



Rep. Michael J. Madigan

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09800SB1680ham003

LRB098 08832 JLK 62115 a

1 AMENDMENT TO SENATE BILL 1680

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1680, AS AMENDED,  
3 by replacing everything after the enacting clause with the  
4 following:

5 "Section 5. The Home Equity Assurance Act is amended by  
6 changing Section 11 as follows:

7 (65 ILCS 95/11) (from Ch. 24, par. 1611)

8 Sec. 11. Guarantee Fund.

9 (a) Each governing commission and program created by  
10 referendum under the provisions of this Act shall maintain a  
11 guarantee fund for the purposes of paying the costs of  
12 administering the program and extending protection to members  
13 pursuant to the limitations and procedures set forth in this  
14 Act.

15 (b) The guarantee fund shall be raised by means of an  
16 annual tax levied on all residential property within the

1 territory of the program having at least one, but not more than  
2 6 dwelling units and classified by county ordinance as  
3 residential. The rate of this tax may be changed from year to  
4 year by majority vote of the governing commission but in no  
5 case shall it exceed a rate of .12% of the equalized assessed  
6 valuation of all property in the territory of the program  
7 having at least one, but not more than 6 dwelling units and  
8 classified by county ordinance as residential, or the maximum  
9 tax rate approved by the voters of the territory at the  
10 referendum which created the program or, in the case of a  
11 merged program, the maximum tax rate approved by the voters at  
12 the referendum authorizing the merger, whichever rate is lower.  
13 The commissioners shall cause the amount to be raised by  
14 taxation in each year to be certified to the county clerk in  
15 the manner provided by law, and any tax so levied and certified  
16 shall be collected and enforced in the same manner and by the  
17 same officers as those taxes for the purposes of the county and  
18 city within which the territory of the commission is located.  
19 Any such tax, when collected, shall be paid over to the proper  
20 officer of the commission who is authorized to receive and  
21 receipt for such tax. The governing commission may issue tax  
22 anticipation warrants against the taxes to be assessed for the  
23 calendar year in which the program is created and for the first  
24 full calendar year after the creation of the program.

25 (c) The moneys deposited in the guarantee fund shall, as  
26 nearly as practicable, be fully and continuously invested or

1 reinvested by the governing commission in investment  
2 obligations which shall be in such amounts, and shall mature at  
3 such times, that the maturity or date of redemption at the  
4 option of the holder of such investment obligations shall  
5 coincide, as nearly as practicable, with the times at which  
6 monies will be required for the purposes of the program. For  
7 the purposes of this Section investment obligation shall mean  
8 direct general municipal, state, or federal obligations which  
9 at the time are legal investments under the laws of this State  
10 and the payment of principal of and interest on which are  
11 unconditionally guaranteed by the governing body issuing them.

12 (d) Except as permitted by this subsection and subsection  
13 (d-5), the guarantee fund shall be used solely and exclusively  
14 for the purpose of providing guarantees to members of the  
15 particular Guaranteed Home Equity Program and for reasonable  
16 salaries, expenses, bills, and fees incurred in administering  
17 the program, and shall be used for no other purpose.

18 A governing commission, with no less than \$4,000,000 in its  
19 guarantee fund, may, if authorized by referendum duly adopted  
20 by a majority of the voters, establish a Low Interest Home  
21 Improvement Loan Program in accordance with and subject to  
22 procedures established by a financial institution, as defined  
23 in the Illinois Banking Act. Whenever the question of creating  
24 a Low Interest Home Improvement Loan Program is initiated by  
25 resolution or ordinance of the corporate authorities of the  
26 municipality or by a petition signed by not less than 10% of

1 the total number of registered voters of each precinct in the  
2 territory, the registered voters of which are eligible to sign  
3 the petition, it shall be the duty of the election authority  
4 having jurisdiction over the municipality to submit the  
5 question of creating the program to the electors of each  
6 precinct within the territory at the regular election specified  
7 in the resolution, ordinance, or petition initiating the  
8 question. A petition initiating a question described in this  
9 subsection shall be filed with the election authority having  
10 jurisdiction over the municipality. The petition shall be filed  
11 and objections to the petition shall be made in the manner  
12 provided in the Election Code. A resolution, ordinance, or  
13 petition initiating a question described in this subsection  
14 shall specify the election at which the question is to be  
15 submitted. The referendum on the question shall be held in  
16 accordance with the Election Code. The question shall be in  
17 substantially the following form:

18 "Shall the (name of the home equity program) implement  
19 a Low Interest Home Improvement Loan Program with money  
20 from the guarantee fund of the established guaranteed home  
21 equity program? "

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

23 Whenever a majority of the voters on the public question  
24 approve the creation of the program as certified by the proper  
25 election authorities, the commission shall establish the  
26 program and administer the program with funds collected under

1 the Guaranteed Home Equity Program, subject to the following  
2 conditions:

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

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

8 (3) The loan must be used for the repair, maintenance,  
9 remodeling, alteration, or improvement of a guaranteed  
10 residence. This condition is intended to include the repair  
11 or maintenance of a guaranteed residence's water and sewer  
12 pipes and repair of a guaranteed residence, including but  
13 not limited to basement repairs, following flooding damage  
14 to the property. This condition is not intended to exclude  
15 the repair, maintenance, remodeling, alteration, or  
16 improvement of a guaranteed residence's landscape. This  
17 condition is intended to exclude the demolition of a  
18 current residence. This condition is also intended to  
19 exclude the construction of a new residence.

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

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

25 (6) A commission shall charge an interest rate which it  
26 determines to be below the market rate of interest

1 generally available to the applicant.

2 (7) A commission may, by resolution, establish other  
3 administrative rules and procedures as are necessary to  
4 implement this program including, but not limited to, loan  
5 dollar amounts and terms. A commission may also impose on  
6 loan applicants a one-time application fee for the purpose  
7 of defraying the costs of administering the program.

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

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

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

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

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

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

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

21 (2) Only eligible applicants may apply for a loan. The  
22 Commission may establish, by resolution, additional  
23 criteria for eligibility.

24 (3) The loan must be used to assist with preventing  
25 foreclosure proceedings.

26 (4) An eligible applicant may not borrow more than the

1 amount of equity value in his or her residence.

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

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

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

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

15 (e) The guarantee fund shall be maintained, invested, and  
16 expended exclusively by the governing commission of the program  
17 for whose purposes it was created. Under no circumstance shall  
18 the guarantee fund be used by any person or persons,  
19 governmental body, or public or private agency or concern other  
20 than the governing commission of the program for whose purposes  
21 it was created. Under no circumstances shall the guarantee fund  
22 be commingled with other funds or investments.

23 (e-1) No commissioner or family member of a commissioner,  
24 or employee or family member of an employee, may receive any  
25 financial benefit, either directly or indirectly, from the  
26 guarantee fund. Nothing in this subsection (e-1) shall be



1 construed to prohibit payment of expenses to a commissioner in  
2 accordance with Section 4 or payment of salaries or expenses to  
3 an employee in accordance with this Section.

4 As used in this subsection (e-1), "family member" means a  
5 spouse, child, stepchild, parent, brother, or sister of a  
6 commissioner or a child, stepchild, parent, brother, or sister  
7 of a commissioner's spouse.

8 (f) An independent audit of the guarantee fund and the  
9 management of the program shall be conducted annually and made  
10 available to the public through any office of the governing  
11 commission or a public facility such as a local public library  
12 located within the territory of the program.

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