

**Anti-Predatory Lending Database
Semi-Annual Summary Report
November 1, 2024**



**Governor JB Pritzker
Secretary Mario Treto, Jr.
Department of Financial and Professional Regulation**

ABOUT THE INFORMATION IN THIS REPORT

THIS REPORT IS BASED ON STATISTICAL INFORMATION FROM THE ANTI-PREDATORY LENDING DATABASE ("APLD") PURSUANT TO 765 ILCS 77/70. THE APLD WENT INTO EFFECT ON JULY 1, 2008.

Illinois Department of Financial and Professional Regulation

Office of the Secretary

JB Pritzker
Governor

Mario Treto, Jr.
Secretary

November 1, 2024

Governor JB Pritzker
207 State House
Springfield, IL 62706

Illinois General Assembly
State House
Springfield, IL 62706

Dear Governor Pritzker & 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 this report. If you have any questions, please do not hesitate to contact me at (217) 785-2165 or Mario.Treto@Illinois.gov.

Very truly yours,



Mario Treto, Jr.

Summary of Anti-Predatory Lending Database (APLD) Program

- As a result of the financial crises in 2008, in part due to predatory mortgage loans, the APLD was conceived. The APLD's purpose is to combat predatory lending practices by increasing the borrowers' understanding of the loans they are considering and thereby reduce the number of foreclosures resulting from inappropriate loans. The act does not prohibit any type of loan. It is solely the borrowers' decision whether to proceed. The APLD also collects important data to allow the Department to track mortgage lending trends and provides data to support other investigations.
- Loans that trigger the APLD's counseling requirement continue to be offered in the program area and represent approximately 0.7% 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 suggests the APLD's counseling requirement has deterred loan originators from offering loans with predatory or non-traditional characteristics. Since the program's inception, a total of 15,632 loans required borrower counseling. Of these, 4,037 (26%) loans were closed, and 11,595 (74%) were not closed. In comparison, for *all* loans registered with the APLD since inception the closing rate was 56%.
- On average, it takes 4.1 *fewer* days to close a loan *with* counseling than to close a loan *without* counseling (calculated since program inception on July 1, 2008). This differential has been steadily changing from a high point of 8 days *longer* in 2010.
- APLD data has supported investigations and disciplinary actions by enabling IDFPR to uncover fraudulent lending activity, unlicensed activity, unregistered loan originators, unreported branch offices and unreported changes of a licensee location.
- IDFPR examiners routinely access the database's reporting capabilities to analyze data in real time, which has enhanced examination capabilities. Reports from the APLD are required for all examinations and have been used to support findings and ratings.
- IDFPR has found no evidence that the APLD restricts responsible mortgage lending in the four-county program area of Cook, Will, Kane, and Peoria counties.

APLD FACTS AT A GLANCE¹

(Cumulative to date since program inception on July 1, 2008)

- Loans registered with the APLD: **2,155,306**
- Loans closed: **1,200,034**
- Borrowers requiring counseling: **20,193**
- Borrowers receiving counseling: **7,290**
- Borrowers requiring counseling by county: Cook (**16,287**); Kane (**1,008**); Peoria (**290**); Will (**1,823**); n/a (**785**)²
- Borrowers receiving counseling by county: Cook (**6,499**); Kane (**154**); Peoria (**20**); Will (**215**); n/a (**402**)³
- Loan types requiring counseling:⁴
 - Interest-Only Loans: **3,541**
 - Negative Amortization Loans: **2,124**
 - Loans with Points and Fees Exceeding 5%: **6,738**
 - Loans with Prepayment Penalty: **2,725**
 - Adjustable Rate Loans: **2,347**
- **40,671** loans triggered the counseling requirement as originally entered but were thereafter modified to no longer require counseling.
- Actively licensed mortgage brokers/loan originators who have entered loans into the APLD: **10,998**⁵

Investigations and Other Regulatory Actions Based on APLD Information

During the current reporting period, IDFPR opened four new investigations related to the APLD. One involved a title company, while three involved mortgage banking companies. APLD staff coordinated with the mortgage banking examination unit to identify companies with APLD compliance issues, and with IDFPR's legal department for enforcement. Several other investigations into APLD compliance remain ongoing. Additionally, during the current reporting period, APLD data has provided valuable support to other types of mortgage banking investigations, including investigations into unlicensed practice, among other things.

¹ Statistics for each county can be found in the table on page 9.

² Loans with invalid zip codes.

³ Loans with invalid zip codes.

⁴ The total number of loans reflected in this section does not match the total number of borrowers requiring counseling because individual mortgage loans often have more than one borrower, borrowers may have chosen not to attend counseling (and thus not proceeded with the loan), or the loan may have contained multiple counseling triggers.

⁵ Number reduced from previous reports to exclude brokers and originators who have not entered a loan into the APLD.

Types of Non-Traditional Mortgage Products Being Offered and Lending Trends

During the current reporting period of April 1, 2024, through September 30, 2024, the number of loan applications registered in the APLD has increased from the previous reporting period. The current reporting period reflects a 12.5% increase in the number of loan applications from the previous reporting period. The previous reporting period had the lowest number of loan applications since the April 2014 reporting period. Overall loan applications registered in the APLD during the current reporting period are less than the number of loan applications registered in the APLD one year ago, in the October 2023 reporting period. Overall, loan applications registered during the current reporting period increased but remain lower than recent years. Loan applications registered during the current reporting period total less than one third of the loan applications entered during the reporting period of April 2021. The reporting period of April 2021 marked the highest number of loan applications in the history of the APLD, at 153,497 applications.

Loan applications registered in the APLD in the current reporting period increased in all three categories of purchase, refinance, and first time home buyer. Refinance applications increased by nearly 28%, first time home buyer applications increased by 9.1%, and purchase applications increased by 8.7%. Refinance applications were the only type of applications that increased during the last reporting period. During the current reporting period, refinance applications accounted for 22% of all applications, purchase applications accounted for 67% of all loan applications, and first time home buyers accounted for 55% of all loan applications.

The number of loan applications with predatory and nontraditional features increased by 17.7% during the current reporting period over the last reporting period. For the first time since the April 2022 reporting period, the current reporting period contains loan applications with every type of predatory and nontraditional feature tracked in the APLD. During the current reporting period, the number of interest-only loans and loans with points and fees exceeding 5% of the loan amount increased by more than 10% from the previous reporting period. The largest increase in predatory or nontraditional loan terms during the current reporting period involved adjustable rate loans, which increased by nearly 47%. The current reporting period also had a higher number of loan applications requiring counseling than the three previous reporting periods, even though one of those reporting periods had more overall loan applications than the current reporting period.

Moreover, the overall percentage of loan applications with predatory and nontraditional features during this reporting period was 1.18%, up slightly from 1.12% in the last reporting period. Like the last reporting period, during the current reporting period, mortgage banking companies modified more than half of the loan applications initially reporting predatory and nontraditional features to remove predatory and nontraditional features.

Finally, the percentage of loan applications registered with the APLD that proceeded to closing during this reporting period was 47%, a slight increase from last reporting period's percentage of 44%.

Nationwide, the Consumer Financial Protection Bureau (CFPB) collects data pursuant to the Home Mortgage Disclosure Act. The CFPB's quarterly data for home purchase applications reflected an increase in every loan type from the first quarter of 2023 to the second quarter of 2023.⁶ The third quarter of 2023, fourth quarter of 2023, and first quarter of 2024, however, all demonstrated declining numbers of home purchase loan applications for the most prevalent loan type, conventional conforming loans. For refinancing, conventional conforming loan applications have remained below 100,000 per quarter since the fourth quarter of 2022.⁷

The Mortgage Bankers Association reports mortgage application activity on a Weekly Applications Survey. For the week ending September 20, 2024, the Mortgage Bankers Association reported loan applications for refinance were 175% higher than the same week in 2023.⁸ In sum, while the number of loan applications remains low, that number may begin trending upward.

From 2021 to 2023, the average monthly payment costs on a newly originated mortgage increased by \$1,000, according to the Federal Housing Finance Agency.⁹ This was due to rising housing pricing and interest rates.¹⁰ The Federal Housing Finance Agency concluded that these rising costs were potential barriers for first time home buyers to access the housing market.¹¹ Data from 2023 through 2024, however, showed signs of improvement. The Mortgage Bankers Association reported that the national median mortgage payment in August of 2024 for purchase loan applications was \$2,057, and had decreased by 5.2% since August of 2023.¹² However, \$413,100 was the average loan size of both purchase and refinance loan applications in the week ending September 20, 2024, which was the highest in the history of the Mortgage Bankers Association Weekly Applications Survey.¹³

Additionally, the Freddie Mac Primary Mortgage Market Survey reflects interest rates continuing downward, with the 30-year fixed rate mortgage average for the week ending September 26, 2024 at 6.08%.¹⁴ This average rate was the lowest in two years.¹⁵ The Primary Mortgage Market Survey also shows that interest rates have dropped by more than 1.5 percentage points over the past year.¹⁶ Freddie Mac analyzed declining interest rates and slower home price growth to conclude that the coming fall may bring improvements for home buyers.¹⁷

⁶ [HMDA Data Browser \(cfpb.gov\)](#) (information about quarterly data can be found here: [HMDA Quarterly Graphs | HMDA Documentation \(cfpb.gov\)](#))

⁷ [HMDA Data Browser \(cfpb.gov\)](#)

⁸ [Mortgage Applications Increase in Latest MBA Weekly Survey | MBA](#) (this survey has been conducted weekly since 1990)

⁹ [Recent Changes in Mortgage-Related Housing Consumption Costs: Evidence from the National Mortgage Database | FEDERAL HOUSING FINANCE AGENCY \(fhfa.gov\)](#)

¹⁰ [Recent Changes in Mortgage-Related Housing Consumption Costs: Evidence from the National Mortgage Database | FEDERAL HOUSING FINANCE AGENCY \(fhfa.gov\)](#)

¹¹ [Recent Changes in Mortgage-Related Housing Consumption Costs: Evidence from the National Mortgage Database | FEDERAL HOUSING FINANCE AGENCY \(fhfa.gov\)](#)

¹² [Mortgage Application Payments Decreased 3.9 Percent to \\$2,057 in August | MBA](#)

¹³ [Mortgage Applications Increase in Latest MBA Weekly Survey | MBA](#)

¹⁴ [The 30-Year Fixed-Rate Mortgage Reaches Lowest Level in Two Years | Freddie Mac \(gcs-web.com\)](#)

¹⁵ [The 30-Year Fixed-Rate Mortgage Reaches Lowest Level in Two Years | Freddie Mac \(gcs-web.com\)](#)

¹⁶ [Mortgage Rates - Freddie Mac](#)

¹⁷ [Mortgage Rates Tick Up | Freddie Mac \(gcs-web.com\)](#)

The APLD also records new foreclosure filings for residential property in the four-county program area. During the current reporting period, new foreclosure filings peaked in April of 2024, with over 1,000 filings in that month. New foreclosure filings, however, averaged 824 per month during the current reporting period. Nationwide, 0.1% of outstanding mortgages were in the process of foreclosure, bankruptcy, or a deed-in-lieu of foreclosure.¹⁸ Moreover, the Mortgage Bankers Association determined that as of August 31, 2024, 0.31% of mortgage loans were in forbearance.¹⁹ The Mortgage Bankers Association noted that August 2024 marked the third month of an increased percentage of loans in forbearance.²⁰

With more than a 17% increase in predatory terms during the current period, the APLD provides an invaluable opportunity for homeowners to receive housing counseling. The housing counseling session ensures that a homeowner understands all terms of a loan offer before the homeowner accepts the offer and becomes obligated to repay the loan.

IDFPR Utilization of APLD Data to Combat Mortgage Fraud, Predatory Lending, and Other Questionable Practices

During the current reporting period, IDFPR continues to closely monitor all housing counselors' entries and comments in the APLD. As in previous reporting periods, IDFPR has prioritized investigations on compliance with housing counseling requirements. IDFPR pursues investigation and discipline when mortgage banking companies do not meet housing counseling requirements before proceeding to closing on a loan. IDFPR also focuses on situations where mortgage banking companies fail to register loans in the APLD.

During the current reporting period, IDFPR improved the process for notifying borrowers about the requirement of housing counseling by implementing an email process, allowing borrowers who use email to receive information quickly and easily regarding housing counseling.

IDFPR continues to collaborate with offices of Recorders of Deeds to address issues with APLD certificates presented to their offices for recording.

Finally, IDFPR utilized APLD data during the current reporting period to identify potential instances of fraud, unlicensed practice, and other unlawful conduct by mortgage loan originators and mortgage banking companies.

¹⁸ [FHFA Releases NMDB® Residential Mortgage Dashboard | FEDERAL HOUSING FINANCE AGENCY](#)

¹⁹ [Share of Mortgage Loans in Forbearance Increases to 0.31% in August | MBA](#)

²⁰ [Share of Mortgage Loans in Forbearance Increases to 0.31% in August | MBA](#)

STATISTICAL INFORMATION

Required Data Pursuant to Act:	October 2024 Reporting Period (04/01/24 - 09/30/24)	April 2024 Reporting Period (10/01/23 - 03/31/24)
Loans Registered with APLD²¹	50,624	44,996
Refinancing Primary Residence	11,160	8,722
Purchasing Primary Residence	34,091	31,351
First Time Home Buyers	27,854	25,522
Loans Closed in APLD	23,857	19,975
Borrowers Requiring Counseling	702	577
Borrowers Receiving Counseling	11	14
Loans Requiring Counseling²²	598	508
Interest Only Loans	91	82
Negative Amortization Loans	3	0
Loans with Points and Fees Exceeding 5%	403	365
Loans with Prepayment Penalty	5	0
Adjustable Rate Loans	191	130
Loans Modified to No Longer Require Counseling	651	608
Loans Exempt from APLD	40,155	40,588

²¹ The totals may include loans that are in process or have been abandoned.

²² 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: ²³	October 2024 Reporting Period (04/01/24 - 09/30/24)			
	Cook County	Kane County	Peoria County	Will County
Loans Registered with APLD²⁴	37,429	4,689	897	7,215
Refinancing Primary Residence	7,848	1,135	183	1,885
Purchasing Primary Residence	25,065	3,286	648	4,877
First Time Home Buyers	20,840	2,529	511	3,776
Loans Closed in APLD	17,377	2,428	505	3,527
Borrowers Requiring Counseling	480	80	16	111
Borrowers Receiving Counseling	8	0	0	3
Loans Requiring Counseling²⁵	416	61	16	93
Interest Only Loans	61	10	4	12
Negative Amortization Loans	2	1	0	0
Loans with Points and Fees Exceeding 5%	287	37	12	60
Loans with Prepayment Penalty	3	1	0	1
Adjustable Rate Loans	124	25	4	31
Loans Modified to No Longer Require Counseling	456	69	15	102
Loans Exempt from APLD	26,400	2,964	601	3,913

²³ County totals may be lower than the overall totals because some loans do not have county information recorded in the database.

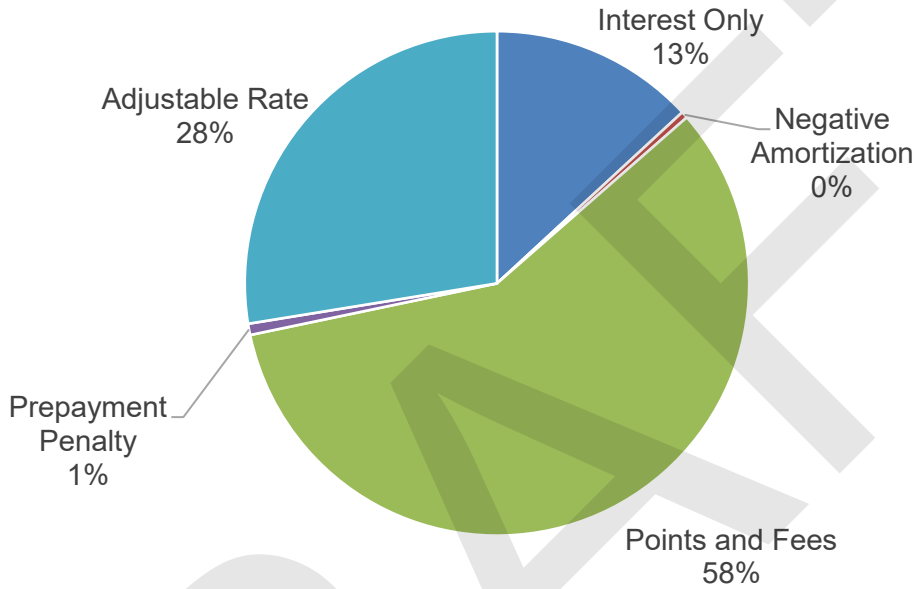
²⁴ The totals may include loans that are in process or have been abandoned.

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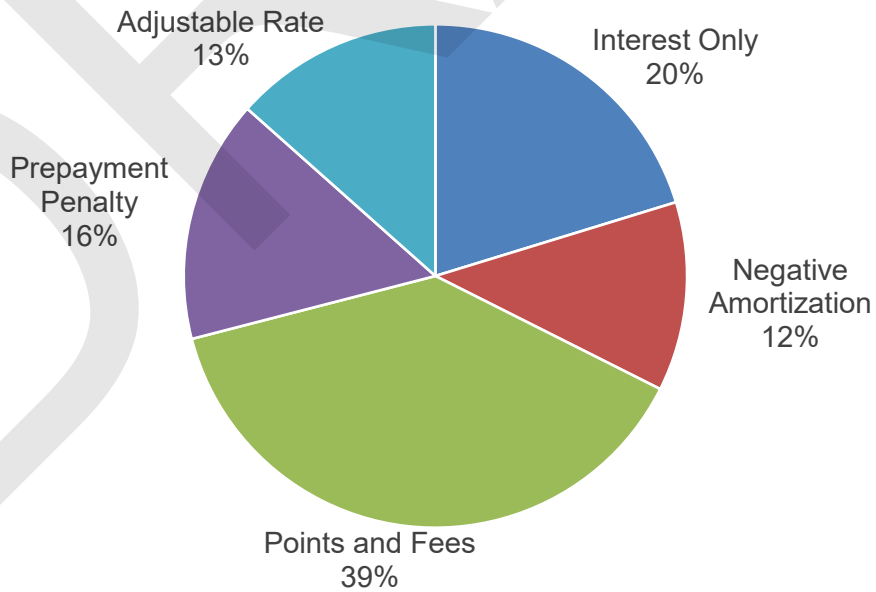
APLD Product Summary

Types of Loans Triggering the Counseling Requirement

Reporting Period (4/1/2024 - 9/30/2024)

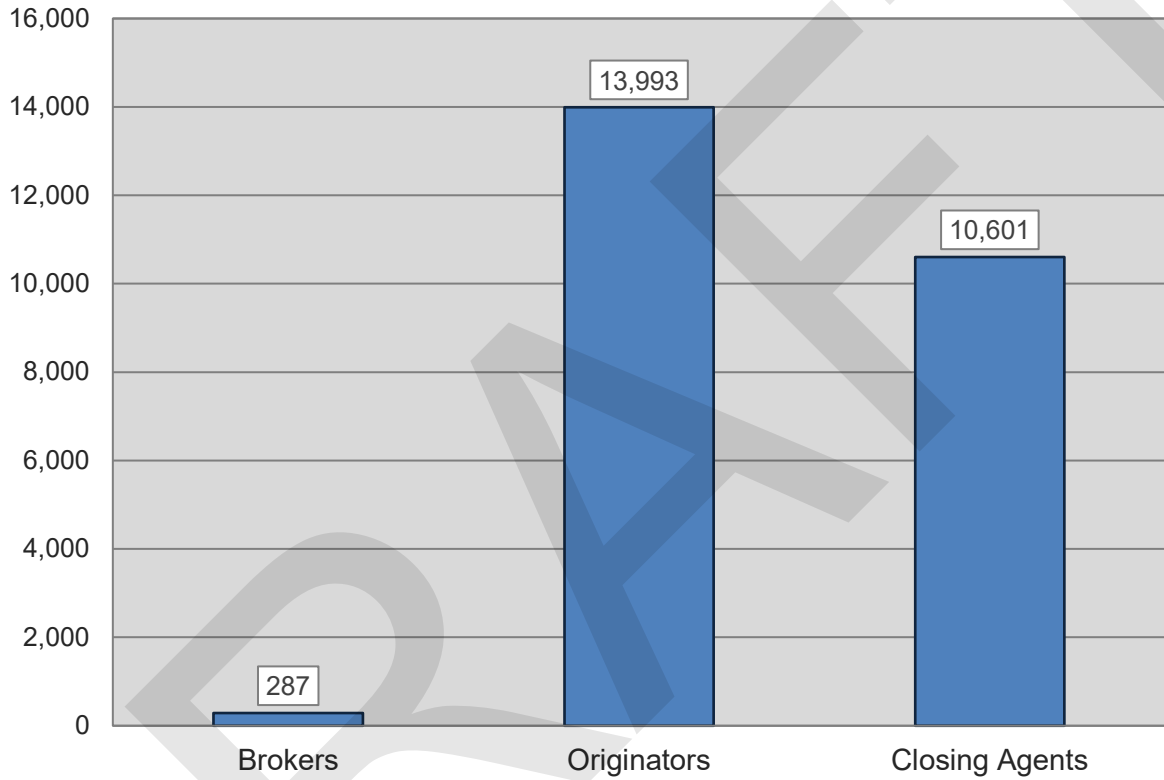


Since Inception



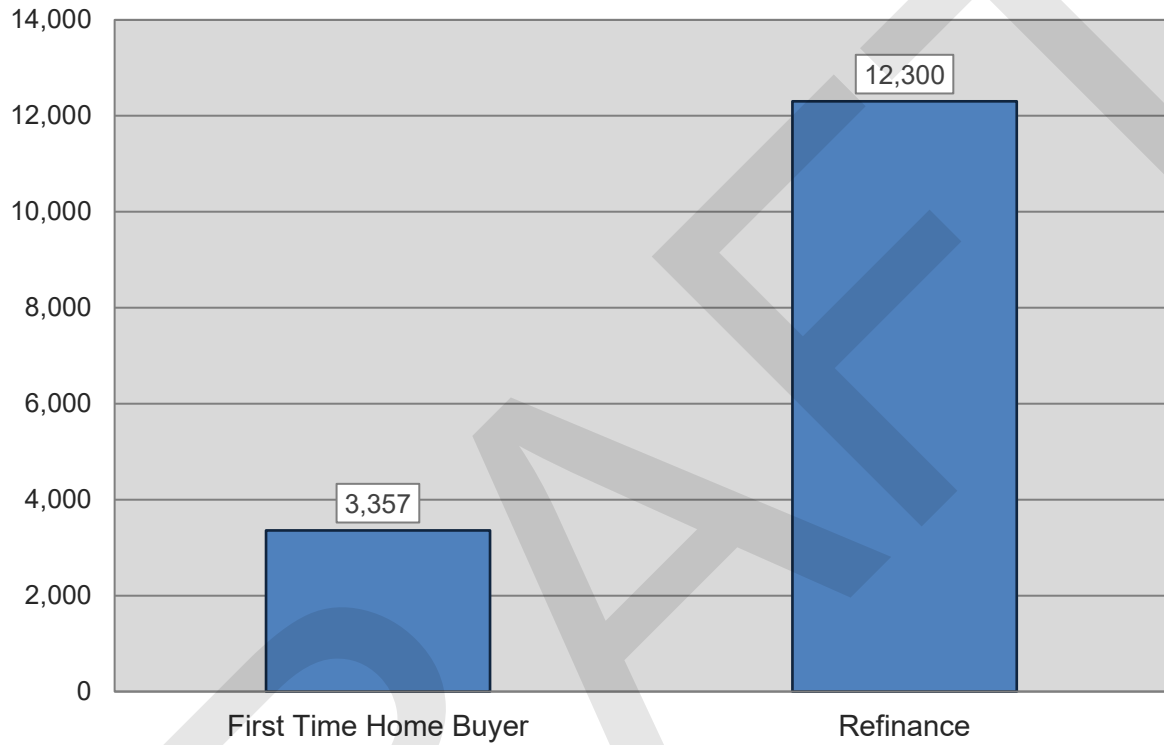
APLD User Summary

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 decreased time to close by 4.1 days on average.
(Since program inception)

