

**Memorandum of Understanding
between
the US Department of Housing & Urban Development and
the Office of the Commissioner of Banks & Real Estate
of the State of Illinois**

Purpose

This Memorandum of Understanding (MOU) between the U.S. Department of Housing & Urban Development (HUD) and the Office of the Commissioner of Banks and Real Estate (OBRE) sets forth the responsibilities of each of the above agencies in cases involving possible mortgage fraud and mortgagee practices that may not comply with statutory, regulatory, and administrative loan origination and servicing requirements.

Background

Mortgage fraud and non-compliance with loan origination and servicing requirements are common concerns at both the Federal and state/local levels. At the Federal level with FHA-insured mortgages, HUD is committed to identifying fraud and non-compliance and taking corrective measures to protect the public trust. At the state/local level, OBRE has the responsibility of chartering, licensing and supervising financial institutions, including mortgage bankers and mortgage brokers that operate or do business in the State of Illinois. The two parties agree that an effective strategy to address these common concerns must include a joint effort.

Pursuant to 205 ILCS 635-4-2(e), as amended, the Commissioner of Banks and Real Estate (Commissioner) may enter into contracts or cooperative agreements with other jurisdictions to, among other things, perform joint examinations and share confidential information.

Goal

The two parties in this MOU will coordinate their respective investigations, audits, and/or reviews to assist each other in fulfilling its own mission and responsibilities. To that end, there will be information sharing and case referrals. In addition, to the extent possible, there will be a sharing of expertise and investigative resources.

Implementation

HUD and OBRE may develop and exchange additional instructions and operating procedures that may be deemed necessary to the continued implementation of this MOU. Such instructions and operating procedures shall be subject to the approval of the two parties.

Responsibilities

HUD will have reviewing jurisdiction for all possible Federal violations involving mortgage fraud and non-compliance. HUD will coordinate this reviewing responsibility with OBRE. In addition, HUD will:

1. Share information with OBRE, either on its own initiative or at the request of OBRE, including those of a confidential nature
2. Facilitate the referral of cases from OBRE where HUD has reviewing responsibility by:
 - Establishing and maintaining a case referral program that will identify cases which merit a Federal response from HUD
 - Designing and producing a Case Referral Form for the OBRE that will be utilized as the primary mechanism for the efficient and effective referral and tracking of cases to HUD
3. Maintain the confidential nature of such type of information provided by OBRE
4. Require that any such shared information of a confidential nature originated by OBRE not be released to a third party without prior written approval from OBRE.

The above obligations are subject to the Freedom of Information Act, Privacy Act, and other applicable Federal laws relating to disclosure of information and confidentiality.

OBRE is responsible for chartering, licensing and supervising certain financial institutions, including non-depository mortgage banking institutions and mortgage_brokers pursuant to the Illinois Residential Mortgage License Act of 1987. As part of that responsibility, OBRE will:

1. Share information with HUD, either on its own initiative or at the request of HUD, including those of a confidential nature
2. Refer to HUD all cases where OBRE believes there is sufficient evidence that a Federal violation may have occurred
3. Utilize the Case Referral Form developed by HUD for OBRE
4. Assist HUD in any case referred by OBRE. The referral of a case shall not have any effect on the ability of OBRE to continue its chartering, licensing and supervising responsibilities
5. Maintain the confidential nature of such type of information provided by HUD
6. Require that any such shared information of a confidential nature originated by HUD not be released to a third party without prior written approval from HUD

The above obligations are subject to the Freedom of Information Act and other applicable Illinois laws relating to disclosure of information and confidentiality.

Disputes

Any dispute arising out of this MOU shall be resolved by the Assistant General Counsel of the Mortgage Banking Division and the Atlanta Quality Assurance Division Director. When such resolution cannot be accomplished, the matter will be referred to the Commissioner and HUD's Atlanta Home Ownership Center Director.

Amendment

This MOU may be amended by deletion or modification of any provision contained herein or by addition of new provisions after written concurrence of both parties of the MOU.

Termination

This MOU will remain in effect until terminated by any party to the MOU provided such notice of termination is in writing, signed by the appropriate agency official that approved the MOU, and sent to the other party.

Approval


This MOU will take effect immediately upon the signing of this document by the appropriate officials below:



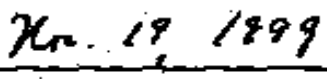
Commissioner of Banks and
Real Estate



for Director
HUD—Atlanta Home Ownership Center



Date



Date