



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB5196

by Rep. Lance Yednock

SYNOPSIS AS INTRODUCED:

15 ILCS 520/7

from Ch. 130, par. 26

Amends the Deposit of State Moneys Act. Provides that the State Treasurer may allow an eligible financial institution (rather than a bank or savings and loan association) to become a State depository. Provides that State depositories may submit proposals or applications that may be approved or rejected by the State Treasurer. Provides that the State Treasurer may accept a proposal from an eligible financial institution which provides for a reduced rate of interest provided that the financial institution documents the use of deposited funds for specified economic development projects (currently, economic community development projects). Modifies provisions concerning proposals from an eligible financial institution that provides for interest earnings on deposits of State moneys to be held by the financial institution in a separate account that the State Treasurer may use to secure up to 10% of any specified home loan to Illinois citizens. Removes provisions concerning proposals for a reduced rate of interest with moneys to be expended for specified purposes. Makes conforming changes. Effective immediately.

LRB101 16826 RJF 66225 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Deposit of State Moneys Act is amended by
5 changing Section 7 as follows:

6 (15 ILCS 520/7) (from Ch. 130, par. 26)

7 Sec. 7. (a) The State Treasurer may, in his or her
8 discretion, allow an eligible financial institution to become a
9 State depository. State depositories may submit proposals or
10 applications that may ~~Proposals made may either~~ be approved or
11 rejected by the State Treasurer. ~~A bank or savings and loan~~
12 ~~association whose proposal is approved shall be eligible to~~
13 ~~become a State depository for the class or classes of funds~~
14 ~~covered by its proposal. A bank or savings and loan association~~
15 ~~whose proposal is rejected shall not be so eligible. The State~~
16 ~~Treasurer shall seek to have at all times a total of not less~~
17 ~~than 20 banks or savings and loan associations which are~~
18 ~~approved as State depositories for time deposits.~~

19 (b) The State Treasurer may, in his or her discretion,
20 accept a proposal from an eligible financial institution which
21 provides for a reduced rate of interest provided that the
22 financial ~~such~~ institution documents the use of deposited funds
23 for economic ~~community~~ development projects, including, but

1 not limited to, agricultural, business, and community
2 development projects.

3 (b-5) (Blank). ~~The State Treasurer may, in his or her~~
4 ~~discretion, accept a proposal from an eligible institution that~~
5 ~~provides for a reduced rate of interest, provided that such~~
6 ~~institution agrees to expend an amount of money equal to the~~
7 ~~amount of the reduction for the preservation of Cahokia Mounds.~~

8 (b-10) (Blank). ~~The State Treasurer may, in his or her~~
9 ~~discretion, accept a proposal from an eligible institution that~~
10 ~~provides for a reduced rate of interest, provided that the~~
11 ~~institution agrees to expend an amount of money equal to the~~
12 ~~amount of the reduction for senior centers.~~

13 (c) The State Treasurer may, in his or her discretion,
14 accept a proposal from an eligible financial institution that
15 provides for interest earnings on deposits of State moneys to
16 be held by the financial institution in a separate account that
17 the State Treasurer may use to secure up to 10% of any (i) home
18 loans to Illinois citizens purchasing or refinancing a home in
19 Illinois in situations where the participating financial
20 institution would not offer the borrower a home loan under the
21 financial institution's prevailing credit standards without
22 the incentive of the 10% guarantee for the first 5 years of the
23 loan ~~a reduced rate of interest on deposits of State moneys,~~
24 (ii) existing home loans of Illinois citizens who have failed
25 to make payments on a home loan as a result of a financial
26 hardship due to circumstances beyond the control of the

1 borrower where there is a reasonable prospect that the borrower
2 will be able to resume full mortgage payments, and (iii) loans
3 in amounts that do not exceed the amount of arrearage on a
4 mortgage and that are extended to enable a borrower to become
5 current on his or her mortgage obligation.

6 The following factors shall be considered by the
7 participating financial institution to determine whether the
8 financial hardship is due to circumstances beyond the control
9 of the borrower: (i) loss, reduction, or delay in the receipt
10 of income because of the death or disability of a person who
11 contributed to the household income, (ii) expenses actually
12 incurred related to the uninsured damage or costly repairs to
13 the mortgaged premises affecting its habitability, (iii)
14 expenses related to the death or illness in the borrower's
15 household or of family members living outside the household
16 that reduce the amount of household income, (iv) loss of income
17 or a substantial increase in total housing expenses because of
18 divorce, abandonment, separation from a spouse, or failure to
19 support a spouse or child, (v) unemployment or underemployment,
20 (vi) loss, reduction, or delay in the receipt of federal,
21 State, or other government benefits, and (vii) participation by
22 the homeowner in a recognized labor action such as a strike. In
23 determining whether there is a reasonable prospect that the
24 borrower will be able to resume full mortgage payments, the
25 participating financial institution shall consider factors
26 including, but not necessarily limited to the following: (i) a

1 favorable work and credit history, (ii) the borrower's ability
2 to and history of paying the mortgage when employed, (iii) the
3 lack of an impediment or disability that prevents reemployment,
4 (iv) new education and training opportunities, (v) non-cash
5 benefits that may reduce household expenses, and (vi) other
6 debts.

7 For the purposes of this Section, "home loan" means a loan,
8 other than an open-end credit plan or a reverse mortgage
9 transaction, for which (i) the principal amount of the loan
10 does not exceed the conforming loan size limit as established
11 from time to time by the Federal National Mortgage Association,
12 (ii) the borrower is a natural person, (iii) the debt is
13 incurred by the borrower primarily for personal, family, or
14 household purposes, and (iv) the loan is secured by a mortgage
15 or deed of trust on real estate upon which there is located or
16 there is to be located a structure designed principally for the
17 occupancy of no more than 4 families and that is or will be
18 occupied by the borrower as the borrower's principal dwelling.

19 (d) If there is an agreement between the State Treasurer
20 and an eligible financial institution that details the use of
21 deposited funds, the agreement may not require the gift of
22 money, goods, or services to a third party; this provision does
23 not restrict the eligible financial institution from
24 contracting with third parties in order to carry out the intent
25 of the agreement or restrict the State Treasurer from placing
26 requirements upon third-party contracts entered into by the

1 eligible financial institution.

2 (Source: P.A. 95-834, eff. 8-15-08.)

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.