Sen. Mike Simmons

Filed: 5/31/2026

AMENDMENT TO HOUSE BILL 957

AMENDMENT NO. ______. Amend House Bill 957, AS AMENDED, by replacing everything after the enacting clause with the following:

"Section 1. Short title. This Act may be cited as the Multi-Unit Residential Rental Property Right of First Refusal Act.

Section 5. Definitions. As used in this Act:

"Affordable housing" means that the value of rents paid by tenants is restricted based on the Illinois Housing Development Authority's formula for affordability for a 60% area median income limit, and that the gross household income of new tenants in the rental property may not exceed 120% of the area median income.

"Appraised value" means the value of a multi-unit residential property on the date of its appraisal based on an objective, independent property valuation performed according to professional appraisal industry standards.

"Association" or "tenants' association" means a corporation or not-for-profit corporation of which at least two-thirds of the tenants of a multi-unit residential rental property have consented in writing to become members or shareholders. "Association" does not include an entity governed by the Condominium Property Act.

"Bona fide offer of sale" means either:

(1) an offer of sale for a price and other material terms that are at least as favorable as those accepted by a purchaser in an arm's length, third-party contract; or

(2) in the absence of an arm's length, third-party contract, an offer for sale for the appraised value or at a price and other material terms that are comparable to those that would be accepted by a willing seller and a willing buyer.

"Highest and best use" means the legal use of a property that is physically possible, appropriately supported, and financially feasible that results in the highest value of the property.

"Member" or "shareholder" means a tenant of a multi-unit residential property who consents to be bound by the articles of incorporation, bylaws, and policies of a tenants' association formed for a multi-unit residential rental property under this Act.

"Multi-unit residential rental property" means a residential building or group of residential buildings operated as one entity that contains 6 or more distinct dwelling units available for rent.

"Owner" means the persons, firm, partnership, corporation, trust, organization, limited liability company or other entity, or its successors or assigns that holds title to a rental property. An individual who owns a single unit within a multi-unit residential property that is offered for rent is not considered the owner of a multi-unit residential rental property.

Section 10. Right of first refusal conferred. This Act shall be construed to confer a right of first refusal to purchase any rental property for sale under the terms set forth herein on each tenants' association or tenant.

Section 15. Notice of intent to sell.

(a) Notice before listing required. If an owner of a multi-unit residential rental property offers the multi-unit residential rental property for sale, the owner shall provide a written notice of intent to sell to each unit of the multi-unit residential rental property no less than 90 days before acceptance or listing. The notice required by this subsection must be delivered in person or mailed, by certified or registered mail, return receipt requested, on a form provided by the Illinois Housing Development Authority on its website.

(b) The written notice shall include, at a minimum:

(1) the name, address, and telephone number of each owner of the multi-unit residential rental property;

(2) the address of the multi-unit residential rental property;

(3) the asking price for the multi-unit residential rental property and material terms of the sale;

(4) a summary of the tenants' rights under this Act;

(5) a statement as to whether a contract with a third party exists for sale of the multi-unit residential rental property and, if so, further notice that the owner must make a copy of the contract available to the tenant within 7 days after receiving a request for it; and

(6) upon the request of the tenant, a statement that the owner shall make available to the tenant a floor plan of the building and an itemized list of monthly operating expenses, utility consumption rates, and capital expenditures for each of the 2 preceding calendar years within 7 days after receiving a request. The statement shall also indicate that the owner shall, at the same time, make available the most recent rent roll, list of tenants, and list of vacant apartments. If the owner does not have a floor plan, the owner may meet the requirement to provide a floor plan by stating in writing to the tenant

that the owner does not have a floor plan. The owner shall also post a notice of intent to sell in a form provided by Illinois Housing Development Authority on its website at all public entrances to the multi-unit residential rental property.

Section 20. Notice of third-party offer.

(a) If the owner of a multi-unit residential rental property receives and accepts an unsolicited bona fide offer from a third party to purchase the rental property, then the owner must promptly provide a written notice of third-party offer to each unit of the multi-unit residential rental property. The notice required by this subsection must be delivered in person or mailed, by certified or registered mail, return receipt requested, on a form provided by the Illinois Housing Development Authority on its website. The notice of third-party offer must include an executed duplicate original of the third-party purchase agreement and the disclosures set forth in subsection (b) of Section 15, unless the owner has previously made the disclosures and the disclosures remain accurate and complete.

(b) Any third-party purchase agreement is contingent upon the right of first refusal set forth in this Act.

Section 25. Right of first refusal.

(a) Upon receipt of a notice of intent to sell or a notice of third party offer, the tenants, by and through a tenants' association created under Section 30, have the right to purchase the multi-unit residential rental property if the tenants:

(1) meet the price, terms, and conditions of the property owner by executing a contract with the property owner within 90 days, unless agreed to otherwise, of the owner's receipt of the association's notice of intent to purchase as detailed in Section 45; and

(2) have complied with Sections 30 through 50.

(b) The price, terms, and conditions contained in the offer of sale shall be less than or equal to a price and other material terms comparable to that at which a willing seller and a willing buyer would sell and purchase the multi-unit residential rental property or the appraised value of the residential rental property. An appraised value may be based only on rights an owner has as of the date of the offer, including any existing right an owner may have to convert the multi-unit residential rental property to another use. An appraised value may take into consideration the highest and best use of the multi-unit residential rental property. The owner of the multi-unit residential rental property has the burden of proof to establish that an offer of sale under this Section is a bona fide offer of sale.

(c) If a contract between the owner and the association is not executed within 90 days, the property owner has no further obligation under this subsection unless the owner thereafter elects to offer the multi-unit residential rental property at a price materially lower than the price specified in the notice provided to the association. For purposes of this Section, a materially lower price is a price that is at least 20% lower than the price specified in the notice to the officers of the tenants' association.

(d) If the property owner thereafter elects to offer the multi-unit residential rental property at a price materially lower than the price specified in the notice, the tenants, by and through the tenants' association, have an additional 10 days to meet the price, terms, and conditions of the property owner by executing a contract.

(e) If, within 90 days, plus any additional 10-day period, a contract for sale signed by the tenants' association and the property owner has not been entered into, the right provided in this Section to purchase the multi-unit residential rental property is void and of no further force and effect.

(f) The property owner shall not:

(1) require a preemptive waiver of the right of first refusal as a condition of offering, maintaining, or renewing a lease;

(2) demand a waiver of the right of first refusal under threat of harassment or retaliation;

(3) attempt to deny a tenant's ability to exercise the tenant's right of first refusal or assign their rights to

a third party; or

(4) attempt to deny an authorized third party from exercising the right of first refusal.

Section 30. Affidavit of compliance with statutory requirements.

(a) The owner of a multi-unit residential rental property may at any time record in the official real estate records of the county or jurisdiction where the multi-unit residential rental property is located an affidavit in which the owner certifies that:

(1) the owner has complied with requirements of this Act;

(2) notwithstanding the owner's compliance, no contract has been executed for the sale of the multi-unit residential rental property between the owner and the tenants' association for the multi-unit residential rental property;

(3) the provisions of this Act are inapplicable to a particular sale or transfer of the multi-unit residential rental property by the owner and compliance with this Act is not required; or

(4) a particular sale or transfer of the multi-unit residential rental property is exempted under Section 95.

(b) Any party acquiring an interest in a multi-unit residential rental property and any title insurance companies and attorneys preparing, furnishing, or examining any evidence of title may rely on the truth and accuracy of all statements appearing in the affidavit and are under no obligation to inquire further as to any matter or fact relating to the owner's compliance with the provisions of this Act.

Section 35. Appraisal of residential property.

(a) A tenants' association may challenge the offer presented by the owner of the multi-unit residential rental property as not being a bona fide offer of sale and may request a determination of the appraised value of the multi-unit residential rental property by delivering the request to the property owner by personal delivery or by certified mail within 30 days of receipt of the alleged bona fide offer of sale. The process to do this is as follows:

(1) The tenants' association and the property owner shall agree on the appraiser and shall pay one-third and two-thirds of the cost of the appraisal, respectively. If the parties cannot agree on an appraiser, the appraiser shall be chosen by the assessor of the county in which the property is located.

(2) The appraiser must hold a current license issued by the Department of Financial and Professional Regulation under the Real Estate Appraiser Licensing Act of 2002.

(3) The owner shall give the appraiser full, unfettered access to the property subject to the privacy

of the tenants.

(4) The owner shall respond within 7 days to any request for information from the appraiser.

(5) The tenants' association may give the appraiser information relevant to the valuation of the property.

(6) The appraisal shall be completed expeditiously according to standard industry timeframes.

(b) Beginning on the date of the request by the tenants' association for an appraisal, and for each day thereafter until the tenants' association receives the appraisal, the negotiation period described in Section 25 is extended by one day.

(c) The determination of the appraised value of the multi-unit residential rental property in accordance with this Section becomes the sales price of the bona fide offer of sale for the multi-unit residential rental property unless:

(1) the owner and the tenants' association agree upon a different sales price of the multi-unit residential rental property; or

(2) the owner elects to withdraw the offer of sale within 14 days of the receipt of the appraisal by the owner.

(d) The owner may withdraw the offer of sale by delivering by personal delivery or by certified mail a letter of withdrawal to the officers of the tenants' association.

(e) Upon the election to withdraw the offer of sale, the owner shall reimburse the tenants' association for its entire share of the cost of the appraisal within 14 days of delivery of the notice of withdrawal.

(f) An owner who withdraws an offer of sale in accordance with this Section is precluded from making a later offer of sale to the tenants' association without a third-party contract for 3 months from the date of the election to withdraw the offer of sale.

Section 40. Tenants' associations. To exercise the rights of a tenants' association as provided in this Act, upon incorporation and service of the notice described in Section 45, the association becomes the representative of all the tenants in all matters relating to this Act, regardless of whether a tenant is a member of the tenants' association.

Section 45. Incorporation; notification of property owner.

(a) Upon receipt of its certificate of incorporation, the tenants' association shall notify the owner of the multi-unit residential rental property in writing of the incorporation and shall advise the owner of the names and addresses of the officers of the tenants' association by personal delivery upon the owner's representative as designated in the lease or by certified mail, return receipt requested. Thereafter, the tenants' association shall notify the owner of the multi-unit residential rental property in writing by certified mail, return receipt requested, of any change of names and addresses of its president or registered agent upon election or appointment of new officers or board.

(b) Upon written request by the tenants' association, the owner of the multi-unit residential rental property shall notify the tenants' association by certified mail, return receipt requested, of the name and address of the owner, the owner's agent for service of process, and the legal description of the multi-unit residential rental property. Thereafter, in the event of a change in the name or address of the owner or the owner's agent for service of process, the owner shall notify in writing the president or registered agent of the tenants' association of such change by certified mail, return receipt requested.

(c) The tenants' association shall file a notice of intent to purchase the multi-unit residential rental property as detailed in Section 25. The notice shall contain the name of the association, the name of the property owner, and the address or legal description of the multi-unit residential rental property. The notice shall be recorded with the county clerk in the county where the property is located. Within 10 days of the recording, the tenants' association shall provide a copy of the recorded notice to the owner at the address provided by the owner by certified mail, return receipt requested.

Section 50. Articles of incorporation.

(a) The articles of incorporation of a tenants' association shall provide that the association has the power to:

(1) negotiate for, acquire, and operate the multi-unit residential rental property on behalf of the tenants of the multi-unit residential rental property; and

(2) convert the property that has been acquired to a condominium, a cooperative, a subdivision form of ownership, or another type of ownership.

(b) Upon acquisition of the multi-unit residential rental property, the association, by action of its board of directors, becomes the entity that:

(1) creates a condominium, cooperative, or subdivision;

(2) is responsible for offers of sale or lease; or

(3) if the tenants choose a different form of ownership, owns the record interest in the property and is responsible for the operation of the property.

Section 55. Bylaws of the tenants' association.

(a) The directors of the tenants' association and operation of the tenants' association are governed by the bylaws of the tenants' association.

(b) The bylaws shall provide and, if they do not, are deemed to include the titles of the officers and board of directors, and provisions specifying the powers, duties, manner of selection and removal, and compensation, if any, of officers and board members. Unless otherwise provided in the bylaws, the board of directors shall be composed of 5 members. The board of directors shall elect a president, secretary, and treasurer who shall perform the duties of those offices customarily performed by officers of corporations, and these officers shall serve without compensation and at the pleasure of the board of directors. The board of directors may elect and designate other officers and grant them those duties it deems appropriate.

Section 60. Powers and duties of tenants' association.

(a) A tenants' association may contract, sue, or be sued with respect to the exercise or nonexercise of its powers. For these purposes, the powers of the association include, but are not limited to, the maintenance, management, and operation of the multi-unit residential rental property.

(b) The powers and duties of a tenants' association include those set forth in this Act, in the articles of incorporation, in the bylaws, and in any recorded declarations or restrictions encumbering the multi-unit residential rental property if not inconsistent with this Act.

(c) A tenants' association has the power to make, levy, and collect assessments and to lease, maintain, repair, and replace the common areas upon purchase of the multi-unit residential rental property.

(d) The tenants' association shall maintain the following items, if applicable, which constitute the official records of the association:

(1) A copy of the association's articles of incorporation and each amendment to the articles of incorporation.

(2) A copy of the bylaws of the association and each amendment to the bylaws.

(3) A copy of the written rules or policies of the association and each amendment to the written rules or policies.

(4) The approved minutes of all meetings of the members of a tenants' association, meetings open for members of the board of directors, and meetings of committees of the board, which minutes must be retained within this State for at least 5 years.

(5) A current roster of all members and their mailing addresses. If members have consented to receive notice by electronic transmission, the tenants' association shall also maintain the email addresses and the cell numbers designated by those members for receiving notice to be sent by electronic transmission. The email addresses and numbers provided by members to receive notice by electronic transmission shall be removed from association records if consent to receive notice by electronic

transmission is revoked. The tenants' association is not liable for an erroneous disclosure of the email address or the number for receiving electronic transmission of notices.

(6) All of the association's insurance policies or copies of those policies, which must be retained within this State for at least 5 years after the expiration date of the policy.

(7) A copy of all contracts or agreements to which the association is a party, including, without limitation, any written agreements with the property owner, lease, or other agreements or contracts under which the association or its members has any obligation or responsibility, which must be retained within this State for at least 5 years after the expiration date of the contract or agreement.

(8) The financial and accounting records of the association kept according to good accounting practices. All financial and accounting records must be maintained within this State for at least 5 years. The financial and accounting records must include:

(A) accurate, itemized, and detailed records of all receipts and expenditures;

(B) a current account and a periodic statement of the account for each member, designating the name and current address of each member who is obligated to pay dues or assessments, the due date and amount of each assessment or other charge against the member, the date and amount of each payment on the account, and the balance due;

(C) all tax returns, financial statements, and financial reports of the association; and

(D) any other records that identify, measure, record, or communicate financial information.

(9) All other written records of the association not specifically included in this Section that are related to the operation of the association must be retained within this State for at least 5 years or at least 5 years after the expiration date, as applicable.

(e) The official records shall be made available to a member for inspection or photocopying within 15 business days after receipt by the board or its designee of a written request submitted by certified mail, return receipt requested. The requirements of this Section are satisfied by having a copy of the official records available for inspection or copying at the residential property or, at the option of the tenants' association, by making the records available to a member electronically via the Internet or by allowing the records to be viewed in electronic format on a computer screen and printed upon request. If the tenants' association has a photocopy machine available where the records are maintained, it must provide a member with copies on request during the inspection if the entire request is no more than 25 pages. A tenants' association shall allow a member or the member's authorized representative to use a portable device, including a smartphone, tablet, portable scanner, or any other technology capable of scanning or taking photographs, to make an electronic copy of the official records in lieu of the association's providing the member or the member's authorized representative with a copy of the records. The tenants' association may not charge a fee to a member or the member's authorized representative for the use of a portable device.

(1) The failure of an association to provide access to the records within 15 business days after receipt of a written request submitted by certified mail, return receipt requested, creates a rebuttable presumption that the association willfully failed to comply with this subsection.

(2) The association may adopt reasonable written rules governing the frequency, time, location, notice, records to be inspected, and manner of inspections but may not require a member to demonstrate a proper purpose for the inspection, state a reason for the inspection, or limit a member's right to inspect records to less than one business day per month. The association may impose fees to cover the costs of providing copies of the official records, including the costs of copying and for personnel to retrieve and copy the records if the time spent retrieving and copying the records exceeds 30 minutes and

if the personnel costs do not exceed $20 per hour. The association shall maintain an adequate number of copies of the recorded governing documents to ensure their availability to members and prospective members. Notwithstanding this paragraph, the following records are not accessible to members:

(A) A record protected by the attorney-client privilege and a record protected by the work product privilege, including, but not limited to, a record prepared by an association attorney or prepared at the attorney's express direction that reflects a mental impression, conclusion, litigation strategy, or legal theory of the attorney or the association and that was prepared exclusively for civil or criminal litigation, for adversarial administrative proceedings, or in anticipation of such litigation or proceedings until the conclusion of the litigation or proceedings.

(B) Email addresses, telephone numbers, facsimile numbers, emergency contact information, any addresses for a tenant other than as provided for association notice requirements, and other personal identifying information of any person, excluding the person's name, unit, mailing address, and property address. Notwithstanding the restrictions in this subparagraph, an association may print and distribute to members a directory containing the name, address, and telephone number of each tenant. A member may exclude the member's telephone number from the directory by so requesting in writing to the association. The association is not liable for the disclosure of information that is protected under this subparagraph if the information is included in an official record of the association and is voluntarily provided by a member and not requested by the association.

(C) An electronic security measure that is used by the association to safeguard data, including passwords.

(D) The software and operating system used by the association that allows the manipulation of data, even if the member owns a copy of the same software used by the association. The data is part of the official records of the association.

(f) An outgoing board or committee member of the tenants' association must relinquish all official records and property of the association in the member's possession or control to the incoming board within 5 days after the election or removal.

(g) A tenants' association may purchase units in the multi-unit residential rental property and may acquire, hold, lease, mortgage, and convey or sell them.

(h) A tenants' association shall use its best efforts to obtain and maintain adequate insurance to protect the association and the multi-unit residential rental property upon purchase of the multi-unit residential rental property. A copy of each policy of insurance in effect shall be made available for inspection by owners at reasonable times.

Section 65. Exercise or assignment of rights. A tenants' association may exercise rights under this Act in conjunction with a third party or by assigning or selling those rights to any party, whether private or governmental. The exercise, assignment, or sale of the tenants' association's rights may be for any consideration that the tenants' association, in its sole discretion, finds acceptable. Such an exercise, assignment, or sale may occur at any time in the process provided in this Act and may be structured in any way the tenants' association, in its sole discretion, finds acceptable.

Section 70. Waiver of rights. A multi-unit residential rental property owner may not request or require, and a tenants' association may not grant, a waiver of the right to receive an offer of sale under this Act.

Section 75. Preservation as affordable housing. If a purchaser purchases a rental property and uses any public funds in the purchase, then the rental property must be maintained as affordable housing for no less than 30 years.

Section 80. Existing tenancies.

(a) No owner may disturb any tenancy, other than for a just cause eviction, during the time periods set forth in this Act.

(b) If a tenants' association waives its right of first refusal, and the owner sells the rental property to a bona fide third-party purchaser, the purchaser must allow the current tenants to remain in their respective dwelling units under the same terms and conditions as before the sale for 6 months from the effective date of the sale or until each tenant's lease expires, whichever is longer. The purchaser may, with the agreement of the tenants, relocate the tenants to comparable units with comparable rents.

Section 85. Rules. The Illinois Housing Development Authority shall adopt rules necessary to implement the requirements of this Act.

Section 90. Penalties. Any aggrieved person, including, but not limited to, any tenant or tenants' association, may enforce the provisions of this Act by a civil action in which the court may provide injunctive relief or award treble damages, the plaintiff's court costs, and reasonable attorney's fees.

Section 95. Exceptions. This Act does not apply to the following:

(1) Any sale or transfer to a person who would be included within the table of descent and distribution if the property owner were to die intestate.

(2) Any transfer by gift, devise, or operation of law.

(3) Any transfer by a corporation or entity to an affiliate. As used in this paragraph (3), "affiliate" means any shareholder of the transferring corporation or entity; any corporation or entity owned or controlled, directly or indirectly, by any shareholder of the transferring corporation; or any other corporation or entity owned or controlled, directly or indirectly, by any shareholder of the transferring corporation or entity.

(4) Any transfer by a partnership to any of its partners or by an individual or group of individuals to a partnership.

(5) Any conveyance of an interest in all or a portion of the multi-unit residential rental property incidental to the financing of the multi-unit residential rental property.

(6) Any conveyance resulting from the foreclosure of a mortgage, deed of trust, or other instrument encumbering a multi-unit residential rental property or any deed given in lieu of foreclosure.

(7) Any sale or transfer between or among joint tenants or tenants in common owning a multi-unit

residential rental property.

(8) The purchase of a multi-unit residential rental property by a governmental entity under its powers of eminent domain.

(9) Multi-unit property that is governed by the Condominium Property Act or the Mobile Home Landlord and Tenant Rights Act.

(10) Residential property that receives federal, State, or local governmental financial assistance or subsidy for the purpose of providing affordable rental housing.

(11) Residential property that is subject to a recorded land use restriction agreement, regulatory agreement, extended use agreement, affordability covenant, or similar legally enforceable restriction requiring that all or a portion of the dwelling units remain affordable to households at specified income levels for a defined compliance period.".