Illinois HB 4537
Public Act 104-0553

Overview of
Amendments 2 & 3

2026 Legislative Committee

CHAIR	Nikki Lohman, Montgomery County
ZONE 1	Ashley Gott, Williamson County
ZONE 1	Andy Lopinot, St. Clair County
ZONE 2	Betty Asmussen, Christian County
ZONE 3	Stephanie Helmuth, Moultrie County
ZONE 4	Becky Springer, DeKalb County

Disclaimer

We are NOT attorneys

We are not YOUR attorney

Key Changes

- Creates Judicial Tax Deed Auction
- Establishes Surplus Equity Fund
- Provides court procedure for owner to claim equity if lost deed within previous 2 years or has open certificate
- Allows county to send all parcels at tax sale to Trustee

What doesn’t change

- Any deeds recorded prior to 7/10/2024 are not included in the language
  - Deeds issued prior to 7/10/2024 can make claim against Indemnity
  - Indemnity has 10 year statute of limitations
  - Keep collecting Indemnity Fee!

- The Trustee process is mostly unchanged

Question from Conference Attendee

Q: Are we renaming our Indemnity Fund or are we creating a whole separate fund?

A: You are creating a whole new fund. Remember, Indemnity language still exists and certain owners can still make a claim for Indemnity.

So, what does this legislation do?

- Tax deeds recorded 7/10/24 to 7/10/26
  - Have until 7/10/28 to file claim in court for Surplus Equity Funds

- Open Certificates as of 7/10/26
  - Have 2 years to file claim based on date deed gets recorded

- New Certificates on or after 7/10/26
  - Judicial Tax Deed Auction for Private Tax Buyer Parcels
  - Trustee Surplus Deed Auction remains same for Trustee Parcels

State Statute: 35 ILCS 200/21-302 (a) (1) and 35 ILCS 200/21-302 (a) (2)

Equity for Prior Deeds & Current Open Certificates

35 ILCS 200/21-302 (a) (3) & (4)	Equity award limited to value of property @ loss of deed minus taxes/fees, mortgages or liens
35 ILCS 200/21-302 (b)	Claimant must file with court.
35 ILCS 200/21-302 (d)	Cannot make surplus claim if awarded under Indemnity
35 ILCS 200/21-302 (e)	**County has 12 months from date of court order to fund equity award if funds are not already available in Surplus Equity Fund**

Question from Conference Attendee

Q: How do you fund the Surplus Equity Fund if there isn't enough money to pay a claim?

A: That is up to your County Board on how to fund the necessary balance. There is such a thing as interfund borrowing.

Example: You have a court order saying claimant is owed $30k. You Surplus Equity Fund only has $10k available. The County MUST cover the remaining $20k within 1 year of court order.

Question from Conference Attendee

Q: Can funds that were sent to the taxing districts from Trustee Resolutions be used to cover surplus equity fund balances?

A: There is no mechanism in the bill that addresses if that is allowed or not allowed.

Question from Conference Attendee

Q: How are counties responsible for funding the balance of the Surplus Equity Fund?

A: The General Assembly, through language of the bill, has put that responsibility on counties to cover.

Question from Conference Attendee

Q: If we are short funds in the Surplus Equity Fund, can we pull funds from the Indemnity Fund?

A: The language does not specify which funds may or may not be used to fund a shortage in the Surplus Equity Fund. Determining how to fund any shortage is a decision that should be made by your county board based on your county's specific circumstances.

*There is language in the fund that you can cover all claims through your tort fund and send all monies OWED to Surplus Equity Fund to your General Fund.

**Check with your State's Attorney!

Year 1

- You have reached your 2nd installment and it is time to enter your subs:
  - County Collector adds a Surplus Equity Fund Fee to each parcel being subbed
  - Amount is set by County Collector **up to $20 for each parcel**

*****If your 2025 tax year subs occur AFTER 7/10/26 make sure to add the Surplus Fund fee to existing certs that are being subbed!***

State Statute: 35 ILCS 200/21-296 (a)

Question from Conference Attendee

Q: For the 2-year look back period, how is fair cash value determined?

A: The auction price through the Trustee auction determined if there was equity. JEM has alerted treasurers in their resolutions if potential equity exists. For private buyers, that amount will be debated and determined by a judge.

*Going forward the Trustee Surplus Auction and the Judicial Tax Deed Auction will determine if there is equity available.

Question from Conference Attendee

Q: Do we apply this $20 Surplus Equity Fee to Mobile Home taxes?
A: No. The language addresses Real Estate statutes only.

Q: Does the $20 apply to Forfeitures that get picked up as subs?
A: Yes, it applies to any tax getting subbed.

Q: So, the $20 Surplus Fund Fee is in addition to the Indemnity Fee?
A: Yes.

*Our Software companies are aware of the language changes and know this fee is coming.

Question from Conference Attendee

Q: When we create this fee do we have any steps to file?

A: You will need to communicate with your software to have the fee active, but you do not have to do any notification or request with your county board. When subs come in you can just add it to each parcel.

Year 1

- County Treasurer is the trustee of the Surplus Equity Fund
- Any moneys collected for the fund shall be invested pursuant to Public Funds Investment Act

State Statute: 35 ILCS 200/21-296 (b)

Year 1

- You are a few weeks away from your Publication Deadline…it is time for your county board to decide if any or all certificates should go to the trustee

  - A county board may submit to the collector a list of ***ANY*** properties indicating their offer to bid on the property/properties at tax sale via the Trustee.

  - Must be submitted at least **10 DAYS prior** to publication of any notice for tax sale

State Statute: 35 ILCS 200/21-190 (b)

Year 1

- If your county doesn't send list and wants to conduct the tax sale as it has been done in the past…THAT'S OKAY.
  - Nothing changes with how you have been sending publication notices

- If your county board DOES send you a list of parcels they want the trustee to immediately have at the sale…That's also okay, but now we need to adjust SLIGHTLY
  - Newspaper advertisement SHALL indicate which properties the county intends to acquire next to the pin number and address.
  - If county intends to send all parcels to Trustee then a sentence indicating such shall precede the list of pin numbers and addresses in clear **bolded language.**

State Statute: 35 ILCS 200/21-110

Question from Conference Attendee

Q: How is County Board going to know anything about trustee sale vs. tax buyer sale?

A: You're going to have to start having these conversations with members of your board and administrator. Some have started meetings with State's Attorney, Chairman, Finance Chair. If you are planning to keep the sale the same, then there is no conversation you will need to have.

Question from Conference Attendee

Q: The County Board has to send us a list of parcels they want the trustee to have, where do they get that?

A: They will get that list from the Treasurer and then send it back to our office.

Question from Conference Attendee

Q: Does the County Board have to take action on the trustee list at a county board meeting?

A: I would suggest you further discuss that with your State's Attorney. Some counties have decided that a resolution will be required by their county board. Again, this needs to be determined at least 10 days prior to sending any publication notice.

Question from Conference Attendee

Q: Do we have to change our delinquent notices?

A: There is no added language that changes your delinquent notices.

Year 1

- TAX SALE TIME!
- Don’t forget to add the **$20 Surplus Equity Fund Fee** to all parcels!
- Any property the county has identified they want to go to the trustee will not be offered at sale

State Statute: 35 ILCS 200/21-205 (d)

Property Held Out of Sale For Trustee

- .75% per month
- Subject to a payment plan implemented by county clerk

****Subs remain at 12%**

State Statute: 35 ILCS 200/21-215 (b)

Property Left In Sale But Still Goes to Trustee

- 9% rate remains intact

- So, citizens only see a back tax interest discount if their parcel is on your county boards list to acquire the taxes.

- **Subs remain at 12%**

Example of Interest

	1	2	3	4	5	6	7	8	9	10	11	12	13
0.75%	0.75%	1.50%	2.25%	3.00%	3.75%	4.50%	5.25%	6.00%	6.75%	7.50%	8.25%	9.00%	9.75%
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	27.00%
8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	24.00%
7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	21.00%
6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	18.00%
5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	15.00%
4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	12.00%
3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	9.00%
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	6.00%
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	3.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Time between Tax Sale and Expiration of Redemption

- $20 Surplus Fund Fee to Subs!

- Tax Buyer can SIE any certificate issued prior to 7/10/26
  - Redemption Expired
  - Not deeded, redeemed, vacated or voided
  - With Interest

*You might find your county is better off paying the interest on a SIE than trying to fund an equity award.

State Statute: 35 ILCS 200/21-310 (b) (5)

Question from Conference Attendee

Q: Would it be wise to consider doing an Admin SIE vs. having a cert go to deed? Could we say that there was an error in issuing the certificate as it was exposed to an improper taking?

A: This would be a conversation for you to have with your State's Attorney.

Period of Redemption

- **3 years** from date of tax sale if cert issued after 7/10/26
- **1 year** continues for vacant, 7 or more residential units, commercial or industrial

State Statute: 35 ILCS 200/21-350

Prior to going to Judicial Tax Deed Auction

- Private Tax buyer pays $500 surplus equity fund fee to County Clerk
- Gets transferred to Treasurer
- This fee goes away once Treasurer deems all equity claims have been paid
  - 2 years after last deed issued

State Statute: 35 ILCS 200/22-40 (c)

Prior to going to Judicial Tax Deed Auction

- Private tax buyer also pays **10% of principal taxes and interest** previously paid
- This accompanies payment of any subs/forfeitures
- Fee is nonrefundable & shall not be posted to subject tax sale (Taxbuyer is out the 10%)

State Statute: 35 ILCS 200/22-40 (e-5)

Question from Conference Attendee

Q: Does the County have to pay the $500/10% fee if the trustee has the certificate?

A: The Trustee Surplus Auction is under a different section, so this section won’t apply to Trustee certificates.

Sheriff’s Sales & Judicial Tax Deed Auction

Court Proceeding

Sheriff Sale

Mortgage company files judgment for non-payment in court.

Court orders judgment for plaintiff and orders sale by the Sheriff

Judicial Tax Deed Auction

Taxbuyer petitions the court for tax deed auction for non-redemption

Court orders judgment for plaintiff and orders sale by the Sheriff or appointed party

Confirmation by Court

Sheriff Sale

Sheriff provides confirmation of successful bid and payment to highest bidder

Bidder takes to court for confirmation

Judicial Tax Deed Auction

Sheriff/Selling Agent provides confirmation of successful bid and payment to highest bidder

Bidder takes to court for confirmation

County Treasurer's Role

Sheriff Sale

- Sheriff sends payment to Treasurer's office
- Deposit to special account
- Sheriff sends court order(s) to Treasurer's office to disburse proceeds

Judicial Tax Deed Auction

- Sheriff sends payment to Treasurer's office
- Deposit to Surplus Equity Fund
- Sheriff sends court order to Treasurer's office to disburse payments for minimum bid
- Treasurer to send surplus equity to homeowner

Question from Conference Attendee

Q: So, the Sheriff will be in charge of the Judicial Tax Deed Auction?

A: Language says that it is the Sheriff or duly appointed selling officer.

Question from Conference Attendee

Q: Is the Trustee Auction going to be robust enough and acceptable to the federal courts?

A: Yes, There are 26,000 online users from across the country with JEM's auction. In addition, the PUNG US Supreme Court Case has decided that the auction process works for determining equity.

Question from Conference Attendee

Q: If you decide to send your certs to the Trustee is that forever?

A: You have to make that determination every year prior to publication. You can sell to the Trustee one year and then the following year decide to sell to private buyers.

Post Judicial Tax Deed Auction
(Private Buyer)

- Selling officer:
  - Deposits surplus funds with treasurer 30 days after confirmation of sale
  - Provides treasurer with the parties & mailing addresses where Take Notices were sent
- Treasurer:
  - Sends notice within 60 days of Surplus Equity Deposit to all parties stating that the owner at time of sale is entitled to equity and may file a claim with Treasurer or Court within 3 years of date of notice

State Statutes: 35 ILCS 200/22-42 (f) and 35 ILCS 200/22-42 (h)

Andrew Lopinot, St. Clair County Treasurer

St. Clair County Bldg.
10 Public Square
Belleville, IL 62220-1623

http://www.scctreasurer.com
treasurer@co.st-clair.il.us
P: (618) 825-2707 F: (618) 825-2274

July 9, 2026

RE: Surplus Proceeds from Judicial Tax Deed Auction

To Whom it May Concern:

This letter is to inform you that the property listed below has surplus equity as a result of the Judicial Tax Deed Auction that was held on ___________. The owner of the property at the time of sale is entitled to a distribution of surplus proceeds and may file a claim to recover surplus with the County Treasurer or circuit court within 3 years of the date on this notice.

Parcel ID:

Address of Property:

We strongly encourage you to contact our office at your earliest convenience to discuss the next steps and begin the process of claiming your equity.

Thank you,

St. Clair County Treasurer's Office

I
C
T
A

Post Tax Deed Sale (Trustee)

- 30 days post Surplus Auction, Trustee sends surplus funds to Treasurer
- **Within 60 days of Auction, Trustee sends notice of surplus to interested parties**

State Statute: 35 ILCS 200/21-90 (f) 6

Question from Conference Attendee

Q: What if there is no equity to be awarded? Do we still have to send a notice?

A: If the amount sold at the Judicial Tax Deed Auction or the Trustee Auction shows no equity then you will not have to send notification that equity is available to claim.

Q: Will the Trustee Auction minimum bid amount be increased?

A: That's a policy question to be decided by each county.

Q: If we send all parcels to Trustee, do we still collect SIE fee?

A: Yes

Claims of Surplus

- Upon Treasurer receiving claim:
  - Treasurer distributes surplus proceeds from Judicial Tax Deed Auction to proper claimant

  - If Treasurer cannot determine proper claimant:
    - File motion with Circuit Court requesting judge to make determination
    - Treasurer notifies all interested parties
    - Claimant presents evidence of their claim
    - Court makes decision
- Claimant can also go straight to Court for determination

State Statute: 35 ILCS 200/22-42 (i) & (j)

Claims of Surplus

- Claimant has 3 years to make claim of surplus funds, otherwise funds go to unclaimed property

- Interest earned on surplus proceeds belong to claimant.

State Statutes: 35 ILCS 200/22-42 (k) and 35 ILCS 200/22-42 (i)

Andrew Lopinot, St. Clair County Treasurer

St. Clair County Bldg.
10 Public Square
Belleville, IL 62220-1623

http://www.scctreasurer.com
treasurer@co.st-clair.il.us
P: (618) 825-2707 F: (618) 825-2274

Claim for Excess Equity from Illinois Tax Foreclosure Sale

Instructions: Complete this form to claim surplus funds related to an Illinois tax foreclosure sale. Attach copies of ownership records (recorded deed) at time of the foreclosure sale as well as a current driver's license or state I.D. This form should be signed before a notary public.

1. Claimant Information	
Full Legal Name	
Mailing Street Address	
Mailing City, State, ZIP	
Phone Number	
Email Address	

2. Property and Tax Foreclosure Sale Information	
Property Address	
Parcel #	
Date of Tax Foreclosure Sale, if known	

3. Basis for Claim

I claim the excess equity or surplus proceeds from the tax foreclosure sale of the property identified above because I am: ☐ the owner of record at the time of the tax foreclosure sale ☐ an heir or estate representative ☐ another person or entity legally entitled to the funds.

Explain the basis for your claim and list any supporting documents attached:

____

____

____

4. Certification and Request for Payment

I certify under oath that the information provided in this claim is true and correct to the best of my knowledge. I further certify that I have a legal right to claim the surplus funds identified above and that I have disclosed any other known persons or entities who may have an interest in those funds.

______________________________ ______________________________

Printed Name of Claimant's Claimant's signature

Subscribed and sworn before me this ______ day of _________________, 20____.

______________________________ ______________________________

Printed Name of Notary Notary Public Signature

My Commission Expires: _ _/_ _ / 20 _ _ Notary Seal:

Equity Fund Maintenance

- County Board determines amount of fund to be maintained until all claims have been paid
- Any moneys accumulated in excess go to general fund once all potential claims have been paid
- County Board may provide ordinance to cover claims from Tort Liability Fund and have equity funds collected sent to general fund ($20 Fee, $500 +10% fee)

State Statute: 35 ILCS 200/21-301

Let’s Look at the Numbers:

- Last 2 years:
  - **St. Clair – Private Buyers gained 165 deeds**
  - **DeKalb – Private Buyers gained 8 deeds**

- Looking only at Fair Property Value vs Taxes Owed:
  - Assuming Every Claimant goes to court and wins
  - No recorded mortgage or liens
  - **St. Clair – Almost $7.5 million in equity**
  - **DeKalb – $1.7 million in equity**

- If $500 and 10% fee were collected on the 165 deeds:
  - **St. Clair – $165,775**
  - **Dekalb – $33,606**

Question from Conference Attendee

Q: How do re-assigned parcels get treated?

A: The Trustee has stopped offering re-assignments.

Q: I have 112 trustee deeds that have yet to be sold

A: These parcels were exposed to an auction and received no bids. Therefore, the equity is determined to be less than the minimum bid and will not generate a claim.