

# Receivership: Addressing Vacant & Abandoned Properties

Anthony Simpkins  
Bryan Esenberg

Judith Frydland  
Steven McKenzie  
Julie Ladores



# Addressing Vacant & Abandoned Homes

## AGENDA

1. Understanding Receivership
2. The Housing Court Process
3. Managing Your Documentation
4. Day in the Life of a Receiver
5. Opportunities in Receivership



How do buildings end up in Housing Court?

What is a Receiver?

What is the Role of a Receiver?

City of Chicago Receiver Programs

# OVERVIEW OF RECEIVERSHIP



# Understanding Receivership

Receivership is a tool of the courts.

- The receiver is common in business, foreclosures and bankruptcy
- The receiver is an unbiased, 3<sup>rd</sup> party appointed by the Court
- The receiver is at the direction of the courts
- The receiver is an expert in their area of practice
- The receiver is concerned for the asset in receivership

## State Statute

65 ILCS 5/11-31-2

If, upon application hereunder, the court orders the appointment of a receiver to cause such building or structure to conform, such receiver may use the rents and issues of such property toward maintenance, repair and rehabilitation of the property prior to and despite any assignment of rents; and the court may further authorize the receiver to recover the cost of such maintenance, repair and rehabilitation by the issuance and sale of notes or receiver's certificates bearing such interest as the court may fix, and such notes or certificates, after their initial issuance and transfer by the receiver, shall be freely transferable and when sold or transferred by the receiver in return for a valuable consideration in money, material, labor or services, shall be a first lien upon the real estate and the rents and issues thereof, and shall be superior to all prior assignments of rents and all prior existing liens and encumbrances, except taxes; provided, that within 90 days of such sale or transfer for value by the receiver of such note or certificate, the holder thereof shall file notice of lien in the office of the recorder in the county in which the real estate is located, or in the office of the registrar of titles of such county if the real estate affected is registered under the Registered Titles (Torrens) Act.



# Housing Court Receivers

A receiver can be appointed by the Courts when:

- Buildings have dangerous and hazardous conditions
- Properties are abandoned with unsafe conditions unsafe to the community and first responders
- A receiver can stabilize or preserve the building
- The owner or an interested party is unable or unwilling to make repairs



## **Case Study: 500 block of Central Park**

### **Role of TBI2: Feasibility studies and stabilization activity**

1. 538 S Central Park: Receivership. Study, Clean, Secure.
2. 546 S Central Park: Receivership. Study, Clean, Secure, Stabilization repairs.
3. 550 S Central Park: Receivership. Study, Clean, Secure, Stabilization repairs.



# How does a property end up in Housing Court?

How a case is filed:

1.311 call

2.DOB conducts an inspection

3.Sent to DOL

4.Filed if open and unregistered

## Court Calls

Vacant Building Call

Conservation Call

Demolition Call

Heat Call

Distressed Condominium Call

## Duties of Housing Court Calls' Recievers

Vacant Building Call: preserve the property

Condo Call: deconvert the Condo to an apartment building



# What is the role of housing court receiver?

## Duties

- Maintain the property or put the property in a safe condition

## Arm of the Court

- Can perform only duties authorized by the court!

## Duties can include:

- Porch demolition and repairs
- Interior clean-out
- Property security
- Masonry and parapet wall repairs



# City of Chicago Receiver Programs

Only about 250 City Receiverships are appointed per year.

- Receivers must be approved by the Judge
- Private receivers are considered for appointment
- City receivers are appointed as a last resort, often for property with little or no value

Fun Fact: There are over 3,000 Housing Court cases filed per year.

## City Programs

Troubled Buildings Initiative  
HEAT Receivership  
Community Receiver Pilot



Property Management  
Stabilization & Repair  
Feasibility Studies  
Accounting & Legal  
Funding Requirements

# DUTIES & QUALIFICATIONS OF A RECEIVER



# Common Receivership Activities

## Property Management

- Board & Keep Secure
- Maintain lot and weeds
- Post required signage
- Tenants, leases and rent

## Feasibility Studies

- Describe D&H conditions
- Review title
- Determine market value
- Estimate cost of repairs

## Stabilization & Repairs

- Trash out and clean outs
- Remove and/or Replace porch
- Masonry and tuckpointing
- Other Court-ordered repairs

## Accounting & Legal

- Maintain all bids and invoices
- Track hours and activity
- Work with an attorney
- Report to the Court



# Feasibility Studies in more detail

The Feasibility Study helps the Court understand the full story

- Receiver expected to have full expertise
- 3<sup>rd</sup> party reports from appraisers and contractors expected
- Pictures of deficiencies
- Scope and estimate of repairs

Judges require the following:

- Narrative description
- Court order(s) for the case
- Appraisal or BPO
- Scope of repairs
- Estimated expenses
- Color photos of building and deficiencies
- Recommendations
- Invoice for report



# Funding requirements

## Receivership Requires a source of Up-Front Funds

- Receiver pays all expenses up-front
- Court approves *reimbursement of paid expenses only*
- Funds can be recovered after the Court approves costs

### How does a receiver get paid?

- Reimbursed by owner or
- A Foreclosing bank or new owner pays the Receiver, or
- Foreclosure of the Receiver Lien or
- Sale of the Receiver Lien



# Example of Receiver Cashflow

Cashflow	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Case 1	0	0	-2500	-5000	0	-10	0	0	0	0	0	0
Actions	Petition	Appointment	Complete work	Pay Vendor	Court appearance	File accounting		Court appearance				
Hours	0	2	6	0.5	1	1		1				
											<b>Year 1:</b>	<b>46 hrs</b>
<b>Billable Hours</b>	<b>0</b>	<b>8</b>	<b>24</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cashflow	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Case 1	0	0	(2,500)	(5,000)	0	(10)	0	0	0	0	0	0
Case 2	0	0	(2,500)	(5,000)	0	(10)	0	0	0	0	0	0
Case 3	0	0	(2,500)	(5,000)	0	(10)	0	0	0	0	0	0
Case 4	0	0	(2,500)	(5,000)	0	(10)	0	0	0	0	0	0
TOTAL	0	0	(10,000)	(20,000)	0	(40)	0	0	0	0	0	0
											<b>Year 1:</b>	<b>(30,040)</b>



Complaints

Petitions

Appearance

Court Order

Appointment

Case Management

Accounting

Certificates

# HOUSING COURT PROCESS



# Housing Court Process

## The process for Housing Court takes time

- Average court case lasts approx. one (1) year
- All interested parties are made aware of case
- All owners are given time to complete work
- Receivers disclose all information and make recommendations to the Court
- All bids or work are approved in advance
- All work is inspected
- Courts review and approve expenses



## Case Study: 500 block of Central Park

1. Vacant & abandoned buildings
2. Properties unsecure
3. Gateway to WH MMRP
4. Owners/residents moving away

**Goal:** Rebuild confidence in neighborhood.

**Strategy:** Secure properties. Show progress. Encourage occupancy.



# Typical steps in Housing Court

1. A complaint is filed
2. A petition for receiver is filed
3. A hearing is conducted to appoint receiver
4. The receiver files an accounting
5. The accounting is approved with certificate to issue
6. A lien is recorded

Requirements from the Judge to be a Receiver:

- Resume or CV
- Proof of finances
- Proof of ability to perform assigned duties

Receiver Fees:

Includes hard costs and soft costs



# Reviewing the Complaint

**IN THE CIRCUIT COURT OF COOK COUNTY  
MUNICIPAL DEPARTMENT – FIRST DISTRICT**

THE CITY OF CHICAGO, a municipal corporation, Plaintiff,  v.  WILLIE MAE HUGHES, UNKNOWN OWNERS and NONRECORD CLAIMANTS,  Defendants.	Case No.  Address: 11328 S WALLACE AVE CHICAGO, IL 60628  Amount claimed per day: \$9,500.00  Courtroom 1105
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**COMPLAINT FOR EQUITABLE AND OTHER RELIEF**

Plaintiff, THE CITY OF CHICAGO, a municipal corporation, by and through Stephen R. Patton, Corporation Counsel, complains of the defendants as follows:

**COUNT I**

1. Within the corporate limits of Chicago there is a parcel of real estate legally described as follows:  
  
PIN(s): 25-21-119-025-0000  
  
LOT 9 BLOCK 21 IN FIRST ADDITION TO SHELDON HEIGHTS, A SUBDIVISION OF PART OF THE WEST 1/2 OF THE NORTHWEST 1/4 OF SECTION 21, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPT THAT PART LYING EAST OF THE WEST 33 FEET, SOUTH OF THE NORTH 33 FEET, NORTH OF THE SOUTH 33 FEET AND THE WEST OF A LINE 8 FEET WEST OF THE WEST LINE OF THE EAST 1/2 OF THE 1/4 THEREOF) IN COOK COUNTY, ILLINOIS  
  
commonly known as 11328 S WALLACE AVE CHICAGO, IL 60628, (the "subject property") and located thereon is a 1 STORY BUILDING WITH 1 DWELLING UNIT(S) AND 0 NON-RESIDENTIAL UNIT(S).
2. That at all times pertinent thereto on information and belief the following named defendants owned, maintained, operated, collected rents for, or had an interest in the subject property on the date(s) herein set forth:  
  
WILLIE MAE HUGHES, RECORD OWNER  
UNKNOWN OWNERS and NONRECORD CLAIMANTS
3. On JULY 3, 2014, and on each succeeding day, and on numerous other occasions, Defendants have failed to comply with the Municipal Code of Chicago as follows:
  - 1) CN190019  
Arrange for inspection of premises. (13-12-100)  
NO ENTRY TO ATTIC AND BASEMENT. EXTREME AMOUNT OF GARBAGE/DEBRI BLOCKING THE STAIRS.
  - 2) CN070034  
Failed to rebuild or replace dilapidated and dangerous porch. (13-196-570, 13-196-641)  
SOUTH CONCRETE PORCH HAS MISSING BRICK AND MORTAR, BROKEN TREADS, RISERS, HOLES IN LANDING. DANGEROUS AND HAZARDOUS.

## Key points to know:

- Describes all violations
- Identifies all parties
- May require amendments

Gives enough information for you to identify and research the property



# Understanding the Court Order

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS  
MUNICIPAL DEPARTMENT—FIRST DISTRICT

THE CITY OF CHICAGO, a municipal corporation,  
Plaintiff,  
v. American Lutheran Child  
Care Association, Inc  
et al., Defendant(s).

No: 13 MI 408938  
Re: 6507-193 California  
Courtroom 1105, Richard J. Daley Center

**EMERGENCY PETITION FOR APPOINTMENT OF A LIMITED/ GENERAL RECEIVER (circle one)**

The City of Chicago ("City"), by its attorney, the Corporation Counsel, pursuant to 65 ILCS 5/11-31-1, 5/11-31-2 and 5/11-13-15 petitions the Court to appoint a receiver, with the powers granted and duties imposed upon receivers by courts and by statutes, until further order of Court. In support of this Petition, City states as follows:

1. Plaintiff, City, is a municipal corporation, authorized by 65 ILCS 5/11-31-2 (2004) to seek appointment of a receiver to correct conditions that fail to conform to minimum standards of health and safety;
2. The subject premises ("Premises") is located within the City of Chicago, and defendants are owners of or have an interest in Premises;
3. City filed this suit against defendant(s), alleging that dangerous and hazardous conditions exist at Premises. These dangerous and hazardous conditions pose an imminent threat of irreparable harm and injury to the health, safety and welfare of the public and the occupants of Premises;
4. Defendant(s) has/have failed to correct, after due notice, these unsafe and/or unhealthy building conditions;
5. Equitable remedies other than the appointment of a receiver are inadequate in this case because, on information and belief, defendants have failed and are not currently able or willing to abate the unhealthy and/or unsafe conditions in the premises. The conditions which now exist at the premises will remain unabated without the appointment of a receiver, and will result in the loss of salvagable property, as well as irreparable harm to the subject property's occupants, neighbors of the premises and the general public; and
6. Applicant's bond should be excused, and the surety bond waived, pursuant to 65 ILCS 5/11-31-2.3 (2004).

**WHEREFORE**, the Plaintiff, City of Chicago, respectfully requests that this Court

A. Appoint as:  General Receiver  
 Limited Receiver, with powers granted and duties imposed as specified in paragraph B until further order of court.

B. Authorize and order the receiver to enter into possession of the premises and to perform the following duties:

- Prepare a feasibility study regarding the care, management, and repair of the subject property, it
- Vacate the subject property, which includes, but is not limited to, refunding any existing security deposits owed to tenants if they are being permanently relocated, hiring movers and arranging for transportation to new residences;
- Board and secure the subject property or board and secure the subject property after it is vacated;
- Collect rent, if the subject property is occupied and will not be vacated;
- Make repairs;
- Abate any dangerous and hazardous conditions at the subject property, including:
  - W/ code violations
  - W/ install smoke detectors and carbon monoxide detectors
  - W/ inspect tenants & occupants

C. Authorize the receiver to retain counsel pursuant to Circuit Court Rule 8.2.

D. Authorize the receiver to employ agents to assist in the performance of his/her receivership duties.

E. Enjoin and restrain defendants from interfering with or obstructing the receiver's performance of her receivership duties.

F. Upon the appointment of the receiver, the owner(s) and/or owner's agent(s) shall provide to the receiver access to all areas of the building and deliver master keys for all units within 24 hours, along with all items and materials necessary for the receiver to perform his or her duties including rent rolls and access to all financial accounts within seven days.

G. Excuse applicant's bond and receiver's bond pursuant to 65 ILCS 5/11-31-2.3.

H. Authorize the receiver to issue receiver's certificates for the costs and expenses of the receivership.

I. Continue this matter for a receiver's report and determination of whether a general receivership of the premises is feasible.

**VERIFICATION BY CERTIFICATION**

Pursuant to section 1-109 of the Code of Civil Procedure, the undersigned certifies that he or she is an attorney for the City of Chicago, and that he/she is the authorized agent of the Plaintiff for the purpose of making this certification, and that the statements set forth in this Petition are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies as aforesaid that he or she verily believes the same to be true.

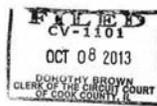
By:   
Attorney for Plaintiff  
Corporation Counsel #90909  
30 N. LaSalle, Room 700  
Chicago, IL 60602  
(312) 744-8791

FORM BLE 5001 rev. 3/2011

Pink Copy for Defendant(s) (photocopy if required)

Yellow Copy for City of Chicago Department of Law

White Original for Court Records



## Tips for Receivers:

- Keep all copies of orders
- Ask questions, if any
- Ensure accurate presentation of info at court

**Orders list your duties**  
**DON'T GO BEYOND**  
**THE SCOPE!**



# Case Management: Doing the work

The court order gives the directions to a receiver:

- Do only the work required
- If other work required, motion it back in court or explain at next court date
- Have proper insurance
- Pay your vendors and keep copies of invoices and cashed checks
- Coordinate with court inspectors

Document everything:

- Your actions must be defensible
- You must show proof of work performed

All work must be:

- Up to code
- Inspected and permitted by the City
- Documented by photos and receipts for work done



# Filing a motion

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS  
MUNICIPAL DEPARTMENT, FIRST DISTRICT

CITY OF CHICAGO, a Municipal Corporation,	)	Case No.	11 M1-401405
Plaintiff	)		11 M1-402390
	)		11 M1-402389
v.	)		11 M1-402391
ERSELL PRUITT, et al.,	)	Consolidated into:	11 M1-402391
Defendants.	)	Address:	100-116 N. Lotus

FILED-56  
11 NOV 17 PM 3:59  
CLERK OF CIRCUIT COURT  
COOK COUNTY ILLINOIS

**MOTION FOR LEAVE TO APPEAR AND FOR ENTRY  
INTO CERTAIN UNITS, AND TO EXTEND TIME TO FILE ANSWER  
TO FEASIBILITY STUDY**

Now comes Defendants JIMMIE GASTON, MARY WOODARDS-CARTER, BERNADINE AMERSON, JOHNNY RICHARDSON, RENEE HARRIS, EARNEST FINN, WILLIE WHITE, GENEVA WHITE, STELLA JOHNSON, FLORAINNE JOHNSON, and KEVIN TOLBERT, by their attorneys, STARR & ROWELLS, and move this Honorable Court for leave to appear as their Attorneys, and to extend the time to file their answer to the Feasibility Study filed with the Court on October 27, 2011, and to that end, for leave to gain access to certain units of the subject premises, and to continue the trial date of December 16, 2011 to allow them to do so. In support of this Motion, the various Defendant state that:

1. On October 27, 2011, the Receiver, Community Initiatives, Inc. filed its feasibility study with the Court. The several defendants were given 21 days to object in writing to the report. A copy of the Order is attached hereto.
2. The feasibility study consists of many pages of figures and photos. At least one structural engineering company has indicated that the study is skewed towards taking the property away from the owners and renters.
3. It will be necessary for the defendants to perform their own study. To that end, it requests that the time to object or reply to the feasibility study be extended for at least 45 days.

## Working with an attorney

- Attorney will draft and file motion
- Motion sets a court date and requests approval
- Motion describes the situation

## Reasons to file motion

- Unable to complete the work, additional work needed
- Want approval of costs
- Incident or issue can not wait



# The Receiver's Accounting

## Critical components of the Accounting:

- Motion to approve accounting
- Affidavit swearing to accuracy
- Narrative of all activity
- Log of activity and hours
- All court orders
- Before and after photos of property
- All invoices and canceled checks
- Final invoice for all services
- Draft receiver certificate

## Statement of Accounting:

- Record of all receiver activity
- Final step to getting paid
- All subject to Judge's approval
- Must be sent to all parties

## Format for Accounting:

- Cover sheet with case number
- Page dividers for sections
- Color photos
- Typed without error
- Page numbers



Court Orders

Log of Activity, hours and staff time

Before and After photos

Copies of invoices, checks, receipts, bank statements

Final Accounting

Motions

Receiver's Certificate

# MANAGING DOCUMENTATION



# Managing Receiver Documentation

## The Receiver is responsible for managing their documentation

- Copies of all court orders
- Copies of all bids and invoices
- Copies of all canceled checks
- Copies of all lien waivers
- Before & after photos for all work
- Clean & accurate accounting
- Work with an attorney on motions and receiver certificates



### **Case Study: 500 block of Central Park**

#### **Three buildings. Three different stories.**

1. 538 S Central Park: Investor owned. Delinquent taxes.
2. 546 S Central Park: Bank foreclosure.
3. 550 S Central Park: Abandoned. [Investor owner company defunct]



# Preparing the Accounting

The accounting is a final summary, with a narrative of activity and supporting evidence for time and expenses

- Accounting is mailed, filed and delivered to all parties
- Should be bound, in a portfolio, or in a binder
- Must be typed, legible and clear of errors
- Must include page numbers and an index
- Include all supporting information in a clear order
- Include all canceled checks, invoices and photos



## **Case Study: 500 block of Central Park**

### **A combination of ownership and local investors**

1. 540 S Central Park: TIF Purchase Rehab for Owner Occupant
2. 546 S Central Park: Long term affordable rental with local community group
3. 550 S Central Park: Long term affordable rental with local community group



# Filing the Accounting

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS  
MUNICIPAL DEPARTMENT – FIRST DISTRICT

CITY OF CHICAGO,  
a Municipal Corporation,  
Plaintiff

v.

DOROTHY WILSON; REGINALD  
WILSON; and UNKNOWN OWNERS  
AND NON-RECORD CLAIMANTS,

et al.,

Defendants.

Case No. 07 M1 402282

Address: 5124-26 S. Indiana Ave.  
Chicago, Illinois

Courtroom: 1111  
Richard J. Daley Center

## NOTICE OF FILING

To: SERVICE LIST ATTACHED

PLEASE TAKE NOTICE THAT on September 17, 2012, I caused the attached Feasibility Study to be filed with the Clerk of the Circuit Court of Cook County.

*Elizabeth O'Halloran*  
Elizabeth O'Halloran, Program Office

Community Initiatives, Inc.  
222 S. Riverside Plaza, Ste. 2200  
Chicago, IL 60606

## Certificate of Service

I, Elizabeth O'Halloran, certify that I caused the attached Feasibility Study to be served upon the party indicated by depositing it in the U.S. Mail with proper postage affixed before approximately 5:00 pm on September 17, 2012. In addition, I transmitted a courtesy copy to Judge McGing.

*Elizabeth O'Halloran*  
Elizabeth O'Halloran

## How to file:

- Judge will grant leave to file accounting
- Must be time/date stamped
- Must be dropped in file box on 6th floor of Daley Center

## Deliver to the Judge:

- Judge wants courtesy copy in advance of court date
- Must give 14 days before court
- Deliver courtesy copy to court room



# Receivers Certificate Liens:

- ❖ *Interest Rate*
- ❖ *Sale or Assignment*
- ❖ *Recording*
- ❖ *Priority*
- ❖ *Foreclosure*



# The Receiver's Certificate

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS  
MUNICIPAL DEPARTMENT, FIRST DISTRICT



CITY OF CHICAGO, A MUNICIPAL CORPORATION, } Doc#: 0903404156 Fee: \$44.00  
} Eugene "Gene" Moore  
} Cook County Recorder of Deeds  
} Date: 02/03/2009 01:01 PM Pg: 1 of 5  
PLAINTIFF, }  
vs. }  
} Case No. 07M1401986  
} )  
Credit Based Asset Servicing }  
} )  
DEFENDANTS, } Re: 2431 W. Polk Street  
} )  
} (Subject Property)

NHSRC INITIATIVES, INC.

## RECEIVER'S CERTIFICATE

The undersigned corporation, NHSRC Initiatives, Inc. ("NHSRCI") was appointed General Receiver by the Court on January 8, 2008 in case number 07 M1 401986 for the purpose of vacating and boarding and securing the subject property. The receiver, in its official capacity, incurred expenses in the amount of \$3,087.13 and said sum shall become due to said receiver on or before ninety (90) days after the date of this Certificate, with interest accruing at the rate of eighteen percent (18%) per annum until this Receiver's Certificate is fully paid, both principal and interest payable in such banking house or trust company in the City of Chicago, Illinois as the receiver may appoint in writing or in the absence of such appointment, at the office of the receiver at 11001 S Michigan Ave, Chicago, IL 60628.

This Receiver's Certificate is issued under and by virtue of an order of Circuit Court of Cook County, Illinois in the above-entitled cause on June 17, 2008 pursuant to Illinois Revised Statutes, Chapter 65, Section 5/11-31-2. This Receiver's Certificate is freely transferable and shall constitute a first lien in accordance with Illinois Revised Statutes, Chapter 65, Section 5/21-31-2 and the order of the Court, upon the premises legally described as follows:

Permanent Index Number: 16-13-415-010-0000

LOT 61 IN S.W. RAWSON'S SUBDIVISION OF THE SOUTHEAST ¼ OF THE NORTHEAST ¼ OF GE SOUTHEAST ¼ OF SECTION 13, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

## Issuing a Certificate:

- Judge authorizes the Receiver to issue certificates when accounting is approved
- Certificate are the Receiver's lien for costs and fees
- Must be recorded properly

## Recording a Certificate:

- Recorded at Cook County Recorders office
- Single sided documents only
- Confirm name recorded correctly



# Foreclosing on a Certificate

Receiver liens have priority and can be foreclosed only if the proper steps are followed:

- Certificate must be recorded within **90 days** of issuance
- Certificate must be **assigned** to another party to be foreclosable
- Entity receiving assignment must record a **claim for lien**
- Foreclosure can start after 90 days from date of certificate

## Steps to perfect the lien:

1. Record Certificate
2. Assign Certificate
3. Record Assignment
4. Record Claim for Lien

## Foreclosure of receiver liens

- Can occur in Housing Court if jurisdiction was reserved*



Typical case activity  
Timeline for Receivership  
Cashflow and payments for receivers

# DAY IN THE LIFE OF A RECEIVER



# Typical Case Activity

## Steps through a case

1. Receiver is appointed
2. Receiver told specific work to complete
3. Receiver completes work at site
4. Receiver motions case if any issues arise
5. Receiver gets work inspected
6. Receiver documents everything
7. Receiver requests approval of accounting
8. Receiver records certificate

## Common Activity

- Board & Secure a property
- Periodic inspections to keep secure
- Maintain lawn, snow removal
- Tuckpointing or chimney removal
- Porch removal or repair
- Patch or repair roofs
- Clean property of debris
- Cover catch basin
- Rod sewer lines



# Timeline for Receivership

## Activity

1. Petition
2. Appointment
3. Case management
4. Court reviews work
5. Filing accounting
6. Approve accounting
7. Payout from owner
8. Foreclose on Cert
9. Judicial sale

## Timeline

- 3 months to next court date
- 3 months to record cert
- Could happen anytime
- Approx. 12-16 months
- 30 days after foreclosure



# Finances and Cashflow

## Managing cashflow

- Judge requires proof of finances to be appointed
- Vendors must be paid for court to approve expenses
- Costs are reimbursed by owner or at foreclosure
- Abandoned buildings often in bank foreclosure
- Bank will pay when completing foreclosure
- Receiver may need to foreclose to collect payment

## Timelines

- Avg case is a year
- Expenses occur shortly after appointment
- Payment often a year later
- Payment may not occur, forcing receiver to foreclose on Cert
- Foreclosure has additional expenses for receiver
- Foreclosure may result in receiver owning the building
- Avg outlay is \$10-\$15K



Becoming a Receiver

Vacant building call

Expanding your capacity to become a receiver

Community Receiver Pilot Program

**OPPORTUNITIES TO GET  
INVOLVED**



# Abandonment, Forfeiture and Housing Court Enforcement

Housing Court Enforcement is an effective tool to work with existing owners and/or reclaim vacant buildings

## Forfeiture:

- No known owner.
- Court transfers ownership.
- New owner complies with violations.
- Quicker than foreclosure.

## Abandonment:

- No known owner.
- Clears back taxes.
- City takes ownership.



## Case Study: 500 block of Central Park

Vacancy does not always mean a property is abandoned

1. 538 S Central Park: Receivership. City foreclosure.
2. 540 S Central Park: Receivership. Forfeiture.
3. 550 S Central Park: Receivership. Abandonment.



# Becoming a private receiver

There are many more vacant and abandoned buildings, then there are receivers available

We need contractors and developers that:

- Demonstrated experience & capacity
- Proof of finances
- Understand method for payment
- Willing to develop the property if awarded through Judicial sale or Foreiture

## Case Study: 500 block of Central Park

540 S Central Park: TIF Purchase Rehab for Owner Occupant

- Deconverted 2 unit building to a large SF home.
- Purchase rehab financing with construction oversight from NLS.
- Considerable subsidy to make project feasible.



# Community Receiver Pilot Program

Pilot program to develop new receivers:

- Application based on experience
- Provided in-depth guidance
- Matched with financing
- Appointments subject to Judges approval
- Vacant & abandoned buildings only
- Case load determined by capacity
- Program to roll-out in 2015

## Other City Receiver Programs

- Troubled Buildings Initiative
- HEAT Receivership



# Expanding your capacity

## CCLF Loan Program

- Small business and development teams
- 90% construction financing

## CNI MicroFinance

- New and small businesses
- Line of Credit

## Sunshine Gospel

- Business incubator
- Assist with business plan



# Questions & Answers



# Chicago Community Loan Fund

## Neighborhood Investor Lending Program

- Available for smaller scale developers to acquire and rehabilitate 1-4 unit buildings
- Partnership with Community Investment Corporation and Neighborhood Housing Services
- Focusing on City's Micro Market Recovery Program areas



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## Neighborhood Investor Lending Program

### Mission Parameters:

- Borrower must be a developer focused on affordable housing
- Project must be located within the Chicago metropolitan area (Illinois)
- Project must be in a census tract whose median household income is 80% or less of the median income and/or income of a project end-user could not exceed 100% of PMSA
- Technical assistance will be offered based on organizational need



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### Loan Parameters:

- Loan term: up to 10 years
- Amortization: up to 30 years (Interest-only during construction)
- Loan to Cost: 90%
- Loan To Value: 80% – 120% (sliding scale)
- Debt Service Coverage Ratio: 1.2x – 1.4x (sliding scale)
- Interest Rate: 6% – 8%
- Fees: \$250 application fee; 2% origination fee



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