



Illinois Department of Financial and Professional Regulation

Division of Financial Institutions

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Warning to Underwriters, Title Agents, and Escrow Agents Regarding Inaccurate or Fabricated Certificates of Exemption and Certificates of Compliance

Illinois law requires that a title insurance company or closing agent attach to any mortgage for residential property located within Cook, Kane, Peoria, and Will Counties either a certificate of exemption or a certificate of compliance with the Illinois Anti-Predatory Lending Database (“APLD”). Certificates must be generated by the APLD. A mortgage is not recordable without a valid certificate. *See* 765 ILCS §77/70(g). Attaching a certificate that is not generated by the APLD or altering an APLD-generated certificate are fraudulent practices in violation of Section 70(g) of the Residential Real Property Disclosure Act (“RRPDA”) and the Consumer Fraud and Deceptive Business Practices Act.

When requesting a certificate of exemption from the APLD, it is the responsibility of the person requesting the certificate to ensure the accuracy of the information submitted. IDFP is investigating occurrences where certificates of exemption have been requested and generated by title agents and closing agents on the basis that the mortgage application was taken by an exempt entity when the entity was not actually exempt. Title agents and closing agents are responsible for ensuring that a certificate of exemption is accurate.

Exempt entities are defined in Section 1-4 of the Residential Mortgage License Act of 1987. *See* 205 ILCS 635/1-4. Mortgage bankers and mortgage loan originators licensed by IDFP are not exempt and can be verified at <https://www.idfpr.com/LicenseLookUp/Banks/licenseinfo.asp>.

Inputting accurate data is essential to preserving the integrity of the APLD. Inaccurate, altered, or fabricated certificates of exemption will be investigated as violations of the RRPDA. Violations of the RRPDA by a title insurance company, title agent, or escrow agent constitute violations of the Title Insurance Act. *See* 765 ILCS §77/70(j-2).

Recording or attempting to record a mortgage without a valid certificate of exemption or compliance, generated by the APLD, may result in disciplinary action.