



Illinois Department of Financial and Professional Regulation
Division of Financial Institutions

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**Third Notice to
Underwriters, Title Agents, and Escrow Agents
Regarding Inaccurate
Certificates of Exemption and Certificates of Compliance**

The Department provided a written notice to title underwriters, title agents, and escrow agents on May 15, 2020, and again on July 31, 2020, cautioning that recording or attempting to record a mortgage without a valid certificate of exemption or compliance, generated by the Anti-Predatory Lending Database (“APLD”) may result in disciplinary action. Since that time, more than a thousand additional improper entity-based certificates of exemption have been generated.

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. 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 exempt. Title agents and closing agents are responsible for ensuring that a certificate of exemption is accurate.

Exempt persons and entities are defined in Section 1-4 of the Residential Mortgage License Act of 1987. *See* 205 ILCS 635/1-4.

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).

A presentation on the Anti-Predatory Loan Database for Underwriters, Title Agents and Escrow Agents may be found [HERE](#).

The Department expects all underwriters, title insurance agents, escrow agents to cease generating and/or recording improper certificates of exemption and to proactively investigate past practices to determine how many improper certificates of exemption of compliance were generated and/or recorded. Failure to immediately correct these practices may result in the issuance of a cease and desist order. The Department's investigation is ongoing.

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