

1 AN ACT in relation to home equity programs.

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 3 and by adding Section 4.3 as follows:

6 (65 ILCS 95/3) (from Ch. 24, par. 1603)

7 Sec. 3. Definitions. For the purposes of this Act:

8 (a) "Bona fide offer" means an offer made in good faith
9 and for a valuable consideration to purchase a qualified
10 residence.

11 (b) "Certificate of participation" means the duly
12 notarized document of membership in a program, signed by the
13 qualified applicant and by an authorized representative of
14 the governing commission, which specifies the location and
15 description of the guaranteed residence, its guaranteed
16 value, the registration date, and which has attached a
17 program appraisal for the guaranteed residence.

18 (c) "Community organization" means a not-for-profit
19 organization which has been registered with this State for at
20 least 5 years as a not-for-profit organization, which
21 qualifies for tax exempt status under Section 501 (c) (3) or
22 501 (c) (4) of the United States Internal Revenue Code of
23 1986, as now or hereafter amended, which continuously
24 maintains an office or business location within the territory
25 of a program together with a current listed telephone number,
26 and whose members reside within the territory of a program.

27 (d) "Eligible applicant" means a natural person who is
28 the owner of a qualified residence within the territory of a
29 program who continuously occupies or has a family member who
30 occupies such qualified residence as the principal place of
31 residence.

1 (e) "Family member" means a spouse, child, stepchild,
2 parent, grandparent, brother, sister, or any such relations
3 of the spouse of the member.

4 (f) "Governing commission" means the 9 member (or 18
5 member in the case of a merged program or the number of
6 members required under Section 4.3 in the case of the
7 transfer of territory between programs) governing body which
8 is authorized by voter approval of the creation of a home
9 equity program (or merger of programs or transfer of
10 territory between programs) as provided in this Act. The
11 members shall be and-which-is appointed by the mayor of the
12 municipality in which the program has been approved with the
13 approval of the city council. Seven members⁷⁻⁷ (or 14 in the
14 case of a merged program) of the commission and any members
15 appointed under Section 4.3 whom shall be appointed from a
16 list or lists of nominees submitted by a community
17 organization or community organizations as defined in this
18 Act.

19 (g) "Gross selling value" means the total consideration
20 to be paid for the purchase of a guaranteed residence, and
21 shall include any amount that the buyer or prospective buyer
22 agrees to assume on behalf of a member, including broker
23 commissions, points, legal fees, personal financing, or other
24 items of value involved in the sale.

25 (h) "Guarantee fund" means the funds collected under the
26 provisions of this Act for the purpose of guaranteeing the
27 property values of members within the territory of a program.

28 (i) "Guaranteed residence" means a qualified residence
29 for which a certificate of participation has been issued,
30 which is occupied continuously as the place of legal
31 residence by the member or a family member, which is
32 described in the certificate of participation, and which is
33 entitled to coverage under this Act.

34 (j) "Guaranteed value" means the appraised valuation

1 based upon a standard of current fair market value as of the
2 registration date on the qualified residence as determined by
3 a program appraiser pursuant to accepted professional
4 appraisal standards and which is authorized by the commission
5 for the registration date. The guaranteed value shall be
6 used solely by the commission for the purpose of
7 administering the program and shall remain confidential.

8 (k) "Member" means the owner of a guaranteed residence.

9 (l) "Owner" means a natural person who is the legal
10 titleholder or who is the beneficiary of a trust which is the
11 legal titleholder.

12 (m) "Physical perils" means physical occurrences such
13 as, but not limited to, fire, windstorm, hail, nuclear
14 explosion or seepage, war, insurrection, wear and tear,
15 cracking, settling, vermin, rodents, insects, vandalism,
16 pollution or contamination, and all such related occurrences
17 or acts of God.

18 (n) "Program" means the guaranteed home equity program
19 governed by a specific home equity commission.

20 (o) "Program appraisal" means a real estate appraisal
21 conducted by a program appraiser for the purpose of
22 establishing the guaranteed value of a qualified residence
23 under a program and providing a general description of the
24 qualified residence. The program appraisal shall be used
25 solely by the governing commission for the purpose of
26 administering the program and shall remain confidential.

27 (p) "Program appraiser" means a real estate appraiser
28 who meets the professional standards established by the
29 American Institute of Real Estate Appraisers (AIREA), the
30 National Association of Independent Fee Appraisers (NAIFA),
31 the National Society of Real Estate Appraisers (NSREA) or the
32 American Society of Appraisers (ASA) and whose name is
33 submitted to the governing commission by the appraiser to
34 conduct program appraisals under the provisions of a program.

1 (q) "Program guidelines" means those policies, rules,
2 regulations, and bylaws established from time to time by the
3 governing commission to explain, clarify, or modify the
4 program in order to fulfill its goals and objectives.

5 (r) "Qualified residence" means a building: (1) located
6 in the territory of a program having at least one, but not
7 more than 6, dwelling units; (2) classified by county
8 ordinance as residential and assessed for property tax
9 purposes; and (3) with at least one dwelling unit
10 continuously occupied as the principal legal residence of a
11 member or family member.

12 (s) "Registration date" means the date of receipt by the
13 governing commission of the registration fee and a completed
14 application of a qualified applicant for participation in a
15 program.

16 (t) "Registration fee" means the fee which is
17 established by the governing commission to defray the cost of
18 a program appraisal on a qualified residence.

19 (Source: P.A. 86-684.)

20 (65 ILCS 95/4.3 new)

21 Sec. 4.3. Transfer of territory.

22 (a) In a municipality with more than 1,000,000
23 inhabitants, territory may be transferred from one existing
24 home equity program to another existing, contiguous home
25 equity program. The question of transferring territory must
26 be initiated by a petition signed by not less than 10% of the
27 total number of registered voters who are eligible to sign
28 the petition who are residing in the territory to be
29 transferred and either (i) a resolution or ordinance of the
30 governing commission of the program to which the territory
31 will be transferred or (ii) a petition signed by not less
32 than 10% of the total number of registered voters eligible to
33 sign the petition who are residing in the geographic area of

1 the program to which the territory will be transferred. It is
2 the duty of the election authority having jurisdiction over
3 the municipality to submit the question of transferring
4 territory to the electors of the program to which the
5 territory is being transferred and the electors residing in
6 the territory to be transferred at the regular election
7 specified in the resolution, ordinance, or petition
8 initiating the question. A petition initiating the question
9 described in this Section must be filed with the election
10 authority having jurisdiction over the municipality. The
11 petition must be filed and objections to the petition must be
12 made in the manner provided in the Election Code. A
13 resolution, ordinance, or petition initiating a question
14 described in this Section must specify the election at which
15 the question is to be submitted. The referendum on the
16 question must be held in accordance with the Election Code.
17 The question, and the resolution, ordinance, or petition
18 initiating the question, must include a description of the
19 territory to be transferred and the maximum rate at which a
20 property tax may be levied on the taxable property in the
21 transferred territory. All of the geographic area of the
22 territory described in the question shall be transferred, and
23 no area outside of the geographic boundaries of the territory
24 described in the question may be transferred. If the
25 election authority determines that the description cannot be
26 included within the space limitations of the ballot, the
27 election authority must prepare large printed copies of a
28 notice of the question that must be prominently displayed in
29 the polling place of each precinct in which the question is
30 to be submitted.

31 (b) All proceedings and meetings of the governing
32 commission must be conducted in accordance with the Open
33 Meetings Act.

34 Upon the transfer of territory from one program to

1 another, the members in the transferred territory are members
2 of the program to which the territory is transferred. Any
3 registration fee required by the program to which the
4 territory is transferred for new members must be waived with
5 respect to transferred members. Program appraisals of a
6 transferred member's property must be accepted by the program
7 to which the territory is transferred. The program to which
8 the territory is transferred, including the transferred
9 territory, shall be operated as a single program.

10 (c) When transferred territory is added to a program, an
11 additional commissioner who is a resident of the transferred
12 territory must be appointed by the mayor from a list of
13 nominees submitted by a community organization or community
14 organizations, as defined in this Act, to the governing
15 commisson of the program to which the territory is
16 transferred. A community organization's list may not
17 recommend more than 3 individuals.

18 If the total number of registered voters in the
19 transferred territory exceeds 20% of the total number of
20 registered voters in the geographic area of the program to
21 which the territory was transferred as it existed before the
22 transfer, then 2 additional commissioners who are residents
23 of the transferred territory must be appointed. For each
24 additional increase of 10% of the total number of registered
25 voters in the transferred territory as compared to the total
26 number of registered voters in the geographic area of the
27 program to which the territory was transferred as it existed
28 before the transfer, an additional commissioner who is a
29 resident of the transferred territory must be appointed. A
30 community organization may recommend not more than 3
31 individuals for the office of each additional commissioner.

32 The commissioner or commissioners representing the
33 transferred territory shall serve an initial term of 3 years.
34 Successors shall be appointed for a 3-year term or until

1 their successors are appointed and qualified. No
2 commissioner may serve more than 2 consecutive terms. A
3 vacancy in the office of commissioner shall be filled in the
4 same manner as the original appointment.