

Lawlapalooza Questions

May 1, 2025

Laws of the Land: The Next Set (Chris Read, Joe Fortunato)

- Where can we find the 7 rules and requirements for property management listing agreements?
 - The proposed rules for property management listing agreements have 7 additional requirements for property management agreements. You can find them in [this document \(pages 140-262\) in Section 1450.770 from the Illinois Register noting the proposed administrative rules of the Illinois Real Estate License Act, posted March 14.](#)
- If we are required to have “written” listing agreements, don’t those agreements have to have a listing term and a price in it? If so, why doesn’t MRED require the price to be put on private listings in MLS?
 - The Illinois Real Estate License Act governs the relationship between brokers and clients and includes requirements to protect consumers – such as specifying terms and price in written agreements. MLS policies, on the other hand, are designed to facilitate marketing and exposure of listings. Because private listings are not publicly marketed or syndicated, they are not subject to the same MLS fields requirements as standard listings.
- Can you elaborate on private listings and Zillow’s new rule related to “exempt” or pocket listings?
 - MRED has been in communication with Zillow, and they’ve confirmed that listings marked “private” in the MLS will still be syndicated when they go live. However, Zillow have not yet published its official rules or guidance on this matter.
- Can a person with a real estate license list property on the MLS, using MRED forms, utilize the MLS in its entirety, and not join any real estate board? In other words can the non-REALTOR licensee do everything a REALTOR can do without being a REALTOR?
 - Not at this time. Currently, access to MRED is limited to members of REALTORS associations affiliated with MRED. If future policy changes allow non-REALTORS licensees access, it will be offered through those same associations and subject to their individual rules and participation requirements.

Rentals: New Laws, New Rules (Heidi Bolger, Joe Fortunato, Kenya Williams)

- Who provides the sewer overflow insurance, tenant or landlord?
 - Unless the lease specifies the party responsible for maintenance of the sewer system as well as the responsibility for such insurance, the landlord, as owner of the real estate, bears responsibility for maintenance of the sewer system, and either "self-insures" or obtains insurance coverage. Our "non-Chicago" and "non-Cook County" lease form provides: *"Tenant will keep the Premises in good and sanitary condition at Tenant's sole expense during the term of this Lease and during any renewal period or extension thereof. Tenant will maintain the fixtures and mechanical systems in good operating order...Landlord will be responsible for any structural or major maintenance and repairs, other than routine maintenance and repairs that are not due to Tenant's misuse, waste or*

neglect or to that of Tenant's authorized occupants or visitors." The issue would be whether the sewer system is deemed a "fixture" or a "mechanical system" and not "structural or major maintenance". Mainstreet's Legal Counsel is inclined to believe that the sewer is considered "major" and the landlord would bear responsibility, absent misuse or intentional damage. The landlord should add Rules and Regulations to the lease for clarity.

- How can we use our voice on [HB 3564](#)? How do we contact our legislators?
 - [Use this link to find your elected officials along with their contact information.](#)
Additionally, you can text REALTORS to 30644 to receive REALTOR Party Mobile Alerts.
- Is there a cap on move-in fees?
 - Not currently.
- Radon disclosure is specific to which floor levels?
 - 2nd floor and below.
- Is a flooding disclosure required for all rentals?
 - Yes. Prior to signing a lease, landlords must disclose if the property is located in a 100-year floodplain or if they have actual knowledge of past flooding on the property or parking areas, including frequency. For lower-level units, landlords must disclose any flooding in the past 10 years and how often it occurred. This requirement is included in Mainstreet's residential and Cook County lease forms.
 - [If necessary, Illinois REALTORS also has a form located on their website.](#) Form #423 (NOTE: Log-In is required.)
- Where can I find the requirements of a reusable tenant screening report?
 - Details are available here: <https://www.illinoisrealtors.org/blog/new-year-new-laws-2025/#toc> [HB 4926 Reusable Tenant Screening Report](#)
 - How can you verify that the report is authentic and not modified?
 - The report should be sent directly to the landlord by the consumer reporting agency – not provided by the tenant.
 - What if the report is not as detailed as you would like?
 - Since it must come from a licensed credit reporting agency, the report should meet legal standards for tenant screening.
- Where can I find Mainstreet's leasing worksheet?
 - Visit this link: <https://www.succeedwithmore.com/Career-Resources/contracts/forms-for-listing-residential-rental-property/> and select the first option under "Miscellaneous Forms." (NOTE: Log-in is required.)
- Is it legal to ask for first month's rent plus 1.5 months of rent?
 - It depends on the location of the real estate. If in Cook County and not subject to a separate municipal ordinance, the Mainstreet REALTORS Cook County Lease form provides: *"The amount of the Security Deposit shall not exceed one and one-half times the amount of the monthly rent. If the amount of the Security Deposit exceeds one month's rent, Tenant shall have not less than six (6) months to pay, in a lump sum or in equal installments, such portion of the Security Deposit which exceeds one month's rent."*

- Does the 1.5 month max for security deposit apply to DuPage as well?
 - Unless a municipal or county ordinance provides otherwise, real estate outside of Cook County has no limitation on the amount of the security deposit, but arguably the law would infer that the amount of the security deposit bear a reasonable relationship to the risk involved.
- How do you determine a move-in fee?
 - A move-in fee may not be completely arbitrary, but must bear a reasonable relationship to the cost of repair of damage that may be occasioned by the activity of the tenant or tenant's movers while moving into the leased premises.
- If a lease agreement reflects a date upon which the lease will expire and allows the parties to renew 60 days prior to that expiration, does the landlord still need to provide notice of termination?
 - A landlord must notify the tenant in writing that they intend to terminate a lease if an ordinance such as the Cook County ordinance requires it; otherwise, a lease expires at the termination date without the requirement of notice. If the lease is month-to-month (not in writing), the tenant is entitled to 30-day written notice. Leases running year-to-year (again, not in writing), require a 60-day written notice. However, if the lease naturally expires, there should be no need to provide any notice of termination.
- How does compensation work for a rental? Does the tenant's REALTOR request in an email? There is not a contract, just an application.
 - Tenant brokers must have a signed tenant representation agreement, which outlines the compensation they expect to receive. If the tenant wants the landlord to cover any portion of the commission, they can make that request using the application and verify or negotiate compensation in Mainstreet's residential or Cook County lease forms.

The Legal Drop: Case Law Update (Joe Fortunato)

No questions.

Fair Housing Unplugged: Source of Income (Annette Panzek, Moderator Carrie Little)

- Can a landlord require a credit report and application PRIOR to showing?
 - It is not illegal for a landlord to request a credit report and application prior to a showing. However, this should be approached with caution. If showings are being denied based on an applicant's source of income, if income standards are applied in a way that disproportionately affects voucher holders, or if irrelevant credit criteria are used, it could be considered discriminatory.
- If you have multiple rental applications are received on the same day, must a landlord accept a voucher holder if theirs was submitted first?
 - All applications should be presented to the landlord, but to avoid potential discrimination claims, the best practice is to process applications in the order they are received. If the voucher holder's application was submitted first, it reviewed first – just like any other applicant.
- Doesn't it cost the landlord money to get their house qualified to accept vouchers?
 - No.

- It is legal to consider the tenant's rent contribution and possibly deny based on that amount?
 - In most cases, the tenant's exact rent contribution is not known until the Public Housing Authority (PHA) processes the Tenant Approval Packet. The PHA determines the tenant's portion based on approximately 30% of their household income towards rent and utilities. This amount is typically confirmed when the Housing Assistance Payment (HAP) contract is sent to the landlord at the time of lease signing.
- How much do the various PHA's differ in policy or requirements?
 - All must follow HUD guidelines so there is not much difference in policy or requirements. Some PHA's have special zones that pay higher rent or give bonuses to landlords. This will vary from PHA to PHA.
- What can a landlord do if a voucher applicant backs out after paperwork is submitted to the housing authority?
 - This situation can occur with any applicant – voucher holder or not. Until a lease is signed, there's no binding agreement. Just like in a sales transaction, the landlord's best option is to move on to the next qualified applicant.
- Can a landlord require voucher holders to meet a 3x rent income requirement?
 - No. Imposing a "3x the rent" income standard on voucher holders can create a disparate impact and may be considered discriminatory. The voucher itself is the primary source of rent payment, and the housing authority already calculates the tenant's contribution as roughly 30% of their household income – a stricter standard than the 3x rule in most cases.
- What should I do if I see a rental listing that exceeds the HUD rent limits for that ZIP code and bedroom count?
 - There are different types of vouchers, and some may allow for higher rental amounts. It's up to the tenant and their housing counselor to determine whether a particular rental qualifies under their voucher. REALTORS and landlords should not make this determination on their own.
- Do voucher rules apply to owner occupied 2-4 units?
 - Voucher rules apply just like any other fair housing protected class to ALL residential housing, regardless of the number of units.
- Can a listing broker report their own seller for discriminatory behavior after canceling the listing?
 - Yes. A listing broker can report a seller for discriminatory conduct. However, the complaint typically carries more weight if it's filed by the individual who directly experienced the discrimination.
- How are security deposits handled for tenants using vouchers?
 - Tenants are responsible for paying their own security deposits or move-in fees. These charges must be consistent with what is required for all other tenants.
- Do rental qualifications apply to all househome members over 18?
 - It depends. Consider who will be responsible for paying the rent. Applying qualifications – such as credit requirements – to individuals who aren't financially responsible or using irrelevant criteria may lead to fair housing concerns.

- Where can REALTORS learn more about vouchers and housing programs?
 - Visit www.knowthenewlaw.com, a site created by Mainstreet and other local REALTOR associations. It provides guidance for landlords and REALTORS on source of income protections and the voucher process in rental housing.

Beyond the Code: New Rules, Real Talk (Lynn Madison)

- Can a realtor highlight or show where clients need to sign on a contract or disclosures?
 - Yes. A REALTOR may highlight or otherwise indicate where signatures are required on contracts and disclosures.
- If the buyer broker is not a member of the MLS and the listing broker cooperates, must they also compensate?
 - Compensation is no longer offered and agreed through the MLS or via the listing brokerage, generally speaking. Instead, it is now negotiated within the purchase contract, based on the terms of the buyer representation agreement. This applies whether or not the buyer's broker is a REALTOR® or not.

8.0 Contract Remix: Everything New and Misunderstood (Paul Garver, Joe Fortunato, Lynn Madison, Chris Read)

- In the purchase contract, shouldn't the buyer's broker be referred to as a "third-party beneficiary" if they are receiving compensation from one of the parties?
 - The attorneys on the Multi-Board 8.0 Drafting Committee did not feel this was necessary, because the contract specifically provides that the compensation offered is to be paid "on Buyer's behalf." It is the Buyer who is the "beneficiary" of the payment from Seller's proceeds. Without the quoted language, arguably the Buyer could remain liable for buyer brokerage compensation incident to their buyer representation agreement.
- Can you use Paragraph 15 b) when the seller is selling as-is?
 - It is important to understand that Paragraph 14 informs the buyer that the seller is not providing any warranties as to the condition of the real estate and that the warranty provisions of Paragraph 7 do not apply. While a seller may consider making repairs, a buyer using Paragraph 15 b) and asking for repairs should be prepared for a seller to rightfully remind the buyer of the representations made in Paragraph 14. This option could also decrease your buyer's chances of having their offer accepted in a multiple offer situation. Tactics and marketplaces should be discussed with your buyer prior to preparing their offer to purchase.
- Does a buyer need to sign anything when they are choosing to waive an inspection?
 - Mainstreet strongly advises any broker whose buyer is waiving a home inspection use the form on our website called *Waiver of Professional or Radon Inspection – Informed Consent*. [It can be found on our website under property disclosures](#). (NOTE: Log-in is required.)

General Questions:

- How does an owner add a spouse on a house which was purchased prior to marriage?

- An owner would convey title to the owner and the owner's spouse by way of a Quit Claim Deed, which provides that title to the property passes to both of them without warranties of title and also without monetary consideration being paid. The owner should be careful in preparing the deed, because the manner of holding jointly held title differs between Tenancy by the Entirety, Joint tenancy and Tenancy in Common. It is also possible to set up a form of joint ownership in a trust. It is essential that the owner obtain competent legal advice and services to accomplish this purpose. The law does not permit real estate licensees to prepare such forms or provide legal advice regarding them.