**Section 345.450 Alternative Examination Procedures**

a) The Secretary may establish alternative examination procedures for banks which were rated "outstanding" as of their most recent ILCRA or federal Community Reinvestment Act examination. The purpose of the alternative procedures shall be to reduce the cost to these banks. The alternative procedures shall in no way limit public participation.

b) At the time of examination any bank that satisfies either of the following eligibility standards as shown in its Year-end Call report and other related documentation may elect to use the Very Small Bank Examination Procedures set forth in subsection (j):

1) Total assets less than $25,000,000; or

2) Total assets less than $100,000,000 that lent or originated less than 50 residential mortgage loans reportable under the Home Mortgage Disclosure Act (HMDA) (12 U.S.C. 461) in the previous calendar year. The $100,000,000 threshold shall be adjusted so that it is equivalent to the corresponding threshold for state-chartered credit unions based on amendments made by the National Credit Union Administration from time to time in its definition of "small entity" for purposes of the federal Regulatory Flexibility Act (5 U.S.C. 601(6)). For purposes of this subsection (b), "lent" or "originated" means the bank was responsible for underwriting, making credit decisions for, issuing commitments for, or funding for the residential mortgage loan; "residential mortgage loan" means any loan primarily for personal, family or household use that is secured by a mortgage, deed of trust or other equivalent consensual security interest on a dwelling or residential real estate upon which is constructed or intended to be constructed a dwelling; and "dwelling" means a residential structure or mobile home which contains one to four family housing units or individual units of condominiums or cooperatives. For purposes of this subsection (b), "lent" or "originated" does not include the performance of brokerage or referral activities.

c) For any bank which elects to use the Very Small Bank Examination Procedures set forth in subsection (j) of this Section, the Secretary shall apply the assessment factors, as provided in Section 345.200. The written evaluation shall comply with all requirements for a written evaluation set forth in Section 15(b) of the ILCRA.

d) Any bank which receives an overall rating of "substantial noncompliance" on its last examination shall not be eligible to use the Very Small Bank Examination Procedures set forth in subsection (j) on its next examination.

e) Nothing contained in this Section prohibits the Secretary from considering other sources of information including, but not limited to, evidence of discriminatory or other illegal credit practices, or public comments in assessing whether a bank is meeting the financial services needs of local communities pursuant to Section 345.200.

f) The Very Small Bank Examination Procedures set forth in subsection (j) shall in no way limit public participation.

g) A bank electing to use the Very Small Bank Examination Procedures set forth in subsection (j) does not affect the bank’s obligation, if any, to report data as required by Section 345.410.

h) A bank electing to use the Very Small Bank Examination Procedures set forth in subsection (j) does not affect the bank’s obligation to maintain an ILCRA file as required by Section 345.420.

i) A bank that elects to use the Very Small Bank Examination Procedures set forth in subsection (j) shall have at least three months to complete the examination. The bank shall have the opportunity to review its proposed examination response with an examiner prior to the due date.

j) Very Small Bank Examination Procedures. A bank qualifying under subsection (b) that elects to use the Very Small Bank Examination Procedures set forth in this subsection (j) shall submit to the Secretary in writing:

1) Description of the bank's efforts to ascertain the financial services needs of the bank's assessment area, if any, and provide supporting documentation.

2) Description of the extent of marketing, if any, to make the bank's assessment area aware of the financial services offered and provide supporting documentation.

3) Description of the bank's efforts and successes, if any, to assist existing low-income and moderate-income residents in the bank's assessment area to be able to remain in affordable housing in their neighborhoods including, but not limited to, origination of mortgage loans including home improvement and rehabilitation loans. At the discretion of the Secretary, a bank shall also be required to submit to the Department:

A) HMDA-LAR Quarterly Reports; or

B) The following applicant information:

i) Application date;

ii) Loan type;

iii) Property type;

iv) Purpose;

v) Owner occupancy;

vi) Pre-approval;

vii) Loan action taken (details and date);

viii) Property address;

ix) Applicant's ethnicity;

x) Applicant's race;

xi) Applicant's sex; and

xii) Gross annual income.

C) For small business lenders, the application and loan details regarding origination of loans to businesses in the bank's assessment area with gross annual revenues of $1,000,000.00 or less, particularly those in low-income and moderate-income neighborhoods in the bank's assessment area.

D) Description of the bank's participation, if any, including investments, in community development and redevelopment programs, small business technical assistance programs, minority-owned depository institutions, community development financial institutions, and mutually-owned financial institutions, if any, and provide supporting documentation.

E) Description of the bank's efforts and successes working with delinquent customers in the bank's assessment area to facilitate a resolution of the delinquency and provide supporting documentation. At the discretion of the Secretary, a credit union shall also be required submit to the Department:

i) A delinquency report for the last six months;

ii) Collection notes for loans delinquent for sixty or more days; and

iii) Current loan status.

F) Description of the bank's efforts and successes, if any, to offer retail banking services to unbanked and underbanked persons in the bank's assessment area and provide supporting documentation.

G) Provide a written response to any public comments, if any, received since the bank's last ILCRA examination.

H) Provide any other information the bank believes is relevant to assessing whether the bank is meeting the financial services needs of the bank's assessment area.