

1 AN ACT concerning regulation.

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

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 "Business day" means any calendar day except Saturday,
11 Sunday, or a State or federal holiday.

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

19 "Lender" means a natural or artificial person who
20 transfers, deals in, offers, or makes a reverse mortgage.

21 "Lender" includes, but is not limited to, creditors and brokers
22 who transfer, deal in, offer, or make reverse mortgages.

23 "Lender" does not include purchasers, assignees, or subsequent

1 holders of reverse mortgages.

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

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

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

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

16 Section 10. Reverse mortgages.

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

19 (1) Payment, in whole or in part, shall be permitted
20 without penalty at any time during the term of the
21 mortgage.

22 (2) A reverse mortgage may provide for an interest rate
23 that is fixed or adjustable and may provide for interest
24 that is contingent on appreciation in the value of the
25 property.

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

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

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

13 (1) Temporary absences from the home not exceeding 60
14 consecutive days shall not cause the mortgage to become due
15 and payable.

16 (2) Temporary absences from the home exceeding 60 days,
17 but not exceeding one year, shall not cause the mortgage to
18 become due and payable, provided that the borrower has
19 taken action that secures the home in a manner satisfactory
20 to the lender.

21 (c) A reverse mortgage shall become due and payable upon
22 the occurrence of any of the following events, unless the
23 maturity date has been deferred under the Federal Housing
24 Administration's Home Equity Conversion Mortgage Program:

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

26 (2) All borrowers cease to occupy the home as a

1 principal residence.

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

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

6 (5) The death of the borrower or, for homestead
7 properties in joint tenancy, the death of the last
8 surviving joint tenant who had an interest in the property
9 at the time the loan was initiated.

10 Section 15. Reverse mortgage disclosures.

11 (a) The Office of the Attorney General shall develop the
12 content and format of an educational document providing
13 independent consumer information regarding reverse mortgages,
14 potential alternatives to reverse mortgages, and the
15 availability of independent counseling services, including
16 services provided by nonprofit agencies certified by the
17 federal government to provide required counseling for reverse
18 mortgages insured by the U.S. Federal Government. The document
19 shall also include a statement that the terms of a reverse
20 mortgage may adversely affect the applicant's eligibility to
21 obtain a tax deferral under the Senior Citizens Real Estate Tax
22 Deferral Act. The document shall be updated and revised as
23 often as deemed necessary by the Office of the Attorney
24 General.

25 (b) Lenders are required to provide each borrower a

1 document regarding the availability of counseling services
2 that shall be in at least 12-point font, containing contact
3 information (including agency name, address, telephone number,
4 and, if applicable, website) for agencies approved by the U.S.
5 Department of Housing and Urban Development (HUD) to conduct
6 reverse mortgage counseling. The agencies included on the list
7 shall be in accordance with requirements for the Federal
8 Housing Administration's Home Equity Conversion Mortgage
9 Program. This document shall contain the following statement:

10 "IMPORTANT NOTICE: Under Illinois law, reverse mortgages
11 are non-recourse loans secured by real or homestead property.
12 Reverse mortgages insured by the U.S. Federal Government, known
13 as Home Equity Conversion Mortgages or HECM loans, require
14 people considering reverse mortgages to get counseling prior to
15 submitting a completed application for the loan from an agency
16 approved by the U.S. Department of Housing and Urban
17 Development (HUD) to conduct reverse mortgage counseling.

18 The purpose of the counseling is to help the prospective
19 borrower understand the financial implications, alternatives
20 to securing a reverse mortgage, borrower obligations, costs of
21 obtaining the loan, repayment conditions, and other issues.
22 Counseling can also be a benefit to people considering reverse
23 mortgages not insured by the federal government. There are
24 advantages to receiving this counseling in person, as this
25 method allows for greater participation by the prospective
26 borrower, and also allows the counselor to more accurately

1 determine the prospective borrower's understanding of the
2 program. However, counseling can also be conducted over the
3 telephone.

4 In accordance with federal requirements, Illinois State
5 law requires reverse mortgage lenders to provide potential
6 reverse mortgage borrowers with a list, including contact
7 information, of agencies that are approved by HUD to conduct
8 reverse mortgage counseling. Contact information for
9 additional approved counseling agencies is available from HUD
10 or your lender.".

11 (c) At the time of the initial inquiry regarding a reverse
12 mortgage or, if not practically feasible, after the borrower
13 makes a request to apply for a reverse mortgage, a lender shall
14 provide to the borrower the documents described in subsections
15 (a) and (b) of this Section.

16 Section 20. Reverse mortgages cooling-off period.

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

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

1 period. A borrower may not waive the provisions of this
2 subsection (b).

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

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

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

1 mortgage or reverse mortgage transactions on the
2 borrower's residence securing the reverse mortgage loan;

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

7 (3) offer an annuity to the borrower before the closing
8 of the reverse mortgage or before the expiration of the
9 right of the borrower to rescind the reverse mortgage
10 agreement;

11 (4) refer the borrower to anyone for the purchase of an
12 annuity before the closing of the reverse mortgage or
13 before the expiration of the right of the borrower to
14 rescind the reverse mortgage agreement; or

15 (5) provide marketing information or annuity sales
16 leads to anyone regarding the prospective borrower or
17 borrower before the closing of the reverse mortgage or
18 before the expiration of the right of the borrower to
19 rescind the reverse mortgage loan.

20 Section 30. Reverse mortgages; restriction on distribution
21 of loan proceeds. No person, other than a borrower's spouse or
22 partner, who directly or indirectly facilitates, processes,
23 negotiates, assists, encourages, arranges, or otherwise
24 induces consumers to take out a reverse mortgage with a lender
25 may receive any portion of the loan proceeds for any service or

1 product, including for services that fall under the Home Repair
2 and Remodeling Act, other than that for bona fide fees for
3 origination of the loan. This Section shall not prohibit
4 disbursements of loan proceeds in compliance with guidelines,
5 including uses defined as mandatory obligations, under the
6 Federal Housing Administration's Home Equity Conversion
7 Mortgage Program, nor shall it prohibit a borrower from using
8 the loan proceeds to purchase products or services from a
9 lender that is a financial institution in the ordinary course
10 of the financial institution's business.

11 Section 35. Reverse mortgages; certification requirements.

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

15 (1) the borrower has received from the lender the
16 educational document prepared by the Office of the Attorney
17 General required in subsection (a) of Section 15 and the
18 document required in subsection (b) of Section 15 regarding
19 the availability of counseling services on reverse
20 mortgages;

21 (2) the borrower has received from the lender, at the
22 time a written commitment was made to the applicant to
23 provide a reverse mortgage loan, the disclosure document
24 required in Section 20 regarding the 3-day cooling-off
25 period and that at least 3 business days have passed since

1 the document was provided; the certification shall also
2 include the date the cooling-off period disclosure was
3 provided;

4 (3) the reverse mortgage loan does not include any
5 current or future requirement for the applicant to purchase
6 an annuity, investment, life insurance, or long-term care
7 insurance product; however, nothing in this paragraph (3)
8 shall preclude a lender from requiring the borrower to
9 purchase property and casualty insurance, title insurance,
10 flood insurance, or other such products meant to insure or
11 protect the value of the home or the lender's lien and that
12 are customary for residential mortgage or reverse mortgage
13 transactions;

14 (4) no offer of an annuity was made to the borrower
15 before the closing of the reverse mortgage or will be
16 before the expiration of the right of the borrower to
17 rescind the reverse mortgage loan;

18 (5) the borrower was not referred to anyone for the
19 purchase of an annuity before the closing of the reverse
20 mortgage or will be before the expiration of the right of
21 the borrower to rescind the reverse mortgage loan;

22 (6) the borrower was not provided marketing
23 information or annuity sales leads to anyone regarding the
24 prospective borrower or borrower before the closing of the
25 reverse mortgage or will be before the expiration of the
26 right of the borrower to rescind the reverse mortgage loan;

1 and

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

11 This Section shall not prohibit disbursements of loan
12 proceeds in compliance with guidelines under the Federal
13 Housing Administration's Home Equity Conversion Mortgage
14 Program, including uses defined as mandatory obligations, nor
15 shall it prohibit a borrower from using the loan proceeds to
16 purchase products or services from a lender that is a financial
17 institution in the ordinary course of the financial
18 institution's business.

19 (b) The lender shall maintain the certification in an
20 accurate, reproducible, and accessible format for the term of
21 the reverse mortgage.

22 Section 40. Enforcement.

23 (a) Any violation of this Act shall also be considered an
24 unlawful practice under the Consumer Fraud and Deceptive
25 Business Practices Act. Only the Attorney General may enforce

1 violations of this Act. The Attorney General shall only find a
2 violation of this Act if the conduct constitutes a pattern or
3 practice.

4 (b) Any violation of this Act by a licensee or residential
5 mortgage licensee under the Residential Mortgage License Act of
6 1987 shall also be considered a violation of the Residential
7 Mortgage License Act of 1987.

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

10 (20 ILCS 105/4.01) (from Ch. 23, par. 6104.01)

11 Sec. 4.01. Additional powers and duties of the Department.
12 In addition to powers and duties otherwise provided by law, the
13 Department shall have the following powers and duties:

14 (1) To evaluate all programs, services, and facilities for
15 the aged and for minority senior citizens within the State and
16 determine the extent to which present public or private
17 programs, services and facilities meet the needs of the aged.

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

23 (2-a) To request, receive, and share information
24 electronically through the use of data-sharing agreements for

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

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

24 (4) To receive and disburse State and federal funds made
25 available directly to the Department including those funds made
26 available under the Older Americans Act and the Senior

1 Community Service Employment Program for providing services
2 for senior citizens and minority senior citizens or for
3 purposes related thereto, and shall develop and administer any
4 State Plan for the Aging required by federal law.

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

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

13 (7) To promote community education regarding the problems
14 of senior citizens and minority senior citizens through
15 institutes, publications, radio, television and the local
16 press.

17 (8) To cooperate with agencies of the federal government in
18 studies and conferences designed to examine the needs of senior
19 citizens and minority senior citizens and to prepare programs
20 and facilities to meet those needs.

21 (9) To establish and maintain information and referral
22 sources throughout the State when not provided by other
23 agencies.

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

26 (11) To make and enforce rules and regulations necessary

1 and proper to the performance of its duties.

2 (12) To establish and fund programs or projects or
3 experimental facilities that are specially designed as
4 alternatives to institutional care.

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

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

18 (15) To present one award annually in each of the
19 categories of community service, education, the performance
20 and graphic arts, and the labor force to outstanding Illinois
21 senior citizens and minority senior citizens in recognition of
22 their individual contributions to either community service,
23 education, the performance and graphic arts, or the labor
24 force. The awards shall be presented to 4 senior citizens and
25 minority senior citizens selected from a list of 44 nominees
26 compiled annually by the Department. Nominations shall be

1 solicited from senior citizens' service providers, area
2 agencies on aging, senior citizens' centers, and senior
3 citizens' organizations. The Department shall establish a
4 central location within the State to be designated as the
5 Senior Illinoisans Hall of Fame for the public display of all
6 the annual awards, or replicas thereof.

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

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

19 (18) To develop a pamphlet in English and Spanish which may
20 be used by physicians licensed to practice medicine in all of
21 its branches pursuant to the Medical Practice Act of 1987,
22 pharmacists licensed pursuant to the Pharmacy Practice Act, and
23 Illinois residents 65 years of age or older for the purpose of
24 assisting physicians, pharmacists, and patients in monitoring
25 prescriptions provided by various physicians and to aid persons
26 65 years of age or older in complying with directions for

1 proper use of pharmaceutical prescriptions. The pamphlet may
2 provide space for recording information including but not
3 limited to the following:

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

5 (b) name and telephone number of the prescribing
6 physician;

7 (c) date of prescription;

8 (d) name of drug prescribed;

9 (e) directions for patient compliance; and

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

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

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

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

23 (21) From funds appropriated to the Department from the
24 Meals on Wheels Fund, a special fund in the State treasury that
25 is hereby created, and in accordance with State and federal
26 guidelines and the intrastate funding formula, to make grants

1 to area agencies on aging, designated by the Department, for
2 the sole purpose of delivering meals to homebound persons 60
3 years of age and older.

4 (22) To distribute, through its area agencies on aging,
5 information alerting seniors on safety issues regarding
6 emergency weather conditions, including extreme heat and cold,
7 flooding, tornadoes, electrical storms, and other severe storm
8 weather. The information shall include all necessary
9 instructions for safety and all emergency telephone numbers of
10 organizations that will provide additional information and
11 assistance.

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

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

25 (b) types of services to be received upon the
26 redemption of service credits;

1 (c) issues of liability for the volunteers and the
2 administering organizations;

3 (d) methods of tracking service credits earned and
4 service credits redeemed;

5 (e) issues of time limits for redemption of service
6 credits;

7 (f) methods of recruitment of volunteers;

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

11 (h) accountability and assurance that services will be
12 available to individuals who have earned service credits;
13 and

14 (i) volunteer screening and qualifications.

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

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

21 (25) To hold conferences, trainings, and other programs for
22 which the Department shall determine by rule a reasonable fee
23 to cover related administrative costs. Rules to implement the
24 fee authority granted by this paragraph (25) must be adopted in
25 accordance with all provisions of the Illinois Administrative
26 Procedure Act and all rules and procedures of the Joint

1 Committee on Administrative Rules; any purported rule not so
2 adopted, for whatever reason, is unauthorized.

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

5 (205 ILCS 5/5a rep.)

6 (205 ILCS 5/6.1 rep.)

7 (205 ILCS 5/6.2 rep.)

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

10 (205 ILCS 205/1010 rep.)

11 Section 910. The Savings Bank Act is amended by repealing
12 Section 1010.

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

15 (205 ILCS 305/46) (from Ch. 17, par. 4447)

16 Sec. 46. Loans and interest rate.

17 (1) A credit union may make loans to its members for such
18 purpose and upon such security and terms, including rates of
19 interest, as the credit committee, credit manager, or loan
20 officer approves. Notwithstanding the provisions of any other
21 law in connection with extensions of credit, a credit union may
22 elect to contract for and receive interest and fees and other

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

21 (2) Credit unions may make loans based upon the security of
22 any interest or equity in real estate, subject to rules and
23 regulations promulgated by the Secretary. In any contract or
24 loan which is secured by a mortgage, deed of trust, or
25 conveyance in the nature of a mortgage, on residential real
26 estate, the interest which is computed, calculated, charged, or

1 collected pursuant to such contract or loan, or pursuant to any
2 regulation or rule promulgated pursuant to this Act, may not be
3 computed, calculated, charged or collected for any period of
4 time occurring after the date on which the total indebtedness,
5 with the exception of late payment penalties, is paid in full.

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

1 sentence. The provisions of this amendatory Act of 1985 shall
2 apply only to contracts or loans entered into on or after the
3 effective date of this amendatory Act.

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

1 ~~contiguous real estate owned and occupied by the mortgagor.~~

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

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

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

1 that may be so secured may increase or decrease from time to
2 time, but the total unpaid balance so secured at any one time
3 shall not exceed a maximum principal amount which must be
4 specified in such mortgage or deed of trust, plus interest
5 thereon, and any disbursements made for the payment of taxes,
6 special assessments, or insurance on said real property, with
7 interest on such disbursements.

8 Any such mortgage or deed of trust shall be valid and have
9 priority over all subsequent liens and encumbrances, including
10 statutory liens, except taxes and assessments levied on said
11 real property.

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

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

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

1 program.

2 (7) For a renewal, refinancing, or restructuring of an
3 existing loan that is secured by an interest or equity in real
4 estate, a new appraisal of the collateral shall not be required
5 when the transaction involves an existing extension of credit
6 at the credit union, no new moneys are advanced other than
7 funds necessary to cover reasonable closing costs, and there
8 has been no obvious or material change in market conditions or
9 physical aspects of the real estate that threatens the adequacy
10 of the credit union's real estate collateral protection after
11 the transaction.

12 (Source: P.A. 97-133, eff. 1-1-12; 98-749, eff. 7-16-14;
13 98-784, eff. 7-24-14; revised 10-2-14.)

14 (205 ILCS 305/46.1 rep.)

15 (205 ILCS 305/46.2 rep.)

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

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

20 (205 ILCS 635/5-5A new)

21 Sec. 5-5A. Violations of the Reverse Mortgage Act. Any
22 violation of the Reverse Mortgage Act by a residential mortgage
23 licensee shall be considered a violation of this Act.

1 (205 ILCS 635/5-5 rep.)

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

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

6 (815 ILCS 505/2Z) (from Ch. 121 1/2, par. 262Z)

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

1 subsection (k) of Section 6-305 of the Illinois Vehicle Code,
2 Section 11-1431, 18d-115, 18d-120, 18d-125, 18d-135, 18d-150,
3 or 18d-153 of the Illinois Vehicle Code, Article 3 of the
4 Residential Real Property Disclosure Act, the Automatic
5 Contract Renewal Act, the Reverse Mortgage Act, or the Personal
6 Information Protection Act commits an unlawful practice within
7 the meaning of this Act.

8 (Source: P.A. 96-863, eff. 1-19-10; 96-1369, eff. 1-1-11;
9 96-1376, eff. 7-29-10; 97-333, eff. 8-12-11.)