

AN ACT concerning civil law.

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

Section 1. Short title. This amendatory Act may be referred to as the Save Our Neighborhoods Act of 2010.

Section 5. The Illinois Housing Development Act is amended by adding Sections 7.30 and 7.31 as follows:

(20 ILCS 3805/7.30 new)

Sec. 7.30. Foreclosure Prevention Program.

(a) The Authority shall establish and administer a Foreclosure Prevention Program. The Authority shall use moneys in the Foreclosure Prevention Program Fund, and any other funds appropriated for this purpose, to make grants to (i) approved counseling agencies for approved housing counseling and (ii) approved community-based organizations for approved foreclosure prevention outreach programs. The Authority shall promulgate rules to implement this Program and may adopt emergency rules as soon as practicable to begin implementation of the Program.

(b) Subject to appropriation, the Authority shall make grants from the Foreclosure Prevention Program Fund as follows:

(1) 25% of the moneys in the Fund shall be used to make

grants to approved counseling agencies that provide services in Illinois outside of the City of Chicago. Grants shall be based upon the number of foreclosures filed in an approved counseling agency's service area, the capacity of the agency to provide foreclosure counseling services, and any other factors that the Authority deems appropriate.

(2) 25% of the moneys in the Fund shall be distributed to the City of Chicago to make grants to approved counseling agencies located within the City of Chicago for approved housing counseling or to support foreclosure prevention counseling programs administered by the City of Chicago.

(3) 25% of the moneys in the Fund shall be used to make grants to approved community-based organizations located outside of the City of Chicago for approved foreclosure prevention outreach programs.

(4) 25% of the moneys in the Fund shall be used to make grants to approved community-based organizations located within the City of Chicago for approved foreclosure prevention outreach programs.

As used in this Section:

"Approved community-based organization" means a not-for-profit entity that provides educational and financial information to residents of a community through in-person contact. "Approved community-based organization" does not include a not-for-profit corporation or other entity or person

that provides legal representation or advice in a civil proceeding or court-sponsored mediation services, or a governmental agency.

"Approved foreclosure prevention outreach program" means a program developed by an approved community-based organization that includes in-person contact with residents to provide (i) pre-purchase and post-purchase home ownership counseling, (ii) education about the foreclosure process and the options of a mortgagor in a foreclosure proceeding, and (iii) programs developed by an approved community-based organization in conjunction with a State or federally chartered financial institution.

(c) As used in this Section, "approved counseling agencies" and "approved housing counseling" have the meanings ascribed to those terms in Section 15-1502.5 of the Code of Civil Procedure.

(20 ILCS 3805/7.31 new)

Sec. 7.31. Abandoned Residential Property Municipality Relief Program.

(a) The Authority shall establish and administer an Abandoned Residential Property Municipality Relief Program. The Authority shall use moneys in the Abandoned Residential Property Municipality Relief Fund, and any other funds appropriated for this purpose, to make grants to municipalities to assist with removal costs and securing or enclosing costs

incurred by the municipality pursuant to Section 11-20-15.1 of the Illinois Municipal Code, as approved by the Authority under the Program. The Authority shall promulgate rules for the administration, operation, and maintenance of the Program and may adopt emergency rules as soon as practicable to begin implementation of the Program.

(b) Subject to appropriation, the Authority shall make grants from the Abandoned Residential Property Municipality Relief Fund as follows:

(1) 75% of the moneys in the Fund shall be distributed to municipalities, other than the City of Chicago, to assist with removal costs and securing or enclosing costs incurred by the municipality pursuant to Section 11-20-15.1 of the Illinois Municipal Code.

(2) 25% of the moneys in the Fund shall be distributed to the City of Chicago to assist with removal costs and securing or enclosing costs incurred by the municipality pursuant to Section 11-20-15.1 of the Illinois Municipal Code.

Section 10. The Illinois Municipal Code is amended by changing Section 11-20-15.1 as follows:

(65 ILCS 5/11-20-15.1)

Sec. 11-20-15.1. Lien for costs of removal, securing, and enclosing on abandoned residential property.

(a) If the municipality elects to incur a removal cost pursuant to subsection (d) of Section 11-20-7, subsection (d) of Section 11-20-8, subsection (d) of Section 11-20-12, or subsection (e) of Section 11-20-13, or a securing or enclosing cost pursuant to Section 11-31-1.01 with respect to an abandoned residential property, then that cost is a lien upon the underlying parcel of that abandoned residential property. This lien is superior to all other liens and encumbrances, except tax liens and as otherwise provided in this Section.

(b) To perfect a lien under this Section, the municipality must, within one year after the cost is incurred for the activity, file notice of the lien in the office of the recorder in the county in which the abandoned residential property is located or, if the abandoned residential property is registered under the Torrens system, in the office of the Registrar of Titles of that county, a sworn statement setting out:

(1) a description of the abandoned residential property that sufficiently identifies the parcel;

(2) the amount of the cost of the activity;

(3) the date or dates when the cost for the activity was incurred by the municipality; and

(4) a statement that the lien has been filed pursuant to subsection (d) of Section 11-20-7, subsection (d) of Section 11-20-8, subsection (d) of Section 11-20-12, subsection (e) of Section 11-20-13, or Section 11-31-1.01, as applicable.

If, for any abandoned residential property, the municipality engaged in any activity on more than one occasion during the course of one year, then the municipality may combine any or all of the costs of each of those activities into a single notice of lien.

(c) To enforce a lien pursuant to this Section, the municipality must maintain contemporaneous records that include, at a minimum: (i) a dated statement of finding by the municipality that the property for which the work is to be performed has become abandoned residential property, which shall include (1) the date when the property was first known or observed to be unoccupied by any lawful occupant or occupants, (2) a description of the actions taken by the municipality to contact the legal owner or owners of the property identified on the recorded mortgage, or, if known, any agent of the owner or owners, including the dates such actions were taken, and (3) a statement that no contacts were made with the legal owner or owners or their agents as a result of such actions, (ii) a dated certification by an authorized official of the municipality of the necessity and specific nature of the work to be performed, (iii) a copy of the agreement with the person or entity performing the work that includes the legal name of the person or entity, the rate or rates to be charged for performing the work, and an estimate of the total cost of the work to be performed, (iv) detailed invoices and payment vouchers for all payments made by the municipality for such

work, and (v) a statement as to whether the work was engaged through a competitive bidding process, and if so, a copy of all proposals submitted by the bidders for such work.

(d) A lien under this Section shall be enforceable exclusively at the hearing for confirmation of sale of the abandoned residential property that is held pursuant to subsection (b) of Section 15-1508 of the Code of Civil Procedure and shall be limited to a claim of interest in the proceeds of the sale and subject to the requirements of this Section. Any mortgagee who holds a mortgage on the property, or any beneficiary or trustee who holds a deed of trust on the property, may contest the lien or the amount of the lien at any time during the foreclosure proceeding upon motion and notice in accordance with court rules applicable to motions generally. Grounds for forfeiture of the lien or the superior status of the lien granted by subsection (a) of this Section shall include, but not be limited to, a finding by the court that: (i) the municipality has not complied with subsection (b) or (c) of this Section, (ii) the scope of the work was not reasonable under the circumstances, (iii) the work exceeded the authorization for the work to be performed under subsection (a) of Section 11-20-7, subsection (a) of Section 11-20-8, subsection (a) of Section 11-20-12, subsection (a) of Section 11-20-13, or subsection (a) of Section 11-31-1.01, as applicable, or (iv) the cost of the services rendered or materials provided was not commercially reasonable. Forfeiture

of the superior status of the lien otherwise granted by this Section shall not constitute a forfeiture of the lien as a subordinate lien.

(e) Upon payment of the amount of a lien filed under this Section by the mortgagee, servicer, owner, or any other person, the municipality shall release the lien, and the release may be filed of record by the person making such payment at the person's sole expense as in the case of filing notice of lien.

(f) Notwithstanding any other provision of this Section, a municipality may not file a lien pursuant to this Section for activities performed pursuant to Section 11-20-7, Section 11-20-8, Section 11-20-12, Section 11-20-13, or Section 11-31-1.01, if: (i) the mortgagee or servicer of the abandoned residential property has provided notice to the municipality that the mortgagee or servicer has performed or will perform the remedial actions specified in the notice that the municipality otherwise might perform pursuant to subsection (d) of Section 11-20-7, subsection (d) of Section 11-20-8, subsection (d) of Section 11-20-12, subsection (e) of Section 11-20-13, or Section 11-31-1.01, provided that the remedial actions specified in the notice have been performed or are performed or initiated in good faith within 30 days of such notice; or (ii) the municipality has provided notice to the mortgagee or servicer of a problem with the property requiring the remedial actions specified in the notice that the municipality otherwise would perform pursuant to subsection



(d) of Section 11-20-7, subsection (d) of Section 11-20-8, subsection (d) of Section 11-20-12, subsection (e) of Section 11-20-13, or Section 11-31-1.01, and the mortgagee or servicer has performed or performs or initiates in good faith the remedial actions specified in the notice within 30 days of such notice.

(g) This Section and subsection (d) of Section 11-20-7, subsection (d) of Section 11-20-8, subsection (d) of Section 11-20-12, subsection (e) of Section 11-20-13, or Section 11-31-1.01 shall apply only to activities performed, costs incurred, and liens filed after the effective date of this amendatory Act of the 96th General Assembly.

(h) For the purposes of this Section and subsection (d) of Section 11-20-7, subsection (d) of Section 11-20-8, subsection (d) of Section 11-20-12, subsection (e) of Section 11-20-13, or Section 11-31-1.01:

"Abandoned residential property" means any type of permanent residential dwelling unit, including detached single family structures, and townhouses, condominium units and multifamily rental apartments covering the entire property, and manufactured homes treated under Illinois law as real estate and not as personal property, that has been unoccupied by any lawful occupant or occupants for at least 90 days, and for which after such 90 day period, the municipality has made good faith efforts to contact the legal owner or owners of the property identified on the recorded mortgage, or, if known, any

agent of the owner or owners, and no contact has been made. A property for which the municipality has been given notice of the order of confirmation of sale pursuant to subsection (b-10) of Section 15-1508 of the Code of Civil Procedure shall not be deemed to be an abandoned residential property for the purposes of subsection (d) of Section 11-20-7, subsection (d) of Section 11-20-8, subsection (d) of Section 11-20-12, subsection (e) of Section 11-20-13, and Section 11-31-1.01 of this Code.

"MERS program" means the nationwide Mortgage Electronic Registration System approved by Fannie Mae, Freddie Mac, and Ginnie Mae that has been created by the mortgage banking industry with the mission of registering every mortgage loan in the United States to lawfully make information concerning each residential mortgage loan and the property securing it available by Internet access to mortgage originators, servicers, warehouse lenders, wholesale lenders, retail lenders, document custodians, settlement agents, title companies, insurers, investors, county recorders, units of local government, and consumers.

(i) Any entity or person who performs a removal, securing, or enclosing activity pursuant to the authority of a municipality under subsection (d) of Section 11-20-7, subsection (d) of Section 11-20-8, subsection (d) of Section 11-20-12, subsection (e) of Section 11-20-13, or Section 11-31-1.01, may, in its, his, or her own name, file a lien pursuant to subsection (b) of this Section and appear in a

foreclosure action on that lien pursuant to subsection (d) of this Section in the place of the municipality, provided that the municipality shall remain subject to subsection (c) of this Section, and such party shall be subject to all of the provisions in this Section as if such party were the municipality.

(i-5) All amounts received by the municipality for costs incurred pursuant to this Section for which the municipality has been reimbursed under Section 7.31 of the Illinois Housing Development Act shall be remitted to the State Treasurer for deposit into the Abandoned Residential Property Municipality Relief Fund.

(j) If prior to subsection (d) of Section 11-20-7, subsection (d) of Section 11-20-8, subsection (d) of Section 11-20-12, and subsection (e) of Section 11-20-13 becoming inoperative a lien is filed pursuant to any of those subsections, then the lien shall remain in full force and effect after the subsections have become inoperative, subject to all of the provisions of this Section. If prior to the repeal of Section 11-31-1.01 a lien is filed pursuant to Section 11-31-1.01, then the lien shall remain in full force and effect after the repeal of Section 11-31-1.01, subject to all of the provisions of this Section.

(Source: P.A. 96-856, eff. 3-1-10.)

Section 15. The Code of Civil Procedure is amended by

changing Section 15-1502.5 and by adding Sections 15-1504.1 and 15-1507.1 as follows:

(735 ILCS 5/15-1502.5)

(Section scheduled to be repealed on April 6, 2011)

Sec. 15-1502.5. Homeowner protection.

(a) As used in this Section:

"Approved counseling agency" means a housing counseling agency approved by the U.S. Department of Housing and Urban Development.

"Approved Housing Counseling" means in-person counseling provided by a counselor employed by an approved counseling agency to all borrowers, or documented telephone counseling where a hardship would be imposed on one or more borrowers. A hardship shall exist in instances in which the borrower is confined to his or her home due to medical conditions, as verified in writing by a physician or the borrower resides 50 miles or more from the nearest approved counseling agency. In instances of telephone counseling, the borrower must supply all necessary documents to the counselor at least 72 hours prior to the scheduled telephone counseling session.

"Delinquent" means past due with respect to a payment on a mortgage secured by residential real estate.

"Department" means the Department of Financial and Professional Regulation.

"Secretary" means the Secretary of Financial and

Professional Regulation or other person authorized to act in the Secretary's stead.

"Sustainable loan workout plan" means a plan that the mortgagor and approved counseling agency believe shall enable the mortgagor to stay current on his or her mortgage payments for the foreseeable future when taking into account the mortgagor income and existing and foreseeable debts. A sustainable loan workout plan may include, but is not limited to, (1) a temporary suspension of payments, (2) a lengthened loan term, (3) a lowered or frozen interest rate, (4) a principal write down, (5) a repayment plan to pay the existing loan in full, (6) deferred payments, or (7) refinancing into a new affordable loan.

(b) Except in the circumstance in which a mortgagor has filed a petition for relief under the United States Bankruptcy Code, no mortgagee shall file a complaint to foreclose a mortgage secured by residential real estate until the requirements of this Section have been satisfied.

(c) Notwithstanding any other provision to the contrary, with respect to a particular mortgage secured by residential real estate, the procedures and forbearances described in this Section apply only once per subject mortgage.

Except for mortgages secured by residential real estate in which any mortgagor has filed for relief under the United States Bankruptcy Code, if a mortgage secured by residential real estate becomes delinquent by more than 30 days the

mortgagee shall send via U.S. mail a notice advising the mortgagor that he or she may wish to seek approved housing counseling. Notwithstanding anything to the contrary in this Section, nothing shall preclude the mortgagor and mortgagee from communicating with each other during the initial 30 days of delinquency or reaching agreement on a sustainable loan workout plan, or both.

No foreclosure action under Part 15 of Article XV of the Code of Civil Procedure shall be instituted on a mortgage secured by residential real estate before mailing the notice described in this subsection (c).

The notice required in this subsection (c) shall state the date on which the notice was mailed, shall be headed in bold 14-point type "GRACE PERIOD NOTICE", and shall state the following in 14-point type: "YOUR LOAN IS MORE THAN 30 DAYS PAST DUE. YOU MAY BE EXPERIENCING FINANCIAL DIFFICULTY. IT MAY BE IN YOUR BEST INTEREST TO SEEK APPROVED HOUSING COUNSELING. YOU HAVE A GRACE PERIOD OF 30 DAYS FROM THE DATE OF THIS NOTICE TO OBTAIN APPROVED HOUSING COUNSELING. DURING THE GRACE PERIOD, THE LAW PROHIBITS US FROM TAKING ANY LEGAL ACTION AGAINST YOU. YOU MAY BE ENTITLED TO AN ADDITIONAL 30 DAY GRACE PERIOD IF YOU OBTAIN HOUSING COUNSELING FROM AN APPROVED HOUSING COUNSELING AGENCY. A LIST OF APPROVED COUNSELING AGENCIES MAY BE OBTAINED FROM THE ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION."

The notice shall also list the Department's current

consumer hotline, the Department's website, and the telephone number, fax number, and mailing address of the mortgagee. No language, other than language substantially similar to the language prescribed in this subsection (c), shall be included in the notice. Notwithstanding any other provision to the contrary, the grace period notice required by this subsection (c) may be combined with a counseling notification required under federal law.

The sending of the notice required under this subsection (c) means depositing or causing to be deposited into the United States mail an envelope with first-class postage prepaid that contains the document to be delivered. The envelope shall be addressed to the mortgagor at the common address of the residential real estate securing the mortgage.

(d) Until 30 days after mailing the notice provided for under subsection (c) of this Section, no legal action shall be instituted under Part 15 of Article XV of the Code of Civil Procedure.

(e) If, within the 30-day period provided under subsection (d) of this Section, an approved counseling agency provides written notice to the mortgagee that the mortgagor is seeking approved counseling services, then no legal action under Part 15 of Article XV of the Code of Civil Procedure shall be instituted for 30 days after the date of that notice. The date that such notice is sent shall be stated in the notice, and shall be sent to the address or fax number contained in the

Grace Period Notice required under subsection (c) of this Section. During the 30-day period provided under this subsection (e), the mortgagor or counselor or both may prepare and proffer to the mortgagee a proposed sustainable loan workout plan. The mortgagee will then determine whether to accept the proposed sustainable loan workout plan. If the mortgagee and the mortgagor agree to a sustainable loan workout plan, then no legal action under Part 15 of Article XV of the Code of Civil Procedure shall be instituted for as long as the sustainable loan workout plan is complied with by the mortgagor.

The agreed sustainable loan workout plan and any modifications thereto must be in writing and signed by the mortgagee and the mortgagor.

Upon written notice to the mortgagee, the mortgagor may change approved counseling agencies, but such a change does not entitle the mortgagor to any additional period of forbearance.

(f) If the mortgagor fails to comply with the sustainable loan workout plan, then nothing in this Section shall be construed to impair the legal rights of the mortgagee to enforce the contract.

(g) A counselor employed by a housing counseling agency or the housing counseling agency that in good faith provides counseling shall not be liable to a mortgagee or mortgagor for civil damages, except for willful or wanton misconduct on the part of the counselor in providing the counseling.



(h) There shall be no waiver of any provision of this Section.

(i) It is the General Assembly's intent that compliance with this Section shall not prejudice a mortgagee in ratings of its bad debt collection or calculation standards or policies.

(j) This Section shall not apply, or shall cease to apply, to residential real estate that is not occupied as a principal residence by the mortgagor.

(k) This Section is repealed July 1, 2013 ~~2 years after the effective date of this amendatory Act of the 95th General Assembly.~~

(Source: P.A. 95-1047, eff. 4-6-09.)

(735 ILCS 5/15-1504.1 new)

Sec. 15-1504.1. Filing fee for Foreclosure Prevention Program Fund.

(a) With respect to residential real estate, at the time of the filing of a foreclosure complaint, the plaintiff shall pay to the clerk of the court in which the foreclosure complaint is filed a fee of \$50 for deposit into the Foreclosure Prevention Program Fund, a special fund created in the State treasury. The clerk shall remit the fee to the State Treasurer as provided in this Section to be expended for the purposes set forth in Section 7.30 of the Illinois Housing Development Act. All fees paid by plaintiffs to the clerk of the court as provided in this Section shall be disbursed within 60 days after receipt by

the clerk of the court as follows: (i) 98% to the State Treasurer for deposit into the Foreclosure Prevention Counseling Program Fund, and (ii) 2% to the clerk of the court for administrative expenses related to implementation of this Section.

(b) Not later than March 1 of each year, the clerk of the court shall submit to the Illinois Housing Development Authority a report of the funds collected and remitted pursuant to this Section during the preceding year.

(735 ILCS 5/15-1507.1 new)

Sec. 15-1507.1. Judicial sale fee for Abandoned Residential Property Municipality Relief Fund.

(a) Upon and at the sale of residential real estate under Section 15-1507, the purchaser shall pay to the person conducting the sale pursuant to Section 15-1507 a fee for deposit into the Abandoned Residential Property Municipality Relief Fund, a special fund created in the State treasury. The fee shall be calculated at the rate of \$1 for each \$1,000 or fraction thereof of the amount paid by the purchaser to the person conducting the sale, as reflected in the receipt of sale issued to the purchaser, provided that in no event shall the fee exceed \$300. No fee shall be paid by the mortgagee acquiring the residential real estate pursuant to its credit bid at the sale or by any mortgagee, judgment creditor, or other lienor acquiring the residential real estate whose rights

in and to the residential real estate arose prior to the sale. Upon confirmation of the sale under Section 15-1508, the person conducting the sale shall remit the fee to the clerk of the court in which the foreclosure case is pending. The clerk shall remit the fee to the State Treasurer as provided in this Section, to be expended for the purposes set forth in Section 7.31 of the Illinois Housing Development Act.

(b) All fees paid by purchasers as provided in this Section shall be disbursed within 60 days after receipt by the clerk of the court as follows: (i) 98% to the State Treasurer for deposit into the Abandoned Residential Property Municipality Relief Fund, and (ii) 2% to the clerk of the court for administrative expenses related to implementation of this Section.

(c) Not later than March 1 of each year, the clerk of the court shall submit to the Illinois Housing Development Authority a report of the funds collected and remitted during the preceding year pursuant to this Section.

(d) Subsections (a) and (b) of this Section shall become inoperative on January 1, 2016. This Section is repealed on March 2, 2016.

Section 20. The State Finance Act is amended by adding Sections 5.755 and 5.756 as follows:

(30 ILCS 105/5.755 new)

Sec. 5.755. The Foreclosure Prevention Program Fund.

(30 ILCS 105/5.756 new)

Sec. 5.756. The Abandoned Residential Property  
Municipality Relief Fund.

Section 99. Effective date. This Act takes effect 60 days  
after becoming law.