



## 94TH GENERAL ASSEMBLY

### State of Illinois

2005 and 2006

**HB0468**

Introduced 1/26/2005, by Rep. Edward J. Acevedo

#### SYNOPSIS AS INTRODUCED:

15 ILCS 520/7

from Ch. 130, par. 26

Amends the Deposit of State Moneys Act. Provides that the Treasurer may accept a proposal from an eligible institution that provides a reduced rate of interest if the institution agrees to expend an amount equal to the reduction for the delivery of credit union products and services and financial literacy programs to low income members of certain credit unions. Provides that the proposal and acceptance shall be contained in an agreement between the State Treasurer, the institution, and a third party, if applicable, and the agreement shall restrict the use of the funds to the prospective delivery of the foregoing products, services, and programs. Effective immediately.

LRB094 06717 RSP 36816 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning finance.

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 association  
12 whose proposal is rejected shall not be so eligible. The State  
13 Treasurer shall seek to have at all times a total of not less  
14 than 20 banks or savings and loan associations which are  
15 approved as State depositories for time deposits.

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

21 (b-5) The State Treasurer may, in his or her discretion,  
22 accept a proposal from an eligible institution that provides  
23 for a reduced rate of interest, provided that such institution  
24 agrees to expend an amount of money equal to the amount of the  
25 reduction for the preservation of Cahokia Mounds.

26 (b-10) The State Treasurer may, in his or her discretion,  
27 accept a proposal from an eligible institution that provides  
28 for a reduced rate of interest, provided that the institution  
29 agrees to expend an amount of money equal to the amount of the  
30 reduction for senior centers.

31 (b-15) The State Treasurer may, in his or her discretion,  
32 accept a proposal from an eligible institution that provides

1 for a reduced rate of interest, provided that the institution  
2 agrees to expend an amount of money equal to the amount of the  
3 reduction for the delivery of credit union products and  
4 services and financial literacy programs to low income members  
5 of a credit union, as defined in Section 13(17) of the Illinois  
6 Credit Union Act, or members of a credit union residing in  
7 investment areas of the State, as defined in Section 16.1 of  
8 the Illinois Credit Union Act. The proposal and acceptance  
9 shall be contained in an agreement between the State Treasurer,  
10 the institution, and a third party, if applicable, and the  
11 agreement shall restrict the use of the funds to the  
12 prospective delivery of the foregoing products, services, and  
13 programs.

14 (c) The State Treasurer may, in his or her discretion,  
15 accept a proposal from an eligible institution that provides  
16 for interest earnings on deposits of State moneys to be held by  
17 the institution in a separate account that the State Treasurer  
18 may use to secure up to 10% of any (i) home loans to Illinois  
19 citizens purchasing a home in Illinois in situations where the  
20 participating financial institution would not offer the  
21 borrower a home loan under the institution's prevailing credit  
22 standards without the incentive of a reduced rate of interest  
23 on deposits of State moneys, (ii) existing home loans of  
24 Illinois citizens who have failed to make payments on a home  
25 loan as a result of a financial hardship due to circumstances  
26 beyond the control of the borrower where there is a reasonable  
27 prospect that the borrower will be able to resume full mortgage  
28 payments, and (iii) loans in amounts that do not exceed the  
29 amount of arrearage on a mortgage and that are extended to  
30 enable a borrower to become current on his or her mortgage  
31 obligation.

32 The following factors shall be considered by the  
33 participating financial institution to determine whether the  
34 financial hardship is due to circumstances beyond the control  
35 of the borrower: (i) loss, reduction, or delay in the receipt  
36 of income because of the death or disability of a person who

1 contributed to the household income, (ii) expenses actually  
2 incurred related to the uninsured damage or costly repairs to  
3 the mortgaged premises affecting its habitability, (iii)  
4 expenses related to the death or illness in the borrower's  
5 household or of family members living outside the household  
6 that reduce the amount of household income, (iv) loss of income  
7 or a substantial increase in total housing expenses because of  
8 divorce, abandonment, separation from a spouse, or failure to  
9 support a spouse or child, (v) unemployment or underemployment,  
10 (vi) loss, reduction, or delay in the receipt of federal,  
11 State, or other government benefits, and (vii) participation by  
12 the homeowner in a recognized labor action such as a strike. In  
13 determining whether there is a reasonable prospect that the  
14 borrower will be able to resume full mortgage payments, the  
15 participating financial institution shall consider factors  
16 including, but not necessarily limited to the following: (i) a  
17 favorable work and credit history, (ii) the borrower's ability  
18 to and history of paying the mortgage when employed, (iii) the  
19 lack of an impediment or disability that prevents reemployment,  
20 (iv) new education and training opportunities, (v) non-cash  
21 benefits that may reduce household expenses, and (vi) other  
22 debts.

23 For the purposes of this Section, "home loan" means a loan,  
24 other than an open-end credit plan or a reverse mortgage  
25 transaction, for which (i) the principal amount of the loan  
26 does not exceed 50% of the conforming loan size limit for a  
27 single-family dwelling as established from time to time by the  
28 Federal National Mortgage Association, (ii) the borrower is a  
29 natural person, (iii) the debt is incurred by the borrower  
30 primarily for personal, family, or household purposes, and (iv)  
31 the loan is secured by a mortgage or deed of trust on real  
32 estate upon which there is located or there is to be located a  
33 structure designed principally for the occupancy of no more  
34 than 4 families and that is or will be occupied by the borrower  
35 as the borrower's principal dwelling.

36 (d) If there is an agreement between the State Treasurer

1 and an eligible institution that details the use of deposited  
2 funds, the agreement may not require the gift of money, goods,  
3 or services to a third party; this provision does not restrict  
4 the eligible institution from contracting with third parties in  
5 order to carry out the intent of the agreement or restrict the  
6 State Treasurer from placing requirements upon third-party  
7 contracts entered into by the eligible institution.

8 (Source: P.A. 92-482, eff. 8-23-01; 92-531, eff. 2-8-02;  
9 92-625, eff. 7-11-02; 93-246, eff. 7-22-03.)

10 Section 99. Effective date. This Act takes effect upon  
11 becoming law.