



# Office of the City Clerk

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## Legislation Details (With Text)

**File #:** O2014-8854

**Type:** Ordinance **Status:** Failed to Pass

**File created:** 11/5/2014 **In control:** City Council

**Final action:** 5/20/2015

**Title:** Amendment of Municipal Code Title 13 by adding new Chapter 13-14 regarding distressed properties

**Sponsors:** Lane, Lona, Harris, Michelle A., Laurino, Margaret, O'Shea, Matthew J., Foulkes, Toni, Quinn, Marty, Austin, Carrie M., Balcer, James, Graham, Deborah L., Cardenas, George A., Pope, John, Holmes, Natasha, Sawyer, Roderick T., Willie B. Cochran, Reilly, Brendan, Smith, Michele, O'Connor, Mary, Fioretti, Bob, Arena, John, Hairston, Leslie A., Cullerton, Timothy M., Mitts, Emma, Chandler, Michael D., O'Connor, Patrick, Zalewski, Michael R., Reboyras, Ariel, Solis, Daniel, Colón, Rey, Maldonado, Roberto, Sposato, Nicholas, Waguespack, Scott, Burnett, Jr., Walter, Suarez, Regner Ray, Ervin, Jason C., Thomas, Latasha R.

**Indexes:** Ch. 14 [Untitled]

**Attachments:** 1. O2014-8854.pdf

Date	Ver.	Action By	Action	Result
5/20/2015	1	City Council	Failed to Pass	Fail
11/5/2014	1	City Council	Referred	

## ORDINANCE

### BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The Municipal Code of the City of Chicago is hereby amended by adding, in proper numerical sequence, a new Chapter 13-14, as follows:

#### 13-14-010 Legislative findings.

After due investigation and consideration, the City Council finds as follows:

- 1) During the years 2008 through 2013, a total of 55,278 foreclosure actions were filed involving single-family homes in the City of Chicago, not counting condominium units and cooperative apartment units.
- 2) The initiation of foreclosure proceedings affects the owners and residents of the affected property, because of the risks of economic loss and dislocation, disruption of their lives, and the stress related to these problems.
- 3) Foreclosure proceedings and their aftermath also affect owners and residents of properties near the foreclosed home: in many instances a home in foreclosure is left unoccupied, and the property left unattended, circumstances that can lead to neighborhood blight and even criminal activity, causing anxiety among neighbors and reducing their property values.

- 4) Although many mortgagees act responsibly in every stage of foreclosure, there have been instances where a mortgagee that takes possession of a single-family home avoids spending money to maintain and preserve the building and yards, and does the bare minimum to avoid prosecution for the neglect of the property.
- 5) Some mortgagees that have taken possession of a single-family home ignore the property to the extent that uninvited, illegal occupants take up "residence" in the home, even if the building lacks utility service.
- 6) Such illegal occupancy of a home often leads to vandalism and further deterioration of the property, and is sometimes accompanied by other illegal activity, all of which affects the quality of life of innocent neighbors and can have an adverse effect on the value of nearby properties.
- 7) Some mortgagees, when notified of illegal occupancy of a home in the mortgagee's possession and legal control, refuse to sign trespassing complaints against the illegal occupants, choosing to further neglect their own investment and adversely affecting the quality of life of neighborhood residents.

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- (8) It is therefore appropriate that the City Council enact legislation to deal with the diminution of the innocent neighbors' quality of life caused by illegal occupancy of foreclosed homes.

### **13-14-020 Scope of chapter.**

Nothing in this chapter shall apply to any condominium unit or any residential apartment in a cooperative building as defined in section 5-14-020 of this code

### **13-14-030 Definitions.**

Whenever used in this chapter, unless the context clearly requires otherwise:

- a) "Controlling party" includes an owner of a distressed home; a mortgagee in possession of a distressed home; a receiver appointed by a court to manage or care for a distressed home; a manager hired or appointed to manage a distressed home.
- b) "Designated contact person" means a natural person 21 years of age or older, designated by the mortgagee as the authorized agent for receiving notices of code violations and for receiving process, in any court proceeding or administrative enforcement proceeding, on behalf of such owner in connection with the enforcement of this Code. This person must maintain an office or actually reside in Cook County, Illinois. A mortgagee who is a natural person and who meets the

requirements of this subsection as to location of residence or office may serve as his own designated contact person. By naming a designated contact person under the provisions of this section, the mortgagee is consenting to receive any and all notices of code violations concerning the property and all process in any court proceeding or administrative enforcement proceeding brought to enforce code provisions concerning the property by service of the notice or process on the designated contact.

- c) "Distressed home" means a single-family home that (1) is the subject of a delinquency claim or notice of default filed by a mortgage lender, claiming an arrearage in mortgage payments of at least 60 days' duration; or (2) is the subject of a pending foreclosure action filed by a mortgage lender; or (3) has been the subject of a judicial sale in the course of a foreclosure, resulting in ownership of the home by the mortgage lender or by an asset manager
- d) "Mortgage" means any consensual interest or consensual lien created by a written instrument which grants or retains an interest in realty to secure a debt or other obligation. Real estate installment sales contracts shall be deemed mortgages for the purposes of this chapter.

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- e) "Mortgagee" means (1) the holder of an indebtedness or obligee of a non-monetary obligation secured by a mortgage or any person designated or authorized to act on behalf of such holder, (2) any person claiming through a mortgagee as successor, and (3) any person identified as such in a recorded document which has not been released, assigned, or superseded of record. A mortgagee who takes ownership of a distressed home, by deed in lieu of foreclosure or by judicial sale, shall remain obligated to perform every duty of a mortgagee under this chapter.
- f) "Owner" means the legal title holder or holders of the realty, except (1) if legal title is held by an Illinois Land Trust, owner shall mean the beneficial owner or owners of the trust; and (2) if there is a purchaser or purchasers under a real estate installment sales contract, "owner" shall mean the purchaser or purchasers.

#### **13-14-040 Notice of distress; notice in change of status of distressed home.**

a) Within 5 working days after a single-family home becomes a distressed home, the mortgagee of that property shall so notify the Department of Buildings. The notification shall indicate the address and permanent index number of the subject property, the name of each owner, the duration of the delinquency, and the mortgagee's designated contact person.

b) The mortgagee shall advise the Department of Buildings of any change in the status of a distressed home within 5 business days after such a change occurs. Changes in status requiring notice to the Department of Buildings include: (1) the cure of the delinquency or default; (2) initiation of foreclosure proceedings; (3) the distressed home's becoming vacant; (4) deed to the property given in lieu of foreclosure; (5) judgment against the owner of the distressed home in foreclosure proceedings; (6) entry of an order by a court, setting a date for sale of the property; (7) the discontinuation of vacancy of the distressed home, whether by return of the owner

or by renting of the distressed home to someone other than the owner; (8) destruction of or major damage to the distressed home; (9) change in the identity, telephone number or address of the mortgagee's designated contact; (10) any other change specified by the Commissioner of Buildings in rules.

c) Notifications under this section shall be in addition to notices required under sections 13-12-125 and 13-12-126 of this code.

d) The Commissioner of Buildings shall notify the alderman of the ward in which a distressed home is located of each notification related to the distressed home, and with the Department of Police.

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#### **13-14-050 Sign to be posted.**

Whenever a distressed home becomes vacant, the mortgagee of the distressed home shall post a sign on each wall of the building that contains an entry door, notwithstanding any other provision of this code relating to location and size of signs. The sign shall be posted no more than 5 days after the distressed home has become vacant, and shall state:

"No Trespassing  
Trespassers Will Be Prosecuted  
For information about this property, contact \_\_\_\_\_."

The name and telephone of the designated contact shall be inserted in the blank. Where possible, the sign shall be installed at least 10 feet above the ground. The print on the sign must contrast clearly with the background, and lettering must be at least 2 inches in height.

No fee shall be imposed or collected by the City for installation and maintenance of a sign required by this section.

#### **13-14-060 Interference with sign prohibited.**

No person shall remove, deface, cover or obscure a sign required by section 13-14-050. Notwithstanding the foregoing, a mortgagee may remove the sign if the distressed home has been reoccupied by the owner or a successor owner, or by another person owner pursuant to a written lease signed by the owner or mortgagee.

#### **13-14-070 Illegal to enter distressed home.**

a) No person may enter or remain in a distressed home, or on the real property containing the distressed home, where a sign required by section 13-14-050 has been posted, except with the written

permission of the mortgagee.

b) It shall be sufficient proof that a person has committed a violation of subsection (a) of this section if (1) the person is found within the distressed home or on the real property on which the distressed home is located; and (2) the person at that time is not in possession of the written permission of the mortgagee to enter or to remain on the property.

#### 13-14-080 Nuisance declared. I

Violation of section 13-14-070 is hereby declared to be a nuisance, subject to immediate abatement by representatives of the Department of Police and/or the Department of Buildings. Every person who creates or maintains such a nuisance in violation of this section shall be liable,

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jointly and severally, for the City's costs of abating the nuisance, in addition to the fine for violating section 13-14-070.

#### **13-14-090 Penalties for violation of chapter provisions.**

Any person who violates any provision of this chapter shall be subject to a fine, as follows:

Violation of section 13-14-040(a) or (b): minimum \$500, maximum \$1,000; Violation of section 13-14-050: \$1,000;

Violation of section 13-14-060: minimum \$500, maximum \$1,000; Violation of section 13-14-070: minimum \$500, maximum \$1,000. Each day of a continuing violation shall constitute a separate and distinct offense.

#### **13-14-100 Department heads authorized to issue rules.**

The Commissioner of Buildings is authorized to issue rules for the administration of this chapter, including prescribing forms for use in compliance with section 13-14-040. The Superintendent of Police is authorized to designate a unit of the Department of Police, or a person within the department, to receive communications from the Department of Buildings under this chapter.

SECTION 2. This ordinance shall take effect 30 days after its passage and approval.