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Cook County Land Bank Authority

COOK COUNTY LAND BANK AUTHORITY



POLICIES AND PROCEDURES

Acquisition and Disposition of Real Property

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The acquisition and disposition of properties owned by Cook County through the Cook County Land Bank Authority (hereinafter “CCLBA”) according to the provisions of the Ordinance Establishing the Cook County Land Bank Authority (Ord. No. 13-0-7 §§ 103-1 *et seq.*) shall be guided by the following policies.

Section 1. Role as a Public Authority.

- 1.1 Public Authority. The CCLBA is a public entity and an agency of Cook County authorized by Illinois law and created pursuant to the Ordinance Establishing the Cook County Land Bank Authority dated March 20, 2013. It is governed by a Board of Directors appointed by the Cook County President and approved by the Cook County Board of Commissioners.
- 1.2 Governing Authority. The core governing documents of the CCLBA are Sections 103-1 *et seq.* of the Cook County Code of Ordinances, the CCLBA Rules for the Board of Directors adopted April 25, 2013 and those Policies and Procedures approved and adopted by the CCLBA Board of Directors now and in the future.
- 1.3 Purposes. The CCLBA is established to acquire, hold and transfer interest in real property throughout Cook County to (a) promote redevelopment and reuse of vacant, abandoned, foreclosed or tax-delinquent properties, (b) support targeted efforts to stabilize neighborhoods, (c) stimulate residential, commercial and industrial development, and (d) undertake its actions in ways that are consistent with goals and priorities established by local government partners and other community stakeholders.

Section 2. Priorities for Property Acquisition and Disposition.

- 2.1 Impact of property transfer. The CCLBA shall consider the impact of a property transfer, including without limitation any form of acquisition or disposition, on short and long-term neighborhood and community development plans. The CCLBA may consider the following in any order in which it deems appropriate: the preservation of existing stable and viable neighborhoods; neighborhoods in which a proposed disposition will assist in halting a slowly occurring decline or deterioration; neighborhoods which have recently experienced or are continuing to experience a rapid decline or deterioration; geographic areas which are predominantly non-viable for purposes of residential or commercial development.
- 2.2 Priorities for Property Use. The CCLBA has the following priorities for use of CCLBA properties:
 - (a) Neighborhood Revitalization including the return of vacant, abandoned or foreclosed property to productive status; land assemblage for economic development; long-term “banking” of properties for future strategic uses; and provision of financial resources for operating functions of the CCLBA.
 - (b) Affordable Housing including the preservation, production or rehabilitation of housing for persons with low or moderate incomes, and the preservation of long term land affordability through community land trusts or similar not-for-profit or public entities. On an annual basis the Board of Directors will consider and approve the

applicable definitions of “low income” and “moderate income” for purposes of carrying out the activities of the CCLBA.

(c) Economic Development including use and development of property that promotes job creation and that generates revenue for CCLBA operations and future CCLBA investment in Cook County communities.

(d) Conservation including the preservation and re-use of land for environmental conservation and other greening purposes.

2.3 Neighborhood Consultation. The CCLBA when applicable and feasible expects applicants seeking to acquire property from the CCLBA to demonstrate prior consultation with neighborhood associations and nonprofit entities in the geographical location of the property.

2.4 Municipalities with a population over 100,000. Any transaction involving property located within a municipality with a population over 100,000 shall only be made pursuant to an agreement between that municipality and the CCLBA according to the Ordinance Establishing the Cook County Land Bank Authority.

Section 3. Priorities for Property Transferees.

3.1 Priority Transferees. Except where limited by the terms of its acquisition, the CCLBA may, at its discretion, give priority to transferees of CCLBA properties including, but not limited to, non-profit or for-profit entities seeking to obtain the land for neighborhood revitalization, affordable housing, economic development or conservation purposes described in section 2.2 above. The CCLBA may also, at its discretion, give priority to transferees including: local governments, nonprofit institutions such as academic institutions and religious institutions; entities that are a partnership, limited liability corporation, or joint venture comprised of a private nonprofit corporation and a private for-profit entity; individuals who own and occupy residential property for purposes of the Side Lot Disposition Program, and individuals who seek to own and occupy residential property obtained from the CCLBA.

3.2 Transferee Qualifications. All applicants seeking to acquire property from the CCLBA, or to enter into transaction agreements with the CCLBA, will be required to provide as part of the application such information as may be requested by the CCLBA, including but not limited to (a) the legal status of the applicant, its organizational and financial structure and operational capacity, and (b) the applicant’s prior experience in developing and managing real property.

3.3 Reserved Discretion. The CCLBA reserves full and complete discretion to decline applications and proposed transaction agreements from individuals and entities. Relevant criteria in such a decision may include but are not limited to:

- (a) failure to perform in prior transactions with the CCLBA,
- (b) prior or current ownership of properties that became delinquent in ad valorem tax payments and remain delinquent in ad valorem tax payments during their ownership,
- (c) parties that are barred from transactions with local government entities,

- (d) parties that are unable to demonstrate sufficient experience and capacity to perform in accordance with the requirements of the CCLBA,
- (e) ownership of properties that have any un-remediated citation for violation of federal, state and local codes, ordinances and regulations, and
- (f) application for properties that have been used by the applicant or a family member of the applicant as his or her personal residence at any time during the twelve (12) months immediately preceding the submission of application.

Section 4. Acquisition of Real Property.

4.1 Sources of Property Inventory. Sources of real property inventory of the CCLBA include, but are not limited to, the following: (a) transfers from the State of Illinois, local government units, intergovernmental entities; (b) acquisitions by the CCLBA in the name of Cook County at tax sales conducted in accordance with the Property Tax Code, 35 ILCS §200/1-1 *et seq.*; (c) donations from private persons and entities; (d) market purchases; (e) conduit transfers contemplating the simultaneous acquisition and disposition of property; and (f) other transactions such as land banking depository agreements. In determining the nature and extent of properties to be acquired the CCLBA will also give consideration to criteria including, but not limited to, the underlying values of the subject properties, the financial resources available for acquisitions, and the operational capacity of the CCLBA.

4.2 Policies Governing the Acquisition of Properties. In determining which, if any, properties will be acquired by the CCLBA, the CCLBA will give consideration to the following factors:

- (a) Proposals and requests by nonprofit corporations that identify specific properties for ultimate acquisition and redevelopment.
- (b) Proposals and requests by governmental entities that identify specific properties for ultimate use and redevelopment.
- (c) Residential properties that are occupied or are available for immediate occupancy without need for substantial rehabilitation.
- (d) Improved properties that are the subject of an existing order for demolition of the improvements and properties that meet the criteria for demolition of improvements.
- (e) Vacant properties that could be placed into a Side Lot Disposition Program.
- (f) Properties that would be in support of strategic neighborhood stabilization and revitalization plans.
- (g) Properties that would form a part of a land assemblage development plan.
- (h) Properties that will generate operating resources for the functions of the CCLBA.
- (i) Properties that are currently affordable, but at risk of losing affordability and properties that lend themselves to affordable housing development.

4.3 Acquisitions through Delinquent Tax Enforcement Proceedings. The CCLBA may acquire properties through the delinquent tax enforcement process including, but not

limited to acquisitions at annual tax sales or scavenger sales, or subsequent to such sales as authorized by law.

- 4.4 Transaction Agreements. In all cases involving conduit transfers and land banking agreements a transaction agreement will be approved in advance by the CCLBA and the grantor of the property. In the case of conduit transfers such a transaction agreement will generally be in the form of an Acquisition and Disposition Agreement prepared in accordance with these Policies. In the case of a land banking relationship such a transaction agreement will generally be in the form of a land banking agreement prepared in accordance with these Policies. These transaction agreements shall be in form and content as deemed by the CCLBA to be in the best interest of the CCLBA, and shall include to the extent feasible specification of all documents and instruments contemplated by the transaction as well as the rights, duties and obligations of the parties.
- 4.5 Title Assurance. In all acquisitions of property by the CCLBA through transaction agreements the CCLBA generally requires a certificate of title based upon a full title examination and, in the case of Land Banking Agreements, a policy of title insurance insuring the CCLBA subject to such outstanding title exceptions as are acceptable to the CCLBA in its sole discretion.
- 4.6 Environmental Concerns. The CCLBA reserves full and complete discretion to require in all transaction agreements that satisfactory evidence be provided to the CCLBA that the property is not subject to environmental contamination as defined by federal or state law.

Section 5. Disposition of Real Property.

- 5.1 Consideration Generally. The form of consideration to be provided by the transferee to the CCLBA is in the sole discretion of the CCLBA and may take the form of cash, deferred financing, performance of contractual obligations, imposition of restrictive covenants, or other obligations and responsibilities of the transferee, or any combination thereof. The following factors are general guidelines for determination of the consideration to be received by the CCLBA for the transfer of properties. The CCLBA will require good and valuable consideration in an amount not less than the lower of the fair market value of the property, as determined by the CCLBA, or the Property Costs. "Property Costs" will mean the aggregate costs and expenses of the CCLBA attributable to the specific property in question, including costs of acquisition, maintenance, repair, demolition, marketing of the property and indirect costs of the operations of the CCLBA allocable to the property. Notwithstanding anything to the contrary set forth in this Section, the extent to which the CCLBA utilizes this formula will be made on a property by property basis in light of the specifics of a given situation.
- 5.2 Transfers to Nonprofit entities for affordable housing.
- (a) Transfers of property to nonprofit entities for the development, operation or maintenance of affordable housing will generally require consideration not less than the Property Costs.

(b) Consideration will generally be established at a level between the Property Costs and fair market value of the property. To the extent that the consideration exceeds the Property Costs, such amount may be reflected by a combination of contractual obligations to develop, maintain, or preserve the property for specified affordable housing purposes. Such amount may be secured by subordinate financing in which amortization of the obligation occurs by virtue of annual performance of the required conditions.

(c) A key factor in determining the amount of and method of payment of the consideration shall be to facilitate the development of affordable housing and simultaneously to ensure that the property is dedicated over an appropriate period of time for affordable housing.

5.3 Transfers to Governmental Entities.

(a) To the extent that transfers of property to governmental entities are designed to be held by such governmental entities in perpetuity for governmental purposes, the aggregate consideration for the transfer will generally be based upon deed restrictions upon the use of the property, unless other forms or levels of consideration are appropriate.

(b) To the extent that transfers of property to governmental entities are anticipated as conduit transfers by such governmental entities to third parties, the consideration will generally consist of not less than the Property Costs, ordinarily to be paid in cash. The difference between the Property Costs and the fair market value may be included in consideration depending upon the relationship between the anticipated uses and the governing priorities of the CCLBA.

5.4 Transfers of Property at Open Market Conditions. Property that is transferred on the open real estate market, whether through auction or negotiated transfers, without restrictions as to future use will generally be based upon consideration equal to the fair market value of the property. Such consideration ordinarily will be paid in full at the time of the transfer.

5.5 Side Lot Disposition Program. The pricing policies applicable to the Side Lot Disposition Program shall be as set forth in the policies and procedures applicable to the Side Lot Disposition Program.

5.6 Covenants, Conditions and Restrictions. All conveyances by the CCLBA to third parties shall include such covenants, conditions and restrictions as the CCLBA deems necessary and appropriate in its sole discretion to ensure the use, rehabilitation and redevelopment of the property in a manner consistent with the public purposes of the CCLBA. In the discretion of the CCLBA, such requirements may take several forms including but not limited to a deed creating a defeasible fee, recorded restrictive covenants, subordinate financing being held by the CCLBA, contractual development agreements, local hiring requirements or any combination thereof.

- 5.7 Options. Optional transactions will be considered on a case-by-case basis under terms deemed appropriate by the CCLBA. All option agreements are subject to all policies and procedures of the CCLBA pertaining to property transfers.
- 5.8 Deed Without Warranty. All conveyances from the CCLBA to third parties will be by Quitclaim Deed, unless otherwise specifically agreed to.

Section 6. Conduit Transfers with Not-for-Profit Entities.

- 6.1 Transactions with Not-for-Profit Entities. The CCLBA may enter into conduit transfers with not-for-profit corporate entities as generally outlined in this section. Generally, in these transactions, the not-for-profit corporate entities will secure donations of tax delinquent properties or purchase tax delinquent properties from owners, transfer these properties to the CCLBA for extinguishment of delinquent taxes and reacquire these properties for use in affordable housing development, preservation, neighborhood revitalization and economic development.
- 6.2 Pursuant to agreements with participating local governments, the CCLBA may extinguish delinquent taxes which were not the responsibility of the transferring Not-for-Profit Entity.
- 6.3 Eligibility. Eligibility for this option will be based on certain criteria. These shall include the geographical location of the property, qualifications of the not-for-profit transferee described in section 3.2 above, and intended use of the property.
- 6.4 Documentation of Lot Purchase. The applicant must document the purchase process extensively. This documentation should include, but is not limited to, the following information per parcel:
- (a) The total purchase price for the property, including the net proceeds paid or payable to the seller;
 - (b) The total amount spent to acquire the property (e.g., legal counsel, administrative costs);
 - (c) The development costs impacting the final sale price; and
 - (d) The total amount of delinquent ad valorem taxes, special assessments, and other liens and encumbrances against the property and the length of delinquency for each.
- 6.5 Maximum Costs. The total of these costs should exceed the maximum allowable lot cost before the CCLBA generally will consider the extinguishment of delinquent taxes in total or in part.
- 6.6 CCLBA Discretion. Some properties may present unusual or extenuating circumstances due to lack of funding for proposed development or related costs. Notwithstanding sections 6.1-6.5 above, the CCLBA reserves the right to evaluate and consider approving such properties for conduit transfer on a case-by-case basis.

Section 7. Conduit Transfers with For-Profit Entities.

- 7.1 Transactions with For-Profit Entities. The CCLBA may enter into conduit transfers with for-profit corporate entities as generally outlined in this section. Generally, in these transactions, the corporate entities will secure donations of tax delinquent properties or purchase tax delinquent properties from owners, transfer these properties to the CCLBA for extinguishment of taxes, and reacquire these properties for use in affordable housing development, preservation, and neighborhood revitalization, stabilization and economic development.
- 7.2 Eligibility. Eligibility for this option will be based on certain criteria. These shall include the geographical location of the property. The corporate entity will ordinarily first be required to identify and consult with any active non-profit entities that may have an interest in developing the property. If an interest exists, the non-profit and for-profit must make a good faith effort, as judged by the CCLBA in its sole discretion, to enter into an agreement for joint development.
- 7.3 Documentation of Lot Purchase. The applicant must document the purchase process extensively. This documentation should include, but is not limited to, the following information per parcel:
- (a) The total purchase price for the property, including the net proceeds paid or payable to the seller;
 - (b) The total amount spent to acquire the property (e.g., legal counsel, administrative costs, etc.);
 - (c) The development costs impacting the final sale price; and
 - (d) The total amount of delinquent ad valorem taxes (County, City, School District), special assessments, and other liens and encumbrances against the property and the length of delinquency for each.
- 7.4 Maximum Costs. The total of these costs should exceed the maximum allowable lot cost before the CCLBA generally will consider the extinguishment of delinquent taxes in total or in part.
- 7.5 CCLBA Discretion. Some properties may present unusual or extenuating circumstances due to lack of funding for the proposed development or related costs. Notwithstanding sections 7.1-7.5 above, the CCLBA reserves the right to evaluate and consider approving such properties for conduit transfer on a case-by-case basis.

Section 8. Conduit Transfers for Community Improvements.

- 8.1 Community Improvement Property. The CCLBA may accept donations of property to be transferred into a non-revenue-generating, non-tax-producing use that is for community improvement, neighborhood stabilization or other purposes consistent with these policies.

- 8.2 Eligibility. Properties can be conveyed to the CCLBA for extinguishment of delinquent taxes and then re-conveyed by the CCLBA to be utilized for community improvement purposes including but not limited to community gardens, parking for non-profit functions such as a school or cultural center, or a playground for after-school or day care. The application must demonstrate that the proposed community improvements are consistent with the area redevelopment plans and community revitalization plans.
- 8.3 Transferee. The application must identify and be signed by the ultimate transferee of the property from the CCLBA. The transferee ordinarily will be a governmental entity, a not-for-profit property entity, or a for-profit entity that is capable of holding and maintaining the property in the anticipated conditions and for the anticipated purposes.
- 8.4 Restrictive Covenants. The CCLBA, in the conveyance of the property to the transferee, may impose covenants, conditions and restrictions as necessary to ensure that the property is used for community improvement or other purposes consistent with these policies.

Section 9. Side Lot Disposition Program.

- 9.1 Side Lot Transfers. Individual parcels of property may be acquired by the CCLBA and transferred to individuals in accordance with the following policies. The transfer of any given parcel of property in the Side Lot Disposition Program is subject to override by higher priorities as established by the CCLBA.
- 9.2 Qualified Properties. Parcels of property eligible for inclusion in the Side Lot Disposition Program will generally meet the following minimum criteria:
- (a) The property will be vacant unimproved real property;
 - (b) The property will be physically contiguous to adjacent owner-occupied residential property, with not less than a 50% common boundary line at the side;
 - (c) The property will consist of no more than one lot capable of development. Initial priority will be given to the disposition of properties of insufficient size to permit independent development; and
 - (d) No more than one lot will ordinarily be transferred per contiguous lot.
- 9.3 Side Lot Transferees.
- (a) All transferees must own the contiguous property, and priority is given to transferees who personally occupy the contiguous property.
 - (b) The transferee must not own any real property (including both the contiguous lot and all other property in the County) that is subject to any un-remediated citation of violation of the state and local codes and ordinances.
 - (c) The transferee must not own any real property (including both the contiguous lot and all other property in the County) that is tax delinquent.
 - (d) The transferee must not have been the prior owner of any real property in the County that was transferred to a local government as a result of tax sale proceedings unless the CCLBA approves the anticipated disposition prior to the effective date of completion of the tax sale proceedings.

9.4 Pricing.

- (a) Parcels of property that are not capable of independent development will ordinarily be eligible for transfer for nominal consideration.
- (b) Parcels of property that are capable of independent development will generally be transferred for consideration in an amount not less than the amount of the costs incurred in acquisition, demolition and maintenance of the lot.

9.5 Additional Requirements.

- (a) As a condition of transfer of a lot the transferee will ordinarily be required to enter into an agreement that the lot transferred will be consolidated with the legal description of the contiguous lot, and not subject to subdivision or partition within a five year period following the date of the transfer.
- (b) In the event that multiple adjacent property owners desire to acquire the same side lot, the lot shall either be transferred to the highest bidder for the property, or divided and transferred among the interested contiguous property owners, or pursuant to some other division as determined by the CCLBA.

Section 10. Approval of Property Transfers.

10.1 Transfers Requiring Executive Director Approval. With the exception of those transfers described in section 10.2, all property transfers may be approved by the Director. All property transfers will be reported in writing to the Board of Directors at the immediately following Board meeting.

10.2 Transfers Requiring Board of Directors Approval. The Board of Directors must approve all of the following property transfers:

- a) transfers in which the property in the hands of the transferee will be exempt from property taxes.
- b) all multi-family residential parcel transfers involving properties with 5 or more units.
- c) all transfers for non-residential projects.
- d) all transfers to governmental entities.

10.3 Review of Approval Authority. The CCLBA Board of Directors anticipates that this section delineating which property transfers require executive director approval and which property transfers require Board of Directors approval will be reviewed and revised at a minimum upon selection and retention of the CCLBA Executive Director and within one year from the date of the first CCLBA property transfer.

Section 11. Interpretations of Policies and Procedures & Revisions.

- 11.1 Interpretations. CCLBA's executive staff shall have the sole authority to interpret these policies and procedures. CCLBA's executive staff may adopt additional internal administrative guidelines to clarify, expand, or provide further detail on any of the policies contained herein. Any such internal administrative guidelines must be in writing and must not contradict these policies and procedures.
- 11.2. Revisions. These policies and procedures will be revised as needed and adopted by CCLBA's Board of Directors. CCLBA will maintain a record of all policies and procedures it has adopted and the date revised policies were adopted.

COOK COUNTY LAND BANK

LAND BANK DEPOSITORY AGREEMENT POLICY

Section 1. Scope. These policies and procedures for a land banking program of the Cook County Land Bank Authority have been adopted by the Board of Directors of the CCLBA in accordance with and pursuant to according to the provisions of the Ordinance Establishing the Cook County Land Bank Authority (Ord. No. 13-0-7 §§ 103-1 *et seq.*).

- 1.1 As set forth in these policies and procedures, the land banking program consists of transactions in which a grantor transfers real property to the CCLBA and the property is held by the CCLBA pending a transfer back to the original grantor, to a grantee identified in a Banking Agreement, or to a third party selected by the CCLBA.
- 1.2 The goals of this land banking program include, but are not limited to, the acquisition of real property for or on behalf of a governmental entity or a not-for-profit corporation in order to:
 - (a) Permit advance acquisition of potential development sites in anticipation of rapidly rising land prices;
 - (b) Facilitate pre-development planning, financing and structuring;
 - (c) Minimize or eliminate violations of housing and building codes and public nuisances on properties to be developed for affordable housing; and
 - (d) Hold parcels of land for future strategic governmental purposes such as affordable housing and open spaces and greenways.
- 1.3 The CCLBA is not required to enter into a Banking Agreement with any person or entity, and at all times retains full discretion and authority to decline to enter into a Banking Agreement. These policies and procedures are applicable only to real property of the CCLBA which is acquired by the CCLBA in accordance with an executed Banking Agreement and are not otherwise applicable to real property acquired by the CCLBA pursuant to any other agreements or procedures.

Section 2. Definitions. As used in these policies and procedures the following terms shall have the definitions set forth:

- (a) “Banking Agreement” shall mean a written agreement between a Grantor and the CCLBA which identifies the Property, the length of the banking term, the potential Grantee or Grantees, the range of permissible uses of the Property following transfer by the CCLBA, the permitted encumbrances on the Property, the rights and duties of the parties, the responsibility of the Grantor for the Holding Costs, the possible advance funding of Holding Costs, the forms of the instruments of conveyance and such other matters as appropriate.
- (b) “Grantor” shall mean the party that transfers or causes to be transferred to the CCLBA a tract of Property pursuant to a Banking Agreement. An eligible Grantor shall be an entity described in Section 4.

- (c) “Grantee” shall mean the party or parties identified in a Banking Agreement as the party to whom the Property is to be transferred from the CCLBA. An eligible “Grantee” shall be an entity described in Section 4.
- (d) “Holding Costs” shall mean any and all costs, expenses, and expenditures incurred by the CCLBA, whether as direct disbursements, as pro rata costs, or as administrative costs, that are attributable to the ownership and maintenance of a tract of Property. The CCLBA shall maintain records of the monthly Holding Costs for each Property.
- (e) “Property” shall mean the real property and improvements (if any) located thereon identified in a Banking Agreement and transferred to the CCLBA pursuant to a Banking Agreement, together with all right, title and interest in appurtenances, benefits and easements related thereto.

Section 3. Eligible Property. Property which is eligible for a Banking Agreement must either be (a) unimproved real property, (b) real property with unoccupied single or multi-family residences, (c) vacant commercial or industrial property.

- (a) In the event that a tract of Property contains improvements which are to be demolished or removed, such Property may qualify as eligible Property for a Banking Agreement so long as adequate and sufficient funds are placed in escrow at the time of the Banking Agreement closing so as to assure that all improvements will be demolished and removed within sixty (60) days of closing.
- (b) Property that is ineligible for a Banking Agreement includes all other forms of improved real property, all real property which is occupied, and all real property that has been identified by the United States Environmental Protection Agency, the Environmental Protection Agency of the State of Illinois as containing hazardous substances and materials.

Section 4. Eligible Grantors and Grantees. Parties eligible to be a Grantor or a Grantee are governmental entities and not-for-profit corporations defined as tax-exempt entities under Section 501(c)(3) of the Internal Revenue Code. In the sole discretion of the CCLBA, a limited or joint partnership entity is eligible to be a Grantor or a Grantee so long as a governmental entity or not-for-profit corporation has a controlling interest in such entity, as determined by the CCLBA in its sole discretion.

Section 5. Title. Unless and except to the extent expressly authorized in a Banking Agreement, Property transferred to the CCLBA pursuant to a Banking Agreement shall be fee simple title free and clear of all liens and encumbrances. A policy of title insurance must be issued in favor of the CCLBA as the insured party at the closing pursuant to the Banking Agreement containing such exceptions as are approved by the CCLBA.

- (a) Governmental liens for water and sewer, and governmental liens for nuisance abatement activities or code enforcement activities may exist as a matter of record title at the time of such closing if and only if such liens are expressly acceptable to the CCLBA and are subject to waiver or discharge by the governmental entity holding such liens without cost to the CCLBA.

- (b) A mortgage may encumber Property at the time of the transfer to the CCLBA provided that the obligations secured by such security instrument do not require monthly or periodic payment of sums by the CCLBA to the mortgagee. Under no circumstances will the CCLBA have direct liability for a mortgage pursuant to a security instrument. It is anticipated that each Banking Agreement that contemplates the transfer of Property to the CCLBA encumbered by a security instrument will require a separate written agreement between the mortgagee and the CCLBA which provides, among other things, that (1) the mortgagee expressly consents to the transfer to the CCLBA, (2) the mortgagee expressly subordinates its interests to covenants, conditions and restrictions as may be required by the CCLBA, and (3) prior to the exercise of mortgagee rights under the security instrument, the mortgagee will request on behalf of the Grantor the re-conveyance of the Property to the Grantor and pay to the CCLBA the Holding Costs attributable to the Property.
- (c) At the time of closing pursuant to a Banking Agreement, all ad valorem taxes which are due and payable on the Property must be paid in full. An exception to this requirement of no outstanding ad valorem tax liens may be granted (1) when the Grantor is acquiring the Property from a third party and immediately conveying the Property to the CCLBA pursuant to a Banking Agreement and (2) the acquisition of the Property by the Grantor from the third party otherwise complies with the Reasonable Equity Policy of the CCLBA.

Section 6. Length of Banking Term. A Banking Agreement may permit a maximum banking term of thirty-six (36) months for transactions in which the Grantor is a not-for-profit entity, and sixty (60) months for transactions in which the Grantor is a governmental entity.

Section 7. Transfer at Request of Grantor. A Banking Agreement shall authorize a Grantor to request a transfer of the Property by the CCLBA to a Grantee at any time within the banking term.

- (a) A conveyance by the CCLBA to the Grantee identified pursuant to a Banking Agreement shall occur within thirty (30) days of receipt of a written request for a transfer.
- (b) As a condition precedent to the transfer by the CCLBA, the full amount of Holding Costs incurred by the CCLBA attributable to the Property shall be paid to the CCLBA. The CCLBA shall provide to the Grantor in accordance with Section 10 a statement of the Holding Costs attributable to the Property.
- (c) At the time of the transfer by the CCLBA to the Grantee the CCLBA shall impose such restrictions and conditions on the use and development of the property in accordance with Section 11 hereof and the applicable Banking Agreement.
- (d) Conveyance by the CCLBA to a Grantee shall be by quitclaim deed.

Section 8. Transfer at Request of CCLBA. At any time and at all times during the term of a Banking Agreement the CCLBA shall have the right, in its sole discretion, to request in writing that the Grantor or its designee accept a transfer of the Property from the CCLBA.

- (a) A transfer by the CCLBA pursuant to this Section 8 shall be subject to the same terms and conditions as set forth in Section 7.
- (b) In the event that the Grantor (or its designee) is unwilling or unable to accept a transfer of the Property from the CCLBA, and reimburse the CCLBA in full for the Holding Costs, then and in that event the CCLBA shall have the right to terminate in writing the Banking Agreement and the Property shall become an asset of the CCLBA and subject to use, control and disposition by the CCLBA in its sole discretion subject only to the provisions of the Ordinance Establishing the Cook County Land Bank Authority.

Section 9. Banking Agreement Closing. Within a time period specified in a fully executed Banking Agreement, a closing of the transfer of the Property to the CCLBA shall occur. At such closing the fully executed instrument of conveyance and other closing documents shall be delivered by the appropriate party to the appropriate parties. The appropriate documents shall be immediately recorded, and a title insurance policy shall be issued. All costs of closing shall be borne by the Grantor.

Section 10. Holding Costs. Holding Costs shall be paid as a condition precedent to a transfer of Property from the CCLBA. Either the Grantor or the Grantee can request in writing at any time a statement of the Holding Costs, which statement will be provided by the CCLBA within fifteen (15) business days of receipt of the request. The CCLBA shall also have the right to request in writing that the Grantor or Grantee reimburse on written demand the CCLBA for Holding Costs. In the event that the CCLBA is not timely reimbursed for its Holding Costs in response to its written request for reimbursement the CCLBA may request a transfer pursuant to Section 8.

Section 11. Public Purpose Restrictions. All Property held by the CCLBA and transferred by the CCLBA pursuant to a Banking Agreement shall be subject to covenants and conditions providing that the Property is to be used for the following goals: (a) the production or rehabilitation of housing for persons with low incomes, (b) the production or rehabilitation of housing for persons with low or moderate incomes, (c) community improvements, or (d) other public purposes. Each Banking Agreement will specify the range of permissible uses and the manner in which such use restriction is secured. Such restrictions and conditions may be imposed either in the form of contractual obligations, deed covenants, rights of reacquisition, or any combination thereof.

Section 12. Delegation of Authority to Executive Director. The Executive Director, in conjunction with an officer of the Board of Directors, shall have full power and authority to enter into and execute Banking Agreements having form and content consistent with the Ordinance Establishing the Cook County Land Bank Authority and these policies and procedures. The Executive Director shall summarize for the Board of Directors on a regular basis the nature and number of Banking Agreements, the aggregate Holding Costs, and all transfers to and from the CCLBA pursuant to Banking Agreements. Any provision of any Banking Agreement not consistent with these policies and procedures shall require the express approval of the Board of Directors.