

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 lower.
5 The commissioners shall cause the amount to be raised by
6 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 at
21 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 its
11 guarantee fund, may, if authorized by referendum duly adopted
12 by a majority of the voters, establish a Low Interest Home
13 Improvement Loan Program in accordance with and subject to
14 procedures established by a financial institution, as defined
15 in the Illinois Banking Act. Whenever the question of creating
16 a Low Interest Home Improvement Loan Program is initiated by
17 resolution or ordinance of the corporate authorities of the
18 municipality or by a petition signed by not less than 10% of
19 the total number of registered voters of each precinct in the
20 territory, the registered voters of which are eligible to sign
21 the petition, it shall be the duty of the election authority
22 having jurisdiction over the municipality to submit the
23 question of creating the program to the electors of each
24 precinct within the territory at the regular election specified
25 in the resolution, ordinance, or petition initiating the
26 question. A petition initiating a question described in this

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

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

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

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

21 (1) At any given time, the cumulative total of all
22 loans and loan guarantees (if applicable) issued under this
23 program may not reduce the balance of the guarantee fund to
24 less than \$3,000,000.

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

26 (3) The loan must be used for the repair, maintenance,

1 remodeling, alteration, or improvement of a guaranteed
2 residence. This condition is intended to include the repair
3 or maintenance of a guaranteed residence's water and sewer
4 pipes and repair of a guaranteed residence, including but
5 not limited to basement repairs, following flooding damage
6 to the property. This condition is not intended to exclude
7 the repair, maintenance, remodeling, alteration, or
8 improvement of a guaranteed residence's landscape. This
9 condition is intended to exclude the demolition of a
10 current residence. This condition is also intended to
11 exclude the construction of a new residence.

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

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

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

20 (7) 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, loan
23 dollar amounts and terms. A commission may also impose on
24 loan applicants a one-time application fee for the purpose
25 of defraying the costs of administering the program.

26 (d-5) A governing commission, with no less than \$4,000,000

1 in its guarantee fund, may, if authorized by referendum duly
2 adopted by a majority of the voters, establish a Foreclosure
3 Prevention Loan Fund to provide low interest emergency loans to
4 eligible applicants that may be forced into foreclosure
5 proceedings.

6 Whenever the question of creating a Foreclosure Prevention
7 Loan Fund is initiated by resolution or ordinance of the
8 corporate authorities of the municipality or by a petition
9 signed by not less than 10% of the total number of registered
10 voters of each precinct in the territory, the registered voters
11 of which are eligible to sign the petition, it shall be the
12 duty of the election authority having jurisdiction over the
13 municipality to submit the question of creating the program to
14 the electors of each precinct within the territory at the
15 regular election specified in the resolution, ordinance, or
16 petition initiating the question. A petition initiating a
17 question described in this subsection shall be filed with the
18 election authority having jurisdiction over the municipality.
19 The petition shall be filed and objections to the petition
20 shall be made in the manner provided in the Election Code. A
21 resolution, ordinance, or petition initiating a question
22 described in this subsection shall specify the election at
23 which the question is to be submitted. The referendum on the
24 question shall be held in accordance with the Election Code.
25 The question shall be in substantially the following form:

26 "Shall the (name of the home equity program) implement a

1 Foreclosure Prevention Loan Fund with money from the guarantee
2 fund of the established guaranteed home equity program? "

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

4 Whenever a majority of the voters on the public question
5 approve the creation of a Foreclosure Prevention Loan Fund as
6 certified by the proper election authorities, the commission
7 shall establish the program and administer the program with
8 funds collected under the Guaranteed Home Equity Program,
9 subject to the following conditions:

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

13 (2) Only eligible applicants may apply for a loan. The
14 Commission may establish, by resolution, additional
15 criteria for eligibility.

16 (3) The loan must be used to assist with preventing
17 foreclosure proceedings.

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

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

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

25 (7) A commission may, by resolution, establish other
26 administrative rules and procedures as are necessary to

1 implement this program including, but not limited to,
2 eligibility requirements for eligible applicants, loan
3 dollar amounts, and loan terms.

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 program
9 for whose purposes it was created. Under no circumstance shall
10 the guarantee fund be used by any person or persons,
11 governmental body, or public or private agency or concern other
12 than the governing commission of the program for whose purposes
13 it was created. Under no circumstances shall the guarantee fund
14 be commingled with other funds or investments.

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

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

26 (f) An independent audit of the guarantee fund and the

1 management of the program shall be conducted annually and made
2 available to the public through any office of the governing
3 commission or a public facility such as a local public library
4 located within the territory of the program.

5 (Source: P.A. 95-691, eff. 6-1-08.)