

1 AN ACT concerning revenue.

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

4 ARTICLE 5. CONVEYANCE AND ENCUMBRANCE OF MANUFACTURED HOMES AS  
5 REAL PROPERTY AND SEVERANCE ACT

6 Section 5-1. Short title. This Act may be cited as the  
7 Conveyance and Encumbrance of Manufactured Homes as Real  
8 Property and Severance Act. All references in this Article to  
9 "this Act" mean this Article.

10 Section 5-2. Findings and purpose.

11 (a) The General Assembly finds that there is a need to  
12 clarify the legal status of manufactured homes affixed or to be  
13 affixed to real property in the State.

14 (b) The purpose of this Act is to establish a clear  
15 statutory procedure for converting to real property  
16 manufactured homes located outside of mobile home parks that  
17 are affixed to real property and for the severance of  
18 manufactured homes from real property.

19 Section 5-5. Manufactured home; permanently affixed to  
20 real property. For the purposes of this Act, "manufactured  
21 home" means a manufactured home as defined in subdivision (53)

1 of Section 9-102 of the Uniform Commercial Code.  
2 Notwithstanding the foregoing, for the purposes of subsection  
3 (b)(2) of Section 1322 of the federal Bankruptcy Code (11  
4 U.S.C. § 1322(b)(2)), a manufactured home shall be deemed to be  
5 real property. For the purposes of this Act, a manufactured  
6 home is "affixed to a permanent foundation" if the wheels,  
7 axles, and towing hitch are removed, and it is anchored to real  
8 property by attachment to a permanent foundation and connected  
9 to residential utilities (such as water, gas, electricity, or  
10 sewer or septic service). The certification of a certified  
11 residential real estate appraiser, a certified general real  
12 estate appraiser, a licensed manufactured home installer, or a  
13 licensed professional engineer that the home is affixed to a  
14 permanent foundation shall establish conclusively that the  
15 home is affixed to a permanent foundation.

16 Section 5-10. Act not mandatory; record notice. The owner  
17 of a manufactured home that is personal property or a fixture  
18 may, but need not, cause that manufactured home to be deemed to  
19 be real property by satisfying the requirements of Section 5-30  
20 of this Act and the requirements of Section 3-116.1 or 3-116.2  
21 of the Illinois Vehicle Code, as applicable.

22 To convey or voluntarily encumber a manufactured home as  
23 real property, the following conditions must be met:

24 (1) the manufactured home must be affixed to a  
25 permanent foundation on real property;

1           (2) the ownership interests in the manufactured home  
2           and the real property to which the manufactured home is  
3           affixed must be identical, or, if the manufactured home is  
4           not located in a mobile home park as defined in Section 2.5  
5           of the Mobile Home Park Act, and if the owner of the  
6           manufactured home, if not the owner of the real property,  
7           is in possession of the real property pursuant to the terms  
8           of a lease in recordable form that has a term that  
9           continues for at least 20 years after the date of  
10          execution, then the consent of the lessor of the real  
11          property must be given;

12          (3) the person (all, if more than one) having an  
13          ownership interest in such manufactured home shall execute  
14          and record with the recording officer of the county in  
15          which the real property is located an affidavit of  
16          affixation as provided in Section 5-15 of this Act and  
17          satisfy the other applicable requirements of this Act; and

18          (4) upon receipt of a certified copy of the recorded  
19          affidavit of affixation pursuant to Section 5-25 of this  
20          Act, any person designated therein for filing with the  
21          Secretary of State shall file the certified copy of  
22          affidavit of affixation with the Secretary of State; except  
23          that

24                 (A) in a case described in subsection (a) (4) (A) of  
25                 Section 5-15 of this Act, a certified copy of the  
26                 affidavit of affixation and the original

1           Manufacturer's Statement of Origin, each as recorded  
2           in the county in which the real property is located,  
3           must be filed with the Secretary of State pursuant to  
4           Section 3-116.1 of the Illinois Vehicle Code; and

5           (B) in a case described in subsection (a) (4) (B) of  
6           Section 5-15 of this Act, a certified copy of the  
7           recorded affidavit of affixation as recorded in the  
8           county in which the real property is located, and the  
9           original certificate of title, including, if  
10          applicable, a certificate of title issued in  
11          accordance with subsection (b) of Section 3-109 of the  
12          Illinois Vehicle Code, must be filed with the Secretary  
13          of State pursuant to Section 3-116.2 of the Illinois  
14          Vehicle Code.

15          Section 5-15. Affidavit of affixation.

16          (a) An affidavit of affixation shall contain or be  
17          accompanied by:

18               (1) the name of the manufacturer, the make, the model  
19               name, the model year, the dimensions, and the  
20               manufacturer's serial number or numbers of the  
21               manufactured home, and whether the manufactured home is new  
22               or used;

23               (2) (A) a statement that the party executing the  
24               affidavit is the owner of the real property described  
25               therein or (B) if the party executing the affidavit is not

1 the owner of the real property, (1) a statement that the  
2 manufactured home is not located in a mobile home park as  
3 defined in Section 2.5 of the Mobile Home Park Act and that  
4 the party executing the affidavit is in possession of the  
5 real property pursuant to the terms of a lease in  
6 recordable form that has a term that continues for at least  
7 20 years after the date of execution of the affidavit and  
8 (2) the consent of the lessor of the real property,  
9 endorsed upon or attached to the affidavit and acknowledged  
10 or proved in the manner as to entitle a conveyance to be  
11 recorded;

12 (3) the street address and the legal description of the  
13 real property to which the manufactured home is or shall be  
14 affixed; and

15 (4) as applicable:

16 (A) if the manufactured home is not covered by a  
17 certificate of title, including, if applicable, a  
18 certificate of title issued in accordance with  
19 subsection (b) of Section 3-109 of the Illinois Vehicle  
20 Code, a statement by the owner to that effect, and

21 (i) a statement by the owner of the  
22 manufactured home that the manufactured home is  
23 covered by a Manufacturer's Statement of Origin,  
24 the date the Manufacturer's Statement of Origin  
25 was issued, and the manufacturer's serial number  
26 or numbers of the manufactured home; and

1           (ii) a statement that annexed to the affidavit  
2           of affixation is the original Manufacturer's  
3           Statement of Origin for the manufactured home,  
4           duly endorsed to the owner of the manufactured  
5           home, and that the owner of the manufactured home  
6           shall surrender the Manufacturer's Statement of  
7           Origin; or

8           (B) if the manufactured home is covered by a  
9           certificate of title, including, if applicable, a  
10          certificate of title issued in accordance with  
11          subsection (b) of Section 3-109 of the Illinois Vehicle  
12          Code, a statement by the owner of the manufactured home  
13          that the manufactured home is covered by a certificate  
14          of title, the date the title was issued, the title  
15          number, and that the owner of the manufactured home  
16          shall surrender the title;

17          (5) a statement whether or not the manufactured home is  
18          subject to one or more security interests or liens, and

19          (A) if the manufactured home is subject to one or  
20          more security interests or liens, the name and address  
21          of each party holding a security interest in or lien on  
22          the manufactured home, including but not limited to,  
23          each holder shown on any certificate of title issued by  
24          the Secretary of State, if any, the original principal  
25          amount secured by each security interest or lien; and a  
26          statement that the security interest or lien shall be

1 released; or

2 (B) a statement that each security interest in or  
3 lien on the manufactured home, if any, has been  
4 released, together with due proof of each such release;

5 (6) a statement that the manufactured home is or shall  
6 be affixed to a permanent foundation;

7 (7) the name and address of a person designated for  
8 filing the certified copy of the affidavit of affixation  
9 with the Secretary of State, to whom the recording officer  
10 shall return the certified copy of the affidavit of  
11 affixation after it has been duly recorded in the real  
12 property records, as provided in Section 5-25 of this Act;  
13 and

14 (8) the certification of a certified residential real  
15 estate appraiser, a certified general real estate  
16 appraiser, a licensed manufactured home installer, or a  
17 licensed professional engineer, as provided in Section 5-5  
18 of this Act.

19 (b) An affidavit of affixation shall be in the form set  
20 forth in this Section, duly acknowledged or proved in like  
21 manner as to entitle a conveyance to be recorded, and when so  
22 acknowledged or proved and upon payment of the lawful fees  
23 therefor, the recording officer shall immediately cause the  
24 affidavit of affixation and any attachments thereto to be duly  
25 recorded and indexed in the record of deeds.

26 (c) An affidavit of affixation shall be in the form set





1 3. The legal description of the real property to which the Home  
2 is or shall be affixed ("Land") is:

3 .....  
4 .....  
5 .....  
6 .....

7 4. Homeowner is the owner of the Land or, if not the owner of  
8 the Land, the Home is not located in a mobile home park, as  
9 defined in Section 2.5 of the Mobile Home Park Act, and  
10 Homeowner is in possession of the Land pursuant to a lease  
11 in recordable form that has a term that continues for at  
12 least 20 years after the date of the execution of this  
13 Affidavit, and the consent of the lessor is attached to  
14 this Affidavit.

15 5. The Home is or shall be assessed and taxed as an improvement  
16 to the Land.

17 6. As of the date of the execution of this Affidavit, or, if  
18 the Home is not yet located at the Property Address, upon  
19 the delivery of the Home to the Property Address:

20 (a) The Home [ ] is [ ] shall be affixed to a permanent  
21 foundation as defined in Section 5-5 of the Conveyance and  
22 Encumbrance of Manufactured Homes as Real Property and  
23 Severance Act;

24 (b) The wheels, axles, towbar, or hitch were removed when

1 the Home was placed on the Property Address; and

2 7. The Home [ ] was [ ] was not permanently affixed before  
3 January 1, 2011.

4 8. If Homeowner is the owner of the Land, any conveyance or  
5 financing of the Home and the Land shall be a single  
6 transaction under applicable State law.

7 9. The Home is subject to the following security interests or  
8 liens:

9 Name of Lienholder: .....

10 Address: .....

11 Name of Lienholder: .....

12 Address: .....

13 10. Other than those disclosed in this Affidavit, Homeowner is  
14 not aware of (i) any other security interest, claim, lien,  
15 or encumbrance affecting the Home or (ii) any other facts  
16 or information that could reasonably affect the validity of  
17 the title of the Home or the existence or non-existence of  
18 security interests in it.

19 11. A release of lien from each of the lienholders identified  
20 in paragraph 11 of this Affidavit [ ] has been [ ] shall be  
21 delivered to the Secretary of State.

22 12. Homeowner shall initial only one of the following, as it  
23 applies to the Home:

1       [] The Home is not covered by a certificate of title. The  
 2 Home is covered by a Manufacturer's Statement of Origin,  
 3 issued on the ..... of ....., ....., manufacturer's  
 4 serial number ....., which Homeowner shall  
 5 surrender. The original Manufacturer's Statement of Origin,  
 6 duly endorsed to Homeowner, is attached to this Affidavit.

7       [] The Home is covered by a certificate of title issued  
 8 on the ..... day of ....., ....., title number  
 9 ....., which Homeowner shall surrender.

10      13. Homeowner designates the following person to file a  
 11 certified copy of this Affidavit with the Secretary of  
 12 State, and the person to whom the Recorder shall return a  
 13 certified copy of this Affidavit after it has been duly  
 14 recorded in the real property records:

15       Name:.....

16       Address: .....

17      14. This Affidavit is executed by Homeowner pursuant to Section  
 18 5-15 of the Conveyance and Encumbrance of Manufactured  
 19 Homes as Real Property and Severance Act.

20      15. The certification, pursuant to Section 5-5 of the  
 21 Conveyance and Encumbrance of Manufactured Homes as Real  
 22 Property and Severance Act, of a certified residential real  
 23 estate appraiser, a certified general real estate  
 24 appraiser, a licensed manufactured home installer, or a  
 25 licensed professional engineer that the home is affixed to

1 a permanent foundation is attached to this Affidavit.

2

3 IN WITNESS WHEREOF, Homeowner(s) has/have executed this  
4 Affidavit in my presence and in the presence of the  
5 undersigned witnesses on this ..... day of ....., .....

6 ..... (SEAL) .....

7 Homeowner #1 Witness

8 .....

9 Printed Name

10 ..... (SEAL) .....

11 Homeowner #2 Witness

12 .....

13 Printed Name

14 ..... (SEAL) .....

15 Homeowner #3 Witness

16 .....

17 Printed Name

18 ..... (SEAL) .....

19 Homeowner #4 Witness

20 .....

21 Printed Name

1 STATE OF .....)  
 2 ) SS.  
 3 COUNTY OF .....)

4 The foregoing instrument was acknowledged before me this  
 5 (date) by (name(s) of person(s) who acknowledged).

6 ..... Notary Public  
 7 Signature

8 My commission expires: .....

9 Official Seal:

10 ATTENTION RECORDER: This instrument covers goods that are  
 11 or are to become fixtures on the Property described herein and  
 12 is to be filed for record in the records where conveyances of  
 13 real estate are recorded.

14 Section 5-20. Disposition of liens. Neither the act of  
 15 affixing a manufactured home to a permanent foundation nor the  
 16 recording of the affidavit of affixation shall impair the  
 17 rights of any holder of a security interest in or lien on a  
 18 manufactured home perfected as provided in Section 3-202 of the  
 19 Illinois Vehicle Code, unless and until the due filing with and  
 20 acceptance by the Secretary of State of an application to

1 surrender the title as provided in Section 3-116.2 of the  
2 Illinois Vehicle Code and release of all security interests or  
3 liens as provided in Section 3-205 of the Illinois Vehicle  
4 Code. Upon the filing of such releases, the security interests  
5 or liens perfected under Section 3-202 of the Illinois Vehicle  
6 Code are terminated. The recording of an affidavit of  
7 affixation does not change the character of any security  
8 interest or lien noted on a certificate of title, and no  
9 recording tax shall be imposed at the time an affidavit of  
10 affixation is recorded upon any security interest in or lien on  
11 a manufactured home perfected under Section 3-202 of the  
12 Illinois Vehicle Code.

13 Section 5-25. Notice to Secretary of State. Upon payment of  
14 the fees provided by law and recordation of the affidavit of  
15 affixation, the recording officer shall endorse the affidavit  
16 as "recorded in land records", setting forth thereon the  
17 indexing information for the affidavit of affixation, and the  
18 recording officer shall forthwith forward a certified copy of  
19 the recorded affidavit of affixation and all attachments  
20 thereto to the person designated therein for filing with the  
21 Secretary of State. Upon receipt of a certified copy of the  
22 recorded affidavit of affixation by the person designated  
23 therein for filing with the Secretary of State, such person  
24 shall forthwith deliver for filing to the Secretary a certified  
25 copy of the affidavit of affixation and other documents as

1 provided in item (4) of Section 5-10 of this Act.

2 Section 5-30. Effect of recorded affidavit of affixation. A  
3 manufactured home shall be deemed to be real property when all  
4 of the following events have occurred:

5 (1) the manufactured home is affixed to a permanent  
6 foundation as provided in Section 5-5 of this Act;

7 (2) an affidavit of affixation conforming to the  
8 requirements of Section 5-15 of this Act has been recorded;

9 (3) a certified copy of the recorded affidavit of  
10 affixation has been delivered for filing to the Secretary of  
11 State as provided in Section 5-25 of this Act; and

12 (4) the requirements of Section 3-116.1 or 3-116.2 of the  
13 Illinois Vehicle Code, as applicable, have been satisfied.

14 A conclusive presumption shall arise that the averments of  
15 the recorded affidavit of affixation establish that, for all  
16 purposes, the manufactured home is real property.

17 Section 5-35. Conveyance and encumbrance as real property.  
18 Upon the satisfaction of the requirements of Section 5-30 of  
19 this Act and the requirements of Section 3-116.1 or 3-116.2 of  
20 the Illinois Vehicle Code, as applicable, such manufactured  
21 home shall be deemed to be real property; any mortgage, deed of  
22 trust, lien, or security interest that can attach to land,  
23 buildings erected thereon, or fixtures affixed thereto shall  
24 attach as of the date of its recording in the same manner as if

1 the manufactured home were built from ordinary building  
2 materials on site; title to such manufactured home shall be  
3 transferred by deed or other form of conveyance that is  
4 effective to transfer an interest in real property, together  
5 with the land to which such structure has been affixed; and the  
6 manufactured home shall be deemed to be real property and shall  
7 be governed by the laws applicable to real property.

8 Section 5-40. Exclusive procedure. The method of  
9 converting a manufactured home to real property set forth in  
10 Section 5-10 of this Act shall be exclusive, and shall supplant  
11 the common law of fixtures as it relates to manufactured homes.

12 Section 5-45. Applicability. Nothing in this Act shall  
13 impair any rights existing under law prior to the effective  
14 date of this Act of anyone claiming an interest in the  
15 manufactured home.

16 Section 5-50. Affidavit of severance.

17 (a) If and when a manufactured home for which an affidavit  
18 of affixation has been recorded is detached or severed from the  
19 real property to which it is affixed, the person (all, if more  
20 than one) having an interest in the real property shall record  
21 an affidavit of severance in the land records of the county  
22 where the affidavit of affixation with respect to the  
23 manufactured home is recorded. The affidavit of severance shall



1 contain or be accompanied by:

2 (i) the name, residence, and mailing address of the  
3 owner of the manufactured home;

4 (ii) a description of the manufactured home including  
5 the name of the manufacturer, manufacturer's serial number  
6 or numbers of the manufactured home;

7 (iii) the book number, page number and date of  
8 recordation of the affidavit of affixation;

9 (iv) a statement of either (A) any facts or information  
10 known to the party executing the affidavit that could  
11 reasonably affect the validity of the title of the  
12 manufactured home or the existence or non-existence of a  
13 security interest in or lien on it, or (B) that no such  
14 facts or information are known to such party; and

15 (v) the name and address of the person designated for  
16 filing the certified copy of the recorded affidavit of  
17 severance with the Secretary of State, to whom the  
18 recording officer shall return the certified copy of the  
19 affidavit of severance after it has been duly recorded in  
20 the real property records, as provided in subsection (d) of  
21 this Section.

22 (b) The affidavit of severance shall be in the form set  
23 forth in subsection (d) of this Section, duly acknowledged or  
24 proved in like manner as to entitle a conveyance to be  
25 recorded, and when so acknowledged or proved and upon payment  
26 of the lawful fees therefor, such recording officer shall

1 immediately cause the affidavit and any attachments thereto to  
2 be duly recorded and indexed in the record of deeds.

3 (c) Upon payment of the fees provided by law and  
4 recordation of the affidavit of severance, the recording  
5 officer shall endorse the affidavit as "recorded in land  
6 records", setting forth thereon the indexing information for  
7 the recorded affidavit of severance, and the recording officer  
8 shall forthwith forward a certified copy of the recorded  
9 affidavit of severance to the person designated therein for  
10 filing with the Secretary of State. Upon receipt of a certified  
11 copy of the recorded affidavit of severance by the person  
12 designated therein for filing with the Secretary of State, such  
13 person shall deliver for filing to the Secretary of State such  
14 certified copy of the affidavit of severance and the other  
15 documents provided in subsection (a) of this Section, together  
16 with an application for a certificate of title to the  
17 manufactured home, to be issued in accordance with subsection  
18 (b) of Section 3-109 of the Illinois Vehicle Code.

19 (d) An affidavit of severance shall be in the form set  
20 forth below:

21 MANUFACTURED HOME  
22 AFFIDAVIT OF SEVERANCE

23 STATE OF .....)

24 )SS.

1 COUNTY OF .....

2 BEFORE ME, the undersigned notary public, on this day  
3 personally appeared ..... (type the name(s) of  
4 each person signing this Affidavit) known to me to be the  
5 person(s) whose name(s) is/are subscribed below (each an  
6 "Affiant"), and who, being by me first duly sworn, did each on  
7 his or her oath state as follows:

8 1. The owner(s) of the manufactured home described below  
9 reside(s) at the following address:

10 .....  
11 (Street or Route; City; County; State; Zip Code)

12 Mailing address, if different:

13 .....  
14 (Street or Route; City; County; State; Zip Code)

15 2. The manufactured home that is the subject of this Affidavit  
16 ("Home") is described as follows:

17 .....  
18 (Year; Manufacturer's Name; Manufacturer's Serial No(s).)

19 3. The Home was severed from the following address ("Land"):

20 .....  
21 (Street or Route; City; County; State; Zip Code)

1 4. An Affidavit of Affixation was duly recorded in the land  
 2 records of the county in which the Land is located on  
 3 (date) ....., in book number ..... at page  
 4 number .....

5 5. Affiant is the owner of the Land or, if not the owner of  
 6 the Land, is in possession of the Land pursuant to a  
 7 lease in recordable form, and the consent of the lessor  
 8 is attached to this Affidavit.

9 6. The Home is subject to the following security interests:

10 Name of Lienholder: .....

11 Address: .....

12 Name of Lienholder: .....

13 Address: .....

14 7. Other than those disclosed in this Affidavit, Affiant is  
 15 not aware of (i) any other security interest, claim,  
 16 lien, or encumbrance affecting the Home or (ii) any other  
 17 facts or information that could reasonably affect the  
 18 validity of the title of the Home or the existence or  
 19 non-existence of security interests in it.

20 8. A release of lien from each of the lienholders identified  
 21 in paragraph 6 of this Affidavit [ ] has been [ ] shall be  
 22 delivered to the Secretary of State.





1 recorded.

2 Section 5-55. Documents in trust.

3 (a) Manufacturer's Statement of Origin. The holder of a  
4 Manufacturer's Statement of Origin to a manufactured home may  
5 deliver it to any person to facilitate conveying or encumbering  
6 the home. Any person receiving a Manufacturer's Statement of  
7 Origin so delivered holds it in trust for the person delivering  
8 it.

9 (b) Lien Release. The holder of a security interest in a  
10 manufactured home may deliver lien release documents to any  
11 person to facilitate conveying or encumbering the home. Any  
12 person receiving any such documents so delivered holds the  
13 documents in trust for the lienholder.

14 ARTICLE 10. AMENDATORY PROVISIONS

15 Section 10-15. The Property Tax Code is amended by changing  
16 Section 1-130 as follows:

17 (35 ILCS 200/1-130)

18 Sec. 1-130. Property; real property; real estate; land;  
19 tract; lot.

20 (a) The land itself, with all things contained therein, and  
21 also all buildings, structures and improvements, and other  
22 permanent fixtures thereon, including all oil, gas, coal, and

1 other minerals in the land and the right to remove oil, gas and  
2 other minerals, excluding coal, from the land, and all rights  
3 and privileges belonging or pertaining thereto, except where  
4 otherwise specified by this Code. Not included therein are  
5 low-income housing tax credits authorized by Section 42 of the  
6 Internal Revenue Code, 26 U.S.C. 42.

7 (b) Notwithstanding any other provision of law, mobile  
8 homes and manufactured homes that (i) are located outside of  
9 mobile home parks and (ii) are taxed under the Mobile Home  
10 Local Services Tax Act on the effective date of this amendatory  
11 Act of the 96th General Assembly shall continue to be taxed  
12 under the Mobile Home Local Services Tax Act and shall not be  
13 ~~classified,~~ assessed, and taxed as real property until the home  
14 is sold or transferred or until the home is relocated to a  
15 different parcel of land outside of a mobile home park. If a  
16 mobile home or manufactured home described in this subsection  
17 (b) is sold, transferred, or relocated to a different parcel of  
18 land outside of a mobile home park, then the home shall be  
19 ~~classified,~~ assessed, and taxed as real property whether or not  
20 that mobile home or manufactured home is affixed to a permanent  
21 foundation, as defined in Section 5-5 of the Conveyance and  
22 Encumbrance of Manufactured Homes as Real Property and  
23 Severance Act, or installed on a permanent foundation, and  
24 whether or not such mobile home or manufactured home is real  
25 property as defined in Section 5-35 of the Conveyance and  
26 Encumbrance of Manufactured Homes as Real Property and



1 Severance Act. Mobile homes and manufactured homes that are  
2 located outside of mobile home parks and ~~classified,~~ assessed,  
3 and taxed as real property on the effective date of this  
4 amendatory Act of the 96th General Assembly shall continue to  
5 be ~~classified,~~ assessed, and taxed as real property whether or  
6 not those mobile homes or manufactured homes are affixed to a  
7 permanent foundation as defined in the Conveyance and  
8 Encumbrance of Manufactured Homes as Real Property and  
9 Severance Act or installed on permanent foundations and whether  
10 or not those mobile homes or manufactured homes are real  
11 property as defined in the Conveyance and Encumbrance of  
12 Manufactured Homes as Real Property and Severance Act. If a  
13 mobile or manufactured home that is located outside of a mobile  
14 home park is relocated to a mobile home park, it must be  
15 considered chattel and must be taxed according to the Mobile  
16 Home Local Services Tax Act. The owner of a mobile home or  
17 manufactured home that is located outside of a mobile home park  
18 may file a request with the chief county assessment officer  
19 ~~county~~ that the home be ~~classified, assessed, and~~ taxed as real  
20 property.

21 (c) Mobile homes and manufactured homes that are located in  
22 mobile home parks must be ~~considered chattel and must be~~ taxed  
23 according to the Mobile Home Local Services Tax Act.

24 (d) If the provisions of this Section conflict with the  
25 Illinois Manufactured Housing and Mobile Home Safety Act, the  
26 Mobile Home Local Services Tax Act, the Mobile Home Park Act,

1 or any other provision of law with respect to the taxation of  
2 mobile homes or manufactured homes located outside of mobile  
3 home parks, the provisions of this Section shall control.

4 (Source: P.A. 96-1477, eff. 1-1-11.)

5 Section 10-20. The Mobile Home Local Services Tax Act is  
6 amended by changing Sections 1 and 4 as follows:

7 (35 ILCS 515/1) (from Ch. 120, par. 1201)

8 Sec. 1. (a) As ~~Except as provided in subsections (b) and~~  
9 ~~(c), as~~ used in this Act, "manufactured home" means a  
10 factory-assembled, completely integrated structure designed  
11 for permanent habitation, with a permanent chassis, and so  
12 constructed as to permit its transport, on wheels temporarily  
13 or permanently attached to its frame, and is a movable or  
14 portable unit that is (i) 8 body feet or more in width, (ii) 40  
15 body feet or more in length, and (iii) 320 or more square feet,  
16 constructed to be towed on its own chassis (comprised of frame  
17 and wheels) from the place of its construction to the location,  
18 or subsequent locations, at which it is ~~installed and set up~~  
19 ~~according to the manufacturer's instructions and~~ connected to  
20 utilities for year-round occupancy for use as a permanent  
21 habitation, and designed and situated so as to permit its  
22 occupancy as a dwelling place for one or more persons, and  
23 specifically includes a "manufactured home" as defined in  
24 subdivision (53) of Section 9-102 of the Uniform Commercial

1 Code. The term shall include units containing parts that may be  
2 folded, collapsed, or telescoped when being towed and that may  
3 be expected to provide additional cubic capacity, and that are  
4 designed to be joined into one integral unit capable of being  
5 separated again into the components for repeated towing. The  
6 term excludes campers and recreational vehicles. Mobile homes  
7 and manufactured homes in mobile home parks must be assessed  
8 and taxed as chattel. Mobile homes and manufactured homes  
9 outside of mobile home parks must be assessed and taxed as real  
10 property whether or not such mobile homes and manufactured  
11 homes are affixed to a permanent foundation as defined in  
12 Section 5-5 of the Conveyance and Encumbrance of Manufactured  
13 Homes as Real Property and Severance Act, and whether or not  
14 such mobile homes and manufactured homes are real property as  
15 defined in Section 5-35 of the Conveyance and Encumbrance of  
16 Manufactured Homes as Real Property and Severance Act. The  
17 words "mobile home" and "manufactured home" are synonymous for  
18 the purposes of this Act. Any such structure located outside of  
19 a mobile home park shall not be assessed and taxed ~~constructed~~ as  
20 chattel, but must be assessed and taxed as real property as  
21 defined by Section 1-130 of the Property Tax Code. All mobile  
22 homes and manufactured homes located inside mobile home parks  
23 must be ~~considered as chattel and~~ taxed according to this Act.  
24 Mobile homes and manufactured homes located on a dealer's lot  
25 for resale purposes or as a temporary office shall not be  
26 subject to this tax.

1           (b) Mobile homes and manufactured homes that (i) are  
2 located outside of mobile home parks and (ii) are taxed under  
3 this Act on the effective date of this amendatory Act of the  
4 96th General Assembly must continue to be taxed under this Act  
5 and shall not be ~~classified~~, assessed, and taxed as real  
6 property until the home is sold, transferred, or relocated to a  
7 different parcel of land outside of a mobile home park. If a  
8 mobile home or manufactured home described in this subsection  
9 (b) is sold, transferred, or relocated to a different parcel of  
10 land outside of a mobile home park, then the home must be  
11 ~~classified~~, assessed, and taxed as real property whether or not  
12 the mobile home or manufactured home is affixed to a permanent  
13 foundation as defined in Section 5-5 of the Conveyance and  
14 Encumbrance of Manufactured Homes as Real Property and  
15 Severance Act and whether or not the mobile home or  
16 manufactured home is real property as defined in Section 5-35  
17 of the Conveyance and Encumbrance of Manufactured Homes as Real  
18 Property and Severance Act. Mobile homes and manufactured homes  
19 that are located outside of mobile home parks and ~~classified~~,  
20 assessed, and taxed as real property on the effective date of  
21 this amendatory Act of the 96th General Assembly must continue  
22 to be ~~classified~~, assessed, and taxed as real property whether  
23 or not the mobile homes and manufactured homes are affixed to a  
24 permanent foundation as defined in Section 5-5 of the  
25 Conveyance and Encumbrance of Manufactured Homes as Real  
26 Property and Severance Act or installed on permanent

1 foundations and whether or not the mobile homes and  
2 manufactured homes are real property as defined in Section 5-35  
3 of the Conveyance and Encumbrance of Manufactured Homes as Real  
4 Property and Severance Act. If a mobile or manufactured home  
5 that is located outside of a mobile home park is relocated to a  
6 mobile home park, the home must be ~~considered chattel and must~~  
7 ~~be~~ taxed according to the Mobile Home Local Services Tax Act.  
8 The owner of a mobile home or manufactured home that is located  
9 outside of a mobile home park may file a request with the  
10 county that the home be ~~classified,~~ assessed, and taxed as real  
11 property.

12 (c) Mobile homes and manufactured homes that are located in  
13 mobile home parks must be ~~considered chattel and must be~~ taxed  
14 according to this Act.

15 (Source: P.A. 96-1477, eff. 1-1-11.)

16 (35 ILCS 515/4) (from Ch. 120, par. 1204)

17 Sec. 4. The owner of each inhabited mobile home or  
18 manufactured home located in this State, but not located inside  
19 of a mobile home park, on the effective date of this amendatory  
20 Act of the 96th General Assembly shall, within 30 days after  
21 such date, record with the Office of the Recorder in the county  
22 where the mobile home or manufactured home is located ~~file with~~  
23 ~~the township assessor, if any, or with the Supervisor of~~  
24 ~~Assessments or county assessor if there is no township~~  
25 ~~assessor, or with the county assessor in those counties in~~

1 ~~which a county assessor is elected pursuant to Section 3-45 of~~  
2 ~~the Property Tax Code,~~ a mobile home registration form  
3 containing the information hereinafter specified, subject to  
4 the county's recording fees ~~and record a signed copy of the~~  
5 ~~title or certificate of origin in the county where the home is~~  
6 ~~located or surrender the signed title or certificate of origin~~  
7 ~~to be held by the county until such time as the home is to be~~  
8 ~~removed from the county.~~ Mobile home park operators shall  
9 forward a copy of the mobile home registration form provided in  
10 Section 12 of "An Act to provide for, license and regulate  
11 mobile homes and mobile home parks and to repeal an Act named  
12 herein", approved September 8, 1971, as amended, to the  
13 township assessor, if any, or to Supervisor of Assessments or  
14 county assessor if there is no township assessor, or to the  
15 county assessor in those counties in which a county assessor is  
16 elected pursuant to Section 3-45 of the Property Tax Code,  
17 within 5 days of the entry of a mobile home into such park. The  
18 owner of a mobile home or manufactured home not located in a  
19 mobile home park, other than a mobile home or manufactured home  
20 with respect to which the requirements of Section 5-30 of the  
21 Conveyance and Encumbrance of Manufactured Homes as Real  
22 Property and Severance Act and the requirements of Section  
23 3-116.1 or Section 3-116.2 of the Illinois Vehicle Code, as  
24 applicable, have been satisfied unless with respect to the same  
25 manufactured home there has been recorded an affidavit of  
26 severance pursuant to Section 5-50 of the Conveyance and

1 Encumbrance of Manufactured Homes as Real Property and  
2 Severance Act, shall, within 30 days after initial placement of  
3 such mobile home or manufactured home in any county and within  
4 30 days after movement of such mobile home or manufactured home  
5 to a new location, record with the Office of the Recorder in  
6 the county where the mobile home or manufactured home is  
7 located ~~file with the county assessor, Supervisor of~~  
8 ~~Assessments or township assessor, as the case may be,~~ a mobile  
9 home registration showing the name and address of the owner and  
10 every occupant of the mobile home or manufactured home, the  
11 location of the mobile home or manufactured home, the year of  
12 manufacture, and the square feet of floor space contained in  
13 such mobile home or manufactured home together with the date  
14 that the mobile home or manufactured home became inhabited, was  
15 initially installed and set up in the county, or was moved to a  
16 new location. Such registration shall also include the license  
17 number of such mobile home or manufactured home and of the  
18 towing vehicle, if there be any, and the State issuing such  
19 licenses, subject to the county's recording fees. In the case  
20 of a mobile home or manufactured home not located in a mobile  
21 home park, the registration shall be signed by the owner or  
22 occupant of the mobile home or manufactured home. ~~and the title~~  
23 ~~or certificate of origin shall be signed and recorded in the~~  
24 ~~county where the home is located or surrendered to the county~~  
25 ~~and held until such time the home is removed from the county.~~  
26 ~~Titles or certificates of origin held by a mortgage company on~~

1 ~~the home shall be signed and recorded in the county where~~  
2 ~~located or surrendered to the county once the mortgage is~~  
3 ~~released.~~ Failure to record the registration ~~or surrender the~~  
4 ~~title or certificate of origin~~ shall not prevent the home from  
5 being assessed and taxed as real property. It is the duty of  
6 each township assessor, if any, and each Supervisor of  
7 Assessments or county assessor if there is no township  
8 assessor, or the county assessor in those counties in which a  
9 county assessor is elected pursuant to Section 3-45 of the  
10 Property Tax Code, to require timely filing of a properly  
11 completed registration for each mobile home or manufactured  
12 home located in a mobile home park in his or her township or  
13 county, as the case may be. Any person furnishing  
14 misinformation for purposes of registration or failing to  
15 record file a required registration is guilty of a Class A  
16 misdemeanor. This Section applies only when the tax permitted  
17 by Section 3 has been imposed on mobile homes and manufactured  
18 homes located inside mobile home parks.

19 (Source: P.A. 96-1477, eff. 1-1-11.)

20 Section 10-25. The Illinois Banking Act is amended by  
21 changing Sections 3, 5a, 5d, and 6.1 as follows:

22 (205 ILCS 5/3) (from Ch. 17, par. 309)

23 Sec. 3. Formation and primary powers. It shall be lawful to  
24 form banks, as herein provided, for the purpose of discount and



1 deposit, buying and selling exchange and doing a general  
2 banking business, excepting the issuing of bills to circulate  
3 as money; and such banks shall have the power to loan money on  
4 personal and real estate security, and to accept and execute  
5 trusts upon obtaining a certificate of authority pursuant to  
6 the "Corporate Fiduciary Act", and shall be subject to all of  
7 the provisions of this Act. For purposes of this Section, "real  
8 estate" includes a manufactured home as defined in subdivision  
9 (53) of Section 9-102 of the Uniform Commercial Code that is  
10 real property as defined in Section 5-35 of the Conveyance and  
11 Encumbrance of Manufactured Homes as Real Property and  
12 Severance Act.

13 (Source: P.A. 85-1402.)

14 (205 ILCS 5/5a) (from Ch. 17, par. 312)

15 Sec. 5a. Reverse mortgage loans. Notwithstanding any other  
16 provision of this Act, a bank may engage in making "reverse  
17 mortgage" loans.

18 For purposes of this Section, a "reverse mortgage" loan  
19 shall be a loan extended on the basis of existing equity in  
20 homestead property. A bank, in making a "reverse mortgage"  
21 loan, may add deferred interest to principal or otherwise  
22 provide for the charging of interest or premium on the deferred  
23 interest.

24 The loans shall be repaid upon sale of the property or upon  
25 the death of the owner or, if the property is in joint tenancy,

1 upon the death of the last surviving joint tenant who had an  
2 interest in the property at the time the loan was initiated.

3 "Homestead" property, for purposes of this Section, means  
4 the domicile and contiguous real estate owned and occupied by  
5 the mortgagor. For purposes of this Section, "homestead"  
6 includes a manufactured home as defined in subdivision (53) of  
7 Section 9-102 of the Uniform Commercial Code, used as the  
8 domicile, that is real property, as defined in Section 5-35 of  
9 the Conveyance and Encumbrance of Manufactured Homes as Real  
10 Property and Severance Act, and is owned and occupied by the  
11 mortgagor.

12 The Commissioner of Banks and Real Estate shall prescribe  
13 rules governing this Section and Section 1-6a of the Illinois  
14 Savings and Loan Act of 1985.

15 (Source: P.A. 88-643, eff. 1-1-95; 89-508, eff. 7-3-96.)

16 (205 ILCS 5/5d) (from Ch. 17, par. 312.3)

17 Sec. 5d. Notwithstanding any other provision of this Act, a  
18 bank may engage in making revolving credit loans secured by  
19 mortgages or deeds of trust on real property or by security  
20 assignments of beneficial interests in land trusts.

21 For purposes of this Section, "revolving credit", has the  
22 meaning defined in Section 4.1 of "An Act in relation to the  
23 rate of interest and other charges in connection with sales on  
24 credit and the lending of money", approved May 24, 1879, as  
25 amended.

1 Any mortgage or deed of trust given to secure a revolving  
2 credit loan may, and when so expressed therein shall, secure  
3 not only the existing indebtedness, but also such future  
4 advances, whether such advances are obligatory or to be made at  
5 the option of the lender, or otherwise, as are made within  
6 twenty years from the date thereof, to the same extent as if  
7 such future advances were made on the date of the execution of  
8 such mortgage or deed of trust, although there may be no  
9 advance made at the time of execution of such mortgage or other  
10 instrument, and although there may be no indebtedness  
11 outstanding at the time any advance is made. The lien of such  
12 mortgage or deed of trust, as to third persons without actual  
13 notice thereof, shall be valid as to all such indebtedness and  
14 future advances from the time said mortgage or deed of trust is  
15 filed for record in the office of the Recorder of Deeds or the  
16 Registrar of Titles of the county where the real property  
17 described therein is located. The total amount of indebtedness  
18 that may be so secured may increase or decrease from time to  
19 time, but the total unpaid balance so secured at any one time  
20 shall not exceed a maximum principal amount which must be  
21 specified in such mortgage or deed of trust, plus interest  
22 thereon, and any disbursements made for the payment of taxes,  
23 special assessments, or insurance on said real property, with  
24 interest on such disbursements.

25 Any such mortgage or deed of trust shall be valid and have  
26 priority over all subsequent liens and encumbrances, including

1 statutory liens, except taxes and assessments levied on said  
2 real property.

3 For purposes of this Section, "real property" includes a  
4 manufactured home as defined in subdivision (53) of Section  
5 9-102 of the Uniform Commercial Code, that is real property as  
6 defined in Section 5-35 of the Conveyance and Encumbrance of  
7 Manufactured Homes as Real Property and Severance Act.

8 (Source: P.A. 83-1539; 83-1380.)

9 (205 ILCS 5/6.1) (from Ch. 17, par. 313.1)

10 Sec. 6.1. Non-recourse reverse mortgage loans.

11 (a) It is the intent of this amendatory Act of 1991 that  
12 homeowners at least 62 years of age be permitted to meet their  
13 financial needs by accessing the equity in their homes through  
14 a reverse mortgage. The General Assembly recognizes that many  
15 restrictions and requirements that exist to govern traditional  
16 mortgage transactions are inapplicable in the context of  
17 reverse mortgages. In order to foster reverse mortgage  
18 transactions and better serve the citizens of this State, this  
19 Section authorizes the making of reverse mortgages, and  
20 expressly relieves reverse mortgage lenders and borrowers from  
21 compliance with inappropriate requirements.

22 As used in this Section, "borrower" means any homeowner who  
23 is, or whose spouse is, at least 62 years of age.

24 For purposes of this Section, "real property" includes a  
25 manufactured home as defined in subdivision (53) of Section

1 9-102 of the Uniform Commercial Code which is real property as  
2 defined in Section 5-35 of the Conveyance and Encumbrance of  
3 Manufactured Homes as Real Property and Severance Act.

4 As used in this Section, "reverse mortgage" means a  
5 non-recourse loan, secured by real property, that complies with  
6 all of the following:

7 (1) Provides cash advances to a borrower based on the  
8 equity in a borrower's owner-occupied principal residence,  
9 provided that it is a residence designed to be occupied by  
10 not more than 4 families.

11 (2) Requires no payment of principal or interest until  
12 the entire loan becomes due and payable.

13 (b) Reverse mortgage loans shall be subject only to all of  
14 the following provisions:

15 (1) Payment, in whole or in part, shall be permitted  
16 without penalty at any time during the term of the  
17 mortgage.

18 (2) A reverse mortgage may provide for an interest rate  
19 that is fixed or adjustable and may provide for interest  
20 that is contingent on appreciation in the value of the  
21 property.

22 (3) If a reverse mortgage provides for periodic  
23 advances to a borrower, the advances may not be reduced in  
24 amount or number based on any adjustment in the interest  
25 rate.

26 (4) A reverse mortgage may be subject to any additional

1 terms and conditions imposed by a lender that are required  
2 under the provisions of the federal Housing and Community  
3 Development Act of 1987 to enable the lender to obtain  
4 federal government insurance on the mortgage if the loans  
5 are to be insured under that Act.

6 (c) The repayment obligation under a reverse mortgage is  
7 subject to all of the following:

8 (1) Temporary absences from the home not exceeding 60  
9 consecutive days shall not cause the mortgage to become due  
10 and payable.

11 (2) Temporary absences from the home exceeding 60 days,  
12 but not exceeding one year shall not cause the mortgage to  
13 become due and payable, provided that the borrower has  
14 taken action that secures the home in a manner satisfactory  
15 to the lender.

16 (3) The lender must disclose any interest or other fees  
17 to be charged during the period that commences on the date  
18 the mortgage becomes due and payable and ends when  
19 repayment in full is made in accordance with applicable  
20 State and federal laws, rules, and regulations.

21 (d) A reverse mortgage shall become due and payable upon  
22 the occurrence of any of the following events:

23 (1) The real property securing the loan is sold.

24 (2) All borrowers cease to occupy the home as a  
25 principal residence.

26 (3) A fixed maturity date agreed to by the lender and

1 the borrower is reached.

2 (4) An event that is specified in the loan documents  
3 and that jeopardizes the lender's security occurs.

4 (e) No reverse mortgage commitment may be made by a lender  
5 unless the loan applicant attests, in writing, that the  
6 applicant has received from the lender, at the time of initial  
7 inquiry, a statement prepared by the Department on Aging  
8 regarding the advisability and availability of independent  
9 information and counseling services on reverse mortgages.

10 (Source: P.A. 87-488.)

11 Section 10-30. The Illinois Savings and Loan Act of 1985 is  
12 amended by changing Sections 1-10.30 and 5-2 as follows:

13 (205 ILCS 105/1-10.30) (from Ch. 17, par. 3301-10.30)

14 Sec. 1-10.30. "Real property": the interests, benefits,  
15 and rights inherent in the ownership of the physical real  
16 estate. It is the rights with which the ownership of real  
17 estate is endowed. "Real property" includes a manufactured home  
18 as defined in subdivision (53) of Section 9-102 of the Uniform  
19 Commercial Code that is real property as defined in Section  
20 5-35 of the Conveyance and Encumbrance of Manufactured Homes as  
21 Real Property and Severance Act. For purposes of this Act, the  
22 term "Real Estate" is synonymous with "Real Property".

23 (Source: P.A. 84-543.)

1 (205 ILCS 105/5-2) (from Ch. 17, par. 3305-2)

2 Sec. 5-2. Investment in loans. An association may loan  
3 funds to members as follows:

4 (a) On the security of withdrawable capital accounts, but  
5 no such loan shall exceed the withdrawal value of the pledged  
6 account;

7 (b) On the security of real estate:

8 (1) Of a value, determined in accordance with Section 5-12  
9 of this Act, sufficient to provide good and ample security for  
10 the loan;

11 (2) With a fee simple title or a leasehold title of not  
12 less duration than 10 years beyond the maturity of the loan;

13 (3) With the title established by such evidence of title as  
14 is consistent with sound lending practices in the locality;

15 (4) With the security interest in such real estate  
16 evidenced by an appropriate written instrument and the loan  
17 evidenced by a note, bond or similar written instrument. A loan  
18 on the security of the whole of the beneficial interest in a  
19 land trust satisfies the requirements of this paragraph if the  
20 title to the land is held by a corporate trustee and if the  
21 real estate held in the land trust meets the other requirements  
22 of this subsection; and

23 (5) With a mortgage loan not to exceed 40 years;

24 (c) For the purpose of repair, improvement,  
25 rehabilitation, furnishing or equipment of real estate or any  
26 other purpose;



1           (d) For the purpose of financing or refinancing an existing  
2 ownership interest in certificates of stock, certificates of  
3 beneficial interest or other evidence of an ownership interest  
4 in, and a proprietary lease from, a corporation, trust or  
5 partnership formed for the purpose of the cooperative ownership  
6 of real estate, secured by the assignment or transfer of such  
7 certificates or other evidence of ownership of the borrower;

8           (e) Through the purchase of loans which at the time of  
9 purchase the association could make in accordance with this  
10 Section and the by-laws;

11           (f) Through the purchase of installment contracts for the  
12 sale of real estate, and title thereto which is subject to such  
13 contracts, but in each instance only if the association at the  
14 time of purchase could make a mortgage loan of the same amount  
15 and for the same length of time on the security of such real  
16 estate;

17           (g) Through loans guaranteed or insured, wholly or in part  
18 by the United States or any of its instrumentalities, and  
19 without regard to the limits in amount and terms otherwise  
20 imposed by this Article;

21           (h) Through secured or unsecured loans for business,  
22 corporate, personal, family, or household purposes, or for  
23 secured or unsecured loans for agricultural or commercial  
24 purposes to the same extent that such agricultural or  
25 commercial loans are authorized by federal law for any savings  
26 and loan association organized under federal law and authorized

1 to do business in this State, except that loans to service  
2 corporations shall not be subject to the limitations of this  
3 paragraph;

4 (i) For the purpose of manufactured ~~mobile~~ home financing  
5 subject, however, to the regulation of the Commissioner; as  
6 used in this Section, "manufactured home" means a manufactured  
7 home as defined in subdivision (53) of Section 9-102 of the  
8 Uniform Commercial Code;

9 (j) Through loans to its members secured by the cash  
10 surrender value of any life insurance policy or any collateral  
11 which would be a legal investment if made by such association  
12 pursuant to the terms of this Act; and

13 (k) Any provision of this Act to the contrary  
14 notwithstanding, any association may make any loan to its  
15 members or investment which such association could make if it  
16 were incorporated and operating as an association organized  
17 under the laws of the United States.

18 (Source: P.A. 86-137.)

19 Section 10-35. The Savings Bank Act is amended by changing  
20 Sections 6002 and 6008 as follows:

21 (205 ILCS 205/6002) (from Ch. 17, par. 7306-2)

22 Sec. 6002. Investment in loans.

23 (a) Subject to the regulations of the Commissioner, a  
24 savings bank may loan funds as follows:

1           (1) On the security of deposit accounts, but no such loan  
2 shall exceed the withdrawal value of the pledged account.

3           (2) On the security of real estate:

4               (A) of a value, determined in accordance with this Act,  
5 sufficient to provide good and ample security for the loan;

6               (B) with a fee simple title or a leasehold title;

7               (C) with the title established by evidence of title as  
8 is consistent with sound lending practices in the locality;

9               (D) with the security interest in the real estate  
10 evidenced by an appropriate written instrument and the loan  
11 evidenced by a note, bond, or similar written instrument; a  
12 loan on the security of the whole of the beneficial  
13 interest in a land trust satisfies the requirements of this  
14 paragraph if the title to the land is held by a corporate  
15 trustee and if the real estate held in the land trust meets  
16 the other requirements of this subsection;

17               (E) with a mortgage loan not to exceed 40 years.

18           (3) For the purpose of repair, improvement,  
19 rehabilitation, furnishing, or equipment of real estate.

20           (4) For the purpose of financing or refinancing an existing  
21 ownership interest in certificates of stock, certificates of  
22 beneficial interest, other evidence of an ownership interest  
23 in, or a proprietary lease from a corporation, trust, or  
24 partnership formed for the purpose of the cooperative ownership  
25 of real estate, secured by the assignment or transfer of  
26 certificates or other evidence of ownership of the borrower.

1 (5) Through the purchase of loans that, at the time of  
2 purchase, the savings bank could make in accordance with this  
3 Section and the bylaws.

4 (6) Through the purchase of installment contracts for the  
5 sale of real estate and title thereto that is subject to the  
6 contracts, but in each instance only if the savings bank, at  
7 the time of purchase, could make a mortgage loan of the same  
8 amount and for the same length of time on the security of the  
9 real estate.

10 (7) Through loans guaranteed or insured, wholly or in part,  
11 by the United States or any of its instrumentalities.

12 (8) Subject to regulations adopted by the Commissioner,  
13 through secured or unsecured loans for business, corporate,  
14 commercial, or agricultural purposes; provided that the total  
15 of all loans granted under this paragraph shall not exceed 15%  
16 of the savings bank's total assets unless a greater amount is  
17 authorized in writing by the Commissioner.

18 (9) For the purpose of manufactured ~~mobile~~ home financing  
19 subject, however, to the regulation of the Commissioner. As  
20 used in this Section, "manufactured home" means a manufactured  
21 home as defined in subdivision (53) of Section 9-102 of the  
22 Uniform Commercial Code.

23 (10) Through loans secured by the cash surrender value of  
24 any life insurance policy or any collateral that would be a  
25 legal investment under the terms of this Act if made by the  
26 savings bank.

1           (11) Any provision of this Act or any other law, except for  
2 paragraph (18) of Section 6003, to the contrary  
3 notwithstanding, but subject to the Financial Institutions  
4 Insurance Sales Law and subject to the Commissioner's  
5 regulations, any savings bank may make any loan or investment  
6 or engage in any activity that it could make or engage in if it  
7 were organized under State law as a savings and loan  
8 association or under federal law as a federal savings and loan  
9 association or federal savings bank.

10           (12) A savings bank may issue letters of credit or other  
11 similar arrangements only as provided for by regulation of the  
12 Commissioner with regard to aggregate amounts permitted, take  
13 out commitments for stand-by letters of credit, underlying  
14 documentation and underwriting, legal limitations on loans of  
15 the savings bank, control and subsidiary records, and other  
16 procedures deemed necessary by the Commissioner.

17           (13) For the purpose of automobile financing, subject to  
18 the regulation of the Commissioner.

19           (14) For the purpose of financing primary, secondary,  
20 undergraduate, or postgraduate education.

21           (15) Through revolving lines of credit on the security of a  
22 first or junior lien on the borrower's personal residence,  
23 based primarily on the borrower's equity, the proceeds of which  
24 may be used for any purpose; those loans being commonly  
25 referred to as home equity loans.

26           (16) As secured or unsecured credit to cover the payment of

1 checks, drafts, or other funds transfer orders in excess of the  
2 available balance of an account on which they are drawn,  
3 subject to the regulations of the Commissioner.

4 (b) For purposes of this Section, "real estate" includes a  
5 manufactured home as defined in subdivision (53) of Section  
6 9-102 of the Uniform Commercial Code which is real property as  
7 defined in Section 5-35 of the Conveyance and Encumbrance of  
8 Manufactured Homes as Real Property and Severance Act.

9 (Source: P.A. 90-301, eff. 8-1-97; 91-97, eff. 7-9-99.)

10 (205 ILCS 205/6008) (from Ch. 17, par. 7306-8)

11 Sec. 6008. Purchase of real estate at forced sale. A  
12 savings bank may purchase at any sheriff's or other judicial  
13 sale, either public or private, any real estate upon which the  
14 savings bank has any mortgage, lien or other encumbrance, or in  
15 which the savings bank has any other interest. The savings bank  
16 thereafter may repair, insure, improve, sell, convey, lease,  
17 preserve, mortgage, exchange, or otherwise dispose of real  
18 estate so acquired in the best interests of the savings bank.  
19 For purposes of this Section, "real estate" includes a  
20 manufactured home as defined in subdivision (53) of Section  
21 9-102 of the Uniform Commercial Code which is real property as  
22 defined in Section 5-35 of the Conveyance and Encumbrance of  
23 Manufactured Homes as Real Property and Severance Act.

24 (Source: P.A. 86-1213.)

1           Section 10-40. The Illinois Credit Union Act is amended by  
2 changing Sections 46 and 46.1 as follows:

3           (205 ILCS 305/46) (from Ch. 17, par. 4447)

4           Sec. 46. Loans and interest rate.

5           (1) A credit union may make loans to its members for such  
6 purpose and upon such security and terms, including rates of  
7 interest, as the credit committee, credit manager, or loan  
8 officer approves. Notwithstanding the provisions of any other  
9 law in connection with extensions of credit, a credit union may  
10 elect to contract for and receive interest and fees and other  
11 charges for extensions of credit subject only to the provisions  
12 of this Act and rules promulgated under this Act, except that  
13 extensions of credit secured by residential real estate shall  
14 be subject to the laws applicable thereto. The rates of  
15 interest to be charged on loans to members shall be set by the  
16 board of directors of each individual credit union in  
17 accordance with Section 30 of this Act and such rates may be  
18 less than, but may not exceed, the maximum rate set forth in  
19 this Section. A borrower may repay his loan prior to maturity,  
20 in whole or in part, without penalty. The credit contract may  
21 provide for the payment by the member and receipt by the credit  
22 union of all costs and disbursements, including reasonable  
23 attorney's fees and collection agency charges, incurred by the  
24 credit union to collect or enforce the debt in the event of a  
25 delinquency by the member, or in the event of a breach of any

1 obligation of the member under the credit contract. A  
2 contingency or hourly arrangement established under an  
3 agreement entered into by a credit union with an attorney or  
4 collection agency to collect a loan of a member in default  
5 shall be presumed prima facie reasonable.

6 (2) Credit unions may make loans based upon the security of  
7 any interest or equity in real estate, subject to rules and  
8 regulations promulgated by the Secretary. In any contract or  
9 loan which is secured by a mortgage, deed of trust, or  
10 conveyance in the nature of a mortgage, on residential real  
11 estate, the interest which is computed, calculated, charged, or  
12 collected pursuant to such contract or loan, or pursuant to any  
13 regulation or rule promulgated pursuant to this Act, may not be  
14 computed, calculated, charged or collected for any period of  
15 time occurring after the date on which the total indebtedness,  
16 with the exception of late payment penalties, is paid in full.

17 For purposes of this subsection (2) of this Section 46, a  
18 prepayment shall mean the payment of the total indebtedness,  
19 with the exception of late payment penalties if incurred or  
20 charged, on any date before the date specified in the contract  
21 or loan agreement on which the total indebtedness shall be paid  
22 in full, or before the date on which all payments, if timely  
23 made, shall have been made. In the event of a prepayment of the  
24 indebtedness which is made on a date after the date on which  
25 interest on the indebtedness was last computed, calculated,  
26 charged, or collected but before the next date on which



1 interest on the indebtedness was to be calculated, computed,  
2 charged, or collected, the lender may calculate, charge and  
3 collect interest on the indebtedness for the period which  
4 elapsed between the date on which the prepayment is made and  
5 the date on which interest on the indebtedness was last  
6 computed, calculated, charged or collected at a rate equal to  
7 1/360 of the annual rate for each day which so elapsed, which  
8 rate shall be applied to the indebtedness outstanding as of the  
9 date of prepayment. The lender shall refund to the borrower any  
10 interest charged or collected which exceeds that which the  
11 lender may charge or collect pursuant to the preceding  
12 sentence. The provisions of this amendatory Act of 1985 shall  
13 apply only to contracts or loans entered into on or after the  
14 effective date of this amendatory Act.

15 (3) Notwithstanding any other provision of this Act, a  
16 credit union authorized under this Act to make loans secured by  
17 an interest or equity in real estate may engage in making  
18 "reverse mortgage" loans to persons for the purpose of making  
19 home improvements or repairs, paying insurance premiums or  
20 paying real estate taxes on the homestead properties of such  
21 persons. If made, such loans shall be made on such terms and  
22 conditions as the credit union shall determine and as shall be  
23 consistent with the provisions of this Section and such rules  
24 and regulations as the Secretary shall promulgate hereunder.  
25 For purposes of this Section, a "reverse mortgage" loan shall  
26 be a loan extended on the basis of existing equity in homestead

1 property and secured by a mortgage on such property. Such loans  
2 shall be repaid upon the sale of the property or upon the death  
3 of the owner or, if the property is in joint tenancy, upon the  
4 death of the last surviving joint tenant who had such an  
5 interest in the property at the time the loan was initiated,  
6 provided, however, that the credit union and its member may by  
7 mutual agreement, establish other repayment terms. A credit  
8 union, in making a "reverse mortgage" loan, may add deferred  
9 interest to principal or otherwise provide for the charging of  
10 interest or premiums on such deferred interest. "Homestead"  
11 property, for purposes of this Section, means the domicile and  
12 contiguous real estate owned and occupied by the mortgagor.

13 (4) Notwithstanding any other provisions of this Act, a  
14 credit union authorized under this Act to make loans secured by  
15 an interest or equity in real property may engage in making  
16 revolving credit loans secured by mortgages or deeds of trust  
17 on such real property or by security assignments of beneficial  
18 interests in land trusts.

19 For purposes of this Section, "revolving credit" has the  
20 meaning defined in Section 4.1 of the Interest Act.

21 Any mortgage or deed of trust given to secure a revolving  
22 credit loan may, and when so expressed therein shall, secure  
23 not only the existing indebtedness but also such future  
24 advances, whether such advances are obligatory or to be made at  
25 the option of the lender, or otherwise, as are made within  
26 twenty years from the date thereof, to the same extent as if

1 such future advances were made on the date of the execution of  
2 such mortgage or deed of trust, although there may be no  
3 advance made at the time of execution of such mortgage or other  
4 instrument, and although there may be no indebtedness  
5 outstanding at the time any advance is made. The lien of such  
6 mortgage or deed of trust, as to third persons without actual  
7 notice thereof, shall be valid as to all such indebtedness and  
8 future advances from the time said mortgage or deed of trust is  
9 filed for record in the office of the recorder of deeds or the  
10 registrar of titles of the county where the real property  
11 described therein is located. The total amount of indebtedness  
12 that may be so secured may increase or decrease from time to  
13 time, but the total unpaid balance so secured at any one time  
14 shall not exceed a maximum principal amount which must be  
15 specified in such mortgage or deed of trust, plus interest  
16 thereon, and any disbursements made for the payment of taxes,  
17 special assessments, or insurance on said real property, with  
18 interest on such disbursements.

19 Any such mortgage or deed of trust shall be valid and have  
20 priority over all subsequent liens and encumbrances, including  
21 statutory liens, except taxes and assessments levied on said  
22 real property.

23 (4-5) For purposes of this Section, "real estate" and "real  
24 property" include a manufactured home as defined in subdivision  
25 (53) of Section 9-102 of the Uniform Commercial Code which is  
26 real property as defined in Section 5-35 of the Conveyance and

1 Encumbrance of Manufactured Homes as Real Property and  
2 Severance Act.

3 (5) Compliance with federal or Illinois preemptive laws or  
4 regulations governing loans made by a credit union chartered  
5 under this Act shall constitute compliance with this Act.

6 (6) Credit unions may make residential real estate mortgage  
7 loans on terms and conditions established by the United States  
8 Department of Agriculture through its Rural Development  
9 Housing and Community Facilities Program. The portion of any  
10 loan in excess of the appraised value of the real estate shall  
11 be allocable only to the guarantee fee required under the  
12 program.

13 (Source: P.A. 96-141, eff. 8-7-09; 97-133, eff. 1-1-12.)

14 (205 ILCS 305/46.1) (from Ch. 17, par. 4447.1)

15 Sec. 46.1. Non-recourse reverse mortgage loans. Any credit  
16 union authorized under this Act to make loans secured by an  
17 interest or equity in real estate may make non-recourse reverse  
18 mortgage loans as provided in Section 6.1 of the Illinois  
19 Banking Act.

20 For purposes of this Section, "real estate" includes a  
21 manufactured home as defined in subdivision (53) of Section  
22 9-102 of the Uniform Commercial Code that is real property as  
23 defined in Section 5-35 of the Conveyance and Encumbrance of  
24 Manufactured Homes as Real Property and Severance Act.

25 (Source: P.A. 87-488.)

1           Section 10-45. The Residential Mortgage License Act of 1987  
2 is amended by changing Section 1-4 as follows:

3           (205 ILCS 635/1-4)

4           Sec. 1-4. Definitions.

5           (a) "Residential real property" or "residential real  
6 estate" shall mean any real property located in Illinois, upon  
7 which is constructed or intended to be constructed a dwelling.  
8 Those terms include a manufactured home as defined in  
9 subdivision (53) of Section 9-102 of the Uniform Commercial  
10 Code which is real property as defined in Section 5-35 of the  
11 Conveyance and Encumbrance of Manufactured Homes as Real  
12 Property and Severance Act.

13           (b) "Making a residential mortgage loan" or "funding a  
14 residential mortgage loan" shall mean for compensation or gain,  
15 either directly or indirectly, advancing funds or making a  
16 commitment to advance funds to a loan applicant for a  
17 residential mortgage loan.

18           (c) "Soliciting, processing, placing, or negotiating a  
19 residential mortgage loan" shall mean for compensation or gain,  
20 either directly or indirectly, accepting or offering to accept  
21 an application for a residential mortgage loan, assisting or  
22 offering to assist in the processing of an application for a  
23 residential mortgage loan on behalf of a borrower, or  
24 negotiating or offering to negotiate the terms or conditions of

1 a residential mortgage loan with a lender on behalf of a  
2 borrower including, but not limited to, the submission of  
3 credit packages for the approval of lenders, the preparation of  
4 residential mortgage loan closing documents, including a  
5 closing in the name of a broker.

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

7 (1) (i) Any banking organization or foreign banking  
8 corporation licensed by the Illinois Commissioner of Banks  
9 and Real Estate or the United States Comptroller of the  
10 Currency to transact business in this State; (ii) any  
11 national bank, federally chartered savings and loan  
12 association, federal savings bank, federal credit union;  
13 (iii) any pension trust, bank trust, or bank trust company;  
14 (iv) any bank, savings and loan association, savings bank,  
15 or credit union organized under the laws of this or any  
16 other state; (v) any Illinois Consumer Installment Loan Act  
17 licensee; (vi) any insurance company authorized to  
18 transact business in this State; (vii) any entity engaged  
19 solely in commercial mortgage lending; (viii) any service  
20 corporation of a savings and loan association or savings  
21 bank organized under the laws of this State or the service  
22 corporation of a federally chartered savings and loan  
23 association or savings bank having its principal place of  
24 business in this State, other than a service corporation  
25 licensed or entitled to reciprocity under the Real Estate  
26 License Act of 2000; or (ix) any first tier subsidiary of a

1 bank, the charter of which is issued under the Illinois  
2 Banking Act by the Illinois Commissioner of Banks and Real  
3 Estate, or the first tier subsidiary of a bank chartered by  
4 the United States Comptroller of the Currency and that has  
5 its principal place of business in this State, provided  
6 that the first tier subsidiary is regularly examined by the  
7 Illinois Commissioner of Banks and Real Estate or the  
8 Comptroller of the Currency, or a consumer compliance  
9 examination is regularly conducted by the Federal Reserve  
10 Board.

11 (1.5) Any employee of a person or entity mentioned in  
12 item (1) of this subsection, when acting for such person or  
13 entity, or any registered mortgage loan originator when  
14 acting for an entity described in subsection (tt) of this  
15 Section.

16 (1.8) Any person or entity that does not originate  
17 mortgage loans in the ordinary course of business, but  
18 makes or acquires residential mortgage loans with his or  
19 her own funds for his or her or its own investment without  
20 intent to make, acquire, or resell more than 3 residential  
21 mortgage loans in any one calendar year.

22 (2) (Blank).

23 (3) Any person employed by a licensee to assist in the  
24 performance of the residential mortgage licensee's  
25 activities regulated by this Act who is compensated in any  
26 manner by only one licensee.

1 (4) (Blank).

2 (5) Any individual, corporation, partnership, or other  
3 entity that originates, services, or brokers residential  
4 mortgage loans, as these activities are defined in this  
5 Act, and who or which receives no compensation for those  
6 activities, subject to the Commissioner's regulations and  
7 the federal Secure and Fair Enforcement for Mortgage  
8 Licensing Act of 2008 and the rules promulgated under that  
9 Act with regard to the nature and amount of compensation.

10 (6) (Blank).

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

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

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

25 (h) "Ultimate equitable owner" shall mean a person who,  
26 directly or indirectly, owns or controls an ownership interest



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

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

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

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

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

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

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

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

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

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

25 (p) "Loan broker" or "broker" shall mean a person,  
26 partnership, association, corporation, or limited liability

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

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

20 (r) "Full service office" shall mean an office, provided by  
21 the licensee and not subleased from the licensee's employees,  
22 and staff in Illinois reasonably adequate to handle efficiently  
23 communications, questions, and other matters relating to any  
24 application for, or an existing home mortgage secured by  
25 residential real estate situated in Illinois with respect to  
26 which the licensee is brokering, funding originating,

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

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

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

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

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

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

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

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

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

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

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

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

24           (bb) "Escrow agent" shall mean a third party, individual or  
25 entity charged with the fiduciary obligation for holding escrow  
26 funds on a residential mortgage loan pending final payout of

1 those funds in accordance with the terms of the residential  
2 mortgage loan.

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

5 (dd) "Affiliate" shall mean:

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

10 (2) any entity:

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

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

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

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

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

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

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

24 (hh) "Loan originator" means any natural person who, for  
25 compensation or in the expectation of compensation, either  
26 directly or indirectly makes, offers to make, solicits, places,

1 or negotiates a residential mortgage loan. This definition  
2 applies only to Section 7-1 of this Act.

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" includes an individual engaged  
25 in loan modification activities as defined in subsection (yy)  
26 of this Section. A mortgage loan originator engaged in loan



1 modification activities shall report those activities to the  
2 Department of Financial and Professional Regulation in the  
3 manner provided by the Department; however, the Department  
4 shall not impose a fee for reporting, nor require any  
5 additional qualifications to engage in those activities beyond  
6 those provided pursuant to this Act for mortgage loan  
7 originators.

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

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

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

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

26 (ll) "Dwelling" means a residential structure or mobile

1 home which contains one to 4 family housing units, or  
2 individual units of condominiums or cooperatives.

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

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

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

14 (i) the receipt, collection, distribution, and  
15 analysis of information common for the processing or  
16 underwriting of a residential mortgage loan; and

17 (ii) communicating with a consumer to obtain the  
18 information necessary for the processing or underwriting  
19 of a loan, to the extent that the communication does not  
20 include offering or negotiating loan rates or terms, or  
21 counseling consumers about residential mortgage loan rates  
22 or terms. An individual engaging solely in loan processor  
23 or underwriter activities shall not represent to the  
24 public, through advertising or other means of  
25 communicating or providing information, including the use  
26 of business cards, stationery, brochures, signs, rate

1 lists, or other promotional items, that the individual can  
2 or will perform any of the activities of a mortgage loan  
3 originator.

4 (pp) "Nationwide Mortgage Licensing System and Registry"  
5 means a mortgage licensing system developed and maintained by  
6 the Conference of State Bank Supervisors and the American  
7 Association of Residential Mortgage Regulators for the  
8 licensing and registration of licensed mortgage loan  
9 originators.

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

12 (rr) "Person" means a natural person, corporation,  
13 company, limited liability company, partnership, or  
14 association.

15 (ss) "Real estate brokerage activity" means any activity  
16 that involves offering or providing real estate brokerage  
17 services to the public, including:

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

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

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

26 (4) engaging in any activity for which a person engaged

1 in the activity is required to be registered or licensed as  
2 a real estate agent or real estate broker under any  
3 applicable law; or

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

6 (tt) "Registered mortgage loan originator" means any  
7 individual that:

8 (1) meets the definition of mortgage loan originator  
9 and is an employee of:

10 (A) a depository institution;

11 (B) a subsidiary that is:

12 (i) owned and controlled by a depository  
13 institution; and

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

15 (C) an institution regulated by the Farm Credit  
16 Administration; and

17 (2) is registered with, and maintains a unique  
18 identifier through, the Nationwide Mortgage Licensing  
19 System and Registry.

20 (uu) "Unique identifier" means a number or other identifier  
21 assigned by protocols established by the Nationwide Mortgage  
22 Licensing System and Registry.

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

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

1           (xx) "Secretary" means the Secretary of the Department of  
2 Financial and Professional Regulation, or a person authorized  
3 by the Secretary or by this Act to act in the Secretary's  
4 stead.

5           (yy) "Loan modification" means, for compensation or gain,  
6 either directly or indirectly offering or negotiating on behalf  
7 of a borrower or homeowner to adjust the terms of a residential  
8 mortgage loan in a manner not provided for in the original or  
9 previously modified mortgage loan.

10          (zz) "Short sale facilitation" means, for compensation or  
11 gain, either directly or indirectly offering or negotiating on  
12 behalf of a borrower or homeowner to facilitate the sale of  
13 residential real estate subject to one or more residential  
14 mortgage loans or debts constituting liens on the property in  
15 which the proceeds from selling the residential real estate  
16 will fall short of the amount owed and the lien holders are  
17 contacted to agree to release their lien on the residential  
18 real estate and accept less than the full amount owed on the  
19 debt.

20          (Source: P.A. 96-112, eff. 7-31-09; 96-1000, eff. 7-2-10;  
21 96-1216, eff. 1-1-11; 97-143, eff. 7-14-11; 97-891, eff.  
22 8-3-12.)

23           Section 10-50. The Mobile Home Park Act is amended by  
24 changing Section 2.1 as follows:

1 (210 ILCS 115/2.1) (from Ch. 111 1/2, par. 712.1)

2 Sec. 2.1. "Manufactured home" means a factory-assembled,  
3 completely integrated structure designed for permanent  
4 habitation, with a permanent chassis, and so constructed as to  
5 permit its transport, on wheels temporarily or permanently  
6 attached to its frame, and is a movable or portable unit that  
7 is (i) 8 body feet or more in width, (ii) 40 body feet or more  
8 in length, and (iii) 320 or more square feet, constructed to be  
9 towed on its own chassis (comprised of frame and wheels) from  
10 the place of its construction to the location, or subsequent  
11 locations, at which it is ~~installed and set up according to the~~  
12 ~~manufacturer's instructions and~~ connected to utilities for  
13 year-round occupancy for use as a permanent habitation, and  
14 designed and situated so as to permit its occupancy as a  
15 dwelling place for one or more persons, and specifically  
16 includes a "manufactured home" as defined in subdivision (53)  
17 of Section 9-102 of the Uniform Commercial Code. The term shall  
18 include units containing parts that may be folded, collapsed,  
19 or telescoped when being towed and that may be expected to  
20 provide additional cubic capacity, and that are designed to be  
21 joined into one integral unit capable of being separated again  
22 into the components for repeated towing. The term excludes  
23 campers and recreational vehicles. The term "mobile home" shall  
24 not include modular homes and their support systems. The words  
25 "mobile home" and "manufactured home" are synonymous for the  
26 purposes of this Act.

1 (Source: P.A. 96-1477, eff. 1-1-11.)

2 Section 10-55. The Abandoned Mobile Home Act is amended by  
3 changing Section 10 as follows:

4 (210 ILCS 117/10)

5 Sec. 10. Definitions. As used in this Act:

6 "Manufactured home" means a factory-assembled, completely  
7 integrated structure designed for permanent habitation, with a  
8 permanent chassis, and so constructed as to permit its  
9 transport, on wheels temporarily or permanently attached to its  
10 frame, and is a movable or portable unit that is (i) 8 body  
11 feet or more in width, (ii) 40 body feet or more in length, and  
12 (iii) 320 or more square feet, constructed to be towed on its  
13 own chassis (comprised of frame and wheels) from the place of  
14 its construction to the location, or subsequent locations, at  
15 which it is ~~installed and set up according to the~~  
16 ~~manufacturer's instructions and~~ connected to utilities for  
17 year-round occupancy for use as a permanent habitation, and  
18 designed and situated so as to permit its occupancy as a  
19 dwelling place for one or more persons, and specifically  
20 includes a "manufactured home" as defined in subdivision (53)  
21 of Section 9-102 of the Uniform Commercial Code. The term shall  
22 include units containing parts that may be folded, collapsed,  
23 or telescoped when being towed and that may be expected to  
24 provide additional cubic capacity, and that are designed to be

1 joined into one integral unit capable of being separated again  
2 into the components for repeated towing. The term excludes  
3 campers and recreational vehicles. The words "mobile home" and  
4 "manufactured home" are synonymous for the purposes of this  
5 Act.

6 "Abandoned mobile home" means a mobile home located inside  
7 a mobile home park that has no owner currently residing in the  
8 mobile home or authorized tenant of the owner currently  
9 residing in the mobile home to the best knowledge of the  
10 municipality; has had its electricity, natural gas, sewer, and  
11 water payments declared delinquent by the utility companies  
12 that are providing such services; and for which the Mobile Home  
13 Privilege Tax, imposed under the Mobile Home Local Services Tax  
14 Act, is delinquent for at least 3 months. A mobile home  
15 abandoned outside a mobile home park must be treated like other  
16 real property for condemnation purposes.

17 "Municipality" means any city, village, incorporated town,  
18 or its duly authorized agent. If an abandoned mobile home is  
19 located in an unincorporated area, the county where the mobile  
20 home is located shall have all powers granted to a municipality  
21 under this Act.

22 (Source: P.A. 96-1477, eff. 1-1-11.)

23 Section 10-60. The Illinois Manufactured Housing and  
24 Mobile Home Safety Act is amended by changing Section 2 as  
25 follows:



1 (430 ILCS 115/2) (from Ch. 67 1/2, par. 502)

2 Sec. 2. Unless clearly indicated otherwise by the context,  
3 the following words and terms when used in this Act, for the  
4 purpose of this Act, shall have the following meanings:

5 (a) "Manufactured home" means a manufactured home as  
6 defined in subdivision (53) of Section 9-102 of the Uniform  
7 Commercial Code. "Mobile home" means a factory-assembled,  
8 completely integrated structure, constructed on or before June  
9 30, 1976, designed for permanent habitation, with a permanent  
10 chassis, and so constructed as to permit its transport, on  
11 wheels temporarily or permanently attached to its frame, that  
12 is a movable or portable unit that is constructed to be towed  
13 on its own chassis (comprised of frame and wheels) from the  
14 place of its construction to the location, or subsequent  
15 locations, at which it is connected to utilities for year-round  
16 occupancy for use as a permanent habitation, and designed and  
17 situated so as to permit its occupancy as a dwelling place for  
18 one or more persons. ~~a factory assembled, completely~~  
19 ~~integrated structure designed for permanent habitation, with a~~  
20 ~~permanent chassis, and so constructed as to permit its~~  
21 ~~transport, on wheels temporarily or permanently attached to its~~  
22 ~~frame, and is a movable or portable unit that is (i) 8 body~~  
23 ~~feet or more in width, (ii) 40 body feet or more in length, and~~  
24 ~~(iii) 320 or more square feet, constructed to be towed on its~~  
25 ~~own chassis (comprised of frame and wheels) from the place of~~

1 ~~its construction to the location, or subsequent locations, at~~  
2 ~~which it is installed and set up according to the~~  
3 ~~manufacturer's instructions and connected to utilities for~~  
4 ~~year-round occupancy for use as a permanent habitation, and~~  
5 ~~designed and situated so as to permit its occupancy as a~~  
6 ~~dwelling place for one or more persons.~~ The terms "manufactured  
7 home" and "mobile home" term shall include units otherwise  
8 meeting their respective definitions containing parts that may  
9 be folded, collapsed, or telescoped when being towed and that  
10 may be expected to provide additional cubic capacity, and that  
11 are designed to be joined into one integral unit capable of  
12 being separated again into the components for repeated towing.  
13 The terms "mobile home" and "manufactured home" exclude term  
14 ~~excludes~~ campers and recreational vehicles. The terms "mobile  
15 home" and "manufactured home" do not include modular homes or  
16 manufactured housing units.

17 (b) "Person" means a person, partnership, corporation, or  
18 other legal entity.

19 (c) "Manufacturer" means any person who manufactures  
20 mobile homes or manufactured housing at the place or places,  
21 either on or away from the building site, at which machinery,  
22 equipment and other capital goods are assembled and operated  
23 for the purpose of making, fabricating, forming or assembling  
24 mobile homes or manufactured housing.

25 (d) "Department" means the Department of Public Health.

26 (e) "Director" means the Director of the Department of

1 Public Health.

2 (f) "Dealer" means any person, other than a manufacturer,  
3 as defined in this Act, who sells 3 or more mobile homes or  
4 manufactured housing units in any consecutive 12-month period.

5 (g) "Codes" means the safety codes for manufactured housing  
6 and mobile homes promulgated by the Department. The Codes shall  
7 contain the standards and requirements for manufactured  
8 housing and mobile homes so that adequate performance for the  
9 intended use is made the test of acceptability. The Code of  
10 Standards shall permit the use of new and used technology,  
11 techniques, methods and materials, for both manufactured  
12 housing and mobile homes, consistent with recognized and  
13 accepted codes and standards developed by the International  
14 Code Council (ICC) or by the organizations that formed the ICC  
15 in 1994: Building Officials and Code Administrators, the  
16 International Conference of Building Officials, the Southern  
17 Building Codes Congress International, the National Fire  
18 Protection Association, the International Association of  
19 Plumbing and Mechanical Officials, the American National  
20 Standards Institute, the Illinois State Plumbing Code, and the  
21 United States Department of Housing and Urban Development,  
22 hereinafter referred to as "HUD", applying to manufactured  
23 housing and mobile homes installed and set up according to the  
24 manufacturer's instructions. A copy of said safety codes,  
25 including said revisions thereof is on file with the  
26 Department.

1           (h) "Seal" means a device or insignia issued by the  
2 Department to be displayed on the exterior of the mobile home  
3 or the interior of a manufactured housing unit or modular home  
4 to evidence compliance with the applicable safety code.

5           (i) "Modular home" means a building assembly or system of  
6 building sub-assemblies, designed for habitation as a dwelling  
7 for one or more persons, including the necessary electrical,  
8 plumbing, heating, ventilating and other service systems,  
9 which is of closed or open construction and which is made or  
10 assembled by a manufacturer, on or off the building site, for  
11 installation, or assembly and installation, on the building  
12 site, installed and set up according to the manufacturer's  
13 instructions on an approved foundation and support system. The  
14 construction of modular dwelling units located in Illinois is  
15 regulated by the Illinois Department of Public Health.

16           (j) "Closed construction" is any building, component,  
17 assembly or system manufactured in such a manner that all  
18 portions cannot readily be inspected at the installation site  
19 without disassembly, damage to, or destruction thereof.

20           (k) "Open construction" is any building, component,  
21 assembly or system manufactured in such a manner that all  
22 portions can be readily inspected at the installation site  
23 without disassembly, damage to, or destruction thereof.

24           (l) "Approved foundation and support system" means, for a  
25 modular home or modular dwelling unit, a closed perimeter  
26 formation consisting of materials such as concrete, mortared

1 concrete block, or mortared brick extending into the ground  
2 below the frost line which shall include, but not necessarily  
3 be limited to, cellars, basements, or crawl spaces, and does  
4 include the use of piers supporting the marriage wall of the  
5 home that extend below the frost line.

6 (m) "Code compliance certificate" means the certificate  
7 provided by the manufacturer to the Department that warrants  
8 that the manufactured housing unit or mobile home complies with  
9 the applicable code.

10 (n) "Manufactured housing", "manufactured housing unit",  
11 "modular dwelling", and "modular home" shall not be confused  
12 with "manufactured home" or "mobile home".

13 (Source: P.A. 96-1477, eff. 1-1-11.)

14 Section 10-65. The Manufactured Home Quality Assurance Act  
15 is amended by changing Section 10 as follows:

16 (430 ILCS 117/10)

17 Sec. 10. Definitions. In this Act:

18 "Department" means the Illinois Department of Public  
19 Health.

20 "Licensed installer" means a person who has successfully  
21 completed a manufactured home installation course approved by  
22 the Department and paid the required fees.

23 "Manufactured home" means a "manufactured home", as  
24 defined in subdivision (53) of Section 9-102 of the Uniform

1 Commercial Code. "Mobile home" means a factory-assembled,  
2 completely integrated structure, constructed on or before June  
3 30, 1976, designed for permanent habitation, with a permanent  
4 chassis, and so constructed as to permit its transport, on  
5 wheels temporarily or permanently attached to its frame, that  
6 is a movable or portable unit that is constructed to be towed  
7 on its own chassis (comprised of frame and wheels) from the  
8 place of its construction to the location, or subsequent  
9 locations, at which it is connected to utilities for year-round  
10 occupancy for use as a permanent habitation, and designed and  
11 situated so as to permit its occupancy as a dwelling place for  
12 one or more persons. ~~a factory-assembled, completely~~  
13 ~~integrated structure designed for permanent habitation, with a~~  
14 ~~permanent chassis, and so constructed as to permit its~~  
15 ~~transport, on wheels temporarily or permanently attached to its~~  
16 ~~frame, and is a movable or portable unit that is (i) 8 body~~  
17 ~~feet or more in width, (ii) 40 body feet or more in length, and~~  
18 ~~(iii) 320 or more square feet, constructed to be towed on its~~  
19 ~~own chassis (comprised of frame and wheels) from the place of~~  
20 ~~its construction to the location, or subsequent locations, at~~  
21 ~~which it is installed and set up according to the~~  
22 ~~manufacturer's instructions and connected to utilities for~~  
23 ~~year-round occupancy for use as a permanent habitation, and~~  
24 ~~designed and situated so as to permit its occupancy as a~~  
25 ~~dwelling place for one or more persons.~~ The terms "manufactured  
26 home" and "mobile home" term shall include units otherwise

1 meeting their respective definitions containing parts that may  
2 be folded, collapsed, or telescoped when being towed and that  
3 may be expected to provide additional cubic capacity, and that  
4 are designed to be joined into one integral unit capable of  
5 being separated again into the components for repeated towing.  
6 The terms "manufactured home" and "mobile home" exclude ~~term~~  
7 ~~excludes~~ campers and recreational vehicles.

8 "Manufacturer" means a manufacturer of a manufactured  
9 home, whether the manufacturer is located within or outside of  
10 the State of Illinois.

11 "Mobile home" or "manufactured home" does not include a  
12 modular home.

13 "Mobile home park" means a tract of land or 2 contiguous  
14 tracts of land that contain sites with the necessary utilities  
15 for 5 or more mobile homes or manufactured homes. A mobile home  
16 park may be operated either free of charge or for revenue  
17 purposes.

18 (Source: P.A. 96-1477, eff. 1-1-11.)

19 Section 10-70. The Illinois Vehicle Code is amended by  
20 changing Sections 3-100, 3-102, 3-103, 3-104, 3-106, 3-107,  
21 3-109, 3-110, 3-116, 3-202, 3-205, 3-207, and 3-208 and by  
22 adding Sections 1-144.03, 3-116.1, 3-116.2, and 3-116.3 as  
23 follows:

24 (625 ILCS 5/1-144.03 new)

1       Sec. 1-144.03. Mobile home or manufactured home. A mobile  
2       home or manufactured home means a manufactured home as defined  
3       in subdivision (53) of Section 9-102 of the Uniform Commercial  
4       Code.

5               (625 ILCS 5/3-100) (from Ch. 95 1/2, par. 3-100)

6       Sec. 3-100. Definitions. For the purposes of this Chapter,  
7       the following words shall have the meanings ascribed to them:

8       "Electronic" includes electrical, digital, magnetic,  
9       optical, electromagnetic, or any other form of technology that  
10       entails capabilities similar to these technologies.

11       "Electronic record" means a record generated,  
12       communicated, received, or stored by electronic means for use  
13       in an information system or for transmission from one  
14       information system to another.

15       "Electronic signature" means a signature in electronic  
16       form attached to or logically associated with an electronic  
17       record.

18       "Owner" means a person who holds legal document of  
19       ownership of a vehicle, limited to a certificate of origin,  
20       certificate of title, salvage certificate, or junking  
21       certificate. However, in the event a vehicle is the subject of  
22       an agreement for the conditional sale or lease thereof with the  
23       right of purchase upon performance of the conditions stated in  
24       the agreement and with an immediate right of possession vested  
25       in the conditional vendee or lessee, or in the event a



1 mortgagor of such vehicle is entitled to possession, then such  
2 conditional vendee or lessee or mortgagor shall be deemed the  
3 owner for the purpose of this Chapter, except as provided under  
4 paragraph (c) of Section 3-118.

5 "Record" means information that is inscribed, stored, or  
6 otherwise fixed on a tangible medium or that is stored in an  
7 electronic or other medium and is retrievable in perceivable  
8 form.

9 "Signature" or "signed" includes any symbol executed or  
10 adopted, or any security procedure employed or adopted, using  
11 electronic means or otherwise, by or on behalf of a person with  
12 intent to authenticate a record.

13 "Vehicle" means a vehicle as defined in Section 1-217 of  
14 this Code. Unless otherwise specified, "vehicle" also means a  
15 "manufactured home" as defined in Section 1-144.03 of this  
16 Code.

17 (Source: P.A. 91-79, eff. 1-1-00; 91-357, eff. 7-29-99; 91-772,  
18 eff. 1-1-01.)

19 (625 ILCS 5/3-102) (from Ch. 95 1/2, par. 3-102)

20 Sec. 3-102. Exclusions.

21 No certificate of title need be obtained for:

22 1. A vehicle owned by the State of Illinois; or a vehicle  
23 owned by the United States unless it is registered in this  
24 State;

25 2. A vehicle owned by a manufacturer or dealer and held for

1 sale, even though incidentally moved on the highway or used for  
2 purposes of testing or demonstration, provided a dealer  
3 reassignment area is still available on the manufacturer's  
4 certificate of origin or the Illinois title; or a vehicle used  
5 by a manufacturer solely for testing;

6 3. A vehicle owned by a non-resident of this State and not  
7 required by law to be registered in this State;

8 4. A motor vehicle regularly engaged in the interstate  
9 transportation of persons or property for which a currently  
10 effective certificate of title has been issued in another  
11 State;

12 5. A vehicle moved solely by animal power;

13 6. An implement of husbandry;

14 7. Special mobile equipment;

15 8. An apportionable trailer or an apportionable  
16 semitrailer registered in the State prior to April 1, 1998.

17 9. A manufactured home for which an affidavit of affixation  
18 has been recorded pursuant to the Conveyance and Encumbrance of  
19 Manufactured Homes as Real Property and Severance Act unless  
20 with respect to the same manufactured home there has been  
21 recorded an affidavit of severance pursuant to that Act.

22 (Source: P.A. 91-441, eff. 1-1-00.)

23 (625 ILCS 5/3-103) (from Ch. 95 1/2, par. 3-103)

24 Sec. 3-103. Optional certificate of title.

25 (a) The owner of an implement of husbandry or special

1 mobile equipment may apply for and obtain a certificate of  
2 title on it. All of the provisions of this chapter, except part  
3 (e) of Section 3-104, are applicable to a certificate of title  
4 so issued, except that a person who receives a transfer of an  
5 interest in the vehicle without knowledge of the certificate of  
6 title is not prejudiced by reason of the existence of the  
7 certificate, and the perfection of a security interest under  
8 this act is not effective until the lienholder has complied  
9 with the provisions of applicable law which otherwise relate to  
10 the perfection of security interests in personal property.

11 An application for an optional certificate of title must be  
12 accompanied by either an exemption determination from the  
13 Department of Revenue showing that no tax imposed under the  
14 "Use Tax Act" or the "Retailers' Occupation Tax Act" is owed by  
15 anyone with respect to that vehicle or by a receipt from the  
16 Department of Revenue showing that any tax so imposed has been  
17 paid. No optional certificate of title shall be issued in the  
18 absence of such a receipt or exemption determination.

19 If the proof of payment or of nonliability is, after the  
20 issuance of the optional certificate of title, found to be  
21 invalid, the Secretary of State shall revoke the optional  
22 certificate of title and require that it be returned to him.

23 (b) The owner of a manufactured home which is affixed to a  
24 permanent foundation and for which a certificate of title has  
25 not previously been issued and surrendered for cancellation may  
26 apply for a certificate of title, including, if applicable, a

1 certificate of title issued in accordance with subsection (b)  
2 of Section 3-109, which shall be issued for the sole purpose of  
3 (i) surrendering such certificate of title for cancellation in  
4 accordance with Section 3-116.2 or (ii) satisfying the  
5 requirements of subdivision (e)(4) of Section 9-334 of the  
6 Uniform Commercial Code. The Secretary of State shall issue a  
7 certificate of title, in accordance with this Chapter, upon  
8 satisfaction of the application requirements of this Code.

9 (Source: P.A. 78-1165.)

10 (625 ILCS 5/3-104) (from Ch. 95 1/2, par. 3-104)

11 Sec. 3-104. Application for certificate of title.

12 (a) The application for a certificate of title for a  
13 vehicle in this State must be made by the owner to the  
14 Secretary of State on the form prescribed and must contain:

15 1. The name, Illinois residence and mail address of the  
16 owner;

17 2. A description of the vehicle including, so far as  
18 the following data exists: Its make, year-model,  
19 identifying number, type of body, whether new or used, as  
20 to house trailers as defined in Section 1-128 of this Code,  
21 and as to manufactured homes as defined in Section 1-144.03  
22 of this Code, the square footage ~~of the house trailer~~ based  
23 upon the outside dimensions ~~of the house trailer~~ excluding  
24 the length of the tongue and hitch, and, as to vehicles of  
25 the second division, whether for-hire, not-for-hire, or

1 both for-hire and not-for-hire;

2 3. The date of purchase by applicant and, if  
3 applicable, the name and address of the person from whom  
4 the vehicle was acquired and the names and addresses of any  
5 lienholders in the order of their priority and signatures  
6 of owners;

7 4. The current odometer reading at the time of transfer  
8 and that the stated odometer reading is one of the  
9 following: actual mileage, not the actual mileage or  
10 mileage is in excess of its mechanical limits; and

11 5. Any further information the Secretary of State  
12 reasonably requires to identify the vehicle and to enable  
13 him to determine whether the owner is entitled to a  
14 certificate of title and the existence or nonexistence of  
15 security interests in the vehicle.

16 (a-5) The Secretary of State shall designate on the  
17 prescribed application form a space where the owner of a  
18 vehicle may designate a beneficiary, to whom ownership of the  
19 vehicle shall pass in the event of the owner's death.

20 (b) If the application refers to a vehicle purchased from a  
21 dealer, it must also be signed by the dealer as well as the  
22 owner, and the dealer must promptly mail or deliver the  
23 application and required documents to the Secretary of State.

24 (c) If the application refers to a vehicle last previously  
25 registered in another State or country, the application must  
26 contain or be accompanied by:

1           1. Any certified document of ownership so recognized  
2           and issued by the other State or country and acceptable to  
3           the Secretary of State, and

4           2. Any other information and documents the Secretary of  
5           State reasonably requires to establish the ownership of the  
6           vehicle and the existence or nonexistence of security  
7           interests in it.

8           (d) If the application refers to a new vehicle it must be  
9           accompanied by the Manufacturer's Statement of Origin, or other  
10          documents as required and acceptable by the Secretary of State,  
11          with such assignments as may be necessary to show title in the  
12          applicant.

13          (e) If an application refers to a vehicle rebuilt from a  
14          vehicle previously salvaged, that application shall comply  
15          with the provisions set forth in Sections 3-302 through 3-304  
16          of this Code.

17          (f) An application for a certificate of title for any  
18          vehicle, whether purchased in Illinois or outside Illinois, and  
19          even if previously registered in another State, must be  
20          accompanied by either an exemption determination from the  
21          Department of Revenue showing that no tax imposed pursuant to  
22          the Use Tax Act or the vehicle use tax imposed by Section  
23          3-1001 of the Illinois Vehicle Code is owed by anyone with  
24          respect to that vehicle, or a receipt from the Department of  
25          Revenue showing that any tax so imposed has been paid. An  
26          application for a certificate of title for any vehicle

1 purchased outside Illinois, even if previously registered in  
2 another state, must be accompanied by either an exemption  
3 determination from the Department of Revenue showing that no  
4 tax imposed pursuant to the Municipal Use Tax Act or the County  
5 Use Tax Act is owed by anyone with respect to that vehicle, or  
6 a receipt from the Department of Revenue showing that any tax  
7 so imposed has been paid. In the absence of such a receipt for  
8 payment or determination of exemption from the Department, no  
9 certificate of title shall be issued to the applicant.

10 If the proof of payment of the tax or of nonliability  
11 therefor is, after the issuance of the certificate of title and  
12 display certificate of title, found to be invalid, the  
13 Secretary of State shall revoke the certificate and require  
14 that the certificate of title and, when applicable, the display  
15 certificate of title be returned to him.

16 (g) If the application refers to a vehicle not manufactured  
17 in accordance with federal safety and emission standards, the  
18 application must be accompanied by all documents required by  
19 federal governmental agencies to meet their standards before a  
20 vehicle is allowed to be issued title and registration.

21 (h) If the application refers to a vehicle sold at public  
22 sale by a sheriff, it must be accompanied by the required fee  
23 and a bill of sale issued and signed by a sheriff. The bill of  
24 sale must identify the new owner's name and address, the year  
25 model, make and vehicle identification number of the vehicle,  
26 court order document number authorizing such sale, if

1 applicable, and the name and address of any lienholders in  
2 order of priority, if applicable.

3 (i) If the application refers to a vehicle for which a  
4 court of law determined the ownership, it must be accompanied  
5 with a certified copy of such court order and the required fee.  
6 The court order must indicate the new owner's name and address,  
7 the complete description of the vehicle, if known, the name and  
8 address of the lienholder, if any, and must be signed and dated  
9 by the judge issuing such order.

10 (j) If the application refers to a vehicle sold at public  
11 auction pursuant to the Labor and Storage Lien (Small Amount)  
12 Act, it must be accompanied by an affidavit or affirmation  
13 furnished by the Secretary of State along with the documents  
14 described in the affidavit or affirmation and the required fee.

15 (k) The Secretary may provide an expedited process for the  
16 issuance of vehicle titles. Expedited title applications must  
17 be delivered to the Secretary of State's Vehicle Services  
18 Department in Springfield by express mail service or hand  
19 delivery. Applications must be complete, including necessary  
20 forms, fees, and taxes. Applications received before noon on a  
21 business day will be processed and shipped that same day.  
22 Applications received after noon on a business day will be  
23 processed and shipped the next business day. The Secretary  
24 shall charge an additional fee of \$30 for this service, and  
25 that fee shall cover the cost of return shipping via an express  
26 mail service. All fees collected by the Secretary of State for



1 expedited services shall be deposited into the Motor Vehicle  
2 License Plate Fund. In the event the Vehicle Services  
3 Department determines that the volume of expedited title  
4 requests received on a given day exceeds the ability of the  
5 Vehicle Services Department to process those requests in an  
6 expedited manner, the Vehicle Services Department may decline  
7 to provide expedited services, and the additional fee for the  
8 expedited service shall be refunded to the applicant.

9 (l) If the application refers to a homemade trailer, (i) it  
10 must be accompanied by the appropriate documentation regarding  
11 the source of materials used in the construction of the  
12 trailer, as required by the Secretary of State, (ii) the  
13 trailer must be inspected by a Secretary of State employee  
14 prior to the issuance of the title, and (iii) upon approval of  
15 the Secretary of State, the trailer must have a vehicle  
16 identification number, as provided by the Secretary of State,  
17 stamped or riveted to the frame.

18 (m) The holder of a Manufacturer's Statement of Origin to a  
19 manufactured home may deliver it to any person to facilitate  
20 conveying or encumbering the manufactured home. Any person  
21 receiving any such Manufacturer's Statement of Origin so  
22 delivered holds it in trust for the person delivering it.

23 (n) Within 45 days after the completion of the first retail  
24 sale of a manufactured home, the Manufacturer's Statement of  
25 Origin to that manufactured home must be surrendered to the  
26 Secretary of State either in conjunction with an application

1 for a certificate of title for that manufactured home or in  
2 accordance with Section 3-116.1.

3 (Source: P.A. 96-519, eff. 1-1-10; 96-554, eff. 1-1-10;  
4 96-1000, eff. 7-2-10; 97-918, eff. 1-1-13.)

5 (625 ILCS 5/3-106) (from Ch. 95 1/2, par. 3-106)

6 Sec. 3-106. Certificate of title - Issuance - Records. (a)  
7 The Secretary of State shall file each application received  
8 and, when satisfied as to its genuineness and regularity, and  
9 that no tax imposed by the "Use Tax Act" or the vehicle use  
10 tax, as imposed by Section 3-1001 of "The Illinois Vehicle  
11 Code", or pursuant to the "Municipal Use Tax Act" or pursuant  
12 to the "County Use Tax Act" is owed as evidenced by the receipt  
13 for payment or determination of exemption from the Department  
14 of Revenue provided for in Section 3-104 of this Act, and that  
15 the applicant is entitled to the issuance of a certificate of  
16 title, shall issue a certificate of title of the vehicle.

17 (b) The Secretary of State shall maintain a record of all  
18 certificates of title issued by him under a distinctive title  
19 number assigned to the vehicle; and, in the discretion of the  
20 Secretary of State, in any other method determined.

21 (c) The Secretary of State shall not issue a certificate of  
22 title, including a certificate of title issued in accordance  
23 with subsection (b) of Section 3-109, to a manufactured home  
24 for which there has been recorded an affidavit of affixation  
25 pursuant to the Conveyance and Encumbrance of Manufactured

1 Homes as Real Property and Severance Act unless with respect to  
2 the same manufactured home there has been recorded an affidavit  
3 of severance pursuant to the Conveyance and Encumbrance of  
4 Manufactured Homes as Real Property and Severance Act.

5 (d) The Secretary of State shall file, upon receipt, each  
6 affidavit of affixation and each affidavit of severance  
7 relating to a manufactured home that is delivered in accordance  
8 with the Conveyance and Encumbrance of Manufactured Homes as  
9 Real Property and Severance Act, when satisfied as to its  
10 genuineness and regularity.

11 (e) The Secretary of State shall maintain a record of each  
12 affidavit of affixation and each affidavit of severance filed  
13 in accordance with subsection (d) of this Section. The record  
14 shall state the name of the owner of the related manufactured  
15 home, the name of manufacturer, model year, manufacturer's  
16 serial number, and any other data the Secretary of State  
17 prescribes.

18 (f) The Secretary of State shall file, upon receipt, each  
19 application for surrender of the Manufacturer's Statement of  
20 Origin relating to a manufactured home that is delivered in  
21 accordance with Section 3-116.1, when satisfied as to its  
22 genuineness and regularity.

23 (g) The Secretary of State shall file, upon receipt, each  
24 application for surrender of the certificate of title relating  
25 to a manufactured home that is delivered in accordance with  
26 Section 3-116.2, when satisfied as to its genuineness and

1 regularity.

2 (h) The Secretary of State shall maintain a record,  
3 including a record in the form of a searchable electronic  
4 database accessible to the public, of each Manufacturer's  
5 Statement of Origin accepted for surrender as provided in  
6 Section 3-116.1. The record shall state the date the  
7 Manufacturer's Statement of Origin was accepted for surrender,  
8 the name of manufacturer, make, model name, model year,  
9 manufacturer's serial number, and any other data the Secretary  
10 of State prescribes.

11 (i) The Secretary of State shall maintain a record,  
12 including a record in the form of a searchable electronic  
13 database accessible to the public, of each manufactured home  
14 certificate of title accepted for surrender as provided in  
15 Section 3-116.2. The record shall state the date the  
16 certificate of title was accepted for surrender, the name of  
17 manufacturer, model year, manufacturer's serial number, and  
18 any other data the Secretary of State prescribes.

19 (Source: P.A. 86-444.)

20 (625 ILCS 5/3-107) (from Ch. 95 1/2, par. 3-107)

21 Sec. 3-107. Contents and effect.

22 (a) Each certificate of title issued by the Secretary of  
23 State shall contain:

24 1. the date issued;

25 2. the name and address of the owner;

1           3. the names and addresses of any lienholders, in the  
2 order of priority as shown on the application or, if the  
3 application is based on a certificate of title, as shown on  
4 the certificate;

5           4. the title number assigned to the vehicle;

6           5. a description of the vehicle including, so far as  
7 the following data exists: its make, year-model,  
8 identifying number, type of body, whether new or used, as  
9 to house trailers as defined in Section 1-128 of this Code,  
10 and as to manufactured homes as defined in Section 1-144.03  
11 of this Code, the square footage of the vehicle based upon  
12 the outside dimensions ~~of the house trailer~~ excluding the  
13 length of the tongue and hitch, and, if a new vehicle, the  
14 date of the first sale of the vehicle for use;

15           6. an odometer certification as provided for in this  
16 Code; and

17           7. any other data the Secretary of State prescribes.

18           (a-5) In the event the applicant seeks to have the vehicle  
19 titled as a custom vehicle or street rod, that fact must be  
20 stated in the application. The custom vehicle or street rod  
21 must be inspected as required by Section 3-406 of this Code  
22 prior to issuance of the title. Upon successful completion of  
23 the inspection, the vehicle may be titled in the following  
24 manner. The make of the vehicle shall be listed as the make of  
25 the actual vehicle or the make it is designed to resemble  
26 (e.g., Ford or Chevrolet); the model of the vehicle shall be

1 listed as custom vehicle or street rod; and the year of the  
2 vehicle shall be listed as the year the actual vehicle was  
3 manufactured or the year it is designed to resemble. A vehicle  
4 previously titled as other than a custom vehicle or street rod  
5 may be issued a corrected title reflecting the custom vehicle  
6 or street rod model if it otherwise meets the requirements for  
7 the designation.

8 (b) The certificate of title shall contain forms for  
9 assignment and warranty of title by the owner, and for  
10 assignment and warranty of title by a dealer, and may contain  
11 forms for applications for a certificate of title by a  
12 transferee, the naming of a lienholder and the assignment or  
13 release of the security interest of a lienholder.

14 (b-5) The Secretary of State shall designate on a  
15 certificate of title a space where the owner of a vehicle may  
16 designate a beneficiary, to whom ownership of the vehicle shall  
17 pass in the event of the owner's death.

18 (c) A certificate of title issued by the Secretary of State  
19 is prima facie evidence of the facts appearing on it.

20 (d) A certificate of title for a vehicle is not subject to  
21 garnishment, attachment, execution or other judicial process,  
22 but this subsection does not prevent a lawful levy upon the  
23 vehicle.

24 (e) Any certificate of title issued by the Secretary of  
25 State is subject to a lien in favor of the State of Illinois  
26 for any fees or taxes required to be paid under this Act and as

1 have not been paid, as provided for in this Code.

2 (f) Notwithstanding any other provision of law, a  
3 certificate of title issued by the Secretary of State to a  
4 manufactured home is prima facie evidence of the facts  
5 appearing on it, notwithstanding the fact that such  
6 manufactured home, at any time, shall have become affixed in  
7 any manner to real property.

8 (Source: P.A. 95-784, eff. 1-1-09; 96-487, eff. 1-1-10.)

9 (625 ILCS 5/3-109) (from Ch. 95 1/2, par. 3-109)

10 Sec. 3-109. Registration without certificate of title;  
11 bond. If the Secretary of State is not satisfied as to the  
12 ownership of the vehicle, including but not limited to, in the  
13 case of a manufactured home, a circumstance in which the  
14 manufactured home is covered by a Manufacturer's Statement of  
15 Origin that the owner of the manufactured home, after diligent  
16 search and inquiry, is unable to produce, or that there are no  
17 undisclosed security interests in it, the Secretary of State  
18 may register the vehicle but shall either:

19 (a) Withhold issuance of a certificate of title until the  
20 applicant presents documents reasonably sufficient to satisfy  
21 the Secretary of State as to the applicant's ownership of the  
22 vehicle and that there are no undisclosed security interests in  
23 it; or

24 (b) As a condition of issuing a certificate of title,  
25 require the applicant to file with the Secretary of State a

1 bond in the form prescribed by the Secretary of State and  
2 executed by the applicant, and either accompanied by the  
3 deposit of cash with the Secretary of State or also executed by  
4 a person authorized to conduct a surety business in this State.  
5 The bond shall be in an amount equal to one and one-half times  
6 the value of the vehicle as determined by the Secretary of  
7 State and conditioned to indemnify any prior owner and  
8 lienholder and any subsequent purchaser of the vehicle or  
9 person acquiring any security interest in it, and their  
10 respective successors in interest, against any expense, loss or  
11 damage, including reasonable attorney's fees, by reason of the  
12 issuance of the certificate of title of the vehicle or on  
13 account of any defect in or undisclosed security interest upon  
14 the right, title and interest of the applicant in and to the  
15 vehicle. Any such interested person has a right of action to  
16 recover on the bond for any breach of its conditions, but the  
17 aggregate liability of the surety to all persons shall not  
18 exceed the amount of the bond. The bond, and any deposit  
19 accompanying it, shall be returned at the end of three (3)  
20 years or prior thereto if (i) the vehicle is no longer  
21 registered in this State and the currently valid certificate of  
22 title is surrendered to the Secretary of State or (ii), in the  
23 case of a certificate of title to a manufactured home, the  
24 currently valid certificate of title is surrendered to the  
25 Secretary of State in accordance with Section 3-116.2, unless  
26 the Secretary of State has been notified of the pendency of an



1 action to recover on the bond.

2 Security deposited as a bond hereunder shall be placed by  
3 the Secretary of State in the custody of the State Treasurer.

4 (c) During July, annually, the Secretary shall compile a  
5 list of all bonds on deposit, pursuant to this Section, for  
6 more than 3 years and concerning which he has received no  
7 notice as to the pendency of any judicial proceeding that could  
8 affect the disposition thereof. Thereupon, he shall promptly  
9 send a notice by certified mail to the last known address of  
10 each depositor advising him that his bond will be subject to  
11 escheat to the State of Illinois if not claimed within 30 days  
12 after the mailing date of such notice. At the expiration of  
13 such time, the Secretary of State shall file with the State  
14 Treasurer an order directing the transfer of such deposit to  
15 the Road Fund in the State Treasury. Upon receipt of such  
16 order, the State Treasurer shall make such transfer, after  
17 converting to cash any other type of security. Thereafter any  
18 person having a legal claim against such deposit may enforce it  
19 by appropriate proceedings in the Court of Claims subject to  
20 the limitations prescribed for such Court. At the expiration of  
21 such limitation period such deposit shall escheat to the State  
22 of Illinois.

23 (Source: P.A. 81-1458.)

24 (625 ILCS 5/3-110) (from Ch. 95 1/2, par. 3-110)

25 Sec. 3-110. Refusing certificate of title. The Secretary of

1 State shall refuse issuance of a certificate of title if any  
2 required fee is not paid or if he has reasonable grounds to  
3 believe that:

4 (a) the applicant is not the owner of the vehicle;

5 (b) the application contains a false or fraudulent  
6 statement;

7 (c) the applicant fails to furnish required  
8 information or documents or any additional information the  
9 Secretary of State reasonably requires; or

10 (d) the applicant has not paid to the Secretary of  
11 State any fees or taxes due under this Act and have not  
12 been paid upon reasonable notice and demand.

13 Except as provided in Section 3-116.2, the Secretary of  
14 State shall not refuse to issue a certificate of title to a  
15 manufactured home by reason of the fact that, at any time, in  
16 any manner, it shall have been affixed to real property.

17 (Source: P.A. 97-333, eff. 8-12-11.)

18 (625 ILCS 5/3-116) (from Ch. 95 1/2, par. 3-116)

19 Sec. 3-116. When Secretary of State to issue a certificate  
20 of title.

21 (a) The Secretary of State, upon receipt of a properly  
22 assigned certificate of title, with an application for a  
23 certificate of title, the required fee and any other documents  
24 required by law, shall issue a new certificate of title in the  
25 name of the transferee as owner and mail it to the first

1 lienholder named in it or, if none, to the owner or owner's  
2 designee.

3 (b) The Secretary of State, upon receipt of an application  
4 for a new certificate of title by a transferee other than by  
5 voluntary transfer, with proof of the transfer, the required  
6 fee and any other documents required by law, shall issue a new  
7 certificate of title in the name of the transferee as owner.

8 (c) Any person, firm or corporation, who shall knowingly  
9 possess, buy, sell, exchange or give away, or offer to buy,  
10 sell, exchange or give away the certificate of title to any  
11 motor vehicle which is a junk or salvage, or who shall fail to  
12 surrender the certificate of title to the Secretary of State as  
13 required under the provisions of this Section and Section  
14 3-117.2, shall be guilty of Class 3 felony.

15 (d) The Secretary of State shall file and retain for four  
16 (4) years a record of every surrendered certificate of title or  
17 proof of ownership accepted by the Secretary of State, the file  
18 to be maintained so as to permit the tracing of title of the  
19 vehicle designated therein. Such filing and retention  
20 requirements shall be in addition to and not in substitution  
21 for the recordkeeping requirements set forth in Section 3-106  
22 of this Code, which recordkeeping requirements are not limited  
23 to any period of time.

24 (e) The Secretary of State, upon receipt of an application  
25 for corrected certificate of title, with the original title,  
26 the required fee and any other required documents, shall issue

1 a corrected certificate of title in the name of the owner and  
2 mail it to the first lienholder named in it or, if none, to the  
3 owner or owner's designee.

4 (f) The Secretary of State, upon receipt of a certified  
5 copy of a court order awarding ownership to an applicant along  
6 with an application for a certificate of title and the required  
7 fee, shall issue a certificate of title to the applicant.

8 (Source: P.A. 90-212, eff. 1-1-98.)

9 (625 ILCS 5/3-116.1 new)

10 Sec. 3-116.1. Surrender of Manufacturer's Statement of  
11 Origin to a manufactured home.

12 (a) The owner (all, if more than one) of a manufactured  
13 home that is covered by a Manufacturer's Statement of Origin  
14 and that is affixed to a permanent foundation as defined in the  
15 Conveyance and Encumbrance of Manufactured Homes as Real  
16 Property and Severance Act, or which the owner intends to affix  
17 to a permanent foundation as defined in the Conveyance and  
18 Encumbrance of Manufactured Homes as Real Property and  
19 Severance Act, may surrender the Manufacturer's Statement of  
20 Origin to the manufactured home to the Secretary of State by  
21 filing with the Secretary of State an application for surrender  
22 of Manufacturer's Statement of Origin containing or  
23 accompanied by:

24 (1) the name, residence, and mailing address of the  
25 owner;

1           (2) a description of the manufactured home  
2           including the name of the manufacturer, the make, the model  
3           name, the model year, the dimensions, and the vehicle  
4           identification number of the manufactured home and whether  
5           it is new or used, and any other information the Secretary  
6           of State requires;

7           (3) the date of purchase by the owner of the  
8           manufactured home, the name and address of the person from  
9           whom the home was acquired, and the names and addresses of  
10           any security interest holders and lienholders in the order  
11           of their apparent priority;

12           (4) a statement signed by the owner, stating either  
13           (i) any facts or information known to the owner that could  
14           reasonably affect the validity of the title to the  
15           manufactured home or the existence or non-existence of a  
16           security interest in or lien on it or (ii) that no such  
17           facts or information are known to the owner;

18           (5) a certified copy of the recorded affidavit of  
19           affixation in accordance with the Conveyance and  
20           Encumbrance of Manufactured Homes as Real Property and  
21           Severance Act;

22           (6) the original Manufacturer's Statement of  
23           Origin;

24           (7) the name and mailing address of each owner of  
25           the manufactured home or such owner's designee wishing to  
26           receive written acknowledgment of surrender from the

1 Secretary of State; and

2 (8) any other information and documents the  
3 Secretary of State reasonably requires to identify the  
4 owner of the manufactured home and to enable him or her to  
5 determine whether the owner satisfied the requirements of  
6 the Conveyance and Encumbrance of Manufactured Homes as  
7 Real Property and Severance Act and is entitled to  
8 surrender the Manufacturer's Statement of Origin, and the  
9 existence or non-existence of security interests in or  
10 liens on the manufactured home.

11 (b) When satisfied as to the genuineness and regularity of  
12 the surrender of a Manufacturer's Statement of Origin to a  
13 manufactured home, payment of any applicable fees and upon  
14 satisfaction of the requirements of subsection (a) of this  
15 Section, the Secretary of State shall (i) cancel the  
16 Manufacturer's Statement of Origin and update his or her  
17 records in accordance with the provisions of Section 3-106 and  
18 (ii) provide written acknowledgment of compliance with the  
19 provisions of this Section to each person identified on the  
20 application for surrender of Manufacturer's Statement of  
21 Origin pursuant to subsection (a) (7) of this Section.

22 (c) Upon satisfaction of the requirements of this Section,  
23 a manufactured home shall be conveyed and encumbered as  
24 provided in the Conveyance and Encumbrance of Manufactured  
25 Homes as Real Property and Severance Act. If the application to  
26 surrender a Manufacturer's Statement of Origin is delivered to

1 the Secretary of State within 60 days of recording the related  
2 affidavit of affixation with the recording officer in the  
3 county in which the real property to which the manufactured  
4 home is or shall be affixed and the application is thereafter  
5 accepted by the Secretary of State, the requirements of this  
6 Section shall be deemed satisfied as of the date the affidavit  
7 of affixation is recorded.

8 (d) Upon written request by a person identified on the  
9 application for surrender of Manufacturer's Statement of  
10 Origin pursuant to subsection (a)(7) of this Section, the  
11 Secretary of State shall provide written acknowledgment of  
12 compliance with the provisions of this Section.

13 (625 ILCS 5/3-116.2 new)

14 Sec. 3-116.2. Application for surrender of title.

15 (a) The owner (all, if more than one) of a manufactured  
16 home that is covered by a certificate of title, including, if  
17 applicable, a certificate of title issued in accordance with  
18 subsection (b) of Section 3-109, and that is permanently  
19 affixed to real property as defined in the Conveyance and  
20 Encumbrance of Manufactured Homes as Real Property and  
21 Severance Act, or which the owner intends to permanently affix  
22 to real property as defined in the Conveyance and Encumbrance  
23 of Manufactured Homes as Real Property and Severance Act, may  
24 surrender the certificate of title to the manufactured home to  
25 the Secretary of State by filing with the Secretary of State an

1 application for surrender of title containing or accompanied  
2 by:

3 (1) the name, residence, and mailing address of the  
4 owner;

5 (2) a description of the manufactured home including  
6 the name of the manufacturer, the make, the model name, the  
7 model year, the dimensions, and the vehicle identification  
8 number or numbers of the manufactured home and whether it  
9 is new or used and any other information the Secretary of  
10 State requires;

11 (3) the date of purchase by the owner of the  
12 manufactured home, the name and address of the person from  
13 whom the home was acquired and the names and addresses of  
14 any security interest holders and lienholders in the order  
15 of their apparent priority;

16 (4) a statement signed by the owner, stating either,  
17 (i) any facts or information known to the owner that could  
18 reasonably affect the validity of the title to the  
19 manufactured home or the existence or non-existence of a  
20 security interest in or lien on it; or (ii) that no such  
21 facts or information are known to the owner;

22 (5) a certified copy of the affidavit of affixation in  
23 accordance with the Conveyance and Encumbrance of  
24 Manufactured Homes as Real Property and Severance Act;

25 (6) the original certificate of title;

26 (7) the name and mailing address of each owner of the



1 manufactured home or such owner's designee wishing written  
2 acknowledgment of surrender from the Secretary of State;

3 (8) a release of security interests (if any) pursuant  
4 to Section 3-205 of this Code; and

5 (9) any other information and documents the Secretary  
6 of State reasonably requires to identify the owner of the  
7 manufactured home and to enable him or her to determine  
8 whether the owner satisfied the requirements of the  
9 Conveyance and Encumbrance of Manufactured Homes as Real  
10 Property and Severance Act and is entitled to surrender the  
11 certificate of title and the existence or non-existence of  
12 security interests in or liens on the manufactured home.

13 (b) The Secretary of State shall not accept for surrender a  
14 certificate of title to a manufactured home unless and until  
15 all security interests or liens perfected pursuant to Sections  
16 3-106 and 3-202 have been released.

17 (c) When satisfied as to the genuineness and regularity of  
18 the surrender of a certificate of title to a manufactured home,  
19 payment of any applicable fees and upon satisfaction of the  
20 requirements of subsections (a) and (b) of this Section, the  
21 Secretary of State shall (i) cancel the certificate of title  
22 and update his or her records in accordance with the provisions  
23 of Section 3-106 and (ii) provide written acknowledgment of  
24 compliance with the provisions of this Section to each person  
25 identified on the application for surrender of title pursuant  
26 to subsection (a) (7) of this Section.

1       (d) Upon satisfaction of the requirements of this Section,  
2       a manufactured home shall be conveyed and encumbered as  
3       provided in the Conveyance and Encumbrance of Manufactured  
4       Homes as Real Property and Severance Act. If the application to  
5       surrender a certificate of title is delivered to the Secretary  
6       of State within 60 days of recording the related affidavit of  
7       affixation with the recording officer in the county in which  
8       the real property to which the manufactured home is or shall be  
9       affixed, and the application is thereafter accepted by the  
10       Secretary of State, the requirements of this Section shall be  
11       deemed satisfied as of the date the affidavit of affixation is  
12       recorded.

13       (e) Upon written request by a person identified on the  
14       application for surrender of title pursuant to subsection  
15       (a) (7) of this Section, the Secretary of State shall provide  
16       written acknowledgment of compliance with the provisions of  
17       this Section.

18       (625 ILCS 5/3-116.3 new)

19       Sec. 3-116.3. Application for a certificate of title to a  
20       severed manufactured home.

21       (a) Notwithstanding any other provision of law, where a  
22       manufactured home has been affixed to a permanent foundation,  
23       and an affidavit of affixation has been recorded as part of the  
24       real property records in the county in which the manufactured  
25       home is located in accordance with the Conveyance and

1 Encumbrance of Manufactured Homes as Real Property and  
2 Severance Act, and where the manufactured home subsequently is  
3 detached or severed from the real property, the owner (all, if  
4 more than one) of the manufactured home shall, unless exempted  
5 by other provisions of this Code, apply for a new certificate  
6 of title by filing with the Secretary of State an application  
7 for a certificate of title to a manufactured home, to be issued  
8 in accordance with subsection (b) of Section 3-109, containing  
9 or accompanied by:

10 (1) the name, residence, and mailing address of the  
11 owner;

12 (2) a description of the manufactured home, including  
13 the name of the manufacturer, the make, the model name, the  
14 model year, the dimensions, and the vehicle identification  
15 number or numbers of the manufactured home and whether it  
16 is new or used, and any other information the Secretary of  
17 State requires;

18 (3) a statement signed by the applicant, stating  
19 either: (i) any facts or information known to the applicant  
20 that could reasonably affect the validity of the title of  
21 the manufactured home or the existence or non-existence of  
22 any security interest in or lien on it or (ii) that no such  
23 facts or information are known to the applicant;

24 (4) a certified copy of the recorded affidavit of  
25 severance provided in accordance with the Conveyance and  
26 Encumbrance of Manufactured Homes as Real Property and

1 Severance Act; and

2 (5) any other information and documents the Secretary  
3 of State reasonably requires.

4 (b) Upon satisfaction of the requirements of subsection (a)  
5 of this Section and subsection (b) of Section 3-109, the  
6 Secretary of State shall issue a new certificate of title  
7 pursuant to subsection (b) of Section 3-109 and update his or  
8 her records in accordance with the provisions of Section 3-106.

9 (c) Immediately upon satisfaction of the requirements of  
10 this Section and thereafter, a manufactured home shall be  
11 conveyed and encumbered as personal property.

12 (d) The satisfaction of the requirements of this Section  
13 with respect to a manufactured home shall have no effect on the  
14 manner in which such manufactured home is taxed pursuant to the  
15 Property Tax Code or the Mobile Home Local Services Tax Act.

16 (625 ILCS 5/3-202) (from Ch. 95 1/2, par. 3-202)

17 Sec. 3-202. Perfection of security interest.

18 (a) Unless excepted by Section 3-201, a security interest  
19 in a vehicle of a type for which a certificate of title is  
20 required is not valid against subsequent transferees or  
21 lienholders of the vehicle unless perfected as provided in this  
22 Act. A purchase money security interest in a manufactured home  
23 is perfected against the rights of judicial lien creditors and  
24 execution creditors on and after the date such purchase money  
25 security interest attaches.

1           (b) A security interest is perfected by the delivery to the  
2 Secretary of State of the existing certificate of title, if  
3 any, an application for a certificate of title containing the  
4 name and address of the lienholder and the required fee. The  
5 security interest is perfected as of the time of its creation  
6 if the delivery to the Secretary of State is completed within  
7 30 days after the creation of the security interest or receipt  
8 by the new lienholder of the existing certificate of title from  
9 a prior lienholder or licensed dealer, otherwise as of the time  
10 of the delivery.

11           (c) If a vehicle is subject to a security interest when  
12 brought into this State, the validity of the security interest  
13 is determined by the law of the jurisdiction where the vehicle  
14 was when the security interest attached, subject to the  
15 following:

16           1. If the parties understood at the time the security  
17 interest attached that the vehicle would be kept in this  
18 State and it was brought into this State within 30 days  
19 thereafter for purposes other than transportation through  
20 this State, the validity of the security interest in this  
21 State is determined by the law of this State.

22           2. If the security interest was perfected under the law  
23 of the jurisdiction where the vehicle was when the security  
24 interest attached, the following rules apply:

25           (A) If the name of the lienholder is shown on an  
26 existing certificate of title issued by that

1 jurisdiction, his security interest continues  
2 perfected in this State.

3 (B) If the name of the lienholder is not shown on  
4 an existing certificate of title issued by that  
5 jurisdiction, a security interest may be perfected by  
6 the lienholder delivering to the Secretary of State the  
7 prescribed notice and by payment of the required fee.  
8 Such security interest is perfected as of the time of  
9 delivery of the prescribed notice and payment of the  
10 required fee.

11 3. If the security interest was not perfected under the  
12 law of the jurisdiction where the vehicle was when the  
13 security interest attached, it may be perfected in this  
14 State; in that case perfection dates from the time of  
15 perfection in this State.

16 4. A security interest may be perfected under paragraph  
17 3 of this subsection either as provided in subsection (b)  
18 or by the lienholder delivering to the Secretary of State a  
19 notice of security interest in the form the Secretary of  
20 State prescribes and the required fee.

21 (d) Except as otherwise provided in Sections 3-116.1,  
22 3-116.2, 3-207, and the Conveyance and Encumbrance of  
23 Manufactured Homes as Real Property and Severance Act, after a  
24 certificate of title has been issued for a manufactured home  
25 and as long as the manufactured home is subject to any security  
26 interest perfected pursuant to this Section, the Secretary of

1 State shall not file an affidavit of affixation, nor cancel the  
2 Manufacturer's Statement of Origin, nor revoke the certificate  
3 of title, nor issue a certificate of title under Section 3-106,  
4 and, in any event, the validity and priority of any security  
5 interest perfected pursuant to this Section shall continue,  
6 notwithstanding the provision of any other law.

7 (Source: P.A. 95-284, eff. 1-1-08.)

8 (625 ILCS 5/3-205) (from Ch. 95 1/2, par. 3-205)

9 Sec. 3-205. Release of security interest.

10 (a) Within 21 days after receiving payment to satisfy a  
11 security interest in a vehicle for which the certificate of  
12 title is in the possession of the lienholder, he shall execute  
13 a release of his security interest, and mail or deliver the  
14 certificate and release to the next lienholder named therein,  
15 or, if none, to the owner or any person who delivers to the  
16 lienholder an authorization from the owner to receive the  
17 certificate. If the payment is in the form of cash, a cashier's  
18 check, or a certified check, the number of days is reduced to  
19 10 business days. If the owner desires a new certificate  
20 reflecting no lien, the certificate and release from the  
21 lienholder may be submitted to the Secretary of State, along  
22 with the prescribed application and required fee, for issuance  
23 of that new certificate.

24 (b) Within 21 days after receiving payment to satisfy a  
25 security interest in a vehicle for which the certificate of

1 title is in the possession of a prior lienholder, the  
2 lienholder whose security interest is satisfied shall execute a  
3 release and deliver the release to the owner or any person who  
4 delivers to the lienholder an authorization from the owner to  
5 receive it. If the payment is in the form of cash, a cashier's  
6 check, or a certified check, the number of days is reduced to  
7 10 business days. The lienholder in possession of the  
8 certificate of title may either deliver the certificate to the  
9 owner, or the person authorized by him, for delivery to the  
10 Secretary of State, or, upon receipt of the release, may mail  
11 or may deliver the certificate and release, along with  
12 prescribed application and require fee, to the Secretary of  
13 State, who shall issue a new certificate.

14 (c) In addition to any other penalty, a lienholder who  
15 fails to execute a release of his or her security interest or  
16 who fails to mail or deliver the certificate and release within  
17 the time limit provided in subsection (a) or (b) is liable to  
18 the person or entity that was supposed to receive the release  
19 or certificate for \$150 plus reasonable attorney fees and court  
20 costs. An action under this Section may be brought in small  
21 claims court or in any other appropriate court.

22 (d) The holder of a security interest in or a lien on a  
23 manufactured home may deliver lien release documents to any  
24 person to facilitate conveying or encumbering the manufactured  
25 home. Any person receiving any such documents so delivered  
26 holds the documents in trust for the security interest holder



1 or the lienholder.

2 (Source: P.A. 93-621, eff. 12-15-03.)

3 (625 ILCS 5/3-207) (from Ch. 95 1/2, par. 3-207)

4 Sec. 3-207. Exclusiveness of procedure.

5 The method provided in this act of perfecting and giving  
6 notice of security interests subject to this act is exclusive.  
7 Security interests subject to this act are hereby exempted from  
8 the provisions of law which otherwise require or relate to the  
9 recording or filing of instruments creating or evidencing  
10 security interests in vehicles including chattel mortgages and  
11 conditional sale agreements, provided, however, that with  
12 respect to a manufactured home that is or will be affixed to a  
13 permanent foundation, upon recordation of an affidavit of  
14 affixation pursuant to the Conveyance and Encumbrance of  
15 Manufactured Homes as Real Property and Severance Act and  
16 satisfaction of the requirements of Section 3-116.1 or 3-116.2,  
17 as applicable, any perfection or termination of a security  
18 interest with respect to such permanently affixed property  
19 shall be governed by the laws applicable to real property.

20 (Source: P.A. 76-1586.)

21 (625 ILCS 5/3-208) (from Ch. 95 1/2, par. 3-208)

22 Sec. 3-208. Suspension or revocation of certificates.

23 (a) The Secretary of State may suspend or revoke a  
24 certificate of title, upon notice and reasonable opportunity to

1 be heard in accordance with Section 2-118, when authorized by  
2 any other provision of law or if he finds:

3 1. The certificate of title was fraudulently procured  
4 or erroneously issued, or

5 2. The vehicle has been scrapped, dismantled or  
6 destroyed.

7 Except as provided in Section 3-116.2, the Secretary of  
8 State shall not suspend or revoke a certificate of title to a  
9 manufactured home by reason of the fact that, at any time, it  
10 shall have become affixed in any manner to real property.

11 (b) Suspension or revocation of a certificate of title does  
12 not, in itself, affect the validity of a security interest  
13 noted on it.

14 (c) When the Secretary of State suspends or revokes a  
15 certificate of title, the owner or person in possession of it  
16 shall, immediately upon receiving notice of the suspension or  
17 revocation, mail or deliver the certificate to the Secretary of  
18 State.

19 (d) The Secretary of State may seize and impound any  
20 certificate of title which has been suspended or revoked.

21 (Source: P.A. 76-1586.)

22 Section 10-75. The Code of Civil Procedure is amended by  
23 changing Section 15-1213 as follows:

24 (735 ILCS 5/15-1213) (from Ch. 110, par. 15-1213)

1           Sec. 15-1213. Real Estate. "Real estate" means land or any  
2 estate or interest in, over or under land (including minerals,  
3 air rights, structures, fixtures and other things which by  
4 custom, usage or law pass with a conveyance of land though not  
5 described or mentioned in the contract of sale or instrument of  
6 conveyance). "Mortgaged real estate" means the real estate  
7 which is the subject of a mortgage. "Real Estate" includes a  
8 manufactured home as defined in subdivision (53) of Section  
9 9-102 of the Uniform Commercial Code that is real property as  
10 defined in the Conveyance and Encumbrance of Manufactured Homes  
11 as Real Property and Severance Act.

12         (Source: P.A. 84-1462.)

13           Section 10-80. The Conveyances Act is amended by changing  
14 Section 38 as follows:

15           (765 ILCS 5/38) (from Ch. 30, par. 37)

16           Sec. 38. The term "real estate," as used in this act, shall  
17 be construed as co-extensive in meaning with "lands, tenements  
18 and hereditaments," and as embracing all chattels real. "Real  
19 estate" and "real property" include a manufactured home as  
20 defined in subdivision (53) of Section 9-102 of the Uniform  
21 Commercial Code that is real property as defined in the  
22 Conveyance and Encumbrance of Manufactured Homes as Real  
23 Property and Severance Act. This act shall not be construed so  
24 as to embrace last wills, except as herein expressly provided.

1 (Source: P.A. 84-551.)

2 Section 10-85. The Residential Real Property Disclosure  
3 Act is amended by changing Section 5 as follows:

4 (765 ILCS 77/5)

5 Sec. 5. Definitions. As used in this Act, unless the  
6 context otherwise requires the following terms have the meaning  
7 given in this Section.

8 "Residential real property" means real property improved  
9 with not less than one nor more than 4 residential dwelling  
10 units; units in residential cooperatives; or, condominium  
11 units, including the limited common elements allocated to the  
12 exclusive use thereof that form an integral part of the  
13 condominium unit. The term includes a manufactured home as  
14 defined in subdivision (53) of Section 9-102 of the Uniform  
15 Commercial Code that is real property as defined in the  
16 Conveyance and Encumbrance of Manufactured Homes as Real  
17 Property and Severance Act.

18 "Seller" means every person or entity who is an owner,  
19 beneficiary of a trust, contract purchaser or lessee of a  
20 ground lease, who has an interest (legal or equitable) in  
21 residential real property. However, "seller" shall not include  
22 any person who has both (i) never occupied the residential real  
23 property and (ii) never had the management responsibility for  
24 the residential real property nor delegated such

1 responsibility for the residential real property to another  
2 person or entity.

3 "Prospective buyer" means any person or entity negotiating  
4 or offering to become an owner or lessee of residential real  
5 property by means of a transfer for value to which this Act  
6 applies.

7 (Source: P.A. 90-383, eff. 1-1-98.)

8 Section 10-90. The Mobile Home Landlord and Tenant Rights  
9 Act is amended by changing Section 3 as follows:

10 (765 ILCS 745/3) (from Ch. 80, par. 203)

11 Sec. 3. Definitions. Unless otherwise expressly defined,  
12 all terms in this Act shall be construed to have their  
13 ordinarily accepted meanings or such meaning as the context  
14 therein requires.

15 (a) "Person" means any legal entity, including but not  
16 limited to, an individual, firm, partnership, association,  
17 trust, joint stock company, corporation or successor of any of  
18 the foregoing.

19 (b) "Manufactured home" means a factory-assembled,  
20 completely integrated structure designed for permanent  
21 habitation, with a permanent chassis, and so constructed as to  
22 permit its transport, on wheels temporarily or permanently  
23 attached to its frame, and is a movable or portable unit that  
24 is (i) 8 body feet or more in width, (ii) 40 body feet or more

1 in length, and (iii) 320 or more square feet, constructed to be  
2 towed on its own chassis (comprised of frame and wheels) from  
3 the place of its construction to the location, or subsequent  
4 locations, at which it is ~~installed and set up according to the~~  
5 ~~manufacturer's instructions and~~ connected to utilities for  
6 year-round occupancy for use as a permanent habitation, and  
7 designed and situated so as to permit its occupancy as a  
8 dwelling place for one or more persons, and specifically  
9 includes a "manufactured home" as defined in subdivision (53)  
10 of Section 9-102 of the Uniform Commercial Code. The term shall  
11 include units containing parts that may be folded, collapsed,  
12 or telescoped when being towed and that may be expected to  
13 provide additional cubic capacity, and that are designed to be  
14 joined into one integral unit capable of being separated again  
15 into the components for repeated towing. The term excludes  
16 campers and recreational vehicles. The words "mobile home" and  
17 "manufactured home" are synonymous for the purposes of this  
18 Act.

19 (c) "Mobile Home Park" or "Park" means a tract of land or 2  
20 contiguous tracts of land that contain sites with the necessary  
21 utilities for 5 or more mobile homes or manufactured homes. A  
22 mobile home park may be operated either free of charge or for  
23 revenue purposes.

24 (d) "Park Owner" means the owner of a mobile home park and  
25 any person authorized to exercise any aspect of the management  
26 of the premises, including any person who directly or

1 indirectly receives rents and has no obligation to deliver the  
2 whole of such receipts to another person.

3 (e) "Tenant" means any person who occupies a mobile home  
4 rental unit for dwelling purposes or a lot on which he parks a  
5 mobile home for an agreed upon consideration.

6 (f) "Rent" means any money or other consideration given for  
7 the right of use, possession and occupancy of property, be it a  
8 lot, a mobile home, or both.

9 (g) "Master antenna television service" means any and all  
10 services provided by or through the facilities of any closed  
11 circuit coaxial cable communication system, or any microwave or  
12 similar transmission services other than a community antenna  
13 television system as defined in Section 11-42-11 of the  
14 Illinois Municipal Code.

15 (Source: P.A. 96-1477, eff. 1-1-11.)

16 Section 10-95. The Mortgage Act is amended by adding  
17 Section 13.1 as follows:

18 (765 ILCS 905/13.1 new)

19 Sec. 13.1. Real estate; real property. As used in this Act,  
20 "real estate" and "real property" include a manufactured home  
21 as defined in subdivision (53) of Section 9-102 of the Uniform  
22 Commercial Code that is real property as defined in the  
23 Conveyance and Encumbrance of Manufactured Homes as Real  
24 Property and Severance Act.

1           Section 10-100. The Joint Tenancy Act is amended by adding  
2 Section 5 as follows:

3           (765 ILCS 1005/5 new)

4           Sec. 5. Real estate; real property. As used in this Act,  
5 "real estate" and "real property" include a manufactured home  
6 as defined in subdivision (53) of Section 9-102 of the Uniform  
7 Commercial Code that is real property as defined in the  
8 Conveyance and Encumbrance of Manufactured Homes as Real  
9 Property and Severance Act.

10          Section 10-105. The Uniform Commercial Code is amended by  
11 changing Section 9-102 as follows:

12          (810 ILCS 5/9-102) (from Ch. 26, par. 9-102)

13          Sec. 9-102. Definitions and index of definitions.

14          (a) Article 9 definitions. In this Article:

15                 (1) "Accession" means goods that are physically united  
16 with other goods in such a manner that the identity of the  
17 original goods is not lost.

18                 (2) "Account", except as used in "account for", means a  
19 right to payment of a monetary obligation, whether or not  
20 earned by performance, (i) for property that has been or is  
21 to be sold, leased, licensed, assigned, or otherwise  
22 disposed of, (ii) for services rendered or to be rendered,



1 (iii) for a policy of insurance issued or to be issued,  
2 (iv) for a secondary obligation incurred or to be incurred,  
3 (v) for energy provided or to be provided, (vi) for the use  
4 or hire of a vessel under a charter or other contract,  
5 (vii) arising out of the use of a credit or charge card or  
6 information contained on or for use with the card, or  
7 (viii) as winnings in a lottery or other game of chance  
8 operated or sponsored by a State, governmental unit of a  
9 State, or person licensed or authorized to operate the game  
10 by a State or governmental unit of a State. The term  
11 includes health-care-insurance receivables. The term does  
12 not include (i) rights to payment evidenced by chattel  
13 paper or an instrument, (ii) commercial tort claims, (iii)  
14 deposit accounts, (iv) investment property, (v)  
15 letter-of-credit rights or letters of credit, or (vi)  
16 rights to payment for money or funds advanced or sold,  
17 other than rights arising out of the use of a credit or  
18 charge card or information contained on or for use with the  
19 card.

20 (3) "Account debtor" means a person obligated on an  
21 account, chattel paper, or general intangible. The term  
22 does not include persons obligated to pay a negotiable  
23 instrument, even if the instrument constitutes part of  
24 chattel paper.

25 (4) "Accounting", except as used in "accounting for",  
26 means a record:

1 (A) authenticated by a secured party;

2 (B) indicating the aggregate unpaid secured  
3 obligations as of a date not more than 35 days earlier  
4 or 35 days later than the date of the record; and

5 (C) identifying the components of the obligations  
6 in reasonable detail.

7 (5) "Agricultural lien" means an interest, other than a  
8 security interest, in farm products:

9 (A) which secures payment or performance of an  
10 obligation for goods or services furnished in  
11 connection with a debtor's farming operation;

12 (B) which is created by statute in favor of a  
13 person that in the ordinary course of its business  
14 furnished goods or services to a debtor in connection  
15 with a debtor's farming operation; and

16 (C) whose effectiveness does not depend on the  
17 person's possession of the personal property.

18 (6) "As-extracted collateral" means:

19 (A) oil, gas, or other minerals that are subject to  
20 a security interest that:

21 (i) is created by a debtor having an interest  
22 in the minerals before extraction; and

23 (ii) attaches to the minerals as extracted; or

24 (B) accounts arising out of the sale at the  
25 wellhead or minehead of oil, gas, or other minerals in  
26 which the debtor had an interest before extraction.

1 (7) "Authenticate" means:

2 (A) to sign; or

3 (B) with present intent to adopt or accept a  
4 record, to attach to or logically associate with the  
5 record an electronic sound, symbol, or process.

6 (8) "Bank" means an organization that is engaged in the  
7 business of banking. The term includes savings banks,  
8 savings and loan associations, credit unions, and trust  
9 companies.

10 (9) "Cash proceeds" means proceeds that are money,  
11 checks, deposit accounts, or the like.

12 (10) "Certificate of title" means a certificate of  
13 title with respect to which a statute provides for the  
14 security interest in question to be indicated on the  
15 certificate as a condition or result of the security  
16 interest's obtaining priority over the rights of a lien  
17 creditor with respect to the collateral. The term includes  
18 another record maintained as an alternative to a  
19 certificate of title by the governmental unit that issues  
20 certificates of title if a statute permits the security  
21 interest in question to be indicated on the record as a  
22 condition or result of the security interest's obtaining  
23 priority over the rights of a lien creditor with respect to  
24 the collateral.

25 (11) "Chattel paper" means a record or records that  
26 evidence both a monetary obligation and a security interest

1 in specific goods, a security interest in specific goods  
2 and software used in the goods, a security interest in  
3 specific goods and license of software used in the goods, a  
4 lease of specific goods, or a lease of specified goods and  
5 a license of software used in the goods. In this paragraph,  
6 "monetary obligation" means a monetary obligation secured  
7 by the goods or owed under a lease of the goods and  
8 includes a monetary obligation with respect to software  
9 used in the goods. The term does not include (i) charters  
10 or other contracts involving the use or hire of a vessel or  
11 (ii) records that evidence a right to payment arising out  
12 of the use of a credit or charge card or information  
13 contained on or for use with the card. If a transaction is  
14 evidenced by records that include an instrument or series  
15 of instruments, the group of records taken together  
16 constitutes chattel paper.

17 (12) "Collateral" means the property subject to a  
18 security interest or agricultural lien. The term includes:

19 (A) proceeds to which a security interest  
20 attaches;

21 (B) accounts, chattel paper, payment intangibles,  
22 and promissory notes that have been sold; and

23 (C) goods that are the subject of a consignment.

24 (13) "Commercial tort claim" means a claim arising in  
25 tort with respect to which:

26 (A) the claimant is an organization; or

1 (B) the claimant is an individual and the claim:  
2 (i) arose in the course of the claimant's  
3 business or profession; and  
4 (ii) does not include damages arising out of  
5 personal injury to or the death of an individual.

6 (14) "Commodity account" means an account maintained  
7 by a commodity intermediary in which a commodity contract  
8 is carried for a commodity customer.

9 (15) "Commodity contract" means a commodity futures  
10 contract, an option on a commodity futures contract, a  
11 commodity option, or another contract if the contract or  
12 option is:

13 (A) traded on or subject to the rules of a board of  
14 trade that has been designated as a contract market for  
15 such a contract pursuant to federal commodities laws;  
16 or

17 (B) traded on a foreign commodity board of trade,  
18 exchange, or market, and is carried on the books of a  
19 commodity intermediary for a commodity customer.

20 (16) "Commodity customer" means a person for which a  
21 commodity intermediary carries a commodity contract on its  
22 books.

23 (17) "Commodity intermediary" means a person that:

24 (A) is registered as a futures commission merchant  
25 under federal commodities law; or

26 (B) in the ordinary course of its business provides

1 clearance or settlement services for a board of trade  
2 that has been designated as a contract market pursuant  
3 to federal commodities law.

4 (18) "Communicate" means:

5 (A) to send a written or other tangible record;

6 (B) to transmit a record by any means agreed upon  
7 by the persons sending and receiving the record; or

8 (C) in the case of transmission of a record to or  
9 by a filing office, to transmit a record by any means  
10 prescribed by filing-office rule.

11 (19) "Consignee" means a merchant to which goods are  
12 delivered in a consignment.

13 (20) "Consignment" means a transaction, regardless of  
14 its form, in which a person delivers goods to a merchant  
15 for the purpose of sale and:

16 (A) the merchant:

17 (i) deals in goods of that kind under a name  
18 other than the name of the person making delivery;

19 (ii) is not an auctioneer; and

20 (iii) is not generally known by its creditors  
21 to be substantially engaged in selling the goods of  
22 others;

23 (B) with respect to each delivery, the aggregate  
24 value of the goods is \$1,000 or more at the time of  
25 delivery;

26 (C) the goods are not consumer goods immediately

1 before delivery; and

2 (D) the transaction does not create a security  
3 interest that secures an obligation.

4 (21) "Consignor" means a person that delivers goods to  
5 a consignee in a consignment.

6 (22) "Consumer debtor" means a debtor in a consumer  
7 transaction.

8 (23) "Consumer goods" means goods that are used or  
9 bought for use primarily for personal, family, or household  
10 purposes.

11 (24) "Consumer-goods transaction" means a consumer  
12 transaction in which:

13 (A) an individual incurs an obligation primarily  
14 for personal, family, or household purposes; and

15 (B) a security interest in consumer goods secures  
16 the obligation.

17 (25) "Consumer obligor" means an obligor who is an  
18 individual and who incurred the obligation as part of a  
19 transaction entered into primarily for personal, family,  
20 or household purposes.

21 (26) "Consumer transaction" means a transaction in  
22 which (i) an individual incurs an obligation primarily for  
23 personal, family, or household purposes, (ii) a security  
24 interest secures the obligation, and (iii) the collateral  
25 is held or acquired primarily for personal, family, or  
26 household purposes. The term includes consumer-goods

1 transactions.

2 (27) "Continuation statement" means an amendment of a  
3 financing statement which:

4 (A) identifies, by its file number, the initial  
5 financing statement to which it relates; and

6 (B) indicates that it is a continuation statement  
7 for, or that it is filed to continue the effectiveness  
8 of, the identified financing statement.

9 (28) "Debtor" means:

10 (A) a person having an interest, other than a  
11 security interest or other lien, in the collateral,  
12 whether or not the person is an obligor;

13 (B) a seller of accounts, chattel paper, payment  
14 intangibles, or promissory notes; or

15 (C) a consignee.

16 (29) "Deposit account" means a demand, time, savings,  
17 passbook, nonnegotiable certificates of deposit,  
18 uncertificated certificates of deposit, nontransferrable  
19 certificates of deposit, or similar account maintained  
20 with a bank. The term does not include investment property  
21 or accounts evidenced by an instrument.

22 (30) "Document" means a document of title or a receipt  
23 of the type described in Section 7-201(b).

24 (31) "Electronic chattel paper" means chattel paper  
25 evidenced by a record or records consisting of information  
26 stored in an electronic medium.



1           (32) "Encumbrance" means a right, other than an  
2 ownership interest, in real property. The term includes  
3 mortgages and other liens on real property.

4           (33) "Equipment" means goods other than inventory,  
5 farm products, or consumer goods.

6           (34) "Farm products" means goods, other than standing  
7 timber, with respect to which the debtor is engaged in a  
8 farming operation and which are:

9           (A) crops grown, growing, or to be grown,  
10 including:

11                 (i) crops produced on trees, vines, and  
12 bushes; and

13                 (ii) aquatic goods produced in aquacultural  
14 operations;

15           (B) livestock, born or unborn, including aquatic  
16 goods produced in aquacultural operations;

17           (C) supplies used or produced in a farming  
18 operation; or

19           (D) products of crops or livestock in their  
20 unmanufactured states.

21           (35) "Farming operation" means raising, cultivating,  
22 propagating, fattening, grazing, or any other farming,  
23 livestock, or aquacultural operation.

24           (36) "File number" means the number assigned to an  
25 initial financing statement pursuant to Section 9-519(a).

26           (37) "Filing office" means an office designated in

1 Section 9-501 as the place to file a financing statement.

2 (38) "Filing-office rule" means a rule adopted  
3 pursuant to Section 9-526.

4 (39) "Financing statement" means a record or records  
5 composed of an initial financing statement and any filed  
6 record relating to the initial financing statement.

7 (40) "Fixture filing" means the filing of a financing  
8 statement covering goods that are or are to become fixtures  
9 and satisfying Section 9-502(a) and (b). The term includes  
10 the filing of a financing statement covering goods of a  
11 transmitting utility which are or are to become fixtures.

12 (41) "Fixtures" means goods that have become so related  
13 to particular real property that an interest in them arises  
14 under real property law.

15 (42) "General intangible" means any personal property,  
16 including things in action, other than accounts, chattel  
17 paper, commercial tort claims, deposit accounts,  
18 documents, goods, instruments, investment property,  
19 letter-of-credit rights, letters of credit, money, and  
20 oil, gas, or other minerals before extraction. The term  
21 includes payment intangibles and software.

22 (43) "Good faith" means honesty in fact and the  
23 observance of reasonable commercial standards of fair  
24 dealing.

25 (44) "Goods" means all things that are movable when a  
26 security interest attaches. The term includes (i)

1 fixtures, (ii) standing timber that is to be cut and  
2 removed under a conveyance or contract for sale, (iii) the  
3 unborn young of animals, (iv) crops grown, growing, or to  
4 be grown, even if the crops are produced on trees, vines,  
5 or bushes, and (v) manufactured homes. The term also  
6 includes a computer program embedded in goods and any  
7 supporting information provided in connection with a  
8 transaction relating to the program if (i) the program is  
9 associated with the goods in such a manner that it  
10 customarily is considered part of the goods, or (ii) by  
11 becoming the owner of the goods, a person acquires a right  
12 to use the program in connection with the goods. The term  
13 does not include a computer program embedded in goods that  
14 consist solely of the medium in which the program is  
15 embedded. The term also does not include accounts, chattel  
16 paper, commercial tort claims, deposit accounts,  
17 documents, general intangibles, instruments, investment  
18 property, letter-of-credit rights, letters of credit,  
19 money, or oil, gas, or other minerals before extraction.

20 (45) "Governmental unit" means a subdivision, agency,  
21 department, county, parish, municipality, or other unit of  
22 the government of the United States, a State, or a foreign  
23 country. The term includes an organization having a  
24 separate corporate existence if the organization is  
25 eligible to issue debt on which interest is exempt from  
26 income taxation under the laws of the United States.

1           (46) "Health-care-insurance receivable" means an  
2 interest in or claim under a policy of insurance which is a  
3 right to payment of a monetary obligation for health-care  
4 goods or services provided.

5           (47) "Instrument" means a negotiable instrument or any  
6 other writing that evidences a right to the payment of a  
7 monetary obligation, is not itself a security agreement or  
8 lease, and is of a type that in ordinary course of business  
9 is transferred by delivery with any necessary indorsement  
10 or assignment. The term does not include (i) investment  
11 property, (ii) letters of credit, (iii) nonnegotiable  
12 certificates of deposit, (iv) uncertificated certificates  
13 of deposit, (v) nontransferrable certificates of deposit,  
14 or (vi) writings that evidence a right to payment arising  
15 out of the use of a credit or charge card or information  
16 contained on or for use with the card.

17           (48) "Inventory" means goods, other than farm  
18 products, which:

19                   (A) are leased by a person as lessor;

20                   (B) are held by a person for sale or lease or to be  
21 furnished under a contract of service;

22                   (C) are furnished by a person under a contract of  
23 service; or

24                   (D) consist of raw materials, work in process, or  
25 materials used or consumed in a business.

26           (49) "Investment property" means a security, whether

1           certificated or uncertificated, security entitlement,  
2           securities account, commodity contract, or commodity  
3           account.

4           (50) "Jurisdiction of organization", with respect to a  
5           registered organization, means the jurisdiction under  
6           whose law the organization is formed or organized.

7           (51) "Letter-of-credit right" means a right to payment  
8           or performance under a letter of credit, whether or not the  
9           beneficiary has demanded or is at the time entitled to  
10          demand payment or performance. The term does not include  
11          the right of a beneficiary to demand payment or performance  
12          under a letter of credit.

13          (52) "Lien creditor" means:

14                (A) a creditor that has acquired a lien on the  
15                property involved by attachment, levy, or the like;

16                (B) an assignee for benefit of creditors from the  
17                time of assignment;

18                (C) a trustee in bankruptcy from the date of the  
19                filing of the petition; or

20                (D) a receiver in equity from the time of  
21                appointment.

22          (53) "Manufactured home" means a structure,  
23          transportable in one or more sections, which, in the  
24          traveling mode, is eight body feet or more in width or 40  
25          body feet or more in length, or, when erected on site, is  
26          320 or more square feet, and which is built on a permanent

1 chassis and designed to be used as a dwelling with or  
2 without a permanent foundation when connected to the  
3 required utilities, and includes the plumbing, heating,  
4 air-conditioning, and electrical systems contained  
5 therein. The term includes any structure that meets all of  
6 the requirements of this paragraph except the size  
7 requirements and with respect to which the manufacturer  
8 voluntarily files a certification required by the United  
9 States Secretary of Housing and Urban Development and  
10 complies with the standards established under Title 42 of  
11 the United States Code. The term "manufactured home" does  
12 not include campers and recreational vehicles  
13 ~~factory assembled, completely integrated structure~~  
14 ~~designed for permanent habitation, with a permanent~~  
15 ~~chassis, and so constructed as to permit its transport, on~~  
16 ~~wheels temporarily or permanently attached to its frame,~~  
17 ~~and is a movable or portable unit that is (i) 8 body feet~~  
18 ~~or more in width, (ii) 40 body feet or more in length, and~~  
19 ~~(iii) 320 or more square feet, constructed to be towed on~~  
20 ~~its own chassis (comprised of frame and wheels) from the~~  
21 ~~place of its construction to the location, or subsequent~~  
22 ~~locations, at which it is installed and set up according to~~  
23 ~~the manufacturer's instructions and connected to utilities~~  
24 ~~for year round occupancy for use as a permanent habitation,~~  
25 ~~and designed and situated so as to permit its occupancy as~~  
26 ~~a dwelling place for one or more persons. The term shall~~

1 ~~include units containing parts that may be folded,~~  
2 ~~collapsed, or telescoped when being towed and that may be~~  
3 ~~expected to provide additional cubic capacity, and that are~~  
4 ~~designed to be joined into one integral unit capable of~~  
5 ~~being separated again into the components for repeated~~  
6 ~~towing. The term shall exclude campers and recreational~~  
7 ~~vehicles.~~

8 (54) "Manufactured-home transaction" means a secured  
9 transaction:

10 (A) that creates a purchase-money security  
11 interest in a manufactured home, other than a  
12 manufactured home held as inventory; or

13 (B) in which a manufactured home, other than a  
14 manufactured home held as inventory, is the primary  
15 collateral.

16 (55) "Mortgage" means a consensual interest in real  
17 property, including fixtures, which secures payment or  
18 performance of an obligation.

19 (56) "New debtor" means a person that becomes bound as  
20 debtor under Section 9-203(d) by a security agreement  
21 previously entered into by another person.

22 (57) "New value" means (i) money, (ii) money's worth in  
23 property, services, or new credit, or (iii) release by a  
24 transferee of an interest in property previously  
25 transferred to the transferee. The term does not include an  
26 obligation substituted for another obligation.

1           (58) "Noncash proceeds" means proceeds other than cash  
2 proceeds.

3           (59) "Obligor" means a person that, with respect to an  
4 obligation secured by a security interest in or an  
5 agricultural lien on the collateral, (i) owes payment or  
6 other performance of the obligation, (ii) has provided  
7 property other than the collateral to secure payment or  
8 other performance of the obligation, or (iii) is otherwise  
9 accountable in whole or in part for payment or other  
10 performance of the obligation. The term does not include  
11 issuers or nominated persons under a letter of credit.

12           (60) "Original debtor", except as used in Section  
13 9-310(c), means a person that, as debtor, entered into a  
14 security agreement to which a new debtor has become bound  
15 under Section 9-203(d).

16           (61) "Payment intangible" means a general intangible  
17 under which the account debtor's principal obligation is a  
18 monetary obligation.

19           (62) "Person related to", with respect to an  
20 individual, means:

21                   (A) the spouse of the individual;

22                   (B) a brother, brother-in-law, sister, or  
23 sister-in-law of the individual;

24                   (C) an ancestor or lineal descendant of the  
25 individual or the individual's spouse; or

26                   (D) any other relative, by blood or marriage, of



1           the individual or the individual's spouse who shares  
2           the same home with the individual.

3           (63) "Person related to", with respect to an  
4           organization, means:

5                   (A) a person directly or indirectly controlling,  
6                   controlled by, or under common control with the  
7                   organization;

8                   (B) an officer or director of, or a person  
9                   performing similar functions with respect to, the  
10                  organization;

11                  (C) an officer or director of, or a person  
12                  performing similar functions with respect to, a person  
13                  described in subparagraph (A);

14                  (D) the spouse of an individual described in  
15                  subparagraph (A), (B), or (C); or

16                  (E) an individual who is related by blood or  
17                  marriage to an individual described in subparagraph  
18                  (A), (B), (C), or (D) and shares the same home with the  
19                  individual.

20           (64) "Proceeds", except as used in Section 9-609(b),  
21           means the following property:

22                   (A) whatever is acquired upon the sale, lease,  
23                   license, exchange, or other disposition of collateral;

24                   (B) whatever is collected on, or distributed on  
25                   account of, collateral;

26                   (C) rights arising out of collateral;

1 (D) to the extent of the value of collateral,  
2 claims arising out of the loss, nonconformity, or  
3 interference with the use of, defects or infringement  
4 of rights in, or damage to, the collateral; or

5 (E) to the extent of the value of collateral and to  
6 the extent payable to the debtor or the secured party,  
7 insurance payable by reason of the loss or  
8 nonconformity of, defects or infringement of rights  
9 in, or damage to, the collateral.

10 (65) "Promissory note" means an instrument that  
11 evidences a promise to pay a monetary obligation, does not  
12 evidence an order to pay, and does not contain an  
13 acknowledgment by a bank that the bank has received for  
14 deposit a sum of money or funds.

15 (66) "Proposal" means a record authenticated by a  
16 secured party which includes the terms on which the secured  
17 party is willing to accept collateral in full or partial  
18 satisfaction of the obligation it secures pursuant to  
19 Sections 9-620, 9-621, and 9-622.

20 (67) "Public-finance transaction" means a secured  
21 transaction in connection with which:

22 (A) debt securities are issued;

23 (B) all or a portion of the securities issued have  
24 an initial stated maturity of at least 20 years; and

25 (C) the debtor, obligor, secured party, account  
26 debtor or other person obligated on collateral,

1 assignor or assignee of a secured obligation, or  
2 assignor or assignee of a security interest is a State  
3 or a governmental unit of a State.

4 (68) "Public organic record" means a record that is  
5 available to the public for inspection and is:

6 (A) a record consisting of the record initially  
7 filed with or issued by a State or the United States to  
8 form or organize an organization and any record filed  
9 with or issued by the State or the United States which  
10 amends or restates the initial record;

11 (B) an organic record of a business trust  
12 consisting of the record initially filed with a State  
13 and any record filed with the State which amends or  
14 restates the initial record, if a statute of the State  
15 governing business trusts requires that the record be  
16 filed with the State; or

17 (C) a record consisting of legislation enacted by  
18 the legislature of a State or the Congress of the  
19 United States which forms or organizes an  
20 organization, any record amending the legislation, and  
21 any record filed with or issued by the State or the  
22 United States which amends or restates the name of the  
23 organization.

24 (69) "Pursuant to commitment", with respect to an  
25 advance made or other value given by a secured party, means  
26 pursuant to the secured party's obligation, whether or not

1 a subsequent event of default or other event not within the  
2 secured party's control has relieved or may relieve the  
3 secured party from its obligation.

4 (70) "Record", except as used in "for record", "of  
5 record", "record or legal title", and "record owner", means  
6 information that is inscribed on a tangible medium or which  
7 is stored in an electronic or other medium and is  
8 retrievable in perceivable form.

9 (71) "Registered organization" means an organization  
10 formed or organized solely under the law of a single State  
11 or the United States by the filing of a public organic  
12 record with, the issuance of a public organic record by, or  
13 the enactment of legislation by the State or the United  
14 States. The term includes a business trust that is formed  
15 or organized under the law of a single State if a statute  
16 of the State governing business trusts requires that the  
17 business trust's organic record be filed with the State.

18 (72) "Secondary obligor" means an obligor to the extent  
19 that:

20 (A) the obligor's obligation is secondary; or

21 (B) the obligor has a right of recourse with  
22 respect to an obligation secured by collateral against  
23 the debtor, another obligor, or property of either.

24 (73) "Secured party" means:

25 (A) a person in whose favor a security interest is  
26 created or provided for under a security agreement,

1           whether or not any obligation to be secured is  
2           outstanding;

3                   (B) a person that holds an agricultural lien;

4                   (C) a consignor;

5                   (D) a person to which accounts, chattel paper,  
6           payment intangibles, or promissory notes have been  
7           sold;

8                   (E) a trustee, indenture trustee, agent,  
9           collateral agent, or other representative in whose  
10          favor a security interest or agricultural lien is  
11          created or provided for; or

12                   (F) a person that holds a security interest arising  
13          under Section 2-401, 2-505, 2-711(3), 2A-508(5),  
14          4-210, or 5-118.

15           (74) "Security agreement" means an agreement that  
16          creates or provides for a security interest.

17           (75) "Send", in connection with a record or  
18          notification, means:

19                   (A) to deposit in the mail, deliver for  
20          transmission, or transmit by any other usual means of  
21          communication, with postage or cost of transmission  
22          provided for, addressed to any address reasonable  
23          under the circumstances; or

24                   (B) to cause the record or notification to be  
25          received within the time that it would have been  
26          received if properly sent under subparagraph (A).

1           (76) "Software" means a computer program and any  
2 supporting information provided in connection with a  
3 transaction relating to the program. The term does not  
4 include a computer program that is included in the  
5 definition of goods.

6           (77) "State" means a State of the United States, the  
7 District of Columbia, Puerto Rico, the United States Virgin  
8 Islands, or any territory or insular possession subject to  
9 the jurisdiction of the United States.

10          (78) "Supporting obligation" means a letter-of-credit  
11 right or secondary obligation that supports the payment or  
12 performance of an account, chattel paper, a document, a  
13 general intangible, an instrument, or investment property.

14          (79) "Tangible chattel paper" means chattel paper  
15 evidenced by a record or records consisting of information  
16 that is inscribed on a tangible medium.

17          (80) "Termination statement" means an amendment of a  
18 financing statement which:

19           (A) identifies, by its file number, the initial  
20 financing statement to which it relates; and

21           (B) indicates either that it is a termination  
22 statement or that the identified financing statement  
23 is no longer effective.

24          (81) "Transmitting utility" means a person primarily  
25 engaged in the business of:

26           (A) operating a railroad, subway, street railway,

1 or trolley bus;

2 (B) transmitting communications electrically,  
3 electromagnetically, or by light;

4 (C) transmitting goods by pipeline or sewer; or

5 (D) transmitting or producing and transmitting  
6 electricity, steam, gas, or water.

7 (b) Definitions in other Articles. "Control" as provided in  
8 Section 7-106 and the following definitions in other Articles  
9 apply to this Article:

10 "Applicant". Section 5-102.

11 "Beneficiary". Section 5-102.

12 "Broker". Section 8-102.

13 "Certificated security". Section 8-102.

14 "Check". Section 3-104.

15 "Clearing corporation". Section 8-102.

16 "Contract for sale". Section 2-106.

17 "Customer". Section 4-104.

18 "Entitlement holder". Section 8-102.

19 "Financial asset". Section 8-102.

20 "Holder in due course". Section 3-302.

21 "Issuer" (with respect to a letter of credit or  
22 letter-of-credit right). Section 5-102.

23 "Issuer" (with respect to a security). Section 8-201.

24 "Issuer" (with respect to documents of title). Section  
25 7-102.

26 "Lease". Section 2A-103.

1 "Lease agreement". Section 2A-103.  
2 "Lease contract". Section 2A-103.  
3 "Leasehold interest". Section 2A-103.  
4 "Lessee". Section 2A-103.  
5 "Lessee in ordinary course of business". Section 2A-103.  
6 "Lessor". Section 2A-103.  
7 "Lessor's residual interest". Section 2A-103.  
8 "Letter of credit". Section 5-102.  
9 "Merchant". Section 2-104.  
10 "Negotiable instrument". Section 3-104.  
11 "Nominated person". Section 5-102.  
12 "Note". Section 3-104.  
13 "Proceeds of a letter of credit". Section 5-114.  
14 "Prove". Section 3-103.  
15 "Sale". Section 2-106.  
16 "Securities account". Section 8-501.  
17 "Securities intermediary". Section 8-102.  
18 "Security". Section 8-102.  
19 "Security certificate". Section 8-102.  
20 "Security entitlement". Section 8-102.  
21 "Uncertificated security". Section 8-102.

22 (c) Article 1 definitions and principles. Article 1  
23 contains general definitions and principles of construction  
24 and interpretation applicable throughout this Article.

25 (Source: P.A. 96-1477, eff. 1-1-11; 97-1034, eff. 7-1-13.)



1           Section 10-110. The Interest Act is amended by changing  
2 Sections 4, 4.2, and 4a as follows:

3           (815 ILCS 205/4) (from Ch. 17, par. 6404)

4           Sec. 4. General interest rate.

5           (1) Except as otherwise provided in Section 4.05, in all  
6 written contracts it shall be lawful for the parties to  
7 stipulate or agree that 9% per annum, or any less sum of  
8 interest, shall be taken and paid upon every \$100 of money  
9 loaned or in any manner due and owing from any person to any  
10 other person or corporation in this state, and after that rate  
11 for a greater or less sum, or for a longer or shorter time,  
12 except as herein provided.

13           The maximum rate of interest that may lawfully be  
14 contracted for is determined by the law applicable thereto at  
15 the time the contract is made. Any provision in any contract,  
16 whether made before or after July 1, 1969, which provides for  
17 or purports to authorize, contingent upon a change in the  
18 Illinois law after the contract is made, any rate of interest  
19 greater than the maximum lawful rate at the time the contract  
20 is made, is void.

21           It is lawful for a state bank or a branch of an  
22 out-of-state bank, as those terms are defined in Section 2 of  
23 the Illinois Banking Act, to receive or to contract to receive  
24 and collect interest and charges at any rate or rates agreed  
25 upon by the bank or branch and the borrower. It is lawful for a

1 savings bank chartered under the Savings Bank Act or a savings  
2 association chartered under the Illinois Savings and Loan Act  
3 of 1985 to receive or contract to receive and collect interest  
4 and charges at any rate agreed upon by the savings bank or  
5 savings association and the borrower.

6 It is lawful to receive or to contract to receive and  
7 collect interest and charges as authorized by this Act and as  
8 authorized by the Consumer Installment Loan Act and by the  
9 "Consumer Finance Act", approved July 10, 1935, as now or  
10 hereafter amended, or by the Payday Loan Reform Act. It is  
11 lawful to charge, contract for, and receive any rate or amount  
12 of interest or compensation with respect to the following  
13 transactions:

14 (a) Any loan made to a corporation;

15 (b) Advances of money, repayable on demand, to an  
16 amount not less than \$5,000, which are made upon warehouse  
17 receipts, bills of lading, certificates of stock,  
18 certificates of deposit, bills of exchange, bonds or other  
19 negotiable instruments pledged as collateral security for  
20 such repayment, if evidenced by a writing;

21 (c) Any credit transaction between a merchandise  
22 wholesaler and retailer; any business loan to a business  
23 association or copartnership or to a person owning and  
24 operating a business as sole proprietor or to any persons  
25 owning and operating a business as joint venturers, joint  
26 tenants or tenants in common, or to any limited

1 partnership, or to any trustee owning and operating a  
2 business or whose beneficiaries own and operate a business,  
3 except that any loan which is secured (1) by an assignment  
4 of an individual obligor's salary, wages, commissions or  
5 other compensation for services, or (2) by his household  
6 furniture or other goods used for his personal, family or  
7 household purposes shall be deemed not to be a loan within  
8 the meaning of this subsection; and provided further that a  
9 loan which otherwise qualifies as a business loan within  
10 the meaning of this subsection shall not be deemed as not  
11 so qualifying because of the inclusion, with other security  
12 consisting of business assets of any such obligor, of real  
13 estate occupied by an individual obligor solely as his  
14 residence. The term "business" shall be deemed to mean a  
15 commercial, agricultural or industrial enterprise which is  
16 carried on for the purpose of investment or profit, but  
17 shall not be deemed to mean the ownership or maintenance of  
18 real estate occupied by an individual obligor solely as his  
19 residence;

20 (d) Any loan made in accordance with the provisions of  
21 Subchapter I of Chapter 13 of Title 12 of the United States  
22 Code, which is designated as "Housing Renovation and  
23 Modernization";

24 (e) Any mortgage loan insured or upon which a  
25 commitment to insure has been issued under the provisions  
26 of the National Housing Act, Chapter 13 of Title 12 of the

1 United States Code;

2 (f) Any mortgage loan guaranteed or upon which a  
3 commitment to guaranty has been issued under the provisions  
4 of the Veterans' Benefits Act, Subchapter II of Chapter 37  
5 of Title 38 of the United States Code;

6 (g) Interest charged by a broker or dealer registered  
7 under the Securities Exchange Act of 1934, as amended, or  
8 registered under the Illinois Securities Law of 1953,  
9 approved July 13, 1953, as now or hereafter amended, on a  
10 debit balance in an account for a customer if such debit  
11 balance is payable at will without penalty and is secured  
12 by securities as defined in Uniform Commercial  
13 Code-Investment Securities;

14 (h) Any loan made by a participating bank as part of  
15 any loan guarantee program which provides for loans and for  
16 the refinancing of such loans to medical students, interns  
17 and residents and which are guaranteed by the American  
18 Medical Association Education and Research Foundation;

19 (i) Any loan made, guaranteed, or insured in accordance  
20 with the provisions of the Housing Act of 1949, Subchapter  
21 III of Chapter 8A of Title 42 of the United States Code and  
22 the Consolidated Farm and Rural Development Act,  
23 Subchapters I, II, and III of Chapter 50 of Title 7 of the  
24 United States Code;

25 (j) Any loan by an employee pension benefit plan, as  
26 defined in Section 3 (2) of the Employee Retirement Income

1 Security Act of 1974 (29 U.S.C.A. Sec. 1002), to an  
2 individual participating in such plan, provided that such  
3 loan satisfies the prohibited transaction exemption  
4 requirements of Section 408 (b) (1) (29 U.S.C.A. Sec. 1108  
5 (b) (1)) or Section 2003 (a) (26 U.S.C.A. Sec. 4975 (d)  
6 (1)) of the Employee Retirement Income Security Act of  
7 1974;

8 (k) Written contracts, agreements or bonds for deed  
9 providing for installment purchase of real estate,  
10 including a manufactured home as defined in subdivision  
11 (53) of Section 9-102 of the Uniform Commercial Code that  
12 is real property as defined in the Conveyance and  
13 Encumbrance of Manufactured Homes as Real Property and  
14 Severance Act;

15 (1) Loans secured by a mortgage on real estate,  
16 including a manufactured home as defined in subdivision  
17 (53) of Section 9-102 of the Uniform Commercial Code that  
18 is real property as defined in the Conveyance and  
19 Encumbrance of Manufactured Homes as Real Property and  
20 Severance Act;

21 (m) Loans made by a sole proprietorship, partnership,  
22 or corporation to an employee or to a person who has been  
23 offered employment by such sole proprietorship,  
24 partnership, or corporation made for the sole purpose of  
25 transferring an employee or person who has been offered  
26 employment to another office maintained and operated by the

1 same sole proprietorship, partnership, or corporation;

2 (n) Loans to or for the benefit of students made by an  
3 institution of higher education.

4 (2) Except for loans described in subparagraph (a), (c),  
5 (d), (e), (f) or (i) of subsection (1) of this Section, and  
6 except to the extent permitted by the applicable statute for  
7 loans made pursuant to Section 4a or pursuant to the Consumer  
8 Installment Loan Act:

9 (a) Whenever the rate of interest exceeds 8% per annum  
10 on any written contract, agreement or bond for deed  
11 providing for the installment purchase of residential real  
12 estate, or on any loan secured by a mortgage on residential  
13 real estate, it shall be unlawful to provide for a  
14 prepayment penalty or other charge for prepayment.

15 (b) No agreement, note or other instrument evidencing a  
16 loan secured by a mortgage on residential real estate, or  
17 written contract, agreement or bond for deed providing for  
18 the installment purchase of residential real estate, may  
19 provide for any change in the contract rate of interest  
20 during the term thereof. However, if the Congress of the  
21 United States or any federal agency authorizes any class of  
22 lender to enter, within limitations, into mortgage  
23 contracts or written contracts, agreements or bonds for  
24 deed in which the rate of interest may be changed during  
25 the term of the contract, any person, firm, corporation or  
26 other entity not otherwise prohibited from entering into

1 mortgage contracts or written contracts, agreements or  
2 bonds for deed in Illinois may enter into mortgage  
3 contracts or written contracts, agreements or bonds for  
4 deed in which the rate of interest may be changed during  
5 the term of the contract, within the same limitations.

6 (3) In any contract or loan which is secured by a mortgage,  
7 deed of trust, or conveyance in the nature of a mortgage, on  
8 residential real estate, the interest which is computed,  
9 calculated, charged, or collected pursuant to such contract or  
10 loan, or pursuant to any regulation or rule promulgated  
11 pursuant to this Act, may not be computed, calculated, charged  
12 or collected for any period of time occurring after the date on  
13 which the total indebtedness, with the exception of late  
14 payment penalties, is paid in full.

15 (4) For purposes of this Section, a prepayment shall mean  
16 the payment of the total indebtedness, with the exception of  
17 late payment penalties if incurred or charged, on any date  
18 before the date specified in the contract or loan agreement on  
19 which the total indebtedness shall be paid in full, or before  
20 the date on which all payments, if timely made, shall have been  
21 made. In the event of a prepayment of the indebtedness which is  
22 made on a date after the date on which interest on the  
23 indebtedness was last computed, calculated, charged, or  
24 collected but before the next date on which interest on the  
25 indebtedness was to be calculated, computed, charged, or  
26 collected, the lender may calculate, charge and collect

1 interest on the indebtedness for the period which elapsed  
2 between the date on which the prepayment is made and the date  
3 on which interest on the indebtedness was last computed,  
4 calculated, charged or collected at a rate equal to 1/360 of  
5 the annual rate for each day which so elapsed, which rate shall  
6 be applied to the indebtedness outstanding as of the date of  
7 prepayment. The lender shall refund to the borrower any  
8 interest charged or collected which exceeds that which the  
9 lender may charge or collect pursuant to the preceding  
10 sentence. The provisions of this amendatory Act of 1985 shall  
11 apply only to contracts or loans entered into on or after the  
12 effective date of this amendatory Act, but shall not apply to  
13 contracts or loans entered into on or after that date that are  
14 subject to Section 4a of this Act, the Consumer Installment  
15 Loan Act, the Payday Loan Reform Act, or the Retail Installment  
16 Sales Act, or that provide for the refund of precomputed  
17 interest on prepayment in the manner provided by such Act.

18 (5) For purposes of items (a) and (c) of subsection (1) of  
19 this Section, a rate or amount of interest may be lawfully  
20 computed when applying the ratio of the annual interest rate  
21 over a year based on 360 days. The provisions of this  
22 amendatory Act of the 96th General Assembly are declarative of  
23 existing law.

24 (6) For purposes of this Section, "real estate" and "real  
25 property" include a manufactured home, as defined in  
26 subdivision (53) of Section 9-102 of the Uniform Commercial



1 Code that is real property as defined in the Conveyance and  
2 Encumbrance of Manufactured Homes as Real Property and  
3 Severance Act.

4 (Source: P.A. 95-331, eff. 8-21-07; 96-1421, eff. 8-3-10.)

5 (815 ILCS 205/4.2) (from Ch. 17, par. 6407)

6 Sec. 4.2. Revolving credit; billing statements;  
7 disclosures. On a revolving credit which complies with  
8 subparagraphs (a), (b), (c), (d) and (e) of this Section 4.2,  
9 it is lawful for any bank that has its main office or, after  
10 May 31, 1997, a branch in this State, a state or federal  
11 savings and loan association with its main office in this  
12 State, a state or federal credit union with its main office in  
13 this State, or a lender licensed under the Consumer Finance  
14 Act, the Consumer Installment Loan Act or the Sales Finance  
15 Agency Act, as such Acts are now and hereafter amended, to  
16 receive or contract to receive and collect interest in any  
17 amount or at any rate agreed upon by the parties to the  
18 revolving credit arrangement. It is lawful for any other lender  
19 to receive or contract to receive and collect interest in an  
20 amount not in excess of 1 1/2% per month of either the average  
21 daily unpaid balance of the principal of the debt during the  
22 billing cycle, or of the unpaid balance of the debt on  
23 approximately the same day of the billing cycle. If a lender  
24 under a revolving credit arrangement notifies the debtor at  
25 least 30 days in advance of any lawful increase in the amount

1 or rate of interest to be charged under the revolving credit  
2 arrangement, and the debtor, after the effective date of such  
3 notice, incurs new debt pursuant to the revolving credit  
4 arrangement, the increased interest amount or rate may be  
5 applied only to any such new debt incurred under the revolving  
6 credit arrangement. For purposes of determining the balances to  
7 which the increased interest rate applies, all payments and  
8 other credits may be deemed to be applied to the balance  
9 existing prior to the change in rate until that balance is paid  
10 in full. The face amount of the drafts, items, orders for the  
11 payment of money, evidences of debt, or similar written  
12 instruments received by the lender in connection with the  
13 revolving credit, less the amounts applicable to principal from  
14 time to time paid thereon by the debtor, are the unpaid balance  
15 of the debt upon which the interest is computed. If the billing  
16 cycle is not monthly, the maximum interest rate for the billing  
17 cycle is the percentage which bears the same relation to the  
18 monthly percentage provided for in the preceding sentence as  
19 the number of days in the billing cycle bears to 30. For the  
20 purposes of the foregoing computation, a "month" is deemed to  
21 be any time of 30 consecutive days. In addition to the interest  
22 charge provided for, it is lawful to receive, contract for or  
23 collect a charge not exceeding 25 cents for each transaction in  
24 which a loan or advance is made under the revolving credit or  
25 in lieu of this additional charge an annual fee for the  
26 privilege of receiving and using the revolving credit in an

1 amount not exceeding \$20. In addition, with respect to  
2 revolving credit secured by an interest in real estate,  
3 including a manufactured home as defined in subdivision (53) of  
4 Section 9-102 of the Uniform Commercial Code that is real  
5 property as defined in the Conveyance and Encumbrance of  
6 Manufactured Homes as Real Property and Severance Act, it is  
7 also lawful to receive, contract for or collect fees lawfully  
8 paid to any public officer or agency to record, file or release  
9 the security, and costs and disbursements actually incurred for  
10 any title insurance, title examination, abstract of title,  
11 survey, appraisal, escrow fees, and fees paid to a trustee in  
12 connection with a trust deed.

13 (a) At or before the date a bill or statement is first  
14 rendered to the debtor under a revolving credit arrangement,  
15 the lender must mail or deliver to the debtor a written  
16 description of the conditions under which a charge for interest  
17 may be made and the method, including the rate, of computing  
18 these interest charges. The rate of interest must be expressed  
19 as an annual percentage rate.

20 (b) If during any billing cycle any debit or credit entry  
21 is made to a debtor's revolving credit account, and if at the  
22 end of that billing cycle there is an unpaid balance owing to  
23 the lender from the debtor, the lender must give to the debtor  
24 the following information within a reasonable time after the  
25 end of the billing cycle:

26 (i) the unpaid balance at the beginning of the billing

1 cycle;

2 (ii) the date and amount of all loans or advances made  
3 during the billing cycle, which information may be supplied  
4 by enclosing a copy of the drafts, items, orders for the  
5 payment of money, evidences of debt or similar written  
6 instruments presented to the lender during the billing  
7 cycle;

8 (iii) the payments by the debtor to the lender and any  
9 other credits to the debtor during the billing cycle;

10 (iv) the amount of interest and other charges, if any,  
11 charged to the debtor's account during the billing cycle;

12 (v) the amount which must be currently paid by the  
13 debtor and the date on which that amount must be paid in  
14 order to avoid delinquency;

15 (vi) the total amount remaining unpaid at the end of  
16 the billing cycle and the right of the debtor to prepay  
17 that amount in full without penalty; and

18 (vii) information required by (iv), (v) and (vi) must  
19 be set forth in type of equal size and equal  
20 conspicuousness.

21 (c) The revolving credit arrangement may provide for the  
22 payment by the debtor and receipt by the lender of all costs  
23 and disbursements, including reasonable attorney's fees,  
24 incurred by the lender in legal proceedings to collect or  
25 enforce the debt in the event of delinquency by the debtor or  
26 in the event of a breach of any obligation of the debtor under

1 the arrangement.

2 (d) The lender under a revolving credit arrangement may  
3 provide credit life insurance or credit accident and health  
4 insurance, or both, with respect to the debtor and may charge  
5 the debtor therefor. Credit life insurance and credit accident  
6 and health insurance, and any charge therefor made to the  
7 debtor, shall comply with Article IX 1/2 of the Illinois  
8 Insurance Code, as now or hereafter amended, and all lawful  
9 requirements of the Director of Insurance related thereto. This  
10 insurance is in force with respect to each loan or advance made  
11 under a revolving credit arrangement as soon as the loan or  
12 advance is made. The purchase of this insurance from an agent,  
13 broker or insurer specified by the lender may not be a  
14 condition precedent to the revolving credit arrangement or to  
15 the making of any loan or advance thereunder.

16 (e) Whenever interest is contracted for or received under  
17 this Section, no amount in addition to the charges authorized  
18 by this Act may be directly or indirectly charged, contracted  
19 for or received whether as interest, service charges, costs of  
20 investigations or enforcements or otherwise.

21 (f) The lender under a revolving credit arrangement must  
22 compute at year end the total amount charged to the debtor's  
23 account during the year, including service charges, finance  
24 charges, late charges and any other charges authorized by this  
25 Act, and upon request must furnish such information to the  
26 debtor within 30 days after the end of the year, or if the

1 account has been terminated during such year, may give such  
2 requested information within 30 days after such termination.  
3 The lender shall annually inform the debtor of his right to  
4 obtain such information.

5 (g) A lender who complies with the federal Truth in Lending  
6 Act, amendments thereto, and any regulations issued or which  
7 may be issued thereunder, shall be deemed to be in compliance  
8 with the provisions of subparagraphs (a) and (b) of this  
9 Section.

10 (h) Anything in this Section 4.2 to the contrary  
11 notwithstanding, if the Congress of the United States or any  
12 federal agency authorizes any class of lenders to enter, within  
13 limitations, into a revolving credit arrangement secured by a  
14 mortgage or deed of trust on residential real property, any  
15 person, firm, corporation or other entity, not otherwise  
16 prohibited by the Congress of the United States or any federal  
17 agency from entering into revolving credit arrangements  
18 secured by a mortgage or deed of trust on residential real  
19 property, may enter into such arrangements within the same  
20 limitations.

21 (Source: P.A. 89-208, eff. 9-29-95.)

22 (815 ILCS 205/4a) (from Ch. 17, par. 6410)

23 Sec. 4a. Installment loan rate.

24 (a) On money loaned to or in any manner owing from any  
25 person, whether secured or unsecured, except where the money

1 loaned or in any manner owing is directly or indirectly for the  
2 purchase price of real estate or an interest therein and is  
3 secured by a lien on or retention of title to that real estate  
4 or interest therein, to an amount not more than \$25,000  
5 (excluding interest) which is evidenced by a written instrument  
6 providing for the payment thereof in 2 or more periodic  
7 installments over a period of not more than 181 months from the  
8 date of the execution of the written instrument, it is lawful  
9 to receive or to contract to receive and collect either:

10 (i) interest in an amount equivalent to interest  
11 computed at a rate not exceeding 9% per year on the entire  
12 principal amount of the money loaned or in any manner owing  
13 for the period from the date of the making of the loan or  
14 the incurring of the obligation for the amount owing  
15 evidenced by the written instrument until the date of the  
16 maturity of the last installment thereof, and to add that  
17 amount to the principal, except that there shall be no  
18 limit on the rate of interest which may be received or  
19 contracted to be received and collected by (1) any bank  
20 that has its main office or, after May 31, 1997, a branch  
21 in this State; (2) a savings and loan association chartered  
22 under the Illinois Savings and Loan Act of 1985, a savings  
23 bank chartered under the Savings Bank Act, or a federal  
24 savings and loan association established under the laws of  
25 the United States and having its main office in this State;  
26 or (3) any lender licensed under either the Consumer

1 Finance Act or the Consumer Installment Loan Act, but in  
2 any case in which interest is received, contracted for or  
3 collected on the basis of this clause (i), the debtor may  
4 satisfy in full at any time before maturity the debt  
5 evidenced by the written instrument, and in so satisfying  
6 must receive a refund credit against the total amount of  
7 interest added to the principal computed in the manner  
8 provided under Section 15(f)(3) of the Consumer  
9 Installment Loan Act for refunds or credits of applicable  
10 interest on payment in full of precomputed loans before the  
11 final installment due date; or

12 (ii) interest accrued on the principal balance from  
13 time to time remaining unpaid, from the date of making of  
14 the loan or the incurring of the obligation to the date of  
15 the payment of the debt in full, at a rate not exceeding  
16 the annual percentage rate equivalent of the rate permitted  
17 to be charged under clause (i) above, but in any such case  
18 the debtor may, provided that the debtor shall have paid in  
19 full all interest and other charges accrued to the date of  
20 such prepayment, prepay the principal balance in full or in  
21 part at any time, and interest shall, upon any such  
22 prepayment, cease to accrue on the principal amount which  
23 has been prepaid.

24 (b) Whenever the principal amount of an installment loan is  
25 \$300 or more and the repayment period is 6 months or more, a  
26 minimum charge of \$15 may be collected instead of interest, but



1 only one minimum charge may be collected from the same person  
2 during one year. When the principal amount of the loan  
3 (excluding interest) is \$800 or less, the lender or creditor  
4 may contract for and receive a service charge not to exceed \$5  
5 in addition to interest; and that service charge may be  
6 collected when the loan is made, but only one service charge  
7 may be contracted for, received, or collected from the same  
8 person during one year.

9 (c) Credit life insurance and credit accident and health  
10 insurance, and any charge therefor which is deducted from the  
11 loan or paid by the obligor, must comply with Article IX 1/2 of  
12 the Illinois Insurance Code and all lawful requirements of the  
13 Director of Insurance related thereto. When there are 2 or more  
14 obligors on the loan contract, only one charge for credit life  
15 insurance and credit accident and health insurance may be made  
16 and only one of the obligors may be required to be insured.  
17 Insurance obtained from, by or through the lender or creditor  
18 must be in effect when the loan is transacted. The purchase of  
19 that insurance from an agent, broker or insurer specified by  
20 the lender or creditor may not be a condition precedent to the  
21 granting of the loan.

22 (d) The lender or creditor may require the obligor to  
23 provide property insurance on security other than household  
24 goods, furniture and personal effects. The amount and term of  
25 the insurance must be reasonable in relation to the amount and  
26 term of the loan contract and the type and value of the

1 security, and the insurance must be procured in accordance with  
2 the insurance laws of this State. The purchase of that  
3 insurance from an agent, broker or insurer specified by the  
4 lender or creditor may not be a condition precedent to the  
5 granting of the loan.

6 (e) The lender or creditor may, if the contract provides,  
7 collect a delinquency and collection charge on each installment  
8 in default for a period of not less than 10 days in an amount  
9 not exceeding 5% of the installment on installments in excess  
10 of \$200 or \$10 on installments of \$200 or less, but only one  
11 delinquency and collection charge may be collected on any  
12 installment regardless of the period during which it remains in  
13 default. In addition, the contract may provide for the payment  
14 by the borrower or debtor of attorney's fees incurred by the  
15 lender or creditor. The lender or creditor may enforce such a  
16 provision to the extent of the reasonable attorney's fees  
17 incurred by him in the collection or enforcement of the  
18 contract or obligation. Whenever interest is contracted for or  
19 received under this Section, no amount in addition to the  
20 charges authorized by this Section may be directly or  
21 indirectly charged, contracted for or received, except lawful  
22 fees paid to a public officer or agency to record, file or  
23 release security, and except costs and disbursements including  
24 reasonable attorney's fees, incurred in legal proceedings to  
25 collect a loan or to realize on a security after default. This  
26 Section does not prohibit the receipt of any commission,

1 dividend or other benefit by the creditor or an employee,  
2 affiliate or associate of the creditor from the insurance  
3 authorized by this Section.

4 (f) When interest is contracted for or received under this  
5 Section, the lender must disclose the following items to the  
6 obligor in a written statement before the loan is consummated:

7 (1) the amount and date of the loan contract;

8 (2) the amount of loan credit using the term "amount  
9 financed";

10 (3) every deduction from the amount financed or payment  
11 made by the obligor for insurance and the type of insurance  
12 for which each deduction or payment was made;

13 (4) every other deduction from the loan or payment made  
14 by the obligor in connection with obtaining the loan;

15 (5) the date on which the finance charge begins to  
16 accrue if different from the date of the transaction;

17 (6) the total amount of the loan charge for the  
18 scheduled term of the loan contract with a description of  
19 each amount included using the term "finance charge";

20 (7) the finance charge expressed as an annual  
21 percentage rate using the term "annual percentage rate".

22 "Annual percentage rate" means the nominal annual  
23 percentage rate of finance charge determined in accordance  
24 with the actuarial method of computation with an accuracy  
25 at least to the nearest 1/4 of 1%; or at the option of the  
26 lender by application of the United States rule so that it

1           may be disclosed with an accuracy at least to the nearest  
2           1/4 of 1%;

3           (8) the number, amount and due dates or periods of  
4           payments scheduled to repay the loan and the sum of such  
5           payments using the term "total of payments";

6           (9) the amount, or method of computing the amount of  
7           any default, delinquency or similar charges payable in the  
8           event of late payments;

9           (10) the right of the obligor to prepay the loan and  
10          the fact that such prepayment will reduce the charge for  
11          the loan;

12          (11) a description or identification of the type of any  
13          security interest held or to be retained or acquired by the  
14          lender in connection with the loan and a clear  
15          identification of the property to which the security  
16          interest relates. If after-acquired property will be  
17          subject to the security interest, or if other or future  
18          indebtedness is or may be secured by any such property,  
19          this fact shall be clearly set forth in conjunction with  
20          the description or identification of the type of security  
21          interest held, retained or acquired;

22          (12) a description of any penalty charge that may be  
23          imposed by the lender for prepayment of the principal of  
24          the obligation with an explanation of the method of  
25          computation of such penalty and the conditions under which  
26          it may be imposed;

1           (13) unless the contract provides for the accrual and  
2           payment of the finance charge on the balance of the amount  
3           financed from time to time remaining unpaid, an  
4           identification of the method of computing any unearned  
5           portion of the finance charge in the event of prepayment of  
6           the loan.

7           The terms "finance charge" and "annual percentage rate"  
8           shall be printed more conspicuously than other terminology  
9           required by this Section.

10          (g) At the time disclosures are made, the lender shall  
11          deliver to the obligor a duplicate of the instrument or  
12          statement by which the required disclosures are made and on  
13          which the lender and obligor are identified and their addresses  
14          stated. All of the disclosures shall be made clearly,  
15          conspicuously and in meaningful sequence and made together on  
16          either:

17               (i) the note or other instrument evidencing the  
18               obligation on the same side of the page and above or  
19               adjacent to the place for the obligor's signature; however,  
20               where a creditor elects to combine disclosures with the  
21               contract, security agreement, and evidence of a  
22               transaction in a single document, the disclosures required  
23               under this Section shall be made on the face of the  
24               document, on the reverse side, or on both sides, provided  
25               that the amount of the finance charge and the annual  
26               percentage rate shall appear on the face of the document,

1 and, if the reverse side is used, the printing on both  
2 sides of the document shall be equally clear and  
3 conspicuous, both sides shall contain the statement,  
4 "NOTICE: See other side for important information", and the  
5 place for the customer's signature shall be provided  
6 following the full content of the document; or

7 (ii) one side of a separate statement which identifies  
8 the transaction.

9 The amount of the finance charge shall be determined as the  
10 sum of all charges, payable directly or indirectly by the  
11 obligor and imposed directly or indirectly by the lender as an  
12 incident to or as a condition to the extension of credit,  
13 whether paid or payable by the obligor, any other person on  
14 behalf of the obligor, to the lender or to a third party,  
15 including any of the following types of charges:

16 (1) Interest, time price differential, and any amount  
17 payable under a discount or other system of additional  
18 charges.

19 (2) Service, transaction, activity, or carrying  
20 charge.

21 (3) Loan fee, points, finder's fee, or similar charge.

22 (4) Fee for an appraisal, investigation, or credit  
23 report.

24 (5) Charges or premiums for credit life, accident,  
25 health, or loss of income insurance, written in connection  
26 with any credit transaction unless (a) the insurance

1 coverage is not required by the lender and this fact is  
2 clearly and conspicuously disclosed in writing to the  
3 obligor; and (b) any obligor desiring such insurance  
4 coverage gives specific dated and separately signed  
5 affirmative written indication of such desire after  
6 receiving written disclosure to him of the cost of such  
7 insurance.

8 (6) Charges or premiums for insurance, written in  
9 connection with any credit transaction, against loss of or  
10 damage to property or against liability arising out of the  
11 ownership or use of property, unless a clear, conspicuous,  
12 and specific statement in writing is furnished by the  
13 lender to the obligor setting forth the cost of the  
14 insurance if obtained from or through the lender and  
15 stating that the obligor may choose the person through  
16 which the insurance is to be obtained.

17 (7) Premium or other charges for any other guarantee or  
18 insurance protecting the lender against the obligor's  
19 default or other credit loss.

20 (8) Any charge imposed by a lender upon another lender  
21 for purchasing or accepting an obligation of an obligor if  
22 the obligor is required to pay any part of that charge in  
23 cash, as an addition to the obligation, or as a deduction  
24 from the proceeds of the obligation.

25 A late payment, delinquency, default, reinstatement or  
26 other such charge is not a finance charge if imposed for actual

1 unanticipated late payment, delinquency, default or other  
2 occurrence.

3 (h) Advertising for loans transacted under this Section may  
4 not be false, misleading, or deceptive. That advertising, if it  
5 states a rate or amount of interest, must state that rate as an  
6 annual percentage rate of interest charged. In addition, if  
7 charges other than for interest are made in connection with  
8 those loans, those charges must be separately stated. No  
9 advertising may indicate or imply that the rates or charges for  
10 loans are in any way "recommended", "approved", "set" or  
11 "established" by the State government or by this Act.

12 (i) A lender or creditor who complies with the federal  
13 Truth in Lending Act, amendments thereto, and any regulations  
14 issued or which may be issued thereunder, shall be deemed to be  
15 in compliance with the provisions of subsections (f), (g) and  
16 (h) of this Section.

17 (j) For purposes of this Section, "real estate" and "real  
18 property" include a manufactured home as defined in subdivision  
19 (53) of Section 9-102 of the Uniform Commercial Code that is  
20 real property as defined in the Conveyance and Encumbrance of  
21 Manufactured Homes as Real Property and Severance Act.

22 (Source: P.A. 92-483, eff. 8-23-01.)

23 Section 10-115. The Motor Vehicle Retail Installment Sales  
24 Act is amended by changing Section 2.1 as follows:



1 (815 ILCS 375/2.1) (from Ch. 121 1/2, par. 562.1)

2 Sec. 2.1.

3 "Motor vehicle" means a motor vehicle as defined in The  
4 Illinois Vehicle Code but does not include bicycles,  
5 motorcycles, motor scooters, snowmobiles, trailers, ~~and~~ farm  
6 equipment, and manufactured homes as defined in subdivision  
7 (53) of Section 9-102 of the Uniform Commercial Code.

8 (Source: P.A. 77-1167.)

9 Section 10-120. The Retail Installment Sales Act is amended  
10 by changing Section 2.1 as follows:

11 (815 ILCS 405/2.1) (from Ch. 121 1/2, par. 502.1)

12 Sec. 2.1. "Goods" means all goods used or purchased  
13 primarily for personal, family, or household purposes. "Goods"  
14 includes goods purchased primarily for agricultural purposes  
15 only for the purposes of the credit disclosure requirements of  
16 this Act. "Goods" includes merchandise certificates or coupons  
17 issued by a retail seller to be used in their face amount in  
18 the purchase of goods or services sold by such a seller but  
19 does not include money or other things in action. It also  
20 includes goods which are furnished or used, at the time of sale  
21 or subsequently, in the modernization, rehabilitation, repair,  
22 alteration, improvement, or construction of real estate so as  
23 to become a part of that real estate whether or not severable  
24 therefrom. "Goods" includes a manufactured home as defined in

1 subdivision (53) of Section 9-102 of the Uniform Commercial  
2 Code that is not real property as defined in the Conveyance and  
3 Encumbrance of Manufactured Homes as Real Property and  
4 Severance Act. "Goods" does not include a motor vehicle as  
5 defined in The Illinois Vehicle Code, but does include  
6 bicycles, motorcycles, motor scooters, snowmobiles and  
7 trailers when purchased primarily for personal, family or  
8 household purposes. "Goods" does not include goods used or  
9 purchased primarily for business or commercial purposes.

10 (Source: P.A. 77-1166.)

11 ARTICLE 99. EFFECTIVE DATE

12 Section 99-999. Effective date. This Act takes effect upon  
13 becoming law.

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2	Statutes amended in order of appearance	
3	New Act	
4	35 ILCS 200/1-130	
5	35 ILCS 515/1	from Ch. 120, par. 1201
6	35 ILCS 515/4	from Ch. 120, par. 1204
7	205 ILCS 5/3	from Ch. 17, par. 309
8	205 ILCS 5/5a	from Ch. 17, par. 312
9	205 ILCS 5/5d	from Ch. 17, par. 312.3
10	205 ILCS 5/6.1	from Ch. 17, par. 313.1
11	205 ILCS 105/1-10.30	from Ch. 17, par. 3301-10.30
12	205 ILCS 105/5-2	from Ch. 17, par. 3305-2
13	205 ILCS 205/6002	from Ch. 17, par. 7306-2
14	205 ILCS 205/6008	from Ch. 17, par. 7306-8
15	205 ILCS 305/46	from Ch. 17, par. 4447
16	205 ILCS 305/46.1	from Ch. 17, par. 4447.1
17	205 ILCS 635/1-4	
18	210 ILCS 115/2.1	from Ch. 111 1/2, par. 712.1
19	210 ILCS 117/10	
20	430 ILCS 115/2	from Ch. 67 1/2, par. 502
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3	625 ILCS 5/3-107	from Ch. 95 1/2, par. 3-107
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6	625 ILCS 5/3-116	from Ch. 95 1/2, par. 3-116
7	625 ILCS 5/3-116.1 new	
8	625 ILCS 5/3-116.2 new	
9	625 ILCS 5/3-116.3 new	
10	625 ILCS 5/3-202	from Ch. 95 1/2, par. 3-202
11	625 ILCS 5/3-205	from Ch. 95 1/2, par. 3-205
12	625 ILCS 5/3-207	from Ch. 95 1/2, par. 3-207
13	625 ILCS 5/3-208	from Ch. 95 1/2, par. 3-208
14	735 ILCS 5/15-1213	from Ch. 110, par. 15-1213
15	765 ILCS 5/38	from Ch. 30, par. 37
16	765 ILCS 77/5	
17	765 ILCS 745/3	from Ch. 80, par. 203
18	765 ILCS 905/13.1 new	
19	765 ILCS 1005/5 new	
20	810 ILCS 5/9-102	from Ch. 26, par. 9-102
21	815 ILCS 205/4	from Ch. 17, par. 6404
22	815 ILCS 205/4.2	from Ch. 17, par. 6407
23	815 ILCS 205/4a	from Ch. 17, par. 6410
24	815 ILCS 375/2.1	from Ch. 121 1/2, par. 562.1
25	815 ILCS 405/2.1	from Ch. 121 1/2, par. 502.1