

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

NOTICE OF ADOPTED AMENDMENTS

- 1) Heading of the Part: Residential Mortgage License Act of 1987
- 2) Code Citation: 38 Ill. Adm. Code 1050
- 3)

<u>Section Numbers:</u>	<u>Adopted Action:</u>
1050.210	Amendment
1050.340	Amendment
1050.370	New Section
1050.610	Amendment
1050.655	New Section
1050.660	Amendment
1050.840	Amendment
1050.870	New Section
1050.1350	Amendment
1050.1790	Amendment
1050.2100	New Section
- 4) Statutory Authority: Implementing and authorized by the Residential Mortgage License Act of 1987 [205 ILCS 635/4-1(g)] and authorized by Section 2105-15(7) of the Civil Administrative Code of Illinois [20 ILCS 2105/2105-15(7)]
- 5) Effective Date of Rulemaking: January 1, 2012
- 6) Does this rulemaking contain an automatic repeal date? No
- 7) Does this rulemaking contain incorporations by reference? No
- 8) A copy of the adopted rulemaking, including any material incorporated by reference, is on file in the principal office of the Division of Insurance and is available for public inspection.
- 9) Notice of Proposal Published in Illinois Register: 35 Ill. Reg. 14574; September 2, 2011
- 10) Has JCAR issued a Statement of Objection to this Rulemaking? No
- 11) Differences between proposal and final version:

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- a) In the table of contents, in the title to Subpart E, add "PURCHASING ACTIVITY," following "BROKERAGE ACTIVITY".
- b) In Section 1050.210(c), on the first line, strike "Loan Originator Registration or".
- c) In Section 1050.210(c)(1), on the first line, add "a" following "for" and strike "Loan Originator registration or". On the third line, strike "registered or". On the sixth line, strike "registration or".
- d) In Section 1050.210(c)(2), on the first line, strike "Registration or". On the second line, strike "Loan Originator or" and add "a" following "Originator". On the third line, strike "Certificate of Registration or".
- e) In Section 1050.210(c)(3), on the first line, strike "Registration or". On the third line, strike "Certificate of Registration". Also, add "Inactive or" following "license on".
- f) In Section 1050.210(c)(4), on the first line, strike "or registrant".
- g) In Section 1050.210(f), on the second line, strike "Loan Originator or".
- h) In Section 1050.340(a)(2)(A), delete proposed second sentence.
- i) In Section 1050.370(a), delete the proposed introductory paragraph and add the following in lieu thereof: "The Director may withdraw any license application for which the applicant has failed or refused to provide a written response, including any required documentation, within 21 business days after receiving a deficiency letter for this response and required documentation from the Director.".
- j) In Section 1050.370(b)(1)(B), on the third line, delete "or other method approved by the Director.". On the eighth line, delete "been convicted of a misdemeanor or", and on the next line add "of \$500 or more" following "judgment". Also delete "involving monies, breach of trust, and/or moral turpitude". Finally, in the third sentence, add ", revocations" following "convictions" and delete "and/or employing licensee".

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- k) In Section 1050.370(b)(1)(C), on the third line, delete "or other method approved by the Director, within 10" and add "immediately, but no later than 30" in lieu thereof.
- l) In Section 1050.370(b)(1)(D), on the second line, delete ", or other method approved by the Director". Also, on the last line, delete "Originator" and add "Originator's information contained in the initial application or any renewal application is no longer current and must file accurate supplemental information." in lieu thereof.
- m) In Section 1050.370(b)(1)(D)(i), (ii) and (iii), delete all proposed text.
- n) Proposed Section 1050.370(b)(1)(E) has been moved-up to follow the new text at the end of subsection (b)(1)(D), but add "this" following "as required by".
- o) In Section 1050.370(b)(2), on the second line, delete ", or other method approved by the Director".
- p) In Section 1050.655, on the fourth line, add "and" following "identifying the portfolio," and on the fifth line, delete ", and other information required by the Director,".
- 12) Have all changes agreed upon by the agency and JCAR been made as indicated in the agreements issued by JCAR? Yes
- 13) Will this rulemaking replace any emergency rulemaking currently in effect? No
- 14) Are there any amendments pending on this Part? No
- 15) Summary and Purpose of rulemaking: The adopted amendments increase Mortgage Loan Originator License fees, reestablish and update license and reporting provisions pertaining to Mortgage Loan Originators including through use of the Nationwide Mortgage Licensing System and Registry, and add a new purchasing activity report and new standard for payment processing by servicers.

Mortgage Loan Originator fees have not been increased since the original loan originator registration program began in 2004 and the adopted increase reflects agency costs to provide the current level of service. The other amendments are to supplement Mortgage

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Loan Originator provisions previously added to the Residential Mortgage License Act of 1987 by Public Act 96-0112 and arise from the federal Secure and Fair Enforcement Licensing Act ("SAFE"). The purchasing activity report will close a gap in current activity reporting by licensees. The new standard for payment processing by servicers is intended to provide additional consumer protection against late fee assessments by licensees.

- 16) Information and questions regarding this adopted rulemaking shall be directed to:

Department of Financial and Professional Regulation
Attention: Craig Cellini
320 West Washington, 3rd Floor
Springfield, IL 62786

217/785/0813 Fax: 217/557-4451

The full text of the Adopted Amendments begins on the next page.

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TITLE 38: FINANCIAL INSTITUTIONS

CHAPTER II: DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

PART 1050

RESIDENTIAL MORTGAGE LICENSE ACT OF 1987

SUBPART A: DEFINITIONS

Section

1050.100	High Risk Home Loan Definitions; Applicability
1050.110	Definitions
1050.115	Administrative Decision (Repealed)
1050.120	Assisting (Repealed)
1050.125	Commissioner (Repealed)
1050.130	Control (Repealed)
1050.132	Conviction or Convicted (Repealed)
1050.135	Document (Repealed)
1050.140	Employee (Repealed)
1050.145	First Tier Subsidiary (Repealed)
1050.150	Hearing Officer (Repealed)
1050.155	High Risk Home Loan (Repealed)
1050.157	Licensee (Repealed)
1050.160	Material (Repealed)
1050.165	Other Regulatory Agencies (Repealed)
1050.170	Party (Repealed)
1050.175	Principal Place of Business (Repealed)
1050.180	Repurchase a Loan (Repealed)
1050.185	State (Repealed)
1050.190	Servicer (Repealed)
1050.195	Points and Fees (Repealed)
1050.197	Total Loan Amount (Repealed)
1050.198	Approved Credit Counselor (Repealed)
1050.199	Home Equity Loan (Repealed)

SUBPART B: FEES

Section

1050.210	Fees
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1050.220	License Fees (Repealed)
1050.230	Amended License Fees – Corporate Changes (Repealed)
1050.240	Duplicate Original License Fees (Repealed)
1050.245	Loan Originator Registration Application Fee (Repealed)
1050.246	Loan Originator Registration Transfer Fee (Repealed)
1050.247	Loan Originator Registration Reactivation Fee (Repealed)
1050.248	Duplicate Loan Originator Certificate of Registration or Pocket Card Fee (Repealed)
1050.250	Examination Fees (Repealed)
1050.255	Direct Expenses of Out-of-State Examinations (Repealed)
1050.260	Additional Full-Service Office Fees (Repealed)
1050.270	Hearing Fees (Repealed)
1050.280	Late Fees (Repealed)
1050.290	Manner of Payment (Repealed)

SUBPART C: LICENSING

Section

1050.310	Application for an Illinois Residential Mortgage License
1050.320	Application for Renewal of an Illinois Residential Mortgage License
1050.330	Waiver of License Fee
1050.340	Full-Service Office
1050.350	Additional Full-Service Office
1050.360	Continuing Education Requirements for Certain Employees (Repealed)
1050.370	Licensing of Mortgage Loan Originators

SUBPART D: OPERATIONS AND SUPERVISION

Section

1050.410	Net Worth
1050.420	Line of Credit (Repealed)
1050.425	Examination
1050.430	Late Audit Reports
1050.440	Escrow
1050.450	Audit Workpapers
1050.460	Selection of Independent Auditor (Repealed)
1050.470	Proceedings Affecting a License
1050.475	Change in Business Activities

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- 1050.480 Change of Ownership, Control or Name or Address of Licensee
1050.490 Bonding Requirements

SUBPART E: ANNUAL REPORT OF MORTGAGE ACTIVITY, MORTGAGE
BROKERAGE ACTIVITY, PURCHASING ACTIVITY,
AND MORTGAGE SERVICING ACTIVITY

Section

- 1050.610 Filing Requirements
1050.620 Reporting Forms
1050.630 Annual Report of Mortgage Activity
1050.640 Annual Report of Brokerage Activity
1050.650 Annual Report of Servicing Activity
1050.655 Annual Report of Purchasing Activity
1050.660 Verification

SUBPART F: FORECLOSURE RATE

Section

- 1050.710 Computation of National Residential Mortgage Foreclosure Rate
1050.720 Computation of Illinois Residential Mortgage Foreclosure Rate
1050.730 Excess Foreclosure Rate
1050.740 Foreclosure Rate Hearing
1050.750 Director's Authority – Unusually High Rate

SUBPART G: SERVICING

Section

- 1050.810 New Loans
1050.820 Transfer of Servicing
1050.830 Real Property Tax and Hazard Insurance Payments
1050.840 Payment Processing
1050.850 Toll-Free Telephone Arrangement
1050.860 Payoff of Outstanding Mortgage Loan
1050.870 Compliance with Other Laws

SUBPART H: ADVERTISING

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Section

1050.910	General Prohibition
1050.920	Definition of Advertisement
1050.930	Compliance with Other Laws
1050.940	Requirements
1050.950	Misleading and Deceptive Advertising Prohibition

SUBPART I: LOAN BROKERAGE PRACTICES

Section

1050.1010	Loan Brokerage Agreement
1050.1020	Loan Brokerage Disclosure Statement
1050.1030	Prohibited Practice

SUBPART J: LOAN APPLICATION PRACTICES

Section

1050.1100	High Risk Home Loan Application Practices; Applicability
1050.1110	Borrower Information Document
1050.1120	Description of Required Documentation
1050.1130	Maintenance of Records (Repealed)
1050.1140	Loan Application Procedures
1050.1150	Copies of Signed Documents
1050.1160	Confirmation of Statements
1050.1170	Cancellation of Application
1050.1175	Loan Log
1050.1176	Record Retention
1050.1177	Required Loan Application File Documents
1050.1180	Ability to Repay
1050.1185	Verification of Ability to Pay Loan
1050.1186	Fraudulent or Deceptive Practices
1050.1187	Prepayment Penalty

SUBPART K: GENERAL LENDING PRACTICES

Section

1050.1200	High Risk Home Loan Lending Practices; Applicability
1050.1210	Notice to Joint Borrowers

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1050.1220	Inaccuracy of Disclosed Information
1050.1230	Changes Affecting Loans in Process
1050.1240	Prohibition of Unauthorized Lenders
1050.1250	Good Faith Requirements
1050.1260	Pre-paid Insurance Products and Warranties
1050.1270	Refinancing Prohibited in Certain Cases
1050.1272	Balloon Payments
1050.1275	Financing of Certain Points and Fees
1050.1276	Payments to Contractors
1050.1277	Negative Amortization
1050.1278	Negative Equity
1050.1280	Counseling Prior to Perfecting Foreclosure Proceedings

SUBPART L: COMMITMENT AND CLOSING PRACTICES

Section

1050.1305	Approval Notice
1050.1310	Inconsistent Conditions Prohibited
1050.1315	Avoidance of Commitment
1050.1320	Charges to Seller
1050.1325	Intentional Delay
1050.1330	No Duplication to Borrower of Seller's Costs
1050.1335	Fees and Charges
1050.1340	Refunds on Failure to Close
1050.1345	Representative at Closing
1050.1350	Compliance with Other Laws
1050.1355	Failure to Close – Disclosure
1050.1360	Escrow Account Agreements at Closing

SUBPART M: EXEMPTION GUIDELINES

Section

1050.1410	General
1050.1420	Interpretative Guidelines

SUBPART N: ADMINISTRATIVE HEARING PROCEDURES

Section

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1050.1510	Applicability
1050.1520	Definitions (Repealed)
1050.1530	Filing
1050.1540	Form of Documents
1050.1550	Computation of Time
1050.1560	Appearances
1050.1570	Request for Hearing
1050.1580	Notice of Hearing
1050.1590	Service of the Notice of Hearing
1050.1595	Bill of Particulars or Motion for More Definite Statement
1050.1600	Motion and Answer
1050.1610	Consolidation and Severance of Matters – Additional Parties
1050.1620	Intervention
1050.1630	Postponement or Continuance of Hearing
1050.1640	Authority of Hearing Officer
1050.1650	Bias or Disqualification of Hearing Officer
1050.1660	Prehearing Conferences
1050.1670	Discovery
1050.1680	Subpoenas
1050.1690	Conduct of Hearing
1050.1700	Default
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1050.1720	Hostile Witnesses
1050.1730	Record of Proceedings
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1050.1750	Hearing Officer's Recommendation
1050.1760	Order of the Director
1050.1770	Rehearings and Reopening of Hearings
1050.1790	Costs of Hearing

SUBPART O: MORTGAGE AWARENESS PROGRAM

Section	
1050.1800	Applicability
1050.1810	General
1050.1820	Guidelines
1050.1830	Offer of Mortgage Awareness Program

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SUBPART P: DEFAULT AND FORECLOSURE RATES ON CONVENTIONAL LOANS

Section

- 1050.1900 Applicability
- 1050.1910 Report of Default and Foreclosure Rates on Conventional Loans
- 1050.1920 Director's Review and Analysis

SUBPART Q: THIRD PARTY REVIEW OF HIGH RISK HOME LOANS

Section

- 1050.2000 Applicability
- 1050.2010 Third Party Review of High Risk Home Loans

SUBPART R: REGISTRATION OF LOAN ORIGINATORS

Section

- [1050.2100](#) [Mortgage Loan Originators; Applicability](#)
- 1050.2110 Application for Registration
- 1050.2112 Evaluation of Applications
- 1050.2115 Examination
- 1050.2120 Continuing Education Requirements for Loan Originators
- 1050.2125 Certificate of Registration Issuance
- 1050.2130 Roster of Registered Loan Originators
- 1050.2135 Pocket Card
- 1050.2140 Certificate of Registration Renewal
- 1050.2145 Certificate of Registration Transfer Application or Inactive Notice
- 1050.2150 Inactive Registration Status; Reactivation
- 1050.2155 Temporary Permits
- 1050.2160 Confidential Information
- 1050.2165 Averments
- 1050.2170 Suspension or Revocation of Registration, Refusal to Renew, Fines
- 1050.2175 Loan Originator Hearings; Fees and Costs
- 1050.2180 Criminal Proceedings
- 1050.2185 Violations of Tax Acts
- 1050.2190 Disciplinary Action for Educational Loan Defaults
- 1050.2195 Nonpayment of Child Support

SUBPART S: PROVISIONAL REGISTRATION OF LOAN ORIGINATORS

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Section

1050.2200	Purpose
1050.2210	Definitions
1050.2220	Registration Required
1050.2230	Exemptions
1050.2240	Application for Provisional Certificate of Registration; Contents; Amendment
1050.2250	Issuance of Provisional Certificate of Registration; Effective Date; Conditions
1050.2260	Loan Origination Practices
1050.2270	Enforcement

1050.APPENDIX A Estimated Monthly Income and Expenses Worksheet

1050.APPENDIX B Mortgage Ratio Worksheet

AUTHORITY: Implementing and authorized by the Residential Mortgage License Act of 1987 [205 ILCS 635/4-1(g)].

SOURCE: Filed January 18, 1974; amended at 2 Ill. Reg. 2, p. 1, effective January 16, 1978; codified at 8 Ill. Reg. 4524; amended at 9 Ill. Reg. 17393, effective October 24, 1985; Part repealed by emergency rule at 12 Ill. Reg. 3041, and new Part adopted by emergency rule at 12 Ill. Reg. 3079, effective January 13, 1988, for a maximum of 150 days; Part repealed at 12 Ill. Reg. 8683, and new Part adopted at 12 Ill. Reg. 8685, effective May 10, 1988; emergency amendment at 12 Ill. Reg. 9721, effective May 18, 1988, for a maximum of 150 days; amended at 13 Ill. Reg. 17056, effective October 20, 1989; amended at 15 Ill. Reg. 8580, effective May 28, 1991; emergency amendment at 16 Ill. Reg. 2915, effective February 10, 1992, for a maximum of 150 days; amended at 16 Ill. Reg. 10463, effective June 23, 1992; emergency amendment at 16 Ill. Reg. 12634, effective August 1, 1992, for a maximum of 150 days; amended at 16 Ill. Reg. 20179, effective December 9, 1992; amended at 17 Ill. Reg. 3513, effective March 2, 1993; transferred from Chapter III, 38 Ill. Adm. Code 450 (Commissioner of Savings and Loan Associations) to Chapter VIII, 38 Ill. Adm. Code 1050 (Commissioner of Savings and Residential Finance) pursuant to Savings Bank Act [205 ILCS 205] at 17 Ill. Reg. 4475; emergency amendment at 19 Ill. Reg. 11080, effective July 13, 1995, for a maximum of 150 days; emergency expired December 11, 1995; amended at 19 Ill. Reg. 15465, effective October 31, 1995; amended at 20 Ill. Reg. 388, effective January 1, 1996; recodified from Chapter VIII, Commissioner of Savings and Residential Finance, to Chapter II, Office of Banks and Real Estate, pursuant to PA 89-508, at 20 Ill. Reg. 12645; amended at 21 Ill. Reg. 10972, effective August 1, 1997; amended at 22 Ill. Reg. 230, effective December 19, 1997; amended at 24 Ill. Reg. 64, effective January 1, 2000; emergency amendment at 24 Ill. Reg. 19322, effective

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December 15, 2000, for a maximum of 150 days; emergency repealed at 25 Ill. Reg. 3696, effective January 30, 2001 in response to an objection of the Joint Committee on Administrative Rules at 25 Ill. Reg. 1857; amended at 25 Ill. Reg. 6174, effective May 17, 2001; emergency amendment at 27 Ill. Reg. 10783, effective July 1, 2003, for a maximum of 150 days; emergency expired November 27, 2003; amended at 28 Ill. Reg. 797, effective December 29, 2003; emergency amendment at 28 Ill. Reg. 7137, effective April 30, 2004, for a maximum of 150 days; amended at 28 Ill. Reg. 10352, effective June 29, 2004; amended at 28 Ill. Reg. 13351, effective September 21, 2004; amended at 29 Ill. Reg. 14808, effective September 26, 2005; amended at 29 Ill. Reg. 19187, effective November 10, 2005; amended at 34 Ill. Reg. 17339, effective October 29, 2010; amended at 36 Ill. Reg. 250, effective January 1, 2012.

SUBPART B: FEES

Section 1050.210 Fees

- a) **Method of Payment of Fees**

The fees listed in this Section shall be payable to the Department, or to the Nationwide Mortgage Licensing System and Registry for transfer to the Department as approved by the Director. The Director may specify the form of payment to the Department or to the Nationwide Mortgage Licensing System and Registry, which may include certified check, money order, credit card, or other forms authorized by the Director. The Director may specify that fees be paid separately or combined, and may pro-rate fees for implementation of the Nationwide Mortgage Licensing System and Registry. The Nationwide Mortgage Licensing System and Registry shall be authorized to collect and process transaction fees or other fees related to licensees or other persons subject to the Act.
- b) **Residential Mortgage License**
 - 1) **Investigation Fee:** The applicant shall pay a non-refundable fee of \$1,135 or such non-refundable amount as authorized by the Director that, when combined with the license fee set forth in subsection (b)(2)(A), totals an amount equal to \$2,043 annually or such amount authorized by Section 2-2 of the Act.
 - 2) **License Fee:**

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- A) Initial Licensure: For each application for an initial Illinois Residential Mortgage License on which the Director has made the findings that a license shall be issued, the applicant shall pay a non-refundable license fee of \$908, plus the investigation fee set forth in subsection (b)(1), or such non-refundable amount as authorized by the Director that, when combined with the investigation fee set forth in subsection (b)(1), totals an amount equal to \$2,043 annually or such amount authorized by Section 2-2 of the Act.
- B) License Renewal: For each application for an annual renewal of an Illinois Residential Mortgage License, the applicant shall pay a non-refundable license fee of \$2,043, or the total amount set forth in subsections (b)(1) and (b)(2)(A).
- C) Amended License: The licensee shall pay a non-refundable fee of \$500 for each [Notice of Change of Ownership or Control](#) amended license that is required by Subpart D of this Part.
- D) Notice of Change: The licensee shall pay a non-refundable fee of \$50 with each Notice of Change of Officers or Directors or Change of Name or Address or Change of Activity.
- E) Duplicate License: The licensee shall pay a non-refundable fee of \$50 for each duplicate original license issued.
- F) [Returned Payment: Any licensee or person who delivers a check or other payment to the Department that is returned unpaid by the financial institution upon which it is drawn shall pay to the Department, in addition to the amount already owed, a fee of \\$50.](#)
- c) ~~Loan Originator Registration or~~ Mortgage Loan Originator License
- 1) Application Fee: An applicant for ~~a Loan Originator registration or~~ Mortgage Loan Originator license shall pay a non-refundable fee of ~~\$200~~[\\$125](#) for each individual ~~registered or~~ licensed on the initial application and ~~\$150~~[\\$100](#) annually for each individual renewal, plus an additional ~~\$75~~[\\$50](#) late fee for any renewal that is received after the expiration date of the preceding ~~registration or~~ license.

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- 2) ~~Registration or~~ License Transfer Fee: There shall be paid by or on behalf of the ~~Loan Originator or~~ Mortgage Loan Originator a non-refundable fee of ~~\$50~~~~\$35~~ for each ~~Certificate of Registration or~~ license transferred.
 - 3) ~~Registration or~~ License Reactivation Fee: There shall be paid by or on behalf of the applicant a non-refundable fee of ~~\$150~~~~\$100~~ for reactivating each ~~Certificate of Registration or~~ license on Inactive or Inoperative Status.
 - 4) Duplicate Documents: The licensee ~~or registrant~~ shall pay a non-refundable fee of \$50 for each duplicate document.
 - 5) Returned Payment: Any person who delivers a check or other payment to the Department that is returned to the Department unpaid by the financial institution upon which it is drawn shall pay to the Department, in addition to the amount already owed to the Department, a fee of \$50.
- d) Examination
- 1) Fees: Time expended in the conduct of any examination of the affairs of any licensee or its affiliates pursuant to the provision of Section 4-2 of the Act shall be billed by the Department at a rate of \$510 per examiner day. Fees will be billed following completion of the examination and shall be paid within 30 days after receipt of the billing.
 - 2) Out-of-State Travel: When out-of-state travel occurs in the conduct of any examination, the licensee shall make arrangements to reimburse the Department all charges for services such as travel expenses, including airfare, hotel and per diem incurred by the employee. These expenses are to be in accord with applicable travel regulations published by the Department of Central Management Services and approved by the Governor's Travel Control Board (80 Ill. Adm. Code 2800).
- e) Additional Full-Service Office:
- 1) Initial Fee: The licensee shall pay a non-refundable fee of \$250 for each Notice of Intent to Establish an Additional Full-Service Office required by

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Subpart C of this Part.

- 2) Annual Fee: After the notice filed under subsection (e)(1), the licensee shall pay an annual non-refundable Additional Full-Service Office fee of \$250 on the initial license anniversary date.
- f) Hearing Fees: Each party that requests a hearing pursuant to Section 4-1(n) of the Act shall pay a non-refundable fee of \$500, except that a ~~Loan Originator or~~ Mortgage Loan Originator requesting a hearing shall pay a non-refundable fee of \$250, unless the fee is waived by the Director. In determining whether to waive the fee, the Director shall consider the financial hardship imposed on the party.

(Source: Amended at 36 Ill. Reg. 250, effective January 1, 2012)

SUBPART C: LICENSING

Section 1050.340 Full-Service Office

- a) Each licensee shall maintain a full-service office consistent with the provisions of Sections 3-4 and 1-4(r) of the Act. At a minimum, each licensee shall:
 - 1) Maintain a registered agent in Illinois; and
 - 2) Provide a person or persons *reasonably adequate to handle efficiently communications, questions, and other matters relating* (Section 3-4 of the Act) to an application for a loan or existing loan and provide a toll-free telephone arrangement for doing so. In determining whether a licensee handles such matters in a reasonably adequate manner, the Director shall consider consumer complaints received regarding the licensees and information obtained from examinations conducted and reports filed pursuant to the Act. In addition, the Director shall consider whether the licensee has:
 - A) Provided facilities and personnel adequate to accommodate a borrower who wishes to bring all documents applicable to his or her application for or existing home mortgage to the full-service office for examination in conjunction with an inquiry, complaint or concern.

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- B) Maintained a supply of all documents required under Subparts G, H, I, J, K, and L of this Part, ~~when those where such~~ Subparts apply to the licensee.
- b) If the Director determines that a licensee is not in compliance with Sections 3-4 and 1-4(r) of the Act, the Director shall notify the licensee, in writing, detailing the requirements for bringing the licensee into compliance. The Director may require a licensee to demonstrate compliance with this Section in instances in which personnel are conducting licensable activities in Illinois without adequate facilities and/or licensed offices in Illinois. The Director, at his or her discretion, may require documentation from licensees and hold hearings to take testimony from owners, officers, directors and employees of a licensee, as selected by the Director, and compel attendance of those so selected for the purpose of determining compliance with this Section.

(Source: Amended at 36 Ill. Reg. 250, effective January 1, 2012)

Section 1050.370 Licensing of Mortgage Loan Originatorsa) License Applications

The Director may withdraw any license application for which the applicant has failed or refused to provide a written response, including any required documentation, within 21 business days after receiving a deficiency letter for this response and required documentation from the Director.

b) Licenses

1) Issuance of License; Conditions and Reports. Upon approving an application for an original or renewed Mortgage Loan Originator License pursuant to Article VII of the Act and this Part, the Director may issue the Mortgage Loan Originator License through electronic licensing systems such as the Nationwide Mortgage Licensing System and Registry and maintain a public record of all licenses issued within those electronic licensing systems. The Director may make copies of licenses available to licensees through electronic or other methods. Mortgage Loan Originator Licenses shall be issued subject to the following conditions:

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- A) The Director shall use applicable license numbers and/or identifiers for each Mortgage Loan Originator License, including unique identifiers as authorized by Section 7-14 of the Act.
- B) Each Mortgage Loan Originator shall provide notification to the Director through the Nationwide Mortgage Licensing System and Registry, within 10 calendar days after obtaining information that the Mortgage Loan Originator has had his or her license revoked in any governmental jurisdiction (see Section 7-3(1) of the Act), has been convicted of, or pled guilty or nolo contendere to, a felony (see Section 7-3(2) of the Act), or has had an adverse judgment of \$500 or more in any jurisdiction (see the financial responsibility, character and general fitness requirements of Section 7-3(3) of the Act). The notification shall describe fully all convictions, revocations and adverse judgments. The Director may take disciplinary action against any Mortgage Loan Originator for convictions, revocations and adverse judgments based upon failure to comply with Sections 7-3(1), (2), or (3) of the Act and may take disciplinary action against a Mortgage Loan Originator who fails to comply with the reporting requirement of this subsection (b)(1)(B).
- C) Each employing licensee shall provide notification to the Director through submitting a sponsor removal to the Nationwide Mortgage Licensing System and Registry, immediately, but no later than 30 calendar days after the termination of a Mortgage Loan Originator's employment. The employing licensee may notify the Director of the reasons for the termination and, if applicable, the employing licensee also shall provide a report to the Director pursuant to Section 6-2(4) of the Act. The Director may take disciplinary action against an employing licensee that fails to comply with the reporting requirement of this subsection (b)(1)(C) or files a frivolous, false or misleading report under Section 6-2(4) of the Act.
- D) Each Mortgage Loan Originator shall notify the Director through the Nationwide Mortgage Licensing System and Registry, within 30 days if the Mortgage Loan Originator's information contained in

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the initial application or any renewal application is no longer current and must file accurate supplemental information. The Director may take disciplinary action against a Mortgage Loan Originator who fails to notify the Director as required by this subsection (b)(1)(D).

2) Inactive or Inoperative Status and Reactivation; Transfers

The Director may create categories of inactive or inoperative status. A Mortgage Loan Originator License shall be considered on inactive or inoperative status at any time a Mortgage Loan Originator is not actively employed by a licensee prior to the expiration date of the license. A Mortgage Loan Originator shall apply to the Director through the Nationwide Mortgage Licensing System and Registry, and include the transfer fee set forth in Section 1050.210, in order to transfer the sponsorship of his or her license to another employing licensee. A Mortgage Loan Originator cannot conduct licensable activities while on inactive or inoperative status or any time prior to the Director accepting the new sponsor in the Nationwide Mortgage Licensing System and Registry. When a Mortgage Loan Originator has been on inactive or inoperative status for more than 90 calendar days, prior to resuming active status, the Mortgage Loan Originator shall pay to the Director a Mortgage Loan Originator Reactivation Fee in the amount set forth in Section 1050.210. A Mortgage Loan Originator's inactive or inoperative status expires with the expiration of the license and any subsequent licensing shall require submission of a new license application and fee in the amount set forth in Section 1050.210.

(Source: Added at 36 Ill. Reg. 250, effective January 1, 2012)

SUBPART E: ANNUAL REPORT OF MORTGAGE ACTIVITY, MORTGAGE
BROKERAGE ACTIVITY, PURCHASING ACTIVITY,
AND MORTGAGE SERVICING ACTIVITY

Section 1050.610 Filing Requirements

On or before March 1 of each year, each licensee, except entities engaged solely in loan brokering activities and entities engaged solely in servicing activities, shall file an Annual Report of Mortgage Activity. On or before March 1 of each year, each licensee that brokers loans must

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file an Annual Report of Mortgage Brokerage Activity. On or before March 1 of each year, each licensee that services residential mortgage loans shall file an Annual Report of Mortgage Servicing Activity. On or before March 1 of each year, each licensee that purchases residential mortgage loans shall file an annual report of purchasing activity set forth in Section 1050.655. The Director may require reporting by licensees of mortgage, mortgage brokerage, and mortgage servicing activities to the Nationwide Mortgage Licensing System and Registry, upon the dates established by the Nationwide Mortgage Licensing System and Registry.

(Source: Amended at 36 Ill. Reg. 250, effective January 1, 2012)

Section 1050.655 Annual Report of Purchasing Activity

Each licensee that purchases residential mortgage loans shall file an Annual Report of Purchasing Activity. The Annual Report of Purchasing Activity shall include the names of originating entities, dollar amounts for each loan by property address or dollar amount of Illinois loans contained in a multi-state property portfolio, identifying the portfolio, and a total dollar amount for all Illinois loans purchased.

(Source: Added at 36 Ill. Reg. 250, effective January 1, 2012)

Section 1050.660 Verification

A notarized affidavit or oath, affirmation or declaration under penalty of perjury, attesting to the accuracy and truthfulness of the report must accompany each Annual Report of Mortgage Activity, Annual Report of Brokerage Activity and Annual Servicing Report, and Annual Report of Purchasing Activity submitted to the Director. This verification must be signed by the owner, if the licensee is a sole proprietorship; by all partners, if the licensee is a partnership; by two officers or all directors, if the licensee is a corporation; or by all members, if the licensee is an association.

(Source: Amended at 36 Ill. Reg. 250, effective January 1, 2012)

SUBPART G: SERVICING

Section 1050.840 Payment Processing

A licensee shall ~~make a good faith effort to~~ process and properly credit to a mortgage loan account any payment from a mortgagor on the same calendar date the payment is physically

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delivered, either in person or via United States Mail, at the address designated by the licensee for payments. No late fee shall be imposed if the licensee has received the mortgagor's payment in readily identifiable form by 5:00 p.m. on the day on which the payment is due in the amount, manner, location and time indicated by the mortgagee to avoid the imposition of late fees. Upon demand by the Department, the licensee shall produce documentation as to the date on which any payment in question was received by the licensee.

(Source: Amended at 36 Ill. Reg. 250, effective January 1, 2012)

Section 1050.870 Compliance with Other Laws

Servicing and foreclosure procedures of a licensee shall comply with applicable federal and State statutes and regulations, including but not limited to, Section 15-1502.5 of the Illinois Mortgage Foreclosure Law [735 ILCS 5/15-1502.5].

(Source: Added at 36 Ill. Reg. 250, effective January 1, 2012)

SUBPART L: COMMITMENT AND CLOSING PRACTICES

Section 1050.1350 Compliance with Other Laws

Commitment and closing procedures of a licensee shall comply with applicable Federal and State statutes and regulations, including but not limited to the following:

- a) The Interest Act [815 ILCS 205];
- b) Mortgage Escrow Account Act [765 ILCS 910];
- c) Consumer Fraud and Deceptive Business Practices Act [~~815~~205 ILCS 505].

(Source: Amended at 36 Ill. Reg. 250, effective January 1, 2012)

SUBPART N: ADMINISTRATIVE HEARING PROCEDURES

Section 1050.1790 Costs of Hearing

In addition to the filing fees ~~as~~ set forth in Section 1050.210(f)~~Subpart A and except for hearings to which Section 1050.2175 of this Part applies~~, each party to the hearing shall be required to pay

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its pro rata share of expenses, including, but not limited to, the hearing officer, witness and mileage fees, transcript and ~~such~~ other incidental costs ~~as may be~~ authorized by the hearing officer or by the Director, unless waived by the Director. In determining whether to waive ~~such~~ costs or a portion of costs, the Director shall consider the financial hardship upon the party.

(Source: Amended at 36 Ill. Reg. 250, effective January 1, 2012)

SUBPART R: REGISTRATION OF LOAN ORIGINATORS

Section 1050.2100 Mortgage Loan Originators; Applicability

Pursuant to the implementation of the federal Secure and Fair Employment for Mortgage Licensing Act (SAFE Act) (12 USC 51 et seq.), this Subpart does not apply to mortgage loan originators licensed pursuant to Section 7-1A of the Illinois Residential Mortgage License Act of 1987.

(Source: Added at 36 Ill. Reg. 250, effective January 1, 2012)