



93RD GENERAL ASSEMBLY
State of Illinois
2003 and 2004
SB2541

Introduced 2/3/2004, by Kimberly A. Lightford

SYNOPSIS AS INTRODUCED:

New Act

Creates the Teacher Homebuyer Assistance Act. Requires the Illinois Housing Development Authority to establish and administer a program to provide down payment assistance to public school teachers who teach in low-performing challenge schools for purchasing residences within the school district. Provides that the assistance shall be in the form of a deferred payment, low-interest subordinate mortgage loan with a term not longer than the term of the first mortgage loan, with interest accruing at a rate of up to 5% per annum. Provides that if the borrower has continuously been a teacher for the 5-year period immediately following the date of recordation of the loan deed of trust, then repayment of the loan shall be forgiven and considered a grant. Provides that repayment of the principal and accrued interest is due and payable upon the occurrence of certain events.

LRB093 20750 NHT 46642 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning teachers.

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

4 Section 1. Short title. This Act may be cited as the
5 Teacher Homebuyer Assistance Act.

6 Section 5. Legislative findings and declarations. The
7 General Assembly finds and declares all of the following:

8 (1) Attracting and retaining fully qualified teachers
9 is of paramount importance in ensuring that pupils have
10 fair access to a quality education and a fair chance to
11 succeed academically. This is especially critical for
12 schools that have the greatest number and percentage of
13 pupils with the most acute educational needs, who
14 predictably may score lowest on academic achievement
15 examinations.

16 (2) A high priority should be placed on attracting and
17 retaining quality teaching professionals who have
18 demonstrated exemplary teaching ability, who serve in
19 hard-to-staff schools, and who live in high-cost areas.

20 (3) Teachers face housing problems that exacerbate
21 school districts' efforts to attract and retain qualified
22 teachers. Many cannot afford to live in the communities in
23 which they teach, making it difficult for them to become
24 active members of their school's community. Providing
25 opportunities for teachers to participate in after-school
26 activities, from tutoring to coaching, benefits the
27 children and community in which the teacher is employed.

28 (4) Over the next 3 years it is estimated that 40% of
29 the State's teachers will be eligible for retirement. New
30 teachers will need to be hired and retained to meet the
31 demand generated by increasing student enrollment in
32 Illinois' public schools.

1 Section 10. Definitions. In this Act:

2 "Authority" means the Illinois Housing Development
3 Authority.

4 "Low-performing challenge school" means a public school
5 that does not meet State goals, as defined and designated by
6 the State Board of Education.

7 "Teacher" means a person who is currently employed as a
8 full-time teacher in a low-performing challenge school and who
9 is certified in this State in the subject field or grade level
10 for which the teacher is employed.

11 "Termination of employment" means that for whatever
12 reason, the borrower is no longer a teacher at any time during
13 the first 5 years immediately following the date of recordation
14 of the subordinate mortgage loan deed of trust. However, it
15 shall not be considered termination of employment if the
16 borrower is still employed at the same school at the time of
17 recordation of the subordinate mortgage loan, but the school is
18 no longer considered a low performing challenge school or if
19 the borrower accepts a teaching position at another public
20 school and his or her departure from the low-performing
21 challenge school was involuntary. The Authority may establish
22 guidelines for consideration of hardship cases in which it may
23 waive this 5-year continuous employment requirement.

24 Section 15. Teacher homebuyer assistance program.

25 (a) The Authority shall establish and administer a teacher
26 homebuyer assistance program and allocate funds in accordance
27 with this Act. The purpose of this program is to provide down
28 payment assistance to teachers for purchasing residences
29 within the jurisdiction in which they are employed.

30 (b) The maximum down payment assistance to a teacher under
31 this Act shall be determined by the median home price in the
32 school district where the teacher is employed, as follows:

33 (1) Any teacher employed in a school district with a
34 median home price over \$300,000 is eligible for maximum

1 down payment assistance of \$20,000.

2 (2) Any teacher employed in a school district with a
3 median home price from \$150,000 to \$300,000, inclusive, is
4 eligible for maximum down payment assistance of \$15,000.

5 (3) Any teacher employed in a school district with a
6 median home price below \$150,000 is eligible for maximum
7 down payment assistance of \$10,000.

8 (c) Assistance under this Act shall be in the form of a
9 deferred payment, low-interest subordinate mortgage loan with
10 a term not longer than the term of the first mortgage loan.
11 Interest on this subordinate mortgage loan shall accrue at a
12 rate of up to 5% per annum.

13 (d) The borrower's obligation to repay the loan shall be
14 evidenced by a lien consisting of a deed of trust, subordinate
15 in priority to the borrower's first mortgage loan financing
16 required to purchase the property. If the borrower has
17 continuously been a teacher for the 5-year period immediately
18 following the date of recordation of the subordinate mortgage
19 loan deed of trust and there has been no termination of
20 employment, then repayment of the subordinate mortgage loan
21 shall be forgiven and considered a grant so long as the
22 borrower produces employment records, to the Authority's
23 satisfaction, that the borrower has continuously been a teacher
24 during that 5-year period.

25 (e) Repayment of the principal and accrued interest is due
26 and payable at the earlier of the following events:

27 (1) sale of the residence;

28 (2) the borrower's failure to continuously occupy the
29 residence in accordance with paragraph (3) of Section 20 of
30 this Act; or

31 (3) satisfaction of the first mortgage loan.

32 In no event shall this loan be assumable.

33 (f) In the event of termination of employment by the
34 borrower within the first 5 years following recordation of the
35 subordinate mortgage loan deed of trust, the borrower shall be
36 obligated to repay to the Authority, in addition to other

1 amounts due on the loan, the pro rata amount of principal and
2 accrued interest on the loan that directly relates to the
3 period of time within that 5-year period in which the borrower
4 was not a teacher. In order to qualify for any pro rata
5 forgiveness of repayment of the loan, the borrower shall
6 produce employment records to the Authority's satisfaction
7 that the borrower was a teacher for the period in which the pro
8 rata forgiveness of loan is sought. If the borrower produces
9 evidence acceptable to the Authority that the borrower has
10 satisfied all of the requirements specified in this Section to
11 qualify for forgiveness of the loan in total, the Authority
12 must execute any documents that may be necessary so that the
13 borrower may clear title.

14 Section 20. Qualifying for loan. In order to qualify for a
15 loan under this Act, all of the following criteria must be met:

- 16 (1) The borrower must qualify as a teacher.
- 17 (2) The borrower's household income must not exceed
18 that specified in Section 143 of Title 26 of the United
19 States Code.
- 20 (3) The residence financed under this Act must be
21 continuously occupied by the borrower as his or her
22 principal residence for at least 5 years following the
23 recordation of the deed of trust securing the subordinate
24 mortgage loan. If the borrower fails to meet this
25 condition, the principal and accrued interest of the loan
26 is immediately due and payable.
- 27 (4) The residence being financed must be a
28 single-family residence, condominium, or manufactured home
29 located within the boundaries of the school district that
30 employs the borrower.

31 Section 25. Rules. The State Board of Education and the
32 Authority may adopt any rules necessary to carry out their
33 responsibilities under this Act.