

AN ACT concerning civil law.

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

Section 5. The Mortgage Escrow Account Act is amended by changing Sections 5 and 7 as follows:

(765 ILCS 910/5) (from Ch. 17, par. 4905)

Sec. 5. (a) When the mortgage is reduced to 65% of its original amount by payments of the borrower, timely made according to the provisions of the loan agreement secured by the mortgage, and the borrower is otherwise not in default on the loan agreement, the mortgage lender must notify the borrower that he may terminate such escrow account or that he may elect to continue it until he requests a termination thereof, or until the mortgage is paid in full, whichever occurs first.

(b) Notwithstanding the requirements in subsection (a), a mortgage lender that complies with the escrow account requirements in Title 12 CFR Part 1026, as amended, for a mortgage loan that is a higher-priced mortgage loan, as defined in Title 12 CFR Part 1026, as amended, is deemed to be in compliance with subsection (a).

(Source: P.A. 79-625.)

(765 ILCS 910/7) (from Ch. 17, par. 4907)

Sec. 7. The borrower shall not have the right to terminate any such arrangement under Section 5 in conjunction with mortgages insured, guaranteed, supplemented, or assisted by the State of Illinois or the federal government that require an escrow arrangement for their continuation. The borrower shall not have the right to terminate any such arrangement under Section 5 in conjunction with a mortgage loan that is a higher-priced mortgage loan as defined in Title 12 CFR Part 1026, as amended, unless the borrower has met all of the conditions for cancellation of an escrow account for a higher-priced mortgage loan in Title 12 CFR Part 1026, as amended.

(Source: P.A. 79-625.)

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