



## 103RD GENERAL ASSEMBLY

### State of Illinois

2023 and 2024

**HB4921**

Introduced 2/7/2024, by Rep. Lindsey LaPointe

#### SYNOPSIS AS INTRODUCED:

65 ILCS 95/11

from Ch. 24, par. 1611

Amends the Home Equity Assurance Act. In provisions authoring a governing commission with no less than \$4,000,000 in its guarantee fund to establish a Low Interest Home Improvement Loan Program, provides that the loan may be used for repair or maintenance of a guaranteed residence's water and sewer pipes and repair of a guaranteed residence, including, but not limited to, basement repairs, following flooding damage or other natural disaster damage to the property (rather than following flooding damage to the property). Provides that a commission may use loan funds to issue a grant or rebate for repairs, maintenance, remodeling, alteration, or improvement of a guaranteed residence for purposes of preventing or repairing damage as a result of a natural disaster, including, but not limited to, flooding.

LRB103 37586 AWJ 67712 b

1 AN ACT concerning local government.

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

4 Section 5. The Home Equity Assurance Act is amended by  
5 changing Section 11 as follows:

6 (65 ILCS 95/11) (from Ch. 24, par. 1611)

7 Sec. 11. Guarantee Fund.

8 (a) Each governing commission and program created by  
9 referendum under the provisions of this Act shall maintain a  
10 guarantee fund for the purposes of paying the costs of  
11 administering the program and extending protection to members  
12 pursuant to the limitations and procedures set forth in this  
13 Act.

14 (b) The guarantee fund shall be raised by means of an  
15 annual tax levied on all residential property within the  
16 territory of the program having at least one, but not more than  
17 6 dwelling units and classified by county ordinance as  
18 residential. The rate of this tax may be changed from year to  
19 year by majority vote of the governing commission but in no  
20 case shall it exceed a rate of .12% of the equalized assessed  
21 valuation of all property in the territory of the program  
22 having at least one, but not more than 6 dwelling units and  
23 classified by county ordinance as residential, or the maximum

1 tax rate approved by the voters of the territory at the  
2 referendum which created the program or, in the case of a  
3 merged program, the maximum tax rate approved by the voters at  
4 the referendum authorizing the merger, whichever rate is  
5 lower. The commissioners shall cause the amount to be raised  
6 by taxation in each year to be certified to the county clerk in  
7 the manner provided by law, and any tax so levied and certified  
8 shall be collected and enforced in the same manner and by the  
9 same officers as those taxes for the purposes of the county and  
10 city within which the territory of the commission is located.  
11 Any such tax, when collected, shall be paid over to the proper  
12 officer of the commission who is authorized to receive and  
13 receipt for such tax. The governing commission may issue tax  
14 anticipation warrants against the taxes to be assessed for the  
15 calendar year in which the program is created and for the first  
16 full calendar year after the creation of the program.

17 (c) The moneys deposited in the guarantee fund shall, as  
18 nearly as practicable, be fully and continuously invested or  
19 reinvested by the governing commission in investment  
20 obligations which shall be in such amounts, and shall mature  
21 at such times, that the maturity or date of redemption at the  
22 option of the holder of such investment obligations shall  
23 coincide, as nearly as practicable, with the times at which  
24 monies will be required for the purposes of the program. For  
25 the purposes of this Section investment obligation shall mean  
26 direct general municipal, state, or federal obligations which

1 at the time are legal investments under the laws of this State  
2 and the payment of principal of and interest on which are  
3 unconditionally guaranteed by the governing body issuing them.

4 (d) Except as permitted by this subsection and subsection  
5 (d-5), the guarantee fund shall be used solely and exclusively  
6 for the purpose of providing guarantees to members of the  
7 particular Guaranteed Home Equity Program and for reasonable  
8 salaries, expenses, bills, and fees incurred in administering  
9 the program, and shall be used for no other purpose.

10 A governing commission, with no less than \$4,000,000 in  
11 its guarantee fund, may, if authorized (i) by referendum duly  
12 adopted by a majority of the voters or (ii) by resolution of  
13 the governing commission upon approval by two-thirds of the  
14 commissioners, establish a Low Interest Home Improvement Loan  
15 Program in accordance with and subject to procedures  
16 established by a financial institution, as defined in the  
17 Illinois Banking Act. Whenever the question of creating a Low  
18 Interest Home Improvement Loan Program is initiated by  
19 resolution or ordinance of the corporate authorities of the  
20 municipality or by a petition signed by not less than 10% of  
21 the total number of registered voters of each precinct in the  
22 territory, the registered voters of which are eligible to sign  
23 the petition, it shall be the duty of the election authority  
24 having jurisdiction over the municipality to submit the  
25 question of creating the program to the electors of each  
26 precinct within the territory at the regular election

1 specified in the resolution, ordinance, or petition initiating  
2 the question. A petition initiating a question described in  
3 this subsection shall be filed with the election authority  
4 having jurisdiction over the municipality. The petition shall  
5 be filed and objections to the petition shall be made in the  
6 manner provided in the Election Code. A resolution, ordinance,  
7 or petition initiating a question described in this subsection  
8 shall specify the election at which the question is to be  
9 submitted. The referendum on the question shall be held in  
10 accordance with the Election Code. The question shall be in  
11 substantially the following form:

12 "Shall the (name of the home equity program) implement  
13 a Low Interest Home Improvement Loan Program with money  
14 from the guarantee fund of the established guaranteed home  
15 equity program?"

16 The votes must be recorded as "Yes" or "No".

17 Whenever a majority of the voters on the public question  
18 approve the creation of the program as certified by the proper  
19 election authorities or a resolution of the governing  
20 commission is approved by a two-thirds majority, the  
21 commission shall establish the program and administer the  
22 program with funds collected under the Guaranteed Home Equity  
23 Program, subject to the following conditions:

24 (1) At any given time, the cumulative total of all  
25 loans and loan guarantees (if applicable) issued under  
26 this program may not reduce the balance of the guarantee

1 fund to less than \$3,000,000.

2 (2) Only eligible applicants may apply for a loan.

3 (3) The loan must be used for the repair, maintenance,  
4 remodeling, alteration, or improvement of a guaranteed  
5 residence. This condition is intended to include the  
6 repair or maintenance of a guaranteed residence's water  
7 and sewer pipes and repair of a guaranteed residence,  
8 including, but not limited to, basement repairs, following  
9 flooding damage or other natural disaster damage to the  
10 property. This condition is not intended to exclude the  
11 repair, maintenance, remodeling, alteration, or  
12 improvement of a guaranteed residence's landscape. This  
13 condition is intended to exclude the demolition of a  
14 current residence. This condition is also intended to  
15 exclude the construction of a new residence.

16 (4) An eligible applicant may not borrow more than the  
17 amount of equity value in his or her residence.

18 (5) A commission must ensure that loans issued are  
19 secured with collateral that is at least equal to the  
20 amount of the loan or loan guarantee.

21 (6) A commission shall charge an interest rate which  
22 it determines to be below the market rate of interest  
23 generally available to the applicant.

24 (7) A commission may, by resolution, establish other  
25 administrative rules and procedures as are necessary to  
26 implement this program including, but not limited to, loan

1 dollar amounts and terms. A commission may also impose on  
2 loan applicants a one-time application fee for the purpose  
3 of defraying the costs of administering the program.

4 (8) A commission may use loan funds to issue a grant or  
5 rebate for repairs, maintenance, remodeling, alteration,  
6 or improvement of a guaranteed residence for purposes of  
7 preventing or repairing damage as a result of a natural  
8 disaster, including, but not limited to, flooding.

9 (d-5) A governing commission, with no less than \$4,000,000  
10 in its guarantee fund, may, if authorized by referendum duly  
11 adopted by a majority of the voters, establish a Foreclosure  
12 Prevention Loan Fund to provide low interest emergency loans  
13 to eligible applicants that may be forced into foreclosure  
14 proceedings.

15 Whenever the question of creating a Foreclosure Prevention  
16 Loan Fund is initiated by resolution or ordinance of the  
17 corporate authorities of the municipality or by a petition  
18 signed by not less than 10% of the total number of registered  
19 voters of each precinct in the territory, the registered  
20 voters of which are eligible to sign the petition, it shall be  
21 the duty of the election authority having jurisdiction over  
22 the municipality to submit the question of creating the  
23 program to the electors of each precinct within the territory  
24 at the regular election specified in the resolution,  
25 ordinance, or petition initiating the question. A petition  
26 initiating a question described in this subsection shall be

1 filed with the election authority having jurisdiction over the  
2 municipality. The petition shall be filed and objections to  
3 the petition shall be made in the manner provided in the  
4 Election Code. A resolution, ordinance, or petition initiating  
5 a question described in this subsection shall specify the  
6 election at which the question is to be submitted. The  
7 referendum on the question shall be held in accordance with  
8 the Election Code. The question shall be in substantially the  
9 following form:

10 "Shall the (name of the home equity program) implement a  
11 Foreclosure Prevention Loan Fund with money from the guarantee  
12 fund of the established guaranteed home equity program?"

13 The votes must be recorded as "Yes" or "No".

14 Whenever a majority of the voters on the public question  
15 approve the creation of a Foreclosure Prevention Loan Fund as  
16 certified by the proper election authorities, the commission  
17 shall establish the program and administer the program with  
18 funds collected under the Guaranteed Home Equity Program,  
19 subject to the following conditions:

20 (1) At any given time, the cumulative total of all  
21 loans and loan guarantees (if applicable) issued under  
22 this program may not exceed \$3,000,000.

23 (2) Only eligible applicants may apply for a loan. The  
24 Commission may establish, by resolution, additional  
25 criteria for eligibility.

26 (3) The loan must be used to assist with preventing



1 foreclosure proceedings.

2 (4) An eligible applicant may not borrow more than the  
3 amount of equity value in his or her residence.

4 (5) A commission must ensure that loans issued are  
5 secured as a second lien on the property.

6 (6) A commission shall charge an interest rate which  
7 it determines to be below the market rate of interest  
8 generally available to the applicant.

9 (7) A commission may, by resolution, establish other  
10 administrative rules and procedures as are necessary to  
11 implement this program including, but not limited to,  
12 eligibility requirements for eligible applicants, loan  
13 dollar amounts, and loan terms.

14 (8) A commission may also impose on loan applicants a  
15 one-time application fee for the purpose of defraying the  
16 costs of administering the program.

17 (d-10) The Northwest Home Equity Assurance Program may, if  
18 authorized (i) by referendum approved by a majority of the  
19 voters or (ii) by resolution of the governing commission upon  
20 approval by two-thirds of the commissioners, establish a  
21 Delinquent Tax Repayment Loan Fund to provide low-interest  
22 emergency loans to eligible applicants.

23 If the question of creating a Delinquent Tax Repayment  
24 Loan Fund is initiated by resolution or ordinance of the  
25 corporate authorities of the municipality or by a petition  
26 signed by not less than 10% of the total number of registered

1 voters of each precinct in the territory, the registered  
2 voters of which are eligible to sign the petition, it shall be  
3 the duty of the election authority having jurisdiction over  
4 the municipality to submit the question of creating the  
5 program to the electors of each precinct within the territory  
6 at the regular election specified in the resolution,  
7 ordinance, or petition initiating the question. A resolution,  
8 ordinance, or petition initiating a question described in this  
9 subsection shall be filed with the election authority having  
10 jurisdiction over the municipality. The resolution, ordinance,  
11 or petition shall be filed and objections to the resolution,  
12 ordinance, or petition shall be made in the manner provided in  
13 the Election Code. A resolution, ordinance, or petition  
14 initiating a question described in this subsection shall  
15 specify the election at which the question is to be submitted.  
16 The referendum on the question shall be held in accordance  
17 with the Election Code. The question shall be in substantially  
18 the following form:

19 "Shall the (name of the home equity program) implement  
20 a Delinquent Tax Repayment Loan Fund with money from the  
21 guarantee fund of the Northwest Home Equity Assurance  
22 Program?"

23 The votes must be recorded as "Yes" or "No".

24 If a majority of the voters on the question approve the  
25 creation of a Delinquent Tax Repayment Loan Fund as certified  
26 by the proper election authorities or two-thirds of the

1 commissioners, by resolution, approve the creation of a  
2 Delinquent Tax Repayment Loan Fund, the commission shall  
3 establish the program and administer the program with funds  
4 collected under the program, subject to the following  
5 conditions:

6 (1) At any given time, the cumulative total of all  
7 loans and loan guarantees (if applicable) issued under  
8 this program may not exceed \$3,000,000.

9 (2) Only eligible applicants may apply for a loan. The  
10 commission may establish, by resolution, additional  
11 criteria for eligibility.

12 (3) The loan must be used to assist with repayment of  
13 delinquent property taxes and for those facing imminent  
14 delinquency.

15 (4) An eligible applicant may not borrow more than the  
16 amount due to the treasurer's office.

17 (5) A commission shall charge an interest rate which  
18 it determines to be below the market rate of interest  
19 generally available to the applicant.

20 (6) A commission may, by resolution, establish other  
21 administrative rules and procedures as are necessary to  
22 implement this program including, but not limited to,  
23 eligibility requirements for eligible applicants, loan  
24 dollar amounts, and loan terms.

25 (7) Where practicable, it shall be required that a  
26 borrower obtain free housing counseling services prior to

1 applying to this tax program for the purpose of assisting  
2 with budgeting and providing a recommendation as to  
3 whether this client is suited for this program.

4 (8) A commission may also impose on loan applicants a  
5 one-time application fee for the purpose of defraying the  
6 costs of administering the program.

7 (e) The guarantee fund shall be maintained, invested, and  
8 expended exclusively by the governing commission of the  
9 program for whose purposes it was created. Under no  
10 circumstance shall the guarantee fund be used by any person or  
11 persons, governmental body, or public or private agency or  
12 concern other than the governing commission of the program for  
13 whose purposes it was created. Under no circumstances shall  
14 the guarantee fund be commingled with other funds or  
15 investments.

16 (e-1) No commissioner or family member of a commissioner,  
17 or employee or family member of an employee, may receive any  
18 financial benefit, either directly or indirectly, from the  
19 guarantee fund. Nothing in this subsection (e-1) shall be  
20 construed to prohibit payment of expenses to a commissioner in  
21 accordance with Section 4 or payment of salaries or expenses  
22 to an employee in accordance with this Section.

23 As used in this subsection (e-1), "family member" means a  
24 spouse, child, stepchild, parent, brother, or sister of a  
25 commissioner or a child, stepchild, parent, brother, or sister  
26 of a commissioner's spouse.

1           (f) An independent audit of the guarantee fund and the  
2 management of the program shall be conducted annually and made  
3 available to the public through any office of the governing  
4 commission or a public facility such as a local public library  
5 located within the territory of the program.

6           (Source: P.A. 102-599, eff. 1-1-22.)