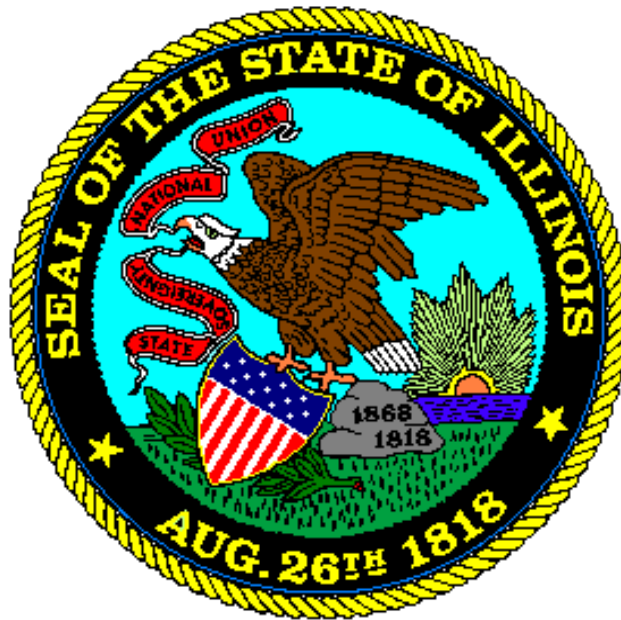


**Anti-Predatory Lending Database
Semi-Annual Summary Report
May 1, 2024**



**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

May 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,

A handwritten signature in blue ink that reads "Mario Treto, Jr." with a stylized flourish at the end.

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 15,059 loans required borrower counseling. Of these, 4,031 (27%) loans were closed, and 11,028 (73%) were not closed. In comparison, for *all* loans registered with the APLD since inception the closing rate was 56%.
- On average, it takes 4.2 *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: **2,104,675**
- Loans closed: **1,176,177**
- Borrowers requiring counseling: **19,517**
- Borrowers receiving counseling: **7,279**
- Borrowers requiring counseling by county: Cook (**15,819**); Kane (**931**); Peoria (**275**); Will (**1,722**); n/a (**770**)²
- Borrowers receiving counseling by county: Cook (**6,491**); Kane (**154**); Peoria (**20**); Will (**212**); n/a (**402**)³
- Loan types requiring counseling:⁴
 - Interest-Only Loans: **3,455**
 - Negative Amortization Loans: **2,121**
 - Loans with Points and Fees Exceeding 5%: **6,355**
 - Loans with Prepayment Penalty: **2,720**
 - Adjustable Rate Loans: **2,159**
- **40,037** 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: **10,815**⁵

Investigations and Other Regulatory Actions Based on APLD Information

During the current reporting period of October 1, 2023, through March 31, 2024, IDFPR continues to open new investigations, as well as pursue ongoing investigations, for failure to comply with the APLD. IDFPR opened two new investigations into title companies and four new investigations into mortgage banking companies. IDFPR is also investigating unlicensed practice discovered through the APLD. IDFPR continues to pursue ongoing investigations into mortgage banking companies for failure to provide borrowers with housing counseling as required by the APLD.

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.

IDFPR has also improved efficiencies with the APLD program. IDFPR implemented procedures to allow new users faster access to the APLD. This will improve new users' experiences and ensure them the opportunity to comply with the program's requirements.

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

The current reporting period of October 1, 2023, through March 31, 2024, reflects a decrease in loan applications registered with the APLD since the last reporting period. Loan applications during the current reporting period decreased by 9,027 compared to the last reporting period. This represents a 16.7% decrease in loan applications. The number of loan applications registered with the APLD in the current reporting period is also less than the same reporting period one year ago, October 1, 2022, through March 31, 2023. The October 1, 2022, through March 31, 2023, reporting period represented a four-year low in the number of loan applications. Notably, the current reporting period has the lowest number of applications reported in the APLD since April of 2014, ten years ago.

During the current reporting period, the decline in loan applications registered with the APLD is largely attributed to a decline in applications to purchase a primary residence. There was also a decline in loan applications from first time home buyers. On the other hand, there was a slight increase in refinance applications during the current reporting period. Like the last four reporting periods, however, refinance applications accounted for a smaller percentage of the overall applications than home purchase applications. Refinance applications accounted for only 19% of the total applications registered in the APLD during the current reporting period. The percentage of refinance applications to total applications during the last reporting period was 15%. The percentage of applications from first time home buyers during the current reporting period was nearly 57% of all loan applications. During the last reporting period, 62% of all loan applications came from first time home buyers.

Not only was the number of loan applications registered in APLD lower during this reporting period, but the amount of loan applications proceeding to closing in the APLD also declined. During the last reporting period, 51% of the loan applications registered proceeded to closing in the APLD, while during the current reporting period, only 44% of the loan applications proceeded to closing.

The number of loan applications with predatory or non-traditional terms increased during this reporting period, although the number of loan applications decreased. Borrowers who are offered loans with predatory or non-traditional terms must attend housing counseling before proceeding to closing on the loans. The number of loan applications requiring housing counseling before closing increased by .99% during the current reporting period, despite the decline in total loan applications. During the current reporting period, 1.1% of all loan applications registered with the APLD required housing counseling before closing, compared to 0.9% of all loan applications during the last reporting period. Furthermore, the number of borrowers receiving counseling during the current reporting period increased from the previous reporting period. In both the current and previous reporting periods, more than half of the loans initially requiring housing counseling were modified to remove the predatory or non-traditional loan term(s).

Consistent with the last five reporting periods, during the current reporting period, the largest number of loans (63%) requiring housing counseling was due to points and fees exceeding 5% of the loan amount. The amount of loans requiring counseling due to interest only payments stayed relatively the same between the last reporting period and the current reporting period. During the last reporting period, loans with interest only payments made up 15% of the total loans requiring housing counseling, while during the current reporting period, loans with interest only payments make up 14% of the total loans requiring housing counseling. Loans with adjustable interest rates, however, have increased substantially during the current reporting period. Even with a lower amount of overall loan applications, the total number of loans requiring counseling due to an adjustable interest rate increased by 71% during the current reporting period, and represents 23% of all loans requiring housing counseling. During the last reporting period, in contrast, loans with an adjustable interest rate represented only 14% of all loans requiring housing counseling.

The Consumer Financial Protection Bureau's (CFPB) Home Mortgage Disclosure Act data tracks information about the mortgage market nationwide. The CFPB's most recent quarterly data, from the third quarter of 2023, reflects a decline in the total number of loan applications from the second quarter of 2023,⁶ consistent with APLD data. Home Mortgage Disclosure Act data indicated that loan applications in the third quarter of 2023 declined for every type of loan except FHA loans.⁷

The CFPB's Home Mortgage Disclosure Act data also reports median total loan costs. The data indicates that loan costs continue to rise. For the third quarter of 2023, median total loan costs are at their highest point over the past five years for every type of loan except for VA loans.⁸ Median total loan costs for FHA loans in the third quarter of 2023 reached \$11,816.90.⁹ The increase in total loan costs over the last five years is substantial. The median total loan costs for conventional conforming loans in the first quarter of 2018 was \$3,422.61.¹⁰ The median total loan costs for conventional conforming loans in the third quarter of 2023 was \$5,981.25.¹¹ This represents a median total loan costs increase of 74% over five years. The CFPB found that many loan costs are fixed dollar amounts, and, as a result, have a greater impact on borrowers with smaller mortgages.¹² Furthermore, a study conducted by Fannie Mae on 2020 loan data found that low-income, first-time homebuyers' percentage of median closing costs relative to home purchase price was higher than for all homebuyers by 13%.¹³ Fannie Mae's data further reflected that, for 14.5% of low-income, first-time homebuyers, their closing costs were greater than or

⁶ <https://ffiec.cfpb.gov/data-browser/graphs/quarterly/applications?periodLow=2018-Q1&periodHigh=2023-Q3&visibleSeries=Conventional%20Conforming,Conventional%20Non-Conforming,FHA,HELOC,RHS/FSA,VA>

⁷ <https://ffiec.cfpb.gov/data-browser/graphs/quarterly/applications?periodLow=2018-Q1&periodHigh=2023-Q3&visibleSeries=Conventional%20Conforming,Conventional%20Non-Conforming,FHA,HELOC,RHS/FSA,VA>

⁸ <https://ffiec.cfpb.gov/data-browser/graphs/quarterly/tlc?periodLow=2018-Q1&periodHigh=2023-Q3&visibleSeries=Conventional%20Conforming,Conventional%20Non-Conforming,FHA,RHS/FSA,VA>

⁹ <https://ffiec.cfpb.gov/data-browser/graphs/quarterly/tlc?periodLow=2018-Q1&periodHigh=2023-Q3&visibleSeries=Conventional%20Conforming,Conventional%20Non-Conforming,FHA,RHS/FSA,VA>

¹⁰ <https://ffiec.cfpb.gov/data-browser/graphs/quarterly/tlc?periodLow=2018-Q1&periodHigh=2023-Q3&visibleSeries=Conventional%20Conforming,Conventional%20Non-Conforming,FHA,RHS/FSA,VA>

¹¹ <https://ffiec.cfpb.gov/data-browser/graphs/quarterly/tlc?periodLow=2018-Q1&periodHigh=2023-Q3&visibleSeries=Conventional%20Conforming,Conventional%20Non-Conforming,FHA,RHS/FSA,VA>

¹² [Junk fees are driving up housing costs. The CFPB wants to hear from you. | Consumer Financial Protection Bureau \(consumerfinance.gov\)](https://www.consumerfinance.gov/newsroom/junk-fees-are-driving-up-housing-costs-the-cfpb-wants-to-hear-from-you/)

¹³ [Barriers to Entry -- Closing Costs for First-Time and Low-Income Homebuyers \(fanniemae.com\)](https://www.fanniemae.com/newsroom/2020/08/13/barriers-to-entry-closing-costs-for-first-time-and-low-income-homebuyers), p. 1.

equal to their down payment.¹⁴ Only 5.2% of all buyers had closing costs greater than or equal to their down payment.¹⁵

One loan cost gaining importance in recent years is discount points. The CFPB issued a Data Spotlight report about discount points in April of 2024. The CFPB examined discount point data from the first quarter of 2019, through the third quarter of 2023.¹⁶ The CFPB found that discount points likely contributed to the increase in total median loan costs.¹⁷ The CFPB documented that a majority of borrowers in 2023 were paying discount points.¹⁸ More than 55% of borrowers with home purchase loans and non-cash-out refinance loans paid discount points.¹⁹ With cash-out refinances, however, 88% of borrowers paid discount points.²⁰ Borrowers with cash-out refinances also paid the highest amount of discount points, at a median amount of 2.1 points.²¹ Additionally, the CFPB found that a higher percentage of borrowers paid discount points during high interest rate periods.²² Finally, the CFPB determined that homebuyers with lower credit scores paid discount points more frequently than those with higher scores.²³

Freddie Mac also analyzed discount points, from closing data on purchase loans matching their Primary Mortgage Market Survey population.²⁴ Freddie Mac found that borrowers who did not pay discount points actually had a lower effective rate of interest than borrowers who did pay discount points, although the difference was small, only 0.17%.²⁵ Freddie Mac suggested that discount points may not add value from a consumer's perspective.²⁶ Freddie Mac acknowledged, however, that all consumers' situations are different and could not be accounted for in their study.²⁷

Interest rates continue to drive lending trends. According to Freddie Mac's Primary Mortgage Market Survey, interest rates reached a 23-year high in October of 2023, at 7.79% for a 30-year fixed rate mortgage.²⁸ Interest rates have declined slightly in 2024, holding under 7% for a 30-

¹⁴ [Barriers to Entry -- Closing Costs for First-Time and Low-Income Homebuyers \(fanniemae.com\)](#), p. 8.

¹⁵ [Barriers to Entry -- Closing Costs for First-Time and Low-Income Homebuyers \(fanniemae.com\)](#), p. 8.

¹⁶ [Data Spotlight: Trends in discount points amid rising interest rates | Consumer Financial Protection Bureau \(consumerfinance.gov\)](#)

¹⁷ [Data Spotlight: Trends in discount points amid rising interest rates | Consumer Financial Protection Bureau \(consumerfinance.gov\)](#)

¹⁸ [Data Spotlight: Trends in discount points amid rising interest rates | Consumer Financial Protection Bureau \(consumerfinance.gov\)](#)

¹⁹ [Data Spotlight: Trends in discount points amid rising interest rates | Consumer Financial Protection Bureau \(consumerfinance.gov\)](#)

²⁰ [Data Spotlight: Trends in discount points amid rising interest rates | Consumer Financial Protection Bureau \(consumerfinance.gov\)](#)

²¹ [Data Spotlight: Trends in discount points amid rising interest rates | Consumer Financial Protection Bureau \(consumerfinance.gov\)](#)

²² [Data Spotlight: Trends in discount points amid rising interest rates | Consumer Financial Protection Bureau \(consumerfinance.gov\)](#)

²³ [Data Spotlight: Trends in discount points amid rising interest rates | Consumer Financial Protection Bureau \(consumerfinance.gov\)](#)

²⁴ [Economic, Housing and Mortgage Market Outlook – January 2024 - Freddie Mac](#)

²⁵ [Economic, Housing and Mortgage Market Outlook – January 2024 - Freddie Mac](#)

²⁶ [Economic, Housing and Mortgage Market Outlook – January 2024 - Freddie Mac](#)

²⁷ [Economic, Housing and Mortgage Market Outlook – January 2024 - Freddie Mac](#)

²⁸ [Economic, Housing and Mortgage Market Outlook – January 2024 - Freddie Mac](#)

year fixed rate mortgage.²⁹ The average interest rate in February 2024, however, was still 6.8%.³⁰ Overall mortgage activity also declined, down 8.8% year-over-year on average in February 2024.³¹ Home prices continue to rise and housing affordability is near a 30-year low.³²

The number of borrowers struggling to maintain their mortgage payments may be slightly increasing. IDFPR receives notices of new foreclosure filings on residential property through the APLD, in the four-county program area. IDFPR received less than 500 notices per month for the first four months of the current reporting period. IDFPR received over 600 notices for February of 2024, and over 1,000 notices for March of 2024. IDFPR did not receive more than 1,000 notices for any single month in 2023, although in March of 2023, IDFPR received over 900 notices of new foreclosure filings. Nationally, Freddie Mac reported that mortgage serious delinquency rates increased in 2023, with the rate in December of 2023 being 0.7%.³³ Despite the 2023 increase, serious delinquency rates remain below historical averages.³⁴ Furthermore, distressed home sales averaged around 5% during 2023.³⁵ Finally, the Mortgage Bankers Association's monthly Loan Monitoring Survey reflects approximately 110,000 homeowners have mortgages in forbearance plans as of February of 2024.³⁶

In sum, the APLD's protections against non-traditional or predatory features continues to benefit borrowers. The amount of loans with predatory or non-traditional features increased during the current reporting period, although the overall number of loan applications decreased. More borrowers received housing counseling during the current reporting period than last reporting period. The opportunity for housing counseling that the APLD affords to borrowers will aid them in making informed choices about their mortgage loan offers.

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

In addition to ongoing investigations, IDFPR monitors mortgage banking companies and title companies who have failed to comply with APLD requirements, by auditing reports. Additionally, APLD staff engage in ongoing coordination with the examination unit and legal unit on APLD compliance. Finally, APLD staff continue to focus on investigating mortgage banking and title companies who proceed to closing without ensuring that borrowers participate in required housing counseling.

During the current reporting period, APLD staff met with housing counseling agencies, whose contributions to the APLD program are vital to its success. APLD staff also continue to work with offices of county recorders of deeds, who review APLD certificates before recording mortgages. Finally, APLD staff shared information with the Illinois Consumer Education Association about consumer mortgages and the APLD program.

²⁹ As of the week of April 11, 2024: [Mortgage Rates - Freddie Mac](#)

³⁰ [U.S. Economic, Housing and Mortgage Market Outlook – March 2024 - Freddie Mac](#)

³¹ [U.S. Economic, Housing and Mortgage Market Outlook – March 2024 - Freddie Mac](#)

³² [U.S. Economic, Housing and Mortgage Market Outlook – March 2024 - Freddie Mac](#)

³³ [U.S. Economic, Housing and Mortgage Market Outlook – February 2024 - Freddie Mac](#)

³⁴ [U.S. Economic, Housing and Mortgage Market Outlook – February 2024 - Freddie Mac](#)

³⁵ [U.S. Economic, Housing and Mortgage Market Outlook – February 2024 - Freddie Mac](#)

³⁶ [Share of Mortgage Loans in Forbearance Holds Steady at 0.22% in February | MBA](#)

STATISTICAL INFORMATION

Required Data Pursuant to Act:	April 2024 Reporting Period (10/01/23 - 03/31/24)	October 2023 Reporting Period (04/01/23 - 09/30/23)
Loans Registered with APLD³⁷	44,996	54,023
Refinancing Primary Residence	8,722	8,261
Purchasing Primary Residence	31,351	40,659
First Time Home Buyers	25,522	33,510
Loans Closed in APLD	19,975	27,563
Borrowers Requiring Counseling	577	599
Borrowers Receiving Counseling	14	11
Loans Requiring Counseling³⁸	508	503
Interest Only Loans	82	82
Negative Amortization Loans	0	1
Loans with Points and Fees Exceeding 5%	365	397
Loans with Prepayment Penalty	0	0
Adjustable Rate Loans	130	76
Loans Modified to No Longer Require Counseling	608	621
Loans Exempt from APLD	40,588	46,371

³⁷ The totals may include loans that are in process or have been abandoned.

³⁸ 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: ³⁹	April 2024 Reporting Period (10/01/23 - 03/31/24)			
	Cook County	Kane County	Peoria County	Will County
Loans Registered with APLD⁴⁰	33,478	4,153	890	6,110
Refinancing Primary Residence	6,151	889	140	1,444
Purchasing Primary Residence	23,225	3,015	696	4,229
First Time Home Buyers	19,337	2,368	549	3,103
Loans Closed in APLD	14,309	2,116	508	3,024
Borrowers Requiring Counseling	425	52	16	77
Borrowers Receiving Counseling	11	0	1	2
Loans Requiring Counseling⁴¹	383	37	13	68
Interest Only Loans	57	12	3	8
Negative Amortization Loans	0	0	0	0
Loans with Points and Fees Exceeding 5%	285	21	10	44
Loans with Prepayment Penalty	0	0	0	0
Adjustable Rate Loans	91	15	3	21
Loans Modified to No Longer Require Counseling	440	55	14	87
Loans Exempt from APLD	26,896	2,912	484	3,871

³⁹ County totals may be lower than the overall totals because some loans do not have county information recorded in the database.

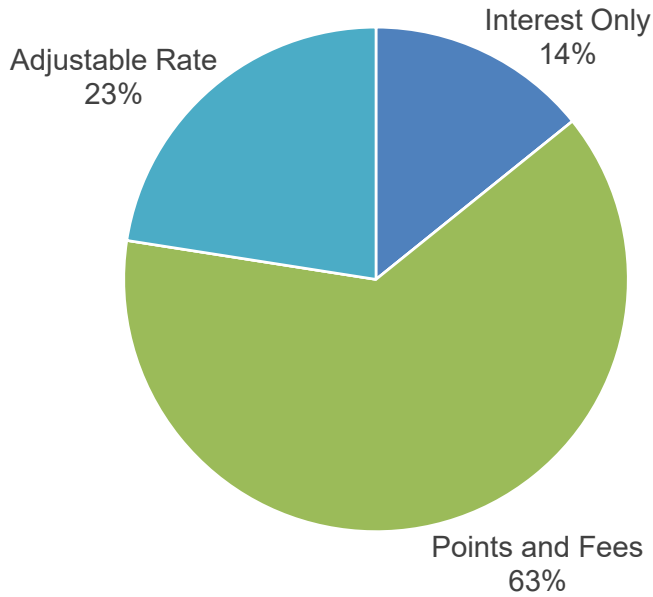
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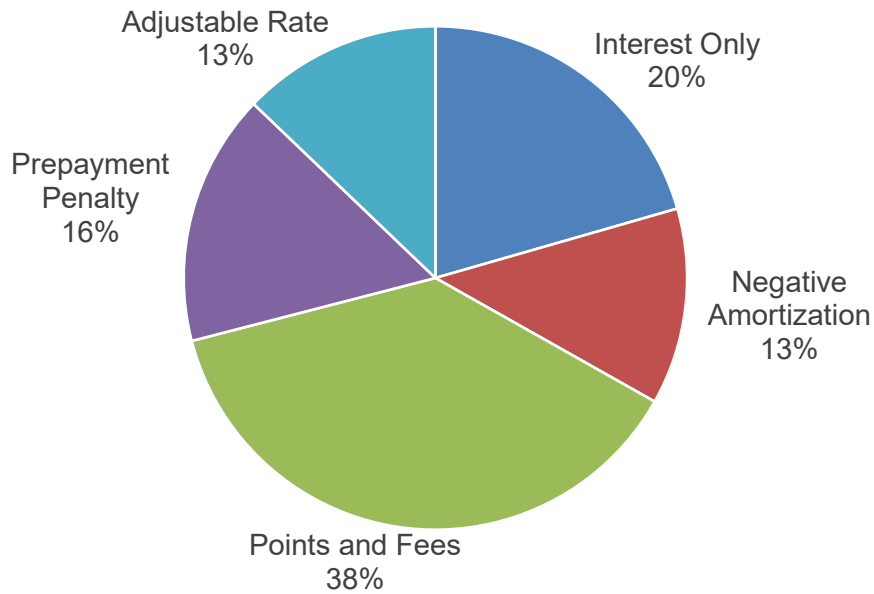
APLD Product Summary

Types of Loans Triggering the Counseling Requirement

Reporting Period (10/1/2023 - 3/31/2024)

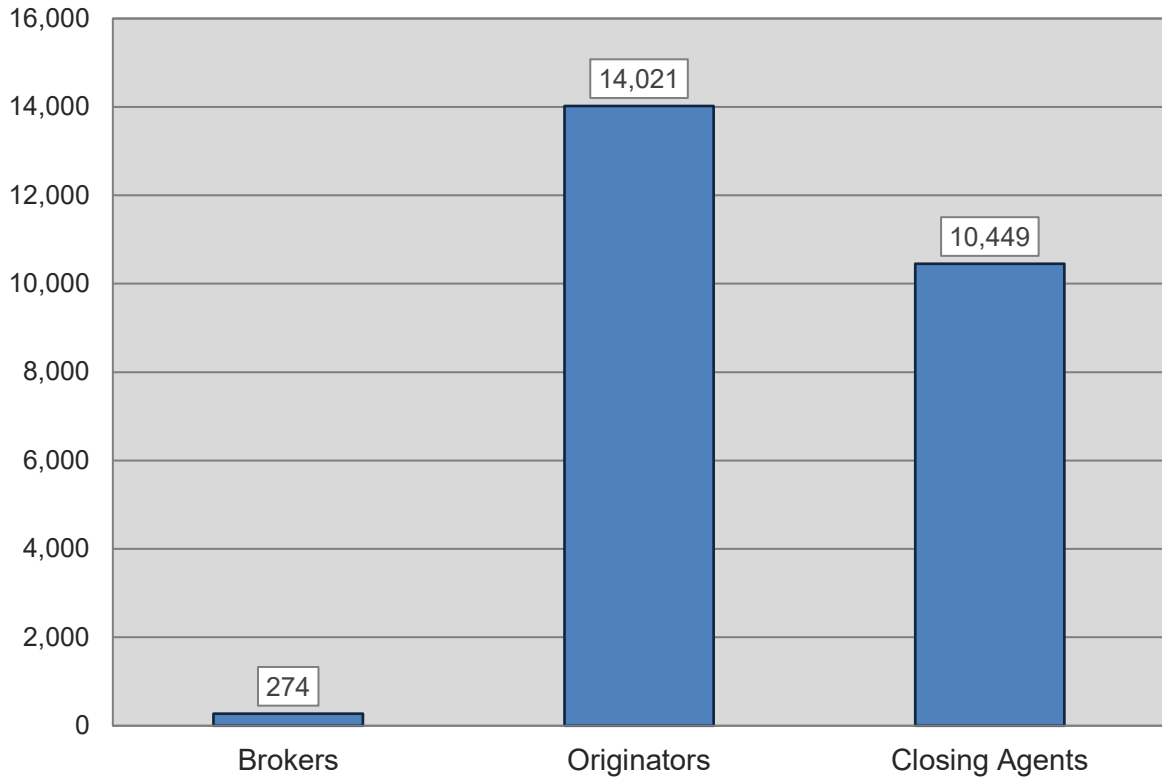


Since Inception



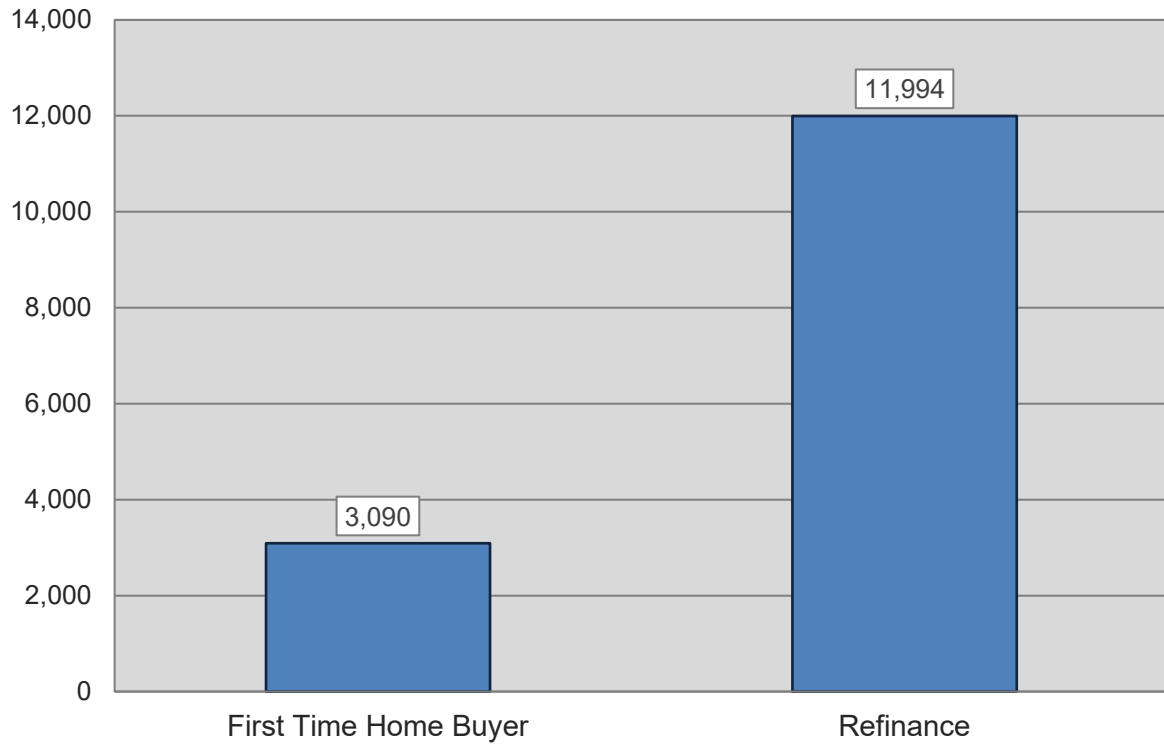
APLD User Summary

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 4.2 days on average.
(Since program inception)

