



Rep. Karen A. Yarbrough

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LRB097 03588 KMW 53441 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 create a land  
8 bank authority with the powers and restrictions specified in  
9 this Act. In creating an authority, the municipality shall  
10 provide for all of the following:

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

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

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

23 (C) Efficiently holding and managing property that  
24 is vacant, abandoned, in process of foreclosure, or is  
25 otherwise nonrevenue-generating or nontax-producing

1 pending its reclamation, rehabilitation, and  
2 reutilization.

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

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

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

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

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

25 Any State or local government employee shall be eligible to

1 serve as a board member.

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

13 Members of a board shall not be liable personally for the  
14 obligations of the land bank, and the rights of creditors shall  
15 be solely against the land bank.

16 Members of the board must file written statements of  
17 economic interest in accordance with Section 4A-101 of the  
18 Illinois Governmental Ethics Act.

19 The board of the authority shall require that any member of  
20 the board with a direct or indirect interest in any matter  
21 disclose the member's interest to the board before the board  
22 takes any action on that matter.

23 Members of the board of directors of an authority shall  
24 serve without compensation.

25 It shall be unlawful for a member of the board, the spouse  
26 of a member of the board, or an immediate family member of a

1 member of the board to have or acquire a contract or have or  
2 acquire a direct pecuniary interest in a contract with the  
3 authority that relates to the authority. Any of these contracts  
4 shall be deemed null and void. The limitations shall remain in  
5 force for one year after the conclusion of the person's term of  
6 office.

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

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

21 (a) Acquire property pursuant to Section 25 of this  
22 Act.

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

25 (c) Sue and be sued in its own name and plead and be

1           impleaded, including, but not limited to, defending the  
2           authority in an action to clear title to property conveyed  
3           by the authority.

4           (d) Take any action, provide any notice, or instate any  
5           proceeding required to clear or quiet title to property  
6           held by the authority in order to establish ownership by  
7           and vest title to property in the authority.

8           (e) Be made party to and defend any action or  
9           proceeding concerning title claims against property held  
10          by the authority.

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

14          (g) Enter into contracts and other instruments  
15          necessary, incidental, or convenient to the performance of  
16          its duties and the exercise of its powers, including, but  
17          not limited to, intergovernmental agreements, for the  
18          joint exercise of power under this Act.

19          (h) Enter into contracts for the management of, the  
20          collection of rent from, and the sale of real property held  
21          by an authority.

22          (i) Enter into contracts with other entities, public or  
23          private, for the provision of all or a portion of the  
24          services necessary for the management and operation of the  
25          authority.

26          (j) Solicit and accept gifts, grants, labor, loans, and

1 other aid from any person, the federal government, this  
2 State, a political subdivision of this State or any agency  
3 of the federal government, or an intergovernmental entity  
4 created under the laws of this State or participate in any  
5 other way in a program of the federal government, this  
6 State, a political subdivision of this State, or an  
7 intergovernmental entity created under the laws of this  
8 State.

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

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

15 (m) Remediate environmental contamination on any  
16 property held by the authority.

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

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

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

25 (q) Subject to the Public Funds Investment Act, invest  
26 money of the authority, at the discretion of the board of



1 directors of the authority, in instruments, obligations,  
2 securities, or property determined proper by the board of  
3 directors of the authority, and name and use depositories  
4 for its money.

5 (r) Employ its own employees or use employees of the  
6 authorizing municipality or employees of the parties to  
7 intergovernmental agreements.

8 (s) Employ legal and technical experts, other  
9 officers, agents, or employees and pay them from the funds  
10 of the authority and determine the qualifications, duties,  
11 and compensation of those it employs.

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

15 (u) Reimburse members of the board of directors of the  
16 authority for actual and necessary expenses subject to  
17 available appropriations.

18 (v) Contract for goods and services and engage  
19 personnel as necessary and engage the services of private  
20 consultants, managers, legal counsel, engineers, accounts,  
21 and auditors for rendering professional financial  
22 assistance and advice payable out of any money available to  
23 the authority.

24 (w) Prepare the reports or plans the authority  
25 considers necessary to assist it in the exercise of its  
26 powers under this Act and to monitor and evaluate progress

1 under this Act.

2 (x) Extinguish taxes pursuant to Section 35 of this  
3 Act.

4 (y) Convey, sell, transfer, exchange, lease as lessor,  
5 or otherwise dispose of property, rights, or interests in  
6 property to which the authority holds a legal interest to  
7 any public or private person for value determined by the  
8 authority.

9 An authority shall not exercise the power of eminent  
10 domain.

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

13 Section 25. Acquisition of property. The authority may  
14 acquire real property or rights or interests in real property  
15 by gift, devise, transfer, exchange, foreclosure, purchase,  
16 purchase contracts, lease purchase agreements, installment  
17 sales contracts, land contracts, or otherwise on terms and  
18 conditions and in a manner the authority considers proper.

19 The authority may hold and own in its name any property  
20 acquired by it or conveyed to it by this State, a foreclosing  
21 governmental unit, a unit of local government, an  
22 intergovernmental entity created under the laws of this State,  
23 or any other public or private person, including, but not  
24 limited to, property without clear title.

25 The authority may only acquire property within the

1 jurisdiction of one of the municipalities granting the  
2 authority power under this Act or within the jurisdiction of a  
3 governmental entity pursuant to an intergovernmental agreement  
4 with that governmental entity. A property outside the corporate  
5 limits of a municipality is not considered within the  
6 jurisdiction of the municipality until annexation is completed  
7 pursuant to Section 7-1-1 of the Illinois Municipal Code.

8 All deeds, mortgages, contracts, leases, purchases, or  
9 other agreements regarding property of an authority, including  
10 agreements to acquire or dispose of real property, shall be  
11 approved by and executed in the name of the authority.

12 The authority shall have the right to purchase properties  
13 at tax sales conducted in accordance with Division 3.5 of the  
14 Property Tax Code.

15 (1) The authority may tender a bid at a tax sale that  
16 is a credit bid, consisting of the obligation of the  
17 authority to satisfy the component parts of the bid by  
18 payments to the respective political subdivisions.

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

22 Section 30. Financing of land bank operations. A land bank  
23 may receive funding through grants and loans from the  
24 governmental unit that created the land bank, from other  
25 municipalities, from the State of Illinois, from the federal

1 government, and from other public and private sources.

2 A land bank may receive and retain payments for services  
3 rendered, for rents and leasehold payments received, for  
4 consideration for disposition of real and personal property,  
5 for proceeds of insurance coverage for losses incurred, for  
6 income from investments, and for any other asset and activity  
7 lawfully permitted to a land bank under this Act

8 A municipality may authorize the remittance of a portion of  
9 the real property taxes collected on real property conveyed by  
10 a land bank authority. Up to 50% of those taxes may be remitted  
11 to the land bank authority for up to 5 years after the land  
12 bank has completed the conveyance of the property.

13 A land bank shall have power to issue bonds for any of its  
14 corporate purposes, the principal and interest of which are  
15 payable from its revenues generally. Any of the bonds may be  
16 secured by a pledge of any revenues, including grants or  
17 contributions, or by a mortgage of any property of the land  
18 bank.

19 Bonds issued by the land bank shall be authorized by  
20 resolution of the board and shall be limited obligations of the  
21 land bank; the principal and interest, costs of issuance, and  
22 other costs incidental thereto shall be payable solely from the  
23 income and revenue derived from the sale, lease, or other  
24 disposition of the assets of the land bank. In the discretion  
25 of the land bank, the bonds may be additionally secured by  
26 mortgage or other security device covering all or part of the

1 project from which the revenues so pledged may be derived. Any  
2 refunding bonds issued shall be payable from any source  
3 described in this Section or from the investment of any of the  
4 proceeds of the refunding bonds and shall not constitute an  
5 indebtedness or pledge of the general credit of any  
6 governmental unit or municipality within the meaning of any  
7 constitutional or statutory limitation of indebtedness, and  
8 each bond shall state that requirement.

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

1 the extinguishment and dissolution of the liens or claims.

2 All moneys received by an authority as payment of taxes,  
3 penalties, or interest, or from the redemption or sale of  
4 property subject to a tax lien of any taxing unit shall be  
5 returned to the appropriate local tax collecting unit in which  
6 the property is located.

7 Property of an authority is public property devoted to an  
8 essential public and governmental function and purpose. Income  
9 of the authority is considered to be for a public and  
10 governmental purpose. The property of the authority and its  
11 income and operation are exempt from all taxes and special  
12 assessments of this State and all units of local government.  
13 Bonds or notes issued by the authority, and the interest on and  
14 income from those bonds and notes, are exempt from all taxation  
15 of this State or a unit of local government.

16 Section 40. Proceeds. Except as otherwise provided in this  
17 Act, as required by other law, as required under the provisions  
18 of a deed, or as an authority otherwise agrees, any proceeds  
19 received by the authority may be retained by the authority for  
20 the purposes of this Act.

21 Section 45. Record maintenance. The authority shall  
22 maintain a written inventory of all property held by the  
23 authority. The property shall be inventoried and classified by  
24 the authority according to title status and suitability for

1 use. The inventory shall be available for public inspection  
2 during regular business hours.

3 For each property held, the authority shall establish and  
4 maintain itemized records and accounts reflecting all  
5 transactions, expenditures, and revenues relating to all  
6 property held by the authority.

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

18 Section 99. Effective date. This Act takes effect upon  
19 becoming law.".