

November 8, 2011

Chicago City Council Amends Vacant Building Ordinance to Address Mortgage Lender Concerns

The Chicago City Council recently approved another amendment to its vacant building ordinance. Scheduled to take effect November 19, 2011, this amendment eliminates the requirement under a prior amendment that mortgagees secure vacant commercial buildings upon which they hold mortgages. Lenders holding mortgages on vacant residential properties still must register with the City and pay a fee; secure the building against entry; maintain the grounds, exterior and interior of the building; and insure the property against personal injury and property damage.

At least for commercial mortgage holders, however, the amendment removes the “double bind” imposed by the prior iteration of the ordinance. Commercial mortgage lenders will no longer have to weigh statutory compliance with maintenance and security obligations against Illinois law prohibiting access to mortgaged premises through self-help.

Because the ordinance continues to apply to owners of vacant commercial buildings, prudent commercial mortgage lenders contemplating foreclosure should keep in mind that the ordinance applies to the new owner once a foreclosure sale is confirmed. Accordingly, if the mortgage lender is the successful bidder at a foreclosure sale, obtaining title and possession of the property as quickly as possible is recommended.

If you have any questions about, or need assistance with, any issues arising from the new ordinance, please contact any of the following members of Katten's [Real Estate Litigation Practice](#):

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