



Sen. John Connor

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LRB102 04916 BMS 25407 a

1 AMENDMENT TO SENATE BILL 1093

2 AMENDMENT NO. _____. Amend Senate Bill 1093 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Residential Mortgage License Act of 1987
5 is amended by changing Sections 1-3 and 1-4 and by adding
6 Section 7-16 as follows:

7 (205 ILCS 635/1-3) (from Ch. 17, par. 2321-3)

8 Sec. 1-3. Necessity for license; scope of Act.

9 (a) No person, partnership, association, corporation or
10 other entity shall engage in the business of brokering,
11 funding, originating, servicing or purchasing of residential
12 mortgage loans without first obtaining a license from the
13 Secretary in accordance with the licensing procedure provided
14 in this Article I and such regulations as may be promulgated by
15 the Secretary. The licensing provisions of this Section shall
16 not apply to any entity engaged solely in commercial mortgage

1 lending or to any person, partnership association, corporation
2 or other entity exempted pursuant to Section 1-4, subsection
3 (d), of this Act or in accordance with regulations promulgated
4 by the Secretary hereunder. No provision of this Act shall
5 apply to an exempt person or entity as defined in items (1) and
6 (1.5) of subsection (d) of Section 1-4 of this Act.
7 Notwithstanding anything to the contrary in the preceding
8 sentence, an individual acting as a mortgage loan originator
9 who is not employed by and acting for an entity described in
10 item (1) of subsection (tt) of Section 1-4 of this Act shall be
11 subject to the mortgage loan originator licensing requirements
12 of Article VII of this Act.

13 Effective January 1, 2011, no provision of this Act shall
14 apply to an exempt person or entity as defined in item (1.8) of
15 subsection (d) of Section 1-4 of this Act. Notwithstanding
16 anything to the contrary in the preceding sentence, an
17 individual acting as a mortgage loan originator who is not
18 employed by and acting for an entity described in item (1) of
19 subsection (tt) of Section 1-4 of this Act shall be subject to
20 the mortgage loan originator licensing requirements of Article
21 VII of this Act, and provided that an individual acting as a
22 mortgage loan originator under item (1.8) of subsection (d) of
23 Section 1-4 of this Act shall be further subject to a
24 determination by the U.S. Department of Housing and Urban
25 Development through final rulemaking or other authorized
26 agency determination under the federal Secure and Fair

1 Enforcement for Mortgage Licensing Act of 2008.

2 (a-1) A person who is exempt from licensure pursuant to
3 paragraph (ii) of item (1) of subsection (d) of Section 1-4 of
4 this Act as a federally chartered savings bank that is
5 registered with the Nationwide Multistate Licensing System and
6 Registry may apply to the Secretary for an exempt company
7 registration for the purpose of sponsoring one or more
8 individuals subject to the mortgage loan originator licensing
9 requirements of Article VII of this Act. Registration with the
10 Division of Banking of the Department shall not affect the
11 exempt status of the applicant.

12 (1) A mortgage loan originator eligible for licensure
13 under this subsection shall (A) be covered under an
14 exclusive written contract with, and originate residential
15 mortgage loans solely on behalf of, that exempt person;
16 and (B) hold a current, valid insurance producer license
17 under Article XXXI of the Illinois Insurance Code.

18 (2) An exempt person shall: (A) fulfill any reporting
19 requirements required by the Nationwide Multistate
20 Licensing System and Registry or the Secretary; (B)
21 provide a blanket surety bond pursuant to Section 7-12 of
22 this Act covering the activities of all its sponsored
23 mortgage loan originators; (C) reasonably supervise the
24 activities of all its sponsored mortgage loan originators;
25 (D) comply with all rules and orders (including the
26 averments contained in Section 2-4 of this Act as

1 applicable to a non-licensed exempt entity provided for in
2 this Section) that the Secretary deems necessary to ensure
3 compliance with the federal SAFE Act; and (E) pay an
4 annual registration fee established by the Director.

5 (3) The Secretary may deny an exempt company
6 registration to an exempt person or fine, suspend, or
7 revoke an exempt company registration if the Secretary
8 finds one of the following:

9 (A) that the exempt person is not a person of
10 honesty, truthfulness, or good character;

11 (B) that the exempt person violated any applicable
12 law, rule, or order;

13 (C) that the exempt person refused or failed to
14 furnish, within a reasonable time, any information or
15 make any report that may be required by the Secretary;

16 (D) that the exempt person had a final judgment
17 entered against him or her in a civil action on grounds
18 of fraud, deceit, or misrepresentation, and the
19 conduct on which the judgment is based indicates that
20 it would be contrary to the interest of the public to
21 permit the exempt person to manage a loan originator;

22 (E) that the exempt person had an order entered
23 against him or her involving fraud, deceit, or
24 misrepresentation by an administrative agency of this
25 State, the federal government, or any other state or
26 territory of the United States, and the facts relating

1 to the order indicate that it would be contrary to the
2 interest of the public to permit the exempt person to
3 manage a loan originator;

4 (F) that the exempt person made a material
5 misstatement or suppressed or withheld information on
6 the application for an exempt company registration or
7 any document required to be filed with the Secretary;
8 or

9 (G) that the exempt person violated Section 4-5 of
10 this Act.

11 (a-5) An entity that is exempt from licensure pursuant to
12 item (7) of subsection (d) of Section 1-4 of this Act as an
13 independent loan processing entity shall annually apply to the
14 Secretary through the Nationwide Multistate Licensing System
15 and Registry for an exempt company registration for the
16 purpose of sponsoring one or more individuals subject to the
17 mortgage loan originator licensing requirements of Article VII
18 of this Act. A loan processor who performs clerical or support
19 duties at the direction of and subject to the supervision and
20 instruction of a licensed mortgage loan originator sponsored
21 by an independent loan processing entity shall be exempt from
22 his or her own licensing as a mortgage loan originator. An
23 independent loan processing entity shall not be subject to
24 examination by the Secretary. The Secretary may adopt rules to
25 implement any provisions necessary for the administration of
26 this subsection.

1 (b) No person, partnership, association, corporation, or
2 other entity except a licensee under this Act or an entity
3 exempt from licensing pursuant to Section 1-4, subsection (d),
4 of this Act shall do any business under any name or title, or
5 circulate or use any advertising or make any representation or
6 give any information to any person, which indicates or
7 reasonably implies activity within the scope of this Act.

8 (c) The Secretary may, through the Attorney General,
9 request the circuit court of either Cook or Sangamon County to
10 issue an injunction to restrain any person from violating or
11 continuing to violate any of the foregoing provisions of this
12 Section.

13 (d) When the Secretary has reasonable cause to believe
14 that any entity which has not submitted an application for
15 licensure is conducting any of the activities described in
16 subsection (a) hereof, the Secretary shall have the power to
17 examine all books and records of the entity and any additional
18 documentation necessary in order to determine whether such
19 entity should become licensed under this Act.

20 (d-1) The Secretary may issue orders against any person if
21 the Secretary has reasonable cause to believe that an unsafe,
22 unsound, or unlawful practice has occurred, is occurring, or
23 is about to occur, if any person has violated, is violating, or
24 is about to violate any law, rule, or written agreement with
25 the Secretary, or for the purposes of administering the
26 provisions of this Act and any rule adopted in accordance with

1 this Act.

2 (e) Any person, partnership, association, corporation or
3 other entity who violates any provision of this Section
4 commits a business offense and shall be fined an amount not to
5 exceed \$25,000. A mortgage loan brokered, funded, originated,
6 serviced, or purchased by a party who is not licensed under
7 this Section shall not be held to be invalid solely on the
8 basis of a violation under this Section. The changes made to
9 this Section by Public Act 99-113 are declarative of existing
10 law.

11 (f) Each person, partnership, association, corporation or
12 other entity conducting activities regulated by this Act shall
13 be issued one license. Each office, place of business or
14 location at which a residential mortgage licensee conducts any
15 part of his or her business must be recorded with the Secretary
16 pursuant to Section 2-8 of this Act, unless allowed under
17 Section 7-16 of this Act.

18 (g) Licensees under this Act shall solicit, broker, fund,
19 originate, service and purchase residential mortgage loans
20 only in conformity with the provisions of this Act and such
21 rules and regulations as may be promulgated by the Secretary.

22 (h) This Act applies to all entities doing business in
23 Illinois as residential mortgage bankers, as defined by "An
24 Act to provide for the regulation of mortgage bankers",
25 approved September 15, 1977, as amended, regardless of whether
26 licensed under that or any prior Act. Any existing residential

1 mortgage lender or residential mortgage broker in Illinois
2 whether or not previously licensed, must operate in accordance
3 with this Act.

4 (i) This Act is a successor Act to and a continuance of the
5 regulation of residential mortgage bankers provided in "An Act
6 to provide for the regulation of mortgage bankers", approved
7 September 15, 1977, as amended.

8 Entities and persons subject to the predecessor Act shall
9 be subject to this Act from and after its effective date.

10 (Source: P.A. 100-851, eff. 8-14-18; 100-1153, eff. 12-19-18;
11 101-81, eff. 7-12-19.)

12 (205 ILCS 635/1-4)

13 Sec. 1-4. Definitions. The following words and phrases
14 have the meanings given to them in this Section:

15 (a) "Residential real property" or "residential real
16 estate" shall mean any real property located in Illinois,
17 upon which is constructed or intended to be constructed a
18 dwelling. Those terms include a manufactured home as
19 defined in subdivision (53) of Section 9-102 of the
20 Uniform Commercial Code which is real property as defined
21 in Section 5-35 of the Conveyance and Encumbrance of
22 Manufactured Homes as Real Property and Severance Act.

23 (b) "Making a residential mortgage loan" or "funding a
24 residential mortgage loan" shall mean for compensation or
25 gain, either directly or indirectly, advancing funds or

1 making a commitment to advance funds to a loan applicant
2 for a residential mortgage loan.

3 (c) "Soliciting, processing, placing, or negotiating a
4 residential mortgage loan" shall mean for compensation or
5 gain, either directly or indirectly, accepting or offering
6 to accept an application for a residential mortgage loan,
7 assisting or offering to assist in the processing of an
8 application for a residential mortgage loan on behalf of a
9 borrower, or negotiating or offering to negotiate the
10 terms or conditions of a residential mortgage loan with a
11 lender on behalf of a borrower including, but not limited
12 to, the submission of credit packages for the approval of
13 lenders, the preparation of residential mortgage loan
14 closing documents, including a closing in the name of a
15 broker.

16 (d) "Exempt person or entity" shall mean the
17 following:

18 (1) (i) Any banking organization or foreign
19 banking corporation licensed by the Illinois
20 Commissioner of Banks and Real Estate or the United
21 States Comptroller of the Currency to transact
22 business in this State; (ii) any national bank,
23 federally chartered savings and loan association,
24 federal savings bank, federal credit union; (iii)
25 (blank); (iv) any bank, savings and loan association,
26 savings bank, or credit union organized under the laws

1 of this or any other state; (v) any Illinois Consumer
2 Installment Loan Act licensee; (vi) any insurance
3 company authorized to transact business in this State;
4 (vii) any entity engaged solely in commercial mortgage
5 lending; (viii) any service corporation of a savings
6 and loan association or savings bank organized under
7 the laws of this State or the service corporation of a
8 federally chartered savings and loan association or
9 savings bank having its principal place of business in
10 this State, other than a service corporation licensed
11 or entitled to reciprocity under the Real Estate
12 License Act of 2000; or (ix) any first tier subsidiary
13 of a bank, the charter of which is issued under the
14 Illinois Banking Act by the Illinois Commissioner of
15 Banks and Real Estate, or the first tier subsidiary of
16 a bank chartered by the United States Comptroller of
17 the Currency and that has its principal place of
18 business in this State, provided that the first tier
19 subsidiary is regularly examined by the Illinois
20 Commissioner of Banks and Real Estate or the
21 Comptroller of the Currency, or a consumer compliance
22 examination is regularly conducted by the Federal
23 Reserve Board.

24 (1.5) Any employee of a person or entity mentioned
25 in item (1) of this subsection, when acting for such
26 person or entity, or any registered mortgage loan

1 originator when acting for an entity described in
2 subsection (tt) of this Section.

3 (1.8) Any person or entity that does not originate
4 mortgage loans in the ordinary course of business, but
5 makes or acquires residential mortgage loans with his
6 or her own funds for his or her or its own investment
7 without intent to make, acquire, or resell more than 3
8 residential mortgage loans in any one calendar year.

9 (2) (Blank).

10 (2.1) A bona fide nonprofit organization.

11 (2.2) An employee of a bona fide nonprofit
12 organization when acting on behalf of that
13 organization.

14 (3) Any person employed by a licensee to assist in
15 the performance of the residential mortgage licensee's
16 activities regulated by this Act who is compensated in
17 any manner by only one licensee.

18 (4) (Blank).

19 (5) Any individual, corporation, partnership, or
20 other entity that originates, services, or brokers
21 residential mortgage loans, as these activities are
22 defined in this Act, and who or which receives no
23 compensation for those activities, subject to the
24 Commissioner's regulations and the federal Secure and
25 Fair Enforcement for Mortgage Licensing Act of 2008
26 and the rules promulgated under that Act with regard

1 to the nature and amount of compensation.

2 (6) (Blank).

3 (7) Any entity engaged solely in providing loan
4 processing services through the sponsoring of
5 individuals acting pursuant to subsection (d) of
6 Section 7-1A of this Act.

7 (e) "Licensee" or "residential mortgage licensee"
8 shall mean a person, partnership, association,
9 corporation, or any other entity who or which is licensed
10 pursuant to this Act to engage in the activities regulated
11 by this Act.

12 (f) "Mortgage loan" "residential mortgage loan" or
13 "home mortgage loan" shall mean any loan primarily for
14 personal, family, or household use that is secured by a
15 mortgage, deed of trust, or other equivalent consensual
16 security interest on a dwelling as defined in Section
17 103(v) of the federal Truth in Lending Act, or residential
18 real estate upon which is constructed or intended to be
19 constructed a dwelling.

20 (g) "Lender" shall mean any person, partnership,
21 association, corporation, or any other entity who either
22 lends or invests money in residential mortgage loans.

23 (h) "Ultimate equitable owner" shall mean a person
24 who, directly or indirectly, owns or controls an ownership
25 interest in a corporation, foreign corporation, alien
26 business organization, trust, or any other form of

1 business organization regardless of whether the person
2 owns or controls the ownership interest through one or
3 more persons or one or more proxies, powers of attorney,
4 nominees, corporations, associations, partnerships,
5 trusts, joint stock companies, or other entities or
6 devices, or any combination thereof.

7 (i) "Residential mortgage financing transaction" shall
8 mean the negotiation, acquisition, sale, or arrangement
9 for or the offer to negotiate, acquire, sell, or arrange
10 for, a residential mortgage loan or residential mortgage
11 loan commitment.

12 (j) "Personal residence address" shall mean a street
13 address and shall not include a post office box number.

14 (k) "Residential mortgage loan commitment" shall mean
15 a contract for residential mortgage loan financing.

16 (l) "Party to a residential mortgage financing
17 transaction" shall mean a borrower, lender, or loan broker
18 in a residential mortgage financing transaction.

19 (m) "Payments" shall mean payment of all or any of the
20 following: principal, interest and escrow reserves for
21 taxes, insurance and other related reserves, and
22 reimbursement for lender advances.

23 (n) "Commissioner" shall mean the Commissioner of
24 Banks and Real Estate, except that, beginning on April 6,
25 2009 (the effective date of Public Act 95-1047), all
26 references in this Act to the Commissioner of Banks and

1 Real Estate are deemed, in appropriate contexts, to be
2 references to the Secretary of Financial and Professional
3 Regulation, or his or her designee, including the Director
4 of the Division of Banking of the Department of Financial
5 and Professional Regulation.

6 (n-1) "Director" shall mean the Director of the
7 Division of Banking of the Department of Financial and
8 Professional Regulation, except that, beginning on July
9 31, 2009 (the effective date of Public Act 96-112), all
10 references in this Act to the Director are deemed, in
11 appropriate contexts, to be the Secretary of Financial and
12 Professional Regulation, or his or her designee, including
13 the Director of the Division of Banking of the Department
14 of Financial and Professional Regulation.

15 (o) "Loan brokering", "brokering", or "brokerage
16 service" shall mean the act of helping to obtain from
17 another entity, for a borrower, a loan secured by
18 residential real estate situated in Illinois or assisting
19 a borrower in obtaining a loan secured by residential real
20 estate situated in Illinois in return for consideration to
21 be paid by either the borrower or the lender including,
22 but not limited to, contracting for the delivery of
23 residential mortgage loans to a third party lender and
24 soliciting, processing, placing, or negotiating
25 residential mortgage loans.

26 (p) "Loan broker" or "broker" shall mean a person,

1 partnership, association, corporation, or limited
2 liability company, other than those persons, partnerships,
3 associations, corporations, or limited liability companies
4 exempted from licensing pursuant to Section 1-4,
5 subsection (d), of this Act, who performs the activities
6 described in subsections (c), (o), and (yy) of this
7 Section.

8 (q) "Servicing" shall mean the collection or
9 remittance for or the right or obligation to collect or
10 remit for any lender, noteowner, noteholder, or for a
11 licensee's own account, of payments, interests, principal,
12 and trust items such as hazard insurance and taxes on a
13 residential mortgage loan in accordance with the terms of
14 the residential mortgage loan; and includes loan payment
15 follow-up, delinquency loan follow-up, loan analysis and
16 any notifications to the borrower that are necessary to
17 enable the borrower to keep the loan current and in good
18 standing. "Servicing" includes management of third-party
19 entities acting on behalf of a residential mortgage
20 licensee for the collection of delinquent payments and the
21 use by such third-party entities of said licensee's
22 servicing records or information, including their use in
23 foreclosure.

24 (r) "Full service office" shall mean an office,
25 provided by the licensee and not subleased from the
26 licensee's employees, and staff in Illinois reasonably

1 adequate to handle efficiently communications, questions,
2 and other matters relating to any application for, or an
3 existing home mortgage secured by residential real estate
4 situated in Illinois with respect to which the licensee is
5 brokering, funding originating, purchasing, or servicing.
6 The management and operation of each full service office
7 must include observance of good business practices such as
8 proper signage; adequate, organized, and accurate books
9 and records; ample phone lines, hours of business, staff
10 training and supervision, and provision for a mechanism to
11 resolve consumer inquiries, complaints, and problems. The
12 Commissioner shall issue regulations with regard to these
13 requirements and shall include an evaluation of compliance
14 with this Section in his or her periodic examination of
15 each licensee.

16 (s) "Purchasing" shall mean the purchase of
17 conventional or government-insured mortgage loans secured
18 by residential real estate situated in Illinois from
19 either the lender or from the secondary market.

20 (t) "Borrower" shall mean the person or persons who
21 seek the services of a loan broker, originator, or lender.

22 (u) "Originating" shall mean the issuing of
23 commitments for and funding of residential mortgage loans.

24 (v) "Loan brokerage agreement" shall mean a written
25 agreement in which a broker or loan broker agrees to do
26 either of the following:

1 (1) obtain a residential mortgage loan for the
2 borrower or assist the borrower in obtaining a
3 residential mortgage loan; or

4 (2) consider making a residential mortgage loan to
5 the borrower.

6 (w) "Advertisement" shall mean the attempt by
7 publication, dissemination, or circulation to induce,
8 directly or indirectly, any person to enter into a
9 residential mortgage loan agreement or residential
10 mortgage loan brokerage agreement relative to a mortgage
11 secured by residential real estate situated in Illinois.

12 (x) (Blank).

13 (y) "Government-insured mortgage loan" shall mean any
14 mortgage loan made on the security of residential real
15 estate insured by the Department of Housing and Urban
16 Development or Farmers Home Loan Administration, or
17 guaranteed by the Veterans Administration.

18 (z) "Annual audit" shall mean a certified audit of the
19 licensee's books and records and systems of internal
20 control performed by a certified public accountant in
21 accordance with generally accepted accounting principles
22 and generally accepted auditing standards.

23 (aa) "Financial institution" shall mean a savings and
24 loan association, savings bank, credit union, or a bank
25 organized under the laws of Illinois or a savings and loan
26 association, savings bank, credit union or a bank

1 organized under the laws of the United States and
2 headquartered in Illinois.

3 (bb) "Escrow agent" shall mean a third party,
4 individual or entity charged with the fiduciary obligation
5 for holding escrow funds on a residential mortgage loan
6 pending final payout of those funds in accordance with the
7 terms of the residential mortgage loan.

8 (cc) "Net worth" shall have the meaning ascribed
9 thereto in Section 3-5 of this Act.

10 (dd) "Affiliate" shall mean:

11 (1) any entity that directly controls or is
12 controlled by the licensee and any other company that
13 is directly affecting activities regulated by this Act
14 that is controlled by the company that controls the
15 licensee;

16 (2) any entity:

17 (A) that is controlled, directly or
18 indirectly, by a trust or otherwise, by or for the
19 benefit of shareholders who beneficially or
20 otherwise control, directly or indirectly, by
21 trust or otherwise, the licensee or any company
22 that controls the licensee; or

23 (B) a majority of the directors or trustees of
24 which constitute a majority of the persons holding
25 any such office with the licensee or any company
26 that controls the licensee;

1 (3) any company, including a real estate
2 investment trust, that is sponsored and advised on a
3 contractual basis by the licensee or any subsidiary or
4 affiliate of the licensee.

5 (ee) "First tier subsidiary" shall be defined by
6 regulation incorporating the comparable definitions used
7 by the Office of the Comptroller of the Currency and the
8 Illinois Commissioner of Banks and Real Estate.

9 (ff) "Gross delinquency rate" means the quotient
10 determined by dividing (1) the sum of (i) the number of
11 government-insured residential mortgage loans funded or
12 purchased by a licensee in the preceding calendar year
13 that are delinquent and (ii) the number of conventional
14 residential mortgage loans funded or purchased by the
15 licensee in the preceding calendar year that are
16 delinquent by (2) the sum of (i) the number of
17 government-insured residential mortgage loans funded or
18 purchased by the licensee in the preceding calendar year
19 and (ii) the number of conventional residential mortgage
20 loans funded or purchased by the licensee in the preceding
21 calendar year.

22 (gg) "Delinquency rate factor" means the factor set by
23 rule of the Commissioner that is multiplied by the average
24 gross delinquency rate of licensees, determined annually
25 for the immediately preceding calendar year, for the
26 purpose of determining which licensees shall be examined

1 by the Commissioner pursuant to subsection (b) of Section
2 4-8 of this Act.

3 (hh) (Blank).

4 (ii) "Confidential supervisory information" means any
5 report of examination, visitation, or investigation
6 prepared by the Commissioner under this Act, any report of
7 examination visitation, or investigation prepared by the
8 state regulatory authority of another state that examines
9 a licensee, any document or record prepared or obtained in
10 connection with or relating to any examination,
11 visitation, or investigation, and any record prepared or
12 obtained by the Commissioner to the extent that the record
13 summarizes or contains information derived from any
14 report, document, or record described in this subsection.

15 "Confidential supervisory information" does not include
16 any information or record routinely prepared by a licensee
17 and maintained in the ordinary course of business or any
18 information or record that is required to be made publicly
19 available pursuant to State or federal law or rule.

20 (jj) "Mortgage loan originator" means an individual
21 who for compensation or gain or in the expectation of
22 compensation or gain:

23 (i) takes a residential mortgage loan application;

24 or

25 (ii) offers or negotiates terms of a residential
26 mortgage loan.

1 "Mortgage loan originator" includes an individual
2 engaged in loan modification activities as defined in
3 subsection (yy) of this Section. A mortgage loan
4 originator engaged in loan modification activities shall
5 report those activities to the Department of Financial and
6 Professional Regulation in the manner provided by the
7 Department; however, the Department shall not impose a fee
8 for reporting, nor require any additional qualifications
9 to engage in those activities beyond those provided
10 pursuant to this Act for mortgage loan originators.

11 "Mortgage loan originator" does not include an
12 individual engaged solely as a loan processor or
13 underwriter except as otherwise provided in subsection (d)
14 of Section 7-1A of this Act.

15 "Mortgage loan originator" does not include a person
16 or entity that only performs real estate brokerage
17 activities and is licensed in accordance with the Real
18 Estate License Act of 2000, unless the person or entity is
19 compensated by a lender, a mortgage broker, or other
20 mortgage loan originator, or by any agent of that lender,
21 mortgage broker, or other mortgage loan originator.

22 "Mortgage loan originator" does not include a person
23 or entity solely involved in extensions of credit relating
24 to timeshare plans, as that term is defined in Section
25 101(53D) of Title 11, United States Code.

26 (kk) "Depository institution" has the same meaning as

1 in Section 3 of the Federal Deposit Insurance Act, and
2 includes any credit union.

3 (ll) "Dwelling" means a residential structure or
4 mobile home which contains one to 4 family housing units,
5 or individual units of condominiums or cooperatives.

6 (mm) "Immediate family member" means a spouse, child,
7 sibling, parent, grandparent, or grandchild, and includes
8 step-parents, step-children, step-siblings, or adoptive
9 relationships.

10 (nn) "Individual" means a natural person.

11 (oo) "Loan processor or underwriter" means an
12 individual who performs clerical or support duties as an
13 employee at the direction of and subject to the
14 supervision and instruction of a person licensed, or
15 exempt from licensing, under this Act. "Clerical or
16 support duties" includes subsequent to the receipt of an
17 application:

18 (i) the receipt, collection, distribution, and
19 analysis of information common for the processing or
20 underwriting of a residential mortgage loan; and

21 (ii) communicating with a consumer to obtain the
22 information necessary for the processing or
23 underwriting of a loan, to the extent that the
24 communication does not include offering or negotiating
25 loan rates or terms, or counseling consumers about
26 residential mortgage loan rates or terms. An

1 individual engaging solely in loan processor or
2 underwriter activities shall not represent to the
3 public, through advertising or other means of
4 communicating or providing information, including the
5 use of business cards, stationery, brochures, signs,
6 rate lists, or other promotional items, that the
7 individual can or will perform any of the activities
8 of a mortgage loan originator.

9 (pp) "Nationwide Multistate Licensing System and
10 Registry" means a mortgage licensing system developed and
11 maintained by the Conference of State Bank Supervisors and
12 the American Association of Residential Mortgage
13 Regulators for the licensing and registration of licensed
14 mortgage loan originators.

15 (qq) "Nontraditional mortgage product" means any
16 mortgage product other than a 30-year fixed rate mortgage.

17 (rr) "Person" means a natural person, corporation,
18 company, limited liability company, partnership, or
19 association.

20 (ss) "Real estate brokerage activity" means any
21 activity that involves offering or providing real estate
22 brokerage services to the public, including:

23 (1) acting as a real estate agent or real estate
24 broker for a buyer, seller, lessor, or lessee of real
25 property;

26 (2) bringing together parties interested in the

1 sale, purchase, lease, rental, or exchange of real
2 property;

3 (3) negotiating, on behalf of any party, any
4 portion of a contract relating to the sale, purchase,
5 lease, rental, or exchange of real property, other
6 than in connection with providing financing with
7 respect to any such transaction;

8 (4) engaging in any activity for which a person
9 engaged in the activity is required to be registered
10 or licensed as a real estate agent or real estate
11 broker under any applicable law; or

12 (5) offering to engage in any activity, or act in
13 any capacity, described in this subsection (ss).

14 (tt) "Registered mortgage loan originator" means any
15 individual that:

16 (1) meets the definition of mortgage loan
17 originator and is an employee of:

18 (A) a depository institution;

19 (B) a subsidiary that is:

20 (i) owned and controlled by a depository
21 institution; and

22 (ii) regulated by a federal banking
23 agency; or

24 (C) an institution regulated by the Farm
25 Credit Administration; and

26 (2) is registered with, and maintains a unique

1 identifier through, the Nationwide Multistate
2 Licensing System and Registry.

3 (uu) "Unique identifier" means a number or other
4 identifier assigned by protocols established by the
5 Nationwide Multistate Licensing System and Registry.

6 (vv) "Residential mortgage license" means a license
7 issued pursuant to Section 1-3, 2-2, or 2-6 of this Act.

8 (ww) "Mortgage loan originator license" means a
9 license issued pursuant to Section 7-1A, 7-3, or 7-6 of
10 this Act.

11 (xx) "Secretary" means the Secretary of the Department
12 of Financial and Professional Regulation, or a person
13 authorized by the Secretary or by this Act to act in the
14 Secretary's stead.

15 (yy) "Loan modification" means, for compensation or
16 gain, either directly or indirectly offering or
17 negotiating on behalf of a borrower or homeowner to adjust
18 the terms of a residential mortgage loan in a manner not
19 provided for in the original or previously modified
20 mortgage loan.

21 (zz) "Short sale facilitation" means, for compensation
22 or gain, either directly or indirectly offering or
23 negotiating on behalf of a borrower or homeowner to
24 facilitate the sale of residential real estate subject to
25 one or more residential mortgage loans or debts
26 constituting liens on the property in which the proceeds

1 from selling the residential real estate will fall short
2 of the amount owed and the lien holders are contacted to
3 agree to release their lien on the residential real estate
4 and accept less than the full amount owed on the debt.

5 (aaa) "Bona fide nonprofit organization" means an
6 organization that is described in Section 501(c)(3) of the
7 Internal Revenue Code, is exempt from federal income tax
8 under Section 501(a) of the Internal Revenue Code, does
9 not operate in a commercial context, and does all of the
10 following:

11 (1) Promotes affordable housing or provides home
12 ownership education or similar services.

13 (2) Conducts its activities in a manner that
14 serves public or charitable purposes.

15 (3) Receives funding and revenue and charges fees
16 in a manner that does not create an incentive for
17 itself or its employees to act other than in the best
18 interests of its clients.

19 (4) Compensates its employees in a manner that
20 does not create an incentive for its employees to act
21 other than in the best interests of its clients.

22 (5) Provides to, or identifies for, the borrower
23 residential mortgage loans with terms favorable to the
24 borrower and comparable to residential mortgage loans
25 and housing assistance provided under government
26 housing assistance programs.

1 (bbb) "Remote location" means a location at which the
2 employees of a licensee may conduct business other than
3 the principal place of business or the full service
4 office.

5 The Commissioner may define by rule and regulation any
6 terms used in this Act for the efficient and clear
7 administration of this Act.

8 (Source: P.A. 100-783, eff. 8-10-18; 100-851, eff. 8-14-18;
9 100-1153, eff. 12-19-18; 101-81, eff. 7-12-19.)

10 (205 ILCS 635/7-16 new)

11 Sec. 7-16. Remote location flexibility.

12 (a) Notwithstanding anything to the contrary under the
13 laws of the State of Illinois, including subsection (c),
14 nothing in this Act shall be interpreted to prohibit employees
15 of a licensee from performing licensable activities at their
16 residence or another remote location in accordance with the
17 licensee's written supervisory policies and procedures.

18 (b) Licensable activities from a remote location shall be
19 permitted when under the supervision of the licensee and when
20 all of the following apply:

21 (1) the licensee has written policies and procedures
22 for supervision of employees working from their residence
23 or a location other than a licensed location;

24 (2) access to company platforms and customer
25 information shall be in accordance with the licensee's

1 comprehensive written information security plan;

2 (3) no in-person customer interaction shall occur at
3 an employee's residence unless the residence is a licensed
4 location; and

5 (4) physical records shall not be maintained at a
6 remote location.

7 (c) The Department of Financial and Professional
8 Regulation may adopt rules to establish requirements and
9 standards relating to remote locations."