

**Procedure for the Management and Disposition of Real Estate and
Tax Certificates Acquired by the County of Lake, as Trustee,
for the Respective Taxing Districts Through the Tax Sale**

37.047 Background

Each year the County conducts a tax sale under the provisions of the Illinois Property Tax Code. For properties receiving no bids, the Illinois Property Tax Code authorizes the County of Lake to act as trustee on behalf of taxing districts and acquire the tax certificate without payment (each, a "Certificate"). 35 ILCS 200/21-90. The County of Lake as Trustee ("COLT") then administers the parcels for the benefit of the taxing districts, the incorporated areas in which the parcels lie, and thus ultimately for Lake County's taxpayers. The Lake County Clerk, through its Tax Extension Division, administers the Tax Sale Certificate Program.

A primary goal of the tax sale program is to get properties acquired by tax deed back on the tax rolls and into the ownership of someone who will regularly pay the properties' taxes. A secondary goal, consistent with 35 ILCS 200/21-90, is to assist municipalities or similar units of local government in recapturing and remedying derelict properties, particularly for those properties that have created an economic burden for the municipalities in which they are located and have a documented history of being unmarketable, or to foster Affordable Housing Organizations in Lake County. The following procedures are directed toward these goals.

37.048 Definitions.

For the purpose of this Chapter, the following terms shall have the meaning ascribed to them below:

"Affordable Housing" means housing that has a value or cost or rental amount that is within the means of a household that may occupy moderate-income or low-income housing. As a guide, such housing, whether rental or owner-occupied, is generally that which costs no more than 30% of the gross annual household income for a household of the size that may occupy the unit.

"Affordable Housing Organization" means a not-for-profit and tax-exempt entity, limited equity cooperative, or public agency seeking to create Affordable Housing.

"Claim" means a monetary interest in a particular property by reason of the advancement of public funds for property maintenance, nuisance abatement, demolition or rehabilitation, under either statutory or home rule authority.

“Eligible Municipality” means a Municipality which has a Claim against a particular property.

“Municipalities” means cities, villages and incorporated towns, either singularly or jointly. A Municipality may assign its rights under this Chapter to an entity organized by an intergovernmental agreement for the purpose of assembling, managing and facilitating the redevelopment of abandoned, derelict or foreclosed properties.

“Qualified Entity” means either (i) an Eligible Municipality, or (ii) another taxing body, or (iii) an Affordable Housing Organization.

37.049 Administration of Certificates of Sale Before a Court has Granted the County’s Application for an Order Directing a Tax Deed.

- A. For properties where the County obtains a Certificate under the provisions of 35 ILCS 200/21-90, the County may assign the Certificate to any interested party, including taxing districts. Prior to the County applying for an order directing issuance of a tax deed, assignment shall be made to nongovernmental purchasers only if the purchaser pays the outstanding tax lien.

For governmental entities, the County Clerk may assign the Certificate for less than the outstanding tax lien and an Eligible Municipality may receive a credit against the purchase price equal to the value of its Claim.

37.050 Administration of Certificates of Sale After a Court has Granted the County’s Application for an Order Directing a Tax Deed.

- A. Listings of all properties acquired through the COLT process and offered for sale will be prepared and maintained in the Tax Extension Department of the County Clerk’s office.
- B. The listings shall generally be ordered by townships and list street address, Permanent Index Numbers, short physical descriptions of the properties for sale, and minimum bid amounts. Eligible Municipalities may request the Tax Extension Department to describe the amount of its Claim against the respective properties.
- C. The listings shall be available for the public to access in the Tax Extension Department of the County Clerk’s Office.

- D. A copy of any part or all of the properties listed may be purchased for \$0.50 per page; the County Clerk may also publish these listing on its website.

37.051 Sale of Property.

- A. Except for those properties that a governmental entity or Affordable Housing Organization seeks to obtain, all properties acquired by tax deed will be offered for sale by publication in a newspaper of general circulation in the area in which the property is located.
- B. Publication will be made at least once per year, and properties will be listed by municipality (or postal area if unincorporated) with street address, Permanent Index Number, and minimum bid (as defined under “Terms and Conditions of Sale” set forth below).
- C. Sale to the successful bidder shall be in accordance with the Terms and Conditions of Sale set forth below.

37.052 Terms and Conditions of Sale to an Eligible Municipality, Other Taxing Body or an Affordable Housing Organization.

- A. These sale procedures shall apply to (i) an Eligible Municipality, or (ii) another taxing body, or (iii) an Affordable Housing Organization (together, “Qualified Entity”).
- B. A Qualified Entity may submit a bid for any property on the list described in Section **37.049** for less than the minimum bid (as defined under “Terms and Conditions of Sale” set forth below), but such bidders must, along with their bid amount, submit a brief statement explaining why the entity should receive the property for less than the minimum bid price, if the bid is below the minimum bid.
- C. The County Clerk may assign the Certificate or convey a deed to a Qualified Entity that submits a bid equal to or less than the minimum bid. The County Clerk’s discretion to assign or convey for less than the minimum bid set forth in **37.07(B)** shall be guided by the following factors:
 - 1. Whether the Qualified Entity has incurred significant costs to maintain the property, where “significant” shall be defined with reference to the costs in relation to the minimum bid described in the Terms of Sale provision below, with a 50% or greater ratio

representing “significant costs”;

2. Whether the Qualified Entity plans to use the property to create or otherwise foster Affordable Housing;
3. Whether the Qualified Entity plans to use the property on an ongoing basis for a public purpose, including to foster economic development as part of a broader plan that extends beyond the property in question;
4. The likelihood of other bidders, who are not Qualified Entities, seeking to acquire the property, and the amount of the tax revenue that would be forgone annually by conveying the property to a Qualified Entity;
5. The immediacy of the Qualified Entity’s plan to put the property into productive or public use.

An Eligible Municipality or another taxing body may claim a credit against the purchase price equal to the value of its Claim in exchange for a release of the Claim. If the release must be recorded to be effective, the Eligible Municipality or other taxing body shall pay the cost for recording the release.

- D. After receipt of payment, Lake County, as Trustee, will quitclaim the property to the Qualified Entity or, if payment occurs prior to the time for issuance of a tax deed, then the County will assign its interest (including the Certificate) to the Qualified Entity.
- E. To ensure that evidence of title is promptly recorded, the County Clerk will deliver the quitclaim deed to the Recorder’s Office, which will in turn send the recorded deed to the purchaser.

37.053 Terms and Conditions of Sale.

- A. Offers to purchase a property must be made in writing by sealed bid and submitted to the County Clerk, Tax Extension Department. Forms will be available for this purpose. The Permanent Index Number of the subject parcel must be clearly identified on the outside of the sealed bid.
- B. In the first year in which the County offers a property for sale, the minimum bid amount shall be the current equalized assessed value, increased by the following: (a) 10%; plus (b) an additional amount equal to County

expenses for maintenance of such parcel, if any, incurred following acquisition of the tax deed; plus (c) if requested, the value of an Eligible Municipality's Claim, payable to the Eligible Municipality. (As set forth in **37.052**, the minimum bid requirement does not apply to a Qualified Entity.) Additionally, the minimum bid amount shall not apply to bidders who own property adjacent to (i.e., sharing a border with) the property upon which a bid is submitted.

- C. Bids received for a parcel will be retained for 30 days after the initial bid on the parcel. After the completion of the 30-day period, each bid will be opened and evaluated.
- D. The County of Lake, Trustee, by and through the Lake County Clerk, reserves the right to accept or reject any or all bids at any time, and reserves the right to withdraw any parcel from the sale at any time. The County Clerk shall have the authority to withdraw a parcel from the sale and direct its conveyance to the previous owner or an interested party upon payment in full of all amounts remaining unpaid, or to convey the parcel to a governmental entity seeking to rehabilitate a derelict property, particularly where the property has created an economic burden for the municipality in which it is located. The exercise of such discretion shall be made by the County Clerk with full consideration of principles governing the rights and responsibilities of the County of Lake, Trustee, as set forth by applicable Illinois law. The County Clerk may seek input from the Finance and Administration Committee of the County Board, but any such consultation shall not bind the Clerk's discretion in disposing of property.
- E. The successful bidder will be required to pay the amount bid plus a separate recording fee at the time and place of sale.
- F. The successful bidder is responsible for the current year's general real estate taxes, which will be billed in the following year, except for bids from municipalities or similar units of local government, to which 35 ILCS 200/21-95 or 35 ILCS 200/21-100 apply.
- G. After receipt of full payment, Lake County, as Trustee, will quitclaim the property to the successful bidder or, if payment occurs prior to the time for issuance of a tax deed, then the County will assign its interest (including the Certificate) to the successful bidder.
- H. To ensure that evidence of title is promptly recorded, the County Clerk will deliver the quitclaim deed to the Recorder's Office, which will in turn send the recorded deed to the purchaser.

37.054 Payment Policy.

Payment can be made by cash, money order, cashier's check, or certified check, with checks made payable to "County of Lake, Trustee."

37.055 Disposition of Parcels Not Bid. Consistent with these procedures, it is in the best interest of the public that property acquired by tax deed be returned to the tax rolls in a timely manner or otherwise serve a public interest (e.g., a municipal purchase).

- A. All parcels that are not bid upon will remain in the inventory and will continue to be offered for sale.
- B. For parcels receiving no minimum bids after their initial offering and continuing to be held in inventory for sale for six months, the minimum bid requirement may be lifted, but the County Clerk may require a successful bidder to cover any expenses that the County has incurred for maintenance of the property, as well as the value of any Eligible Municipality's Claim.
- C. The County of Lake, Trustee, reserves the right to accept or reject any or all bids and withdraw any parcel from the sale at any time.

37.056 Disposition of Proceeds.

- A. Where the proceeds from the property sale are less than the taxes owed, such proceeds will be distributed on a pro rata basis to the respective taxing bodies. Such distributions shall be handled by the Lake County Treasurer's Office through its normal tax process.
- B. Except as described in subparagraph C, where the proceeds are more than the taxes owed, the amount in excess will accrue to the County Corporate Fund to offset program expenses, and as otherwise permitted by statute.

37.057 Property Management.

When the County acquires a property by tax deed, the parcels acquired shall be managed as permitted by statute.

37.058 Effect of Other Ordinances or Laws.

- A. Property acquired by tax deed is subject to the Lake County Ordinance titled "Rules and Regulations Governing Public Buildings and Grounds," codified in Chapter 37 of the Lake County Code of Ordinances.
- B. Where there is evidence of encroachment or other continuing use and efforts to sell the property have failed, the County Clerk shall consult with the State's Attorney as to the types of action to be taken.

37.059 Effective Date.

The procedures set forth above shall be effective immediately, and shall supersede the procedures established in the Resolution passed July 21, 1987, for the disposition of tax deed-acquired property.