



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB3307

Introduced 2/18/2025, by Rep. Kelly M. Cassidy

#### SYNOPSIS AS INTRODUCED:

735 ILCS 5/15-1704

from Ch. 110, par. 15-1704

Amends the Mortgage Foreclosure Law of the Code of Civil Procedure. Requires receivers of mortgaged real estate to use reasonable efforts to make repairs and improvements as necessary to comply with building, housing, or other similar codes that necessary for the safety, accessibility, and habitability of residential real estate. Creates the Residential Real Estate Ombudsperson Program of which the purpose is to ensure that tenants of residential real estate in receivership continue to have safe, habitable, and accessible homes throughout the receivership process and to facilitate communication between tenants, the receiver, and the court. Requires that in courts in counties of 50,000 or more residents must establish such a program, and in courts in counties of less than 50,000 residents may establish such a program. Provides for the powers of the Ombudsperson to include, but not be limited to, (i) taking, investigating, and making recommendations and reports of complaints of inadequate performance receivership duties relating to matters that may adversely affect the health, safety, welfare, or rights of tenants; (ii) entering the property under receivership at a reasonable time and with reasonable notice to the receiver or receiver's manager; (iii) communicating privately with tenants who consent to that communication; (iv) encouraging the facilitation of communication between receivers, tenants, and the court; (v) making recommendations to receivers regarding building conditions and court practices; (vi) submitting reports to the court regarding the status of the residential real estate, the receivership relationship, the use of the Ombudsperson services; and (vii) making recommendations to the court to improve the receivership relationship. Requires the Ombudsperson within 60 days of appointment to send a notice of contact information of the Ombudsperson to all known dwelling occupants of residential real estate through by posting a written notice on unit doors and in common areas. Effective January 1, 2026.

LRB104 10531 JRC 20607 b

1 AN ACT concerning civil law.

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

4 Section 5. The Code of Civil Procedure is amended by  
5 changing Section 15-1704 as follows:

6 (735 ILCS 5/15-1704) (from Ch. 110, par. 15-1704)

7 Sec. 15-1704. Receivers.

8 (a) Receiver. Notwithstanding the provisions of  
9 subsections (b), (c) and (d) of Section 15-1701, and except as  
10 provided in Section 15-1702, upon request of any party and a  
11 showing of good cause, the court shall appoint a receiver for  
12 the mortgaged real estate.

13 (b) Powers. A receiver appointed pursuant to this Article  
14 shall have possession of the mortgaged real estate and other  
15 property subject to the mortgage during the foreclosure, shall  
16 have full power and authority to operate, manage and conserve  
17 such property, and shall have all the usual powers of  
18 receivers in like cases. Without limiting the foregoing, a  
19 receiver shall have the power and authority to:

20 (1) secure tenants and execute leases for the real  
21 estate, the duration and terms of which are reasonable and  
22 customary for the type of use involved, and such leases  
23 shall have the same priority as if made by the owner of the

1 real estate; but, unless approved by the Court, the  
2 receiver shall not execute oil, gas or other mineral  
3 leases, or (even if otherwise allowed by law) leases  
4 extending beyond the time of the receiver's possession;  
5 provided, however, with respect to residential real estate  
6 leased by the receiver, nothing in this Section shall  
7 affect the legal rights of any lessee with respect to the  
8 safety, ~~and~~ habitability, and accessibility of the  
9 residential real estate;

10 (2) collect the rents, issues and profits from the  
11 mortgaged real estate;

12 (3) insure the mortgaged real estate against loss by  
13 fire or other casualty;

14 (4) employ counsel, custodians, janitors and other  
15 help; and

16 (5) pay taxes which may have been or may be levied  
17 against the mortgaged real estate.

18 (c) Duties. A receiver appointed pursuant to this Article  
19 must manage the mortgaged real estate as would a prudent  
20 person, taking into account the effect of the receiver's  
21 management on the interest of the mortgagor. A receiver may,  
22 without an order of the court, delegate managerial functions  
23 to a person in the business of managing real estate of the kind  
24 involved who is financially responsible, not related to the  
25 mortgagee or receiver and prudently selected. However, the  
26 receiver shall remain responsible to the mortgagor or other

1 persons for the acts or omissions of such management agent.  
2 When fees are paid to such a management agent, the receiver's  
3 fees may be adjusted to the extent the court deems  
4 appropriate. In managing the mortgaged real estate and other  
5 property subject to the mortgage, a receiver or receiver's  
6 delegate, to the extent the receiver receives sufficient  
7 receipts from the mortgaged real estate, such other property  
8 or other sources, except to the extent ordered otherwise by  
9 the court:

10 (1) shall maintain the existing casualty and liability  
11 insurance required in accordance with the mortgage or  
12 applicable to the real estate and other property subject  
13 to the mortgage at the time the receiver took possession;

14 (2) shall use reasonable efforts to maintain the real  
15 estate and other property subject to the mortgage in at  
16 least as good condition as existed at the time the  
17 receiver took possession, excepting reasonable wear and  
18 tear and damage by any casualty, and shall use reasonable  
19 efforts to make repairs and improvements as necessary to  
20 comply with building, housing, or other similar codes  
21 necessary for the safety, accessibility, and habitability  
22 of residential real estate;

23 (2.5) shall accept all rental payments from an  
24 occupant of the mortgaged property, and any payments from  
25 a third party or any rental assistance program in support  
26 of an occupant's housing;

1           (3) shall apply receipts to payment of ordinary  
2 operating expenses, including royalties, rents and other  
3 expenses of management;

4           (4) shall pay any shared or common expense assessments  
5 due to any association of owners of interests in real  
6 estate to the extent that such assessments are or may  
7 become a lien against the mortgaged real estate;

8           (5) may pay the amounts due under any mortgage if the  
9 mortgagee thereof is not a party in the foreclosure;

10          (6) may carry such additional casualty and liability  
11 insurance as is reasonably available and reasonable as to  
12 amounts and risks covered;

13          (7) may make other repairs and improvements necessary  
14 to comply with building, housing, and other similar codes  
15 or with existing contractual obligations affecting the  
16 mortgaged real estate;

17          (8) may hold receipts as reserves reasonably required  
18 for the foregoing purposes; and

19          (9) may take such other actions as may be reasonably  
20 necessary to conserve the mortgaged real estate and other  
21 property subject to the mortgage, or as otherwise  
22 authorized by the court.

23          (d) Allocation of Receipts. Receipts received from  
24 operation of the real estate and other property subject to the  
25 mortgage by the receiver shall be applied in the following  
26 order of priority.

1           (1) to reimbursement of the receiver for all  
2 reasonable costs and expenses incurred by the receiver or  
3 the receiver's delegates;

4           (2) to payment of insurance premiums authorized in  
5 paragraph (1) of subsection (c) of Section 15-1704;

6           (3) to payment of the receiver's delegates of any  
7 reasonable management fees for managing real estate of the  
8 type involved;

9           (4) to payment of receiver's fees allowed by the  
10 court;

11           (5) to payment of expenses authorized in paragraphs  
12 (2), (3) and (4) of subsection (c) of Section 15-1704;

13           (6) to payment of amounts authorized in paragraph (5)  
14 of subsection (c) of Section 15-1704;

15           (7) to payment of expenses authorized in paragraphs  
16 (6) and (7) of subsection (c) of Section 15-1704; and

17           (8) the balance, if any, shall be held or disbursed as  
18 ordered by the court.

19           (e) Non-Liability for Allocations. A receiver shall in no  
20 event be liable to any person for the allocation of, or failure  
21 to allocate, receipts to possible expenditures within the same  
22 priority category.

23           (f) Notice to occupants.

24           (1) Following an order appointing a receiver pursuant  
25 to Section 15-1704, but no later than 21 days after the  
26 entry of such order, the appointed receiver shall make a

1 good faith effort to ascertain the identities and  
2 addresses of all occupants of dwelling units of the  
3 mortgaged real estate.

4 (2) Following an order appointing a receiver pursuant  
5 to Section 15-1704, but no later than 21 days after the  
6 entry of such order, the appointed receiver shall notify  
7 all known occupants of dwelling units of the mortgaged  
8 real estate that the receiver has been appointed receiver  
9 of the mortgaged real estate. Such notice shall be in  
10 writing and shall:

11 (i) identify the occupant being served by the name  
12 known to the receiver;

13 (ii) inform the occupant that the mortgaged real  
14 estate at which the dwelling unit is located is the  
15 subject of a foreclosure action and that control of  
16 the mortgaged real estate has changed;

17 (iii) provide the name, address, and telephone  
18 number of the individual or entity whom occupants may  
19 contact with concerns about the mortgaged real estate  
20 or to request repairs of that property;

21 (iv) include the following language, or language  
22 that is substantially similar: "This is NOT a notice  
23 to vacate the premises. You may wish to contact a  
24 lawyer or your local legal aid or housing counseling  
25 agency to discuss any rights that you may have.";

26 (v) include the name of the case, the case number,

1 and the court where the foreclosure action is pending;

2 and

3 (vi) provide instructions on the method of payment  
4 of future rent, if applicable.

5 (3) The written notice required by item (2) of this  
6 subsection (f) shall be served by delivering a copy  
7 thereof to the known occupant, or by leaving the same with  
8 some person of the age of 13 years or upwards, who is  
9 residing on or in possession of the premises; or by  
10 sending a copy of the notice to the known occupant by  
11 first-class mail, addressed to the occupant by the name  
12 known to the receiver.

13 (4) In the event that a receiver ascertains the  
14 identity and address of an occupant of a dwelling unit of  
15 the mortgaged real estate more than 21 days after  
16 appointment pursuant to Section 15-1704, the receiver  
17 shall provide the notice required by item (2) of this  
18 subsection (f) within 7 days of ascertaining the identity  
19 and address of the occupant.

20 (5) (i) A receiver who fails to comply with items (1),  
21 (2), (3), and (4) of this subsection (f) may not collect  
22 any rent due and owing from a known occupant, or terminate  
23 a known occupant's tenancy for non-payment of such rent,  
24 until the receiver has served the notice described in item  
25 (2) of this subsection (f) upon the known occupant. After  
26 providing such notice, the receiver may collect any and

1 all rent otherwise due and owing the receiver from the  
2 known occupant and may terminate the known occupant's  
3 tenancy for non-payment of such rent if the receiver  
4 otherwise has such right to terminate.

5 (ii) An occupant who previously paid rent for the  
6 current rental period to the mortgagor, or other entity  
7 with the authority to operate, manage, and conserve the  
8 mortgaged real estate at the time of payment, shall not be  
9 held liable for that rent by the receiver, and the  
10 occupant's tenancy shall not be terminated for non-payment  
11 of rent for that rental period.

12 (6) Within 21 days of appointment, the receiver shall  
13 post a written notice on the primary entrance of each  
14 dwelling unit subject to the foreclosure action that  
15 informs occupants that the receiver has been appointed to  
16 operate and manage the property. This notice shall:

17 (i) inform occupant that the dwelling unit is the  
18 subject of a foreclosure action and that control of  
19 the mortgaged real estate has changed;

20 (ii) include the following language: "This is NOT  
21 a notice to vacate the premises.";

22 (iii) provide the name, address, and telephone  
23 number of the individual or entity whom occupants may  
24 contact with concerns about the mortgaged real estate  
25 or to request repairs of the property; and

26 (iv) provide instructions on the method of payment

1 of future rent, if applicable.

2 (7) (i) The provisions of item (5) of this subsection  
3 (f) shall be the exclusive remedy for the failure of a  
4 receiver to provide notice to a known occupant under this  
5 Section.

6 (ii) This Section shall not abrogate any right that a  
7 receiver may have to possession of the mortgaged real  
8 estate and to maintain a proceeding against an occupant of  
9 a dwelling unit for possession under Article IX of this  
10 Code or subsection (h) of Section 15-1701.

11 (g) Increase of rents. Notwithstanding any other provision  
12 of this Article, a receiver shall not charge an occupant of the  
13 mortgaged real estate a rental amount above that which the  
14 occupant had been paying for use and occupancy of the  
15 mortgaged real estate prior to the appointment of a receiver  
16 without leave of court. The court may allow an increase of rent  
17 if, upon motion by the receiver, the court finds by a  
18 preponderance of the evidence, that the increase of rent is  
19 necessary to operate, manage, and conserve the mortgaged real  
20 estate pursuant to this Section. A list of the current rents  
21 for each unit in the mortgaged real estate, and a list of the  
22 proposed rent increase for each of those units, must be  
23 attached to a motion for a rent increase under this subsection  
24 (g). All occupants of the mortgaged real estate who may be  
25 affected by the motion for a rent increase, if not otherwise  
26 entitled to notice, shall be notified in writing of the nature

1 of the motion, the date and time of the motion, and the court  
2 where the motion will be heard. Such notice shall be by  
3 personal service or first-class mail. In the event that the  
4 receiver and an occupant of a dwelling unit agree to a rent  
5 increase for that dwelling unit, the receiver is excused from  
6 the requirements of this subsection (g) as to that dwelling  
7 unit. Nothing in this subsection (g) shall alter the terms of  
8 any lease agreement.

9 (h) Removal. The court may remove a receiver upon a  
10 showing of good cause, in which case a new receiver may be  
11 appointed in accordance with subsection (b) of Section 15-1702  
12 and subsection (a) of Section 15-1704.

13 (i) Residential Real Estate Ombudsperson Program. The  
14 purpose of the Residential Real Estate Ombudsperson Program is  
15 to ensure that tenants of residential real estate in  
16 receivership continue to have safe, habitable, and accessible  
17 homes throughout the receivership process and to facilitate  
18 communication between tenants, the receiver, and the court. It  
19 is the policy of this State to facilitate availability of  
20 residential real estate through effective receivership and to  
21 ensure that tenants' rights to safe, habitable, and accessible  
22 living is accomplished by providing communication and advocacy  
23 services for tenants of residential real estate during the  
24 receivership.

25 (1) Residential Real Estate Ombudsperson Program.  
26 Courts in counties of 50,000 or more residents shall, and

1 courts of other counties may, establish a Residential Real  
2 Estate Ombudsperson Program in which a Residential Real  
3 Estate Ombudsperson is appointed to effectuate this Act.  
4 Courts may establish this program using existing staff or  
5 new resources. Courts may include in this program  
6 receiverships of residential real estate established by  
7 municipal request under Section 11-31-2 of the Illinois  
8 Municipal Code.

9 (2) Powers of Residential Real Estate Ombudsperson.

10 Residential Real Estate Ombudspersons are authorized to:

11 (A) outline the rights and abilities for tenants  
12 to contact the Ombudsperson program on the court  
13 website;

14 (B) display name and public registered agents of  
15 all active receivers of residential real estate on the  
16 court's website;

17 (C) ensure that contact information of receiver,  
18 any receiver-hired management company, as well as  
19 emergency maintenance information, is sent to and  
20 accessible to all current and future tenants of  
21 residential real estate under receivership;

22 (D) take, investigate, and make recommendations  
23 and reports of complaints of inadequate performance by  
24 a receiver on any matters that may adversely affect  
25 the health, safety, welfare, or rights of tenants,  
26 whether these complaints are from tenants, tenant

1 associations, municipal building departments, or  
2 otherwise discovered;

3 (E) enter the property under receivership at a  
4 reasonable time with reasonable notice to receiver or  
5 receiver's manager;

6 (F) communicate privately with tenants who consent  
7 to that communication;

8 (G) encourage the facilitation of communication  
9 between receivers, tenants, and the court, including  
10 timelines for improvements to building conditions,  
11 court hearings, schedules for receiverships, and  
12 estimated timelines for the end of the receivership;

13 (H) make recommendations to receivers regarding  
14 building conditions and court practices;

15 (I) submit reports to the court regarding the  
16 status of the residential real estate, the  
17 receivership relationship, the use of the Ombudsperson  
18 services, and may include statements from tenants,  
19 receivers, municipal officials and employees,  
20 witnesses, and managers pertinent to the status of the  
21 receivership relationship; and

22 (J) make recommendations to the court to improve  
23 the receivership relationship, including but not  
24 limited to, a request to discharge a receiver and  
25 replace that receiver for good cause as provided in  
26 this Section.

1           (3) Notice to tenants. Within 60 days of appointment,  
2           receivers shall send notice of contact information of an  
3           Ombudsperson to all known dwelling occupants by posting a  
4           written notice on unit doors and in common areas. The  
5           notice may be combined with a notice required in paragraph  
6           (2) of subsection (f). This notice shall include the  
7           following text:

8           "The responsibilities and powers of receivers of  
9           residential real estate in Illinois are outlined in  
10           Section 15-1704 of the Mortgage Foreclosure Law and  
11           include managing the property on behalf of the [Insert  
12           County] Court for the purpose of future sale while  
13           protecting tenants' rights to safe, habitable, and  
14           accessible dwelling units during the receivership period.  
15           The court has established an Ombudsperson program to  
16           ensure that receiver is meeting these obligations. If you  
17           believe your receiver is not meeting those obligations  
18           after a good faith effort to work with the receiver or  
19           receiver's management company, you may contact the  
20           Ombudsperson.

21           [Contact information for Ombudsperson]".

22           (Source: P.A. 98-514, eff. 11-19-13.)

23           Section 99. Effective date. This Act takes effect January  
24           1, 2026.