



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB3762

Introduced 2/5/2026, by Sen. Mike Simmons

#### SYNOPSIS AS INTRODUCED:

New Act

Creates the Tenant Opportunity to Purchase Act. Establishes a statutory right of first refusal for tenants and tenant associations if an owner seeks to sell a residential rental property in Illinois. Applies to all rental property with 11 exceptions. Allows tenants or a tenant association to purchase the property on the same terms as a third-party offer. Requires owners to provide advance notice of intent to sell no less than 60 days before listing for buildings with 5 or more units and no less than 30 days for buildings with 4 or fewer units. Requires that the notice must include property details, asking price, and a summary of tenant rights. Provides that after receiving a notice of sale, tenants of 5 or more units have 90 days to form a tenant association, for 3-4 units have 30 days; and for 1-2 units, at least one tenant has 15 days to declare intent to exercise the right of first refusal. Provides that tenants must match the third-party offer and provide the owner with a letter of intent of financing or preapproval within 120 calendar days from the date of the notice for 5 or more dwelling units and 60 days for 4 or fewer units. Prohibits the owner from requiring a tenant to pay a deposit of more than 5% of the contract sale price. Provides a civil cause of action and remedies for a violation of the Act. Authorizes the Illinois Housing Development Authority to adopt rules. Makes other changes.

LRB104 18761 JRC 32204 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 1. Short title. This Act may be cited as the Tenant  
5 Opportunity to Purchase Act.

6 Section 5. Definitions. As used in this Act:

7 "Affordable housing restrictive covenant" means an  
8 agreement between the purchaser and the State in which the  
9 purchaser agrees to affordability restrictions memorialized in  
10 an affordability covenant in a form approved by the Illinois  
11 Housing Development Authority and enforceable by the State as  
12 a third-party beneficiary. The affordability restrictions in  
13 each affordable housing restrictive covenant extend for a  
14 period of not less than 30 years from the sale, subject to  
15 exceptions as the Illinois Housing Development Authority may  
16 provide for by rule.

17 "Affordability restrictions" means limits on rents and  
18 income for persons or families seeking to qualify as tenants  
19 in the rental property.

20 "Affordable housing" means that the value of rents paid by  
21 tenants are restricted based on the Illinois Housing  
22 Development Authority's formula for affordability for a 60%  
23 area median income limit, and that the gross household income

1 of new tenants in the rental property may not exceed 80% of the  
2 area median income.

3 "Good faith negotiations" means:

4 (1) whether the party or any of its agents knowingly  
5 made any misrepresentations of material fact to the other  
6 party or of its agents during the negotiation period;

7 (2) whether the party or any of its agents failed to  
8 provide in a timely fashion any information legitimately  
9 requested by the other party or any of its agents during  
10 the negotiation period;

11 (3) whether the party or any of its agents failed to  
12 allow in a timely fashion any legitimate inspection of the  
13 property requested by the other party or any of its agents  
14 during the negotiation period;

15 (4) whether the party or any of its agents engaged in  
16 any other conduct that would constitute a lack of good  
17 faith under the standard imposed by the Uniform Commercial  
18 Code; and

19 (5) whether the party or any of its agents engaged in  
20 any other conduct that displays a price adjustment that  
21 would substantially interfere with the tenants or tenant  
22 association rights under this Act.

23 "Just cause eviction" means any eviction for serious or  
24 repeated violations of the terms and conditions of a lease or  
25 occupancy agreement, for a violation of applicable federal,  
26 State, or local laws or for other good cause.

1 "Material change" means any change in contract terms that  
2 result in a new purchaser and a change in the sales asking  
3 price of 10% or more than 10% from the original contract  
4 listing price.

5 "Owner" means the person, firm, partnership, corporation,  
6 trust, organization, limited liability company or other  
7 entity, or its successors or assigns that holds title to a  
8 rental property.

9 "Purchaser" means a party who has entered into a purchase  
10 contract with an owner and who will, upon performance of the  
11 purchase contract, become the new owner of the rental  
12 property.

13 "Rental property" means any occupied residential rental  
14 building or a group of residential rental buildings operated  
15 as one entity.

16 "Rental unit" or "unit" means a room or suite of rooms  
17 designed, occupied or intended for occupancy as a separate  
18 living quarter with cooking, sleeping, and sanitary facilities  
19 provided within the unit for the exclusive use of the  
20 occupants of the unit.

21 "Sale" or "sell" means an act by which an owner conveys,  
22 transfers, or disposes of rental property by deed or  
23 otherwise, whether through a single transaction or a series of  
24 transactions, including: (i) transfer of title to rental  
25 property; (ii) transfer of a majority interest in owner; or  
26 (iii) lease of rental property for more than 7 years.

1 "Tenant" means a natural person entitled by written or  
2 oral agreement or by sufferance to occupy a rental unit to the  
3 exclusion of others, and who is residing in a rental unit at  
4 the time of a notification under Section 20. If more than one  
5 tenant is listed on a lease, any of the tenants may exercise  
6 the rights granted under this Act.

7 "Tenant association" means an association of tenants,  
8 whether incorporated or not, for which written consent to  
9 forming a tenant association has been given by tenants  
10 representing at least 75% of the occupied units in a rental  
11 property with 5 or more units; or at least 50% of the occupied  
12 units in a rental property with 4 or fewer units. The tenants  
13 agreeing to participate in the tenant association must signify  
14 their consent to form a tenant association by signing a form  
15 provided by the Illinois Housing Development Authority. The  
16 percentage must be calculated based on the number of occupied  
17 rental units in a rental property rather than the number of  
18 individuals listed on leases as tenants.

19 "Third-party purchase agreement" means an arm's length  
20 third-party agreement in which an owner agrees to sell a  
21 rental property, including, without limitation, a purchase and  
22 sale agreement, contract of sale, purchase option, or other  
23 similar instrument.

24 "Title" means a legal or equitable ownership interest in a  
25 rental property; or a legal, equitable, or beneficial interest  
26 in a partnership, limited partnership, corporation, trust, or

1 other entity that has a legal or equitable ownership interest  
2 in a rental property.

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

7 Section 15. Exceptions. The requirements of this Act do  
8 not apply to the transfers identified below but apply to any  
9 subsequent transfer to a nonexempt party:

10 (1) a transfer of legal title or an interest in an  
11 entity holding legal title to a rental property under a  
12 deed of trust or mortgage, and thereafter any transfer by  
13 foreclosure sale or deed in lieu of foreclosure under a  
14 deed of trust or mortgage to an entity not affiliated with  
15 the owner;

16 (2) a transfer made in connection with any bankruptcy  
17 proceeding including, but not limited to, any transfer  
18 made by a bankruptcy trustee;

19 (3) a tax sale or transfer by a tax foreclosure;

20 (4) a transfer by devise or intestacy, or any other  
21 transfer made in connection with a bona fide effort to  
22 pass an interest in real property to one's devisees or  
23 heirs including, but not limited to, transfers made in  
24 connection with a living trust;

1           (5) a transfer between or among spouses, domestic  
2 partners, siblings including, but not limited to,  
3 half-siblings, step-siblings, and adoptive siblings;  
4 parents including, but not limited to, step-parents and  
5 adoptive parents or guardians and their children;  
6 grandparents, and their grandchildren; aunts or uncles and  
7 their nieces or nephews, great-aunts or great-uncles and  
8 their grand-nieces or grand-nephews; or first cousins; or  
9 any combination thereof;

10           (6) a transfer of bare legal title into a revocable  
11 trust, without actual consideration for the transfer, in  
12 which the transferor is the current beneficiary of the  
13 trust;

14           (7) a transfer to a named beneficiary of a revocable  
15 trust by reason of the death of the grantor of the  
16 revocable trust;

17           (8) a transfer by the trustee of a revocable trust if  
18 the transfer would otherwise be excluded under this Act if  
19 made by the grantor of the revocable trust;

20           (9) a transfer under court order or court-approved  
21 settlement;

22           (10) a transfer by eminent domain or negotiated  
23 purchase under threat of eminent domain; or

24           (11) a transfer directly caused by a change in the  
25 form of the entity owning the rental property.

1 Section 20. Notice of intent to sell.

2 (a) Notice before listing required. The owner must provide  
3 notice to the Illinois Housing Development Authority and to  
4 the tenant association, or if no tenant association exists, to  
5 each tenant, of the owner's intent to sell no less than 60 days  
6 before listing or otherwise offering a rental property for  
7 sale for a multi-unit residential building with 5 or more  
8 dwelling units; or no less than 30 days before listing or  
9 otherwise offering a rental property for sale for a multi-unit  
10 residential building with 4 or fewer dwelling units. The  
11 notice must be delivered in person or mailed, by certified or  
12 registered mail, return receipt requested, on a form provided  
13 by the Illinois Housing Development Authority, and contain the  
14 following information:

15 (1) the name, address, and telephone number of each  
16 owner of the rental property;

17 (2) the address of the rental property;

18 (3) a description of the rental property, including  
19 the number of units and the number of bedrooms within each  
20 unit;

21 (4) the proposed asking price for the rental property;

22 (5) a statement that the owner intends to sell the  
23 rental property; and

24 (6) a summary of tenant rights under this Act. The  
25 owner shall also post a notice of intent to sell in a form  
26 provided by the Illinois Housing Development Authority at

1 all public entrances to the rental property.

2 The owner must keep all return receipts required by this  
3 subsection for a period of 3 years after the sale of the rental  
4 property and make the receipts available for inspection by the  
5 Illinois Housing Development Authority at all times during the  
6 owner's business hours.

7 (b) Additional disclosures. The tenant association, or if  
8 no tenant association exists, any tenant in the rental  
9 property, or the Illinois Housing Development Authority, may  
10 in writing, at any time after receipt of the owner's notice of  
11 intent to sell, request the following additional information:

12 (1) the most recent rent roll, including each unit  
13 number and the monthly rent charged for each unit;

14 (2) a list of vacant apartments and a statement of the  
15 rental property's vacancy rate during the preceding 12  
16 months;

17 (3) the income and expense report for the 12-month  
18 period before the notice, including capital improvements,  
19 real property taxes and other municipal charges; and

20 (4) any other information the Illinois Housing  
21 Development Authority may specify by rule.

22 The owner has 30 calendar days from receipt of the request  
23 to provide the information.

24 Section 25. Right of first refusal.

25 (a) Notice of offer. If the owner receives and accepts a

1 bona fide offer from a third party to purchase the rental  
2 property, then the owner must promptly provide written notice  
3 of the offer ("Notice of Sale") to the Illinois Housing  
4 Development Authority and to the tenant association, or if no  
5 tenant association exists, to each tenant in the rental  
6 property. Any third-party purchase agreement is contingent  
7 upon the right of first refusal set forth in this Act. The  
8 Notice of Sale must include an executed duplicate original of  
9 the third-party purchase agreement and the disclosures set  
10 forth in subsection (b) of Section 20, unless the owner has  
11 previously made the disclosures and the disclosures remain  
12 accurate and complete.

13 (b) Time for tenants to form organization. To exercise its  
14 right of first refusal to purchase a rental property:

15 (1) the tenants of a rental property consisting of 5  
16 or more dwelling units have 90 calendar days from receipt  
17 of the Notice of Sale to:

18 (A) form a tenant association;

19 (B) inform the owner and the Illinois Housing  
20 Development Authority of its existence; and

21 (C) provide to the owner and the Illinois Housing  
22 Development Authority the names, addresses, and  
23 telephone numbers of at least 2 of the officers or  
24 representatives of the association;

25 (2) the tenants of a rental property consisting of 3  
26 or 4 dwelling units have 30 calendar days from receipt of

1 the Notice of Sale to form a tenant association and inform  
2 the owner and the Illinois Housing Development Authority  
3 of its existence; and

4 (3) at least one tenant of a rental property  
5 consisting of one or 2 dwelling units has 15 calendar days  
6 to inform the owner of its intent to exercise its right of  
7 first refusal.

8 (c) Negotiation. Any negotiations between the owner, or  
9 the owner's agents, and a tenant association or, in the case of  
10 a rental property consisting of one or 2 dwelling units, one or  
11 both tenants, or an agent, require a continuing duty of good  
12 faith negotiations on the part of all parties involved in the  
13 negotiation and transaction.

14 (d) Exercise right of first refusal.

15 (1) A tenant association or, in the case of a rental  
16 property consisting of one or 2 dwelling units, at least  
17 one tenant, exercise its right of first refusal by  
18 delivering written notice to the owner before the  
19 expiration of the period required in subsection (b) that  
20 the tenant association or tenant, as applicable, elects to  
21 purchase the rental property under this Act.

22 (2) Notice to the owner that the right of first  
23 refusal is being exercised must be accompanied by any  
24 earnest money required under the terms of the third-party  
25 purchase agreement, subject to the cap set forth in  
26 Section 30.

1           (3) The contract formed by exercise of the right of  
2 first refusal is on the same terms and conditions as those  
3 set forth in the third-party purchase agreement as  
4 modified by the terms of this Act.

5           (4) Notwithstanding this general requirement or any  
6 term of the third-party purchase agreement, any such  
7 acceptance is presumed to be contingent upon the tenant  
8 association's, or tenant's, ability to conduct due  
9 diligence and secure financing before the deadline in  
10 subsection (e) for completing the sale.

11           (5) Nothing in this Section may be construed to  
12 require any owner to extend any form of owner financing to  
13 tenants or a tenant association.

14           (6) If tenants fail to meet the requirements by the  
15 timelines set by this Act, then the ability to exercise  
16 the right of first refusal terminates.

17           (e) Time for closing.

18           (1) If a tenant association, or tenant under paragraph  
19 (3) of subsection (b), exercises its right of first  
20 refusal in accordance with subsection (d), then the tenant  
21 association or tenant must conduct due diligence and  
22 secure financing within:

23           (A) 120 calendar days from the date of the notice  
24 in rental properties consisting of 5 or more dwelling  
25 units; or

26           (B) 60 calendar days in rental properties

1           consisting of 4 or fewer dwelling units unless the  
2           owner and the tenant association, or tenant, have  
3           expressly agreed otherwise in writing.

4           (2) The owner must give the tenant association or  
5           tenant any information about the rental property that the  
6           tenant association or tenant reasonably requests, such as  
7           architectural and engineering plans and specifications, if  
8           available, and access to the rental property to inspect it  
9           and conduct reasonable tests at reasonable times after  
10          reasonable notice.

11          (3) At the end of this 120-day period, 60-day period,  
12          or any other period that has been agreed upon in writing,  
13          as applicable, the owner must sell the rental property to  
14          the tenant association or tenant on those terms. If the  
15          applicable closing period ends on a Saturday, Sunday, or  
16          other legal holiday in the State, then the closing occur  
17          on the first business day thereafter. If the rental  
18          property is conveyed to the tenant association or tenant  
19          under the right of first refusal, any prepaid rent is  
20          apportioned as of the closing date and applied on account  
21          of the purchase price.

22          (f) Tenant association's rejection of offer. If the tenant  
23          association or tenant fails to exercise its right of first  
24          refusal on or before the deadline set forth in subsection  
25          (d)(1), terminates the contract under its terms, or defaults  
26          unless there is a mutual default, then the right is deemed

1 waived and the owner may sell the rental property to the  
2 third-party purchaser identified in the third-party purchase  
3 agreement on the terms specified therein. If the sale to the  
4 third-party purchaser fails for any reason to close, or if  
5 there is any material change in the terms of sale from those  
6 set forth in the third-party purchase agreement, then the  
7 tenant association's, or tenant's, right of first refusal  
8 under this Act is reinstated. Any sale of the rental property  
9 by the owner to a different party or on any materially  
10 different terms is null and void.

11 (g) Third-party rights. The right of a third-party to  
12 purchase a rental property is subject to the right of first  
13 refusal conferred by this Act. Upon exercise of the right of  
14 first refusal, the third-party purchase agreement between the  
15 owner and the third-party purchaser automatically terminates,  
16 and the owner or the tenant association or tenant or the rental  
17 building is not bound or in any way affected by the agreement,  
18 and the third-party purchaser does not have any interest in  
19 the contract between the owner and the tenant association or  
20 tenant formed by exercise of the right of first refusal.  
21 Without limiting the generality of the foregoing, the owner  
22 and the tenant association or tenant may freely modify the  
23 terms and conditions on which the sale from the owner to the  
24 tenant association or tenant may be made. The time periods for  
25 exercising the right of first refusal under subsection (d)(1)  
26 and for closing under subsection (e) are minimum periods, and

1 the owner may grant the tenants a reasonable extension of a  
2 period without liability under a third-party agreement.  
3 Third-party purchasers are presumed to act with full knowledge  
4 of tenant rights and public policy under this Act.

5 (h) Continuing right. The right of first refusal is a  
6 continuing right and applies to each owner of a rental  
7 property. The right of first refusal applies to all owners of a  
8 rental property including, but not limited to, any owner that  
9 acquired its interest in a sale to which the right of first  
10 refusal applied but was not exercised. The extended timelines  
11 granted in this Act for tenants to exercise the right of first  
12 refusal may only be exercised once after an owner places the  
13 rental property for sale or if there is a material change to  
14 the purchase price.

15 Section 30. Financial assurances; deposit. To exercise its  
16 right of first refusal in a rental property consisting of 5 or  
17 more dwelling units, the tenant association or assignee under  
18 Section 35 must provide the owner with a letter of interest or  
19 letter of intent from a community organization, lender, or  
20 community development financial institution indicating that  
21 the purchaser is in the process of obtaining preapproval for  
22 financing the purchase; and in a rental property consisting of  
23 4 units or fewer, the tenant association, tenant under  
24 paragraph (3) of subsection (b) of Section 25, or assignee  
25 under Section 35 must provide the owner with a preapproval

1 letter from a lender. The owner may not require the tenant  
2 association or tenant under Section 25(b)(3) to pay a deposit  
3 of more than 5% of the contract sales price to make a contract.  
4 The owner must refund the deposit for a good faith failure of  
5 the tenant association or tenant to perform under the  
6 contract.

7 Section 35. Exercise or assignment of rights. A tenant  
8 association or tenant under Section 25(b)(3) may exercise the  
9 rights established under this Act in conjunction with a third  
10 party or by assigning those rights to any party whether  
11 private or governmental. Such an exercise or assignment may  
12 occur at any time in the process provided in this Act and may  
13 be structured in any way the tenant association or tenant  
14 under paragraph (3) of subsection (b) of Section 25, in its  
15 sole discretion, finds acceptable. The tenant association or  
16 tenant under Section 25(b)(3) must give the owner written  
17 notice of such third party or assignee within 10 business days  
18 of entering into a written agreement. Any rights conferred  
19 upon tenant associations or tenants under paragraph (3) of  
20 subsection (b) of Section 25, under this Act extend to any  
21 third parties or assignees, and, upon receipt of notice of  
22 such third parties or assignees under this Section, owners  
23 must treat the third parties or assignees in the same manner as  
24 tenant associations or tenant under Section 25(b)(3) under  
25 this Act.

1 Section 40. Waiver of rights.

2 (a) An owner may not request a waiver of the right of first  
3 refusal conferred by this Act or require waiver of any other  
4 right under this Act.

5 (b) An owner may not ask a tenant if the tenant intends to  
6 waive the right of first refusal during the period governed by  
7 Section 20. After the end of that period, an owner may ask a  
8 tenant, but may not require an answer, if the tenant intends to  
9 waive the right of first refusal.

10 (c) In a rental property consisting of 5 or more dwelling  
11 units, if 50% of the tenants waive their right of first  
12 refusal, then the right of first refusal is waived and the  
13 owner does not need to wait for the period required by Section  
14 25.

15 Section 45. Notice. Any notice required by this Act is  
16 deemed to have been provided when delivered in person or  
17 mailed by certified or registered mail, return receipt  
18 requested, to the party to whom notice is required.

19 Section 50. Preservation as rent-restricted affordable  
20 housing. If a purchaser purchases a rental property and uses  
21 any public funds in the purchase, then the rental property  
22 must be maintained as affordable housing for no less than 30  
23 years. The Illinois Housing Development Authority must

1 establish procedures to ensure that each rental property  
2 acquired under this Act is subject to an affordable housing  
3 restrictive covenant that sets forth the manner in which the  
4 rental property is preserved as rent-restricted affordable  
5 housing.

6 Section 55. Duties of owner relative to existing  
7 tenancies. No owner may disturb any tenancy, other than for a  
8 just cause eviction, during the time periods set forth in this  
9 Act.

10 Section 60. Sale of property to third-party purchaser. If  
11 a tenant association or tenant under paragraph (3) of  
12 subsection (b) of Section 25, waives its right of first  
13 refusal, and the owner sells the rental property to a bona fide  
14 third-party purchaser, the purchaser must allow the current  
15 tenants to remain in their respective dwelling units for the  
16 longer of 6 months from the effective date of the sale or until  
17 each tenant's lease expires, at the same terms and conditions  
18 as before such sale. The purchaser may, with the agreement of  
19 the tenants, relocate the tenants to comparable units with  
20 comparable rents in accordance with procedures to be  
21 established by the rules of the Illinois Housing Development  
22 Authority.

23 Section 65. Rules. The Illinois Housing Development

1 Authority has the authority to adopt rules necessary to  
2 implement the requirements of this Act.

3 Section 70. Penalties. Any person who violates this Act  
4 must be fined not less than \$200.00 nor more than \$1,000.00 for  
5 each offense. Each day that a violation continues constitutes  
6 a separate and distinct offense to which a separate fine  
7 applies.

8 Section 75. Private right of action. Any aggrieved person,  
9 including, but not limited to, any tenant or tenant  
10 association, may enforce the provisions of this Act by a civil  
11 action in which the court may provide injunctive relief; award  
12 treble damages, the plaintiff's court costs, and reasonable  
13 attorney's fees.