

1 AN ACT concerning the use of State funds.

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

4 Section 5. The Deposit of State Moneys Act is amended by  
5 changing Section 7 as follows:

6 (15 ILCS 520/7) (from Ch. 130, par. 26)

7 Sec. 7. (a) Proposals made may either be approved or  
8 rejected by the State Treasurer. A bank or savings and loan  
9 association whose proposal is approved shall be eligible to  
10 become a State depository for the class or classes of funds  
11 covered by its proposal. A bank or savings and loan  
12 association whose proposal is rejected shall not be so  
13 eligible. The State Treasurer shall seek to have at all times  
14 a total of not less than 20 banks or savings and loan  
15 associations which are approved as State depositories for  
16 time deposits.

17 (b) The State Treasurer may, in his discretion, accept a  
18 proposal from an eligible institution which provides for a  
19 reduced rate of interest provided that such institution  
20 documents the use of deposited funds for community  
21 development projects.

22 (c) The State Treasurer may, in his or her discretion,  
23 accept a proposal from an eligible institution that provides  
24 for interest earnings on deposits of State moneys to be held  
25 by the institution in a separate account that the State  
26 Treasurer may use to secure up to 10% of any (i) home loans  
27 to Illinois citizens purchasing a home in Illinois in  
28 situations where the institution would not offer the borrower  
29 a home loan under the institution's prevailing credit  
30 standards without the incentive of a reduced rate of interest  
31 on deposits of State moneys and (ii) existing home loans of

1 Illinois citizens who have failed to make payments on the  
2 home loan as a result of a temporary layoff or disability,  
3 but who have resumed making payments on the home loan and  
4 have made at least 2 consecutive payments, when under the  
5 institution's prevailing policies it would commence or pursue  
6 foreclosure proceedings if it were not for the incentive of a  
7 reduced rate of interest on deposits of State moneys.

8 For the purposes of this Section, "home loan" means a  
9 loan, other than an open-end credit plan or a reverse  
10 mortgage transaction, for which (i) the principal amount of  
11 the loan does not exceed 50% of the conforming loan size  
12 limit for a single-family dwelling as established from time  
13 to time by the Federal National Mortgage Association, (ii)  
14 the borrower is a natural person, (iii) the debt is incurred  
15 by the borrower primarily for personal, family, or household  
16 purposes, and (iv) the loan is secured by a mortgage or deed  
17 of trust on real estate upon which there is located or there  
18 is to be located a structure designed principally for the  
19 occupancy of one family and that is or will be occupied by  
20 the borrower as the borrower's principal dwelling.

21 (d) If there is an agreement between the State Treasurer  
22 and an eligible institution that details the use of deposited  
23 funds, the agreement may not require the gift of money,  
24 goods, or services to a third party; this provision does not  
25 restrict the eligible institution from contracting with third  
26 parties in order to carry out the intent of the agreement or  
27 restrict the State Treasurer from placing requirements upon  
28 third-party contracts entered into by the eligible  
29 institution.

30 (Source: P.A. 89-350, eff. 8-17-95.)

31 Section 99. Effective date. This Act takes effect upon  
32 becoming law.