

Residential Mortgage Lending State Regulation Manual

North Central Region

Highlights

Here are some of the highlights of the 2025 update to *Residential Mortgage Lending State Regulation Manual North Central Region*:

Illinois

§ 2:2 In 2024, Illinois law provided that the terms “mortgage loan,” “residential mortgage loan,” or “home mortgage loan” include a loan in which funds are advanced through a shared appreciation agreement. “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: (1) the transfer of ownership; (2) a repayment maturity date; (3) the death of the consumer; or (4) any other event contemplated by the writing. [205 Ill. Comp. Stat. 635/1-4.]

Before taking any legally binding action on a shared appreciation agreement, the borrower must be provided counseling. The Secretary may adopt rules detailing disclosures regarding fees or other costs that may be charged to a borrower. [205 Ill. Comp. Stat. 635/5-12.5.]

§ 5:4 Mortgage Community Reinvestment Regulations [NEW]

Indiana

§ 5:3 The mortgage lender and loan originator rules were recently updated, effective February 12, 2025.

§§ 2:7, 2:24 The role of principle manager of a mortgage licensee has been deleted. (See <https://mortgage.nationwidelicencingsystem.org/slr/StateForms/Compliance%20Alert%20-%20Changes%20to%20the%20Indiana%20Loan%20Broker%20Act,%20Effective%20July%201,%202024.pdf> for Compliance alert.)

Iowa

§§ 2:7, 2:24, 2:35 Adopts prudential standards for nonbank mortgage servicers that address both financial condition and corporate governance and are based on the CSBS Model State Regulatory Prudential Standards. The law also permits licensee employees and independent contractors to work from a remote location.

§ 2:18 Provides that a loan made by a licensed or registered mortgage banker or broker, where the points and fees the borrower is charged do not exceed the federal Truth-in-Lending limits for qualified mortgages (12 C.F.R. § 1026.43), will not be subject to Iowa provisions on loan and interest rate reduction fees.

Iowa Department websites have been updated.

Michigan

§ 5:3 Updated Fee Schedule [NEW]

Minnesota

§ 2:24 Bona fide nonprofit mortgage exemption added; increased surety bond amounts.

§ 5:4 Minnesota Department of Commerce summary of Prudential Standards for Nonbank Mortgage Servicers. [NEW]

North Dakota

§§ 1:2, 2:1, 2:7, 2:8, 2:11, 2:13, 2:18, 2:22, 2:24, 2:30, 2:31, 2:35, 5:4 Legislation was enacted to remove residential mortgage lenders from the money broker chapter, to be addressed in a stand-alone chapter (§ 13-12-01 et seq.). Residential mortgage loan servicers are subject to prudential standards and corporate governance standards as well as licensing by the Department. [N.D. Cent. Code § 13-13-01 et seq.] Updates are made in the chapter.

Ohio

Guidance In 2024, The Division repealed a previous guidance advising mortgage professionals that dual capacity is prohibited as “improper and dishonest conduct.” See <https://com.ohio.gov/divisions-and-programs/financial-institutions/consumer-finance/alertsandnotices/dual-capacity-realtor-broker> for Residential Mortgage Lending Letter 2024-01.

South Dakota

No significant updates

Wisconsin

§§ 2:7, 2:24, 2:35 Amends and clarifies the mortgage licensing act to provide more complete use of the NMLS including license reinstatement periods, criminal background checks, and change of license information. Also removes certain loan and transfer of servicing disclosure requirements that are otherwise covered by federal law.

The Wisconsin Department has updated its web address.