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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 Actions</u> :
1050.110	Amendment
1050.440	Amendment
1050.810	Amendment
1050.860	Amendment
1050.1110	Amendment
1050.1175	Amendment
1050.2300	New Section
1050.2310	New Section
1050.2320	New Section
1050.2330	New Section
1050.2340	New Section
1050.2350	New Section
1050.APPENDIX C	New Section
- 4) Statutory Authority: Implementing and authorized by the Residential Mortgage License Act of 1987 [205 ILCS 635/4-1(g)].
- 5) Effective Date of Rule: June 1, 2026
- 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 Rules, including any material incorporated by reference, is on file in the Agency's principal office and is available for public inspection.
- 9) Notice of Proposal published in the *Illinois Register*: 49 Ill. Reg. 10341; August 15, 2025
- 10) Has JCAR issued a Statement of Objections to this rulemaking? No
- 11) Differences between Proposal and Final Version: There were several changes made by the Department and JCAR from the proposed version including changes made by JCAR that were either technical/grammatical or for clarification purposes. The differences between the proposed and adopted versions are as follows:

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In Section 1050.110, at the very end of the "Shared appreciation agreement" definition, after "the writing.", a citation ("[205 ILCS 635/1-4(ccc)]") is added to this adopted version.

In Sections 1050.440 a), b) and b) 7), after "Section 1050.1335" (in all three subsections), "of this Part" was stricken from the proposed version.

In Section 1050.810 a), "Such phone" was stricken from the proposed version and is replaced with "Phone" in this adopted version.

In Section 1050.860 a), before "funds", "such" was stricken from the proposed version and is replaced with "those" in this adopted version.

In Section 1050.860 b), "7" was stricken from the proposed version and is replaced with "seven" in this adopted version. In that same subsection, ", within 7 business days for all mortgage loans and within 14 business days for shared appreciation agreements." was deleted from the proposed version and "Such payoff letter" was stricken from the proposed version and is replaced with "Payoff letters" in this adopted version.

Also, in Section 1050.860, subsection c) is added to this adopted version. It reads as follows:

- "c) For shared appreciation agreements, the licensee shall furnish within five business days after receipt of a written request from a borrower or an entity authorized by the borrower an initial estimate of the total amount required for the borrower to pay at the termination or settlement of the shared appreciation agreement. The licensee shall furnish a final written notice of the total amount required for the borrower to pay at the termination or settlement of the shared appreciation agreement within three business days after the licensee receives the valuations on which the Ending Home Value and Final Settlement Payment Amount are based. The final written notice shall be provided to the borrower no more than 30 days after the licensee receives the request."

In Section 1050.1110 b), "such" was stricken from the proposed version and is replaced with "those" in this adopted version. In that same Section, subsection b) 3), "his or her" was stricken from the proposed version and is replaced with "the borrower's" in this adopted version. Also, in this same Section, subsection h) 1), after "approved;", "and" is added to this adopted version.

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In Section 1050.1175, subsections a), f), f) 1) and f) 2), "Loan" is added before "Log" in this adopted version. Also, in subsections f) 1) and 2), after "share", "based payment amount" is deleted and replaced with "percentage" in this adopted version.

Additions to Sections 1050.1272 and 1050.1277 were deleted from the proposed versions so those Sections are not included in this adopted version.

In Section 1050.2300, the definition of "Discounted Value" was deleted from the proposed version. In that same Section, the definition of "Ending Home Value" is added to this adopted version. It reads as follows:

"Ending Home Value" means the value of the property at the termination of the shared appreciation agreement as calculated using the estimated fair market value of the property, or, in an arms-length sale, the sale price of the property."

In Section 1050.2300, the definition of "Estimated fair market value" is rewritten in this adopted version after "Estimated fair market value" means:"

"an estimate of value determined through either:

the use of an appraisal from an appraiser licensed by the State; or

the average of two distinct non-appraisal valuation methods, which may include an automated valuation model, a broker price opinion, or another valuation method approved by the Department; or

an estimate of value provided by the borrower, if a disclosure is provided before the lender obtains an estimated fair market value by appraisal, or the average of two distinct non-appraisal valuation methods."

In Section 1050.2300, in the definition of "Final payment amount", that term is deleted and replaced with "Final Settlement Payment Amount" and in that same definition, before "required", "will be" was deleted from the proposed version and is replaced with "is" in this adopted version. Also, in this Section, the definitions of "Final Value" and "Lender" were deleted from the proposed version and the definition of "Lender" is replaced with the italicized definition from the Act with a citation added ("[205 ILCS 635/1-4(g)]") at the end of that definition in this adopted version.

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Also, in Section 1050.2300, in the definition of "Share based repayment amount", that term is deleted and replaced with "Share percentage" and in that definition, after "appreciation or value", ", based on the Ending Home Value" is added to this adopted version.

Also, in Section 1050.2300, in the definition of "Share value", that term is deleted and replaced with "Starting Home Value" and in that definition, after "property", the rest of the definition was deleted from the proposed version and is replaced with "as calculated under Section 1050.2320 of this Part" in this adopted version.

Also, in Section 1050.2300, in the definition of "Truth in Lending Act", after the citation "15 U.S.C. 1601,", "et seq.." was deleted from the proposed version.

In Section 1050.2310 a) 1), "a borrower" was deleted from the proposed version and is replaced with "the applicant" in this adopted version.

In Section 1050.2310 a) 2) A), after "providing", "the disclosure form found" was deleted and from the proposed version and is replaced with "an estimate disclosure on the form prescribed" in this adopted version and in this same subsection, "completed" was deleted from the proposed version and is replaced with "received by the lender" in this adopted version.

In Section 1050.2310 a), a new subsection a) 3) is added to this adopted version and reads as follows:

- 3) If the terms of an estimate disclosure provided to an applicant under subsection (a)(2)(A) of this Section materially change or become materially inaccurate, including with respect to the Starting Home Value, transaction amount, share percentage, cost cap, origination fee, agreement expiration date, closing costs, or expenses, the lender shall provide a revised estimate disclosure with all changed terms to the applicant. The applicant shall receive the revised estimate disclosure within three business days after the lender receives information sufficient to establish that it is required under this subsection (a)(3), and at least four business days prior to consummation of the transaction. A lender shall not provide a revised estimate disclosure required under this subsection (a)(3) on or after the date on which the lender provides the closing disclosure required under subsection (a)(5)(A)."

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Sections 1050.2310 a) 3) and a) 4) in the proposed version become subsections a) 4) and a) 5) in this adopted version. In subsection a) 4) A) in the proposed version (subsection a) 5) A) in this adopted version), after "providing", "the disclosure form found" was deleted from the proposed version and is replaced with "a closing disclosure on the form prescribed" in this adopted version.

In Section 1050.2310 b) 1), after "information", "provided in Appendix C of this Part" was deleted from the proposed version and is replaced with "required in this Section and included in Appendix C" in this adopted version.

In Section 1050.2310, subsections b) 2) B), C), D) and E) were deleted from the proposed version and are replaced with new subsections b) 2) B) and C) which read as follows:

- "B) The estimated fair market value of the property; and
- C) When funds from the agreement are utilized for approved home improvement projects, including details of eligible improvements and the terms of how they will be deducted from the Ending Home Value."

Section 1050.2310 c) 1) was deleted from the proposed version and re-written as follows in this adopted version:

- "1) Lenders must issue a notice to a prospective borrower with the following statement, which shall be clear and conspicuous on the first page of the disclosures required by this Section: "You are not required to complete a shared appreciation agreement transaction just because you have received these disclosures or have signed a loan application. If you proceed with this transaction, the shared appreciation agreement provider will have a lien on your home and you would agree to pay the provider a portion of your home's value or the future increase in your home's value at the end of the agreement. If you complete the transaction and do not meet your obligations under the agreement, you could lose your home, and any money you have put into it. The information in this disclosure is based on the shared appreciation agreement for which you have applied and provides examples of the amounts you may be required to pay at the end of the agreement. If the agreement ends in connection with the sale of your home, your obligation to the provider may include some or all of the sale

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proceeds. The terms of a shared appreciation agreement are different from those of a traditional mortgage loan. Please carefully read this disclosure, the shared appreciation agreement transaction documents, and all other materials from the provider. You are required to complete a counseling session from an independent, HUD-certified housing counselor before completing a shared appreciation agreement and you may wish to speak with a financial professional or an attorney before proceeding. A shared appreciation agreement may also affect your taxes, so you may also wish to speak with a qualified tax advisor."

Section 1050.2310 c) 2) was deleted from the proposed version and is rewritten in this adopted version as follows:

- "2) Borrowers must seek independent counseling from a HUD-certified counselor."

Subsection c) 3) of Section 1050.2310 was deleted from the proposed version.

Subsection e) of Section 1050.2310 was deleted from the proposed version and subsection f) in the proposed version becomes subsection e) in this adopted version. A new subsection f) is added to this adopted version and reads as follows:

"f) Settlement Examples and Cost Scenario Tables: Lenders must explain how the Final Settlement Payment Amount under a shared appreciation agreement will be calculated and, if example calculations are provided, at least one example must be based on a decrease in home value. The lender shall also provide cost scenario tables with illustrative examples detailing repayment scenarios for 5-year, 10-year, and maximum agreement durations. For each duration, the lender shall provide the Ending Home Value, the Final Settlement Payment Amount, whether the Final Settlement Payment Amount is share-based or capped, and the annualized cost for each of the following changes from the Starting Home Value:

- 1) Average Annual Change in Value as described in Section 1050.2330(a);
- 2) 5.5% annual appreciation;
- 3) 3.5% annual appreciation;
- 4) no change in value; and

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- 5) 10% total depreciation.".

Subsection g) of Section 1050.2310 was deleted from the proposed version and subsection h) becomes subsection g) in this adopted version.

Subsections i) and j) of Section 1050.2310 were deleted from the proposed version and subsections h) and i) are re-written in this adopted version as follows:

- "h) The borrower has a right to be represented by an independent attorney of the borrower's choice at closing.
- i) A borrower may be responsible for any fees or costs of counseling required under Section 5-12.5(a) of the Act [205 ILCS 635/5-12.5(a)] only if the borrower elects to close, and does not rescind, the transaction. If a borrower receives counseling and elects not to close or timely rescinds the transaction, the shared appreciation agreement provider shall be responsible for any fees or costs of the counseling.".

In Section 1050.2320 a) 1), "starting value" was deleted from the proposed version and is replaced with "Starting Home Value" in this adopted version.

Subsections a) 2), 3) and 4) of Section 1050.2320 were deleted from the proposed version and are re-written in this adopted version as follows:

- "2) The lender shall use the same method for calculating the Starting Home Value and the Final Home Value. Nothing in this subsection (a)(2) shall limit a borrower's ability to obtain and use additional valuations to determine the estimated fair market value, Starting Home Value, or Ending Home Value pursuant to the terms of the shared appreciation agreement.
- 3) The Starting Home Value shall be calculated using either an appraisal or the average of at least two distinct non-appraisal valuation methods, which may include an AVM, a BPO, or another method approved by the Department.".

In subsection a) 5) of Section 1050.2320 (which is subsection a) 4) in this adopted version), after "borrower as the", "estimated fair market value" was deleted from the proposed version and is replaced with "Starting Home Value on an initial estimate

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disclosure provided under Section 1050.2310(a)(2)" in this adopted version. Also, in that same subsection, "provided under Section 1050.2310" was deleted from the proposed version.

In Section 1050.2320 b), "Final" was deleted from the proposed version and is replaced with "Ending Home" in this adopted version.

In Section 1050.2330, subsection a) was deleted from the proposed version and re-written as follows:

- "a) Average Annual Change in Value for purposes of Section 1050.2310(f)(1) shall be the average annual change in value in Illinois over the prior 5 years based on the All-Transactions House Price Index as published by the Federal Reserve Bank of St. Louis."

In Section 1050.2330 b), "Final Payment Amount. The final payment amount" was deleted from the proposed version and is replaced with "The Final Settlement Payment Amount" in this adopted version and at the end of that subsection, after "agreed", "or set by law" is added to this adopted version.

In Section 1050.2350 a) 1), after "agreements", the rest of that subsection was deleted from the proposed version as is replaced with "shall be a housing counselor providing counseling through a HUD-approved housing counseling agency under 12 C.F.R. Part 214." in this adopted version.

In Section 1050.2350, subsections a) 2) and 3) were deleted from the proposed version and re-written in this adopted version as follows:

- "2) The counselor providing guidance on shared appreciation mortgages must be independent of the shared appreciation agreement provider to ensure unbiased and objective advice to borrowers.
- 3) Other than where a shared appreciation agreement provider is responsible for payment of fees and costs of counseling, including under Section 1050.2310(i), a counselor shall not receive any direct or indirect compensation, financial incentive, or referral fee from the shared appreciation agreement provider being considered by the borrower."

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Subsections a) 4) and 5) of Section 1050.2350 were deleted from the proposed version and subsections a) 6) and 7) of the proposed version become subsections 4) and 5) in this adopted version and in subsection a) 6) in the proposed version (subsection a) 4) in this adopted version), before "interest", "such" was deleted from the proposed version and is replaced with "that" in this adopted version.

In Section 1050.2350, a new subsection b) 1) B) is added to this adopted version which reads as follows:

"B) Definitions of key terms used by the shared appreciation agreement originator;"

In Section 1050.2350, subsections b) 1) B) and C) are subsections b) 1) C) and D) respectively in this adopted version.

In Section 1050.2350, new subsection b) 1) E), F) and G) are added to this adopted version which reads as follows:

"E) The borrower's loan amount, terms, and how their final repayment amount will be calculated;

F) The borrower's financial situation (e.g., budget, final payment strategies);

G) Disclosure form Settlement Examples and Cost Scenario Tables that outline the borrower's possible repayment amounts given varying term lengths and changes in home value;"

In Section 1050.2350, subsections b) 1) D) and E) are subsections b) 1) H) and I) respectively in this adopted version (however, the "and" at the end of subsection b) 1) D) in the proposed version was deleted).

In Section 1050.2350, new subsections b) 1) J), K), L) and M) are added to this adopted version and reads as follows:

"J) Other options available to the borrower such as deferred payment loans, property tax deferral programs, social services programs, and reverse mortgages;

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- K) Usage of home restrictions and events that could trigger foreclosure;
- L) Tax implications; and
- M) An overview of how shared appreciation agreement impacts their rights to refinance."

In Section 1050.2350 b) 2) B) i), after "involve", "no debt repayment but instead grant the provider a share in future appreciation of the property's value;" was deleted from the proposed version and replaced with "repayment of a share in future appreciation of the property's value by a set date;" in this adopted version.

In Section 1050.2350 b) 2) B) ii), after "accrue interest", "and reduce home equity over time, whereas shared appreciation agreements do not involve compounding interest but require a share of appreciation upon exit", was deleted from the proposed version and replaced with ", whereas shared appreciation agreements require a share of appreciation upon exit" in this adopted version.

In Section 1050.2350 b) 2) B) iii), after "versus", "broader" was deleted from the proposed version.

In Section 1050.2350 c) 3) D), after "Subpart", "T" is added to this adopted version.

In Section 1050.2350 c) 4), "3" was deleted from the proposed version and is replaced with "three" in this adopted version.

In Section 1050.2350 d) 2), the space between the two paragraphs in the proposed version is removed in this adopted version.

In Section 1050.Appendix C was completely rewritten and reformatted from the Appendix C in the proposed version. The Appendix C in this adopted version was redrafted based on an industry proposal suggested during the First Notice period.

- 12) Have all the changes agreed upon by the Agency and JCAR been made as indicated in the agreement letter issued by JCAR? Yes
- 13) Will this rulemaking replace an emergency rule currently in effect? No

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- 14) Are there any rulemakings pending on this Part? No
- 15) Summary and Purpose of Rulemaking: Public Act 103-1015 amended the Residential Mortgage License Act of 1987 effective January 1, 2025, which added loans advancing funds through a shared appreciation agreement to the Act's definition of "mortgage loan", "residential mortgage loan", or "home mortgage loan". This adopted rulemaking makes conforming technical changes to the Department's rules under the Act to account for shared appreciation agreements. Additionally, the adopted rulemaking adds a new Subpart T (including new Sections 1050.2300-2350) to address disclosure and counseling requirements specific to shared appreciation agreements. A new Section 1050.APPENDIX C was also included to specify the form of the disclosure required for shared appreciation agreements.
- 16) Information and questions regarding this adopted rulemaking shall be directed to:

Department of Financial and Professional Regulation
Attention: Craig Cellini
320 West Washington, 2nd Floor
Springfield, Illinois 62786

(217) 785-0810
Fax: (217) 557-4451
Craig.cellini@illinois.gov

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

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

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TITLE 38: FINANCIAL INSTITUTIONS

CHAPTER II: DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

PART 1050

RESIDENTIAL MORTGAGE LICENSE ACT OF 1987

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1050.100	High Risk Home Loan Definitions; Applicability
1050.110	Definitions
1050.115	Administrative Decision (Repealed)
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1050.150	Hearing Officer (Repealed)
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1050.185	State (Repealed)
1050.190	Servicer (Repealed)
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1050.199	Home Equity Loan (Repealed)

SUBPART B: FEES

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- 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)

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- 1050.310 Application for an Illinois Residential Mortgage License
- 1050.320 Application for Renewal of an Illinois Residential Mortgage License (Repealed)
- 1050.330 Waiver of License Fee
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- 1050.350 Additional Full-Service Office
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1050.1570	Request for Hearing (Repealed)
1050.1580	Notice of Hearing (Repealed)
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1050.1595	Bill of Particulars or Motion for More Definite Statement (Repealed)
1050.1600	Motion and Answer (Repealed)
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1050.1620	Intervention (Repealed)
1050.1630	Postponement or Continuance of Hearing (Repealed)
1050.1640	Authority of Hearing Officer (Repealed)
1050.1650	Bias or Disqualification of Hearing Officer (Repealed)
1050.1660	Prehearing Conferences (Repealed)
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1050.1680	Subpoenas (Repealed)
1050.1690	Conduct of Hearing (Repealed)
1050.1700	Default (Repealed)
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1050.1730	Record of Proceedings (Repealed)
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1050.1750	Hearing Officer's Recommendation (Repealed)
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- 1050.2130 Roster of Registered Loan Originators (Repealed)
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- 1050.2140 Certificate of Registration Renewal (Repealed)
- 1050.2145 Certificate of Registration Transfer Application or Inactive Notice (Repealed)
- 1050.2150 Inactive Registration Status; Reactivation (Repealed)
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- 1050.2170 Suspension or Revocation of Registration, Refusal to Renew, Fines (Repealed)
- 1050.2175 Loan Originator Hearings; Fees and Costs (Repealed)
- 1050.2180 Criminal Proceedings (Repealed)
- 1050.2185 Violations of Tax Acts (Repealed)
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- 1050.2210 Definitions (Repealed)
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- 1050.2240 Application for Provisional Certificate of Registration; Contents; Amendment (Repealed)
- 1050.2250 Issuance of Provisional Certificate of Registration; Effective Date; Conditions (Repealed)
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- 1050.2320 Calculation of Property Value
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- 1050.APPENDIX A Estimated Monthly Income and Expenses Worksheet (Repealed)
- 1050.APPENDIX B Mortgage Ratio Worksheet (Repealed)
- 1050.APPENDIX C Form of Shared Appreciation Agreement Disclosure

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

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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 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; amended at 38 Ill. Reg. 2019, effective December 27, 2013; amended at 41 Ill. Reg. 12405, effective October 6, 2017; amended at 43 Ill. Reg. 5272, effective May 10, 2019; expedited correction at 43 Ill. Reg. 9197, effective May 10, 2019; amended at 46 Ill. Reg. 17985, effective October 27, 2022; amended at 50 Ill. Reg. 8010, effective June 1, 2026.

SUBPART A: DEFINITIONS

Section 1050.110 Definitions

"Act" means the Residential Mortgage License Act of 1987 [205 ILCS 635].

"Administrative decision" means an order or action of the Director, such as assessment of a fine, denial of a license, suspension, or revocation of a license.

"Approved credit counselor" means a credit counselor approved by the Director of the Department of Financial and Professional Regulation-Division of Financial Institutions.

"Assisting" as used in Section 1-4(o) of the Act shall not include the following activities or services when undertaken by a person in an otherwise licensed profession or occupation provided such activities or services are undertaken by such person in pursuit of such persons licensed profession or occupation including, but not limited to insurance producer, attorney at law, certified public accountant, land surveyor, or professional engineer:

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Activities or services of, or incidental to, the licensed occupation or profession;

Delivery of surveys, abstracts of title, title commitments, opinions of title, draft deeds, mortgage forms or lender sales material;

Coordinating the activities associated with the borrower's completion or submission of a loan application;

Contracting or conferring with a licensed attorney, title insurance company, insurance producer, or lender as to the status of the loan application, loan commitment, title commitment, fire or extended coverage insurance, or closing requirements.

"Control" means the power to, directly or indirectly, whether acting through one or more persons, effect the voting interest of 10 percent or more of any class of the outstanding voting shares, or partnership interest, of an entity subject to the Act.

"Conviction" or "convicted" means, with respect to a criminal charge, the final judgment, or the act of receiving final judgment, on a verdict or finding of guilty, a plea of guilty, or a plea of nolo contendere.

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

"Director" means the Director of the Department of Financial and Professional Regulation-Division of Banking.

"Division" means the Department of Financial and Professional Regulation-Division of Banking, with the authority delegated by the Secretary.

"Document", for purposes of Section 6-2(2) of the Act, shall include all business and financial documents and all books and records, such as, but not limited to in either type, characteristics, or function, tax returns, signature cards, writings that engage or provide information to accountants, consultants, or other agents, applications, authorizations to do business, licenses or certificates, and submissions for insurance endorsements.

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"Employee" and "person employed":

As used in Section 1-4(d)(1.5) of the Act, "employee" means:

any natural person who performs activity subject to licensure or registration under the Act for an exempt entity under Section 1-4(d)(1) of the Act, provided that the exempt entity:

expressly, in a writing submitted to and approved by the Director, assumes full and direct legal responsibility for the activity of the natural person that is performed on behalf of or in the name of the exempt entity or that benefits or is intended to benefit the exempt entity; or

submits to the Director for approval a written opinion of counsel stating that the relationship between the exempt entity and the natural person is one in which the exempt entity assumes full and direct responsibility for the activity of the natural person that is performed on behalf of or in the name of the exempt entity or that benefits or is intended to benefit the exempt entity; or

any natural person who performs activity subject to licensure or registration under the Act for an exempt entity under Section 1-4(d)(1) of the Act, provided that the natural person's performance of the activity is otherwise under statute or administrative rule, subject to comprehensive regulation and supervision, regular examination of books and records and activities and administrative agency sanctions for violation of regulatory, supervisory, or examination requirements by the State of Illinois or by a federal depository institution regulator.

As used in Section 1-4(d)(3) of the Act, "person employed" means any natural person who performs activity licensable under the Act exclusively for one licensee under the Act, provided that the licensee, expressly in writing on a form approved by the Director, assumes full and direct legal responsibility for the licensable activity performed on behalf of or in the name of the licensee or that benefits or is intended to benefit the licensee.

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"First tier subsidiary", as used in Section 1-4 of the Act, means a subsidiary the stock of which is directly owned by the parent corporation, without any intervening layer of ownership by another corporation.

"Hearing Officer" means an attorney licensed in the State of Illinois, other than an attorney who is a regular employee of the Division, who is the presiding official appointed by the Director to conduct a hearing.

"High risk home loan" means a home equity loan on residential real property in which:

at the time of origination, the APR exceeds by more than 6 percentage points in the case of a first lien mortgage, or by more than 8 percentage points in the case of a junior mortgage, the yield on U.S. Treasury securities having comparable periods of maturity to the loan maturity as of the 15th day of the month immediately preceding the month in which the application for the loan is received by the lender; or

the total points and fees payable by the consumer at or before closing will exceed the greater of 5% of the total loan amount or \$800. The \$800 figure shall be adjusted annually on January 1 by the annual percentage change in the Consumer Price Index.

However, this Part shall not apply to a loan that is made primarily for a business purpose unrelated to the residential real property securing the loan or to an open-end credit plan subject to 12 CFR 226 (2000, no subsequent amendments or editions are included).

"Home equity loan" means any loan secured by the borrower's primary residence when the proceeds are not used as purchase money for the residence.

"Independent loan processing entity" means an entity engaged solely in providing loan processing services through the sponsoring of individuals acting pursuant to Section 7-1A(d) of the Act.

"Licensee" means a person or entity licensed under the Act.

"Material", as used in Section 6-2(2) of the Act, shall include, but not be limited to, a misstatement or omission of fact that, if it had not been misstated or omitted,

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would have altered the decision, approval, determination, or finding made by the Director or his or her agent in reliance upon the misstatement or omission.

"Material" shall also include a misstatement or omission of fact that, if it had not been misstated or omitted, would have caused the Director or his or her agent to act or consider acting pursuant to any of the powers vested in the Director or his or her agents or in the Department or the Division by the Act or the rules promulgated under the Act.

"NMLS" means the Nationwide Multistate Licensing System and Registry.

"Other regulatory agencies", as used in Section 4-2(e) of the Act, shall include the United States Department of Housing and Urban Development, state insurance commissions, any state or Federal agency having jurisdiction over the licensee, state and federal securities regulators, and the United States Department of Labor.

"Party" means any person, including the Director, named on a pleading or affected by an administrative decision.

"Petitioner" means a person affected by an administrative decision of the Division or the Department who files a request for hearing, or the Director when he or she initiates a notice for hearing to a named respondent.

"Principal place of business", as used in Section 1-4(d)(1)(ix) of the Act, shall mean the principal place of business of the subsidiary's parent bank, which must be chartered by the Comptroller of the Currency of the United States.

"Repurchase a loan":

As used in Section 2-4(w) of the Act, means those instances in which:

the licensee has demanded that another licensee repurchase a loan and the first scheduled loan payment has not been received by the licensee making the demand; or

the licensee has demanded that another licensee repurchase a loan as a result of the determination, after reasonable investigation, by the licensee making the demand, that materially false representations, documentation or information may have been provided to any person in connection with the origination or

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transfer of the loan.

As used in Section 2-4(x) of the Act, means those instances in which:

the licensee has received a demand that it repurchase a loan and the first scheduled loan payment has not been received by the person making the demand; or

the licensee has received a demand that it repurchase a loan as a result of the determination, after reasonable investigation, by the person making the demand, that materially false representations, documentation or information may have been provided to any person in connection with the origination or transfer of the loan.

"Points and fees" means:

all items required to be disclosed as points and fees under 12 CFR 226.32 (2000, no subsequent amendments or editions included);

the premium of any single premium credit life, credit disability, credit unemployment, or any other life or health insurance that is financed directly or indirectly into the loan;

all compensation paid directly or indirectly to a mortgage broker, including a broker that originates a loan in its own name in a table funded transaction, not otherwise included in the points and fees disclosed under 12 CFR 226.32.

"Respondent" means a person who is named in the notice of hearing when the notice is initiated by the Director, or the Director when a petitioner files a request for hearing.

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

"Servicer" means any entity licensed under the Act who is responsible for the collection or remittance for, or the right or obligation to collect or remit for, any lender, noteowner, or noteholder, or for a licensee's own account, of payments, interest, principal, and trust items such as hazard insurance and taxes on a

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residential mortgage loan in accordance with the terms of the residential mortgage loan; and includes loan payment follow-up, delinquency loan follow-up, loan analysis and any notifications to the borrower that are necessary to enable the borrower to keep the loan current and in good standing.

"Shared appreciation agreement" means a writing evidencing a transaction or any option, future, or any other derivative between a person and a consumer where the consumer receives money or any other item of value in exchange for an interest or future interest in a dwelling or residential real estate or a future obligation to repay a sum on the occurrence of an event, such as:

the transfer of ownership;

a repayment maturity date;

the death of the consumer; or

any other event contemplated by the writing. [205 ILCS 635/1-4(ccc)]

"State" means the State of Illinois.

"Total loan amount" is the same as the term used in 12 CFR 226.32, and shall be calculated in accordance with the Federal Reserve Board's Official Staff Commentary to that regulation.

(Source: Amended at 50 Ill. Reg. 8010, effective June 1, 2026)

SUBPART D: OPERATIONS AND SUPERVISION

Section 1050.440 Escrow

- a) Escrow funds shall be disclosed as a part of the licensee's financial statement package. Escrow funds collected pursuant to Section 1050.1335-~~of this Part~~ and for payment of real property taxes or any other purpose authorized by the mortgage contract shall be maintained in a depository institution as described in subsection (b) and may not be commingled with any licensee funds. If no funds are to be escrowed in a shared appreciation agreement, no disclosure is required to be part of the licensee's financial statement package.

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- b) When escrow funds have been collected pursuant to Section 1050.1335 ~~of this Part~~, or when servicing includes maintenance of an escrow (impound) account for payment of tax bills and/or hazard insurance premiums, the funds collected for the account shall be placed in a federally insured depository institution, or a Federal Home Loan Bank, or a Federal Reserve Bank, or other similar government-sponsored enterprise, to be removed and used only for:
- 1) authorized payments from the related escrow (impound) account for tax bills and/or hazard insurance premiums;
 - 2) refunds to the mortgagor;
 - 3) transferring to another institution as described in subsection (b);
 - 4) forwarding to the appropriate servicer in case of a transfer of servicing;
 - 5) any other purpose authorized by the mortgage contract;
 - 6) compliance with a regulatory or court order; or
 - 7) payment to a licensee pursuant to the provisions of Section 1050.1335 ~~of this Part~~.
- c) All escrow funds are subject to examination by agents of the Director.

(Source: Amended at 50 Ill. Reg. 8010, effective June 1, 2026)

SUBPART G: SERVICING

Section 1050.810 New Loans

When a borrower is required to make monthly payments, payment~~Payment~~ instructions shall be issued in time to reasonably assure receipt by the customer at least 15 days before the first payment is due and shall include, but not be limited to the following:

- a) The name, address and telephone number of the entity to whom payments are to be made and the name of the person to whom inquiries should be directed.
Phone~~Such phone~~ numbers shall be toll free to the customer;

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- b) The exact amount of the monthly payment and a plain English explanation of the method of calculation; and
- c) A clear and conspicuous statement as to monthly date of each payment, regardless of interval between due date and assessment of any late-payment penalty.

(Source: Amended at 50 Ill. Reg. 8010, effective June 1, 2026)

Section 1050.860 Payoff of Outstanding Mortgage Loan

- a) When a check or other negotiable instrument received in final payment is deposited in a financial institution, the licensee's refund policy shall conform to Section 4-213 of the Uniform Commercial Code [810 ILCS 5/4-213] time requirements on making ~~those~~^{such} funds available for withdrawal by the licensee.
- b) Payoff Letter. Within ~~seven~~⁷ business days of receipt of a written request from an entity authorized by the borrower, a licensee shall furnish a written notice of the total amount required to pay in full on an outstanding mortgage loan, as of a specified date. ~~Payoff letters~~^{Such payoff letter} shall itemize and explain all charges included in the total figure stated.
- c) For shared appreciation agreements, the licensee shall furnish within five business days after receipt of a written request from a borrower or an entity authorized by the borrower an initial estimate of the total amount required for the borrower to pay at the termination or settlement of the shared appreciation agreement. The licensee shall furnish a final written notice of the total amount required for the borrower to pay at the termination or settlement of the shared appreciation agreement within three business days after the licensee receives the valuations on which the Ending Home Value and Final Settlement Payment Amount are based. The final written notice shall be provided to the borrower no more than 30 days after the licensee receives the request.

(Source: Amended at 50 Ill. Reg. 8010, effective June 1, 2026)

SUBPART J: LOAN APPLICATION PRACTICES

Section 1050.1110 Borrower Information Document

Borrower Information Document. Before a mortgage loan applicant, also referred to in this

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Subpart as "borrower" or "customer", signs a completed residential mortgage loan application or gives the licensee any consideration, whichever comes first, the licensee shall give the customer a Borrower Information Document. The document may be incorporated into or appended to the material as is necessary for compliance with relative Federal requirements, including, but not limited to, Regulation Z (12 CFR 226). Except for the explicit wording required by subsection (a) of this Section, the following format is for illustrative purposes only; however, all of the following information shall be included in the document:

- a) Regulatory Disclosure Statement: The following statement: "This document is being provided to you pursuant to the Residential Mortgage License Act of 1987 and Rules promulgated thereunder (38 Ill. Adm. Code 1050). The purpose of this document is to set forth those exhibits and materials you should receive or be receiving in connection with your (residential mortgage loan or shared appreciation agreement) application with (name of licensee), holder of License (license number) and regulated by the State of Illinois, Division of Banking, under the aforesaid Act".
- b) Significant information: Significant information on the types of situations that could affect the processing of the loan but that may not be known by the licensee at the time the application was taken. Examples of those~~such~~ situations include, but are not limited to:
 - 1) An appraisal value different from that estimated by the borrower;
 - 2) Credit obligations the borrower fails to report;
 - 3) A change in the borrower's financial circumstances that would result in the borrower's~~his or her~~ ineligibility for the loan; or
 - 4) A material change or discontinuation of a loan program by an investor or other entity, such as the U.S. Department of Housing and Urban Development, the Veterans' Administration or a private investor.
- c) "Your Home Loan Toolkit": If the mortgage relates to the purchase of the security real estate, a "Your Home Loan Toolkit" as required by the federal Consumer Financial Protection Bureau that describes the home buying process. The "Your Home Loan Toolkit" may be obtained at the CFPB website: consumerfinance.gov, or from the United States Government Printing Office (GPO) at the GPO website: bookstore.gpo.gov. This toolkit, released on March

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31, 2015 and effective October 3, 2015, is hereby incorporated by reference with no subsequent dates or editions included. [A licensee that makes a shared appreciation agreement and provides the required disclosures in compliance with Section 1050.2310 shall be deemed to have complied with this subsection.](#)

- d) Good Faith or Loan Estimate of Costs:
- 1) For any residential mortgage loan, regardless of whether it represents a position of first or junior lien against the security real estate, a good faith estimate or TILA-RESPA Integrated Loan Estimate of the costs that will be paid in connection with the financing as outlined in Regulation Z (12 CFR 226).
 - 2) If the mortgage relates to the purchase of the security real estate, a good faith estimate or TILA-RESPA Integrated Loan Estimate of the amount and nature of charges discussed at Section 1050.1320(b) ~~of this Part.~~
 - 3) [A licensee that makes a shared appreciation agreement and provides the required disclosures in compliance with Section 1050.2310 shall be deemed to have complied with this subsection.](#)
- e) Loan Application: A copy of the loan application or equivalent form that will have to be signed and delivered to the lender in order to obtain the loan.
- f) Mortgage Escrow Account Act, Related Document: If the mortgage is not FHA-insured or VA-guaranteed and relates to the purchase of owner-occupied, single-family security real estate, unless there is a certainty that the lender will not require maintenance on an escrow account for payment of taxes, a copy of the Mortgage Escrow Account Act [765 ILCS 910], along with a copy of the document to be executed by the applicant at closing with respect to use of a pledged time deposit account in lieu of an escrow account pursuant to that Act.
- g) "Consumer Handbook on Adjustable Rate Mortgages": If the mortgage is an adjustable rate mortgage representing a first-lien position with respect to the security real estate, the "Consumer Handbook on Adjustable Rate Mortgages", as required by Federal regulations (12 CFR 535.33), that describes the special features of adjustable rate mortgages.
- h) Documents upon Request: Upon request by the applicant, the following

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information shall be provided:

- 1) A sample of the form of note and mortgage that will be executed if the loan applied for is approved; [and](#)
 - 2) A general description of underwriting standards that will be considered in evaluating the application.
- i) Dated Customer Acknowledgment: A provision for an applicant to acknowledge receipt of each of the above-listed disclosures, showing the date of receipt.

(Source: Amended at 50 Ill. Reg. 8010, effective June 1, 2026)

Section 1050.1175 Loan Log

- a) Broker/Origination Loan Log. Each licensee engaged in loan brokerage or loan origination shall maintain a Broker/Origination Loan Log that contains the following for each loan application received, except that a Broker/Origination Log for reverse mortgages shall contain the information in subsection (c) [and a Broker/Origination Loan Log for shared appreciation agreements shall contain the information in subsection \(f\)\(1\)](#):
- 1) Application date (sort loan log by application date);
 - 2) Borrower name or names;
 - 3) Borrower or borrowers employer name;
 - 4) Borrower or borrowers employer address;
 - 5) Property seller name or names (indicate NA in the event of a refinance);
 - 6) Property address;
 - 7) Loan amount;
 - 8) APR loan program;
 - 9) Mortgage Loan Originator name;

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- 10) Mortgage Loan Originator Unique Identifier (Nationwide Mortgage Licensing System);
 - 11) Processor name or names;
 - 12) Appraiser name or names;
 - 13) Appraiser or appraisers license number;
 - 14) Statement of whether the loan application was cancelled, rejected or closed or is pending and, if the loan application was closed, the closing date and name of the owner and servicer of the loan;
 - 15) Loan closer name and employer name; and
 - 16) Loan closing location.
- b) Servicer Loan Log. Each licensee engaged in loan servicing shall maintain a Servicer Loan Log that contains the following for each loan serviced, except that a Servicer Loan Log for shared appreciation agreements shall contain the information in subsection (f)(2):
- 1) Loan number;
 - 2) Note date;
 - 3) Borrower name or names;
 - 4) Property address;
 - 5) Loan type;
 - 6) Lien position;
 - 7) Original principal balance;
 - 8) Unpaid principal balance;

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- 9) Total monthly payment;
 - 10) Principal/interest;
 - 11) Property tax; and
 - 12) Hazard insurance.
- c) Reverse Mortgage Loan Log shall include the information in subsection (a) for items 1, 2 (add ages), 6, 8 (add lump sum, monthly payment, line of credit), 9, 10, 11, 12, and add information for new items of appraised value, loan to value, and counseling (yes or no; if yes, add name of agency and HUD approval status).
- d) Secondary Market Loan Log. Each licensee that sells, assigns or purchases any loans on the secondary market shall maintain a Secondary Market Loan Log that contains the following for each loan sold, assigned or purchased:
- 1) Name of loan seller or assignor;
 - 2) Name of loan buyer or assignee;
 - 3) Date of transaction;
 - 4) Name of borrower or borrowers for underlying property;
 - 5) Amount financed on underlying loan; and
 - 6) Name of Loan Servicer.
- e) High Risk Home Loans. If a licensee performs licensable acts with respect to a loan subject to the High Risk Home Loan Act, then the licensee shall maintain a separate High Risk Home Loan Log with the information required in subsection (a) with respect to each loan application received during the previous 60 months and shall maintain the respective loan files for 60 months from the date of closing or other termination of loan processing.
- f) Shared Appreciation Agreement Loan Logs: A licensee that performs licensable acts with respect to shared appreciation agreements shall separately maintain a Shared Appreciation Agreement Broker/Origination Loan Log and a Shared

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Appreciation Agreement Servicer Loan Log.

- 1) A Shared Appreciation Agreement Broker/Origination Loan Log shall include the information in subsection (a) for items 1, 2, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, and add information for new items of starting value, starting value calculation method, share percentage, counseling date, and counseling provider.
- 2) A Shared Appreciation Agreement Servicer Loan Log shall include the information in subsection (b) for items 1, 2, 3, 4, 5, 6, 7, 11, 12, and add information for new items of starting value, starting value calculation method, share percentage, counseling date, and counseling provider.

(Source: Amended at 50 Ill. Reg. 8010, effective June 1, 2026)

SUBPART T: SHARED APPRECIATION AGREEMENTSSection 1050.2300 Definitions

"Actual change in value" means, with respect to each scenario included on the disclosure form found in Appendix C of this chapter, the average annual change in value for homes in the State of Illinois over the most recent number of years used in that scenario.

"Annual percentage rate" has the meaning stated in 12 CFR 1026.22(a), as amended from time to time.

"Annualized cost" means a measure of the cost of credit, expressed as a yearly rate, provided to allow a borrower to compare the cost of a shared appreciation agreement with the cost of other forms of credit.

"Arms-length sale" means a transaction for the sale of property between two unrelated and unaffiliated parties of equal bargaining power acting independently and in their respective self-interests.

"Automated valuation model" or "AVM" means a statistically based estimate of a property's value based on publicly available information such as comparable sales, property characteristics, and price trends.

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"Borrower" means a person who receives funds under a shared appreciation agreement.

"Broker price opinion" or "BPO" means an estimate, provided by a real estate broker licensed by the State or another qualified professional, of the price for which a property is likely to sell.

"Commitment" shall mean a contract for residential mortgage loan financing.

"Ending Home Value" means the value of the property at the termination of the shared appreciation agreement as calculated using the estimated fair market value of the property, or, in an arms-length sale, the sale price of the property.

"Estimated fair market value" means:

an estimate of value determined through either:

the use of an appraisal from an appraiser licensed by the State; or

the average of two distinct non-appraisal valuation methods, which may include an automated valuation model, a broker price opinion, or another valuation method approved by the Department; or

an estimate of value provided by the borrower, if a disclosure is provided before the lender obtains an estimated fair market value by appraisal, or the average of two distinct non-appraisal valuation methods.

"Final Settlement Payment Amount" means the amount a borrower is required to pay the lender at the termination of the shared appreciation agreement.

"Lender" shall mean any person, partnership, association, corporation, or any other entity who either lends or invests money in residential mortgage loans. [205 ILCS 635/1-4(g)]

"Share percentage" means the lender's share of the property's appreciation or value, based on the Ending Home Value, at the termination of the shared appreciation agreement as calculated without regard to any contractual limit on the repayment amount.

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"Starting Home Value" means the estimated fair market value of a property as calculated under Section 1050.2320 of this Part.

"Truth in Lending Act" refers to 15 U.S.C. 1601, and its implementing regulations under 12 CFR 1026.

(Source: Added at 50 Ill. Reg. 8010, effective June 1, 2026)

Section 1050.2310 Required Disclosures

- a) Financing Agreements and Commitments
- 1) In addition to providing any other disclosures required by the Uniform Commercial Code [810 ILCS 5] or the Consumer Installment Loan Act [205 ILCS 670], a lender receiving an application for a shared appreciation agreement shall, regardless of lien position, provide the applicant with a financing agreement.
 - 2) The lender shall satisfy the requirement to provide a financing agreement for a mortgage loan made under a shared appreciation agreement in the following manner:
 - A) By providing an estimate disclosure on the form prescribed in Appendix C of this Part, or a substantially similar form, within 3 business days after the date an application for a shared appreciation agreement is received by the lender; and
 - B) By calculating the annualized cost based on the term in each scenario within the form in Appendix C of this Part using the method prescribed in 12 CFR Part 1026 Appendix J for calculating an annual percentage rate.
 - 3) If the terms of an estimate disclosure provided to an applicant under subsection (a)(2)(A) of this Section materially change or become materially inaccurate, including with respect to the Starting Home Value, transaction amount, share percentage, cost cap, origination fee, agreement expiration date, closing costs, or expenses, the lender shall provide a revised estimate disclosure with all changed terms to the applicant. The applicant shall receive the revised estimate disclosure within three

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business days after the lender receives information sufficient to establish that it is required under this subsection (a)(3), and at least four business days prior to consummation of the transaction. A lender shall not provide a revised estimate disclosure required under this subsection (a)(3) on or after the date on which the lender provides the closing disclosure required under subsection (a)(5)(A).

- 4) If the terms of the disclosure provided by the lender under subsection (a)(2) are subject to change, a lender offering a shared appreciation agreement, regardless of lien position, shall provide the applicant with a commitment.
 - 5) The lender shall satisfy the requirement to provide a commitment for a mortgage loan made under a shared appreciation agreement in the following manner:
 - A) By providing a closing disclosure on the form prescribed in Appendix C of this Part, or a substantially similar form, with a statement that the terms therein are not subject to change, at least 72 hours before the consummation of the transaction; and
 - B) By calculating the annualized cost based on the term in each scenario within the form in Appendix C of this Part using the method prescribed in 12 CFR Part 1026 Appendix J for calculating an annual percentage rate.
- b) Compliance with Disclosures in Appendix C of this Part
- 1) A form will be considered substantially similar to the one in Appendix C of this Part if it includes all information required in this Section and included in Appendix C.
 - 2) A lender shall disclose the following information regarding the estimated fair market value of the property:
 - A) The methods used to calculate the estimated fair market value;
 - B) The estimated fair market value of the property; and

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- C) When funds from the agreement are utilized for approved home improvement projects, including details of eligible improvements and the terms of how they will be deducted from the Ending Home Value.
- c) Disclosure Obligations for Lenders Offering Shared Appreciation Agreements
- 1) Lenders must issue a notice to a prospective borrower with the following statement, which shall be clear and conspicuous on the first page of the disclosures required by this Section: "You are not required to complete a shared appreciation agreement transaction just because you have received these disclosures or have signed a loan application. If you proceed with this transaction, the shared appreciation agreement provider will have a lien on your home and you would agree to pay the provider a portion of your home's value or the future increase in your home's value at the end of the agreement. If you complete the transaction and do not meet your obligations under the agreement, you could lose your home, and any money you have put into it. The information in this disclosure is based on the shared appreciation agreement for which you have applied and provides examples of the amounts you may be required to pay at the end of the agreement. If the agreement ends in connection with the sale of your home, your obligation to the provider may include some or all of the sale proceeds. The terms of a shared appreciation agreement are different from those of a traditional mortgage loan. Please carefully read this disclosure, the shared appreciation agreement transaction documents, and all other materials from the provider. You are required to complete a counseling session from an independent, HUD-certified housing counselor before completing a shared appreciation agreement and you may wish to speak with a financial professional or an attorney before proceeding. A shared appreciation agreement may also affect your taxes, so you may also wish to speak with a qualified tax advisor."
- 2) Borrowers must seek independent counseling from a HUD-certified counselor.
- d) Foreclosure and Usage Restrictions: Lenders must disclose any restrictions on property use or conditions that could lead to foreclosure.

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- e) Cap on Repayment Amount: The total repayment amount must be capped at a rate not exceeding the rate cap provided in Section 15-5-5 of the Predatory Loan Prevention Act [815 ILCS 123/15-5-5]. Contracts lacking a cap or exceeding this statutory limit shall be deemed null and void.
- f) Settlement Examples and Cost Scenario Tables: Lenders must explain how the Final Settlement Payment Amount under a shared appreciation agreement will be calculated and, if example calculations are provided, at least one example must be based on a decrease in home value. The lender shall also provide cost scenario tables with illustrative examples detailing repayment scenarios for 5-year, 10-year, and maximum agreement durations. For each duration, the lender shall provide the Ending Home Value, the Final Settlement Payment Amount, whether the Final Settlement Payment Amount is share-based or capped, and the annualized cost for each of the following changes from the Starting Home Value:
- 1) Average Annual Change in Value as described in Section 1050.2330(a);
 - 2) 5.5% annual appreciation;
 - 3) 3.5% annual appreciation;
 - 4) no change in value; and
 - 5) 10% total depreciation.
- g) Short Summary of Terms: Lenders must provide a concise summary of key terms and conditions for the borrower's understanding, ensuring clarity and transparency.
- h) The borrower has a right to be represented by an independent attorney of the borrower's choice at closing.
- i) A borrower may be responsible for any fees or costs of counseling required under Section 5-12.5(a) of the Act [205 ILCS 635/5-12.5(a)] only if the borrower elects to close, and does not rescind, the transaction. If a borrower receives counseling and elects not to close or timely rescinds the transaction, the shared appreciation agreement provider shall be responsible for any fees or costs of the counseling.

(Source: Added at 50 Ill. Reg. 8010, effective June 1, 2026)

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Section 1050.2320 Calculation of Property Value

- a) Means of Calculating the Property Value.
- 1) The lender shall use the estimated fair market value to determine the Starting Home Value of the property.
 - 2) The lender shall use the same method for calculating the Starting Home Value and the Final Home Value. Nothing in this subsection (a)(2) shall limit a borrower's ability to obtain and use additional valuations to determine the estimated fair market value, Starting Home Value, or Ending Home Value pursuant to the terms of the shared appreciation agreement.
 - 3) The Starting Home Value shall be calculated using either an appraisal or the average of at least two distinct non-appraisal valuation methods, which may include an AVM, a BPO, or another method approved by the Department.
 - 4) In complying with the requirements of subsection (a)(2), a lender may use a value stipulated by the borrower as the Starting Home Value on an initial estimate disclosure provided under Section 1050.2310(a)(2) if the lender has not yet obtained an appraisal, AVM, or BPO and the terms of the disclosure are subject to change.
- b) Sale of Property. If a shared appreciation agreement terminates with the sale of the property, the Ending Home Value may not exceed the sale price if:
- 1) The sale was an arms-length sale;
 - 2) The property was not sold as part of a foreclosure; and
 - 3) The borrower did not retain an interest in the property, including an interest as a life estate.

(Source: Added at 50 Ill. Reg. 8010, effective June 1, 2026)

Section 1050.2330 Calculating Values in Appendix C of this Part

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- a) Average Annual Change in Value for purposes of Section 1050.2310(f)(1) shall be the average annual change in value in Illinois over the prior 5 years based on the All-Transactions House Price Index as published by the Federal Reserve Bank of St. Louis.
- b) The Final Settlement Payment Amount shall be the lender's share of appreciation or equity, plus, if applicable under the terms of the agreement, any other amounts payable by the borrower at termination of the agreement, minus any amount over any repayment limit to which the lender and the borrower have agreed or set by law.

(Source: Added at 50 Ill. Reg. 8010, effective June 1, 2026)

Section 1050.2340 Ability to Repay

A lender offering a shared appreciation agreement is deemed to have given due regard to a borrower's ability to repay if disclosures are provided by the lender to the borrower in compliance with Section 1050.2310, provided that:

- a) The shared appreciation agreement does not require periodic payments prior to termination of the agreement; and
- b) The term of the shared appreciation agreement is no less than five years.

(Source: Added at 50 Ill. Reg. 8010, effective June 1, 2026)

Section 1050.2350 Counseling

- a) Counselor Qualifications
- 1) Any individual providing counseling services related to shared appreciation agreements shall be a housing counselor providing counseling through a HUD-approved housing counseling agency under 12 C.F.R. Part 214.
- 2) The counselor providing guidance on shared appreciation mortgages must be independent of the shared appreciation agreement provider to ensure unbiased and objective advice to borrowers.

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- 3) Other than where a shared appreciation agreement provider is responsible for payment of fees and costs of counseling, including under Section 1050.2310(i), a counselor shall not receive any direct or indirect compensation, financial incentive, or referral fee from the shared appreciation agreement provider being considered by the borrower.
 - 4) If a counselor has any financial, professional, or personal interest in the shared appreciation agreement provider or transaction, the counselor must disclose that interest to the borrower and recuse themselves from providing counseling services for that specific transaction.
 - 5) A counselor who is employed by or affiliated with a shared appreciation agreement provider may not provide counseling services to a borrower who is considering an agreement offered by that provider.
- b) Content of Counseling Session:
- 1) General Explanation of Shared Appreciation Agreements. The counseling session shall provide a comprehensive overview of shared appreciation agreements, including, but not limited to:
 - A) The fundamental principles and structure of a shared appreciation agreement;
 - B) Definitions of key terms used by the shared appreciation agreement originator;
 - C) The legal and financial implications for homeowners;
 - D) The calculation and determination of appreciation sharing upon home sale or refinancing;
 - E) The borrower's loan amount, terms, and how their final repayment amount will be calculated;
 - F) The borrower's financial situation (e.g., budget, final payment strategies);

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- G) Disclosure form Settlement Examples and Cost Scenario Tables that outline the borrower's possible repayment amounts given varying term lengths and changes in home value;
 - H) The borrower's rights and obligations under a shared appreciation agreement;
 - I) The potential risks and benefits associated with entering into a shared appreciation agreement;
 - J) Other options available to the borrower such as deferred payment loans, property tax deferral programs, social services programs, and reverse mortgages;
 - K) Usage of home restrictions and events that could trigger foreclosure;
 - L) Tax implications; and
 - M) An overview of how shared appreciation agreement impacts their rights to refinance.
- 2) Differences Between Shared Appreciation Agreements and Traditional & Reverse Mortgages. The counseling session shall ensure that borrowers fully understand the distinctions between shared appreciation agreements from other home financing options to be able to make an informed decision, including by distinguishing shared appreciation agreements from:
- A) Traditional mortgages, including:

 - i) Traditional mortgages involve periodic repayment of principal and interest, whereas shared appreciation agreements do not require monthly payments;
 - ii) In a mortgage, the borrower retains full equity ownership subject to loan repayment, whereas in a shared appreciation agreement the provider shares in future home appreciation; and

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- B) A list of borrowers for whom counseling was provided and counseling program materials used in each counseling session;
 - C) Completed counseling certificates for each borrower; and
 - D) All other records, policies, and procedures required by the Act and this Subpart T.
- 4) Storage and transfer of records. If a counselor ceases operations due to insolvency, revocation, bankruptcy or for any other reason, all records must be preserved at the expense of the counselor for at least three years in a form and location in Illinois acceptable to the Department. The counselor shall retain the records longer if requested by the Department. The counselor shall notify the Department of the location where the records are stored or transferred.
- 5) A counselor shall provide the shared appreciation agreement provider with the following information regarding each counseling session:
- A) Counseling session materials; and
 - B) Completed counseling certificate for each borrower.
- 6) A shared appreciation agreement provider shall develop and adopt recordkeeping policies and procedures, maintain electronic records of completed counseling sessions, and make them available for inspection at the Department's request. If a shared appreciation agreement provider ceases operations due to insolvency, revocation, bankruptcy or for any other reason, all records must be preserved at the expense of the shared appreciation agreement provider for at least 3 years in a form and location in Illinois acceptable to the Department. The shared appreciation agreement provider shall retain the records longer if requested by the Department. The shared appreciation agreement provider shall notify the Department of the location where the records are stored or transferred.
- d) Counseling must be provided in the following manner:
- 1) In person; or

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- 2) By remote electronic or telephonic means, with the permission of all borrowers, where the session can be conducted in privacy, the counselor is able to verify the identity of each borrower, and the counseling is documented by the counselor. For remote counseling sessions, the counselor shall provide the Department with access to any remote, real-time online video counseling upon request, including login credentials and schedules.

(Source: Added at 50 Ill. Reg. 8010, effective June 1, 2026)

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Section 1050.APPENDIX C Form of Shared Appreciation Agreement Disclosure

Provider Name

Provider Address

Illinois Shared Appreciation Agreement (Estimate/Closing) Disclosure

Closing Information

Transaction Parties

Investment Information

DATE ISSUED

XX/XX/XXXX

APPLICANTS

(Homeowner Name)

OCCUPANCY

(Occupancy type)

CLOSING DATE

XX/XX/XXXX

(Address)

AGREEMENT #

XXXX

SETTLEMENT AGENT

(Name)

ORIGINATOR

(Provider Name)

PREPAYMENT PENALTY

No Yes

(Describe)

FILE #

XXXX

PROPERTY

(Address)

(Address)

Agreement Type:

(e.g., "Shares Home Value", "Shares Change In Home Value", or other including description)

IMPORTANT

You are not required to complete a shared appreciation agreement transaction just because you have received this disclosure or completed an application. If you proceed with this transaction, the shared appreciation agreement provider will have a lien on your home, and you would agree to pay the provider a portion of your home's value or the future increase in your home's value at the end of the agreement. If you complete the transaction and do not meet your obligations under the shared appreciation agreement, you could lose your home and any money you have put into it.

The information in this disclosure is based on the shared appreciation agreement for which you have applied and provides examples of the amounts you may be required to pay at the end of the agreement. If the agreement is terminated or settled in connection with the sale of your home, your obligation to your provider may include some or all of the sale proceeds. The terms of a shared appreciation agreement are different from those of a traditional mortgage loan. Please read this disclosure, the shared appreciation agreement transaction documents, and all other materials from your provider carefully. You are required to complete a counseling session from an independent, HUD-certified housing counselor before completing a shared appreciation agreement and may wish to speak with a financial professional or an attorney before proceeding. Your agreement may affect your taxes, so you may also wish to speak with a qualified tax advisor.

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<u>Investment Terms</u>	<u>Explanation</u>
<u>Starting Home Value</u>	[dollar amount] <u>Current estimated fair market value of your home. Determined by:</u> <input type="checkbox"/> <u>Appraisal or</u> <input type="checkbox"/> <u>Average of two distinct non-appraisal valuation methods:</u> <input type="checkbox"/> <u>AVM</u> <input type="checkbox"/> <u>BPO</u> <input type="checkbox"/> <u>Other (describe _____)</u> <u>See "Appraisal Considerations" on Page X for more information</u>
<u>Transaction Amount</u>	[dollar amount] <u>The gross amount invested in your home up front by your provider.</u>
<u>Transaction Percentage</u>	[XX.XX%] <u>Transaction Amount expressed as a % of Starting Home Value.</u>
<u>Multiplier</u>	[X.XX] <u>A multiplier used to price your shared appreciation agreement.</u>
<u>Share Percentage</u>	[XX.XX%] <u>Percentage of the Ending Home Value that your provider will receive when the agreement ends. (Transaction Percentage of XX.XX% x Multiplier of X.XX = XX.XX%).</u>
<u>Share Percentage Modifier Description</u>	[XXX] <u>If the Share Percentage can change during the term of the shared appreciation agreement, provide details here.</u>
<u>Cost Cap</u>	[XX.XX%] <u>Maximum cost of your shared appreciation agreement per year from start to end, expressed as a percentage. Limits the amount of your Settlement Payment if your home's value rises more significantly or the agreement ends in the early years. If the law sets a more restrictive limit, including the limit in Section 15-5-5 of the Predatory Loan Prevention Act [815 ILCS 123/15-5-5], that limit will apply.</u>
<u>Origination Fee</u>	[dollar amount] <u>This fee, equal to X.XX% of your Transaction Amount, will be paid to your provider at closing by deducting it from the Transaction Amount.</u>
<u>Expiration Date, Term and Settlement</u>	[XX/XX/XXXX] <u>You will be required to settle your shared appreciation agreement on or before the Expiration Date. The Expiration Date of your agreement is exactly XX years from the Effective Date. You can settle your agreement by selling your home or buying your provider out, at a time of your choosing, subject to the maximum XX year term.</u>
<u>Net Closing Proceeds</u>	
<u>Closing Costs, Expenses And Credits</u>	[dollar amount] <u>\$X,XXX.XX Origination Fee + \$X,XXX.XX in Third Party Transaction Expenses + \$X,XXX.XX in Other Expenses - \$X,XXX.XX in Credits.</u>
<u>Net Cash To You At Closing</u>	[dollar amount] <u>Transaction Amount of \$XX,XXX.XX - \$X,XXX.XX in Closing Costs, Expenses And Credits - \$X,XXX.XX in Payoffs to Third Parties. See the Net Closing Proceeds calculation on Page X.</u>

Settlement Information

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<u>Settlement</u>	<p><u>A shared appreciation agreement works differently from a traditional mortgage loan. With a mortgage loan, you make monthly payments that gradually reduce your loan balance until it's paid off. With a shared appreciation agreement, there are no monthly payments, and your total cost is not known up front. Instead, the total cost of a shared appreciation agreement depends on your home's future value at the end of the agreement.</u></p> <p><u>A shared appreciation agreement typically will end when you sell your home, or at your option, you choose to end the agreement without a home sale by buying out the agreement prior to or at the agreement's maximum term.</u></p> <p><u>At settlement, you will make a lump sum Settlement Payment, either from the proceeds of the sale of your home or separately if no home sale occurs. The payment amount is based on the value of your home at the end of the agreement and at the time of settlement. The cost of a shared appreciation agreement typically grows over time, so at the end of the agreement you will likely need to make a single payment that will be much larger than the Transaction Amount and the Net Cash To You at closing of the agreement. Settlement details are provided in the agreement.</u></p>
<u>Ending Home Value</u>	<p><u>The Ending Home Value is the value of your home at the time your shared appreciation agreement ends. If your agreement ends in connection with a sale of your home, the Ending Home Value will typically equal the sale price. If your agreement ends without a sale of your home, the Ending Home Value will be determined by a professional third-party valuation method that is consistent with generally accepted property valuation standards in use at that time, which may include one or more of the following: appraisal, AVM, BPO, or another method that has been approved by the Illinois Department of Financial and Professional Regulation.</u></p>
<u>Final Settlement Payment</u>	<p><u>Equals the lesser of the following two amounts:</u></p> <ol style="list-style-type: none"> <u>1. Ending Home Value multiplied by the Share Percentage (this is the uncapped amount).</u> <u>2. Cost Cap applied to the Transaction Amount over the term length (the exact number of days that have elapsed from the Effective Date to the Settlement Date), compounded annually (this is the capped amount). If the law sets a more restrictive limit, including the limit in Section 15-5-5 of the Predatory Loan Prevention Act [815 ILCS 123/15-5-5], that limit will apply.</u> <p><u>If you owe your provider other amounts for things like unreimbursed protective advances or unpaid administrative fees, those amounts will be added to the Final Settlement Payment at termination. You will also pay typical transaction expenses for things like appraisal, reconveyance, and/or recording fees.</u></p> <p><u>Because the Share Percentage is greater than the Transaction Percentage, your Final Settlement Payment can exceed your Transaction Amount even if the Ending Home Value is less than the Starting Home Value. Your Final Settlement Payment will exceed the Transaction Amount if the Ending Home Value exceeds \$[X,XXX,XXX.XX].</u></p>
<u>Annualized Cost</u>	<p><u>The cost of a shared appreciation agreement expressed as an investment percentage return from start to end. It is calculated exclusive of the Origination Fee and all transaction expenses. Although a shared appreciation agreement has no interest rate, Annualized Cost can provide a useful way to compare the cost of a shared appreciation agreement to the interest rate on a traditional mortgage loan. Calculating Annualized Cost also provides the means by which the Cost Cap is applied.</u></p>

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<u>Cost Is Unknown Up Front</u>	<p><u>The Ending Home Value and the date that a shared appreciation agreement ends at settlement are unknown up front. Therefore, the Final Settlement Payment and the Annualized Cost of your shared appreciation agreement cannot be determined up front.</u> Because the total cost of a shared appreciation agreement cannot be known up front, and because there is no interest rate, cost cannot be disclosed as a single percentage number, as is customary with an APR disclosure for a traditional mortgage loan. Instead, a scenario-based approach is used to disclose cost under various scenarios for future home value and time to settlement.</p>
<u>Settlement Examples</u>	
<u>Settlement Example 1</u>	<p><u>This example provides full details of the calculations needed to determine the Final Settlement Payment and Annualized Cost. There are five simple steps. The example demonstrates a scenario where the home value increases and the term is longer, resulting in a share-based Final Settlement Payment.</u></p> <p>Step 1: Determine ending assumptions: <u>Agreement outstanding for 10 Years</u> <u>Ending Home Value: \$X,XXX,XXX (approximately 4% annual price appreciation)</u></p> <p>Step 2: Calculate the share-based settlement payment <u>Ending Home Value X Share Percentage = share-based settlement payment</u> <u>\$X,XXX,XXX X XX.XX% = \$XXX,XXX</u></p> <p>Step 3: Calculate the capped settlement payment* <u>Transaction Amount X (1 + Cost Cap) ^ (Term Days / 365) = capped settlement payment</u> <u>\$XXX,XXX X (1 + XX.XX%) ^ (3,650 / 365) = \$XXX,XXX</u></p> <p>Step 4: Final Settlement Payment = lower of the calculations in Step 2 and Step 3, above = <u>\$XXX,XXX</u> <u>In this example, the Final Settlement Payment is: <input type="checkbox"/> Share-Based <input type="checkbox"/> Capped</u></p> <p>Step 5: Calculate Annualized Cost* <u>(Settlement Payment / Transaction Amount) ^ (365 / Term Days) - 1 = Annualized Cost (\$XXX,XXX / \$XXX,XXX) ^ (365 / 3,650) - 1 = XX.X%</u> <u>*Term Days = exact number of days that passed between the Effective Date of your agreement and Settlement Date. This is a 10-year example. Assuming 365 days per year results in 3,650 Term Days.</u></p>

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<u>Settlement Example 2</u>	<p><u>This example demonstrates a scenario where the home value increases and the term is shorter. It results in a capped outcome.</u></p> <p><u>Step 1:</u> <u>Determine ending assumptions:</u> <u>Agreement outstanding for 2 Years</u> <u>Ending Home Value: \$X,XXX,XXX (approximately 4% annual price appreciation)</u></p> <p><u>Step 2:</u> <u>Share-based settlement payment = \$X,XXX,XXX X XX.XX% = \$XXX,XXX</u></p> <p><u>Step 3:</u> <u>Capped settlement payment = \$XXX,XXX (see example 1 for calculation method)</u></p> <p><u>Step 4:</u> <u>Final Settlement Payment = \$XXX,XXX Settlement Payment is: <input type="checkbox"/> Share-Based <input type="checkbox"/> Capped</u></p> <p><u>Step 5:</u> <u>Annualized Cost = XX.X% (see example 1 for calculation method)</u></p>
<u>Settlement Example 3</u>	<p><u>This example demonstrates a scenario where the home value decreases.</u></p> <p><u>Step 1:</u> <u>Determine ending assumptions:</u> <u>Agreement outstanding for 2 Years</u> <u>Ending Home Value: \$X,XXX,XXX (approximately 25% annual price decline)</u></p> <p><u>Step 2:</u> <u>Share-based settlement payment = \$X,XXX,XXX X XX.XX% = \$XXX,XXX</u></p> <p><u>Step 3:</u> <u>Capped settlement payment = \$XXX,XXX (see example 1 for calculation method)</u></p> <p><u>Step 4:</u> <u>Final Settlement Payment = \$XXX,XXX Settlement Payment is: <input type="checkbox"/> Share-Based <input type="checkbox"/> Capped</u></p> <p><u>Step 5:</u> <u>Annualized Cost = XX.X% (see example 1 for calculation method)</u></p>

IMPORTANT

Because the Share Percentage is greater than the Transaction Percentage, your Settlement Payment can exceed your Transaction Amount even if the Ending Home Value is less than the Starting Home Value.

Your Settlement Payment will exceed the Transaction Amount if the Ending Home Value exceeds \$X,XXX,XXX.XX.

Settlement Examples

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Cost Scenario Tables

The tables below contain examples of Final Settlement Payment Amounts that may be required to satisfy your obligation at the end of a shared appreciation agreement based on a range of Ending Home Values for scenarios where the agreement ends after 1 year, 5 years, 10 years, and at the Expiration Date of the agreement. Ending Home Values are shown based on hypothetical changes in the change in your home's value of X.X% (the actual average annual change in value in Illinois over the prior 5 years based on the All-Transactions House Price Index as Published by the Federal Reserve Bank of St. Louis, available at: <https://fred.stlouisfed.org/series/ILSTHPI>), as well as for 5.5% annual appreciation, 3.5% annual appreciation, no change in value, and 10% total depreciation. **THESE ARE EXAMPLES ONLY. THE ACTUAL FINAL SETTLEMENT PAYMENT AMOUNTS COULD BE HIGHER OR LOWER THAN SHOWN HERE. ACTUAL HOME PRICES COULD RISE MORE THAN SHOWN, WHICH WOULD RESULT IN LARGER SETTLEMENT PAYMENTS AND HIGHER ANNUALIZED COSTS.**

The tables help you see how cost changes with longer or shorter terms and with varying home price increases or decreases. Dark shaded cells indicate where the Cost Cap applies. The Cost Cap usually applies in the early years or when home prices rise sharply.

5-Year End Date Table

<u>Change in Home Value</u>	<u>Ending Home Value</u>	<u>Final Settlement Payment Amount</u>	<u>Share-Based or Capped</u>	<u>Annualized Cost (For Comparison to an APR)</u>
<u>X.X% 5-Year Average Annual Illinois Change in Value</u>				
<u>5.5% Annual Appreciation</u>				
<u>3.5% Annual Appreciation</u>				
<u>No Change in Value</u>				
<u>10% Total Depreciation</u>				

10-Year End Date Table

<u>Change in Home Value</u>	<u>Ending Home Value</u>	<u>Final Settlement Payment Amount</u>	<u>Share-Based or Capped</u>	<u>Annualized Cost (For Comparison to an APR)</u>
<u>X.X% 5-Year Average Annual Illinois Change in Value</u>				
<u>5.5% Annual Appreciation</u>				
<u>3.5% Annual Appreciation</u>				
<u>No Change in Value</u>				
<u>10% Total Depreciation</u>				

X-Year End Date (Expiration Date) Table

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<u>Change in Home Value</u>	<u>Ending Home Value</u>	<u>Final Settlement Payment Amount</u>	<u>Share-Based or Capped</u>	<u>Annualized Cost (For Comparison to an APR)</u>
<u>X.X% 5-Year Average Annual Illinois Change in Value</u>				
<u>5.5% Annual Appreciation</u>				
<u>3.5% Annual Appreciation</u>				
<u>No Change in Value</u>				
<u>10% Total Depreciation</u>				

Closing Statement Details

<u>Investment Costs</u>	<u>Homeowner Paid</u>		<u>Paid by Others</u>
	<u>At Closing</u>	<u>Before Closing</u>	
<u>A. Origination Charges</u>			
<u>01</u>			
<u>02</u>			
<u>03</u>			
<u>04</u>			
<u>05</u>			
<u>06</u>			
<u>07</u>			
<u>08</u>			
<u>B. Third Party Transaction Expenses</u>			
<u>01</u> <u>to</u>			
<u>02</u> <u>to</u>			
<u>03</u> <u>to</u>			
<u>04</u> <u>to</u>			
<u>05</u> <u>to</u>			
<u>06</u> <u>to</u>			
<u>07</u> <u>to</u>			
<u>08</u> <u>to</u>			
<u>C. TOTAL INVESTMENT COSTS (Homeowner Paid</u>			
<u>Investment Costs Subtotals (A + B)</u>			

Other Expenses

<u>D. Taxes and Other Government Fees</u>			
<u>01</u> <u>to</u>			
<u>02</u> <u>to</u>			
<u>03</u> <u>to</u>			
<u>04</u> <u>to</u>			

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<u>E. Other</u>			
<u>01</u>			
<u>02</u>			
<u>03</u>			
<u>04</u>			
<u>F. TOTAL OTHER EXPENSES (Homeowner Paid)</u>			
Other Expenses Subtotals (D + E)			

G. CREDITS

H. TOTAL COSTS, EXPENSES AND CREDITS (C + F + G)

Payoffs

<u>TO</u>	<u>AMOUNT</u>
<u>01</u>	
<u>02</u>	
<u>03</u>	
<u>04</u>	
<u>05</u>	
<u>06</u>	
<u>07</u>	
<u>08</u>	
<u>09</u>	
<u>10</u>	
<u>11</u>	
<u>12</u>	
<u>13</u>	
<u>14</u>	
<u>15</u>	

TOTAL PAYOFFS (I)

Net Closing Proceeds

Use this table to see what has changed from your Investment Estimate

	<u>Investment Estimate</u>	<u>Final</u>	<u>Did this change?</u>
<u>Transaction Amount</u>			
<u>Costs, Expenses And Credits (H)</u>			
<u>Closing Costs Paid Before Closing</u>			
<u>Total Payoffs (I)</u>			
<u>Net Closing Proceeds</u>			

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Other Important Terms

<p><u>Provisions Related To Future Borrowing Against Your Home</u></p>	<p><u>Your shared appreciation agreement may contain provisions that limit your ability to borrow more money against your home as long as the agreement remains outstanding. This restriction may apply to "cash out" or "rate/term" refinance loans, home equity lines of credits or loans, or new loans. You should review the shared appreciation agreement transaction documents to make sure you fully understand the impact of these provisions.</u></p> <p><u>It is also possible that a lender will not lend on a property that is subject to a lien from a shared appreciation agreement to the same extent or on the same terms as they would for a property that is not subject to such a lien. Therefore, even in a situation in which a shared appreciation agreement provider does not restrict a certain future loan, it is possible that you will need to end a shared appreciation agreement in order to complete another loan.</u></p>
<p><u>Appraisal Considerations</u></p>	<p><u>Appraisals, AVMs (Automated Valuation Models) and BPOs (Broker Price Opinions) are professional third-party estimates of value but may not represent the actual value that your home would sell for. Unlike a traditional mortgage loan, Starting Home Value and Ending Home Value are directly used to determine the final cost of your shared appreciation agreement. As a result, the Final Settlement Payment Amount that you would owe at the end of the agreement may be affected if a professional estimate of your home's value differs from actual value.</u></p>

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<p><u>Information About Default And Foreclosure</u></p>	<p><u>In the case of a material and uncured breach of the terms of a shared appreciation agreement, the provider may have the right to take action to protect its investment, including by initiating a foreclosure proceeding on your home in accordance with applicable law. IF YOU DO NOT CURE THE DEFAULT WITHIN THE TIME PERIODS PROVIDED UNDER APPLICABLE LAW YOU COULD LOSE YOUR HOME.</u></p> <p><u>Events of default include the following:</u></p> <p><u>Falling behind on mortgage payments, property taxes, property insurance or other home-related obligations.</u></p> <p><u>Allowing the condition of your home to deteriorate significantly or failing to restore your home to its previous condition after damage occurs.</u></p> <p><u>Taking on additional debt in violation of the provisions of your shared appreciation agreement.</u></p> <p><u>Violating home usage laws.</u></p> <p><u>Becoming insolvent or declaring bankruptcy.</u></p> <p><u>Misrepresenting or omitting material facts when communicating with your shared appreciation agreement provider.</u></p> <p><u>Attempting to sell or transfer your property except as permitted under your shared appreciation agreement.</u></p> <p><u>Failing to settle your shared appreciation agreement at the end of its term.</u></p>
<p><u>Special Calculation Provisions</u></p>	<p><u>[If the agreement contains any special calculation provisions, such as floors or lockout periods, describe here.]</u></p>

Other Important Terms

<p><u>Important Term 1</u></p>	<p><u>Description</u></p>
<p><u>Important Term 2</u></p>	<p><u>Description</u></p>
<p><u>Important Term 3</u></p>	<p><u>Description</u></p>
<p><u>Important Term 4</u></p>	<p><u>Description</u></p>
<p><u>Important Term 5</u></p>	<p><u>Description</u></p>

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Important Term 6DescriptionContact Information

	<u>Shared Appreciation Agreement Provider</u>	<u>Shared Appreciation Agreement Broker</u>	<u>Real Estate Broker (Buyer)</u>	<u>Real Estate Broker (Seller)</u>	<u>Settlement Agent</u>	<u>[Other Interest Party]</u>
<u>Name</u>						
<u>Address</u>						
<u>NMLS ID</u>						
<u>License ID</u>						
<u>Contact</u>						
<u>Contact NMLS ID</u>						
<u>Contact License ID</u>						
<u>Email</u>						
<u>Phone</u>						

Acceptance of Terms

By signing, you are confirming that:

1. You have received and thoroughly reviewed this shared appreciation agreement [Estimate/Closing] Disclosure, and you intend to proceed with the closing of this transaction under the terms presented herein.
2. Before your transaction can close, you MUST complete a mandatory counseling session with an authorized independent HUD-certified housing counselor who will provide you with counseling on the proposed transaction. You will be responsible for the cost of such counseling only if you elect to close, and not rescind, this transaction.
3. You have been advised to review your shared appreciation agreement with your family and professional advisors, including your tax, legal and financial advisors and estate planner, and that your provider was available to speak with any of them and did so upon your request.
4. Additional Acknowledgement
5. Additional Acknowledgement
6. Additional Acknowledgement
7. Additional Acknowledgement

This Shared Appreciation Agreement [Estimate/Closing] Disclosure is non-binding.

Applicant Signature

Date

Co-Applicant Signature

Date

(Source: Added at 50 Ill. Reg. 8010, effective June 1, 2026)