

1 AN ACT concerning the State Treasurer.

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

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

22 (c) The State Treasurer may, in his or her discretion,
23 accept a proposal from an eligible institution that provides
24 for interest earnings on deposits of State moneys to be held
25 by the institution in a separate account that the State
26 Treasurer may use to secure up to 10% of any (i) home loans
27 to Illinois citizens purchasing a home in Illinois in
28 situations where the participating financial institution
29 would not offer the borrower a home loan under the
30 institution's prevailing credit standards without the
31 incentive of a reduced rate of interest on deposits of State

1 moneys, and (ii) existing home loans of Illinois citizens who
2 have failed to make payments on a the home loan as a result
3 of a financial hardship due to circumstances beyond the
4 control of the borrower where there is a reasonable prospect
5 that the borrower will be able to resume full mortgage
6 payments, and (iii) loans in amounts that do not exceed the
7 amount of arrearage on a mortgage and that are extended to
8 enable a borrower to become current on his or her mortgage
9 obligation.

10 The following factors shall be considered by the
11 participating financial institution to determine whether the
12 financial hardship is due to circumstances beyond the control
13 of the borrower: (i) loss, reduction, or delay in the receipt
14 of income because of the death or disability of a person who
15 contributed to the household income, (ii) expenses actually
16 incurred related to the uninsured damage or costly repairs to
17 the mortgaged premises affecting its habitability, (iii)
18 expenses related to the death or illness in the borrower's
19 household or of family members living outside the household
20 that reduce the amount of household income, (iv) loss of
21 income or a substantial increase in total housing expenses
22 because of divorce, abandonment, separation from a spouse, or
23 failure to support a spouse or child, (v) unemployment or
24 underemployment, (vi) loss, reduction, or delay in the
25 receipt of federal, State, or other government benefits, and
26 (vii) participation by the homeowner in a recognized labor
27 action such as a strike. In determining whether there is a
28 reasonable prospect that the borrower will be able to resume
29 full mortgage payments, the participating financial
30 institution shall consider factors including, but not
31 necessarily limited to the following: (i) a favorable work
32 and credit history, (ii) the borrower's ability to and
33 history of paying the mortgage when employed, (iii) the lack
34 of an impediment or disability that prevents reemployment,

1 (iv) new education and training opportunities, (v) non-cash
2 benefits that may reduce household expenses, and (vi) other
3 debts. temporary--layoff-or-disability, but who have resumed
4 making payments on the home loan and have made at least 2
5 consecutive payments, when under the institution's prevailing
6 policies it would commence or pursue foreclosure proceedings
7 if it were not for the incentive of a reduced rate of
8 interest on deposits of State moneys.

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

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

32 (Source: P.A. 92-482, eff. 8-23-01.)

33 Section 99. Effective date. This Act takes effect upon

1 becoming law.