



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB3951

Introduced 2/26/2009, by Rep. Brandon W. Phelps

SYNOPSIS AS INTRODUCED:

See Index

Amends the Residential Mortgage License Act of 1987. States the purpose of the State's participation in the Nationwide Mortgage Licensing System and Registry. Requires that a mortgage loan originator must register with the Director of Financial Institutions of the Department of Financial and Professional Regulation. Contains provisions concerning a mortgage loan originator license, its application, and issuance procedures. Contains provisions concerning pre-licensing education and testing of mortgage loan originators. Contains provisions concerning (1) license renewal standards and (2) continuing education of mortgage loan originators. Contains provisions concerning enforcement of the Act by the Director. Contains provisions concerning the suspension and revocation of licenses. Provides that each mortgage loan originator shall be covered by a surety bond. Contains provisions concerning the confidentiality of information associated with the Registry. Provides that the Director shall have additional investigation and examination authority. Contains provisions concerning the duties, processes, discipline, bond requirements, and prohibited acts with respect to the Registry and mortgage loan originators. Contains provisions concerning privately insured credit unions. Makes other changes. Contains a severability clause. Effective immediately.

LRB096 07584 MJR 17679 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning financial regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Residential Mortgage License Act of 1987 is
5 amended by changing Section 1-4, and the heading of Article VII
6 and by adding Sections 7-1A, 7-1B, 7-2, 7-3, 7-4, 7-5, 7-6,
7 7-7, 7-8, 7-9, 7-10, 7-11, 7-12, 7-12A, 7-12B, 7-13, 7-14,
8 7-15, 7-16, and 7-17 as follows:

9 (205 ILCS 635/1-4) (from Ch. 17, par. 2321-4)

10 Sec. 1-4. Definitions.

11 (a) "Residential real property" or "residential real
12 estate" shall mean real property located in this State improved
13 by a one-to-four family dwelling used or occupied, wholly or
14 partly, as the home or residence of one or more persons and may
15 refer, subject to regulations of the Commissioner, to
16 unimproved real property upon which those kinds dwellings are
17 to be constructed.

18 (b) "Making a residential mortgage loan" or "funding a
19 residential mortgage loan" shall mean for compensation or gain,
20 either directly or indirectly, advancing funds or making a
21 commitment to advance funds to a loan applicant for a
22 residential mortgage loan.

23 (c) "Soliciting, processing, placing, or negotiating a

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

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

13 (1) (i) Any banking organization or foreign banking
14 corporation licensed by the Illinois Commissioner of Banks
15 and Real Estate or the United States Comptroller of the
16 Currency to transact business in this State; (ii) any
17 national bank, federally chartered savings and loan
18 association, federal savings bank, federal credit union;
19 (iii) any pension trust, bank trust, or bank trust company;
20 (iv) any bank, savings and loan association, savings bank,
21 or credit union organized under the laws of this or any
22 other state; (v) any Illinois Consumer Installment Loan Act
23 licensee; (vi) any insurance company authorized to
24 transact business in this State; (vii) any entity engaged
25 solely in commercial mortgage lending; (viii) any service
26 corporation of a savings and loan association or savings

1 bank organized under the laws of this State or the service
2 corporation of a federally chartered savings and loan
3 association or savings bank having its principal place of
4 business in this State, other than a service corporation
5 licensed or entitled to reciprocity under the Real Estate
6 License Act of 2000; or (ix) any first tier subsidiary of a
7 bank, the charter of which is issued under the Illinois
8 Banking Act by the Division of Banking of the Illinois
9 Department of Financial and Professional Regulation
10 ~~Commissioner of Banks and Real Estate~~, or the first tier
11 subsidiary of a bank chartered by the United States
12 Comptroller of the Currency and that has its principal
13 place of business in this State, provided that the first
14 tier subsidiary is regularly examined by the Illinois
15 Commissioner of Banks and Real Estate or the Comptroller of
16 the Currency, or a consumer compliance examination is
17 regularly conducted by the Federal Reserve Board.

18 (1.5) Any employee of a person or entity mentioned in
19 item (1) of this subsection.

20 (2) Any person or entity that does not originate
21 mortgage loans in the ordinary course of business making or
22 acquiring residential mortgage loans with his or her or its
23 own funds for his or her or its own investment without
24 intent to make, acquire, or resell more than 10 residential
25 mortgage loans in any one calendar year.

26 (3) Any person employed by a licensee to assist in the

1 performance of the activities regulated by this Act who is
2 compensated in any manner by only one licensee.

3 (4) Any person licensed pursuant to the Real Estate
4 License Act of 2000, who engages only in the taking of
5 applications and credit and appraisal information to
6 forward to a licensee or an exempt entity under this Act
7 and who is compensated by either a licensee or an exempt
8 entity under this Act, but is not compensated by either the
9 buyer (applicant) or the seller.

10 (5) Any individual, corporation, partnership, or other
11 entity that originates, services, or brokers residential
12 mortgage loans, as these activities are defined in this
13 Act, and who or which receives no compensation for those
14 activities, subject to the Commissioner's regulations with
15 regard to the nature and amount of compensation.

16 (6) A person who prepares supporting documentation for
17 a residential mortgage loan application taken by a licensee
18 and performs ministerial functions pursuant to specific
19 instructions of the licensee who neither requires nor
20 permits the preparer to exercise his or her discretion or
21 judgment; provided that this activity is engaged in
22 pursuant to a binding, written agreement between the
23 licensee and the preparer that:

24 (A) holds the licensee fully accountable for the
25 preparer's action; and

26 (B) otherwise meets the requirements of this

1 Section and this Act, does not undermine the purposes
2 of this Act, and is approved by the Commissioner.

3 (e) "Licensee" or "residential mortgage licensee" shall
4 mean a person, partnership, association, corporation, or any
5 other entity who or which is licensed pursuant to this Act to
6 engage in the activities regulated by this Act.

7 (f) "Mortgage loan" "residential mortgage loan" or "home
8 mortgage loan" shall mean a loan to or for the benefit of any
9 natural person made primarily for personal, family, or
10 household use, primarily secured by either a mortgage on
11 residential real property or certificates of stock or other
12 evidence of ownership interests in and proprietary leases from,
13 corporations, partnerships, or limited liability companies
14 formed for the purpose of cooperative ownership of residential
15 real property, all located in Illinois.

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

19 (h) "Ultimate equitable owner" shall mean a person who,
20 directly or indirectly, owns or controls an ownership interest
21 in a corporation, foreign corporation, alien business
22 organization, trust, or any other form of business organization
23 regardless of whether the person owns or controls the ownership
24 interest through one or more persons or one or more proxies,
25 powers of attorney, nominees, corporations, associations,
26 partnerships, trusts, joint stock companies, or other entities

1 or devices, or any combination thereof.

2 (i) "Residential mortgage financing transaction" shall
3 mean the negotiation, acquisition, sale, or arrangement for or
4 the offer to negotiate, acquire, sell, or arrange for, a
5 residential mortgage loan or residential mortgage loan
6 commitment.

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

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

11 (l) "Party to a residential mortgage financing
12 transaction" shall mean a borrower, lender, or loan broker in a
13 residential mortgage financing transaction.

14 (m) "Payments" shall mean payment of all or any of the
15 following: principal, interest and escrow reserves for taxes,
16 insurance and other related reserves, and reimbursement for
17 lender advances.

18 (n) "Commissioner" shall mean the Commissioner of Banks and
19 Real Estate or a person authorized by the Commissioner, the
20 Office of Banks and Real Estate Act, or this Act to act in the
21 Commissioner's stead.

22 (o) "Loan brokering", "brokering", or "brokerage service"
23 shall mean the act of helping to obtain from another entity,
24 for a borrower, a loan secured by residential real estate
25 situated in Illinois or assisting a borrower in obtaining a
26 loan secured by residential real estate situated in Illinois in

1 return for consideration to be paid by either the borrower or
2 the lender including, but not limited to, contracting for the
3 delivery of residential mortgage loans to a third party lender
4 and soliciting, processing, placing, or negotiating
5 residential mortgage loans.

6 (p) "Loan broker" or "broker" shall mean a person,
7 partnership, association, corporation, or limited liability
8 company, other than those persons, partnerships, associations,
9 corporations, or limited liability companies exempted from
10 licensing pursuant to Section 1-4, subsection (d), of this Act,
11 who performs the activities described in subsections (c) and
12 (o) of this Section.

13 (q) "Servicing" shall mean the collection or remittance for
14 or the right or obligation to collect or remit for any lender,
15 noteowner, noteholder, or for a licensee's own account, of
16 payments, interests, principal, and trust items such as hazard
17 insurance and taxes on a residential mortgage loan in
18 accordance with the terms of the residential mortgage loan; and
19 includes loan payment follow-up, delinquency loan follow-up,
20 loan analysis and any notifications to the borrower that are
21 necessary to enable the borrower to keep the loan current and
22 in good standing.

23 (r) "Full service office" shall mean office and staff in
24 Illinois reasonably adequate to handle efficiently
25 communications, questions, and other matters relating to any
26 application for, or an existing home mortgage secured by

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

12 (s) "Purchasing" shall mean the purchase of conventional or
13 government-insured mortgage loans secured by residential real
14 estate situated in Illinois from either the lender or from the
15 secondary market.

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

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

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

23 (1) obtain a residential mortgage loan for the borrower
24 or assist the borrower in obtaining a residential mortgage
25 loan; or

26 (2) consider making a residential mortgage loan to the

1 borrower.

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

8 (x) "Residential Mortgage Board" shall mean the
9 Residential Mortgage Board created in Section 1-5 of this Act.

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

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

20 (aa) "Financial institution" shall mean a savings and loan
21 association, savings bank, credit union, or a bank organized
22 under the laws of Illinois or a savings and loan association,
23 savings bank, credit union or a bank organized under the laws
24 of the United States and headquartered in Illinois.

25 (bb) "Escrow agent" shall mean a third party, individual or
26 entity charged with the fiduciary obligation for holding escrow

1 funds on a residential mortgage loan pending final payout of
2 those funds in accordance with the terms of the residential
3 mortgage loan.

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

6 (dd) "Affiliate" shall mean:

7 (1) any entity that directly controls or is controlled
8 by the licensee and any other company that is directly
9 affecting activities regulated by this Act that is
10 controlled by the company that controls the licensee;

11 (2) any entity:

12 (A) that is controlled, directly or indirectly, by
13 a trust or otherwise, by or for the benefit of
14 shareholders who beneficially or otherwise control,
15 directly or indirectly, by trust or otherwise, the
16 licensee or any company that controls the licensee; or

17 (B) a majority of the directors or trustees of
18 which constitute a majority of the persons holding any
19 such office with the licensee or any company that
20 controls the licensee;

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

25 The Commissioner may define by rule and regulation any
26 terms used in this Act for the efficient and clear

1 administration of this Act.

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

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

18 (gg) "Delinquency rate factor" means the factor set by rule
19 of the Commissioner that is multiplied by the average gross
20 delinquency rate of licensees, determined annually for the
21 immediately preceding calendar year, for the purpose of
22 determining which licensees shall be examined by the
23 Commissioner pursuant to subsection (b) of Section 4-8 of this
24 Act.

25 (hh) "Loan originator" means any natural person who, for
26 compensation or in the expectation of compensation, either

1 directly or indirectly makes, offers to make, solicits, places,
2 or negotiates a residential mortgage loan.

3 (ii) "Confidential supervisory information" means any
4 report of examination, visitation, or investigation prepared
5 by the Commissioner under this Act, any report of examination
6 visitation, or investigation prepared by the state regulatory
7 authority of another state that examines a licensee, any
8 document or record prepared or obtained in connection with or
9 relating to any examination, visitation, or investigation, and
10 any record prepared or obtained by the Commissioner to the
11 extent that the record summarizes or contains information
12 derived from any report, document, or record described in this
13 subsection. "Confidential supervisory information" does not
14 include any information or record routinely prepared by a
15 licensee and maintained in the ordinary course of business or
16 any information or record that is required to be made publicly
17 available pursuant to State or federal law or rule.

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

21 (i) takes a residential mortgage loan application; or

22 (ii) offers or negotiates terms of a residential
23 mortgage loan.

24 "Mortgage loan originator" does not include an individual
25 engaged solely as a loan processor or underwriter except as
26 otherwise provided in subsection (d) of Section 7-1A of this

1 Act.

2 "Mortgage loan originator" does not include a person or
3 entity that only performs real estate brokerage activities and
4 is licensed in accordance with the Real Estate License Act of
5 2000, unless the person or entity is compensated by a lender, a
6 mortgage broker, or other mortgage loan originator, or by any
7 agent of that lender, mortgage broker, or other mortgage loan
8 originator.

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

13 (kk) "Depository institution" has the same meaning as in
14 Section 3 of the Federal Deposit Insurance Act, and includes
15 any credit union.

16 (ll) "Dwelling" means a residential structure that
17 contains one to 4 units, whether or not that structure is
18 attached to real property. "Dwelling" includes an individual
19 condominium unit, cooperative unit, mobile home, or trailer, if
20 it is used as a residence.

21 (mm) "Immediate family member" means a spouse, child,
22 sibling, parent, grandparent, or grandchild, and includes
23 step-parents, step-children, step-siblings, or adoptive
24 relationships.

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

26 (oo) "Loan processor or underwriter" means an individual

1 who performs clerical or support duties as an employee at the
2 direction of and subject to the supervision and instruction of
3 a person licensed, or exempt from licensing, under this Act.
4 "Clerical or support duties" includes subsequent to the receipt
5 of an application:

6 (i) the receipt, collection, distribution, and
7 analysis of information common for the processing or
8 underwriting of a residential mortgage loan; and

9 (ii) communicating with a consumer to obtain the
10 information necessary for the processing or underwriting
11 of a loan, to the extent that the communication does not
12 include offering or negotiating loan rates or terms, or
13 counseling consumers about residential mortgage loan rates
14 or terms. An individual engaging solely in loan processor
15 or underwriter activities shall not represent to the
16 public, through advertising or other means of
17 communicating or providing information, including the use
18 of business cards, stationery, brochures, signs, rate
19 lists, or other promotional items, that the individual can
20 or will perform any of the activities of a mortgage loan
21 originator.

22 (pp) "Nationwide Mortgage Licensing System and Registry"
23 means a mortgage licensing system developed and maintained by
24 the Conference of State Bank Supervisors and the American
25 Association of Residential Mortgage Regulators for the
26 licensing and registration of licensed mortgage loan

1 originators.

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

4 (rr) "Person" means a natural person, corporation,
5 company, limited liability company, partnership, or
6 association.

7 (ss) "Real estate brokerage activity" means any activity
8 that involves offering or providing real estate brokerage
9 services to the public, including:

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

12 (2) bringing together parties interested in the sale,
13 purchase, lease, rental, or exchange of real property;

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

18 (4) engaging in any activity for which a person engaged
19 in the activity is required to be registered or licensed as
20 a real estate agent or real estate broker under any
21 applicable law; or

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

24 (tt) "Registered mortgage loan originator" means any
25 individual that:

26 (1) meets the definition of mortgage loan originator

1 and is an employee of:

2 (A) a depository institution;

3 (B) a subsidiary that is:

4 (i) owned and controlled by a depository
5 institution; or

6 (ii) regulated by a federal banking agency; or

7 (C) an institution regulated by the Farm Credit
8 Administration; or

9 (2) is registered with, and maintains a unique
10 identifier through, the Nationwide Mortgage Licensing
11 System and Registry.

12 (uu) "Unique identifier" means a number or other identifier
13 assigned by protocols established by the Nationwide Mortgage
14 Licensing System and Registry.

15 (vv) "Federal banking agencies" means the Board of
16 Governors of the Federal Reserve System, the Comptroller of the
17 Currency, the Director of the Office of Thrift Supervision, the
18 National Credit Union Administration, and the Federal Deposit
19 Insurance Corporation.

20 (Source: P.A. 93-561, eff. 1-1-04; 93-1018, eff. 1-1-05.)

21 (205 ILCS 635/Art. VII heading)

22 ARTICLE VII.

23 MORTGAGE LOAN ORIGINATOR LICENSE REQUIRED

24 REGISTRATION OF LOAN ORIGINATORS

1 (205 ILCS 635/7-1A new)

2 Sec. 7-1A. Purpose. The activities of mortgage loan
3 originators and the origination or offering of financing for
4 residential real property have a direct, valuable and immediate
5 impact upon Illinois's consumers, Illinois's economy, the
6 neighborhoods and communities of Illinois, and the housing and
7 real estate industry. The General Assembly finds that
8 accessibility to mortgage credit is vital to the State's
9 citizens. The General Assembly also finds that it is essential
10 for the protection of the citizens of Illinois and the
11 stability of Illinois's economy that reasonable standards for
12 licensing and regulation of the business practices of mortgage
13 loan originators be imposed. The General Assembly further finds
14 that the obligations of mortgage loan originators to consumers
15 in connection with originating or making residential mortgage
16 loans are such as to warrant the regulation of the mortgage
17 lending process. The purpose of this Article is to protect
18 consumers seeking mortgage loans and to ensure that the
19 mortgage lending industry is operating without unfair,
20 deceptive, and fraudulent practices on the part of mortgage
21 loan originators. Therefore, the General Assembly establishes
22 within this Article an effective system of supervision and
23 enforcement of the mortgage lending industry, including:

24 (1) The authority to issue licenses to conduct business
25 under this Article, including the authority to write rules
26 or regulations or adopt procedures necessary to the

1 licensing of persons covered under this Article.

2 (2) The authority to deny, suspend, condition or revoke
3 licenses issued under this Article.

4 (3) The authority to examine, investigate, and conduct
5 enforcement actions as necessary to carry out the intended
6 purposes of this Article, including the authority to
7 subpoena witnesses and documents, enter orders, including
8 cease and desist orders, order restitution and monetary
9 penalties, and order the removal and ban of individuals
10 from office or employment.

11 The Director shall have the broad administrative authority
12 to administer, interpret, and enforce this Article, and
13 promulgate rules or regulations implementing this Article, in
14 order to carry out the intentions of the General Assembly.

15 (205 ILCS 635/7-1B new)

16 Sec. 7-1B. Mortgage loan originator license.

17 (a) It is unlawful for any individual to act or assume to
18 act as a mortgage loan originator, as defined in subsection
19 (jj) of Section 1-4 of this Act, without obtaining a license
20 from the Director, unless the individual is exempt under
21 subsection (c) of this Section. Each licensed mortgage loan
22 originator must register with and maintain a valid unique
23 identifier issued by the Nationwide Mortgage Licensing System
24 and Registry.

25 (b) In order to facilitate an orderly transition to

1 licensing and minimize disruption in the mortgage marketplace,
2 the operability date for subsection (a) of this Section shall
3 be July 31, 2010, or any later date approved by the Secretary
4 of the U.S. Department of Housing and Urban Development,
5 pursuant to the authority granted under federal Public Law
6 110-289, Section 1508(a).

7 (c) The following are exempt from this Act:

8 (1) Registered mortgage loan originators, when acting
9 for an entity described in subsection (jj) of Section 1-4.

10 (2) Any individual who offers or negotiates terms of a
11 residential mortgage loan with or on behalf of an immediate
12 family member of the individual.

13 (3) Any individual who offers or negotiates terms of a
14 residential mortgage loan secured by a dwelling that served
15 as the individual's residence.

16 (4) A licensed attorney who negotiates the terms of a
17 residential mortgage loan on behalf of a client as an
18 ancillary matter to the attorney's representation of the
19 client, unless the attorney is compensated by a lender, a
20 mortgage broker, or other mortgage loan originator or by
21 any agent of a lender, mortgage broker, or other mortgage
22 loan originator.

23 (d) A loan processor or underwriter who is an independent
24 contractor may not engage in the activities of a loan processor
25 or underwriter unless he or she obtains and maintains a license
26 under subsection (a) of this Section. Each independent

1 contractor loan processor or underwriter licensed as a mortgage
2 loan originator must have and maintain a valid unique
3 identifier issued by the Nationwide Mortgage Licensing System
4 and Registry.

5 (e) For the purposes of implementing an orderly and
6 efficient licensing process, the Director may establish
7 licensing rules or regulations and interim procedures for
8 licensing and acceptance of applications. For previously
9 registered or licensed individuals, the Director may establish
10 expedited review and licensing procedures.

11 (205 ILCS 635/7-2 new)

12 Sec. 7-2. State license application and issuance.

13 (a) Applicants for a license shall apply in a form
14 prescribed by the Director. Each form shall contain content as
15 set forth by rule, regulation, instruction, or procedure of the
16 Director and may be changed or updated as necessary by the
17 Director in order to carry out the purposes of this Act.

18 (b) In order to fulfill the purposes of this Act, the
19 Director is authorized to establish relationships or contracts
20 with the Nationwide Mortgage Licensing System and Registry or
21 other entities designated by the Nationwide Mortgage Licensing
22 System and Registry to collect and maintain records and process
23 transaction fees or other fees related to licensees or other
24 persons subject to this Act.

25 (b-5) For the purpose of participating in the Nationwide

1 Mortgage Licensing System & Registry, the Director is
2 authorized to waive or modify, in whole or in part, by rule,
3 regulation or order, any or all of the requirements of this
4 Article and to establish new requirements as reasonably
5 necessary to participate in the Nationwide Mortgage Licensing
6 System & Registry.

7 (c) In connection with an application for licensing as a
8 mortgage loan originator, the applicant shall, at a minimum,
9 furnish to the Nationwide Mortgage Licensing System and
10 Registry information concerning the applicant's identity,
11 including the following:

12 (1) Fingerprints for submission to the Federal Bureau
13 of Investigation, and any governmental agency or entity
14 authorized to receive such information for a state,
15 national and international criminal history background
16 check.

17 (2) Personal history and experience in a form
18 prescribed by the Nationwide Mortgage Licensing System and
19 Registry, including the submission of authorization for
20 the Nationwide Mortgage Licensing System and Registry and
21 the Director to obtain:

22 (A) an independent credit report obtained from a
23 consumer reporting agency described in Section 603(p)
24 of the Fair Credit Reporting Act; and

25 (B) information related to any administrative,
26 civil, or criminal findings by any governmental

1 jurisdiction.

2 (d) For the purpose of this Section, and in order to reduce
3 the points of contact which the Federal Bureau of Investigation
4 may have to maintain for purposes of subsection (c) of this
5 Section, the Director may use the Nationwide Mortgage Licensing
6 System and Registry as a channeling agent for requesting
7 information from and distributing information to the
8 Department of Justice or any governmental agency.

9 (e) For the purposes of this Section and in order to reduce
10 the points of contact which the Director may have to maintain
11 for purposes of item (2) of subsection (c) of this Section, the
12 Director may use the Nationwide Mortgage Licensing System and
13 Registry as a channeling agent for requesting and distributing
14 information to and from any source so directed by the Director.

15 (205 ILCS 635/7-3 new)

16 Sec. 7-3. Issuance of license. The Director shall not issue
17 a mortgage loan originator license unless the Director makes at
18 a minimum the following findings:

19 (1) The applicant has never had a mortgage loan originator
20 license revoked in any governmental jurisdiction, except that a
21 subsequent formal vacation of such revocation shall not be
22 deemed a revocation.

23 (2) The applicant has not been convicted of, or pled guilty
24 or nolo contendere to, a felony in a domestic, foreign, or
25 military court:

1 (A) during the 7-year period preceding the date of the
2 application for licensing and registration; or

3 (B) at any time preceding such date of application, if
4 such felony involved an act of fraud, dishonesty, or a
5 breach of trust, or money laundering;

6 provided that any pardon of a conviction shall not be a
7 conviction for purposes of this item (2).

8 (3) The applicant has demonstrated financial
9 responsibility, character, and general fitness so as to command
10 the confidence of the community and to warrant a determination
11 that the mortgage loan originator will operate honestly,
12 fairly, and efficiently within the purposes of this Act. For
13 purposes of this item (3) a person has shown that he or she is
14 not financially responsible when he or she has shown a
15 disregard for the management of his or her own financial
16 condition. A determination that an individual has not shown
17 financial responsibility may include, but is not limited to,
18 consideration of:

19 (A) current outstanding judgments, except judgments
20 solely as a result of medical expenses;

21 (B) current outstanding tax liens or other government
22 liens and filings, educational loan defaults, and
23 non-payment of child support;

24 (C) foreclosures within the past 3 years; and

25 (D) a pattern of seriously delinquent accounts within
26 the past 3 years.

1 (4) The applicant has completed the pre-licensing
2 education requirement described in Section 7-4 of this Act.

3 (5) The applicant has passed a written test that meets the
4 test requirement described in Section 7-5 of this Act.

5 (6) The applicant has met the surety bond requirement as
6 required pursuant to Section 7-11 of this Act.

7 (205 ILCS 635/7-4 new)

8 Sec. 7-4. Pre-licensing and education of mortgage loan
9 originators.

10 (a) In order to meet the pre-licensing education
11 requirement referred to in item (4) of Section 7-3 of this Act
12 an individual shall complete at least 20 hours of education
13 approved in accordance with subsection (b) of this Section,
14 which shall include at least:

15 (1) 3 hours of Federal law and regulations;

16 (2) 3 hours of ethics, which shall include instruction
17 on fraud, consumer protection, and fair lending issues; and

18 (3) 2 hours of training related to lending standards
19 for the nontraditional mortgage product marketplace.

20 (b) For purposes of subsection (a) of this Section,
21 pre-licensing education courses shall be reviewed and approved
22 by the Nationwide Mortgage Licensing System and Registry based
23 upon reasonable standards. Review and approval of a
24 pre-licensing education course shall include review and
25 approval of the course provider.

1 (c) Nothing in this Section shall preclude any
2 pre-licensing education course, as approved by the Nationwide
3 Mortgage Licensing System and Registry, that is provided by the
4 employer of the applicant or an entity which is affiliated with
5 the applicant by an agency contract, or any subsidiary or
6 affiliate of such an employer or entity.

7 (d) Pre-licensing education may be offered in a classroom,
8 online, or by any other means approved by the Nationwide
9 Mortgage Licensing System and Registry.

10 (e) The pre-licensing education requirements approved by
11 the Nationwide Mortgage Licensing System and Registry for the
12 subjects listed in items (1) through (3) of subsection (a) for
13 any state shall be accepted as credit towards completion of
14 pre-licensing education requirements in Illinois.

15 (f) An individual previously registered under this Act who
16 is applying to be licensed after the effective date of this
17 amendatory Act of the 96th General Assembly must prove that he
18 or she has completed all of the continuing education
19 requirements for the year in which the registration or license
20 was last held.

21 (205 ILCS 635/7-5 new)

22 Sec. 7-5. Testing of mortgage loan originators.

23 (a) In order to meet the written test requirement referred
24 to in item (5) of Section 7-3, an individual shall pass, in
25 accordance with the standards established under this

1 subsection (a), a qualified written test developed by the
2 Nationwide Mortgage Licensing System and Registry and
3 administered by a test provider approved by the Nationwide
4 Mortgage Licensing System and Registry based upon reasonable
5 standards.

6 (b) A written test shall not be treated as a qualified
7 written test for purposes of subsection (a) of this Section
8 unless the test adequately measures the applicant's knowledge
9 and comprehension in appropriate subject areas, including:

10 (1) ethics;

11 (2) federal law and regulation pertaining to mortgage
12 origination;

13 (3) State law and regulation pertaining to mortgage
14 origination; and

15 (4) federal and State law and regulation, including
16 instruction on fraud, consumer protection, the
17 nontraditional mortgage marketplace, and fair lending
18 issues.

19 (c) Nothing in this Section shall prohibit a test provider
20 approved by the Nationwide Mortgage Licensing System and
21 Registry from providing a test at the location of the employer
22 of the applicant or the location of any subsidiary or affiliate
23 of the employer of the applicant, or the location of any entity
24 with which the applicant holds an exclusive arrangement to
25 conduct the business of a mortgage loan originator.

26 (d) An individual shall not be considered to have passed a

1 qualified written test unless the individual achieves a test
2 score of not less than 75% correct answers to questions.

3 An individual may retake a test 3 consecutive times with
4 each consecutive taking occurring at least 30 days after the
5 preceding test.

6 After failing 3 consecutive tests, an individual shall wait
7 at least 6 months before taking the test again.

8 A licensed mortgage loan originator who fails to maintain a
9 valid license for a period of 5 years or longer shall retake
10 the test, not taking into account any time during which such
11 individual is a registered mortgage loan originator.

12 (205 ILCS 635/7-6 new)

13 Sec. 7-6. Standards for license renewal.

14 (a) The minimum standards for license renewal for mortgage
15 loan originators shall include the following:

16 (1) The mortgage loan originator continues to meet the
17 minimum standards for license issuance under Section 7-3.

18 (2) The mortgage loan originator has satisfied the
19 annual continuing education requirements described in
20 Section 7-7.

21 (3) The mortgage loan originator has paid all required
22 fees for renewal of the license.

23 (b) The license of a mortgage loan originator failing to
24 satisfy the minimum standards for license renewal shall expire.

25 The Director may adopt procedures for the reinstatement of

1 expired licenses consistent with the standards established by
2 the Nationwide Mortgage Licensing System and Registry.

3 (205 ILCS 635/7-7 new)

4 Sec. 7-7. Continuing education for mortgage loan
5 originators.

6 (a) In order to meet the annual continuing education
7 requirements referred to in Section 7-6, a licensed mortgage
8 loan originator shall complete at least 8 hours of education
9 approved in accordance with subsection (b) of this Section,
10 which shall include at least:

11 (1) 3 hours of Federal law and regulations;

12 (2) 2 hours of ethics, which shall include instruction
13 on fraud, consumer protection, and fair lending issues; and

14 (3) 2 hours of training related to lending standards
15 for the nontraditional mortgage product marketplace.

16 (b) For purposes of this subsection (a), continuing
17 education courses shall be reviewed and approved by the
18 Nationwide Mortgage Licensing System and Registry based upon
19 reasonable standards. Review and approval of a continuing
20 education course shall include review and approval of the
21 course provider.

22 (c) Nothing in this Section shall preclude any education
23 course, as approved by the Nationwide Mortgage Licensing System
24 and Registry, that is provided by the employer of the mortgage
25 loan originator or an entity which is affiliated with the

1 mortgage loan originator by an agency contract, or any
2 subsidiary or affiliate of the employer or entity.

3 (d) Continuing education may be offered either in a
4 classroom, online, or by any other means approved by the
5 Nationwide Mortgage Licensing System and Registry.

6 (e) A licensed mortgage loan originator:

7 (1) Except as provided in Section 7-6 and subsection
8 (i) of this Section, may only receive credit for a
9 continuing education course in the year in which the course
10 is taken; and

11 (2) May not take the same approved course in the same
12 or successive years to meet the annual requirements for
13 continuing education.

14 (f) A licensed mortgage loan originator who is an
15 approved instructor of an approved continuing education course
16 may receive credit for the licensed mortgage loan originator's
17 own annual continuing education requirement at the rate of 2
18 hours credit for every one hour taught.

19 (g) A person having successfully completed the education
20 requirements approved by the Nationwide Mortgage Licensing
21 System and Registry for the subjects listed in subsection (a)
22 of this Section for any state shall be accepted as credit
23 towards completion of continuing education requirements in
24 this State.

25 (h) A licensed mortgage loan originator who subsequently
26 becomes unlicensed must complete the continuing education

1 requirements for the last year in which the license was held
2 prior to issuance of a new or renewed license.

3 (i) A person meeting the requirements of Section 7-6 may
4 make up any deficiency in continuing education as established
5 by rule or regulation of the Director.

6 (205 ILCS 635/7-8 new)

7 Sec. 7-8. Authority to require license. In addition to any
8 other duties imposed upon the Director by law, the Director
9 shall require mortgage loan originators to be licensed and
10 registered through the Nationwide Mortgage Licensing System
11 and Registry. In order to carry out this requirement the
12 Director is authorized to participate in the Nationwide
13 Mortgage Licensing System and Registry. For this purpose, the
14 Director may establish by agreement, order or rule requirements
15 as necessary, including, but not limited to, the following:

16 (1) Background checks for:

17 (A) criminal history through fingerprint or other
18 databases;

19 (B) civil or administrative records;

20 (C) credit history; or

21 (D) any other information as deemed necessary by
22 the Nationwide Mortgage Licensing System and Registry.

23 (2) The payment of fees to apply for or renew licenses
24 through the Nationwide Mortgage Licensing System and
25 Registry;

1 (3) The setting or resetting as necessary of renewal or
2 reporting dates; and

3 (4) Requirements for amending or surrendering a
4 license or any other such activities as the Director deems
5 necessary for participation in the Nationwide Mortgage
6 Licensing System and Registry.

7 (205 ILCS 635/7-9 new)

8 Sec. 7-9. Report to Nationwide Mortgage Licensing System
9 and Registry. Subject to State privacy laws, the Director is
10 required to report regularly violations of this Act, as well as
11 enforcement actions and other relevant information, to the
12 Nationwide Mortgage Licensing System and Registry subject to
13 the provisions contained in Section 7-12A of this Act.

14 (205 ILCS 635/7-10 new)

15 Sec. 7-10. Nationwide Mortgage Licensing System and
16 Registry information challenge process. The Director shall
17 establish a process whereby mortgage loan originators may
18 challenge information entered into the Nationwide Mortgage
19 Licensing System and Registry by the Director.

20 (205 ILCS 635/7-11 new)

21 Sec. 7-11. Mortgage loan originator suspension or
22 revocation of registration; refusal to renew; fines.

23 (a) In order to ensure the effective supervision and

1 enforcement of this Act the Director may do any of the
2 following:

3 (1) Deny, suspend, revoke, condition or decline to
4 renew a license for a violation of this Act, rules or
5 regulations issued under this Act or order or directive
6 entered under this Act.

7 (2) Deny, suspend, revoke, condition or decline to
8 renew a license if an applicant or licensee fails at any
9 time to meet the requirements of Sections 7-1B or 7-3, or
10 withholds information or makes a material misstatement in
11 an application for a license or renewal of a license.

12 (3) Order restitution against persons subject to this
13 Act for violations of this Act.

14 (4) Impose fines on persons subject to this Act
15 pursuant to subsections (b), (c), and (d4) of this Section.

16 (5) Issue orders or directives under this Act as
17 follows:

18 (A) order or direct persons subject to this Act to
19 cease and desist from conducting business, including
20 immediate temporary orders to cease and desist;

21 (B) order or direct persons subject to this Act to
22 cease any harmful activities or violations of this Act,
23 including immediate temporary orders to cease and
24 desist;

25 (C) enter immediate temporary orders to cease
26 business under a license or interim license issued

1 pursuant to the authority granted under Section 7-1B if
2 the Director determines that such license was
3 erroneously granted or the licensee is currently in
4 violation of this Act; or

5 (D) order or direct such other affirmative action
6 as the Director deems necessary.

7 (b) The Director may impose a civil penalty on a mortgage
8 loan originator or person subject to this Act, if the Director
9 finds, on the record after notice and opportunity for hearing,
10 that such mortgage loan originator or person subject to this
11 Act has violated or failed to comply with any requirement of
12 this Act or any regulation prescribed by the Director under
13 this Act or order issued under authority of this Act.

14 (c) The maximum amount of penalty for each act or omission
15 described in subsection (b) of this Section shall be \$25,000.

16 (d) Each violation or failure to comply with any directive
17 or order of the Director is a separate and distinct violation
18 or failure.

19 (205 ILCS 635/7-12 new)

20 Sec. 7-12. Surety bond required.

21 (a) Each mortgage loan originator shall be covered by a
22 surety bond in accordance with this Section. In the event that
23 the mortgage loan originator is an employee or exclusive agent
24 of a person subject to this Act, the surety bond of such person
25 subject to this Act can be used in lieu of the mortgage loan

1 originator's surety bond requirement. The surety bond shall
2 provide coverage for each mortgage loan originator in an amount
3 prescribed under subsection (b) of this Section. The surety
4 bond shall be in a form prescribed by the Director. The
5 Director may promulgate rules or regulations with respect to
6 the requirements for such surety bonds as necessary to
7 accomplish the purposes of this Act.

8 (b) The penal sum of the surety bond shall be maintained in
9 an amount that reflects the dollar amount of loans originated
10 as determined by the Director.

11 (c) When an action is commenced on a licensee's bond the
12 Director may require the filing of a new bond.

13 (d) Immediately upon recovery upon any action on the bond
14 the licensee shall file a new bond.

15 (205 ILCS 635/7-12A new)

16 Sec. 7-12A. Confidentiality.

17 (a) In order to promote more effective regulation and
18 reduce regulatory burden through supervisory information
19 sharing, except as otherwise provided in federal Public Law
20 110-289, Section 1512, the requirements under any federal law
21 or state law regarding the privacy or confidentiality of any
22 information or material provided to the Nationwide Mortgage
23 Licensing System and Registry, and any privilege arising under
24 federal or state law, including the rules of any federal or
25 state court, with respect to such information or material,

1 shall continue to apply to information or material after the
2 information or material has been disclosed to the Nationwide
3 Mortgage Licensing System and Registry. The information and
4 material may be shared with all state and federal regulatory
5 officials with mortgage industry oversight authority without
6 the loss of privilege or the loss of confidentiality
7 protections provided by federal law or state law.

8 (b) In order to promote more effective regulation and
9 reduce regulatory burden through supervisory information
10 sharing, the Director is authorized to enter agreements or
11 sharing arrangements with other governmental agencies, the
12 Conference of State Bank Supervisors, the American Association
13 of Residential Mortgage Regulators or other associations
14 representing governmental agencies as established by rule,
15 regulation or order of the Director. The sharing of
16 confidential supervisory information or any information or
17 material described in subsection (a) of this Section pursuant
18 to an agreement or sharing arrangement shall not result in the
19 loss of privilege or the loss of confidentiality protections
20 provided by federal law or state law.

21 (c) In order to promote more effective regulation and
22 reduce regulatory burden through supervisory information
23 sharing, information or material that is subject to a privilege
24 or confidentiality under subsection (a) of this Section shall
25 not be subject to the following:

26 (1) disclosure under any State law governing the

1 disclosure to the public of information held by an officer
2 or an agency of the State; or

3 (2) subpoena or discovery, or admission into evidence,
4 in any private civil action or administrative process,
5 unless with respect to any privilege held by the Nationwide
6 Mortgage Licensing System and Registry with respect to the
7 information or material, the person to whom such
8 information or material pertains waives, in whole or in
9 part, in the discretion of that person, that privilege.

10 (d) In order to promote more effective regulation and
11 reduce regulatory burden through supervisory information
12 sharing, other law relating to the disclosure of confidential
13 supervisory information or any information or material
14 described in subsection (a) of this Section that is
15 inconsistent with subsection (a) of this Section shall be
16 superseded by the requirements of this Section to the extent
17 the other law provides less confidentiality or a weaker
18 privilege.

19 (e) In order to promote more effective regulation and
20 reduce regulatory burden through supervisory information
21 sharing, this Section shall not apply to the employment history
22 of a mortgage loan originator, and the record of publicly
23 adjudicated disciplinary and enforcement actions against a
24 mortgage loan originator.

1 Sec. 7-12B. Additional investigation and examination
2 authority. In addition to any authority allowed under this Act,
3 the Director shall have the authority to conduct investigations
4 and examinations as follows:

5 (a) For purposes of initial licensing, license renewal,
6 license suspension, license conditioning, license revocation
7 or termination, or general or specific inquiry or investigation
8 to determine compliance with this Act, the Commissioner shall
9 have the authority to access, receive, and use any books,
10 accounts, records, files, documents, information, or evidence
11 including, but not limited to, the following:

12 (1) criminal, civil, and administrative history
13 information, including nonconviction data as specified in
14 the Criminal Code of 1961;

15 (2) personal history and experience information,
16 including independent credit reports obtained from a
17 consumer reporting agency described in Section 603(p) of
18 the Federal Fair Credit Reporting Act; and

19 (3) any other documents, information, or evidence the
20 Commissioner deems relevant to the inquiry or
21 investigation regardless of the location, possession,
22 control, or custody of the documents, information, or
23 evidence.

24 (b) For the purposes of investigating violations or
25 complaints arising under this Act, or for the purposes of
26 examination, the Commissioner may review, investigate, or

1 examine any licensee, individual, or person subject to this
2 Act, as often as necessary in order to carry out the purposes
3 of this Act. The Commissioner may direct, subpoena, or order
4 the attendance of and examine under oath all persons whose
5 testimony may be required about the loans or the business or
6 subject matter of any such examination or investigation, and
7 may direct, subpoena, or order the person to produce books,
8 accounts, records, files, and any other documents the
9 Commissioner deems relevant to the inquiry.

10 (c) Each licensee, individual, or person subject to this
11 Act shall make available to the Commissioner upon request the
12 books and records relating to the operations of such licensee,
13 individual, or person subject to this Act. The Commissioner
14 shall have access to such books and records and interview the
15 officers, principals, mortgage loan originators, employees,
16 independent contractors, agents, and customers of the
17 licensee, individual, or person subject to this Act concerning
18 their business.

19 (d) Each licensee, individual, or person subject to this
20 Act shall make or compile reports or prepare other information
21 as directed by the Commissioner in order to carry out the
22 purposes of this Section including, but not limited to:

23 (1) accounting compilations;

24 (2) information lists and data concerning loan
25 transactions in a format prescribed by the Commissioner; or

26 (3) other information deemed necessary to carry out the

1 purposes of this Section.

2 (e) In making any examination or investigation authorized
3 by this Act, the Commissioner may control access to any
4 documents and records of the licensee or person under
5 examination or investigation. The Commissioner may take
6 possession of the documents and records or place a person in
7 exclusive charge of the documents and records in the place
8 where they are usually kept. During the period of control, no
9 individual or person shall remove or attempt to remove any of
10 the documents and records except pursuant to a court order or
11 with the consent of the Commissioner. Unless the Commissioner
12 has reasonable grounds to believe the documents or records of
13 the licensee have been, or are at risk of being altered or
14 destroyed for purposes of concealing a violation of this Act,
15 the licensee or owner of the documents and records shall have
16 access to the documents or records as necessary to conduct its
17 ordinary business affairs.

18 (f) In order to carry out the purposes of this Section, the
19 Commissioner may:

20 (1) retain attorneys, accountants, or other
21 professionals and specialists as examiners, auditors, or
22 investigators to conduct or assist in the conduct of
23 examinations or investigations;

24 (2) enter into agreements or relationships with other
25 government officials or regulatory associations in order
26 to improve efficiencies and reduce regulatory burden by

1 sharing resources, standardized or uniform methods or
2 procedures, and documents, records, information or
3 evidence obtained under this Section;

4 (3) use, hire, contract, or employ public or privately
5 available analytical systems, methods, or software to
6 examine or investigate the licensee, individual, or person
7 subject to this Act;

8 (4) accept and rely on examination or investigation
9 reports made by other government officials, within or
10 without this State; or

11 (5) accept audit reports made by an independent
12 certified public accountant for the licensee, individual,
13 or person subject to this Act in the course of that part of
14 the examination covering the same general subject matter as
15 the audit and may incorporate the audit report in the
16 report of the examination, report of investigation, or
17 other writing of the Commissioner.

18 (g) The authority of this Section shall remain in effect,
19 whether such a licensee, individual, or person subject to this
20 Act acts or claims to act under any licensing or registration
21 law of this State, or claims to act without the authority.

22 (h) No licensee, individual, or person subject to
23 investigation or examination under this Section may knowingly
24 withhold, abstract, remove, mutilate, destroy, or secrete any
25 books, records, computer records, or other information.

1 (205 ILCS 635/7-13 new)

2 Sec. 7-13. Prohibited acts and practices for mortgage loan
3 originators. It is a violation of this Act for an individual
4 subject to this Act to:

5 (1) Directly or indirectly employ any scheme, device,
6 or artifice to defraud or mislead borrowers or lenders or
7 to defraud any person.

8 (2) Engage in any unfair or deceptive practice toward
9 any person.

10 (3) Obtain property by fraud or misrepresentation.

11 (4) Solicit or enter into a contract with a borrower
12 that provides in substance that the person or individual
13 subject to this Act may earn a fee or commission through
14 "best efforts" to obtain a loan even though no loan is
15 actually obtained for the borrower.

16 (5) Solicit, advertise, or enter into a contract for
17 specific interest rates, points, or other financing terms
18 unless the terms are actually available at the time of
19 soliciting, advertising, or contracting.

20 (6) Conduct any business covered by this Act without
21 holding a valid license as required under this Act, or
22 assist or aid and abet any person in the conduct of
23 business under this Act without a valid license as required
24 under this Act.

25 (7) Fail to make disclosures as required by this Act
26 and any other applicable State or federal law, including

1 regulations thereunder.

2 (8) Fail to comply with this Act or rules or
3 regulations promulgated under this Act, or fail to comply
4 with any other state or federal law, including the rules
5 and regulations thereunder, applicable to any business
6 authorized or conducted under this Act.

7 (9) Make, in any manner, any false or deceptive
8 statement or representation of a material fact, or any
9 omission of a material fact, required on any document or
10 application subject to this Act.

11 (10) Negligently make any false statement or knowingly
12 and willfully make any omission of material fact in
13 connection with any information or report filed with a
14 governmental agency or the Nationwide Mortgage Licensing
15 System and Registry or in connection with any investigation
16 conducted by the Director or another governmental agency.

17 (11) Make any payment, threat or promise, directly or
18 indirectly, to any person for the purpose of influencing
19 the independent judgment of the person in connection with a
20 residential mortgage loan, or make any payment threat or
21 promise, directly or indirectly, to any appraiser of a
22 property, for the purpose of influencing the independent
23 judgment of the appraiser with respect to the value of the
24 property.

25 (12) Collect, charge, attempt to collect or charge, or
26 use or propose any agreement purporting to collect or

1 charge any fee prohibited by this Act.

2 (13) Cause or require a borrower to obtain property
3 insurance coverage in an amount that exceeds the
4 replacement cost of the improvements as established by the
5 property insurer.

6 (14) Fail to truthfully account for monies belonging to
7 a party to a residential mortgage loan transaction.

8 (205 ILCS 635/7-14 new)

9 Sec. 7-14. Unique identifier shown. The unique identifier
10 of any person originating a residential mortgage loan shall be
11 clearly shown on all residential mortgage loan application
12 forms, solicitations, and advertisements, including business
13 cards and websites, and any other documents as established by
14 rule, regulation, or order of the Director.

15 (205 ILCS 635/7-15 new)

16 Sec. 7-15. Mortgage call reports. Each residential
17 mortgage licensee shall submit to the Nationwide Mortgage
18 Licensing System and Registry reports of condition, which shall
19 be in the form and shall contain the information that the
20 Nationwide Mortgage Licensing System and Registry may require.

21 (205 ILCS 635/7-16 new)

22 Sec. 7-16. Report to Nationwide Mortgage Licensing System
23 and Registry. The Director is required to report regularly

1 violations of this Act, as well as enforcement actions and
2 other relevant information, to the Nationwide Mortgage
3 Licensing System and Registry subject to the provisions
4 contained in Section 7-12B.

5 (205 ILCS 635/7-17 new)

6 Sec. 7-17. Privately insured credit unions. Non-federally
7 insured credit unions that employ loan originators, as defined
8 in Public Law 110-289, Title V, the federal S.A.F.E. Act, shall
9 register those employees with the Nationwide Mortgage
10 Licensing System and Registry by furnishing the information
11 concerning the employees' identities set forth in Section
12 1507(a) (2) of Public Law 110-289, Title V.

13 Section 97. Severability. The provisions of this Act are
14 severable under Section 1.31 of the Statute on Statutes.

15 Section 99. Effective date. This Act takes effect July 31,
16 2009.

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4	205 ILCS 635/Art. VII	
5	heading	
6	205 ILCS 635/7-1A new	
7	205 ILCS 635/7-1B new	
8	205 ILCS 635/7-2 new	
9	205 ILCS 635/7-3 new	
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