



Illinois Department of Financial and Professional Regulation

Division of Banking

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Governor

BRENT E. ADAMS
Secretary

JORGE A. SOLIS
Director
Division of Banking

TO: Illinois State Banks

FROM: Jorge A. Solis
Director

DATE: February 1, 2010

RE: Default and Foreclosure Report and Filing Instructions

Pursuant to the provisions of Section 115 of the High Risk Home Loan Act [815 ILCS 137/115], you are required to complete the semiannual Default and Foreclosure Report. The July 1 – December 31, 2009, report is to be submitted to the Department electronically **no later than April 1, 2010**. Instructions for completion of the report are attached.

1. Go to the website: <http://www.obre.state.il.us/defaultreport/>
2. Use your User ID and Password to log in.
3. Follow the onscreen directions.

Failure to submit the report within the required time will result in a referral to the Office of the Attorney General. Questions about this report should be directed to the Compliance Reporting Section at (217) 524-7781.

Thank you.

JAS:tkb

IL DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DIVISION OF BANKING
ONLINE DEFAULT AND FORECLOSURE REPORT INSTRUCTIONS

Pursuant to the provisions of section 115 of the High Risk Home Loan Act [815 ILCS 137/115], you are required to complete the semiannual Default and Foreclosure Report. The current reporting period of July 1 – December 31, 2009 is to be submitted to the Department electronically by filing online.

GENERAL INSTRUCTIONS

- **The Online Reporting of the Default and Foreclosure Report requires that you have Internet Explorer 5.0 or newer with 128 bit encryption.** Please read these instructions before continuing to the online report. When you log-in enter your UserID and Password (include all zeros).
- **Please provide the items of information on a consolidated financial accounting basis for your institution.** Consolidated financial accounting basis means that you are to include information from all operating subsidiaries, service corporations, etc., using generally accepted accounting principles (GAAP).
- Average quarterly reports – The contemplated calculations for lines 1(A), 1(B), 2(A) and 2(B) calls for loan information, normally shown on quarterly call reports for banks and thrifts or other quarterly reports for licensees, to be averaged. For example, if the dollar amount of 1-4 family conventional loans on your entity's books were \$100,000 on March 31 and \$120,000 on June 30, then the entry on line 1(A) would be \$110,000. What is desired is a number that reflects an average throughout the reporting period rather than activity on a specific date, such as June 30. **Please report dollar amount of loans to the actual whole dollar amount, DO NOT TRUNCATE.** While entering whole dollar amounts, do not use decimals and **DO NOT ROUND TO THOUSANDS.** Every field **MUST** be completed, including the YES/NO questions at the bottom of the first screen or your submission will not be valid.
- High Risk Home Loan reporting: **Please enter interest rates as a whole number and then decimal (i.e., 5.25% should be entered as 5.25, rather than .0525).**
- **Print out the confirmation page of your online entry and keep a copy for your records and for proof of submission.**

INSTRUCTIONS SPECIFIC TO LINE 1(A)

- Conventional 1-4 family mortgage loans are loans that were not insured by the Veterans Administration (VA), the Farmers Home Administration (FHA) or the United States Department of Housing and Urban Development (HUD).
- Include loans that are first and subordinate liens.
- If it would be difficult to separate the dollar amount of loans on **Illinois** properties from **non-Illinois** properties, it is permissible to estimate the dollar amount of loans that are Illinois properties and place this number on line 1(A).

INSTRUCTIONS SPECIFIC TO LINE 1(B)

- If you are unable to provide the actual number of **Illinois** loans to answer this question, you may estimate the number of **Illinois** loans.

INSTRUCTIONS SPECIFIC TO LINE 3(A) and 3(B)

- If you are unable to provide the actual number and dollar amount of **Illinois** foreclosures filed and foreclosures completed to answer this question, you may estimate the number and dollar amount of Illinois foreclosed loans filed and foreclosed loans completed. If a loan is secured by more than one property, record properties as separate loans (i.e., one loan secured by 2 properties would be shown as 2 loans). **If you filed anything other than "0" for question #3, the property information must be entered online on the appropriate (foreclosure/high risk home loan) screens. If there are more than 20 properties reported,**

you have the option to submit the property information via email using an excel spreadsheet to Tom.Bernard@illinois.gov. Your submission must be in the same format and columns as the spreadsheet found online. Encrypted submissions will NOT be accepted, your Excel spreadsheets can be password protected (only) and your password must be provided in a separate email. The spreadsheets can be downloaded from our website at <http://www.obre.state.il.us/defaultreport/> by using the Default and Foreclosure Excel Spreadsheet link.

- **NOTE:** When you get to the screen asking for the number of high risk home loans for this period, you must enter “0” if you have nothing to file and continue or enter the number of loans filed and proceed to the property information page where you will enter all high risk home loan properties for this period. If you do not follow this instruction, you will not be able to print your confirmation page and your online filing will not be complete.

FORECLOSURE AND HIGH RISK HOME LOAN PROPERTY INFORMATION SUBMISSIONS

- Foreclosure and High Risk Home Loan property information submissions are to be filed on-line or electronically via email for the current reporting period (January 1 – June 30 or July 1 – December 31). If a foreclosure is closed in different reporting period than when it was reported as filed, the closed foreclosure should be reported in the respective reporting period it falls in.

INSTRUCTIONS SPECIFIC TO FORECLOSURE REPORTING

- All information submitted must be complete as indicated on the form online or the system will not accept your property information entry. If you are submitting this information electronically (**20 properties or more**) via email, you must use the same format and columns as the form online. **If a loan is secured by more than one property, record the properties on separate lines listing the total amount of the loan on the first line and \$1 for each additional property secured by the one loan.**

INSTRUCTIONS SPECIFIC TO HIGH RISK HOME LOAN REPORTING

- All information submitted must be complete as indicated on the form online or the system will not accept your property information entry. If you are submitting this information electronically (**20 properties or more**) via email, you must use the same format and columns as the form online. **If a loan is secured by more than one property, record the properties on separate lines listing the total amount of the loan on the first line and \$1 for each additional property secured by the one loan. Please enter interest rates as a whole number and then decimal (i.e., 5.25% should be entered as 5.25, rather than .0525).** On your electronic property information spreadsheet submission, the criteria to report high risk home loans is, at the time of origination, the annual percentage rate exceeds by more than six percentage points in the case of a first lien mortgage, or more than 8 percentage points in the case of a junior mortgage, the yield on U.S. Treasury securities having comparable periods of maturity to the loan, maturity as of the fifteenth day of the month immediately preceding the month in which the application for the loan is received by the lender, or the total points and fees payable by the consumer at or before closing will exceed the greater of 5% of the total loan amount or \$800.

**DEFAULT & FORECLOSURE REPORT
FREQUENTLY ASKED QUESTIONS AND ANSWERS (FAQs):**

1. **QUESTION:** If an institution reported a foreclosure during a previous reporting period should this same property be reported on the next filing if the foreclosure has not been completed?

ANSWER: No, once a foreclosure has been reported you will not be required to report it again until the foreclosure has been completed.

2. **QUESTION:** When I report my Foreclosure and High Risk Home Loan property information, how do I know what properties to report and when to report them?

ANSWER: The property information you are reporting should reflect the current reporting period. There are two reporting periods throughout a calendar year - January 1 through June 30 or July 1 through December 31. Foreclosure property information should be filed only in the period it falls and if the property is closed in a different period, the property should be reported in the period it is closed. The High Risk Home Loan property has different criteria to report than the Foreclosure property information. Please refer to the explanation of the High Risk Home Loan reporting on the instruction sheet.

3. **QUESTION:** Should rental property be included on the Default & Foreclosure Report?

ANSWER: No, only conventional 1-4 family mortgage loans.

4. **QUESTION:** What type of mortgage loans should be reported?

ANSWER: All conventional 1-4 family mortgage loans secured by Illinois real estate including 1st, 2nd & 3rd, mortgages and home equity loans.

5. **QUESTION:** Should construction loans be included on the Default & Foreclosure Report?

ANSWER: Yes, include construction loans if they are issued to individuals and have a lien on the real estate.

6. **QUESTION:** If an institution holds a lien against a residential property for a business loan and the loan goes into foreclosure, should this property be listed on the Default & Foreclosure Report?

ANSWER: No, the foreclosure was due to a business loan and would not be considered as a foreclosure on a 1-4 family mortgage loan.

7. **QUESTION:** Should home equity lines of credit be included on the Default & Foreclosure Report?

ANSWER: Yes, if the line of credit is for owner occupied property. You will only be required to report the outstanding balance, only the amount that has been disbursed, not the full amount of the line.

8. **QUESTION:** What does it mean to report all conventional 1-4 family mortgage loans on the Default & Foreclosure report?

ANSWER: Conventional 1-4 family mortgage loans that are secured by Illinois real estate not insured by the Veterans Administration (VA), the Farmers Home Administration (FHA) or the United States Department of Housing and Urban Development (HUD).

9. QUESTION: Explain the first yes/no question. “Were any of the loans, where a foreclosure was completed as reported above in #3, originated less than 18 months before the completion date of the foreclosure?”

ANSWER: This question is asking if a loan was foreclosed on within 18 months after the loan was originally issued before the completion date of the foreclosure.

10. QUESTION: A consumer brought their mortgage up to date after the bank had filed a foreclosure. How should this be reported?

ANSWER: The foreclosure should be reported as filed. However, the foreclosure would not be reported as closed for this or any other reporting period.

11. QUESTION: If an institution bought part interest in a mortgage that is held in the lending institutions name, which institution would be required to report the loan or the foreclosure?

ANSWER: The lending institution that is holding and servicing the mortgage would be required to report the mortgage and/or the foreclosure.

12. QUESTION: In order to offer a fixed rate the lending institutions issued mortgages and then immediately sold them to the Federal Home Loan Bank. They still receive the payments and forward them onto the Federal Home Loan Bank. Should the lending institution report these mortgages as new loans?

ANSWER: Yes, since the lending institution continues to service the mortgage they will need to report the loans.

13. QUESTION: Should a loan on a trailer be reported?

ANSWER: No, this is not considered a mortgage. A trailer requires a title, not a deed.

14. QUESTION: Should non-accrual loans be reported on the Default & Foreclosure Report?

ANSWER: Yes.

15. QUESTION: If the bank holding the first mortgage forecloses, should the bank holding the second mortgage report this as a foreclosure on the Default & Foreclosure Report?

ANSWER: No, because the institution with the first mortgage is responsible for filing the foreclosure on the Default & Foreclosure report.

16. QUESTION: If a customer turns over the deed to the bank due to hardship and the bank did not initiate foreclosure proceedings, should this be reported on the Default & Foreclosure Report?

ANSWER: No, the bank should not report this property as a foreclosure. It is only required to report a foreclosure if the process has already been initiated.