

## 97TH GENERAL ASSEMBLY State of Illinois 2011 and 2012 HB1293

Introduced 02/09/11, by Rep. Lou Lang

## SYNOPSIS AS INTRODUCED:

735 ILCS 5/15-1503	from Ch.	110,	par.	15-1503
735 ILCS 5/15-1506	from Ch.	110,	par.	15-1506
735 ILCS 5/15-1507	from Ch.	110,	par.	15-1507
735 ILCS 5/15-1508	from Ch.	110,	par.	15-1508

Amends the Mortgage Foreclosure Article of the Code of Civil Procedure. Provides that special matters in the judgment may include the person who shall be the officer to conduct the sale (rather than an official or other person who shall be the officer to conduct the sale other than the one customarily designated by the court). Provides that unless a person is appointed pursuant to a motion, the person conducting the sale shall be any person previously appointed by any circuit court to conduct a foreclosure sale prior to the effective date of the amendatory Act, any judge, or the sheriff of the county in which the real estate is located (instead of a sale may be conducted by any judge or sheriff). Provides that a copy of the notice of foreclosure of residential real estate shall be sent to the municipality or county in which the property is located by first class mail (instead of sent pursuant to the Code of Civil Procedure). Provides that the mortgagee, judgment creditor, or other lien holder shall furnish the confirmation order to the last-known insurer of a residential building in writing by first-class mail. Provides that the failure to send or receive a copy of the order does not affect the rights of the mortgagee or purchaser or affect the foreclosure proceedings. Makes other changes. Provides that certain provisions take effect upon becoming law.

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1 AN ACT concerning civil law.

## Be it enacted by the People of the State of Illinois, represented in the General Assembly:

- Section 5. The Code of Civil Procedure is amended by changing Sections 15-1503, 15-1506, 15-1507, and 15-1508 as follows:
- 7 (735 ILCS 5/15-1503) (from Ch. 110, par. 15-1503)
- 8 Sec. 15-1503. Notice of Foreclosure.
  - (a) A notice of foreclosure, whether the foreclosure is initiated by complaint or counterclaim, made in accordance with this Section and recorded in the county in which the mortgaged real estate is located shall be constructive notice of the pendency of the foreclosure to every person claiming an interest in or lien on the mortgaged real estate, whose interest or lien has not been recorded prior to the recording of such notice of foreclosure. Such notice of foreclosure must be executed by any party or any party's attorney and shall include (i) the names of all plaintiffs and the case number, (ii) the court in which the action was brought, (iii) the names of title holders of record, (iv) a legal description of the estate sufficient to identify it with reasonable real certainty, (v) a common address or description of the location of the real estate and (vi) identification of the mortgage

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sought to be foreclosed. An incorrect common address or description of the location, or an immaterial error in the identification of a plaintiff or title holder of record, shall not invalidate the lis pendens effect of the notice under this Section. A notice which complies with this Section shall be deemed to comply with Section 2-1901 of the Code of Civil Procedure and shall have the same effect as a notice filed pursuant to that Section; however, a notice which complies with Section 2-1901 shall not be constructive notice unless it also complies with the requirements of this Section.

(b) With respect to residential real estate, a copy of the notice of foreclosure described in subsection (a) of Section 15-1503 shall be sent by first class mail, postage prepaid, to the municipality within the boundary of which the mortgaged real estate is located, or to the county within the boundary of which the mortgaged real estate is located if the mortgaged real estate is located in an unincorporated territory. A municipality or county must clearly publish on its website a single address to which such notice shall be sent. If a municipality or county does not maintain a website, then the municipality or county must publicly post in its main office a single address to which such notice shall be sent. In the event that a municipality or county has not complied with the publication requirement in this subsection (b), then such notice to the municipality or county shall be sent by first class mail to the chairperson of the county board or county

- 1 clerk in the case of a county, to the mayor or city clerk in the
- 2 case of a city, to the president of the board of trustees or
- 3 village clerk in the case of a village, or to the supervisor or
- 4 town clerk in the case of a town <del>provided pursuant to Section</del>
- 5 2 211 of the Code of Civil Procedure.
- 6 (Source: P.A. 96-856, eff. 3-1-10.)
- 7 (735 ILCS 5/15-1506) (from Ch. 110, par. 15-1506)
- 8 Sec. 15-1506. Judgment. (a) Evidence. In the trial of a
- 9 foreclosure, the evidence to support the allegations of the
- 10 complaint shall be taken in open court, except:
- 11 (1) where an allegation of fact in the complaint is not
- denied by a party's verified answer or verified counterclaim,
- or where a party pursuant to subsection (b) of Section 2-610 of
- 14 the Code of Civil Procedure states, or is deemed to have
- 15 stated, in its pleading that it has no knowledge of such
- 16 allegation sufficient to form a belief and attaches the
- 17 required affidavit, a sworn verification of the complaint or a
- 18 separate affidavit setting forth such fact is sufficient
- 19 evidence thereof against such party and no further evidence of
- such fact shall be required; and
- 21 (2) where all the allegations of fact in the complaint have
- been proved by verification of the complaint or affidavit, the
- 23 court upon motion supported by an affidavit stating the amount
- 24 which is due the mortgagee, shall enter a judgment of
- foreclosure as requested in the complaint.

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- 1 (b) Instruments. In all cases the evidence of the 2 indebtedness and the mortgage foreclosed shall be exhibited to 3 the court and appropriately marked, and copies thereof shall be 4 filed with the court.
- 5 (c) Summary and Default Judgments. Nothing in this Section 6 15-1506 shall prevent a party from obtaining a summary or 7 default judgment authorized by Article II of the Code of Civil 8 Procedure.
  - (d) Notice of Entry of Default. When any judgment in a foreclosure is entered by default, notice of such judgment shall be given in accordance with Section 2-1302 of the Code of Civil Procedure.
    - (e) Matters Required in Judgment. A judgment of foreclosure shall include the last date for redemption and all rulings of the court entered with respect to each request for relief set forth in the complaint. The omission of the date for redemption shall not extend the time for redemption or impair the validity of the judgment.
    - (f) Special Matters in Judgment. Without limiting the general authority and powers of the court, special matters may be included in the judgment of foreclosure if sought by a party in the complaint or by separate motion brought by a party. Such matters may include, without limitation:
      - (1) a manner of sale other than public auction;
- 25 (2) a sale by sealed bid;
- 26 (3) the an official or other person who shall be the

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- officer to conduct the sale <del>other than the one customarily</del>
- 2 designated by the court;
- 3 (4) provisions for non-exclusive broker listings or 4 designating a duly licensed real estate broker nominated by one 5 of the parties to exclusively list the real estate for sale;
- 6 (5) the fees or commissions to be paid out of the sale 7 proceeds to the listing or other duly licensed broker, if any, 8 who shall have procured the accepted bid;
  - (6) the fees to be paid out of the sale proceeds to an auctioneer, if any, who shall have been authorized to conduct a public auction sale;
- 12 (7) whether and in what manner and with what content signs 13 shall be posted on the real estate;
- 14 (8) a particular time and place at which such bids shall be received:
- 16 (9) a particular newspaper or newspapers in which notice of sale shall be published;
- 18 (10) the format for the advertising of such sale, including 19 the size, content and format of such advertising, and 20 additional advertising of such sale;
- 21 (11) matters or exceptions to which title in the real 22 estate may be subject at the sale;
- 23 (12) a requirement that title insurance in a specified form 24 be provided to a purchaser at the sale, and who shall pay for 25 such insurance;
- 26 (13) whether and to what extent bids with mortgage or other

15-1508.

- contingencies will be allowed;
- 2 (14) such other matters as approved by the court to ensure 3 sale of the real estate for the most commercially favorable

price for the type of real estate involved.

- (g) Agreement of the Parties. If all of the parties agree in writing on the minimum price and that the real estate may be sold to the first person who offers in writing to purchase the real estate for such price, and on such other commercially reasonable terms and conditions as the parties may agree, then the court shall order the real estate to be sold on such terms, subject to confirmation of the sale in accordance with Section
  - (h) Postponement of Proving Priority. With the approval of the court prior to the entry of the judgment of foreclosure, a party claiming an interest in the proceeds of the sale of the mortgaged real estate may defer proving the priority of such interest until the hearing to confirm the sale.
  - (i) Effect of Judgment and Lien. (1) Upon the entry of the judgment of foreclosure, all rights of a party in the foreclosure against the mortgagor provided for in the judgment of foreclosure or this Article shall be secured by a lien on the mortgaged real estate, which lien shall have the same priority as the claim to which the judgment relates and shall be terminated upon confirmation of a judicial sale in accordance with this Article.
  - (2) Upon the entry of the judgment of foreclosure, the

- 1 rights in the real estate subject to the judgment of
- 2 foreclosure of (i) all persons made a party in the foreclosure
- 3 and (ii) all nonrecord claimants given notice in accordance
- 4 with paragraph (2) of subsection (c) of Section 15-1502, shall
- 5 be solely as provided for in the judgment of foreclosure and in
- 6 this Article.
- 7 (Source: P.A. 85-907.)
- 8 (735 ILCS 5/15-1507) (from Ch. 110, par. 15-1507)
- 9 Sec. 15-1507. Judicial Sale.
- 10 (a) In General. Except as provided in Sections 15-1402 and
- 11 15-1403, upon entry of a judgment of foreclosure, the real
- 12 estate which is the subject of the judgment shall be sold at a
- 13 judicial sale in accordance with this Section 15-1507.
- 14 (b) Sale Procedures. Upon expiration of the reinstatement
- period and the redemption period in accordance with subsection
- 16 (b) or (c) of Section 15-1603 or upon the entry of a judgment
- of foreclosure after the waiver of all rights of redemption,
- 18 except as provided in subsection (g) of Section 15-1506, the
- 19 real estate shall be sold at a sale as provided in this
- 20 Article, on such terms and conditions as shall be specified by
- 21 the court in the judgment of foreclosure. In the absence of an
- 22 appointment made pursuant to a motion under subsection (f) of
- 23 Section 15-1506, the person conducting the sale shall be chosen
- 24 by the plaintiff and shall be (i) any person who had been
- appointed pursuant to Section 15-1506 by any circuit court in

1	any matter prior to the effective date of this amendatory Act
2	of the 97th General Assembly, (ii) any judge, or (iii) the
3	sheriff of the county in which the real estate is located. $A$
4	sale may be conducted by any judge or sheriff.
5	(c) Notice of Sale. The mortgagee, or such other party
6	designated by the court, in a foreclosure under this Article
7	shall give public notice of the sale as follows:
8	(1) The notice of sale shall include at least the
9	following information, but an immaterial error in the
10	information shall not invalidate the legal effect of the
11	notice:
12	(A) the name, address and telephone number of the
13	person to contact for information regarding the real
14	estate;
15	(B) the common address and other common
16	description (other than legal description), if any, of
17	the real estate;
18	(C) a legal description of the real estate
19	sufficient to identify it with reasonable certainty;
20	(D) a description of the improvements on the real
21	estate;
22	(E) the times specified in the judgment, if any,
23	when the real estate may be inspected prior to sale;
24	(F) the time and place of the sale;
25	(G) the terms of the sale;

(H) the case title, case number and the court in

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which the foreclosure was filed;

(H-1) in the case of a condominium unit to which subsection (g) of Section 9 of the Condominium Property Act applies, the statement required by subdivision (g) (5) of Section 9 of the Condominium Property Act;

- (H-2) in the case of a unit of a common interest community to which subsection (g-1) of Section 18.5 of the Condominium Property Act applies, the statement required by subdivision (g-1) of Section 18.5 of the Condominium Property Act; and
  - (I) such other information ordered by the Court.
- (2) The notice of sale shall be published at least 3 consecutive calendar weeks (Sunday through Saturday), once in each week, the first such notice to be published not more than 45 days prior to the sale, the last such notice to be published not less than 7 days prior to the sale, by: (i) (A) advertisements in a newspaper circulated to the general public in the county in which the real estate is located, in the section of that newspaper where legal notices are commonly placed and (B) separate advertisements in the section of such a newspaper, which (except in counties with a population in excess of 3,000,000) may be the same newspaper, in which real estate other than real estate being sold as part of legal proceedings is commonly advertised to the general public; provided, that the separate advertisements in the real

estate section need not include a legal description and that where both advertisements could be published in the same newspaper and that newspaper does not have separate legal notices and real estate advertisement sections, a single advertisement with the legal description shall be sufficient; and (ii) such other publications as may be further ordered by the court.

- (3) The party who gives notice of public sale in accordance with subsection (c) of Section 15-1507 shall also give notice to all parties in the action who have appeared and have not theretofore been found by the court to be in default for failure to plead. Such notice shall be given in the manner provided in the applicable rules of court for service of papers other than process and complaint, not more than 45 days nor less than 7 days prior to the day of sale. After notice is given as required in this Section a copy thereof shall be filed in the office of the clerk of the court entering the judgment, together with a certificate of counsel or other proof that notice has been served in compliance with this Section.
- (4) The party who gives notice of public sale in accordance with subsection (c) of Section 15-1507 shall again give notice in accordance with that Section of any adjourned sale; provided, however, that if the adjourned sale is to occur less than 60 days after the last scheduled sale, notice of any adjourned sale need not be given

pursuant to this Section. In the event of adjournment, the person conducting the sale shall, upon adjournment, announce the date, time and place upon which the adjourned sale shall be held. Notwithstanding any language to the contrary, for any adjourned sale that is to be conducted more than 60 days after the date on which it was to first be held, the party giving notice of such sale shall again give notice in accordance with this Section.

- (5) Notice of the sale may be given prior to the expiration of any reinstatement period or redemption period.
- (6) No other notice by publication or posting shall be necessary unless required by order or rule of the court.
- (7) The person named in the notice of sale to be contacted for information about the real estate may, but shall not be required, to provide additional information other than that set forth in the notice of sale.
- (d) Election of Property. If the real estate which is the subject of a judgment of foreclosure is susceptible of division, the court may order it to be sold as necessary to satisfy the judgment. The court shall determine which real estate shall be sold, and the court may determine the order in which separate tracts may be sold.
- (e) Receipt upon Sale. Upon and at the sale of mortgaged real estate, the person conducting the sale shall give to the purchaser a receipt of sale. The receipt shall describe the

- 1 real estate purchased and shall show the amount bid, the amount
- 2 paid, the total amount paid to date and the amount still to be
- 3 paid therefor. An additional receipt shall be given at the time
- 4 of each subsequent payment.
- 5 (f) Certificate of Sale. Upon payment in full of the amount
- 6 bid, the person conducting the sale shall issue, in duplicate,
- 7 and give to the purchaser a Certificate of Sale. The
- 8 Certificate of Sale shall be in a recordable form, describe the
- 9 real estate purchased, indicate the date and place of sale and
- 10 show the amount paid therefor. The Certificate of Sale shall
- 11 further indicate that it is subject to confirmation by the
- 12 court. The duplicate certificate may be recorded in accordance
- with Section 12-121. The Certificate of Sale shall be freely
- 14 assignable by endorsement thereon.
- 15 (g) Interest after Sale. Any bid at sale shall be deemed to
- include, without the necessity of a court order, interest at
- 17 the statutory judgment rate on any unpaid portion of the sale
- price from the date of sale to the date of payment.
- 19 (Source: P.A. 96-1045, eff. 7-14-10.)
- 20 (735 ILCS 5/15-1508) (from Ch. 110, par. 15-1508)
- 21 Sec. 15-1508. Report of Sale and Confirmation of Sale.
- 22 (a) Report. The person conducting the sale shall promptly
- 23 make a report to the court, which report shall include a copy
- of all receipts and, if any, certificate of sale.
- 25 (b) Hearing. Upon motion and notice in accordance with

court rules applicable to motions generally, which motion shall not be made prior to sale, the court shall conduct a hearing to confirm the sale. Unless the court finds that (i) a notice required in accordance with subsection (c) of Section 15-1507 was not given, (ii) the terms of sale were unconscionable, (iii) the sale was conducted fraudulently, or (iv) that justice was otherwise not done, the court shall then enter an order confirming the sale. The confirmation order shall include a name, address, and telephone number of the holder of the certificate of sale or deed issued pursuant to that certificate or, if no certificate or deed was issued, the purchaser, whom a municipality or county may contact with concerns about the real estate. The confirmation order may also:

- (1) approve the mortgagee's fees and costs arising between the entry of the judgment of foreclosure and the confirmation hearing, those costs and fees to be allowable to the same extent as provided in the note and mortgage and in Section 15-1504;
- (2) provide for a personal judgment against any party for a deficiency; and
- (3) determine the priority of the judgments of parties who deferred proving the priority pursuant to subsection (h) of Section 15-1506, but the court shall not defer confirming the sale pending the determination of such priority.
- (b-5) Notice with respect to residential real estate. With

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respect to residential real estate, the notice required under subsection (b) of this Section shall be sent to the mortgagor even if the mortgagor has previously been held in default. In the event the mortgagor has filed an appearance, the notice shall be sent to the address indicated on the appearance. In all other cases, the notice shall be sent to the mortgagor at the common address of the foreclosed property. The notice shall be sent by first class mail. Unless the right to possession has been previously terminated by the court, the notice shall include the following language in 12-point boldface capitalized type:

IF YOU ARE THE MORTGAGOR (HOMEOWNER), YOU HAVE THE RIGHT TO REMAIN IN POSSESSION FOR 30 DAYS AFTER ENTRY OF AN ORDER OF POSSESSION, IN ACCORDANCE WITH SECTION 15-1701(c) OF THE ILLINOIS MORTGAGE FORECLOSURE LAW.

(b-10) Notice of confirmation order sent to municipality or county. With respect to residential real estate, a \*\* copy of the confirmation order required under subsection (b) shall be sent by first class mail, postage prepaid, to the municipality in which the foreclosed property is located, or to the county within the boundary of which the foreclosed property is located if the foreclosed property is located in an unincorporated territory. A municipality or county must clearly publish on its website a single address to which such order notice shall be sent. If a municipality or county does not maintain a website, then the municipality or county must publicly post in its main

office a single address to which such <u>order</u> notice shall be sent. In the event that a municipality or county has not complied with the publication requirement in this subsection (b-10), then such <u>order</u> notice to the municipality or county shall be <u>sent by first class mail to the chairperson of the county board or county clerk in the case of a county, to the mayor or city clerk in the case of a city, to the president of the board of trustees or village clerk in the case of a village, or to the supervisor or town clerk in the case of a town provided pursuant to Section 2 211 of the Code of Civil Procedure.</u>

With respect to residential real estate, a copy of the confirmation order required under subsection (b) shall be sent by first class mail, postage prepaid, to the last-known property insurer of the foreclosed property. Failure to send or receive a copy of the order shall not impair or abrogate in any way the rights of the mortgagee or purchaser or affect the status of the foreclosure proceedings.

(c) Failure to Give Notice. If any sale is held without compliance with subsection (c) of Section 15-1507 of this Article, any party entitled to the notice provided for in paragraph (3) of that subsection (c) who was not so notified may, by motion supported by affidavit made prior to confirmation of such sale, ask the court which entered the judgment to set aside the sale. Any such party shall guarantee

or secure by bond a bid equal to the successful bid at the prior sale, unless the party seeking to set aside the sale is the mortgagor, the real estate sold at the sale is residential real estate, and the mortgagor occupies the residential real estate at the time the motion is filed. In that event, no guarantee or bond shall be required of the mortgagor. Any subsequent sale is subject to the same notice requirement as the original sale.

- (d) Validity of Sale. Except as provided in subsection (c) of Section 15-1508, no sale under this Article shall be held invalid or be set aside because of any defect in the notice thereof or in the publication of the same, or in the proceedings of the officer conducting the sale, except upon good cause shown in a hearing pursuant to subsection (b) of Section 15-1508. At any time after a sale has occurred, any party entitled to notice under paragraph (3) of subsection (c) of Section 15-1507 may recover from the mortgagee any damages caused by the mortgagee's failure to comply with such paragraph (3). Any party who recovers damages in a judicial proceeding brought under this subsection may also recover from the mortgagee the reasonable expenses of litigation, including reasonable attorney's fees.
- (d-5) Making Home Affordable Program. The court that entered the judgment shall set aside a sale held pursuant to Section 15-1507, upon motion of the mortgagor at any time prior to the confirmation of the sale, if the mortgagor proves by a

preponderance of the evidence that (i) the mortgagor has applied for assistance under the Making Home Affordable Program established by the United States Department of the Treasury pursuant to the Emergency Economic Stabilization Act of 2008, as amended by the American Recovery and Reinvestment Act of 2009, and (ii) the mortgaged real estate was sold in material violation of the program's requirements for proceeding to a judicial sale. The provisions of this subsection (d-5), except for this sentence, shall become inoperative on January 1, 2013 for all actions filed under this Article after December 31, 2012, in which the mortgagor did not apply for assistance under the Making Home Affordable Program on or before December 31, 2012.

(e) Deficiency Judgment. In any order confirming a sale pursuant to the judgment of foreclosure, the court shall also enter a personal judgment for deficiency against any party (i) if otherwise authorized and (ii) to the extent requested in the complaint and proven upon presentation of the report of sale in accordance with Section 15-1508. Except as otherwise provided in this Article, a judgment may be entered for any balance of money that may be found due to the plaintiff, over and above the proceeds of the sale or sales, and enforcement may be had for the collection of such balance, the same as when the judgment is solely for the payment of money. Such judgment may be entered, or enforcement had, only in cases where personal service has been had upon the persons personally liable for the

- 1 mortgage indebtedness, unless they have entered their 2 appearance in the foreclosure action.
  - (f) Satisfaction. Upon confirmation of the sale, the judgment stands satisfied to the extent of the sale price less expenses and costs. If the order confirming the sale includes a deficiency judgment, the judgment shall become a lien in the manner of any other judgment for the payment of money.
  - (g) The order confirming the sale shall include, notwithstanding any previous orders awarding possession during the pendency of the foreclosure, an award to the purchaser of possession of the mortgaged real estate, as of the date 30 days after the entry of the order, against the parties to the foreclosure whose interests have been terminated.

An order of possession authorizing the removal of a person from possession of the mortgaged real estate shall be entered and enforced only against those persons personally named as individuals in the complaint or the petition under subsection (h) of Section 15-1701 and in the order of possession and shall not be entered and enforced against any person who is only generically described as an unknown owner or nonrecord claimant or by another generic designation in the complaint.

Notwithstanding the preceding paragraph, the failure to personally name, include, or seek an award of possession of the mortgaged real estate against a person in the confirmation order shall not abrogate any right that the purchaser may have to possession of the mortgaged real estate and to maintain a

- 1 proceeding against that person for possession under Article 9
- of this Code or subsection (h) of Section 15-1701; and
- 3 possession against a person who (1) has not been personally
- 4 named as a party to the foreclosure and (2) has not been
- 5 provided an opportunity to be heard in the foreclosure
- 6 proceeding may be sought only by maintaining a proceeding under
- 7 Article 9 of this Code or subsection (h) of Section 15-1701.
- 8 (Source: P.A. 95-826, eff. 8-14-08; 96-265, eff. 8-11-09;
- 9 96-856, eff. 3-1-10; 96-1245, eff. 7-23-10; revised 9-16-10.)
- 10 Section 99. Effective date. This Section and the changes to
- 11 Sections 15-1506 and 15-1507 of the Code of Civil Procedure
- 12 take effect upon becoming law.