

PUBLIC NOTICE

The following proposed guideline amendments and additions were agreed upon on October 8, 2018. The next regularly scheduled Southwest Home Equity Assurance Program meeting will be held on December 10, 2018 at 6:30p.m. at 5334 W. 65th Street. Members of the public wishing to comment are invited to attend the meeting. The program guidelines were previously amended on August 14, 2017.

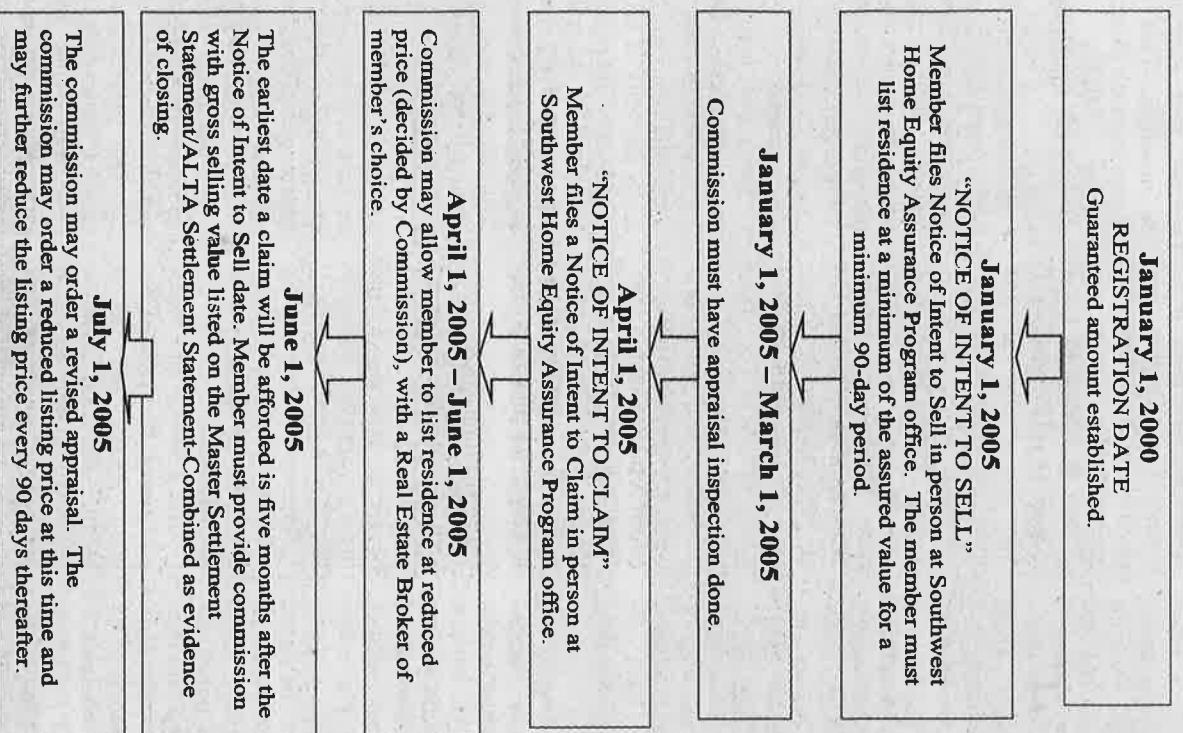
**PROPOSED PROGRAM GUIDELINES SECTION 1
PROGRAM GUIDELINES OUTLINING THE RIGHTS AND RESPONSIBILITIES OF BOTH THE MEMBER AND THE COMMISSION AND THE PROCEDURES FOR OBTAINING BENEFITS.** As established in Sect. 3 Definitions, par. q; "Program Guidelines" (65 ILCS 95/1 et. Seq.) (Amended October 8, 2018)

1. The member or family member is required to continuously occupy the property as his or her principal residence and keep the property well maintained until the property is sold. (Amended June 19, 1996)
2. The guarantee only applies to sales made 5 years or more after the date of issuance of the Certificate of Participation or 3 years after a subsequent Certificate of Participation. (Amended April 14, 2010)
3. When you intend to list your residence on the market for sale you must file a "Notice of Intent to Sell" in person during regular business hours at Southwest Home Equity Assurance Program office. A member is not eligible to file a "Notice of Intent to Sell" until 5 years after the member's registration date or 3 years after a subsequent Certificate of Participation. The member will be required to begin listing the property at a price no less than the Programs assured value. For example, if the guaranteed amount is \$100,000.00, the beginning listing price will be \$100,000.00 or more. Forms for this purpose are available at the Commission's office during regular business hours. Upon receipt of a "Notice of Intent to Sell" the Commission will provide you with a copy of the pertinent State Statute. (65 ILCS 95/1 et Seq.) (Act), and these program guidelines in person or by registered mail. (Amended June 8, 2011)
4. Within 60 days of receipt of your "Notice of Intent to Sell", the Commission shall have a program appraiser inspect your residence at Commission expense to determine if your residence is in substantially the same condition as described by the program appraisal attached to the Certificate of Participation. If the residence fails to meet this standard, see (65 ILCS 95/8 (e)) for explanation of depreciation amount. Additionally, the appraiser will determine the current value of the property. You are required to make your residence available to a program appraiser within a reasonable time within the 60-day period after receipt of a notice of inspection from the Commission or your coverage under the program shall be null and void and your membership registration fee shall be forfeited. (Amended April 14, 2010)
5. If you have not sold your residence within 90 days after filing the "Notice of Intent to Sell" the guaranteed residence, and have complied with the preceding procedures, you must file a "Notice of Intent to Claim" form with the Home Equity Commission in person at the Southwest Home Equity Assurance Program office. Forms for this purpose are available at the Commission's office during regular business hours. Such form shall include verifiable evidence of placement on the market, dates of the placement and shall list all reasonable offers to purchase the property. Verifiable evidence must include copies of advertisements for sale, a contract with a licensed real estate broker, or other evidence which a majority of the Commission finds satisfactory. (Amended April 14, 2010)
6. Upon receipt of the "Notice of Intent to Claim", the Commission has 60 days during which it shall require the member to list the residence at a price the Commission has determined reasonable with a real estate broker of the member's choosing. The real estate broker chosen by the member shall post a for sale sign in front of the house. The real estate broker shall advertise the residence throughout the municipality and the Multiple Listing Service which encompasses the program territory. If the listing price is reduced, a new 60-day period begins to run on the day that the Commission approved the price change. The listing price may not be changed without notification and Commission approval. (Amended April 14, 2010)
7. During the 60-day period described in paragraph (h) of Section 8 of the Act, the member shall forward to the governing commission all offers of purchase by either personal delivery or registered mail. If the member receives an offer of purchase which can reasonably be expected to be consummated if accepted and whose gross selling value is greater than the guaranteed value of the guaranteed residence, then no benefits may be claimed under the program. If the member receives an offer to purchase at a gross selling value that is less than the guaranteed value, the governing commission shall, within 7 working days of the receipt of such offer, either: (1) approve the offer, in which case the governing commission shall authorize the payment of the amount afforded under this Act upon receipt of the gross selling value price listed on the Master Settlement Statement/ALTA Settlement Statement-Combined form as verifiable evidence of the actual closing sale of the guaranteed residence; (i) sales involving eminent domain shall be covered as set forth in paragraph (1) of Section 8; (ii) sales subsequent to an insured property and casualty loss shall be guaranteed for the guaranteed value as determined according to paragraph (e) of Section 8; (iii) contract sales shall be guaranteed by the guaranteed value in paragraph (e) of Section 8, however proceeds payable from the program shall be disbursed in equal annual installments over the life of the contract; or (2) reject the offer, in which case the member shall continue showing the guaranteed residence until the termination of the 60 day period; or (3) match the offer, and purchase the property from the member; (i) a written offer of less than the current appraised value must be submitted to the commission for a determination of whether the offer is bona fide. (Amended August 14, 2017)
8. No guarantee is allowed until a minimum of 60 days after a member files a "Notice of Intent to Claim" or the member receives a bona fide offer. The Commission shall not consider paying a claim until the member receives a bona fide offer. Whether an offer is bona fide is a decision for the majority of the commissioners to determine. During the 60-day period, the member must provide proof that the property has been actively listed at a price the Commission determined reasonable with a real estate broker of the member's choosing. The Commission shall pay the difference in benefits to the member only upon receipt of the gross selling value listed on the Master Settlement Statement/ALTA Settlement Statement-Combined form as verifiable evidence of the actual closing sale of the guaranteed residence, in accordance with the Home Equity Assurance Act (65 ILCS 95/1 et Seq.) and Program Guidelines. (Amended August 14, 2017)
If a member rejects an offer for purchase which has been submitted to and approved by the governing commission, the governing commission or program shall not be liable for any future guarantee payment larger than that authorized for this proposed sale. Except as otherwise provided in this Act, payments under the program as provided in section 7 of the Act shall not be made until the sale of the guaranteed residence has closed and title has passed or the beneficial interest has been transferred. The amount paid will be calculated based on the difference between the guaranteed value and the gross selling value listed on the Master Settlement Statement/ALTA Settlement Statement-Combined form. (Amended and as further adjusted by the Program Guidelines adopted to adjust (account) for non-local adverse economic conditions. (Amended August 14, 2017)
Example: If the participants guaranteed value with the Southwest Home Equity Assurance Program is \$200,000.00, and the gross selling value is \$100,000.00 resulting in a claim amount of \$100,000.00 that claim amount shall be further reduced by 29% as a result of non-local adverse economic conditions. This calculation will provide a claim amount of \$71,000.00.
9. If a member disagrees with a guaranteed value or depreciation amount, the member may appeal in writing to the Commission as set forth in Section 10 of the Act. (65 ILCS 95/10).

*Note: See Flow Chart on below as an example for the Program Guidelines.

Copy delivered by: _____ Date _____
Commission Representative

Copy received by: _____ Date _____
Member



PROGRAM GUIDELINES SECTION II

PROGRAM GUIDELINES OUTLINING THE PROCEDURES TO ACCOUNT FOR DECLINES IN HOUSING VALUES CAUSED BY NON-LOCAL ECONOMIC CONDITIONS. (Effective January 1, 2019). As authorized by Sections 5 and 8 of the Home Equity Assurance Act, (65 ILCS 95/5 and 95/8) (the Act).

WHEREAS, the purpose of the Southwest Home Equity Assurance Program (the "Program") is to protect the value of the residence of each member of the Program from a decline caused by local economic conditions within the area covered by the Program (the "District"), as stated more fully in the Act; and

WHEREAS, the Program is not intended to and is not authorized to protect the value of member residences from decline caused by non-local economic conditions existing at the municipal, state or regional levels; and

WHEREAS, being aware of significant adverse economic conditions within the City of Chicago, the State of Illinois and the greater Midwest region within the past several years as a result of a national recession and the effect they have been presumed to have on average home values; and

WHEREAS, the Program, therefore, through the commission established under the Program (the "Commission"), has engaged a real estate appraisal and consulting firm to undertake and prepare a Home Price Comparison Study, dated October 8, 2018 (the "Study"); and

WHEREAS, the Study reports that sale prices for homes within the District have declined between 20% and 28% from their peak in 2006, with between 20% and 39% of this decline due to local factors and market conditions; and

WHEREAS, between 0% and 61% of this decline is due to factors and market conditions existing at a non-local level; and

WHEREAS, the Study reports that the average decline in sale prices for the larger geographical area of which the District is a part declined between 0% and 17% from their peak in 2006; and

WHEREAS, although authorized by Section 13 of the Act, (65 ILCS 95/13), to temporarily suspend the Program if necessary to protect the fiscal integrity of the guarantee fund and if the nation, Midwest region, State of Illinois or City of Chicago suffers from a regional decline which is defined as a 5% annual decline in the median values of existing houses during any 12 month period, the Commission does not wish to take the extraordinary measure of suspending the Program in its entirety, even if a temporary measure; and

WHEREAS, the Commission is authorized to enact this Policy Guideline to respond to the Study and to provide a means of calculating the value of residences of members of the Program in such a manner so as to compensate them for the difference between a member's guaranteed value and gross selling value, while accounting for the difference between local and non-local economic factors and market conditions; and

NOW, THEREFORE, the Commission does hereby enact this Program Guideline Section II.

1. The Program Guidelines, as amended October 8, 2018, Outlining the Rights and Responsibilities of Both the Member and the Commission and the Procedures for Obtaining Benefits, and effective as of March 3, 1998 (the "Program Guidelines"), are hereby amended to include the following:

- a. When the program appraiser inspects the residence subject to the "Notice of Intent to Sell" as described in paragraph 4 of the Program Guidelines, the appraiser is directed to calculate a lower Guaranteed Value to account for a decline in value of the residence caused by the member's failure to maintain the residence or physical perils, if any, as authorized by Section 8(e) of the Act. (65 ILCS 95/8(e)).
- b. The Board of Commissioners has determined a depreciation amount caused by non-local adverse economic conditions and a further reduction will be subtracted from the claim amount. The Board will apply a further 29% reduction to the difference between the guaranteed value less the gross selling value.
- c. EXAMPLE: If the participants guaranteed value with the Southwest Home Equity Assurance Program is \$200,000.00, and the gross selling value is \$100,000.00 resulting in a claim amount of \$100,000.00 that claim amount shall be further reduced by 29% as a result of non-local adverse economic conditions. This calculation will provide a new claim amount of \$71,000.00. This decline in value caused by non-local adverse economic factors and market conditions shall be deemed "other causes (of decline) not covered by the program" as described and authorized by Section 8(e)(1) of the Act. (65 ILCS 95/8(e)(1) and, accordingly, the provisions of Section 10 of the Act, (65 ILCS 95/10) shall not apply thereto.
- d. The Commission will engage a real estate appraisal and consulting firm to update the Study not less than 6 months and not more than 12 months from the effective date of this Program Guideline to make further adjustments, if necessary.
- e. This Program Guideline shall not apply to member residences registered after January 1, 2010 unless an adjustment is required based on subsequent events and studies.