

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

19 The following factors shall be considered by the
20 participating financial institution to determine whether the
21 financial hardship is due to circumstances beyond the control
22 of the borrower: (i) loss, reduction, or delay in the receipt
23 of income because of the death or disability of a person who
24 contributed to the household income, (ii) expenses actually
25 incurred related to the uninsured damage or costly repairs to
26 the mortgaged premises affecting its habitability, (iii)
27 expenses related to the death or illness in the borrower's
28 household or of family members living outside the household
29 that reduce the amount of household income, (iv) loss of
30 income or a substantial increase in total housing expenses
31 because of divorce, abandonment, separation from a spouse, or
32 failure to support a spouse or child, (v) unemployment or
33 underemployment, (vi) loss, reduction, or delay in the
34 receipt of federal, State, or other government benefits, and

1 (vii) participation by the homeowner in a recognized labor
2 action such as a strike. In determining whether there is a
3 reasonable prospect that the borrower will be able to resume
4 full mortgage payments, the participating financial
5 institution shall consider factors including, but not
6 necessarily limited to the following: (i) a favorable work
7 and credit history, (ii) the borrower's ability to and
8 history of paying the mortgage when employed, (iii) the lack
9 of an impediment or disability that prevents reemployment,
10 (iv) new education and training opportunities, (v) non-cash
11 benefits that may reduce household expenses, and (vi) other
12 debts. temporary--layoff-or-disability, but who have resumed
13 making payments on the home loan and have made at least 2
14 consecutive payments, when under the institution's prevailing
15 policies it would commence or pursue foreclosure proceedings
16 if it were not for the incentive of a reduced rate of
17 interest on deposits of State moneys.

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

32 (d) If there is an agreement between the State Treasurer
33 and an eligible institution that details the use of deposited
34 funds, the agreement may not require the gift of money,

1 goods, or services to a third party; this provision does not
2 restrict the eligible institution from contracting with third
3 parties in order to carry out the intent of the agreement or
4 restrict the State Treasurer from placing requirements upon
5 third-party contracts entered into by the eligible
6 institution.

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

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