



Rep. William Davis

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09900SB2884ham001

LRB099 18144 RPS 51754 a

1 AMENDMENT TO SENATE BILL 2884

2 AMENDMENT NO. _____. Amend Senate Bill 2884 as follows:

3 by deleting line 19 on page 255 through line 1 on page 264; and

4 on page 378, line 12, by deleting "605-825,"; and

5 by deleting line 8 on page 378; and

6 by deleting line 14 on page 378 through line 11 on page 379;

7 and

8 by replacing line 2 on page 381 through line 12 on page 384

9 with the following:

10 "(205 ILCS 635/3-2) (from Ch. 17, par. 2323-2)

11 Sec. 3-2. Annual audit.

12 (a) At the licensee's fiscal year-end, but in no case more

1 than 12 months after the last audit conducted pursuant to this
2 Section, except as otherwise provided in this Section, it shall
3 be mandatory for each residential mortgage licensee to cause
4 its books and accounts to be audited by a certified public
5 accountant not connected with such licensee. The books and
6 records of all licensees under this Act shall be maintained on
7 an accrual basis. The audit must be sufficiently comprehensive
8 in scope to permit the expression of an opinion on the
9 financial statements, which must be prepared in accordance with
10 generally accepted accounting principles, and must be
11 performed in accordance with generally accepted auditing
12 standards. Notwithstanding the requirements of this
13 subsection, a licensee that is a subsidiary may submit audited
14 consolidated financial statements of its parent, intermediary
15 parent, or ultimate parent as long as the consolidated
16 statements are supported by consolidating statements which
17 include the licensee's financial statement. If the
18 consolidating statements are unaudited, the licensee's chief
19 financial officer shall attest to the licensee's financial
20 statements disclosed in the consolidating statements.

21 (b) As used herein, the term "expression of opinion"
22 includes either (1) an unqualified opinion, (2) a qualified
23 opinion, (3) a disclaimer of opinion, or (4) an adverse
24 opinion.

25 (c) If a qualified or adverse opinion is expressed or if an
26 opinion is disclaimed, the reasons therefore must be fully

1 explained. An opinion, qualified as to a scope limitation,
2 shall not be acceptable.

3 (d) The most recent audit report shall be filed with the
4 Commissioner within 90 days after the end of the licensee's
5 fiscal year, or with the Nationwide Mortgage Licensing System
6 and Registry, if applicable, pursuant to Mortgage Call Report
7 requirements. The report filed with the Commissioner shall be
8 certified by the certified public accountant conducting the
9 audit. The Commissioner may promulgate rules regarding late
10 audit reports.

11 (e) (Blank). ~~If any licensee required to make an audit~~
12 ~~shall fail to cause an audit to be made, the Commissioner shall~~
13 ~~cause the same to be made by a certified public accountant at~~
14 ~~the licensee's expense. The Commissioner shall select such~~
15 ~~certified public accountant by advertising for bids or by such~~
16 ~~other fair and impartial means as he or she establishes by~~
17 ~~regulation.~~

18 (f) In lieu of the audit or compilation financial statement
19 required by this Section, a licensee shall submit and the
20 Commissioner may accept any audit made in conformance with the
21 audit requirements of the U.S. Department of Housing and Urban
22 Development.

23 (g) With respect to licensees who solely broker residential
24 mortgage loans as defined in subsection (o) of Section 1-4,
25 instead of the audit required by this Section, the Commissioner
26 may accept compilation financial statements prepared at least

1 every 12 months, and the compilation financial statement must
2 be submitted within 90 days after the end of the licensee's
3 fiscal year, or with the Nationwide Mortgage Licensing System
4 and Registry, if applicable, pursuant to Mortgage Call Report
5 requirements. ~~If a licensee under this Section fails to file a~~
6 ~~compilation as required, the Commissioner shall cause an audit~~
7 ~~of the licensee's books and accounts to be made by a certified~~
8 ~~public accountant at the licensee's expense. The Commissioner~~
9 ~~shall select the certified public accountant by advertising for~~
10 ~~bids or by such other fair and impartial means as he or she~~
11 ~~establishes by rule.~~ A licensee who files false or misleading
12 compilation financial statements is guilty of a business
13 offense and shall be fined not less than \$5,000.

14 (h) The workpapers of the certified public accountants
15 employed by each licensee for purposes of this Section are to
16 be made available to the Commissioner or the Commissioner's
17 designee upon request and may be reproduced by the Commissioner
18 or the Commissioner's designee to enable to the Commissioner to
19 carry out the purposes of this Act.

20 (i) Notwithstanding any other provision of this Section, if
21 a licensee relying on subsection (g) of this Section causes its
22 books to be audited at any other time or causes its financial
23 statements to be reviewed, a complete copy of the audited or
24 reviewed financial statements shall be delivered to the
25 Commissioner at the time of the annual license renewal payment
26 following receipt by the licensee of the audited or reviewed

1 financial statements. All workpapers shall be made available to
2 the Commissioner upon request. The financial statements and
3 workpapers may be reproduced by the Commissioner or the
4 Commissioner's designee to carry out the purposes of this Act.

5 (Source: P.A. 97-813, eff. 7-13-12; 97-891, eff. 8-3-12;
6 98-463, eff. 8-16-13; 98-1081, eff. 1-1-15.)"; and

7 by deleting line 16 on page 385 through line 18 on page 388;
8 and

9 by deleting line 23 on page 388 through line 1 on page 389; and

10 on page 389, by deleting lines 5 through 11; and

11 by deleting line 15 on page 389 through line 7 on page 390; and

12 on page 405, by deleting lines 5 through 7.