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Filed: 5/13/2015

09900SB1440ham001

LRB099 03529 MGM 35487 a

1 AMENDMENT TO SENATE BILL 1440

2 AMENDMENT NO. _____. Amend Senate Bill 1440 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Reverse Mortgage Act.

6 Section 5. General definitions. As used in this Act, unless
7 the context otherwise requires:

8 "Borrower" means a natural person who seeks or obtains a
9 reverse mortgage.

10 "Homestead property" means the domicile and contiguous
11 real estate owned and occupied by the borrower. "Homestead
12 property" includes a manufactured home as defined in
13 subdivision (53) of Section 9-102 of the Uniform Commercial
14 Code that is real property under Section 5-35 of the Conveyance
15 and Encumbrance of Manufactured Homes as Real Property and
16 Severance Act.

1 "Lender" means a natural or artificial person who
2 transfers, deals in, offers, or makes a reverse mortgage.
3 "Lender" includes, but is not limited to, creditors and brokers
4 who transfer, deal in, offer, or make reverse mortgages.
5 "Lender" does not include purchasers, assignees, or subsequent
6 holders of reverse mortgages.

7 "Real property" includes a manufactured home as defined in
8 subdivision (53) of Section 9-102 of the Uniform Commercial
9 Code that is real property under Section 5-35 of the Conveyance
10 and Encumbrance of Manufactured Homes as Real Property and
11 Severance Act.

12 "Reverse mortgage" means a non-recourse loan, secured by
13 real property or a homestead property, that complies with all
14 of the following:

15 (1) Provides cash advances to a borrower for the
16 purchase of the home or based on the equity in a borrower's
17 owner-occupied principal residence, provided that it is a
18 residence with not more than 4 units.

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

21 Section 10. Reverse mortgages.

22 (a) Reverse mortgage loans shall be subject to all of the
23 following provisions:

24 (1) Payment, in whole or in part, shall be permitted
25 without penalty at any time during the term of the

1 mortgage.

2 (2) A reverse mortgage may provide for an interest rate
3 that is fixed or adjustable and may provide for interest
4 that is contingent on appreciation in the value of the
5 property.

6 (3) If a reverse mortgage provides for periodic
7 advances to a borrower, the advances may not be reduced in
8 amount or number based on any adjustment in the interest
9 rate.

10 (4) A reverse mortgage may be subject to any additional
11 terms and conditions imposed by a lender that are required
12 under the provisions of the federal Housing and Community
13 Development Act of 1987 to enable the lender to obtain
14 federal government insurance on the mortgage if a loan is
15 to be insured under that Act.

16 (b) The repayment obligation under a reverse mortgage is
17 subject to all of the following:

18 (1) Temporary absences from the home not exceeding 60
19 consecutive days shall not cause the mortgage to become due
20 and payable.

21 (2) Temporary absences from the home exceeding 60 days,
22 but not exceeding one year, shall not cause the mortgage to
23 become due and payable, provided that the borrower has
24 taken action that secures the home in a manner satisfactory
25 to the lender.

26 (c) A reverse mortgage shall become due and payable upon

1 the occurrence of any of the following events, unless the
2 maturity date has been deferred under the Federal Housing
3 Administration's Home Equity Conversion Mortgage Program:

4 (1) The property securing the loan is sold.

5 (2) All borrowers cease to occupy the home as a
6 principal residence.

7 (3) A fixed maturity date agreed to by the lender and
8 the borrower is reached.

9 (4) Default by the borrower in the performance of its
10 obligations under the loan agreement.

11 (5) The death of the borrower or, for homestead
12 properties in joint tenancy, the death of the last
13 surviving joint tenant who had an interest in the property
14 at the time the loan was initiated.

15 Section 15. Reverse mortgage disclosures.

16 (a) The Office of the Attorney General shall develop the
17 content and format of the following 2 documents regarding
18 reverse mortgage loans for the purpose of consumer education:

19 (1) An educational document providing independent
20 consumer information regarding reverse mortgages,
21 potential alternatives to reverse mortgages, and the
22 availability of independent counseling services, including
23 services provided by nonprofit agencies certified by the
24 federal government to provide required counseling for
25 reverse mortgages insured by the U.S. Federal Government.

1 The document shall also include a statement that the terms
2 of a reverse mortgage may adversely affect the applicant's
3 eligibility to obtain a tax deferral under the Senior
4 Citizens Real Estate Tax Deferral Act.

5 (2) A document regarding the availability of
6 counseling services that shall be in at least 12-point
7 font, containing contact information (including agency
8 name, address, telephone number, and website) for all
9 agencies with an office in Illinois that are approved by
10 the U.S. Department of Housing and Urban Development (HUD)
11 to conduct reverse mortgage counseling. This document
12 shall contain the following statement:

13 "IMPORTANT NOTICE: Under Illinois law, reverse mortgages
14 are non-recourse loans secured by real or homestead property.
15 Reverse mortgages insured by the U.S. Federal Government, known
16 as Home Equity Conversion Mortgages or HECM loans, require
17 people considering reverse mortgages to get counseling from a
18 federally approved counselor working for a HECM counseling
19 agency prior to applying for the loan. The purpose of the
20 counseling is to help the prospective borrower understand the
21 financial implications, alternatives to securing a reverse
22 mortgage, borrower obligations, costs of obtaining the loan,
23 repayment conditions and other issues. Counseling can also be a
24 benefit to people considering reverse mortgages not insured by
25 the federal government.

26 There are advantages to receiving this counseling in

1 person, but it can also be conducted over the telephone.
2 Illinois State law requires reverse mortgage lenders to provide
3 potential reverse mortgage borrowers with a list including
4 contact information for all agencies with an office in Illinois
5 that are approved by the U.S. Department of Housing and Urban
6 Development (HUD) to conduct reverse mortgage counseling.
7 Contact information for approved counseling agencies located
8 outside of Illinois is available from HUD.".

9 (b) The documents shall be updated and revised as often as
10 deemed necessary by the Office of the Attorney General.

11 (c) At the time of the initial inquiry regarding a reverse
12 mortgage or, if not practically feasible, at the time the
13 lender provides additional written information about reverse
14 mortgages, a lender shall provide to the borrower the documents
15 prepared by the Office of the Attorney General under this
16 Section.

17 Section 20. Reverse mortgages cooling-off period.

18 (a) Any written commitment provided by the lender to the
19 borrower must contain the material terms and conditions of the
20 reverse mortgage. That commitment may be subject to a
21 satisfactory appraisal and the borrower meeting standard
22 closing conditions.

23 (b) A borrower shall not be bound for 3 full business days
24 after the borrower's acceptance, in writing, of a lender's
25 written commitment to make a reverse mortgage loan and may not

1 be required to close or proceed with the loan during that time
2 period. A borrower may not waive the provisions of this
3 subsection (b).

4 (c) At the time of making a written commitment, the lender
5 shall provide the borrower a separate document in at least
6 12-point font that contains the following statement:
7 "IMPORTANT NOTICE REGARDING THE COOLING-OFF PERIOD: Illinois
8 State law requires a 3-day cooling-off period for reverse
9 mortgage loans, during which time a potential borrower cannot
10 be required to close or proceed with the loan. The purpose of
11 this requirement is to provide potential borrowers with 3
12 business days to consider their decision whether to secure a
13 reverse mortgage or not. Potential borrowers may want to seek
14 additional information and an analysis of the commitment from a
15 reverse mortgage counselor during this 3-day period. The 3-day
16 cooling-off period cannot be waived."

17 Section 25. Reverse mortgages; restriction on
18 cross-selling. No lender may:

19 (1) require the purchase of an annuity, investment,
20 life insurance, or long-term care insurance product as a
21 condition of obtaining a reverse mortgage loan; however,
22 nothing in this paragraph precludes a lender from requiring
23 the borrower to purchase property and casualty insurance,
24 title insurance, flood insurance, or other products meant
25 to insure or protect the value of the home and that are

1 customary for residential mortgage or reverse mortgage
2 transactions on the borrower's residence securing the
3 reverse mortgage loan;

4 (2) enter into any agreement to make a reverse mortgage
5 loan that obligates the borrower to purchase an annuity,
6 investment, life insurance, or long-term care insurance
7 product; or

8 (3) receive compensation out of reverse mortgage
9 proceeds for providing the borrower with information
10 relating to an annuity, investment, life insurance,
11 long-term care insurance, or property insurance product.

12 Section 30. Reverse mortgages; restriction on distribution
13 of loan proceeds. No person, other than a borrower's spouse or
14 partner, who directly or indirectly facilitates, processes,
15 negotiates, assists, encourages, arranges, or otherwise
16 induces consumers to take out a reverse mortgage with a lender
17 may receive any portion of the loan proceeds for any service or
18 product, including for services that fall under the Home Repair
19 and Remodeling Act, other than that for bona fide fees for
20 origination of the loan. This Section shall not prohibit
21 disbursements of loan proceeds in compliance with guidelines,
22 including uses defined as mandatory obligations, under the
23 Federal Housing Administration's Home Equity Conversion
24 Mortgage Program.

1 Section 35. Reverse mortgages; certification requirements.

2 (a) No reverse mortgage commitment may be made unless all
3 lenders involved in brokering and making the reverse mortgage
4 loan certify, in writing, that:

5 (1) the borrower has received from the lender the
6 document prepared by the Office of the Attorney General
7 required in Section 15 regarding the advisability and
8 availability of independent information and counseling
9 services on reverse mortgages;

10 (2) the borrower has received from the lender, at the
11 time a written commitment was made to the applicant to
12 provide a reverse mortgage loan, the disclosure document
13 required in Section 20 regarding the 3-day cooling-off
14 period and that at least 3 business days have passed since
15 the document was provided; the certification shall also
16 include the date the cooling-off period disclosure was
17 provided;

18 (3) the reverse mortgage loan does not include any
19 current or future requirement for the applicant to purchase
20 an annuity, investment, life insurance, or long-term care
21 insurance product;

22 (4) no compensation has or will be provided to the
23 lender out of reverse mortgage proceeds for providing the
24 borrower with information relating to an annuity,
25 investment, life insurance, long-term care insurance, or
26 property insurance product; and

1 (5) to their knowledge, no person, other than a
2 borrower's spouse or partner, who directly or indirectly
3 facilitates, processes, negotiates, assists, encourages,
4 arranges, or otherwise induces consumers to take out a
5 reverse mortgage with a lender has received or will receive
6 any portion of the loan proceeds for any service or
7 product, including for services that fall under the Home
8 Repair and Remodeling Act, other than that for bona fide
9 fees for origination of the loan.

10 This Section shall not prohibit disbursements of loan
11 proceeds in compliance with guidelines under the Federal
12 Housing Administration's Home Equity Conversion Mortgage
13 Program, including uses defined as mandatory obligations.

14 (b) The certification regarding these requirements shall
15 be in a separate document in at least 12-point font. The lender
16 shall maintain the certification in an accurate, reproducible,
17 and accessible format for the term of the reverse mortgage.

18 Section 40. Enforcement.

19 (a) Any violation of this Act shall also be considered an
20 unlawful practice under the Consumer Fraud and Deceptive
21 Business Practices Act. Only the Attorney General may enforce
22 violations of this Act. The Attorney General shall only find a
23 violation of this Act if the conduct constitutes a pattern or
24 practice.

25 (b) Any violation of this Act by a licensee or residential

1 mortgage licensee under the Residential Mortgage License Act of
2 1987 shall also be considered a violation of the Residential
3 Mortgage License Act of 1987.

4 Section 900. The Illinois Act on the Aging is amended by
5 changing Section 4.01 as follows:

6 (20 ILCS 105/4.01) (from Ch. 23, par. 6104.01)

7 Sec. 4.01. Additional powers and duties of the Department.

8 In addition to powers and duties otherwise provided by law, the
9 Department shall have the following powers and duties:

10 (1) To evaluate all programs, services, and facilities for
11 the aged and for minority senior citizens within the State and
12 determine the extent to which present public or private
13 programs, services and facilities meet the needs of the aged.

14 (2) To coordinate and evaluate all programs, services, and
15 facilities for the Aging and for minority senior citizens
16 presently furnished by State agencies and make appropriate
17 recommendations regarding such services, programs and
18 facilities to the Governor and/or the General Assembly.

19 (2-a) To request, receive, and share information
20 electronically through the use of data-sharing agreements for
21 the purpose of (i) establishing and verifying the initial and
22 continuing eligibility of older adults to participate in
23 programs administered by the Department; (ii) maximizing
24 federal financial participation in State assistance

1 expenditures; and (iii) investigating allegations of fraud or
2 other abuse of publicly funded benefits. Notwithstanding any
3 other law to the contrary, but only for the limited purposes
4 identified in the preceding sentence, this paragraph (2-a)
5 expressly authorizes the exchanges of income, identification,
6 and other pertinent eligibility information by and among the
7 Department and the Social Security Administration, the
8 Department of Employment Security, the Department of
9 Healthcare and Family Services, the Department of Human
10 Services, the Department of Revenue, the Secretary of State,
11 the U.S. Department of Veterans Affairs, and any other
12 governmental entity. The confidentiality of information
13 otherwise shall be maintained as required by law. In addition,
14 the Department on Aging shall verify employment information at
15 the request of a community care provider for the purpose of
16 ensuring program integrity under the Community Care Program.

17 (3) To function as the sole State agency to develop a
18 comprehensive plan to meet the needs of the State's senior
19 citizens and the State's minority senior citizens.

20 (4) To receive and disburse State and federal funds made
21 available directly to the Department including those funds made
22 available under the Older Americans Act and the Senior
23 Community Service Employment Program for providing services
24 for senior citizens and minority senior citizens or for
25 purposes related thereto, and shall develop and administer any
26 State Plan for the Aging required by federal law.

1 (5) To solicit, accept, hold, and administer in behalf of
2 the State any grants or legacies of money, securities, or
3 property to the State of Illinois for services to senior
4 citizens and minority senior citizens or purposes related
5 thereto.

6 (6) To provide consultation and assistance to communities,
7 area agencies on aging, and groups developing local services
8 for senior citizens and minority senior citizens.

9 (7) To promote community education regarding the problems
10 of senior citizens and minority senior citizens through
11 institutes, publications, radio, television and the local
12 press.

13 (8) To cooperate with agencies of the federal government in
14 studies and conferences designed to examine the needs of senior
15 citizens and minority senior citizens and to prepare programs
16 and facilities to meet those needs.

17 (9) To establish and maintain information and referral
18 sources throughout the State when not provided by other
19 agencies.

20 (10) To provide the staff support that may reasonably be
21 required by the Council.

22 (11) To make and enforce rules and regulations necessary
23 and proper to the performance of its duties.

24 (12) To establish and fund programs or projects or
25 experimental facilities that are specially designed as
26 alternatives to institutional care.

1 (13) To develop a training program to train the counselors
2 presently employed by the Department's aging network to provide
3 Medicare beneficiaries with counseling and advocacy in
4 Medicare, private health insurance, and related health care
5 coverage plans. The Department shall report to the General
6 Assembly on the implementation of the training program on or
7 before December 1, 1986.

8 (14) To make a grant to an institution of higher learning
9 to study the feasibility of establishing and implementing an
10 affirmative action employment plan for the recruitment,
11 hiring, training and retraining of persons 60 or more years old
12 for jobs for which their employment would not be precluded by
13 law.

14 (15) To present one award annually in each of the
15 categories of community service, education, the performance
16 and graphic arts, and the labor force to outstanding Illinois
17 senior citizens and minority senior citizens in recognition of
18 their individual contributions to either community service,
19 education, the performance and graphic arts, or the labor
20 force. The awards shall be presented to 4 senior citizens and
21 minority senior citizens selected from a list of 44 nominees
22 compiled annually by the Department. Nominations shall be
23 solicited from senior citizens' service providers, area
24 agencies on aging, senior citizens' centers, and senior
25 citizens' organizations. The Department shall establish a
26 central location within the State to be designated as the

1 Senior Illinoisans Hall of Fame for the public display of all
2 the annual awards, or replicas thereof.

3 (16) To establish multipurpose senior centers through area
4 agencies on aging and to fund those new and existing
5 multipurpose senior centers through area agencies on aging, the
6 establishment and funding to begin in such areas of the State
7 as the Department shall designate by rule and as specifically
8 appropriated funds become available.

9 (17) (Blank). ~~To develop the content and format of the~~
10 ~~acknowledgment regarding non-recourse reverse mortgage loans~~
11 ~~under Section 6.1 of the Illinois Banking Act; to provide~~
12 ~~independent consumer information on reverse mortgages and~~
13 ~~alternatives; and to refer consumers to independent counseling~~
14 ~~services with expertise in reverse mortgages.~~

15 (18) To develop a pamphlet in English and Spanish which may
16 be used by physicians licensed to practice medicine in all of
17 its branches pursuant to the Medical Practice Act of 1987,
18 pharmacists licensed pursuant to the Pharmacy Practice Act, and
19 Illinois residents 65 years of age or older for the purpose of
20 assisting physicians, pharmacists, and patients in monitoring
21 prescriptions provided by various physicians and to aid persons
22 65 years of age or older in complying with directions for
23 proper use of pharmaceutical prescriptions. The pamphlet may
24 provide space for recording information including but not
25 limited to the following:

26 (a) name and telephone number of the patient;

1 (b) name and telephone number of the prescribing
2 physician;

3 (c) date of prescription;

4 (d) name of drug prescribed;

5 (e) directions for patient compliance; and

6 (f) name and telephone number of dispensing pharmacy.

7 In developing the pamphlet, the Department shall consult
8 with the Illinois State Medical Society, the Center for
9 Minority Health Services, the Illinois Pharmacists Association
10 and senior citizens organizations. The Department shall
11 distribute the pamphlets to physicians, pharmacists and
12 persons 65 years of age or older or various senior citizen
13 organizations throughout the State.

14 (19) To conduct a study of the feasibility of implementing
15 the Senior Companion Program throughout the State.

16 (20) The reimbursement rates paid through the community
17 care program for chore housekeeping services and home care
18 aides shall be the same.

19 (21) From funds appropriated to the Department from the
20 Meals on Wheels Fund, a special fund in the State treasury that
21 is hereby created, and in accordance with State and federal
22 guidelines and the intrastate funding formula, to make grants
23 to area agencies on aging, designated by the Department, for
24 the sole purpose of delivering meals to homebound persons 60
25 years of age and older.

26 (22) To distribute, through its area agencies on aging,

1 information alerting seniors on safety issues regarding
2 emergency weather conditions, including extreme heat and cold,
3 flooding, tornadoes, electrical storms, and other severe storm
4 weather. The information shall include all necessary
5 instructions for safety and all emergency telephone numbers of
6 organizations that will provide additional information and
7 assistance.

8 (23) To develop guidelines for the organization and
9 implementation of Volunteer Services Credit Programs to be
10 administered by Area Agencies on Aging or community based
11 senior service organizations. The Department shall hold public
12 hearings on the proposed guidelines for public comment,
13 suggestion, and determination of public interest. The
14 guidelines shall be based on the findings of other states and
15 of community organizations in Illinois that are currently
16 operating volunteer services credit programs or demonstration
17 volunteer services credit programs. The Department shall offer
18 guidelines for all aspects of the programs including, but not
19 limited to, the following:

20 (a) types of services to be offered by volunteers;

21 (b) types of services to be received upon the
22 redemption of service credits;

23 (c) issues of liability for the volunteers and the
24 administering organizations;

25 (d) methods of tracking service credits earned and
26 service credits redeemed;

1 (e) issues of time limits for redemption of service
2 credits;

3 (f) methods of recruitment of volunteers;

4 (g) utilization of community volunteers, community
5 service groups, and other resources for delivering
6 services to be received by service credit program clients;

7 (h) accountability and assurance that services will be
8 available to individuals who have earned service credits;
9 and

10 (i) volunteer screening and qualifications.

11 The Department shall submit a written copy of the guidelines to
12 the General Assembly by July 1, 1998.

13 (24) To function as the sole State agency to receive and
14 disburse State and federal funds for providing adult protective
15 services in a domestic living situation in accordance with the
16 Adult Protective Services Act.

17 (25) To hold conferences, trainings, and other programs for
18 which the Department shall determine by rule a reasonable fee
19 to cover related administrative costs. Rules to implement the
20 fee authority granted by this paragraph (25) must be adopted in
21 accordance with all provisions of the Illinois Administrative
22 Procedure Act and all rules and procedures of the Joint
23 Committee on Administrative Rules; any purported rule not so
24 adopted, for whatever reason, is unauthorized.

25 (Source: P.A. 98-8, eff. 5-3-13; 98-49, eff. 7-1-13; 98-380,
26 eff. 8-16-13; 98-756, eff. 7-16-14.)

1 (205 ILCS 5/5a rep.)

2 (205 ILCS 5/6.1 rep.)

3 (205 ILCS 5/6.2 rep.)

4 Section 905. The Illinois Banking Act is amended by
5 repealing Sections 5a, 6.1, and 6.2.

6 (205 ILCS 205/1010 rep.)

7 Section 910. The Savings Bank Act is amended by repealing
8 Section 1010.

9 Section 915. The Illinois Credit Union Act is amended by
10 changing Section 46 as follows:

11 (205 ILCS 305/46) (from Ch. 17, par. 4447)

12 Sec. 46. Loans and interest rate.

13 (1) A credit union may make loans to its members for such
14 purpose and upon such security and terms, including rates of
15 interest, as the credit committee, credit manager, or loan
16 officer approves. Notwithstanding the provisions of any other
17 law in connection with extensions of credit, a credit union may
18 elect to contract for and receive interest and fees and other
19 charges for extensions of credit subject only to the provisions
20 of this Act and rules promulgated under this Act, except that
21 extensions of credit secured by residential real estate shall
22 be subject to the laws applicable thereto. The rates of

1 interest to be charged on loans to members shall be set by the
2 board of directors of each individual credit union in
3 accordance with Section 30 of this Act and such rates may be
4 less than, but may not exceed, the maximum rate set forth in
5 this Section. A borrower may repay his loan prior to maturity,
6 in whole or in part, without penalty. The credit contract may
7 provide for the payment by the member and receipt by the credit
8 union of all costs and disbursements, including reasonable
9 attorney's fees and collection agency charges, incurred by the
10 credit union to collect or enforce the debt in the event of a
11 delinquency by the member, or in the event of a breach of any
12 obligation of the member under the credit contract. A
13 contingency or hourly arrangement established under an
14 agreement entered into by a credit union with an attorney or
15 collection agency to collect a loan of a member in default
16 shall be presumed prima facie reasonable.

17 (2) Credit unions may make loans based upon the security of
18 any interest or equity in real estate, subject to rules and
19 regulations promulgated by the Secretary. In any contract or
20 loan which is secured by a mortgage, deed of trust, or
21 conveyance in the nature of a mortgage, on residential real
22 estate, the interest which is computed, calculated, charged, or
23 collected pursuant to such contract or loan, or pursuant to any
24 regulation or rule promulgated pursuant to this Act, may not be
25 computed, calculated, charged or collected for any period of
26 time occurring after the date on which the total indebtedness,

1 with the exception of late payment penalties, is paid in full.

2 For purposes of this subsection (2) of this Section 46, a
3 prepayment shall mean the payment of the total indebtedness,
4 with the exception of late payment penalties if incurred or
5 charged, on any date before the date specified in the contract
6 or loan agreement on which the total indebtedness shall be paid
7 in full, or before the date on which all payments, if timely
8 made, shall have been made. In the event of a prepayment of the
9 indebtedness which is made on a date after the date on which
10 interest on the indebtedness was last computed, calculated,
11 charged, or collected but before the next date on which
12 interest on the indebtedness was to be calculated, computed,
13 charged, or collected, the lender may calculate, charge and
14 collect interest on the indebtedness for the period which
15 elapsed between the date on which the prepayment is made and
16 the date on which interest on the indebtedness was last
17 computed, calculated, charged or collected at a rate equal to
18 $1/360$ of the annual rate for each day which so elapsed, which
19 rate shall be applied to the indebtedness outstanding as of the
20 date of prepayment. The lender shall refund to the borrower any
21 interest charged or collected which exceeds that which the
22 lender may charge or collect pursuant to the preceding
23 sentence. The provisions of this amendatory Act of 1985 shall
24 apply only to contracts or loans entered into on or after the
25 effective date of this amendatory Act.

26 (3) (Blank). ~~Notwithstanding any other provision of this~~

1 ~~Act, a credit union authorized under this Act to make loans~~
2 ~~secured by an interest or equity in real estate may engage in~~
3 ~~making "reverse mortgage" loans to persons for the purpose of~~
4 ~~making home improvements or repairs, paying insurance premiums~~
5 ~~or paying real estate taxes on the homestead properties of such~~
6 ~~persons. If made, such loans shall be made on such terms and~~
7 ~~conditions as the credit union shall determine and as shall be~~
8 ~~consistent with the provisions of this Section and such rules~~
9 ~~and regulations as the Secretary shall promulgate hereunder.~~
10 ~~For purposes of this Section, a "reverse mortgage" loan shall~~
11 ~~be a loan extended on the basis of existing equity in homestead~~
12 ~~property and secured by a mortgage on such property. Such loans~~
13 ~~shall be repaid upon the sale of the property or upon the death~~
14 ~~of the owner or, if the property is in joint tenancy, upon the~~
15 ~~death of the last surviving joint tenant who had such an~~
16 ~~interest in the property at the time the loan was initiated,~~
17 ~~provided, however, that the credit union and its member may by~~
18 ~~mutual agreement, establish other repayment terms. A credit~~
19 ~~union, in making a "reverse mortgage" loan, may add deferred~~
20 ~~interest to principal or otherwise provide for the charging of~~
21 ~~interest or premiums on such deferred interest. "Homestead"~~
22 ~~property, for purposes of this Section, means the domicile and~~
23 ~~contiguous real estate owned and occupied by the mortgagor.~~

24 (4) Notwithstanding any other provisions of this Act, a
25 credit union authorized under this Act to make loans secured by
26 an interest or equity in real property may engage in making

1 revolving credit loans secured by mortgages or deeds of trust
2 on such real property or by security assignments of beneficial
3 interests in land trusts.

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

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

1 thereon, and any disbursements made for the payment of taxes,
2 special assessments, or insurance on said real property, with
3 interest on such disbursements.

4 Any such mortgage or deed of trust shall be valid and have
5 priority over all subsequent liens and encumbrances, including
6 statutory liens, except taxes and assessments levied on said
7 real property.

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

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

17 (6) Credit unions may make residential real estate mortgage
18 loans on terms and conditions established by the United States
19 Department of Agriculture through its Rural Development
20 Housing and Community Facilities Program. The portion of any
21 loan in excess of the appraised value of the real estate shall
22 be allocable only to the guarantee fee required under the
23 program.

24 (7) For a renewal, refinancing, or restructuring of an
25 existing loan that is secured by an interest or equity in real
26 estate, a new appraisal of the collateral shall not be required

1 when the transaction involves an existing extension of credit
2 at the credit union, no new moneys are advanced other than
3 funds necessary to cover reasonable closing costs, and there
4 has been no obvious or material change in market conditions or
5 physical aspects of the real estate that threatens the adequacy
6 of the credit union's real estate collateral protection after
7 the transaction.

8 (Source: P.A. 97-133, eff. 1-1-12; 98-749, eff. 7-16-14;
9 98-784, eff. 7-24-14; revised 10-2-14.)

10 (205 ILCS 305/46.1 rep.)

11 (205 ILCS 305/46.2 rep.)

12 Section 920. The Illinois Credit Union Act is amended by
13 repealing Sections 46.1 and 46.2.

14 Section 925. The Residential Mortgage License Act of 1987
15 is amended by adding Section 5-5A as follows:

16 (205 ILCS 635/5-5A new)

17 Sec. 5-5A. Violations of the Reverse Mortgage Act. Any
18 violation of the Reverse Mortgage Act by a residential mortgage
19 licensee shall be considered a violation of this Act.

20 (205 ILCS 635/5-5 rep.)

21 Section 930. The Residential Mortgage License Act of 1987
22 is amended by repealing Section 5-5.

1 Section 935. The Consumer Fraud and Deceptive Business
2 Practices Act is amended by changing Section 2Z as follows:

3 (815 ILCS 505/2Z) (from Ch. 121 1/2, par. 262Z)

4 Sec. 2Z. Violations of other Acts. Any person who knowingly
5 violates the Automotive Repair Act, the Automotive Collision
6 Repair Act, the Home Repair and Remodeling Act, the Dance
7 Studio Act, the Physical Fitness Services Act, the Hearing
8 Instrument Consumer Protection Act, the Illinois Union Label
9 Act, the Job Referral and Job Listing Services Consumer
10 Protection Act, the Travel Promotion Consumer Protection Act,
11 the Credit Services Organizations Act, the Automatic Telephone
12 Dialers Act, the Pay-Per-Call Services Consumer Protection
13 Act, the Telephone Solicitations Act, the Illinois Funeral or
14 Burial Funds Act, the Cemetery Oversight Act, the Cemetery Care
15 Act, the Safe and Hygienic Bed Act, the Pre-Need Cemetery Sales
16 Act, the High Risk Home Loan Act, the Payday Loan Reform Act,
17 the Mortgage Rescue Fraud Act, subsection (a) or (b) of Section
18 3-10 of the Cigarette Tax Act, subsection (a) or (b) of Section
19 3-10 of the Cigarette Use Tax Act, the Electronic Mail Act, the
20 Internet Caller Identification Act, paragraph (6) of
21 subsection (k) of Section 6-305 of the Illinois Vehicle Code,
22 Section 11-1431, 18d-115, 18d-120, 18d-125, 18d-135, 18d-150,
23 or 18d-153 of the Illinois Vehicle Code, Article 3 of the
24 Residential Real Property Disclosure Act, the Automatic

1 Contract Renewal Act, the Reverse Mortgage Act, or the Personal
2 Information Protection Act commits an unlawful practice within
3 the meaning of this Act.

4 (Source: P.A. 96-863, eff. 1-19-10; 96-1369, eff. 1-1-11;
5 96-1376, eff. 7-29-10; 97-333, eff. 8-12-11.)".