPENDIX B CRA Notice**

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- a) Notice for main offices of covered mortgage licensees.

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 lending 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.

You are entitled to certain information about our operations and our performance under the ILCRA, including, for example, information about our additional full-service office(s), 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 nationwide list of the covered mortgage licensees that are scheduled for ILCRA examination in that quarter. This list is available from the Secretary at 320 West Washington Street, 3rd Floor, Springfield, IL 62786 and at 555 West Monroe Street, Suite 500, Chicago, IL 60661. You may send written comments about our performance in helping to meet community lending needs to (name and address of official at covered mortgage licensee) and the Secretary. You may also submit comments electronically through the Department's Web site 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.

- b) Notice for additional full-service offices.

Illinois Community Reinvestment Act Notice

Under the Illinois Community Reinvestment Act (ILCRA), the Secretary evaluates our record of helping to meet the lending needs of this community consistent with safe and

1111 sound operations. The Secretary also takes this record into account when deciding on
1112 certain applications submitted by us.

1113
1114 Your involvement is encouraged.

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1116 You are entitled to certain information about our operations and our performance under
1117 the ILCRA. You may review today the public section of our most recent ILCRA
1118 evaluation, prepared by the Secretary, and a list of services provided at this additional
1119 full-service office. You may also have access to the following additional information,
1120 which we will make available to you at this additional full-service office within five
1121 calendar days after you make a request to us:

- 1122
- 1123 1) a map showing the assessment area containing this additional full-service
1124 office, which is the area in which the Secretary evaluates our ILCRA
1125 performance in this community;
 - 1126 2) information about our additional full-service offices in this assessment
1127 area;
 - 1128 3) a list of services we provide at those locations;
 - 1129 4) data on our lending performance in this assessment area; and
1130 5) copies of all written comments received by us that specifically relate to
1131 our ILCRA performance in this assessment area, and any responses we
1132 have made to those comments. If we are operating under an approved
1133 strategic plan, you may also have access to a copy of the plan.

1134
1135 At least 30 days before the beginning of each quarter, the Secretary publishes a
1136 nationwide list of the covered mortgage licensees that are scheduled for ILCRA
1137 examination in that quarter. This list is available from the Secretary. You may send
1138 written comments about our performance in helping to meet community credit needs to
1139 (name and address of official at covered mortgage licensee) and the Secretary. You may
1140 also submit comments electronically through the Department's Web site at
1141 <https://idfpr.illinois.gov/admin/cra.html>. Your letter, together with any response by us,
1142 will be considered by the Secretary in evaluating our ILCRA performance and may be
1143 made public.

1144
1145 You may ask to look at any comments received by the Secretary. You may also request
1146 from the Secretary an announcement of our applications covered by the ILCRA filed with
1147 the Secretary.
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