§ 89. Payment of debts of illegal corporations. Whenever an attempt has been or is hereafter made to create a municipal corporation, either by special act of the legislature or by proceedings taken under the general laws of the state, and such corporation has chosen officers and has exercised the powers, duties and authority vested in it by the law under which it purports to have been created, and such corporation has become indebted to any person, association or corporation in the aggregate amount of five hundred dollars or more, and such corporation shall have been held or declared to be no corporation by a court of record of competent jurisdiction of this state, either because the special act creating it is declared to be unconstitutional, or otherwise, then such corporation shall be deemed a de facto corporation for the purpose of winding up its affairs and paying its indebtedness; and its officers shall be deemed de facto officers and shall have all the powers and authority and shall perform all the functions and duties vested in or required of them under the law pursuant to which such corporation was attempted to be created, so far as may be necessary to liquidate the affairs of such corporation and to pay its money obligations, including all the power and authority to assess, levy and collect taxes upon the taxable persons and property within the corporate limits of such illegal corporation, to such an amount as shall be sufficient to pay obligations of such corporation and the expense incident thereto.

2. Such de facto officers shall keep an accurate record of all their proceedings hereunder, including the amount of money raised by taxation and the purpose for which it was raised and the amount of money paid out, to whom and for what purpose. They shall audit all bills before payment and shall take receipts for all moneys paid out.

3. When all the indebtedness of such illegal corporation has been paid and its obligations discharged, such de facto officers shall make a full, complete and accurate report, under oath, to the county judge of the county in which such illegal corporation is located or to a justice of the supreme court of all their proceedings hereunder and on the order of such judge or justice approving and confirming such report, such de facto officers shall be discharged and their functions and duties shall

cease. Such report and order shall be filed in the office of the county clerk of the county in which such illegal corporation was located.