

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 to the property. This condition is not
10 intended to exclude the repair, maintenance, remodeling,
11 alteration, or improvement of a guaranteed residence's
12 landscape. This condition is intended to exclude the
13 demolition of a current residence. This condition is also
14 intended to exclude the construction of a new residence.

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

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

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

23 (7) A commission may, by resolution, establish other
24 administrative rules and procedures as are necessary to
25 implement this program including, but not limited to, loan
26 dollar amounts and terms. A commission may also impose on

1 loan applicants a one-time application fee for the purpose
2 of defraying the costs of administering the program.

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

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

1 referendum on the question shall be held in accordance with
2 the Election Code. The question shall be in substantially the
3 following form:

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

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

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

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

17 (2) Only eligible applicants may apply for a loan. The
18 Commission may establish, by resolution, additional
19 criteria for eligibility.

20 (3) The loan must be used to assist with preventing
21 foreclosure proceedings.

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

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

26 (6) A commission shall charge an interest rate which

1 it determines to be below the market rate of interest
2 generally available to the applicant.

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

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

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

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

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

13 "Shall the (name of the home equity program) implement
14 a Delinquent Tax Repayment Loan Fund with money from the
15 guarantee fund of the Northwest Home Equity Assurance
16 Program?"

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

18 If a majority of the voters on the question approve the
19 creation of a Delinquent Tax Repayment Loan Fund as certified
20 by the proper election authorities or two-thirds of the
21 commissioners, by resolution, approve the creation of a
22 Delinquent Tax Repayment Loan Fund, the commission shall
23 establish the program and administer the program with funds
24 collected under the program, subject to the following
25 conditions:

26 (1) At any given time, the cumulative total of all

1 loans and loan guarantees (if applicable) issued under
2 this program may not exceed \$3,000,000.

3 (2) Only eligible applicants may apply for a loan. The
4 Commission may establish, by resolution, additional
5 criteria for eligibility.

6 (3) The loan must be used to assist with repayment of
7 delinquent property taxes and for those facing imminent
8 delinquency.

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

11 (5) A commission shall charge an interest rate which
12 it determines to be below the market rate of interest
13 generally available to the applicant.

14 (6) A commission may, by resolution, establish other
15 administrative rules and procedures as are necessary to
16 implement this program including, but not limited to,
17 eligibility requirements for eligible applicants, loan
18 dollar amounts, and loan terms.

19 (7) Where practicable, it shall be required that a
20 borrower obtain free housing counseling services prior to
21 applying to this tax program for the purpose of assisting
22 with budgeting and providing a recommendation as to
23 whether this client is suited for this program.

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

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

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

17 As used in this subsection (e-1), "family member" means a
18 spouse, child, stepchild, parent, brother, or sister of a
19 commissioner or a child, stepchild, parent, brother, or sister
20 of a commissioner's spouse.

21 (f) An independent audit of the guarantee fund and the
22 management of the program shall be conducted annually and made
23 available to the public through any office of the governing
24 commission or a public facility such as a local public library
25 located within the territory of the program.

26 (Source: P.A. 98-1160, eff. 6-1-15; 99-37, eff. 1-1-16.)