

1 AN ACT concerning home mortgages.

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 Local Government Housing Finance Act.

6 Section 5. Definitions. In this Act:

7 "Appraised value" means the fair market value of a home
8 determined in accordance with generally accepted procedures
9 and standards applicable to the appraisal of real property.

10 "Authority" means any county or any municipality in this
11 State.

12 "Bonds" means any revenue bonds authorized under this
13 Act and payable as provided under this Act.

14 "Corporate authorities" means the county board or the
15 corporate authorities of a municipality as defined in the
16 Illinois Municipal Code.

17 "Home" means real property and improvements on real
18 property located within the Authority consisting of not more
19 than 4 dwelling units, including, but not limited to,
20 condominium units owned by one mortgagor who occupies or
21 intends to occupy one of the units.

22 "Home mortgage loan" means an interest-bearing loan to a
23 mortgagor evidenced by a promissory note and secured by a
24 mortgage on a home purchased or originated in accordance with
25 this Act made for the purpose of acquiring a home having a
26 purchase price less than the maximum home value.

27 "Lender" means any lending institution participating in a
28 residential housing finance plan as the originator of home
29 mortgage loans.

30 "Lending institution" means any bank, bank holding
31 company, credit union, trust company, savings bank, national

1 banking association, savings and loan association, building
2 and loan association, mortgage banker, or other financial
3 institution that customarily provides service or otherwise
4 aids in the financing of home mortgages, or any holding
5 company for any of the foregoing.

6 "Maximum home value" means the amount determined by the
7 corporate authorities.

8 "Mortgagor" means a person of low or moderate income who
9 has received or qualifies to receive a home mortgage loan on
10 a home.

11 "Ordinance" means an ordinance adopted and approved by
12 the corporate authorities of an Authority.

13 "Purchase price" means the actual consideration paid to
14 the seller of a home.

15 "Person" means a natural person or persons or a trust,
16 provided that the trust is for the benefit of a natural
17 person or members of that person's immediate family.

18 "Participation commitment" means any undertaking or
19 agreement by a lending institution to participate in the
20 implementation of a residential housing finance plan.

21 "Persons of low or moderate income" means a person or
22 family (consisting of one or more persons all of whom occupy
23 or will occupy the home) whose aggregate gross income
24 including the gross income of any co-signer or guarantor of
25 the promissory note made in connection with the making of a
26 home mortgage loan does not exceed a maximum amount to be
27 established by the corporate authorities and determined in
28 accordance with appropriate criteria, rules, and regulations,
29 approved by the corporate authorities in connection with the
30 implementation of a residential housing finance plan.

31 "Residential housing finance plan" means a program
32 implemented under this Act by an Authority to assist persons
33 of low or moderate income in acquiring safe, decent, and
34 sanitary housing that they can afford.

1 "State" means the State of Illinois.

2 "Trustee" means any State or national bank or trust
3 company, having trust powers, located within or outside the
4 State of Illinois, that may be appointed to act in any
5 capacity with respect to a residential housing finance plan
6 and the issuance of bonds to finance that plan whether
7 designated as a trustee, custodian, or administrator.

8 Section 10. Powers. In addition to powers that an
9 Authority may now have, Authorities have the following
10 powers:

11 (a) To acquire, and to contract and enter into advance
12 commitments to acquire, directly or indirectly, home
13 mortgages owned by lending institutions at any prices and
14 upon any other terms and conditions that are determined by
15 the Authority or trustee that the Authority designates as its
16 agent.

17 (b) To make and execute contracts with lending
18 institutions for the origination and servicing of home
19 mortgage loans on behalf of an Authority and to pay the
20 reasonable value of services rendered in accordance with
21 those contracts.

22 (c) To make loans to lenders to enable those lenders to
23 make home mortgage loans in accordance with this Act.

24 (d) To establish, by rules, regulations, or ordinances
25 relating to the issuance of bonds or in any financing
26 documents relating to the issuance of bonds, any standards
27 and requirements applicable to the purchase of home mortgage
28 loans or the origination of home mortgage loans or loans to
29 lenders that the Authority deems necessary or desirable to
30 effectuate the public purposes of this Act, including but not
31 limited to: (i) the time within which lending institutions
32 must make participation commitments and make disbursements
33 for home mortgage loans; (ii) the terms and conditions of

1 home mortgage loans to be acquired or originated; (iii) the
2 standards and criteria to be applied by the Authority in
3 defining persons of low or moderate income; (iv) the amounts
4 and types of insurance coverage required on homes, home
5 mortgage loans, and bonds; (v) the representations and
6 warranties to be required of persons and lending institutions
7 as evidence of compliance with the standards and
8 requirements; (vi) restrictions as to interest rate and other
9 terms of home mortgage loans or the return realized therefrom
10 by lending institutions; (vii) the type and amount of
11 collateral security to be provided to assure repayment of any
12 loans to lenders by the Authority and to assure repayment of
13 bonds; and (viii) any other matters related to the purchase
14 or origination of home mortgage loans or the making of loans
15 to lenders that shall be deemed relevant or necessary by the
16 corporate authorities.

17 (e) To require from each lending institution from which
18 home mortgage loans are to be purchased or that will
19 originate home mortgage loans on behalf of the Authority or
20 from lenders to which loans are made the submission, at the
21 time of making participation commitments, of evidence
22 satisfactory to the Authority of the ability and intention of
23 the lending institutions to make home mortgage loans and the
24 submission, within the time specified by the Authority for
25 making disbursements for home mortgage loans, of evidence
26 satisfactory to the Authority of the making of home mortgage
27 loans and of compliance with any standards and requirements
28 established by the Authority.

29 (f) To require that a lending institution or lender
30 furnish, prior to or concurrent with the delivery of any
31 participation commitment by a lending institution, a
32 commitment fee in the form of a cash deposit, letter of
33 credit, promissory note, surety bond, or other instrument
34 approved by the corporate authorities executed by or on

1 behalf of the lending institution, in an amount to be
2 determined by the corporate authorities.

3 (g) To issue its bonds to defray, in whole or in part,
4 (i) the cost of acquiring or originating home mortgage loans
5 or making loans to lenders in order to enable them to make
6 home mortgage loans; (ii) if deemed necessary or advisable,
7 the cost of paying interest on bonds during a reasonable
8 period necessary to acquire or originate the home mortgage
9 loans or to make the loans to the lender; (iii) the costs of
10 studies and surveys, insurance premiums, underwriting fees,
11 legal, accounting, and marketing services incurred in
12 connection with the issuance and the sale of the bonds,
13 including amounts required to establish reasonably necessary
14 bond and interest reserve accounts, and trustee, custodian,
15 and rating agency fees; (iv) the costs of reasonable
16 reserves; and (v) any other costs that are reasonably related
17 to the foregoing.

18 (h) To authorize the sale or other disposition of any
19 home mortgage loan, in whole or in part, upon any terms, at
20 any price and time, and from time to time, as may be
21 necessary to assure that the revenues and receipts to be
22 derived with respect to the home mortgage loans, together
23 with any insurance proceeds, funds held in reserve accounts,
24 and earnings thereon, shall produce and provide revenues and
25 receipts at least sufficient to provide for the prompt
26 payment of the principal, redemption premiums, if any, and
27 interest at maturity of all bonds issued pursuant to this Act
28 or to otherwise authorize the sale or other disposition of
29 any home mortgage loan after the bonds have been paid or
30 deemed to be paid.

31 (i) To pledge any revenues and receipts to be received
32 from any home mortgage loans to the punctual payment of bonds
33 authorized under this Act, and the interest and redemption
34 premiums, if any, on the bonds.

1 (j) To mortgage, pledge, or grant security interests in
2 any home mortgage loans, notes, or other property in favor of
3 the holder or holders of bonds issued therefor.

4 (k) To issue its bonds in any amount that may be
5 necessary (and not limited by the amount of bonds refunded)
6 for the purpose of refunding, in whole or in part, at any
7 time, bonds previously issued, the proceeds of which
8 refunding bonds may be used, at the discretion of the
9 corporate authorities, for paying bonds at maturity, calling
10 bonds for payment, and paying bonds prior to maturity, or for
11 deposit into an escrow or trust fund in advance of maturity
12 of bonds to be held for payment thereof at maturity or
13 earlier.

14 (l) To appoint or designate a trustee or trustees for
15 the benefit of the bondholders and to delegate and assign
16 thereto, insofar as it may lawfully do so, its rights,
17 duties, and responsibilities with respect to carrying out and
18 enforcing the terms and provisions of its residential housing
19 finance plan.

20 (m) To provide for and authorize the use and disposition
21 of any funds remaining in the possession of the Authority or
22 its trustees following payment and retirement of the bonds of
23 a designated series issued under this Act.

24 (n) To make and execute contracts and other instruments
25 necessary or convenient to the exercise of any of the powers
26 granted in this Act.

27 Section 15. Ordinance authorizing exercise of powers.
28 The exercise of any or all powers granted by this Act shall
29 be authorized and the bonds shall be authorized to be issued
30 under this Act for the purposes set forth in this Act, by an
31 ordinance adopted by the corporate authorities that takes
32 effect immediately upon adoption. The ordinance shall set
33 forth a finding and declaration (i) of the public purpose

1 therefor and (ii) that the ordinance is adopted pursuant to
2 this Act, which finding and declaration shall be conclusive
3 evidence of the existence and sufficiency of the public
4 purpose and of the power to carry out and give effect to the
5 public purpose.

6 The bonds shall bear interest at any rate or rates
7 without regard to any other law pertaining to interest rate
8 limitations, may be payable at any time or times, may be in
9 one or more series, may bear any date or dates, may mature at
10 any time or times not exceeding 40 years from their
11 respective dates, may be payable in any medium of payment at
12 any place or places, may carry any registration privileges,
13 may be subject to any terms of redemption at any premiums,
14 may be executed in any manner, may contain any terms,
15 covenants, and conditions, and may be in any form, either
16 coupon or registered, that the corporate authorities shall
17 provide. The bonds may be sold at public or private sale at
18 any price, in any manner and upon any terms that the
19 corporate authorities may authorize, and may be issued to the
20 purchaser or purchasers of bonds sold under this Act. The
21 bonds and interim notes shall be deemed to be securities and
22 negotiable instruments within the meaning of and for all
23 purposes of the Uniform Commercial Code.

24 Section 20. Covenants. Any ordinances authorizing the
25 issuance of the bonds under this Act may contain covenants
26 regarding (i) the use and disposition of the revenues and
27 receipts from any home mortgage loans for which the bonds are
28 to be issued, including the creation and maintenance of any
29 reasonable and adequate reserves that the corporate
30 authorities may determine; (ii) the insurance to be carried
31 on any home mortgage loan or bonds and the use and
32 disposition of the proceeds of that insurance; (iii) the
33 appointment of one or more trustees for the benefit of the

1 bondholders, paying agents, or bond registrants; (iv) the
2 investment of any funds held by the trustee or lender,
3 notwithstanding any other law to the contrary; (v) the
4 maximum rate payable on any home mortgage loan; and (vi) the
5 terms and conditions upon which the holders of the bonds or
6 any portion of the bonds, or any trustees for the bonds, are
7 entitled to the appointment of a receiver by a court of
8 competent jurisdiction, and any terms and conditions may
9 provide that the receiver may take possession of the home
10 mortgage loans or any part thereof and maintain, sell, or
11 otherwise dispose of the home mortgage loans, prescribe other
12 payments, and collect, receive, and apply all income and
13 revenues thereafter derived therefrom. An ordinance
14 authorizing the issuance of bonds under this Act may provide
15 that payment of the principal of, redemption premium, if any,
16 on and interest on any bonds issued under this Act shall be
17 secured by a mortgage, pledge, security interest, insurance
18 agreement, or indenture of trust of or with respect to any
19 home mortgage loans and a lien upon the revenues and receipts
20 derived therefrom or from any notes or other obligations of
21 lending institutions with respect to which the bonds are
22 issued. The mortgage, pledge, security interest, insurance
23 agreement, or indenture of trust constitute a contract with
24 the holder or holders of the bonds and continue in effect
25 until the principal of, the interest on, and the redemption
26 premiums, if any, on the bonds have been fully paid or
27 provision made for the payment of the bonds, and the duties
28 of the Authority and its corporate authorities and officers
29 under this Act and any ordinance and any mortgage, pledge,
30 security interest, insurance agreement, or indenture of trust
31 shall be enforceable as provided therein by any bondholder by
32 mandamus, foreclosure of any mortgage, pledge, security
33 interest, insurance agreement, or indenture of trust, or
34 other appropriate suit, action, or proceeding in any court of

1 competent jurisdiction; provided the ordinance or any
2 mortgage, pledge, security interest, insurance agreement, or
3 indenture of trust under which the bonds are issued may
4 provide that all remedies and rights to enforcement may be
5 vested in a trustee (with full power of appointment) for the
6 benefit of all the bondholders, which trustee shall be
7 subject to the control of any number of holders or owners of
8 any outstanding bonds as provided therein.

9 Section 25. Signatures. The bonds shall bear the manual
10 or facsimile signatures of any officers of the Authority that
11 may be designated in the ordinance authorizing the bonds and
12 the signatures constitute the valid and binding signatures of
13 the officers, notwithstanding that before the delivery of and
14 payment for the bonds any or all of the persons whose
15 signatures appear thereon have ceased to be officers of the
16 Authority. The validity of the bonds shall not be dependent
17 on nor affected by the validity or regularity of any
18 proceedings relating to the home mortgage loans acquired or
19 made from proceeds of the bonds. A recital in the bonds that
20 they are issued pursuant to this Act shall be conclusive
21 evidence of their validity and of the regularity of their
22 issuance.

23 Section 30. Pledges; validity. Any pledge made to secure
24 bonds shall be valid and binding from the time when the
25 pledge is made. The revenues and receipts or property or
26 interests in property pledged and thereafter received by the
27 Authority or trustee shall immediately be subject to the lien
28 of the pledge without any physical delivery of the pledge or
29 further act, and the lien of any such pledge shall be valid
30 and binding as against all parties having claims of any kind
31 in tort, contract, or otherwise against the Authority or
32 trustee irrespective of whether the parties have notice

1 thereof. Neither the ordinance, nor any other instrument by
2 which a pledge is created, need be recorded.

3 Section 35. Bonds; obligations of the Authority. All
4 bonds issued under this Act shall be limited obligations of
5 the Authority issuing the same, payable solely from the (i)
6 bond proceeds, (ii) revenues and receipts derived from the
7 home mortgage loans or from any notes or other obligations of
8 persons with respect to which the bonds are issued and
9 secured by a mortgage, pledge, security interest, insurance
10 agreement, or indenture of trust of or with respect to such
11 home mortgage loans, (iii) certain insurance proceeds which
12 may relate to the bonds or the home mortgage loans, (iv)
13 participation fees, or (v) certain reserve funds. No
14 Authority shall have any right or authority to levy taxes to
15 pay any of the principal of, redemption premium, if any, or
16 interest on any bonds issued pursuant to this Act or any
17 judgment against an Authority on account of the bonds. No
18 holder of any bonds issued under this Act shall have the
19 right to compel any exercise of the taxing power of any
20 Authority to pay the bonds, the interest, or redemption
21 premium, if any, on the bonds, and the bonds shall not
22 constitute an indebtedness of the Authority, or a loan of the
23 faith and credit of the Authority, within the meaning of any
24 constitutional or statutory provision, nor shall the bonds be
25 construed to create any moral obligation on the part of the
26 Authority to provide for the payment of the bonds. It shall
27 be plainly stated on the face of each bond that it has been
28 issued under the provisions of this Act and that it does not
29 constitute an indebtedness of the Authority, or a loan of the
30 faith and credit of the Authority, within the meaning of any
31 constitutional or statutory provision. Bonds may be issued
32 pursuant to this Act without regard to (i) any statutory
33 limitation as to bonded indebtedness and shall not be

1 included in computing total bonded indebtedness within the
2 meaning of any statutory limitation, (ii) any requirement of
3 competitive bidding or procedure for award of contracts
4 applicable by any statute, (iii) any requirement of
5 publication of ordinance or other documents, or (iv) any
6 requirement of referendum or petition.

7 Section 40. Personal liability; corporate authorities.
8 Neither the members of the corporate authorities of an
9 Authority, nor any official or employee the Authority, nor
10 any person executing bonds issued under this Act shall be
11 liable personally for payment of the bonds or the interest or
12 redemption premium, if any, thereon or be subject to any
13 personal liability or accountability by reason of the
14 issuance thereof.

15 Section 45. Joint or cooperative action. One or more
16 Authorities (whether or not any of them are home rule units)
17 may join together or cooperate with one another in the
18 exercise, either jointly, on behalf of the Authorities, or
19 otherwise, of any one or more of the powers conferred upon
20 Authorities under this Act or other enabling acts or powers.
21 Notwithstanding any other law to the contrary, one or more
22 Authorities may issue bonds on behalf of other Authorities
23 (whether or not any of the Authorities are home rule units of
24 government), whether or not the home mortgage loan is made
25 within the corporate limits of the Authority issuing the
26 bonds or any other cooperating Authority. The joint or
27 cooperative action shall be taken only in accordance with and
28 pursuant to a written agreement entered into between or among
29 such cooperating parties.

30 Section 50. Legal investments. Notwithstanding any other
31 provision of law, bonds issued pursuant to this Act shall be

1 legal investments for all trust funds, insurance companies,
2 savings and loan associations, investment companies, and
3 banks, both savings and commercial, and shall be legal
4 investments for executors, administrators, trustees, and all
5 other fiduciaries. The bonds shall be legal investments for
6 State school funds and for any funds which may be invested in
7 county, municipal, or school district bonds, and such bonds
8 shall be deemed to be securities which may properly and
9 legally be deposited with, and received by, any State or
10 municipal officer or by any agency or political subdivision
11 of the State for any purpose for which the deposit of bonds
12 or obligations of the State is now, or may hereafter, be
13 authorized by law, including deposits to secure public funds.

14 Section 55. Interests of corporate officers or employees;
15 participating lending institutions. Notwithstanding the
16 provisions of any other law to the contrary, a member of the
17 corporate authorities, or an officer or employee of the
18 Authority, may be an officer, employee, or stockholder of a
19 lending institution or lender participating in a residential
20 housing finance plan of the corporate authorities, provided
21 the member (if a member of the corporate authorities)
22 declares such position or interest at a regular meeting of
23 the corporate authorities prior to passage of an ordinance
24 establishing the plan and abstains from voting on the
25 ordinance.

26 Section 60. Scope of additional powers. The powers
27 conferred by this Act are in addition and supplemental to,
28 and the limitations imposed by this Act shall not affect, the
29 powers conferred upon Authorities by any other law. This Act
30 is not a limitation upon the powers of home rule units. Home
31 mortgage loans may be acquired, purchased, and financed, and
32 bonds may be issued under this Act for those purposes,

1 notwithstanding that any other law or power may provide for
2 the acquisition, purchase, and financing of like home
3 mortgage loans, or the issuance of bonds for like purposes,
4 and without regard to the requirements, restrictions,
5 limitations, or other provisions contained in any law,
6 including any law relating to any requirement of competitive
7 bidding or restriction imposed on the sale or disposition of
8 property or award of contracts. Nothing in this Act shall be
9 deemed or construed to prohibit the exercise of the powers
10 conferred upon Authorities in connection with the financing
11 of federally assisted housing for persons of low and moderate
12 income.

13 Section 65. Construction. This Act is necessary for
14 the health, welfare, and safety of the State, its counties
15 and municipalities, and its inhabitants; therefore, it shall
16 be liberally construed to effect its purposes.

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