



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB0028

Introduced 1/9/2025, by Rep. Daniel Didech

SYNOPSIS AS INTRODUCED:

New Act

Creates the Illinois Receivership Act. Creates a process in which a person is appointed by the court as the court's agent under the court's direction to take possession of, manage and, if authorized by the Act or court order, transfer, sell, lease, or otherwise dispose of receivership property. Provides criteria for a court to provide notice and opportunity for a hearing as appropriate before the court can issue an order under the Act. Applies to real property and any personal property related to or used in operating the real property, personal property and fixtures, and other business assets such as corporations, limited liability companies and trusts among other things. Provides that this Act does not apply to (i) an interest in real property improved by one to six dwelling units with some exceptions; (ii) a receiver that is a governmental unit or an individual acting in an official capacity on behalf of the governmental unit unless the unit elects for this Act to apply; and (iii) a receiver appointed under the Illinois Mortgage Foreclosure Law. Defines terms. Provides for the powers and duties of a receiver, disqualification of a receiver, the status of a receiver as lien holder, duties of an owner, powers of the court in managing a receivership, and defenses and immunities of a receiver. Makes other changes.

LRB104 03780 JRC 13804 b

1 AN ACT concerning receivership.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Illinois Receivership Act.

6 Section 2. Definitions. In this Act:

7 (1) "Adequate protection" means protection against the
8 decrease in the value of a person's interest in property
9 resulting from the turnover, stay, use, sale or lease of such
10 property during the receivership.

11 (2) "Affiliate" means:

12 (A) with respect to an individual:

13 (i) a companion of the individual;

14 (ii) a lineal ancestor or descendant, whether by
15 blood or adoption, of:

16 (I) the individual; or

17 (II) a companion of the individual;

18 (iii) a companion of an ancestor or descendant
19 described in clause (ii);

20 (iv) a sibling, aunt, uncle, great aunt, great
21 uncle, first cousin, niece, nephew, grandniece, or
22 grandnephew of the individual, whether related by the
23 whole or the half blood or adoption, or a companion of

1 any of them; or

2 (v) any other individual occupying the residence
3 of the individual; and

4 (B) with respect to a person other than an individual:

5 (i) another person that directly or indirectly
6 controls, is controlled by, or is under common control
7 with the person;

8 (ii) an officer, director, manager, member,
9 partner, employee, or trustee or other fiduciary of
10 the person; or

11 (iii) a companion of, or an individual occupying
12 the residence of, an individual described in clause
13 (i) or (ii).

14 (3) "Claim" means:

15 (A) a right to payment, whether or not such right is
16 reduced to judgment, liquidated, unliquidated, fixed,
17 contingent, matured, unmatured, disputed, undisputed,
18 legal, equitable, secured, or unsecured; or

19 (B) a right to an equitable remedy for breach of
20 performance if such breach gives rise to a right to
21 payment, whether or not such right to an equitable remedy
22 is reduced to judgment, fixed, contingent, matured,
23 unmatured, disputed, undisputed, secured, or unsecured.

24 (4) "Collateral" means the property subject to a lien.

25 (5) "Companion" means:

26 (A) the spouse of an individual;

1 (B) the domestic partner of an individual;

2 (C) another individual in a civil union with an
3 individual; or

4 (D) an individual sharing the same residence with
5 another individual.

6 (6) "Court" means a circuit court of this State. In the
7 context of a foreign receiver, the court means the court of the
8 state that appointed the foreign receiver.

9 (7) "Debtor" means a person having an interest, other than
10 a lien, in collateral, whether or not the person is liable for
11 the secured obligation. The term includes a mortgagor.

12 (8) "Executory contract" means a contract, including a
13 lease, under which each party has an unperformed obligation
14 and the failure of a party to complete performance would
15 constitute a material breach.

16 (9) "Foreign receiver" means a receiver appointed by a
17 court in another state.

18 (10) "Governmental unit" means an office, unit,
19 department, division, bureau, board, commission, or other
20 agency of this State or a subdivision of this State.

21 (11) "Lien" means a charge against or interest in property
22 to secure payment of a debt or performance of an obligation.

23 (12) "Mortgage" means a record, however denominated, that
24 creates or provides for a consensual lien on real property or
25 rents, even if it also creates or provides for a lien on
26 personal property.

1 (13) "Mortgagee" means a person entitled to enforce an
2 obligation secured by a mortgage.

3 (14) "Mortgagor" means a person that grants a mortgage or
4 a successor in ownership of the real property described in the
5 mortgage.

6 (15) "Owner" means the person for whose property or
7 business a receiver is appointed.

8 (16) "Person" means an individual, corporation, business
9 trust, estate, trust, partnership, limited liability company,
10 association, joint venture, governmental agency, public
11 corporation, or any other legal or commercial entity.

12 (17) "Proceeds" means the following property:

13 (A) whatever is acquired on the sale, lease, license,
14 exchange, or other disposition of receivership property;

15 (B) whatever is collected on, or distributed on
16 account of, receivership property;

17 (C) rights arising out of receivership property;

18 (D) to the extent of the value of receivership
19 property, claims arising out of the loss, nonconformity,
20 or interference with the use of, defects or infringement
21 of rights in, or damage to the property; or

22 (E) to the extent of the value of receivership
23 property and to the extent payable to the owner or secured
24 party, insurance payable by reason of the loss or
25 nonconformity of, defects or infringement of rights in, or
26 damage to the property.

1 (18) "Property" means all of a person's right, title, and
2 interest, both legal and equitable, in real and personal
3 property, tangible and intangible, wherever located and
4 however acquired. The term includes proceeds, products,
5 offspring, rents, or profits of or from the property.

6 (19) "Receiver" means a person appointed by the court as
7 the court's agent, and subject to the court's direction, to
8 take possession of, manage, and, if authorized by this Act or
9 court order, transfer, sell, lease, license, exchange,
10 collect, or otherwise dispose of receivership property.

11 (20) "Receivership" means a proceeding in which a receiver
12 is appointed.

13 (21) "Receivership property" means the property of an
14 owner which is described in the order appointing a receiver or
15 a subsequent order. The term includes any proceeds, products,
16 offspring, rents, or profits of or from the property.

17 (22) "Record", used as a noun, means information that is
18 inscribed on a tangible medium or that is stored on an
19 electronic or other medium and is retrievable in perceivable
20 form.

21 (23) "Rents" means all items that constitute leases,
22 rents, and profits arising from real property under applicable
23 State law.

24 (24) "Secured obligation" means an obligation the payment
25 or performance of which is secured by a security agreement.

26 (25) "Secured party" means a person entitled to enforce a

1 secured obligation. The term includes a mortgagee.

2 (26) "Security agreement" means an agreement that creates
3 or provides for a lien. The term includes a mortgage.

4 (27) "Sign" means, with present intent to authenticate or
5 adopt a record:

6 (A) to execute or adopt a tangible symbol; or

7 (B) to attach to or logically associate with the
8 record an electronic sound, symbol, or process.

9 (28) "State" means a state of the United States, the
10 District of Columbia, Puerto Rico, the United States Virgin
11 Islands, or any territory or insular possession subject to the
12 jurisdiction of the United States.

13 Section 3. Notice and opportunity for hearing.

14 (a) Except as otherwise provided in subsection (b), the
15 court may issue an order under this Act only after notice and
16 opportunity for a hearing appropriate in the circumstances.

17 (b) The court may issue an order under this Act:

18 (1) without prior notice if the circumstances require
19 issuance of an order before notice is given;

20 (2) after notice and without a prior hearing if the
21 circumstances require issuance of an order before a
22 hearing is held; or

23 (3) after notice and without a hearing if no
24 interested party timely requests a hearing.

25 (c) In connection with any sale of receivership property

1 under Section 16 of this Act, notice shall be provided to:

2 (1) the owner and all other persons having an interest in
3 the property that would be affected by the sale;

4 (2) with respect to any sale of real property, nonrecord
5 claimants, unknown necessary parties, and unknown owners by
6 publication in accordance with Sections 2-206 and 2-207 of the
7 Code of Civil Procedure; and

8 (3) such other persons as the court directs.

9 Section 4. Scope; exclusions.

10 (a) Except as otherwise provided in subsection (b) or (c),
11 this Act applies to a receivership for an interest in any one
12 or more of the following:

13 (1) in real property and any personal property related
14 to or used in operating the real property;

15 (2) in personal property and fixtures; or

16 (3) a person that is not an individual.

17 (b) This Act does not apply to a receivership for an
18 interest in real property improved by one to six dwelling
19 units unless:

20 (1) the interest is used for agricultural, commercial,
21 industrial, or mineral-extraction purposes, other than
22 incidental uses by an owner occupying the property as the
23 owner's primary residence;

24 (2) the interest secures an obligation incurred at a
25 time when the property was used or planned for use for

1 agricultural, commercial, industrial, or
2 mineral-extraction purposes;

3 (3) the owner planned or is planning to develop the
4 property into one or more dwelling units to be sold or
5 leased in the ordinary course of the owner's business; or

6 (4) the owner is collecting or has the right to
7 collect rents or other income from the property from a
8 person other than an affiliate of the owner.

9 (c) This Act does not apply to a receivership if the
10 receiver is appointed under: (1) Section 58 of the Illinois
11 Banking Act; (2) Section 10011 of the Savings Bank Act; (3)
12 Section 15.1 of the Currency Exchange Act; (4) Section 6-9 of
13 the Corporate Fiduciary Act; (5) Section 92 of the
14 Transmitters of Money Act; (6) Section 15-1704 of the Illinois
15 Mortgage Foreclosure Law; or (7) any law of this State other
16 than this Act in which the receiver is a governmental unit or
17 an individual acting in an official capacity on behalf of the
18 unit, except to the extent provided by the other law.
19 Notwithstanding the foregoing, a governmental unit or an
20 individual acting in an official capacity on behalf of the
21 unit may elect for this Act to apply to a receivership to the
22 extent not inconsistent with the other law.

23 (d) This Act does not limit the authority of a court to
24 appoint a receiver under law of this State other than this Act.

25 (e) Unless displaced by a particular provision of this
26 Act, the principles of law and equity supplement this Act.

1 Section 5. Power of court. The court that appoints a
2 receiver under this Act has exclusive jurisdiction and
3 authority:

4 (a) to direct and control the receiver;

5 (b) over all receivership property wherever located;

6 (c) to determine all controversies related to the
7 receivership or the collection, preservation, improvement,
8 disposition, and distribution of receivership property;
9 and

10 (d) over all matters otherwise arising in or relating
11 to the receivership, the receivership property, the
12 exercise of the receiver's powers, or the performance of
13 the receiver's duties.

14 Section 6. Appointment of receiver.

15 (a) The court may appoint a receiver:

16 (1) before judgment, to protect a party that
17 demonstrates an apparent right, title, or interest in
18 property that is the subject of the action, if the
19 property or its revenue-producing potential:

20 (A) is being subjected to or is in danger of waste,
21 loss, dissipation, or impairment; or

22 (B) has been or is about to be the subject of a
23 voidable transaction;

24 (2) after judgment:

1 (A) to enforce or otherwise carry the judgment
2 into effect; or

3 (B) to preserve nonexempt property pending appeal
4 or when an execution has been returned unsatisfied and
5 the owner refuses to apply the property in
6 satisfaction of the judgment; or

7 (3) in an action against a person that is not an
8 individual if:

9 (A) the object of the action is the dissolution of
10 the person;

11 (B) the person has been dissolved;

12 (C) the persons in control of the person are
13 deadlocked in the management of the person's affairs;

14 (D) the acts of the persons in control of the
15 person are illegal, oppressive, or fraudulent; or

16 (E) the person is insolvent or generally is not
17 paying the person's debts as those debts become due;

18 (4) in an action in which a receiver may be appointed
19 by law or on equitable grounds; or

20 (5) during the time allowed for redemption, to
21 preserve property sold in an execution or foreclosure sale
22 and secure its rents to the person entitled to the rents.

23 (b) In connection with the foreclosure or other
24 enforcement of a lien, the court may appoint a receiver for the
25 collateral if:

26 (1) appointment is necessary to protect the property

1 from waste, loss, transfer, dissipation, or impairment;

2 (2) the debtor agreed in a signed record to
3 appointment of a receiver on default;

4 (3) the owner agreed, after default and in a signed
5 record, to appointment of a receiver;

6 (4) the collateral and any other collateral security
7 held by the secured party are not sufficient to satisfy
8 the secured obligation;

9 (5) the owner fails to turn over to the secured party
10 proceeds or rents the secured party was entitled to
11 collect; or

12 (6) the holder of a subordinate lien obtains
13 appointment of a receiver for the property.

14 (c) The court may appoint a receiver to prevent
15 irreparable harm without prior notice under Section 3(b)(1) or
16 without a prior hearing under Section 3(b)(2) and may
17 condition such appointment on the giving of security by the
18 person seeking the appointment for the payment of damages,
19 reasonable attorney's fees, and costs incurred or suffered by
20 any person if the court later concludes that the appointment
21 was not justified. If the court later concludes that the
22 appointment was justified, the court shall release the
23 security.

24 Section 7. Disqualification from appointment as receiver;
25 disclosure of interest.

1 (a) Any person, whether or not a resident of this State,
2 may serve as a receiver unless the person is disqualified
3 under this Act.

4 (b) The court may not appoint a person as receiver unless
5 the person submits to the court a statement under penalty of
6 perjury that the person is not disqualified.

7 (c) Except as otherwise provided in subsection (d), a
8 person is disqualified from appointment as receiver if the
9 person:

10 (1) is an affiliate of a party or the judge presiding
11 over the receivership;

12 (2) has an interest materially adverse to an interest
13 of a party;

14 (3) has a material financial interest in the outcome
15 of the action, other than compensation the court may allow
16 the receiver;

17 (4) has a debtor-creditor relationship with a party;

18 (5) holds an equity interest in a party, other than a
19 noncontrolling interest in a publicly traded company;

20 (6) is a sheriff of any county; or

21 (7) is otherwise prohibited from acting as an agent of
22 the court under the laws of this State.

23 (d) A person is not disqualified from appointment as
24 receiver solely because the person:

25 (1) was appointed receiver or is owed compensation in
26 an unrelated matter involving a party or was engaged by a

1 party in a matter unrelated to the receivership;

2 (2) is an individual obligated to a party on a debt
3 that is not in default and was incurred primarily for
4 personal, family, or household purposes; or

5 (3) maintains with a party a deposit account as
6 defined in Section 9-102(a)(29) of the Uniform Commercial
7 Code.

8 (e) A person seeking appointment of a receiver may
9 nominate a person to serve as receiver, but the court is not
10 bound by the nomination.

11 Section 8. Receiver's bond; alternative security.

12 (a) Except as otherwise provided in subsection (b) and
13 (c), a receiver shall post with the court a bond that:

14 (1) is conditioned on the faithful discharge of the
15 receiver's duties;

16 (2) has one or more sureties approved by the court;

17 (3) is in an amount the court specifies; and

18 (4) is effective as of the date of the receiver's
19 appointment.

20 (b) The court may approve the posting by a receiver with
21 the court of alternative security, such as a letter of credit
22 or deposit of funds. The receiver may not use receivership
23 property as alternative security. Interest that accrues on
24 deposited funds must be paid to the receiver on the receiver's
25 discharge.

1 (c) For good cause shown, the court may waive the
2 requirement that the receiver post with the court a bond or
3 alternative security required by this Section.

4 (d) The court may authorize a receiver to act before the
5 receiver posts the bond or alternative security required by
6 this Section.

7 Section 9. Status of receiver as lien creditor. On
8 appointment of a receiver, the receiver has the status of a
9 lien creditor:

10 (1) under Sections 9-101 to 9-809 of the Uniform
11 Commercial Code as to receivership property that is
12 personal property or fixtures;

13 (2) under Sections 1 to 39 of the Conveyances Act as to
14 receivership property that is real property as to persons
15 with actual or constructive notice of the appointment and
16 to all other persons from the time of recording of the
17 order appointing the receiver pursuant to Section 12(c)(3)
18 of this Act; and

19 (3) as if the receiver were a creditor that obtained a
20 judicial lien on all the receivership property, subject to
21 satisfying the recording requirements as to real property
22 described in Section 12(c)(3) of this Act.

23 Section 10. Security agreement covering after-acquired
24 property. Except as otherwise provided by law of this State

1 other than this Act, property that a receiver or owner
2 acquires after appointment of the receiver is subject to a
3 security agreement entered into before the appointment to the
4 same extent as if the court had not appointed the receiver.

5 Section 11. Collection and turnover of receivership
6 property.

7 (a) Unless the court orders otherwise, on demand by a
8 receiver:

9 (1) a person that owes a debt that is receivership
10 property and is matured or payable on demand or on order
11 shall pay the debt to or on the order of the receiver,
12 except to the extent the debt is subject to setoff or
13 recoupment; and

14 (2) subject to subsection (c), a person that has
15 possession, custody, or control of receivership property
16 shall turn the property over to the receiver.

17 (b) A person that has notice of the appointment of a
18 receiver and owes a debt that is receivership property may not
19 satisfy the debt by payment to the owner.

20 (c) If a creditor has possession, custody, or control of
21 receivership property and the validity, perfection, or
22 priority of the creditor's lien on the property depends on the
23 creditor's possession, custody, or control, the creditor may
24 retain possession, custody, or control until the court orders
25 adequate protection of the creditor's lien.

1 (d) The receiver may seek to compel a person to comply with
2 the obligations of this Section by motion. The court may order
3 a person that has possession, custody, or control of
4 receivership property to turn over such property to the
5 receiver.

6 (e) Unless a bona fide dispute exists about a receiver's
7 right to possession, custody, or control of receivership
8 property, the court may sanction as civil contempt a person's
9 failure to turn the property over when required by this
10 Section.

11 Section 12. Powers and duties of receiver.

12 (a) Except as limited by court order or law of this State
13 other than this Act, a receiver may:

14 (1) collect, control, manage, conserve, and protect
15 receivership property;

16 (2) operate a business constituting receivership
17 property, including preservation, use, sale, lease,
18 license, exchange, collection, or disposition of the
19 property in the ordinary course of business;

20 (3) in the ordinary course of business, incur
21 unsecured debt and pay expenses incidental to the
22 receiver's preservation, use, sale, lease, license,
23 exchange, collection, or disposition of receivership
24 property and otherwise in the performance of the
25 receiver's duties, including the power to pay obligations

1 incurred prior to the receiver's appointment if, in the
2 receiver's business judgment, payment is necessary to
3 preserve the value of receivership property using funds
4 that are not subject to any lien or right of setoff in
5 favor of a creditor who has not consented to the payment;

6 (4) incur debt under a secured obligation in effect as
7 of the receiver's appointment subject to the same terms,
8 conditions and lien priorities that existed as of the
9 receiver's appointment;

10 (5) assert a right, claim, cause of action, or defense
11 of the owner which relates to receivership property and
12 maintain in the receiver's name or owner's name any action
13 to enforce any such right, claim, cause of action, or
14 defense and intervene in actions in which owner is a party
15 for the purpose of exercising any rights pursuant to this
16 subsection (a)(5) or requesting transfer of venue of the
17 action to the court;

18 (6) seek and obtain instruction from the court
19 concerning receivership property, exercise of the
20 receiver's powers, and performance of the receiver's
21 duties;

22 (7) on subpoena, compel a person to submit to
23 examination under oath, or to produce and permit
24 inspection and copying of designated records or tangible
25 things, with respect to receivership property or any other
26 matter that may affect administration of the receivership;

1 (8) engage a professional as provided in Section 15;

2 (9) apply to a court of another state for appointment
3 as ancillary receiver with respect to receivership
4 property located in that state; and

5 (10) exercise any power conferred by court order, this
6 Act, or law of this State other than this Act.

7 (b) With court approval, a receiver may:

8 (1) Except as otherwise provided in subsection (a) (4),
9 incur debt for the use or benefit of receivership property
10 other than in the ordinary course of business provided
11 that any lien securing such indebtedness is junior to any
12 existing liens on the receivership property, unless
13 otherwise authorized by the law of this State other than
14 this Act;

15 (2) make improvements to receivership property;

16 (3) use, sell, lease, or transfer receivership
17 property other than in the ordinary course of business as
18 provided in Section 16 and execute in the owner's name any
19 documents, conveyances and consents as may be required for
20 such use, sale, lease, or transfer;

21 (4) assume or reject an executory contract of the
22 owner as provided in Section 17;

23 (5) pay compensation to the receiver as provided in
24 Section 21, and to each professional engaged by the
25 receiver as provided in Section 15;

26 (6) recommend allowance or disallowance of a claim of

1 a creditor as provided in Section 20;

2 (7) make a distribution of receivership property as
3 provided in Section 20;

4 (8) settle or release any rights, claims, causes of
5 action, or defenses or the owner asserted in subsection
6 (a) (5); and

7 (9) abandon to the owner any receivership property
8 that is burdensome or is not of material value to the
9 receivership.

10 (c) A receiver shall:

11 (1) prepare and retain appropriate business records
12 from the receiver's appointment until the receiver's
13 discharge, including a record of each receipt,
14 disbursement, and disposition of receivership property;

15 (2) account for receivership property, including the
16 proceeds of a sale, lease, license, exchange, collection,
17 or other disposition of the property;

18 (3) promptly file or record, as applicable, with the
19 county recorder's office in the county where the real
20 property is located, a notice of the receivership setting
21 forth the name of the receiver, the owner of the real
22 property, the title of the action, a legal description of
23 the real property, if any, and a copy of the order
24 appointing the receiver;

25 (4) disclose to the court any fact arising during the
26 receivership which would disqualify the receiver under

1 Section 7; and

2 (5) perform any duty imposed by court order, this Act,
3 or law of this State other than this Act.

4 (d) The recording of the notice of the receivership set
5 forth in subsection (c) shall constitute constructive notice
6 of the receivership to every person subsequently acquiring an
7 interest in or a lien on the real property affected thereby.

8 (e) A subordination agreement is enforceable to the same
9 extent that it is enforceable under the law of this State other
10 than this Act.

11 (f) The powers and duties of a receiver may be expanded,
12 modified, or limited by court order.

13 Section 13. Duties of owner.

14 (a) An owner shall:

15 (1) assist and cooperate with the receiver in the
16 administration of the receivership and the discharge of
17 the receiver's duties;

18 (2) preserve and turn over to the receiver all
19 receivership property in the owner's possession, custody,
20 or control;

21 (3) identify all records and other information
22 relating to the receivership property, including a
23 password, authorization, or other information needed to
24 obtain or maintain access to or control of the
25 receivership property, and make available to the receiver

1 the records and information in the owner's possession,
2 custody, or control;

3 (4) on subpoena, submit to examination under oath by
4 the receiver concerning the acts, conduct, property,
5 liabilities, and financial condition of the owner or any
6 matter relating to the receivership property or the
7 receivership; and

8 (5) perform any duty imposed by court order, this Act,
9 or law of this State other than this Act.

10 (b) Without limiting the owner's obligations under
11 subsection (a), and unless the court orders otherwise, the
12 owner shall file with the court and provide the receiver
13 within 14 days of the receiver's appointment:

14 (1) A list of all receivership property and exempt
15 property of the owner, identifying:

16 (A) The location of the property, including the
17 legal description of any real property;

18 (B) A description of all liens to which the
19 property is subject; and

20 (C) The estimated value of the property.

21 (2) A list of all creditors, taxing authorities, and
22 regulatory authorities having claims against the owner:

23 (A) their mailing addresses;

24 (B) the amount and nature of their respective
25 claims as of the date of the receiver's appointment;

26 (C) whether the claims are secured by liens; and

1 (D) and whether the claims are disputed.

2 (c) If an owner is a person other than an individual, this
3 Section applies to each officer, director, manager, member,
4 partner, trustee, or other person exercising or having the
5 power to exercise control over the affairs of the owner.

6 (d) If a person knowingly fails to perform a duty imposed
7 by this Section, the court may:

8 (1) award the receiver actual damages caused by the
9 person's failure, reasonable attorney's fees, and costs;

10 (2) sanction the failure as civil contempt; and

11 (3) impose other equitable remedies, including an
12 injunction or constructive trust to address a person's
13 failure to comply with a duty under this Section.

14 Section 14. Stay; injunction.

15 (a) Except as otherwise provided in subsection (d) or
16 ordered by the court, an order appointing a receiver operates
17 as a stay, applicable to all persons, of an act, action, or
18 proceeding:

19 (1) to obtain possession of, exercise control over, or
20 enforce a judgment against receivership property; and

21 (2) to enforce a lien against receivership property to
22 the extent the lien secures a claim against the owner
23 which arose before entry of the order.

24 (b) In addition to any stay provided in this Section, the
25 court may enjoin an act, action, or proceeding against or

1 relating to receivership property, the owner, or the receiver
2 if the injunction is necessary to protect the receivership
3 property or facilitate administration of the receivership.

4 (c) A person whose act, action, or proceeding is stayed or
5 enjoined under this Section may apply to the court for relief
6 from the stay or injunction for cause, including lack of
7 adequate protection.

8 (d) An order appointing a receiver does not operate as a
9 stay or injunction of:

10 (1) an act, action, or proceeding to perfect, or
11 maintain or continue the perfection of, an interest in
12 receivership property, provided that if perfection of an
13 interest would require seizure of receivership property or
14 commencement of an action, the perfection shall instead be
15 accomplished by filing with the court, and by serving upon
16 the receiver, notice of the interest within the time fixed
17 by law for seizure or commencement;

18 (2) commencement or continuation of a criminal
19 proceeding;

20 (3) commencement or continuation of an action or
21 proceeding, or enforcement of a judgment other than a
22 money judgment in an action or proceeding, by a
23 governmental unit to enforce its police or regulatory
24 power;

25 (4) establishment by a governmental unit of a tax
26 liability against the owner or receivership property or an

1 appeal of the liability; or

2 (5) the exercise of rights of a party to a swap
3 agreement, securities contract, repurchase agreement,
4 commodity contract, forward contract, or master netting
5 agreement, as those terms are defined in the federal
6 Bankruptcy Code, to the extent that a court would not have
7 the power to stay the exercise if the owner were a debtor
8 under the Bankruptcy Code.

9 (e) The court may void an act that violates a stay or
10 injunction under this Section.

11 (f) If a person knowingly violates a stay or injunction
12 under this Section, the court may:

13 (1) award actual damages caused by the violation,
14 reasonable attorney's fees, and costs; and

15 (2) sanction the violation as civil contempt.

16 (g) If the stay under this Section enjoins the performance
17 of an act or the commencement of an action or proceeding, the
18 time established by law other than this Act, court order or
19 contract to perform such act or commence such action or
20 proceeding shall be tolled during the stay.

21 Section 15. Engagement and compensation of professionals.

22 (a) With court approval, a receiver may engage one or more
23 attorneys, accountants, appraisers, auctioneers, brokers, or
24 other professionals to assist the receiver in performing a
25 duty or exercising a power of the receiver. The court may

1 authorize the receiver's engagement of professionals on any
2 reasonable terms and conditions of employment, including on a
3 retainer, on an hourly basis, on a fixed or percentage fee
4 basis, on a contingent fee basis or a combination of the
5 foregoing. In connection with the proposed engagement of a
6 professional, the receiver shall disclose to the court:

7 (1) the identity and qualifications of the
8 professional;

9 (2) the scope and nature of the proposed engagement;

10 (3) any potential conflict of interest; and

11 (4) the proposed compensation.

12 (b) A person is not disqualified from engagement under
13 this Section solely because of the person's engagement by,
14 representation of, or other relationship with the receiver, a
15 creditor, or a party. This Act does not prevent the receiver
16 from serving in the receivership as an attorney, accountant,
17 appraiser, auctioneer, broker, or other professional when
18 authorized by law.

19 (c) Subject to any procedures that the court may impose,
20 the receiver or professionals engaged by the receiver under
21 subsection (a) may be paid reasonable compensation for their
22 services on an interim basis in the same manner as other
23 expenses of administration and without the necessity of court
24 approval.

25 (d) Except to the extent the fees and expenses of the
26 receiver or professionals engaged by the receiver under

1 subsection (a) have been approved by the court, any interim
2 payments of fees and expenses shall be approved in connection
3 with the receiver's final report as provided in Section 23.
4 The receiver or professionals seeking court approval of their
5 fees and expenses shall file with the court such information
6 as may be necessary for the court to determine the
7 reasonableness of the requested fees and expenses. If engaged
8 on an hourly basis, a receiver or professional shall file with
9 the court an itemized statement of the time spent, work
10 performed, and billing rate of each person that performed the
11 work and an itemized list of expenses. The receiver shall pay
12 the amount approved by the court.

13 Section 16. Use or transfer of receivership property not
14 in ordinary course of business.

15 (a) In this Section, "good faith" means honesty in fact
16 and the observance of reasonable commercial standards of fair
17 dealing.

18 (b) With court approval, a receiver may use receivership
19 property other than in the ordinary course of business.

20 (c) With court approval, a receiver may transfer
21 receivership property other than in the ordinary course of
22 business by sale, lease, license, exchange, or other
23 disposition. Unless the agreement of sale provides otherwise,
24 a sale under this Section is free and clear of a lien of the
25 person that obtained appointment of the receiver, any

1 subordinate lien, and any right of redemption. However, unless
2 the holder of a senior lien consents, such a sale:

3 (1) is subject to the senior lien and to the rights and
4 remedies of the holder of the senior lien under law other
5 than this Act; and

6 (2) does not affect the obligation secured by the
7 senior lien.

8 (d) A lien on receivership property which is extinguished
9 by a transfer under subsection (c) attaches to the proceeds of
10 the transfer with the same validity, perfection, and priority
11 the lien had on the property immediately before the transfer,
12 even if the proceeds are not sufficient to satisfy all
13 obligations secured by the lien.

14 (e) A transfer under subsection (c) may occur by means
15 other than a public auction sale. A creditor holding a valid
16 lien on the property to be transferred may purchase the
17 property and offset against the purchase price part or all of
18 the allowed amount secured by the lien, if the creditor
19 tenders funds sufficient to satisfy in full the reasonable
20 expenses of transfer and the obligation secured by any senior
21 lien extinguished by the transfer.

22 (f) A reversal or modification of an order approving a
23 transfer under subsection (c) does not affect the validity of
24 the transfer to a person that acquired the property in good
25 faith or revive against the person any lien extinguished by
26 the transfer, whether the person knew before the transfer of

1 the request for reversal or modification, unless the court
2 stayed the order before the transfer.

3 Section 17. Executory contracts.

4 (a) In this Section, "timeshare interest" means an
5 interest having a duration of more than three years which
6 grants its holder the right to use and occupy an
7 accommodation, facility, or recreational site, whether
8 improved or not, for a specific period less than a full year
9 during any given year.

10 (b) Except as otherwise provided in subsection (h), with
11 court approval, a receiver may assume or reject an executory
12 contract of the owner relating to receivership property. An
13 executory contract may only be assumed or rejected by court
14 order. The court may condition the receiver's assumption and
15 continued performance of the executory contract on terms
16 appropriate under the circumstances. If the receiver does not
17 obtain court approval to assume or reject the executory
18 contract by the termination of receivership, the receiver is
19 deemed to have rejected the executory contract. At the request
20 of the non-owner party to the executory contract, a court may
21 set a reasonable time after the receiver's appointment to
22 assume or reject an executory contract.

23 (c) A receiver's performance of an executory contract
24 before court approval under subsection (b) of its assumption
25 or rejection is not an assumption of the contract and does not

1 preclude the receiver from seeking approval to reject the
2 contract.

3 (d) A provision in an executory contract which requires or
4 permits a forfeiture, modification, or termination of the
5 contract because of the appointment of a receiver or the
6 financial condition of the owner does not affect a receiver's
7 power under subsection (b) to assume the contract.

8 (e) A receiver's right to possess or use receivership
9 property pursuant to an executory contract terminates upon
10 rejection of the contract under subsection (b). Rejection of
11 an executory contract constitutes a breach of the executory
12 contract effective immediately before appointment of the
13 receiver. A claim for damages for rejection of the contract
14 shall be presented or filed in the same manner as other claims
15 in the receivership no later than:

16 (1) the time set for submitting a claim in the
17 receivership; or

18 (2) 30 days after the court approves the rejection.

19 (f) If, at the time a receiver is appointed, the owner has
20 the right to assign an executory contract relating to
21 receivership property under law of this State other than this
22 Act, the receiver may assign the contract with court approval
23 and subject to the terms of the contract.

24 (g) If a receiver rejects under subsection (b) an
25 executory contract for the sale of receivership property that
26 is real property in possession of the purchaser or a

1 real-property timeshare interest, the purchaser may:

2 (1) treat the rejection as a termination of the
3 contract, and in that case the purchaser has a lien on the
4 property for the recovery of any part of the purchase
5 price the purchaser paid; or

6 (2) retain the purchaser's right to possession under
7 the contract, and in that case the purchaser shall
8 continue to perform all obligations arising under the
9 contract and may offset any damages caused by
10 nonperformance of an obligation of the owner after the
11 date of the rejection, but the purchaser has no right or
12 claim against other receivership property or the receiver
13 on account of the damages.

14 (h) A receiver may not reject an unexpired lease of real
15 property under which the owner is the landlord if:

16 (1) the tenant occupies the leased premises as the
17 tenant's primary residence;

18 (2) the receiver was appointed at the request of a
19 person other than a mortgagee; or

20 (3) the receiver was appointed at the request of a
21 mortgagee and:

22 (A) the lease is superior to the lien of the
23 mortgagee;

24 (B) the tenant has an enforceable agreement with
25 the mortgagee or the holder of a senior lien under
26 which the tenant's occupancy will not be disturbed as

1 long as the tenant performs its obligations under the
2 lease;

3 (C) the mortgagee has consented to the lease,
4 either in a signed record or by its failure timely to
5 object that the lease violated the mortgage; or

6 (D) the terms of the lease were commercially
7 reasonable at the time the lease was agreed to and the
8 tenant did not know or have reason to know that the
9 lease violated the mortgage.

10 Section 18. Defenses and immunities of receiver.

11 (a) A receiver is entitled to all defenses and immunities
12 provided by law of this State for an act or omission within the
13 scope of the receiver's appointment.

14 (b) Approval of the court that appointed the receiver must
15 be obtained before the commencement of an action or proceeding
16 against the receiver or a professional engaged by the receiver
17 regarding an act or omission in administering receivership
18 property.

19 (c) A party or party in interest may conduct discovery of
20 the receiver concerning any matter relating to the receiver's
21 administration of the receivership property after obtaining an
22 order authorizing the discovery.

23 Section 19. Interim report of receiver. A receiver may
24 file or, if ordered by the court, shall file an interim report

1 that includes:

2 (1) the dates covered by the interim report;

3 (2) the activities of the receiver since appointment
4 or a previous report;

5 (3) receipts and disbursements, including a payment
6 made or proposed to be made to a professional engaged by
7 the receiver;

8 (4) receipts and dispositions of receivership
9 property;

10 (5) fees and expenses of the receiver and, if not
11 filed separately, a request for approval of payment of the
12 fees and expenses; and

13 (6) any other information required by the court.

14 Section 20. Notice of appointment; claim against
15 receivership; distribution to creditors.

16 (a) Except as otherwise provided in subsection (h), a
17 receiver shall give notice of appointment of the receiver to
18 all creditors of the owner by:

19 (1) deposit for delivery through first-class mail or
20 other commercially reasonable delivery method to the
21 last-known address of each creditor; and

22 (2) such other means as directed by the court.

23 (b) Except as otherwise provided in subsection (h), the
24 notice required by subsection (a) must specify the date by
25 which each creditor holding a claim against the owner which

1 arose before appointment of the receiver must file the claim
2 with the court. The date specified must be at least 60 days
3 after the date of the notice under subsection (a). Unless the
4 court orders otherwise, a claim that is not timely filed with
5 the court is not entitled to a distribution from the
6 receivership.

7 (c) A claim filed by a creditor under this subsection
8 shall be titled "Proof of Claim" and must:

9 (1) state the name and address of the creditor;

10 (2) state the amount and basis of the claim;

11 (3) identify any property securing the claim;

12 (4) be signed by the creditor or an authorized agent
13 under penalty of perjury; and

14 (5) include a copy of any record on which the claim is
15 based.

16 (d) An assignment by a creditor of a claim against the
17 owner or receivership is effective against the receiver only
18 if the assignee gives timely notice of the assignment to the
19 receiver in a signed record prior to the entry of an order
20 approving a receiver's final report.

21 (e) A claim filed with the court in accordance with
22 subsections (b) and (c) constitutes prima facie evidence of
23 the validity and amount of the claim. At any time before entry
24 of an order approving a receiver's final report, the receiver
25 or other person with an interest in the receivership may file
26 with the court an objection to a claim of a creditor, stating

1 the basis for the objection. The court shall allow or disallow
2 the claim according to the law of this State other than this
3 Act.

4 (f) Upon motion of the receiver or other person with an
5 interest in the receivership, the following claims may be
6 estimated for purpose of allowance under this Section:

7 (1) any contingent or unliquidated claims, the fixing
8 or liquidation of which would unduly delay the
9 administration of the receivership; or

10 (2) any right to payment arising from a right to an
11 equitable remedy for breach of performance.

12 (g) Claims subject to estimation under subsection (f)
13 shall be allowed in the estimated amount as determined by the
14 court.

15 (h) If the court concludes that receivership property is
16 likely to be insufficient to satisfy claims of each creditor
17 holding a perfected lien on the property, the court may order
18 that:

19 (1) the receiver need not give notice under subsection
20 (a) of the appointment to all creditors of the owner, but
21 only such creditors as the court directs; and

22 (2) unsecured creditors need not submit claims under
23 this Section.

24 (i) Subject to Section 21:

25 (1) a distribution of receivership property to a
26 creditor holding a perfected lien on the property must be

1 made in accordance with the creditor's priority under law
2 of this State other than this Act;

3 (2) a distribution of receivership property to a
4 creditor with an allowed unsecured claim must be made as
5 the court directs on a pro rata basis according to law of
6 this State other than this Act; and

7 (3) if all of the creditors holding claims have been
8 paid in full, any residue shall be paid to the owner.

9 Section 21. Fees and expenses.

10 (a) The court may award a receiver from receivership
11 property the reasonable and necessary fees and expenses of
12 performing the duties of the receiver and exercising the
13 powers of the receiver.

14 (b) The court may order one or more of the following to pay
15 the reasonable and necessary fees and expenses of the
16 receivership, including reasonable attorney's fees and costs:

17 (1) a person that requested the appointment of the
18 receiver, if the receivership does not produce sufficient
19 funds to pay the fees and expenses; or

20 (2) a person whose conduct justified or would have
21 justified the appointment of the receiver under Section
22 6(a) (1) or 6(a) (3) (D).

23 Section 22. Removal of receiver; replacement; termination
24 of receivership.

1 (a) The court may remove a receiver for cause.

2 (b) The court shall replace a receiver that dies, resigns,
3 or is removed.

4 (c) If the court finds that a receiver that resigns or is
5 removed, or the representative of a receiver that is deceased,
6 has accounted fully for and turned over to the successor
7 receiver all receivership property and has filed a report of
8 all receipts and disbursements during the service of the
9 replaced receiver, the replaced receiver is discharged.

10 (d) The court may discharge a receiver and terminate the
11 court's administration of the receivership property if the
12 court finds that appointment of the receiver was improvident
13 or that the circumstances no longer warrant continuation of
14 the receivership. If the court finds that the appointment was
15 sought wrongfully or in bad faith, the court may assess
16 against the person that sought the appointment:

17 (1) the fees and expenses of the receivership,
18 including reasonable attorney's fees and costs; and

19 (2) actual damages caused by the appointment,
20 including reasonable attorney's fees and costs.

21 Section 23. Final report of receiver; discharge.

22 (a) Unless excused by the court, on completion of a
23 receiver's duties, the receiver shall file a motion seeking
24 approval of a final report and termination of the court's
25 administration of the receivership property.

1 (b) The final report shall include:

2 (1) a description of the activities of the receiver in
3 the conduct of the receivership;

4 (2) a list of receivership property at the
5 commencement of the receivership and any receivership
6 property received during the receivership;

7 (3) a list of disbursements, including payments to
8 professionals engaged by the receiver;

9 (4) a list of dispositions of receivership property;

10 (5) a list of distributions made or proposed to be
11 made from the receivership for creditor claims;

12 (6) if not filed separately, a request for approval of
13 the payment of fees and expenses of the receiver and the
14 receiver's professionals; and

15 (7) any other information required by the court.

16 (c) If the court approves a final report filed under
17 subsection (a) and the receiver distributes all receivership
18 property, the receiver is discharged and the court's
19 administration of the receivership property is terminated. The
20 order approving a final report and termination of the
21 receivership shall include such additional terms as the court
22 deems appropriate.

23 Section 24. Receivership in another state; ancillary
24 proceeding.

25 (a) The court may appoint a foreign receiver as an

1 ancillary receiver with respect to property located in this
2 State or subject to the jurisdiction of the court for which a
3 receiver could be appointed under this Act, if:

4 (1) the person would be eligible to serve as receiver
5 under Section 7 of this Act; and

6 (2) the appointment furthers the person's possession,
7 custody, control, or disposition of property subject to
8 the receivership in the other state.

9 (3) the appointment is authorized by the court that
10 appointed the foreign receiver.

11 (b) The court may issue an order that gives effect to an
12 order entered in another state appointing or directing a
13 receiver.

14 (c) Unless the court orders otherwise, an ancillary
15 receiver appointed under subsection (a) has the rights,
16 powers, duties and obligations of a receiver appointed under
17 this Act.

18 Section 25. Effect of enforcement by secured party. A
19 request by a secured party for appointment of a receiver, the
20 appointment of a receiver, or application by a secured party
21 of receivership property or proceeds to the secured obligation
22 does not:

23 (1) make the secured party a mortgagee in possession
24 of real property;

25 (2) impose any duty on the secured party under Section

1 9-207 of the Uniform Commercial Code;

2 (3) make the secured party an agent of the owner;

3 (4) constitute an election of remedies that precludes

4 a later action to enforce the secured obligation;

5 (5) make the secured obligation unenforceable; or

6 (6) limit any right available to the secured party

7 with respect to the secured obligation.

8 Section 26. Uniformity of application and construction. In

9 applying and construing this uniform Act, consideration must

10 be given to the need to promote uniformity of the law with

11 respect to its subject matter among states that enact it.

12 Section 27. Relation to Electronic Signatures in Global

13 and National Commerce Act. This Act modifies, limits, or

14 supersedes the Electronic Signatures in Global and National

15 Commerce Act, 15 U.S.C. Section 7001 et seq., but does not

16 modify, limit, or supersede Section 101(c) of that Act, 15

17 U.S.C. Section 7001(c), or authorize electronic delivery of

18 any of the notices described in Section 103(b) of that Act, 15

19 U.S.C. Section 7003(b).

20 Section 28. Transition. This Act does not apply to a

21 receivership for which the receiver was appointed before the

22 effective date of this Act.

1 Section 29. Inapplicability. The provisions of Section
2 2-415 of the Code of Civil Procedure do not apply to a
3 receivership under this Act.