



Rep. Karen A. Yarbrough

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LRB097 03588 KMW 54064 a

1 AMENDMENT TO HOUSE BILL 760

2 AMENDMENT NO. _____. Amend House Bill 760 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Findings. The General Assembly finds that
5 additional action is needed to help prevent foreclosures and
6 revitalize the economy in the State of Illinois. Foreclosures
7 are leaving families homeless or in dire financial straits.
8 Many borrowers could receive loan modifications under their
9 existing mortgage, which would help to alleviate this crisis,
10 keep families in their homes, and save Illinois neighborhoods
11 and communities from further damage. Many foreclosures could be
12 prevented with a modest investment in prevention activities,
13 including, outreach to borrowers and court-sponsored mediation
14 to help borrowers and lenders arrive at mutually-agreeable loan
15 modifications. Foreclosed properties contribute to the number
16 of vacant, abandoned, and tax-delinquent properties that
17 threaten communities around the State because those properties

1 diminish property values, enable crime, and create health
2 hazards. Such properties also impose large costs on
3 municipalities and, at the same time, result in decreased
4 revenue for the municipalities. The need exists to address the
5 problems of vacant and abandoned property in a coordinated
6 manner and to foster the development of such property and
7 promote economic growth. Municipalities lack tools necessary
8 to ensure that vacant properties are adequately maintained and
9 secured. Land banks are one of the tools that can be used by
10 communities to facilitate the return of vacant, abandoned, and
11 tax-delinquent properties to productive use. Local governments
12 should be empowered to create land banks to acquire, develop,
13 maintain, and dispose of vacant and abandoned properties that
14 present a threat to communities around the State. Abandoned
15 properties may remain in the foreclosure process for a year or
16 more, which harms both communities and financial institutions
17 with a legal interest in the property. The foreclosure process
18 for abandoned properties should be expedited to help return the
19 properties to productive use.

20 Section 3. Short title. This Act may be cited as the
21 Illinois Land Banking Act.

22 Section 5. Definitions.

23 "Authority" means the land bank authority created pursuant
24 to this Act.

1 "Governmental unit" means a county or municipality.

2 "Intergovernmental agreement" means a contractual
3 agreement between 2 or more governmental agencies, including,
4 but not limited to, an agreement to jointly exercise any power,
5 privilege, or authority that agencies share in common and that
6 each might exercise separately under this Act.

7 Section 10. Authorization. A municipality may elect to
8 create a land bank authority with the powers and restrictions
9 specified in this Act. In creating an authority, the
10 municipality shall adopt an ordinance subject to the approval
11 of the chief executive of the municipality and provide for all
12 of the following:

13 (1) Articles of incorporation for the authority, that
14 shall be filed with the Secretary of State and shall
15 include, in addition to other required and permissible
16 articles, an article specifying that the purpose of the
17 land bank authority is to stabilize communities by:

18 (A) Acquiring property that is vacant or abandoned
19 and in the foreclosure process or is otherwise
20 nonrevenue-generating or nontax-producing.

21 (B) Facilitating the reclamation, rehabilitation,
22 and reutilization of property that is vacant,
23 abandoned, in process of foreclosure, or is otherwise
24 nonrevenue-generating or nontax-producing.

25 (C) Efficiently holding and managing property that

1 is vacant, abandoned, in process of foreclosure, or is
2 otherwise nonrevenue-generating or nontax-producing
3 pending its reclamation, rehabilitation, and
4 reutilization.

5 (2) The size of the board of directors for the
6 authority, which shall be composed of an odd number of
7 members.

8 (3) The qualifications, methods of selection, and
9 terms of office of the board members.

10 Two or more governmental units may elect to enter into an
11 intergovernmental agreement that creates a single land bank to
12 act on behalf of the governmental units, and the agreement
13 shall be authorized by and be in accordance with the provisions
14 of this Section.

15 Section 15. Board of directors; conflicts of interest. The
16 authority shall be governed by a board of directors. The board
17 shall consist of 3 or more directors. The board of directors
18 shall be composed of an odd number of members. The size of the
19 board may be adjusted in accordance with the land bank's
20 by-laws.

21 Notwithstanding any law to the contrary, any public officer
22 shall be eligible to serve as a board member and the acceptance
23 of the appointment shall neither terminate nor impair such
24 public office. For the purposes of this Section, "public
25 officer" means a person who is elected to a State or local

1 government office.

2 Any State or local government employee shall be eligible to
3 serve as a board member.

4 The board of the authority shall meet from time to time as
5 required, and the presence of a majority of the board of
6 directors shall constitute a quorum. A chairperson shall be
7 elected from among the members, and he or she shall execute all
8 deeds, leases, and contracts of the authority when authorized
9 by the board. The board of the authority shall conduct meetings
10 in accordance with the Open Meetings Act. The board of the
11 authority shall adopt a code of ethics for its directors,
12 officers, and employees. The board of the authority shall
13 establish policies and procedures requiring the disclosure of
14 relationships that may give rise to a conflict of interest.

15 Members of a board shall not be liable personally for the
16 obligations of the land bank, and the rights of creditors shall
17 be solely against the land bank and not the municipalities that
18 created it. In lawsuits for injury occasioned by an actionable
19 wrong to persons or property by land bank employees or board
20 members acting in their official capacity, the rights of
21 plaintiffs shall be solely against the land bank and not the
22 municipalities that created it.

23 Members of the board must file written statements of
24 economic interest in accordance with Section 4A-101 of the
25 Illinois Governmental Ethics Act.

26 The board of the authority shall require that any member of

1 the board with a direct or indirect interest in any matter
2 disclose the member's interest to the board before the board
3 takes any action on that matter.

4 Members of the board of directors of an authority shall
5 serve without compensation.

6 It shall be unlawful for a member of the board, the spouse
7 of a member of the board, or an immediate family member of a
8 member of the board to have or acquire a contract or have or
9 acquire a direct pecuniary interest in a contract with the
10 authority that relates to the authority. Any of these contracts
11 shall be deemed null and void. The limitations shall remain in
12 force for one year after the conclusion of the person's term of
13 office.

14 If a member of the board, the spouse of a member of the
15 board, or an immediate family member of a member of the board
16 is entitled to receive distributable income of a partnership,
17 association, corporation, or other business entity, then it is
18 unlawful for that partnership, association, corporation, or
19 other business entity to have or acquire a contract or a direct
20 pecuniary interest in a contract with the authority that
21 relates to the authority. Any of these contracts shall be
22 deemed null and void. The limitations shall remain in force for
23 one year after the conclusion of the person's term of office.

24 A municipality that creates an authority may develop an
25 additional code of ethics for the authority and may establish
26 additional policies and procedures requiring the disclosure of

1 relationships that may give rise to a conflict of interest.

2 The board of the authority may develop an additional code
3 of ethics for its directors, officers, and employees and may
4 establish additional policies and procedures requiring the
5 disclosure of relationships that may give rise to a conflict of
6 interest.

7 Section 20. Powers. The authority may perform any or all
8 of the powers enumerated in this Section, subject to any
9 conditions, restrictions, or limitations of the governmental
10 unit, including the power to:

11 (a) Acquire property pursuant to Section 25 of this
12 Act.

13 (b) Adopt, amend, and repeal bylaws for the regulation
14 of its affairs and the conduct of its business.

15 (c) Sue and be sued in its own name and plead and be
16 impleaded, including, but not limited to, defending the
17 authority in an action to clear title to property conveyed
18 by the authority.

19 (d) Take any action, provide any notice, or instate any
20 proceeding required to clear or quiet title to property
21 held by the authority in order to establish ownership by
22 and vest title to property in the authority.

23 (e) Be made party to and defend any action or
24 proceeding concerning title claims against property held
25 by the authority.

1 (f) Subject to the written approval of the board of
2 directors and the municipality that created the authority
3 under this Act, borrow money and issue bonds and notes.

4 (g) Enter into contracts and other instruments
5 necessary, incidental, or convenient to the performance of
6 its duties and the exercise of its powers, including, but
7 not limited to, intergovernmental agreements, for the
8 joint exercise of power under this Act.

9 (h) Enter into contracts for the management of, the
10 collection of rent from, and the sale of real property held
11 by an authority.

12 (i) Enter into contracts with other entities, public or
13 private, for the provision of all or a portion of the
14 services necessary for the management and operation of the
15 authority.

16 (j) Solicit and accept gifts, grants, labor, loans, and
17 other aid from any person, the federal government, this
18 State, a political subdivision of this State or any agency
19 of the federal government, or an intergovernmental entity
20 created under the laws of this State or participate in any
21 other way in a program of the federal government, this
22 State, a political subdivision of this State, or an
23 intergovernmental entity created under the laws of this
24 State.

25 (k) Procure insurance against loss in connection with
26 the property, assets, or activities of the authority.

1 (l) Control, hold, manage, maintain, operate, repair,
2 lease as lessor, secure, prevent the waste or deterioration
3 of, demolish, and take all other actions necessary to
4 preserve the value of the property it holds or owns.

5 (m) Remediate environmental contamination on any
6 property held by the authority.

7 (n) Fix, charge, and collect rents, fees, and charges
8 for use of property under the control of the authority or
9 for services provided by the authority.

10 (o) Grant or acquire a license, easement, or option
11 with respect to property as the authority determines is
12 reasonably necessary to achieve the purposes of the Act.

13 (p) Pay any tax or special assessment due on property
14 acquired or owned by the authority.

15 (q) Subject to the Public Funds Investment Act, invest
16 money of the authority, at the discretion of the board of
17 directors of the authority, in instruments, obligations,
18 securities, or property determined proper by the board of
19 directors of the authority, and name and use depositories
20 for its money.

21 (r) Employ its own employees or use employees of the
22 authorizing municipality or employees of the parties to
23 intergovernmental agreements.

24 (s) Employ legal and technical experts, other
25 officers, agents, or employees and pay them from the funds
26 of the authority and determine the qualifications, duties,

1 and compensation of those it employs.

2 (t) The board of directors of an authority may delegate
3 to one or more of its members, officers, agents, or
4 employees any powers or duties it considers proper.

5 (u) Reimburse members of the board of directors of the
6 authority for actual and necessary expenses subject to
7 available appropriations.

8 (v) Contract for goods and services and engage
9 personnel as necessary and engage the services of private
10 consultants, managers, legal counsel, engineers, accounts,
11 and auditors for rendering professional financial
12 assistance and advice payable out of any money available to
13 the authority.

14 (w) Prepare the reports or plans the authority
15 considers necessary to assist it in the exercise of its
16 powers under this Act and to monitor and evaluate progress
17 under this Act.

18 (x) Extinguish taxes pursuant to Section 35 of this
19 Act.

20 (y) Convey, sell, transfer, exchange, lease as lessor,
21 or otherwise dispose of property, rights, or interests in
22 property to which the authority holds a legal interest to
23 any public or private person for value determined by the
24 authority.

25 An authority shall not exercise the power of eminent
26 domain.

1 The powers granted by this Act are in addition to the
2 powers granted by any other law, statute, or charter.

3 Section 25. Acquisition of property. The authority may
4 acquire real property or rights or interests in real property
5 by gift, devise, transfer, exchange, foreclosure, purchase,
6 purchase contracts, lease purchase agreements, installment
7 sales contracts, land contracts, or otherwise on terms and
8 conditions and in a manner the authority considers proper.

9 The authority may hold and own in its name any property
10 acquired by it or conveyed to it by this State, a foreclosing
11 governmental unit, a unit of local government, an
12 intergovernmental entity created under the laws of this State,
13 or any other public or private person, including, but not
14 limited to, property without clear title.

15 The authority may only acquire property within the
16 jurisdiction of one of the municipalities granting the
17 authority power under this Act or within the jurisdiction of a
18 governmental entity pursuant to an intergovernmental agreement
19 with that governmental entity. A property outside the corporate
20 limits of a municipality is not considered within the
21 jurisdiction of the municipality until annexation is completed
22 pursuant to Section 7-1-1 of the Illinois Municipal Code.

23 All deeds, mortgages, contracts, leases, purchases, or
24 other agreements regarding property of an authority, including
25 agreements to acquire or dispose of real property, shall be

1 approved by and executed in the name of the authority.

2 The authority shall have the right to purchase properties
3 at tax sales conducted in accordance with Division 3.5 of the
4 Property Tax Code.

5 (1) The authority may tender a bid at a tax sale that
6 is a credit bid, consisting of the obligation of the
7 authority to satisfy the component parts of the bid by
8 payments to the respective political subdivisions.

9 (2) A bid by the authority at a tax sale for the
10 minimum amount shall take priority over all other bids for
11 the same property.

12 Section 30. Financing of land bank operations. A land bank
13 may receive funding through grants and loans from the
14 governmental unit that created the land bank, from other
15 municipalities, from the State of Illinois, from the federal
16 government, and from other public and private sources.

17 A land bank may receive and retain payments for services
18 rendered, for rents and leasehold payments received, for
19 consideration for disposition of real and personal property,
20 for proceeds of insurance coverage for losses incurred, for
21 income from investments, and for any other asset and activity
22 lawfully permitted to a land bank under this Act

23 Subject to the written approval of the County Board
24 President, County Chairman, or County Executive of the county
25 where a property is located, a municipality may authorize the

1 remittance of a portion of the real property taxes collected on
2 real property conveyed by a land bank authority. Up to 50% of
3 those taxes may be remitted to the land bank authority for up
4 to 5 years after the land bank has completed the conveyance of
5 the property.

6 A land bank shall have power to issue bonds for any of its
7 corporate purposes, the principal and interest of which are
8 payable from its revenues generally. Any of the bonds may be
9 secured by a pledge of any revenues, including grants or
10 contributions, or by a mortgage of any property of the land
11 bank.

12 Bonds issued by the land bank shall be authorized by
13 resolution of the board and shall be limited obligations of the
14 land bank; the principal and interest, costs of issuance, and
15 other costs incidental thereto shall be payable solely from the
16 income and revenue derived from the sale, lease, or other
17 disposition of the assets of the land bank. In the discretion
18 of the land bank, the bonds may be additionally secured by
19 mortgage or other security device covering all or part of the
20 project from which the revenues so pledged may be derived. Any
21 refunding bonds issued shall be payable from any source
22 described in this Section or from the investment of any of the
23 proceeds of the refunding bonds and shall not constitute an
24 indebtedness or pledge of the general credit of any
25 governmental unit or municipality within the meaning of any
26 constitutional or statutory limitation of indebtedness, and

1 each bond shall state that requirement.

2 Section 35. Taxes. When real property is acquired by the
3 authority, and that real property is encumbered by a lien or
4 claim for real property taxes owed to the governmental unit or
5 units that created the land bank, the land bank shall have the
6 power, by resolution of the board, to discharge and extinguish
7 any and all liens and claims. Whenever any real property is
8 acquired by a land bank, and that real property is encumbered
9 by a lien or claim for real property taxes owed to the school
10 district, or to a municipality other than the governmental unit
11 or units that created the land bank, the land bank shall have
12 the power, by resolution of the board, to discharge and
13 extinguish any and all such liens or claims if and only if the
14 school district, or municipality other than the governmental
15 unit or units that created the land bank, and the land bank,
16 have entered into an agreement authorizing such discharge and
17 extinguishment. To the extent necessary and appropriate, the
18 land bank shall file in appropriate public records evidence of
19 the extinguishment and dissolution of the liens or claims.

20 All moneys received by an authority as payment of taxes,
21 penalties, or interest, or from the redemption or sale of
22 property subject to a tax lien of any taxing unit shall be
23 returned to the appropriate local tax collecting unit in which
24 the property is located.

25 Property of an authority is public property devoted to an

1 essential public and governmental function and purpose. Income
2 of the authority is considered to be for a public and
3 governmental purpose. The property of the authority and its
4 income and operation are exempt from all taxes and special
5 assessments of this State and all units of local government.
6 Bonds or notes issued by the authority, and the interest on and
7 income from those bonds and notes, are exempt from all taxation
8 of this State or a unit of local government.

9 Section 40. Proceeds. Except as otherwise provided in this
10 Act, as required by other law, as required under the provisions
11 of a deed, or as an authority otherwise agrees, any proceeds
12 received by the authority may be retained by the authority for
13 the purposes of this Act.

14 Section 45. Record maintenance. The authority shall
15 maintain a written inventory of all property held by the
16 authority. The property shall be inventoried and classified by
17 the authority according to title status and suitability for
18 use. The inventory shall be available for public inspection
19 during regular business hours.

20 For each property held, the authority shall establish and
21 maintain itemized records and accounts reflecting all
22 transactions, expenditures, and revenues relating to all
23 property held by the authority.

24 The board shall cause minutes and a record to be kept of

1 all its proceedings.

2 Section 50. Dissolution. The articles of incorporation
3 shall specify the procedure under which a land bank authority
4 may be dissolved. Upon dissolution of the land bank all real
5 property, personal property, and other assets of the land bank
6 shall become the assets of the governmental unit or units that
7 created the land bank. In the event that 2 or more governmental
8 units create a land bank authority, the withdrawal of one or
9 more governmental units shall not result in the dissolution of
10 the land bank unless the intergovernmental agreement so
11 provides, and there is no governmental unit that desires to
12 continue the existence of the land bank.

13 Section 99. Effective date. This Act takes effect upon
14 becoming law.".