

AN ACT concerning housing.

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

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

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

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

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

(b-5) The State Treasurer may, in his or her discretion, accept a proposal from an eligible institution that provides for a reduced rate of interest, provided that such institution

agrees to expend an amount of money equal to the amount of the reduction for the preservation of Cahokia Mounds.

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

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

The following factors shall be considered by the

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

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

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

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

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