

AN ACT concerning local government.

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

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

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

Sec. 11. Guarantee Fund.

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

(b) The guarantee fund shall be raised by means of an annual tax levied on all residential property within the territory of the program having at least one, but not more than 6 dwelling units and classified by county ordinance as residential. The rate of this tax may be changed from year to year by majority vote of the governing commission but in no case shall it exceed a rate of .12% of the equalized assessed valuation of all property in the territory of the program having at least one, but not more than 6 dwelling units and classified by county ordinance as residential, or the maximum

tax rate approved by the voters of the territory at the referendum which created the program or, in the case of a merged program, the maximum tax rate approved by the voters at the referendum authorizing the merger, whichever rate is lower. The commissioners shall cause the amount to be raised by taxation in each year to be certified to the county clerk in the manner provided by law, and any tax so levied and certified shall be collected and enforced in the same manner and by the same officers as those taxes for the purposes of the county and city within which the territory of the commission is located. Any such tax, when collected, shall be paid over to the proper officer of the commission who is authorized to receive and receipt for such tax. The governing commission may issue tax anticipation warrants against the taxes to be assessed for the calendar year in which the program is created and for the first full calendar year after the creation of the program.

(c) The moneys deposited in the guarantee fund shall, as nearly as practicable, be fully and continuously invested or reinvested by the governing commission in investment obligations which shall be in such amounts, and shall mature at such times, that the maturity or date of redemption at the option of the holder of such investment obligations shall coincide, as nearly as practicable, with the times at which monies will be required for the purposes of the program. For the purposes of this Section investment obligation shall mean direct general municipal, state, or federal obligations which

at the time are legal investments under the laws of this State and the payment of principal of and interest on which are unconditionally guaranteed by the governing body issuing them.

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

A governing commission, with no less than \$4,000,000 in its guarantee fund, may, if authorized (i) by referendum duly adopted by a majority of the voters or (ii) by resolution of the governing commission upon approval by two-thirds of the commissioners, establish a Low Interest Home Improvement Loan Program in accordance with and subject to procedures established by a financial institution, as defined in the Illinois Banking Act. Whenever the question of creating a Low Interest Home Improvement Loan Program is initiated by resolution or ordinance of the corporate authorities of the municipality or by a petition signed by not less than 10% of the total number of registered voters of each precinct in the territory, the registered voters of which are eligible to sign the petition, it shall be the duty of the election authority having jurisdiction over the municipality to submit the question of creating the program to the electors of each precinct within the territory at the regular election

specified in the resolution, ordinance, or petition initiating the question. A petition initiating a question described in this subsection shall be filed with the election authority having jurisdiction over the municipality. The petition shall be filed and objections to the petition shall be made in the manner provided in the Election Code. A resolution, ordinance, or petition initiating a question described in this subsection shall specify the election at which the question is to be submitted. The referendum on the question shall be held in accordance with the Election Code. The question shall be in substantially the following form:

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

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

Whenever a majority of the voters on the public question approve the creation of the program as certified by the proper election authorities or a resolution of the governing commission is approved by a two-thirds majority, the commission shall establish the program and administer the program with funds collected under the Guaranteed Home Equity Program, subject to the following conditions:

(1) At any given time, the cumulative total of all loans and loan guarantees (if applicable) issued under this program may not reduce the balance of the guarantee

fund to less than \$3,000,000.

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

(3) The loan must be used for the repair, maintenance, remodeling, alteration, or improvement of a guaranteed residence. This condition is intended to include the repair or maintenance of a guaranteed residence's water and sewer pipes and repair of a guaranteed residence, including, but not limited to, basement repairs, following flooding damage or other natural disaster damage to the property. This condition is not intended to exclude the repair, maintenance, remodeling, alteration, or improvement of a guaranteed residence's landscape. This condition is intended to exclude the demolition of a current residence. This condition is also intended to exclude the construction of a new residence.

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

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

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

(7) A commission may, by resolution, establish other administrative rules and procedures as are necessary to implement this program including, but not limited to, loan

dollar amounts and terms. A commission may also impose on loan applicants a one-time application fee for the purpose of defraying the costs of administering the program.

(8) A commission may use loan funds to issue a grant or rebate for repairs, maintenance, remodeling, alteration, or improvement of a guaranteed residence for purposes of preventing or repairing damage as a result of a natural disaster, including, but not limited to, flooding.

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

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

filed with the election authority having jurisdiction over the municipality. The petition shall be filed and objections to the petition shall be made in the manner provided in the Election Code. A resolution, ordinance, or petition initiating a question described in this subsection shall specify the election at which the question is to be submitted. The referendum on the question shall be held in accordance with the Election Code. The question shall be in substantially the following form:

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

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

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

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

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

(3) The loan must be used to assist with preventing

foreclosure proceedings.

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

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

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

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

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

(d-7) A governing commission may establish a program to provide a one-time per household direct relief payment in the form of a rebate to a member who owns a residence that is subject to flood damage. The governing commission may establish a limit on the amount of rebates that may be issued under this subsection. Members shall be required to submit qualified receipts to the governing showing costs incurred as a result of flood damage to receive a rebate under the rebate program established under this subsection. The rebate shall provide up to 50% reimbursement, but shall not exceed \$1,000.

The rebate program shall last for 3 years unless reapproved by the governing commission.

(d-10) The Northwest Home Equity Assurance Program may, if authorized (i) by referendum approved by a majority of the voters or (ii) by resolution of the governing commission upon approval by two-thirds of the commissioners, establish a Delinquent Tax Repayment Loan Fund to provide low-interest emergency loans to eligible applicants.

If the question of creating a Delinquent Tax Repayment Loan Fund is initiated by resolution or ordinance of the corporate authorities of the municipality or by a petition signed by not less than 10% of the total number of registered voters of each precinct in the territory, the registered voters of which are eligible to sign the petition, it shall be the duty of the election authority having jurisdiction over the municipality to submit the question of creating the program to the electors of each precinct within the territory at the regular election specified in the resolution, ordinance, or petition initiating the question. A resolution, ordinance, or petition initiating a question described in this subsection shall be filed with the election authority having jurisdiction over the municipality. The resolution, ordinance, or petition shall be filed and objections to the resolution, ordinance, or petition shall be made in the manner provided in the Election Code. A resolution, ordinance, or petition initiating a question described in this subsection shall

specify the election at which the question is to be submitted. The referendum on the question shall be held in accordance with the Election Code. The question shall be in substantially the following form:

"Shall the (name of the home equity program) implement a Delinquent Tax Repayment Loan Fund with money from the guarantee fund of the Northwest Home Equity Assurance Program?"

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

If a majority of the voters on the question approve the creation of a Delinquent Tax Repayment Loan Fund as certified by the proper election authorities or two-thirds of the commissioners, by resolution, approve the creation of a Delinquent Tax Repayment Loan Fund, the commission shall establish the program and administer the program with funds collected under the program, subject to the following conditions:

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

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

(3) The loan must be used to assist with repayment of delinquent property taxes and for those facing imminent delinquency.

(4) An eligible applicant may not borrow more than the amount due to the treasurer's office.

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

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

(7) Where practicable, it shall be required that a borrower obtain free housing counseling services prior to applying to this tax program for the purpose of assisting with budgeting and providing a recommendation as to whether this client is suited for this program.

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

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

investments.

(e-1) No commissioner or family member of a commissioner, or employee or family member of an employee, may receive any financial benefit, either directly or indirectly, from the guarantee fund. Nothing in this subsection (e-1) shall be construed to prohibit payment of expenses to a commissioner in accordance with Section 4 or payment of salaries or expenses to an employee in accordance with this Section.

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

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

(Source: P.A. 102-599, eff. 1-1-22; 103-737, eff. 1-1-25.)