



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB5189

by Rep. Sandra M. Pihos

SYNOPSIS AS INTRODUCED:

765 ILCS 605/18	from Ch. 30, par. 318
765 ILCS 605/18.4	from Ch. 30, par. 318.4
805 ILCS 105/103.35 new	

Amends the Condominium Property Act. Provides that nothing in the Act or the declarations, bylaws, and rules of a condominium unit owner's association shall prohibit unit owners from leasing up to 20% of the units, if they otherwise comply with the Act. Provides that the powers and duties of the board of managers of a condominium association may not provide in the declaration, bylaws, rules, or other documents for a prohibition against unit owners leasing up to 20% of the total units, as long as there is compliance with the Act. Amends the General Not For Profit Corporation Act of 1986. Provides that a common interest community or homeowners' association, notwithstanding the declaration, covenants, bylaws, rules, regulations, or any other instrument, may not prohibit 20% of the total units from being used as rental property. Defines homeowners' association and common interest community. Effective immediately.

LRB095 18627 AJO 44713 b

1 AN ACT concerning property.

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 Sections 18 and 18.4 as follows:

6 (765 ILCS 605/18) (from Ch. 30, par. 318)

7 (Text of Section before amendment by P.A. 95-624)

8 Sec. 18. Contents of bylaws. The bylaws shall provide for
9 at least the following:

10 (a) (1) The election from among the unit owners of a board
11 of managers, the number of persons constituting such board,
12 and that the terms of at least one-third of the members of
13 the board shall expire annually and that all members of the
14 board shall be elected at large. If there are multiple
15 owners of a single unit, only one of the multiple owners
16 shall be eligible to serve as a member of the board at any
17 one time.

18 (2) the powers and duties of the board;

19 (3) the compensation, if any, of the members of the
20 board;

21 (4) the method of removal from office of members of the
22 board;

23 (5) that the board may engage the services of a manager

1 or managing agent;

2 (6) that each unit owner shall receive, at least 30
3 days prior to the adoption thereof by the board of
4 managers, a copy of the proposed annual budget together
5 with an indication of which portions are intended for
6 reserves, capital expenditures or repairs or payment of
7 real estate taxes;

8 (7) that the board of managers shall annually supply to
9 all unit owners an itemized accounting of the common
10 expenses for the preceding year actually incurred or paid,
11 together with an indication of which portions were for
12 reserves, capital expenditures or repairs or payment of
13 real estate taxes and with a tabulation of the amounts
14 collected pursuant to the budget or assessment, and showing
15 the net excess or deficit of income over expenditures plus
16 reserves;

17 (8) (i) that each unit owner shall receive notice, in
18 the same manner as is provided in this Act for membership
19 meetings, of any meeting of the board of managers
20 concerning the adoption of the proposed annual budget and
21 regular assessments pursuant thereto or to adopt a separate
22 (special) assessment, (ii) that except as provided in
23 subsection (iv) below, if an adopted budget or any separate
24 assessment adopted by the board would result in the sum of
25 all regular and separate assessments payable in the current
26 fiscal year exceeding 115% of the sum of all regular and

1 separate assessments payable during the preceding fiscal
2 year, the board of managers, upon written petition by unit
3 owners with 20 percent of the votes of the association
4 delivered to the board within 14 days of the board action,
5 shall call a meeting of the unit owners within 30 days of
6 the date of delivery of the petition to consider the budget
7 or separate assessment; unless a majority of the total
8 votes of the unit owners are cast at the meeting to reject
9 the budget or separate assessment, it is ratified, (iii)
10 that any common expense not set forth in the budget or any
11 increase in assessments over the amount adopted in the
12 budget shall be separately assessed against all unit
13 owners, (iv) that separate assessments for expenditures
14 relating to emergencies or mandated by law may be adopted
15 by the board of managers without being subject to unit
16 owner approval or the provisions of item (ii) above or item
17 (v) below. As used herein, "emergency" means an immediate
18 danger to the structural integrity of the common elements
19 or to the life, health, safety or property of the unit
20 owners, (v) that assessments for additions and alterations
21 to the common elements or to association-owned property not
22 included in the adopted annual budget, shall be separately
23 assessed and are subject to approval of two-thirds of the
24 total votes of all unit owners, (vi) that the board of
25 managers may adopt separate assessments payable over more
26 than one fiscal year. With respect to multi-year

1 assessments not governed by items (iv) and (v), the entire
2 amount of the multi-year assessment shall be deemed
3 considered and authorized in the first fiscal year in which
4 the assessment is approved;

5 (9) that meetings of the board of managers shall be
6 open to any unit owner, except for the portion of any
7 meeting held (i) to discuss litigation when an action
8 against or on behalf of the particular association has been
9 filed and is pending in a court or administrative tribunal,
10 or when the board of managers finds that such an action is
11 probable or imminent, (ii) to consider information
12 regarding appointment, employment or dismissal of an
13 employee, or (iii) to discuss violations of rules and
14 regulations of the association or a unit owner's unpaid
15 share of common expenses; that any vote on these matters
16 shall be taken at a meeting or portion thereof open to any
17 unit owner; that any unit owner may record the proceedings
18 at meetings or portions thereof required to be open by this
19 Act by tape, film or other means; that the board may
20 prescribe reasonable rules and regulations to govern the
21 right to make such recordings, that notice of such meetings
22 shall be mailed or delivered at least 48 hours prior
23 thereto, unless a written waiver of such notice is signed
24 by the person or persons entitled to such notice pursuant
25 to the declaration, bylaws, other condominium instrument,
26 or provision of law other than this subsection before the

1 meeting is convened, and that copies of notices of meetings
2 of the board of managers shall be posted in entranceways,
3 elevators, or other conspicuous places in the condominium
4 at least 48 hours prior to the meeting of the board of
5 managers except where there is no common entranceway for 7
6 or more units, the board of managers may designate one or
7 more locations in the proximity of these units where the
8 notices of meetings shall be posted;

9 (10) that the board shall meet at least 4 times
10 annually;

11 (11) that no member of the board or officer shall be
12 elected for a term of more than 2 years, but that officers
13 and board members may succeed themselves;

14 (12) the designation of an officer to mail and receive
15 all notices and execute amendments to condominium
16 instruments as provided for in this Act and in the
17 condominium instruments;

18 (13) the method of filling vacancies on the board which
19 shall include authority for the remaining members of the
20 board to fill the vacancy by two-thirds vote until the next
21 annual meeting of unit owners or for a period terminating
22 no later than 30 days following the filing of a petition
23 signed by unit owners holding 20% of the votes of the
24 association requesting a meeting of the unit owners to fill
25 the vacancy for the balance of the term, and that a meeting
26 of the unit owners shall be called for purposes of filling

1 a vacancy on the board no later than 30 days following the
2 filing of a petition signed by unit owners holding 20% of
3 the votes of the association requesting such a meeting, and
4 the method of filling vacancies among the officers that
5 shall include the authority for the members of the board to
6 fill the vacancy for the unexpired portion of the term;

7 (14) what percentage of the board of managers, if other
8 than a majority, shall constitute a quorum;

9 (15) provisions concerning notice of board meetings to
10 members of the board;

11 (16) the board of managers may not enter into a
12 contract with a current board member or with a corporation
13 or partnership in which a board member or a member of the
14 board member's immediate family has 25% or more interest,
15 unless notice of intent to enter the contract is given to
16 unit owners within 20 days after a decision is made to
17 enter into the contract and the unit owners are afforded an
18 opportunity by filing a petition, signed by 20% of the unit
19 owners, for an election to approve or disapprove the
20 contract; such petition shall be filed within 20 days after
21 such notice and such election shall be held within 30 days
22 after filing the petition; for purposes of this subsection,
23 a board member's immediate family means the board member's
24 spouse, parents, and children;

25 (17) that the board of managers may disseminate to unit
26 owners biographical and background information about

1 candidates for election to the board if (i) reasonable
2 efforts to identify all candidates are made and all
3 candidates are given an opportunity to include
4 biographical and background information in the information
5 to be disseminated; and (ii) the board does not express a
6 preference in favor of any candidate;

7 (18) any proxy distributed for board elections by the
8 board of managers gives unit owners the opportunity to
9 designate any person as the proxy holder, and gives the
10 unit owner the opportunity to express a preference for any
11 of the known candidates for the board or to write in a
12 name;

13 (19) that special meetings of the board of managers can
14 be called by the president or 25% of the members of the
15 board; and

16 (20) that the board of managers may establish and
17 maintain a system of master metering of public utility
18 services and collect payments in connection therewith,
19 subject to the requirements of the Tenant Utility Payment
20 Disclosure Act.

21 (b) (1) What percentage of the unit owners, if other than
22 20%, shall constitute a quorum provided that, for
23 condominiums with 20 or more units, the percentage of unit
24 owners constituting a quorum shall be 20% unless the unit
25 owners holding a majority of the percentage interest in the
26 association provide for a higher percentage;

1 (2) that the association shall have one class of
2 membership;

3 (3) that the members shall hold an annual meeting, one
4 of the purposes of which shall be to elect members of the
5 board of managers;

6 (4) the method of calling meetings of the unit owners;

7 (5) that special meetings of the members can be called
8 by the president, board of managers, or by 20% of unit
9 owners;

10 (6) that written notice of any membership meeting shall
11 be mailed or delivered giving members no less than 10 and
12 no more than 30 days notice of the time, place and purpose
13 of such meeting;

14 (7) that voting shall be on a percentage basis, and
15 that the percentage vote to which each unit is entitled is
16 the percentage interest of the undivided ownership of the
17 common elements appurtenant thereto, provided that the
18 bylaws may provide for approval by unit owners in
19 connection with matters where the requisite approval on a
20 percentage basis is not specified in this Act, on the basis
21 of one vote per unit;

22 (8) that, where there is more than one owner of a unit,
23 if only one of the multiple owners is present at a meeting
24 of the association, he is entitled to cast all the votes
25 allocated to that unit, if more than one of the multiple
26 owners are present, the votes allocated to that unit may be

1 cast only in accordance with the agreement of a majority in
2 interest of the multiple owners, unless the declaration
3 expressly provides otherwise, that there is majority
4 agreement if any one of the multiple owners cast the votes
5 allocated to that unit without protest being made promptly
6 to the person presiding over the meeting by any of the
7 other owners of the unit;

8 (9) (A) that unless the Articles of Incorporation or the
9 bylaws otherwise provide, and except as provided in
10 subparagraph (B) of this paragraph (9) in connection with
11 board elections, a unit owner may vote by proxy executed in
12 writing by the unit owner or by his duly authorized
13 attorney in fact; that the proxy must bear the date of
14 execution and, unless the condominium instruments or the
15 written proxy itself provide otherwise, is invalid after 11
16 months from the date of its execution;

17 (B) that if a rule adopted at least 120 days before a
18 board election or the declaration or bylaws provide for
19 balloting as set forth in this subsection, unit owners may
20 not vote by proxy in board elections, but may vote only (i)
21 by submitting an association-issued ballot in person at the
22 election meeting or (ii) by submitting an
23 association-issued ballot to the association or its
24 designated agent by mail or other means of delivery
25 specified in the declaration, bylaws, or rule; that the
26 ballots shall be mailed or otherwise distributed to unit

1 owners not less than 10 and not more than 30 days before
2 the election meeting, and the board shall give unit owners
3 not less than 21 days' prior written notice of the deadline
4 for inclusion of a candidate's name on the ballots; that
5 the deadline shall be no more than 7 days before the
6 ballots are mailed or otherwise distributed to unit owners;
7 that every such ballot must include the names of all
8 candidates who have given the board or its authorized agent
9 timely written notice of their candidacy and must give the
10 person casting the ballot the opportunity to cast votes for
11 candidates whose names do not appear on the ballot; that a
12 ballot received by the association or its designated agent
13 after the close of voting shall not be counted; that a unit
14 owner who submits a ballot by mail or other means of
15 delivery specified in the declaration, bylaws, or rule may
16 request and cast a ballot in person at the election
17 meeting, and thereby void any ballot previously submitted
18 by that unit owner;

19 (C) that if a written petition by unit owners with at
20 least 20% of the votes of the association is delivered to
21 the board within 14 days after the board's approval of a
22 rule adopted pursuant to subparagraph (B) of this paragraph
23 (9), the board shall call a meeting of the unit owners
24 within 30 days after the date of delivery of the petition;
25 that unless a majority of the total votes of the unit
26 owners are cast at the meeting to reject the rule, the rule

1 is ratified;

2 (10) that the association may, upon adoption of the
3 appropriate rules by the board of managers, conduct
4 elections by secret ballot whereby the voting ballot is
5 marked only with the percentage interest for the unit and
6 the vote itself, provided that the board further adopt
7 rules to verify the status of the unit owner issuing a
8 proxy or casting a ballot; and further, that a candidate
9 for election to the board of managers or such candidate's
10 representative shall have the right to be present at the
11 counting of ballots at such election;

12 (11) that in the event of a resale of a condominium
13 unit the purchaser of a unit from a seller other than the
14 developer pursuant to an installment contract for purchase
15 shall during such times as he or she resides in the unit be
16 counted toward a quorum for purposes of election of members
17 of the board of managers at any meeting of the unit owners
18 called for purposes of electing members of the board, shall
19 have the right to vote for the election of members of the
20 board of managers and to be elected to and serve on the
21 board of managers unless the seller expressly retains in
22 writing any or all of such rights. In no event may the
23 seller and purchaser both be counted toward a quorum, be
24 permitted to vote for a particular office or be elected and
25 serve on the board. Satisfactory evidence of the
26 installment contract shall be made available to the

1 association or its agents. For purposes of this subsection,
2 "installment contact" shall have the same meaning as set
3 forth in Section 1 (e) of "An Act relating to installment
4 contracts to sell dwelling structures", approved August
5 11, 1967, as amended;

6 (12) the method by which matters subject to the
7 approval of unit owners set forth in this Act, or in the
8 condominium instruments, will be submitted to the unit
9 owners at special membership meetings called for such
10 purposes; and

11 (13) that matters subject to the affirmative vote of
12 not less than 2/3 of the votes of unit owners at a meeting
13 duly called for that purpose, shall include, but not be
14 limited to:

15 (i) merger or consolidation of the association;

16 (ii) sale, lease, exchange, or other disposition
17 (excluding the mortgage or pledge) of all, or
18 substantially all of the property and assets of the
19 association; and

20 (iii) the purchase or sale of land or of units on
21 behalf of all unit owners.

22 (c) Election of a president from among the board of
23 managers, who shall preside over the meetings of the board of
24 managers and of the unit owners.

25 (d) Election of a secretary from among the board of
26 managers, who shall keep the minutes of all meetings of the

1 board of managers and of the unit owners and who shall, in
2 general, perform all the duties incident to the office of
3 secretary.

4 (e) Election of a treasurer from among the board of
5 managers, who shall keep the financial records and books of
6 account.

7 (f) Maintenance, repair and replacement of the common
8 elements and payments therefor, including the method of
9 approving payment vouchers.

10 (g) An association with 30 or more units shall obtain and
11 maintain fidelity insurance covering persons who control or
12 disburse funds of the association for the maximum amount of
13 coverage available to protect funds in the custody or control
14 of the association plus the association reserve fund. All
15 management companies which are responsible for the funds held
16 or administered by the association shall maintain and furnish
17 to the association a fidelity bond for the maximum amount of
18 coverage available to protect funds in the custody of the
19 management company at any time. The association shall bear the
20 cost of the fidelity insurance and fidelity bond, unless
21 otherwise provided by contract between the association and a
22 management company. The association shall be the direct obligee
23 of any such fidelity bond. A management company holding reserve
24 funds of an association shall at all times maintain a separate
25 account for each association, provided, however, that for
26 investment purposes, the Board of Managers of an association

1 may authorize a management company to maintain the
2 association's reserve funds in a single interest bearing
3 account with similar funds of other associations. The
4 management company shall at all times maintain records
5 identifying all moneys of each association in such investment
6 account. The management company may hold all operating funds of
7 associations which it manages in a single operating account but
8 shall at all times maintain records identifying all moneys of
9 each association in such operating account. Such operating and
10 reserve funds held by the management company for the
11 association shall not be subject to attachment by any creditor
12 of the management company.

13 For the purpose of this subsection a management company
14 shall be defined as a person, partnership, corporation, or
15 other legal entity entitled to transact business on behalf of
16 others, acting on behalf of or as an agent for a unit owner,
17 unit owners or association of unit owners for the purpose of
18 carrying out the duties, responsibilities, and other
19 obligations necessary for the day to day operation and
20 management of any property subject to this Act. For purposes of
21 this subsection, the term "fiduciary insurance coverage" shall
22 be defined as both a fidelity bond and directors and officers
23 liability coverage, the fidelity bond in the full amount of
24 association funds and association reserves that will be in the
25 custody of the association, and the directors and officers
26 liability coverage at a level as shall be determined to be

1 reasonable by the board of managers, if not otherwise
2 established by the declaration or by laws.

3 Until one year after the effective date of this amendatory
4 Act of 1985, if a condominium association has reserves plus
5 assessments in excess of \$250,000 and cannot reasonably obtain
6 100% fidelity bond coverage for such amount, then it must
7 obtain a fidelity bond coverage of \$250,000.

8 (h) Method of estimating the amount of the annual budget,
9 and the manner of assessing and collecting from the unit owners
10 their respective shares of such estimated expenses, and of any
11 other expenses lawfully agreed upon.

12 (i) That upon 10 days notice to the manager or board of
13 managers and payment of a reasonable fee, any unit owner shall
14 be furnished a statement of his account setting forth the
15 amount of any unpaid assessments or other charges due and owing
16 from such owner.

17 (j) Designation and removal of personnel necessary for the
18 maintenance, repair and replacement of the common elements.

19 (k) Such restrictions on and requirements respecting the
20 use and maintenance of the units and the use of the common
21 elements, not set forth in the declaration, as are designed to
22 prevent unreasonable interference with the use of their
23 respective units and of the common elements by the several unit
24 owners.

25 (l) Method of adopting and of amending administrative rules
26 and regulations governing the operation and use of the common

1 elements.

2 (m) The percentage of votes required to modify or amend the
3 bylaws, but each one of the particulars set forth in this
4 section shall always be embodied in the bylaws.

5 (n) (i) The provisions of this Act, the declaration,
6 bylaws, other condominium instruments, and rules and
7 regulations that relate to the use of the individual unit or
8 the common elements shall be applicable to any person leasing a
9 unit and shall be deemed to be incorporated in any lease
10 executed or renewed on or after the effective date of this
11 amendatory Act of 1984. (ii) With regard to any lease entered
12 into subsequent to the effective date of this amendatory Act of
13 1989, the unit owner leasing the unit shall deliver a copy of
14 the signed lease to the board or if the lease is oral, a
15 memorandum of the lease, not later than the date of occupancy
16 or 10 days after the lease is signed, whichever occurs first.
17 In addition to any other remedies, by filing an action jointly
18 against the tenant and the unit owner, an association may seek
19 to enjoin a tenant from occupying a unit or seek to evict a
20 tenant under the provisions of Article IX of the Code of Civil
21 Procedure for failure of the lessor-owner to comply with the
22 leasing requirements prescribed by this Section or by the
23 declaration, bylaws, and rules and regulations. However,
24 nothing in this Act or in the declarations, bylaws, and rules
25 and regulations of the association shall prohibit the unit
26 owners from leasing up to 20% of the units, as long as they

1 otherwise comply with the provisions of this Act. The board of
2 managers may proceed directly against a tenant, at law or in
3 equity, or under the provisions of Article IX of the Code of
4 Civil Procedure, for any other breach by tenant of any
5 covenants, rules, regulations or bylaws.

6 (o) The association shall have no authority to forbear the
7 payment of assessments by any unit owner.

8 (p) That when 30% or fewer of the units, by number, possess
9 over 50% in the aggregate of the votes in the association, any
10 percentage vote of members specified herein or in the
11 condominium instruments shall require the specified percentage
12 by number of units rather than by percentage of interest in the
13 common elements allocated to units that would otherwise be
14 applicable.

15 (q) That a unit owner may not assign, delegate, transfer,
16 surrender, or avoid the duties, responsibilities, and
17 liabilities of a unit owner under this Act, the condominium
18 instruments, or the rules and regulations of the Association;
19 and that such an attempted assignment, delegation, transfer,
20 surrender, or avoidance shall be deemed void.

21 The provisions of this Section are applicable to all
22 condominium instruments recorded under this Act. Any portion of
23 a condominium instrument which contains provisions contrary to
24 these provisions shall be void as against public policy and
25 ineffective. Any such instrument which fails to contain the
26 provisions required by this Section shall be deemed to

1 incorporate such provisions by operation of law.

2 (Source: P.A. 93-243, eff. 1-1-04.)

3 (Text of Section after amendment by P.A. 95-624)

4 Sec. 18. Contents of bylaws. The bylaws shall provide for
5 at least the following:

6 (a) (1) The election from among the unit owners of a board
7 of managers, the number of persons constituting such board,
8 and that the terms of at least one-third of the members of
9 the board shall expire annually and that all members of the
10 board shall be elected at large. If there are multiple
11 owners of a single unit, only one of the multiple owners
12 shall be eligible to serve as a member of the board at any
13 one time.

14 (2) the powers and duties of the board;

15 (3) the compensation, if any, of the members of the
16 board;

17 (4) the method of removal from office of members of the
18 board;

19 (5) that the board may engage the services of a manager
20 or managing agent;

21 (6) that each unit owner shall receive, at least 30
22 days prior to the adoption thereof by the board of
23 managers, a copy of the proposed annual budget together
24 with an indication of which portions are intended for
25 reserves, capital expenditures or repairs or payment of

1 real estate taxes;

2 (7) that the board of managers shall annually supply to
3 all unit owners an itemized accounting of the common
4 expenses for the preceding year actually incurred or paid,
5 together with an indication of which portions were for
6 reserves, capital expenditures or repairs or payment of
7 real estate taxes and with a tabulation of the amounts
8 collected pursuant to the budget or assessment, and showing
9 the net excess or deficit of income over expenditures plus
10 reserves;

11 (8) (i) that each unit owner shall receive notice, in
12 the same manner as is provided in this Act for membership
13 meetings, of any meeting of the board of managers
14 concerning the adoption of the proposed annual budget and
15 regular assessments pursuant thereto or to adopt a separate
16 (special) assessment, (ii) that except as provided in
17 subsection (iv) below, if an adopted budget or any separate
18 assessment adopted by the board would result in the sum of
19 all regular and separate assessments payable in the current
20 fiscal year exceeding 115% of the sum of all regular and
21 separate assessments payable during the preceding fiscal
22 year, the board of managers, upon written petition by unit
23 owners with 20 percent of the votes of the association
24 delivered to the board within 14 days of the board action,
25 shall call a meeting of the unit owners within 30 days of
26 the date of delivery of the petition to consider the budget

1 or separate assessment; unless a majority of the total
2 votes of the unit owners are cast at the meeting to reject
3 the budget or separate assessment, it is ratified, (iii)
4 that any common expense not set forth in the budget or any
5 increase in assessments over the amount adopted in the
6 budget shall be separately assessed against all unit
7 owners, (iv) that separate assessments for expenditures
8 relating to emergencies or mandated by law may be adopted
9 by the board of managers without being subject to unit
10 owner approval or the provisions of item (ii) above or item
11 (v) below. As used herein, "emergency" means an immediate
12 danger to the structural integrity of the common elements
13 or to the life, health, safety or property of the unit
14 owners, (v) that assessments for additions and alterations
15 to the common elements or to association-owned property not
16 included in the adopted annual budget, shall be separately
17 assessed and are subject to approval of two-thirds of the
18 total votes of all unit owners, (vi) that the board of
19 managers may adopt separate assessments payable over more
20 than one fiscal year. With respect to multi-year
21 assessments not governed by items (iv) and (v), the entire
22 amount of the multi-year assessment shall be deemed
23 considered and authorized in the first fiscal year in which
24 the assessment is approved;

25 (9) that meetings of the board of managers shall be
26 open to any unit owner, except for the portion of any

1 meeting held (i) to discuss litigation when an action
2 against or on behalf of the particular association has been
3 filed and is pending in a court or administrative tribunal,
4 or when the board of managers finds that such an action is
5 probable or imminent, (ii) to consider information
6 regarding appointment, employment or dismissal of an
7 employee, or (iii) to discuss violations of rules and
8 regulations of the association or a unit owner's unpaid
9 share of common expenses; that any vote on these matters
10 shall be taken at a meeting or portion thereof open to any
11 unit owner; that any unit owner may record the proceedings
12 at meetings or portions thereof required to be open by this
13 Act by tape, film or other means; that the board may
14 prescribe reasonable rules and regulations to govern the
15 right to make such recordings, that notice of such meetings
16 shall be mailed or delivered at least 48 hours prior
17 thereto, unless a written waiver of such notice is signed
18 by the person or persons entitled to such notice pursuant
19 to the declaration, bylaws, other condominium instrument,
20 or provision of law other than this subsection before the
21 meeting is convened, and that copies of notices of meetings
22 of the board of managers shall be posted in entranceways,
23 elevators, or other conspicuous places in the condominium
24 at least 48 hours prior to the meeting of the board of
25 managers except where there is no common entranceway for 7
26 or more units, the board of managers may designate one or

1 more locations in the proximity of these units where the
2 notices of meetings shall be posted;

3 (10) that the board shall meet at least 4 times
4 annually;

5 (11) that no member of the board or officer shall be
6 elected for a term of more than 2 years, but that officers
7 and board members may succeed themselves;

8 (12) the designation of an officer to mail and receive
9 all notices and execute amendments to condominium
10 instruments as provided for in this Act and in the
11 condominium instruments;

12 (13) the method of filling vacancies on the board which
13 shall include authority for the remaining members of the
14 board to fill the vacancy by two-thirds vote until the next
15 annual meeting of unit owners or for a period terminating
16 no later than 30 days following the filing of a petition
17 signed by unit owners holding 20% of the votes of the
18 association requesting a meeting of the unit owners to fill
19 the vacancy for the balance of the term, and that a meeting
20 of the unit owners shall be called for purposes of filling
21 a vacancy on the board no later than 30 days following the
22 filing of a petition signed by unit owners holding 20% of
23 the votes of the association requesting such a meeting, and
24 the method of filling vacancies among the officers that
25 shall include the authority for the members of the board to
26 fill the vacancy for the unexpired portion of the term;

1 (14) what percentage of the board of managers, if other
2 than a majority, shall constitute a quorum;

3 (15) provisions concerning notice of board meetings to
4 members of the board;

5 (16) the board of managers may not enter into a
6 contract with a current board member or with a corporation
7 or partnership in which a board member or a member of the
8 board member's immediate family has 25% or more interest,
9 unless notice of intent to enter the contract is given to
10 unit owners within 20 days after a decision is made to
11 enter into the contract and the unit owners are afforded an
12 opportunity by filing a petition, signed by 20% of the unit
13 owners, for an election to approve or disapprove the
14 contract; such petition shall be filed within 20 days after
15 such notice and such election shall be held within 30 days
16 after filing the petition; for purposes of this subsection,
17 a board member's immediate family means the board member's
18 spouse, parents, and children;

19 (17) that the board of managers may disseminate to unit
20 owners biographical and background information about
21 candidates for election to the board if (i) reasonable
22 efforts to identify all candidates are made and all
23 candidates are given an opportunity to include
24 biographical and background information in the information
25 to be disseminated; and (ii) the board does not express a
26 preference in favor of any candidate;

1 (18) any proxy distributed for board elections by the
2 board of managers gives unit owners the opportunity to
3 designate any person as the proxy holder, and gives the
4 unit owner the opportunity to express a preference for any
5 of the known candidates for the board or to write in a
6 name;

7 (19) that special meetings of the board of managers can
8 be called by the president or 25% of the members of the
9 board; and

10 (20) that the board of managers may establish and
11 maintain a system of master metering of public utility
12 services and collect payments in connection therewith,
13 subject to the requirements of the Tenant Utility Payment
14 Disclosure Act.

15 (b) (1) What percentage of the unit owners, if other than
16 20%, shall constitute a quorum provided that, for
17 condominiums with 20 or more units, the percentage of unit
18 owners constituting a quorum shall be 20% unless the unit
19 owners holding a majority of the percentage interest in the
20 association provide for a higher percentage;

21 (2) that the association shall have one class of
22 membership;

23 (3) that the members shall hold an annual meeting, one
24 of the purposes of which shall be to elect members of the
25 board of managers;

26 (4) the method of calling meetings of the unit owners;

1 (5) that special meetings of the members can be called
2 by the president, board of managers, or by 20% of unit
3 owners;

4 (6) that written notice of any membership meeting shall
5 be mailed or delivered giving members no less than 10 and
6 no more than 30 days notice of the time, place and purpose
7 of such meeting;

8 (7) that voting shall be on a percentage basis, and
9 that the percentage vote to which each unit is entitled is
10 the percentage interest of the undivided ownership of the
11 common elements appurtenant thereto, provided that the
12 bylaws may provide for approval by unit owners in
13 connection with matters where the requisite approval on a
14 percentage basis is not specified in this Act, on the basis
15 of one vote per unit;

16 (8) that, where there is more than one owner of a unit,
17 if only one of the multiple owners is present at a meeting
18 of the association, he is entitled to cast all the votes
19 allocated to that unit, if more than one of the multiple
20 owners are present, the votes allocated to that unit may be
21 cast only in accordance with the agreement of a majority in
22 interest of the multiple owners, unless the declaration
23 expressly provides otherwise, that there is majority
24 agreement if any one of the multiple owners cast the votes
25 allocated to that unit without protest being made promptly
26 to the person presiding over the meeting by any of the

1 other owners of the unit;

2 (9) (A) that unless the Articles of Incorporation or the
3 bylaws otherwise provide, and except as provided in
4 subparagraph (B) of this paragraph (9) in connection with
5 board elections, a unit owner may vote by proxy executed in
6 writing by the unit owner or by his duly authorized
7 attorney in fact; that the proxy must bear the date of
8 execution and, unless the condominium instruments or the
9 written proxy itself provide otherwise, is invalid after 11
10 months from the date of its execution;

11 (B) that if a rule adopted at least 120 days before a
12 board election or the declaration or bylaws provide for
13 balloting as set forth in this subsection, unit owners may
14 not vote by proxy in board elections, but may vote only (i)
15 by submitting an association-issued ballot in person at the
16 election meeting or (ii) by submitting an
17 association-issued ballot to the association or its
18 designated agent by mail or other means of delivery
19 specified in the declaration, bylaws, or rule; that the
20 ballots shall be mailed or otherwise distributed to unit
21 owners not less than 10 and not more than 30 days before
22 the election meeting, and the board shall give unit owners
23 not less than 21 days' prior written notice of the deadline
24 for inclusion of a candidate's name on the ballots; that
25 the deadline shall be no more than 7 days before the
26 ballots are mailed or otherwise distributed to unit owners;

1 that every such ballot must include the names of all
2 candidates who have given the board or its authorized agent
3 timely written notice of their candidacy and must give the
4 person casting the ballot the opportunity to cast votes for
5 candidates whose names do not appear on the ballot; that a
6 ballot received by the association or its designated agent
7 after the close of voting shall not be counted; that a unit
8 owner who submits a ballot by mail or other means of
9 delivery specified in the declaration, bylaws, or rule may
10 request and cast a ballot in person at the election
11 meeting, and thereby void any ballot previously submitted
12 by that unit owner;

13 (C) that if a written petition by unit owners with at
14 least 20% of the votes of the association is delivered to
15 the board within 14 days after the board's approval of a
16 rule adopted pursuant to subparagraph (B) of this paragraph
17 (9), the board shall call a meeting of the unit owners
18 within 30 days after the date of delivery of the petition;
19 that unless a majority of the total votes of the unit
20 owners are cast at the meeting to reject the rule, the rule
21 is ratified;

22 (10) that the association may, upon adoption of the
23 appropriate rules by the board of managers, conduct
24 elections by secret ballot whereby the voting ballot is
25 marked only with the percentage interest for the unit and
26 the vote itself, provided that the board further adopt

1 rules to verify the status of the unit owner issuing a
2 proxy or casting a ballot; and further, that a candidate
3 for election to the board of managers or such candidate's
4 representative shall have the right to be present at the
5 counting of ballots at such election;

6 (11) that in the event of a resale of a condominium
7 unit the purchaser of a unit from a seller other than the
8 developer pursuant to an installment contract for purchase
9 shall during such times as he or she resides in the unit be
10 counted toward a quorum for purposes of election of members
11 of the board of managers at any meeting of the unit owners
12 called for purposes of electing members of the board, shall
13 have the right to vote for the election of members of the
14 board of managers and to be elected to and serve on the
15 board of managers unless the seller expressly retains in
16 writing any or all of such rights. In no event may the
17 seller and purchaser both be counted toward a quorum, be
18 permitted to vote for a particular office or be elected and
19 serve on the board. Satisfactory evidence of the
20 installment contact shall be made available to the
21 association or its agents. For purposes of this subsection,
22 "installment contact" shall have the same meaning as set
23 forth in Section 1 (e) of "An Act relating to installment
24 contracts to sell dwelling structures", approved August
25 11, 1967, as amended;

26 (12) the method by which matters subject to the

1 approval of unit owners set forth in this Act, or in the
2 condominium instruments, will be submitted to the unit
3 owners at special membership meetings called for such
4 purposes; and

5 (13) that matters subject to the affirmative vote of
6 not less than 2/3 of the votes of unit owners at a meeting
7 duly called for that purpose, shall include, but not be
8 limited to:

9 (i) merger or consolidation of the association;

10 (ii) sale, lease, exchange, or other disposition
11 (excluding the mortgage or pledge) of all, or
12 substantially all of the property and assets of the
13 association; and

14 (iii) the purchase or sale of land or of units on
15 behalf of all unit owners.

16 (c) Election of a president from among the board of
17 managers, who shall preside over the meetings of the board of
18 managers and of the unit owners.

19 (d) Election of a secretary from among the board of
20 managers, who shall keep the minutes of all meetings of the
21 board of managers and of the unit owners and who shall, in
22 general, perform all the duties incident to the office of
23 secretary.

24 (e) Election of a treasurer from among the board of
25 managers, who shall keep the financial records and books of
26 account.

1 (f) Maintenance, repair and replacement of the common
2 elements and payments therefor, including the method of
3 approving payment vouchers.

4 (g) An association with 30 or more units shall obtain and
5 maintain fidelity insurance covering persons who control or
6 disburse funds of the association for the maximum amount of
7 coverage available to protect funds in the custody or control
8 of the association plus the association reserve fund. All
9 management companies which are responsible for the funds held
10 or administered by the association shall maintain and furnish
11 to the association a fidelity bond for the maximum amount of
12 coverage available to protect funds in the custody of the
13 management company at any time. The association shall bear the
14 cost of the fidelity insurance and fidelity bond, unless
15 otherwise provided by contract between the association and a
16 management company. The association shall be the direct obligee
17 of any such fidelity bond. A management company holding reserve
18 funds of an association shall at all times maintain a separate
19 account for each association, provided, however, that for
20 investment purposes, the Board of Managers of an association
21 may authorize a management company to maintain the
22 association's reserve funds in a single interest bearing
23 account with similar funds of other associations. The
24 management company shall at all times maintain records
25 identifying all moneys of each association in such investment
26 account. The management company may hold all operating funds of

1 associations which it manages in a single operating account but
2 shall at all times maintain records identifying all moneys of
3 each association in such operating account. Such operating and
4 reserve funds held by the management company for the
5 association shall not be subject to attachment by any creditor
6 of the management company.

7 For the purpose of this subsection a management company
8 shall be defined as a person, partnership, corporation, or
9 other legal entity entitled to transact business on behalf of
10 others, acting on behalf of or as an agent for a unit owner,
11 unit owners or association of unit owners for the purpose of
12 carrying out the duties, responsibilities, and other
13 obligations necessary for the day to day operation and
14 management of any property subject to this Act. For purposes of
15 this subsection, the term "fiduciary insurance coverage" shall
16 be defined as both a fidelity bond and directors and officers
17 liability coverage, the fidelity bond in the full amount of
18 association funds and association reserves that will be in the
19 custody of the association, and the directors and officers
20 liability coverage at a level as shall be determined to be
21 reasonable by the board of managers, if not otherwise
22 established by the declaration or by laws.

23 Until one year after the effective date of this amendatory
24 Act of 1985, if a condominium association has reserves plus
25 assessments in excess of \$250,000 and cannot reasonably obtain
26 100% fidelity bond coverage for such amount, then it must

1 obtain a fidelity bond coverage of \$250,000.

2 (h) Method of estimating the amount of the annual budget,
3 and the manner of assessing and collecting from the unit owners
4 their respective shares of such estimated expenses, and of any
5 other expenses lawfully agreed upon.

6 (i) That upon 10 days notice to the manager or board of
7 managers and payment of a reasonable fee, any unit owner shall
8 be furnished a statement of his account setting forth the
9 amount of any unpaid assessments or other charges due and owing
10 from such owner.

11 (j) Designation and removal of personnel necessary for the
12 maintenance, repair and replacement of the common elements.

13 (k) Such restrictions on and requirements respecting the
14 use and maintenance of the units and the use of the common
15 elements, not set forth in the declaration, as are designed to
16 prevent unreasonable interference with the use of their
17 respective units and of the common elements by the several unit
18 owners.

19 (l) Method of adopting and of amending administrative rules
20 and regulations governing the operation and use of the common
21 elements.

22 (m) The percentage of votes required to modify or amend the
23 bylaws, but each one of the particulars set forth in this
24 section shall always be embodied in the bylaws.

25 (n) (i) The provisions of this Act, the declaration,
26 bylaws, other condominium instruments, and rules and

1 regulations that relate to the use of the individual unit or
2 the common elements shall be applicable to any person leasing a
3 unit and shall be deemed to be incorporated in any lease
4 executed or renewed on or after the effective date of this
5 amendatory Act of 1984. (ii) With regard to any lease entered
6 into subsequent to the effective date of this amendatory Act of
7 1989, the unit owner leasing the unit shall deliver a copy of
8 the signed lease to the board or if the lease is oral, a
9 memorandum of the lease, not later than the date of occupancy
10 or 10 days after the lease is signed, whichever occurs first.
11 In addition to any other remedies, by filing an action jointly
12 against the tenant and the unit owner, an association may seek
13 to enjoin a tenant from occupying a unit or seek to evict a
14 tenant under the provisions of Article IX of the Code of Civil
15 Procedure for failure of the lessor-owner to comply with the
16 leasing requirements prescribed by this Section or by the
17 declaration, bylaws, and rules and regulations. The board of
18 managers may proceed directly against a tenant, at law or in
19 equity, or under the provisions of Article IX of the Code of
20 Civil Procedure, for any other breach by tenant of any
21 covenants, rules, regulations or bylaws. However, nothing in
22 this Act or in the declarations, bylaws, and rules and
23 regulations of the association shall prohibit the unit owners
24 from leasing up to 20% of the units, as long as they otherwise
25 comply with the provisions of this Act.

26 (o) The association shall have no authority to forbear the

1 payment of assessments by any unit owner.

2 (p) That when 30% or fewer of the units, by number, possess
3 over 50% in the aggregate of the votes in the association, any
4 percentage vote of members specified herein or in the
5 condominium instruments shall require the specified percentage
6 by number of units rather than by percentage of interest in the
7 common elements allocated to units that would otherwise be
8 applicable. For purposes of this subsection (p), when making a
9 determination of whether 30% or fewer of the units, by number,
10 possess over 50% in the aggregate of the votes in the
11 association, a unit shall not include a garage unit or a
12 storage unit.

13 (q) That a unit owner may not assign, delegate, transfer,
14 surrender, or avoid the duties, responsibilities, and
15 liabilities of a unit owner under this Act, the condominium
16 instruments, or the rules and regulations of the Association;
17 and that such an attempted assignment, delegation, transfer,
18 surrender, or avoidance shall be deemed void.

19 The provisions of this Section are applicable to all
20 condominium instruments recorded under this Act. Any portion of
21 a condominium instrument which contains provisions contrary to
22 these provisions shall be void as against public policy and
23 ineffective. Any such instrument which fails to contain the
24 provisions required by this Section shall be deemed to
25 incorporate such provisions by operation of law.

26 (Source: P.A. 95-624, eff. 6-1-08.)

1 (765 ILCS 605/18.4) (from Ch. 30, par. 318.4)

2 Sec. 18.4. Powers and Duties of Board of Managers. The
3 board of managers shall exercise for the association all
4 powers, duties and authority vested in the association by law
5 or the condominium instruments except for such powers, duties
6 and authority reserved by law to the members of the
7 association. The powers and duties of the board of managers
8 shall include, but shall not be limited to, the following:

9 (a) To provide for the operation, care, upkeep,
10 maintenance, replacement and improvement of the common
11 elements. Nothing in this subsection (a) shall be deemed to
12 invalidate any provision in a condominium instrument
13 placing limits on expenditures for the common elements,
14 provided, that such limits shall not be applicable to
15 expenditures for repair, replacement, or restoration of
16 existing portions of the common elements. The term "repair,
17 replacement or restoration" means expenditures to
18 deteriorated or damaged portions of the property related to
19 the existing decorating, facilities, or structural or
20 mechanical components, interior or exterior surfaces, or
21 energy systems and equipment with the functional
22 equivalent of the original portions of such areas.
23 Replacement of the common elements may result in an
24 improvement over the original quality of such elements or
25 facilities; provided that, unless the improvement is

1 mandated by law or is an emergency as defined in item (iv)
2 of subparagraph (8) of paragraph (a) of Section 18, if the
3 improvement results in a proposed expenditure exceeding 5%
4 of the annual budget, the board of managers, upon written
5 petition by unit owners with 20% of the votes of the
6 association delivered to the board within 14 days of the
7 board action to approve the expenditure, shall call a
8 meeting of the unit owners within 30 days of the date of
9 delivery of the petition to consider the expenditure.
10 Unless a majority of the total votes of the unit owners are
11 cast at the meeting to reject the expenditure, it is
12 ratified.

13 (b) To prepare, adopt and distribute the annual budget
14 for the property.

15 (c) To levy and expend assessments.

16 (d) To collect assessments from unit owners.

17 (e) To provide for the employment and dismissal of the
18 personnel necessary or advisable for the maintenance and
19 operation of the common elements.

20 (f) To obtain adequate and appropriate kinds of
21 insurance.

22 (g) To own, convey, encumber, lease, and otherwise deal
23 with units conveyed to or purchased by it.

24 (h) To adopt and amend rules and regulations covering
25 the details of the operation and use of the property, after
26 a meeting of the unit owners called for the specific

1 purpose of discussing the proposed rules and regulations.
2 Notice of the meeting shall contain the full text of the
3 proposed rules and regulations, and the meeting shall
4 conform to the requirements of Section 18(b) of this Act,
5 except that no quorum is required at the meeting of the
6 unit owners unless the declaration, bylaws or other
7 condominium instrument expressly provides to the contrary.
8 However, no rule or regulation may impair any rights
9 guaranteed by the First Amendment to the Constitution of
10 the United States or Section 4 of Article I of the Illinois
11 Constitution including, but not limited to, the free
12 exercise of religion, nor may any rules or regulations
13 conflict with the provisions of this Act or the condominium
14 instruments. No rule or regulation shall prohibit any
15 reasonable accommodation for religious practices,
16 including the attachment of religiously mandated objects
17 to the front-door area of a condominium unit. No
18 declarations, by-laws, rules or regulations, or other
19 condominium instruments shall prohibit the unit owners
20 from leasing up to 20% of the total units, as long as they
21 otherwise comply with the provisions of this Act.

22 (i) To keep detailed, accurate records of the receipts
23 and expenditures affecting the use and operation of the
24 property.

25 (j) To have access to each unit from time to time as
26 may be necessary for the maintenance, repair or replacement

1 of any common elements or for making emergency repairs
2 necessary to prevent damage to the common elements or to
3 other units.

4 (k) To pay real property taxes, special assessments,
5 and any other special taxes or charges of the State of
6 Illinois or of any political subdivision thereof, or other
7 lawful taxing or assessing body, which are authorized by
8 law to be assessed and levied upon the real property of the
9 condominium.

10 (l) To impose charges for late payment of a unit
11 owner's proportionate share of the common expenses, or any
12 other expenses lawfully agreed upon, and after notice and
13 an opportunity to be heard, to levy reasonable fines for
14 violation of the declaration, by-laws, and rules and
15 regulations of the association.

16 (m) Unless the condominium instruments expressly
17 provide to the contrary, by a majority vote of the entire
18 board of managers, to assign the right of the association
19 to future income from common expenses or other sources, and
20 to mortgage or pledge substantially all of the remaining
21 assets of the association.

22 (n) To record the dedication of a portion of the common
23 elements to a public body for use as, or in connection
24 with, a street or utility where authorized by the unit
25 owners under the provisions of Section 14.2.

26 (o) To record the granting of an easement for the

1 laying of cable television cable where authorized by the
2 unit owners under the provisions of Section 14.3; to
3 obtain, if available and determined by the board to be in
4 the best interests of the association, cable television
5 service for all of the units of the condominium on a bulk
6 identical service and equal cost per unit basis; and to
7 assess and recover the expense as a common expense and, if
8 so determined by the board, to assess each and every unit
9 on the same equal cost per unit basis.

10 (p) To seek relief on behalf of all unit owners when
11 authorized pursuant to subsection (c) of Section 10 from or
12 in connection with the assessment or levying of real
13 property taxes, special assessments, and any other special
14 taxes or changes of the State of Illinois or of any
15 political subdivision thereof or of any lawful taxing or
16 assessing body.

17 (q) To reasonably accommodate the needs of a
18 handicapped unit owner as required by the federal Civil
19 Rights Act of 1968, the Human Rights Act and any applicable
20 local ordinances in the exercise of its powers with respect
21 to the use of common elements or approval of modifications
22 in an individual unit.

23 (r) To accept service of a notice of claim for purposes
24 of the Mechanics Lien Act on behalf of each respective
25 member of the Unit Owners' Association with respect to
26 improvements performed pursuant to any contract entered

1 into by the Board of Managers or any contract entered into
2 prior to the recording of the condominium declaration
3 pursuant to this Act, for a property containing more than 8
4 units, and to distribute the notice to the unit owners
5 within 7 days of the acceptance of the service by the Board
6 of Managers. The service shall be effective as if each
7 individual unit owner had been served individually with
8 notice.

9 In the performance of their duties, the officers and
10 members of the board, whether appointed by the developer or
11 elected by the unit owners, shall exercise the care required of
12 a fiduciary of the unit owners.

13 The collection of assessments from unit owners by an
14 association, board of managers or their duly authorized agents
15 shall not be considered acts constituting a collection agency
16 for purposes of the Collection Agency Act.

17 The provisions of this Section are applicable to all
18 condominium instruments recorded under this Act. Any portion of
19 a condominium instrument which contains provisions contrary to
20 these provisions shall be void as against public policy and
21 ineffective. Any such instrument that fails to contain the
22 provisions required by this Section shall be deemed to
23 incorporate such provisions by operation of law.

24 (Source: P.A. 94-384, eff. 1-1-06; 94-729, eff. 1-1-07.)

25 Section 10. The General Not For Profit Corporation Act of

1 1986 is amended by adding Section 103.35 as follows:

2 (805 ILCS 105/103.35 new)

3 Sec. 103.35. Leasing units.

4 (a) Notwithstanding any other provision in the common
5 interest community or homeowners' association's declaration,
6 covenants, bylaws, rules, regulations, or other instruments or
7 any construction of those instruments by a common interest
8 community or homeowners' association's board of directors, a
9 homeowners' association or common interest community
10 incorporated under this Act may not prohibit 20% of the total
11 units from being used as leasing property.

12 (b) As used in this Section:

13 "Homeowners' association" includes a property owners'
14 association, townhome association, and any similar entity, and
15 "homeowner" includes a townhome owner.

16 "Common interest community" has the meaning ascribed to
17 that term in subsection (c) of Section 9-102 of the Code of
18 Civil Procedure.

19 Section 95. No acceleration or delay. Where this Act makes
20 changes in a statute that is represented in this Act by text
21 that is not yet or no longer in effect (for example, a Section
22 represented by multiple versions), the use of that text does
23 not accelerate or delay the taking effect of (i) the changes
24 made by this Act or (ii) provisions derived from any other

1 Public Act.

2 Section 99. Effective date. This Act takes effect upon
3 becoming law.