



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

HB0050

Introduced 1/9/2019, by Rep. André Thapedi

#### SYNOPSIS AS INTRODUCED:

765 ILCS 605/18.7

Amends the Condominium Property Act. Provides that if a community association enters into a written contract with a party to provide maintenance or management services for the community association, the contract is enforceable only if the contract meets certain requirements. Provides that the community association is authorized to procure services from another party and is entitled to collect any fees or charges paid for service performed by another party from the party contracting to provide maintenance or management services if the party fails to provide contracted maintenance or management services. Excludes contracts for services or property made available for the convenience of unit owners, including, but not limited to, coin-operated laundry, food, soft drink, or telephone vendors, cable television or retail store operators, businesses, restaurants, or similar vendors. Provides that a party contracting to provide maintenance or management services to a community association may not purchase a unit at a foreclosure sale resulting from the community association's foreclosure of a community association lien for unpaid assessments or take a deed in lieu of foreclosure. Provides that if 50% or more of the units in the condominium are owned by a party contracting to provide maintenance or management services to a community association, or by an officer or board member of such a party, the contract with the party providing maintenance or management services may be canceled by a majority vote of the unit owners other than the contracting party, or an officer or board member of such a party.

LRB101 04111 LNS 49119 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 5. The Condominium Property Act is amended by  
5 changing Section 18.7 as follows:

6 (765 ILCS 605/18.7)

7 Sec. 18.7. Standards for community association managers.

8 (a) "Community association" means an association in which  
9 membership is a condition of ownership or shareholder interest  
10 of a unit in a condominium, cooperative, townhouse, villa, or  
11 other residential unit that is part of a residential  
12 development plan as a master association or common interest  
13 community and that is authorized to impose an assessment and  
14 other costs that may become a lien on the unit or lot.

15 (b) "Community association manager" means an individual  
16 who administers for compensation the coordination of  
17 financial, administrative, maintenance, or other duties called  
18 for in the management contract, including individuals who are  
19 direct employees of a community association. A manager does not  
20 include support staff, such as bookkeepers, administrative  
21 assistants, secretaries, property inspectors, or customer  
22 service representatives.

23 (c) Requirements. To perform services as a community

1 association manager, an individual must meet these  
2 requirements:

3 (1) shall have attained the age of 21 and be a citizen  
4 or legal permanent resident of the United States;

5 (2) shall not have been convicted of forgery,  
6 embezzlement, obtaining money under false pretenses,  
7 larceny, extortion, conspiracy to defraud or other similar  
8 offense or offenses;

9 (3) shall have a working knowledge of the fundamentals  
10 of community association management, including the  
11 Condominium Property Act, the Illinois Not-for-Profit  
12 Corporation Act, and any other laws pertaining to community  
13 association management; and

14 (4) shall not have engaged in the following activities:  
15 failure to cooperate with any law enforcement agency in the  
16 investigation of a complaint; or failure to produce any  
17 document, book, or record in the possession or control of  
18 the community association manager after a request for  
19 production of that document, book, or record in the course  
20 of an investigation of a complaint.

21 (d) Access to community association funds. For community  
22 associations of 6 or more units, apartments, townhomes, villas  
23 or other residential units, a community association manager or  
24 the firm with whom the manager is employed shall not solely and  
25 exclusively have access to and disburse funds of a community  
26 association unless:

1 (1) There is a fidelity bond in place.

2 (2) The fidelity bond is in an amount not less than all  
3 monies of that association in the custody or control of the  
4 community association manager.

5 (3) The fidelity bond covers the community association  
6 manager and all partners, officers, and employees of the  
7 firm with whom the community association manager is  
8 employed during the term of the bond, as well as the  
9 community association officers, directors, and employees  
10 of the community association who control or disburse funds.

11 (4) The insurance company issuing the bond may not  
12 cancel or refuse to renew the bond without giving not less  
13 than 10 days' prior written notice to the community  
14 association.

15 (5) The community association shall secure and pay for  
16 the bond.

17 (e) A community association manager who provides community  
18 association management services for more than one community  
19 association shall maintain separate, segregated accounts for  
20 each community association. The funds shall not, in any event,  
21 be commingled with funds of the community association manager,  
22 the firm of the community association manager, or any other  
23 community association. The maintenance of these accounts shall  
24 be custodial, and the accounts shall be in the name of the  
25 respective community association.

26 (f) Exempt persons. Except as otherwise provided, this

1 Section does not apply to any person acting as a receiver,  
2 trustee in bankruptcy, administrator, executor, or guardian  
3 acting under a court order or under the authority of a will or  
4 of a trust instrument.

5 (g) Right of Action.

6 (1) Nothing in this amendatory Act of the 95th General  
7 Assembly shall create a cause of action by a unit owner,  
8 shareholder, or community association member against a  
9 community association manager or the firm of a community  
10 association manager.

11 (2) This amendatory Act of the 95th General Assembly  
12 shall not impair any right of action by a unit owner or  
13 shareholder against a community association board of  
14 directors under existing law.

15 (h) If a community association enters into a written  
16 contract with a party to provide maintenance or management  
17 services for the community association, the contract is  
18 enforceable only if the contract:

19 (1) specifies the services, obligations, and  
20 responsibilities of the party contracting to provide  
21 maintenance or management services to the unit owners;

22 (2) specifies the costs incurred in the performance of  
23 those services, obligations, or responsibilities that are  
24 reimbursed by the community association to the party  
25 contracting to provide maintenance or management services;

26 (3) provides an indication of how often each service,

1 obligation, or responsibility is to be performed, either:

2 (i) stated for each service, obligation, or

3 responsibility; or (ii) in categories thereof;

4 (4) specifies a minimum number of personnel to be

5 employed by the party contracting to provide maintenance or

6 management services;

7 (5) discloses any financial or ownership interest that

8 the developer, if the developer is in control of the

9 community association, holds with regard to the party

10 contracting to provide maintenance or management services;

11 and

12 (6) discloses any financial or ownership interest a

13 board member or any party providing maintenance or

14 management services to the community association holds

15 with the contracting party.

16 If the party contracting to provide maintenance or

17 management services fails to provide such services in

18 accordance with the contract, the community association is

19 authorized to procure such services from another party and is

20 entitled to collect any fees or charges paid for service

21 performed by another party from the party contracting to

22 provide maintenance or management services.

23 Any services or obligations not stated on the face of the

24 contract are unenforceable.

25 Notwithstanding other vendors' contracts with a community

26 association to maintain equipment or property made available to

1 serve unit owners, this Section applies to contracts for  
2 maintenance or management services for which the community  
3 association pays compensation. This Section shall not apply to  
4 contracts for services or property made available for the  
5 convenience of unit owners by lessees or licensees of the  
6 community association, including, but not limited to,  
7 coin-operated laundry, food, soft drink, or telephone vendors,  
8 cable television or retail store operators, businesses,  
9 restaurants, or similar vendors.

10 A party contracting to provide maintenance or management  
11 services to a community association, or an officer or board  
12 member of such a party, may not purchase a unit at a  
13 foreclosure sale resulting from the community association's  
14 foreclosure of a community association lien for unpaid  
15 assessments or take a deed in lieu of foreclosure. If 50% or  
16 more of the units in the condominium are owned by a party  
17 contracting to provide maintenance or management services to a  
18 community association, or by an officer or board member of such  
19 a party, the contract with the party providing maintenance or  
20 management services may be canceled by a majority vote of the  
21 unit owners other than the contracting party, or an officer or  
22 board member of such a party.

23 (Source: P.A. 95-318, eff. 1-1-08.)