



# Illinois Department of Financial and Professional Regulation

November 28, 2007

## The Siren

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## Legislative Update

U p d a t e U p d a t e U p d a t e **Public Act 095-0521** U p d a t e U p d a t e U p d a t e

Senate Bill 65 signed into Law August 28, 2007

Law became effective August 28, 2007

### Additions to Illinois Law:

Service Certification – Illinois Finance Entity 40 ILCS 5/1 - 110.10 (new)

(40 ILCS 5/1-110.10 new)

Sec. 1-110.10. Servicer certification.

(a) For the purposes of this Section:

"Illinois finance entity" means any entity chartered under the Illinois Banking Act, the Savings Bank Act, the Illinois Credit Union Act, or the Illinois Savings and Loan Act of 1985 and any person or entity licensed under the Residential Mortgage License Act of 1987, the Consumer Installment Loan Act, or the Sales Finance Agency Act.

"Retirement system or pension fund" means a retirement system or pension fund established under this Code.

(b) In order for an Illinois finance entity to be eligible for investment or deposit of retirement system or pension fund assets, the Illinois finance entity must annually certify that it complies with the requirements of the High Risk Home Loan Act and the rules adopted pursuant to that Act that are applicable to that Illinois finance entity. For Illinois finance entities with whom the retirement system or pension fund is investing or depositing assets on the effective date of this Section, the initial certification required under this Section shall be completed within 6 months after the effective date of this Section. For Illinois finance entities with whom the retirement system or pension fund is not investing or depositing assets on the effective date of this Section, the initial certification required under this Section must be completed before the retirement system or pension fund may invest or deposit assets with the Illinois finance entity.

(c) A retirement system or pension fund shall submit the certifications to the Public Pension Division of the Department of Financial and Professional Regulation, and the Division shall notify the Secretary of Financial and Professional Regulation if a retirement system or pension fund fails to do so.

(d) If an Illinois finance entity fails to provide an initial certification within 6 months after the effective date of this Section or fails to submit an annual certification, then the retirement system or pension fund shall notify the Illinois finance entity. The Illinois finance entity shall, within 30 days after the date of notification, either (i) notify the retirement system or pension fund of its intention to certify and complete certification or (ii) notify the retirement system or pension fund of its intention to not complete certification. If an Illinois finance entity fails to provide certification, then the retirement system or pension fund shall, within 90 days, divest, or attempt in good faith to divest, the retirement system's or pension fund's assets with that Illinois finance entity. The retirement system or pension fund shall immediately notify the Department of the Illinois finance entity's failure to provide certification.

(e) If any provision of this Section or its application to any person or circumstance is held invalid, the invalidity of that provision or application does not affect other provisions or applications of this Section that can be given effect without the invalid provision or application.

(Source: P.A. 95-521, eff. 8-28-07.)

## **Synopsis:**

Section 1-110.10 requires all Illinois retirement systems and pension funds established under the Illinois Pension Code, including Article 3 and Article 4 pension funds, to submit to the Public Pension Division a certification from each "Illinois finance entity" with whom the pension fund is investing or depositing assets. The Illinois finance entity must annually certify that it complies with the requirements of the High Risk Home Loan Act and the rules adopted pursuant to that Act that are applicable to that Illinois finance entity.

For Illinois finance entities with whom the pension fund has been investing or depositing assets on August 28, 2007, the initial certification is to be submitted by February 28, 2008.

For Illinois finance entities with whom the pension fund was not investing or depositing assets on August 28, 2007, the initial certification must be completed before the pension fund invests or deposits assets with the Illinois finance entity.

Annual certifications must be completed and submitted annually thereafter by February 28<sup>th</sup> of each subsequent year.

The pension fund is responsible for submitting the certification to the Public Pension Division. If the Illinois finance entity fails to provide the certification by the appropriate deadline, the pension fund must notify the Illinois finance entity of such. Within 30 days of notification by the pension fund, the Illinois finance entity must notify the pension fund of the intention to complete the certification or not to complete the certification. If the Illinois finance entity fails to provide certification within 90 days of notification from the pension fund, the pension fund shall, within 90 days, divest, or attempt in good faith to divest the pension funds assets with the Illinois finance entity. The pension fund must also inform the Public Pension Division if the Illinois finance entity fails to provide certification.

An "Illinois Finance Entity Certification Form" has been created for the pension funds use.

The form may be found on the Public Pension Division website:

[www.idfpr.com/doi/pension/pension.asp](http://www.idfpr.com/doi/pension/pension.asp),

under Public Pensions Information, Sirens, "Illinois Finance Entity – Certification Form."

The Certification Form is available for downloading in PDF format. The Full Version of the form is fully interactive - it can be completed electronically. The Full Version requires Adobe Reader 7.0 or later. The Limited Version of the form has no interactive features - it can be printed and completed manually. The Limited Version requires Acrobat 4.0 or later. Visit the Adobe website at <http://www.adobe.com/products/acrobat/readstep2.html> to download the free Adobe Reader.