

AN ACT concerning government.

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

Section 5. The Residential Real Property Disclosure Act is amended by changing Section 70 as follows:

(765 ILCS 77/70)

Sec. 70. Predatory lending database pilot program.

(a) As used in this Article:

"Borrower" means a person seeking a mortgage loan.

"Broker" means a "broker" or "loan broker", as defined in subsection (p) of Section 1-4 of the Residential Mortgage License Act of 1987.

"Closing agent" means an individual assigned by a title insurance company or a broker or originator to ensure that the execution of documents related to the closing of a real estate sale or the refinancing of a real estate loan and the disbursement of closing funds are in conformity with the instructions of the entity financing the transaction.

"Department" means the Department of Financial and Professional Regulation.

"Exempt person" means that term as it is defined in subsections (d)(1) and (d)(1.5) of Section 1-4 of the Residential Mortgage License Act of 1987.

"Lender" means that term as it is defined in subsection (g) of Section 1-4 of the Residential Mortgage License Act.

"Licensee" means that term as it is defined in subsection (e) of Section 1-4 of the Residential Mortgage License Act of 1987.

"Mortgage loan" means that term as it is defined in subsection (f) of Section 1-4 of the Residential Mortgage License Act of 1987.

"Originator" means a "loan originator" as defined in

subsection (hh) of Section 1-4 of the Residential Mortgage License Act of 1987, except an exempt person.

"Pilot program area" means all areas within Cook County designated as such by the Department due to the high rate of foreclosure on residential home mortgages that is primarily the result of predatory lending practices. The Department shall designate the pilot program area within 30 days after the effective date of this amendatory Act of the 94th General Assembly.

"Title insurance company" means any domestic company organized under the laws of this State for the purpose of conducting the business of guaranteeing or insuring titles to real estate and any title insurance company organized under the laws of another State, the District of Columbia, or a foreign government and authorized to transact the business of guaranteeing or insuring titles to real estate in this State.

(a-5) Inception date. The Secretary of Financial and Professional Regulation shall declare in writing the date of inception of the pilot program. The inception date shall be no later than September 1, 2006, and shall be at least 30 days after the date the Secretary issues a declaration establishing that date. The Secretary's declaration shall be posted on the Department's website, and the Department shall communicate the declaration to affected licensees of the Department. Until the inception date, none of the duties, obligations, contingencies, or consequences of or from the pilot program shall be imposed. The pilot program shall apply to all mortgage applications that are governed by this Article and that are made or taken on or after the inception of the pilot program.

(b) A predatory lending database pilot program is established within the pilot program area, effective upon the inception date established by the Secretary of the Department. The pilot program shall be in effect and operational ~~continue~~ for a total of 4 years ~~after its creation~~ and shall be administered in accordance with Article 3 of this Act. The database created under this program shall be maintained and

administered by the Department. The database shall be designed to allow brokers, originators, credit counselors, title insurance companies, and closing agents to submit information to the database online. The database shall not be designed to allow those entities to retrieve information from the database, except as otherwise provided in this Article. Information submitted by the broker or originator to the Department may be used to populate the online form submitted by a credit counselor, title insurance company, or closing agent.

(c) Within 10 days after taking a mortgage application, the broker or originator for any mortgage on residential property within the pilot program area must submit to the predatory lending database all of the information required under Section 72 and any other information required by the Department by rule. Within 7 days after receipt of the information, the Department shall compare that information to credit counseling standards developed by the Department by rule and issue to the borrower and the broker or originator a determination of whether credit counseling is recommended for the borrower. The borrower may not waive credit counseling. If at any time after submitting the information required under Section 72 the broker or originator (i) changes the terms of the loan or (ii) issues a new commitment to the borrower, then, within 5 days thereafter, the broker or originator shall re-submit all of the information required under Section 72 and, within 4 days after receipt of the information re-submitted by the broker or originator, the Department shall compare that information to credit counseling standards developed by the Department by rule and shall issue to the borrower and the broker or originator a new determination of whether credit counseling is recommended for the borrower based on the information re-submitted by the broker or originator.

(d) If the Department recommends credit counseling for the borrower under subsection (c), then the Department shall notify the borrower of all HUD-certified counseling agencies located within the State and direct the borrower to interview with a

counselor associated with one of those agencies. Within 10 days after receipt of the notice of HUD-certified counseling agencies, the borrower shall select one of those agencies and shall engage in an interview with a counselor associated with that agency. Within 7 days after interviewing the borrower, the credit counselor must submit to the predatory lending database all of the information required under Section 74 and any other information required by the Department by rule. Any costs associated with credit counseling provided under the pilot program shall be paid by the broker or originator. A credit counselor who in good faith provides counseling services shall not be liable to a broker or originator for civil damages, except for willful or wanton misconduct on the part of the counselor in providing the counseling services.

(e) The broker or originator and the borrower may not take any legally binding action concerning the loan transaction until the later of the following:

(1) the Department issues a determination not to recommend credit counseling for the borrower in accordance with subsection (c); or

(2) the Department issues a determination that credit counseling is recommended for the borrower and the credit counselor submits all required information to the database in accordance with subsection (d).

(f) Within 10 days after closing, the title insurance company or closing agent must submit to the predatory lending database all of the information required under Section 76 and any other information required by the Department by rule.

(g) ~~The~~ Upon recording the mortgage, the title insurance company or closing agent shall attach to the mortgage ~~must simultaneously file with the recorder~~ a certificate of ~~its~~ compliance with the requirements of this Article, as generated by the database. If the title insurance company or closing agent fails to attach ~~file~~ the certificate of compliance, then the mortgage is not recordable. In addition, if any lis pendens for a residential mortgage foreclosure is recorded on the

property within the pilot program area, a certificate of service must be simultaneously recorded that affirms that a copy of the lis pendens was filed with the Department. If the certificate of service is not recorded, then the lis pendens pertaining to the residential mortgage foreclosure in question is not recordable and is of no force and effect.

(h) All information provided to the predatory lending database under the program is confidential and is not subject to disclosure under the Freedom of Information Act, except as otherwise provided in this Article. Any borrower may authorize in writing the release of database information. The Department may use the information in the database without the consent of the borrower: (i) for the purposes of administering and enforcing the pilot program; (ii) to provide relevant information to a credit counselor providing credit counseling to a borrower under the pilot program; or (iii) to the appropriate law enforcement agency or the applicable administrative agency if the database information demonstrates criminal, fraudulent, or otherwise illegal activity.

(i) Nothing in this Article is intended to prevent a borrower from making his or her own decision as to whether to proceed with a transaction.

(j) Any person who violates any provision of this Article commits an unlawful practice within the meaning of the Consumer Fraud and Deceptive Business Practices Act.

(k) Not later than one year after the Department designates the pilot program area and annually thereafter during the existence of the pilot program, the Department shall report to the Governor and to the General Assembly concerning its administration and the effectiveness of the pilot program.

(Source: P.A. 94-280, eff. 1-1-06.)

Section 99. Effective date. This Act takes effect upon becoming law.