

ANTI PREDATORY LENDING DATABASE PROGRAM FACT SHEET

Authorizing Act

Public Act 95-0691 (SB1167)

Effective Date

July 1, 2008

For any mortgage application taken prior to July 1, 2008, but closed after July 1, 2008, a Certificate of Exemption will need to be recorded with the mortgage (see Recording Requirement)

Purpose of the Program

To reduce predatory lending practices by assisting the borrower in understanding the terms and conditions of the loan for which he or she has applied. The act does not prohibit any type of loan. It is solely the borrower's decision whether to proceed.

Web address of Anti Predatory Lending Database

www.ilapld.com (Not yet active)

Program Area

Cook County, Illinois

(Property located outside of Cook County is not subject to the Act)

Property subject to the Act

I-4 unit, owner-occupied residential

Exempt Property

Not subject to the Act:

Non-owner occupied property

Commercial property

Residential property of more than 4 units

Government property

Exempt transactions

Reverse mortgages

Recording Requirement

In order to record any mortgage against Cook County property, a Certificate of Compliance or Certificate of Exemption must be attached to the mortgage.

Database User Groups

Only the following three groups will be authorized as users pursuant to P.A. 95-0691. All users will need to register, obtain a User ID and PIN, and receive training in the use of the database.

Mortgage Brokers and Loan Originators licensed by the Division of Banking
Housing Counselors (must be HUD-certified agencies)
Closing Agents

Entities Exempt from the Act

Any entity not required to be licensed under the Residential Mortgage License Act, such as banks and other depository financial institutions, as well as certain limited private lenders (such as an individual making a loan to a family member), is exempt from the Act. Exempt entities are not required to enter information into the database but must, however, obtain a Certificate of Exemption from the closing agent to record their mortgages. Loans by these entities may go directly to closing upon approval. If an exempt entity, such as a bank, chooses to close its own loans, it must register as a closer.

Standards for Housing Counseling

Counseling is required if

- A. In a purchase transaction, all borrowers are first time homebuyers
or
The borrower(s) are refinancing a primary residence,
and
- B. The loan is a mortgage that includes one or more of the following
 - 1) The loan permits interest-only payments
 - 2) The loan may result in negative amortization
 - 3) The total points and fees payable by the borrower at or before closing will exceed 5%
 - 4) The loan includes a prepayment penalty
 - 5) The loan is an adjustable rate mortgage which allows adjustments of the interest rate in the first three years.

One standard from group A and at least one standard from group B must be present or counseling will not be required.

Program Overview

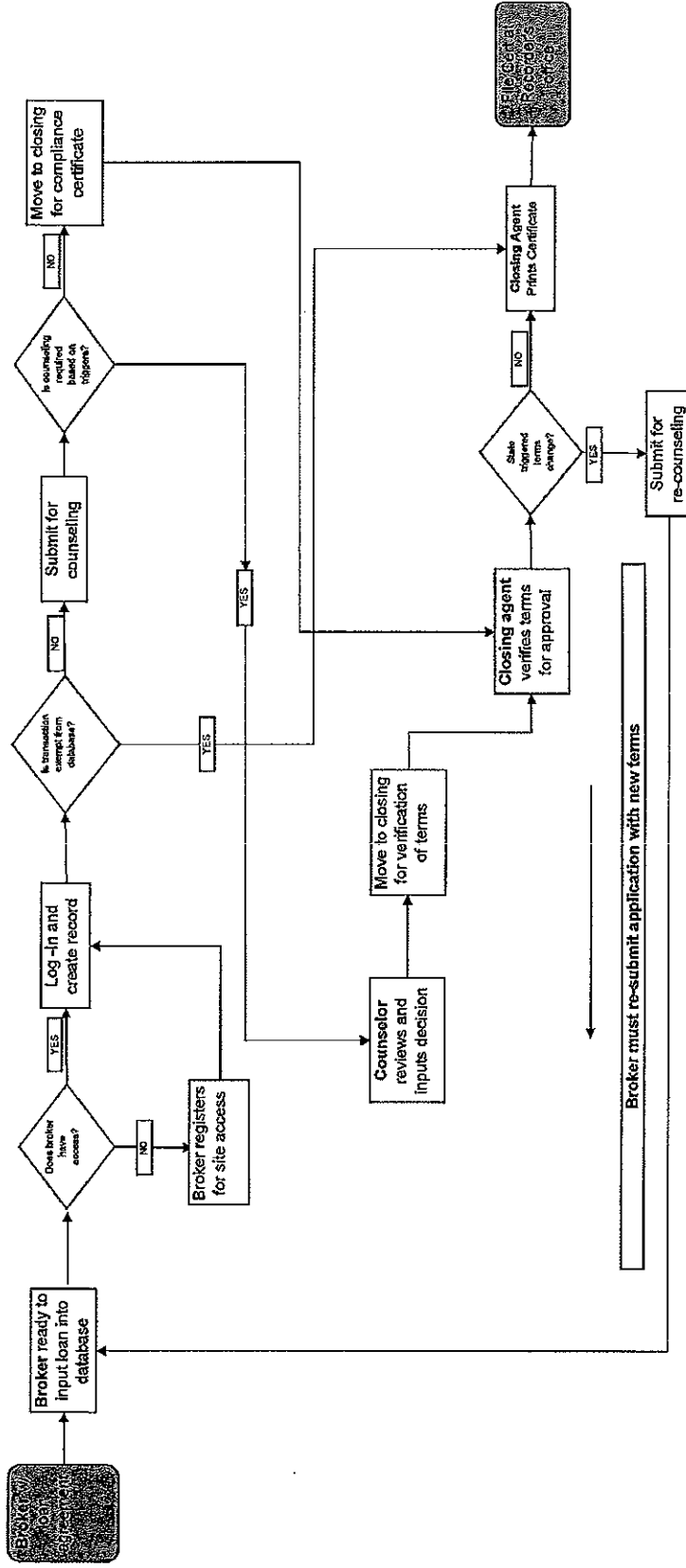
A mortgage broker or loan originator takes a loan application and enters required information into the database. The database will first determine whether the property is exempt. If it is not exempt, the database will then determine if it will be necessary for the borrower(s) to obtain counseling.

If counseling is not required, the loan may proceed to closing. If counseling is required, the borrower(s) will be notified and given a list of all participating counseling agencies. The counselor will compare the information entered by the broker/originator with the borrower's loan documents and other information provided by the borrower and enter recommendations. Whatever the counselor's recommendation may be, the borrower will make the decision whether to proceed.

Unless the borrower chooses not to proceed, the loan now moves to closing. The closing agent will have access to the information needed to perform the closing function and will determine whether the loan being closed has similar characteristics to the loan entered by the broker/originator and counselor. If there has been no material change, as defined in the Act, the closing agent will mark the loan "ready to close." The closing agent may make non-material changes to correct errors. A Certificate of Compliance will issue upon closing. In the event that the closing agent discovers material changes in the loan terms such that would meet another standard for counseling the loan cannot close and re-counseling will be required.

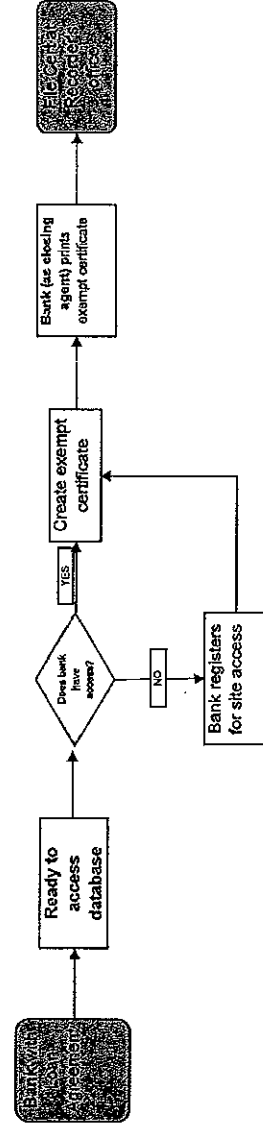
SE 1167 High Level Process Mapping

1. Broker Process



2. Bank as Closing Agent

(ONLY NEEDED IF BANK IS CLOSING OWN LOANS)



Note: Banks are exempt from database entry, the above process is only to be used if a bank is originating and closing their own loans. Must be registered as a closing agent to create/print exempt certificates.

May 15, 2008

TO: Illinois Title Company
RE: Anti Predatory Lending Database

Dear Closer,

The Anti Predatory Lending Database Program will become operational on July 1, 2008. Registration, which begins on May 23, 2008, will be required for all users of the database. In order to register your closers, you must do the following.

1. Choose someone to act as system administrator. The system administrator will be responsible for assigning log-on ID's and passwords and adding or deleting users in the future.
2. Access the Anti Predatory Lending Database at www.ILAPLD.com. Your initial log-on is _____ and your initial password is _____. You will be required to change the password later in the process.
3. The administrator will then input all closers by creating a log-on and creating an initial password for each user. Please visit the administrator training for detailed instructions located under the 'Training' section on the APLD. If greater than 25 users are being entered, the administrator can utilize the bulk registration option found under the Help section on the APLD.
4. Each new user will be required to log in with the log-on/password combination provided by the administrator and reset their password following the guidelines of the database.
5. All users of the APLD are encouraged to complete "New User" training prior to using the database. Training is available on demand 24/7 by logging on to the APLD. Limited numbers of webcast/conference call training and in-person training sessions are also available with dates/times posted on the IDFPD and APLD websites (under the training section) with pre-registration required for each session.

If you have any questions, please call 312-793-4190 or toll free at 866-266-4120. The implementation process is proceeding on schedule. Be sure to check the IDFPD website at www.idfpd.com regularly for further information.