



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB1224

Introduced 2/9/2007, by Sen. Linda Holmes

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 hard-to-staff schools or hard-to-staff positions 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. Effective immediately.

LRB095 10553 NHT 30771 b

FISCAL 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

1 active members of their school's community. Providing
2 opportunities for teachers to participate in after-school
3 activities, from tutoring to coaching, benefits the
4 children and community in which the teacher is employed.

5 Section 10. Definitions. In this Act:

6 "Authority" means the Illinois Housing Development
7 Authority.

8 "Hard-to-staff position" means a teaching category (such
9 as special education, mathematics, or science) in which
10 statewide data compiled by the State Board of Education
11 indicates a multi-year pattern of substantial teacher shortage
12 or that has been identified as a critical need by the school
13 board.

14 "Hard-to-staff school" means an elementary or secondary
15 school that, based on data compiled by the State Board of
16 Education, ranks in the upper third of schools in this State on
17 a combined index measuring the percentage of the school's
18 teachers who are not fully certified and the percentage of the
19 school's teachers who leave their positions annually.

20 "Teacher" means a person who is currently employed as a
21 full-time teacher in a hard-to-staff school or a hard-to-staff
22 position and who is certified in this State in the subject
23 field or grade level for which the teacher is employed.

24 "Termination of employment" means that for whatever
25 reason, the borrower is no longer a teacher at any time during

1 the first 5 years immediately following the date of recordation
2 of the subordinate mortgage loan deed of trust. However, it
3 shall not be considered termination of employment if the
4 borrower is still employed at the same school at the time of
5 recordation of the subordinate mortgage loan, but the school is
6 no longer considered a hard-to-staff school or the position in
7 which the teacher is employed is no longer considered a
8 hard-to-staff position or if the borrower accepts a teaching
9 position at another public school and his or her departure from
10 the hard-to-staff school was involuntary. The Authority may
11 establish guidelines for consideration of hardship cases in
12 which it may waive this 5-year continuous employment
13 requirement.

14 Section 15. Teacher homebuyer assistance program.

15 (a) The Authority shall establish and administer a teacher
16 homebuyer assistance program and allocate funds in accordance
17 with this Act. The purpose of this program is to provide down
18 payment assistance to teachers for purchasing residences
19 within the jurisdiction in which they are employed.

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

23 (1) Any teacher employed in a school district with a
24 median home price over \$300,000 is eligible for maximum
25 down payment assistance of \$20,000.

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

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

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

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

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

26 (1) sale of the residence;

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

4 (3) satisfaction of the first mortgage loan.

5 In no event shall this loan be assumable.

6 (f) In the event of termination of employment by the
7 borrower within the first 5 years following recordation of the
8 subordinate mortgage loan deed of trust, the borrower shall be
9 obligated to repay to the Authority, in addition to other
10 amounts due on the loan, the pro rata amount of principal and
11 accrued interest on the loan that directly relates to the
12 period of time within that 5-year period in which the borrower
13 was not a teacher. In order to qualify for any pro rata
14 forgiveness of repayment of the loan, the borrower shall
15 produce employment records to the Authority's satisfaction
16 that the borrower was a teacher for the period in which the pro
17 rata forgiveness of loan is sought. If the borrower produces
18 evidence acceptable to the Authority that the borrower has
19 satisfied all of the requirements specified in this Section to
20 qualify for forgiveness of the loan in total, the Authority
21 must execute any documents that may be necessary so that the
22 borrower may clear title.

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

25 (1) The borrower must qualify as a teacher.

1 (2) The borrower's gross household income must not
2 exceed 125% of the area median income, as defined by the
3 U.S. Department of Housing and Urban Development.

4 (3) The residence financed under this Act must be
5 continuously occupied by the borrower as his or her
6 principal residence for at least 5 years following the
7 recordation of the deed of trust securing the subordinate
8 mortgage loan. If the borrower fails to meet this
9 condition, the principal and accrued interest of the loan
10 is immediately due and payable.

11 (4) The residence being financed must be a
12 single-family residence, condominium, or manufactured home
13 located within the boundaries of the school district that
14 employs the borrower.

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

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.