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Illinois Rental Fee Changes in 2027: What Landlords and Property Managers Need to Know

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Overview: What Changed

Illinois landlords will face new rules governing rental fees, disclosures, and application charges beginning January 1, 2027. House Bill 3564 adds “Rental fee transparency and limitations” to the Illinois Landlord and Tenant Act (765 ILCS 705/35).

The January 1, 2027, effective date gives landlords and property managers time to review lease templates, advertising practices, fee structures, software, and staff procedures. That work should begin well before your first 2027 lease or renewal.

What HB 3564 Requires

Fee Disclosures in Listings and Leases

The law requires every non-optional fee to appear explicitly on the first page of the lease. This applies to one-time charges and recurring charges. When a non-optional fee does not appear on the first page, the tenant has no obligation to pay it.

A residential listing that states the rental price must also disclose all non-optional fees in a clear and conspicuous manner. Landlords may place the disclosures directly in the listing or provide an accessible link at the time of listing. The listing and lease disclosure must state whether utilities are included in rent.

The statute defines a “listing” as an advertisement or written notice that states that a property is available for lease and includes the rental price. This covers most online advertisements, brokerage listings, property-management websites, flyers, and written availability notices that quote rent.

Limits on Rental Application Fees

The new law generally limits a rental application fee, including the charge for a background check, to $50. Landlords may exceed $50 only when the actual cost of a third-party background-check service exceeds that amount. The exception requires landlords to pay the provider first and bill the applicant within 14 days. The bill must include the third-party provider’s receipts.

If a landlord fails to provide the bill and receipts within 14 days, the additional background-check charge is waived. Landlords may not use an unpaid background-check charge as the basis for an eviction during the first year of the lease.

The law also prohibits fees charged alongside the application fee when they duplicate screening costs or cover matters unrelated to screening. Landlords should separate “processing,” “administrative,” or similarly labeled charges unless the charge serves a lawful purpose outside the prohibited application-fee structure. Renaming the same charge will not avoid the statute.

Fees Landlords May No Longer Charge

The Prohibited-Fee Categories

Beginning with covered leases entered into on or after January 1, 2027, a landlord or lease may not require payment of the following:

- A rental application or background-check fee exceeding $50, except under the documented third-party-cost procedure described above.
- A charge accompanying the application fee that duplicates screening costs or includes costs unrelated to tenant screening.
- A fee or fine for modifying or renewing a lease.
- A fee or fine for serving an eviction notice or filing an eviction action before the court grants an eviction order. The statute preserves the ability to recover court costs and filing fees when permitted by law.
- A fee or fine for an after-hours maintenance request.
- A fee or fine for contacting the owner or property manager about maintenance, service, lease questions, or another matter directly related to the tenancy.
- A travel charge for maintenance work or a required safety repair.
- A charge for access to a maintenance hotline or for making a maintenance-hotline call.
- A fee or fine for routine maintenance and upkeep of the unit.
- A pest-control charge when the tenant did not contribute to the infestation.
- A fee or fine for an in-person move-in or move-out walkthrough.

The final law does not prohibit security deposits or move-in fees as general categories. Those charges remain subject to existing local requirements and must appear in the required disclosures when they are non-optional.

HB 3564 Does Not Create a New Late-Fee Cap

The enacted version of HB 3564 does not establish a statewide late-fee formula or a five-day grace period. Earlier commentary describing those provisions was based on language that did not remain in the final legislation. Existing local limits still apply.

Exempt Properties and Penalties

The Owner-Occupied Six-Unit Exemption

HB 3564 does not apply to lease agreements for dwelling units in owner-occupied premises containing six units or fewer. Both parts of the exemption matter. The premises must contain no more than six units, and the owner must occupy the premises. A non-owner-occupied single-family rental, condominium, two-flat, or six-unit building does not qualify for this state exemption solely because it contains six units or fewer. An owner-occupied building containing seven or more units also falls outside the exemption.

Civil Claims and Available Remedies

Any person alleging a violation of the new section may bring a civil action in a court with jurisdiction. A court may award injunctive relief, monetary relief, attorney's fees, and litigation costs. The section does not establish a fixed damages amount or provide a general pre-suit cure period.

The fee-shifting provision creates meaningful exposure. A relatively small disputed charge can lead to a claim that includes the claimant's attorney's fees. A defective form used across an entire portfolio may repeat the same compliance problem in many transactions.

Landlords may seek to involve counsel before the effective date instead of waiting for a demand letter.

Frequently Asked Questions

When does HB 3564 take effect? The law takes effect January 1, 2027. It applies to covered residential lease agreements entered into after that date.

Does the law apply to leases signed before January 1, 2027? The statute applies to lease agreements entered into after the effective date. An existing lease signed earlier is not expressly brought within the new section. A renewal or replacement agreement signed after the effective date should use compliant terms.

What must appear on the first page of the lease? Every non-optional one-time or recurring fee must appear explicitly on page one. The lease disclosure must also state whether utilities are included in rent. A tenant is not liable for a fee omitted from page one.

Can a landlord charge more than $50 for an application? Only under the narrow third-party background-check exception. The actual third-party cost must exceed $50. The landlord must pay the cost first and provide the applicant with a bill and receipts within 14 days. For covered Cook County units, the charge must also stay within the reasonable cost of the expense. A lower actual cost can reduce the permissible fee below $50.

Does HB 3564 limit late fees? No. The enacted law contains no new statewide late-fee formula. Chicago and Cook County limits continue to apply to properties covered by their respective ordinances.

Are small landlords exempt? The exemption depends on the property and occupancy arrangement. The state law exempts dwelling units in owner-occupied premises containing six units or fewer. A small rental property whose owner lives elsewhere remains covered.

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