



## 98TH GENERAL ASSEMBLY

### State of Illinois

### 2013 and 2014

### SB1457

Introduced 2/6/2013, by Sen. William R. Haine

#### SYNOPSIS AS INTRODUCED:

765 ILCS 605/12	from Ch. 30, par. 312
765 ILCS 605/18	from Ch. 30, par. 318

Amends the Condominium Property Act. Provides that certain insurance policies must be in a total amount of not less than the full insurable replacement cost or guaranteed replacement cost (current law does not contain "or guaranteed replacement cost") of the insured property, less deductibles, but including coverage for the increased costs of construction due to building code requirements of a minimum amount of 5% of the total building (blanket) limit (current law does not contain "a minimum amount of 5% of the total building (blanket) limit"), at the time the insurance is purchased and at each renewal date. Provides that certain associations must include the managing agent and employees who control or disburse funds of the association as additional insureds. Provides that, with exceptions, only policies issued by carriers who meet certain ratings benchmarks are permitted. Prohibits certain types of policies. Provides that the maximum deductible amount that unit owners can be required to pay is \$5,000. Provides that certain contractors and vendors must provide certificates of insurance, which among other requirements, carry a commercial liability limit of at least \$1,000,000 and provide a workers' compensation policy, even if the insured is self-employed with no additional employees. Provides that an association with 6 (instead of 30) or more units shall obtain and maintain fidelity insurance covering persons who control or disburse funds of the association for the maximum amount of coverage available to protect funds in the custody or control of the association plus the association reserve fund.

LRB098 08609 HEP 38727 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 Sections 12 and 18 as follows:

6 (765 ILCS 605/12) (from Ch. 30, par. 312)

7 Sec. 12. Insurance.

8 (a) Required coverage. No policy of insurance shall be  
9 issued or delivered to a condominium association, and no policy  
10 of insurance issued to a condominium association shall be  
11 renewed, unless the insurance coverage under the policy  
12 includes the following:

13 (1) Property insurance. Property insurance (i) on the  
14 common elements and the units, including the limited common  
15 elements and except as otherwise determined by the board of  
16 managers, the bare walls, floors, and ceilings of the unit,  
17 (ii) providing coverage for special form causes of loss,  
18 and (iii) in a total amount of not less than the full  
19 insurable replacement cost or guaranteed replacement cost  
20 of the insured property, less deductibles, but including  
21 coverage for the increased costs of construction due to  
22 building code requirements of a minimum amount of 5% of the  
23 total building (blanket) limit, at the time the insurance

1 is purchased and at each renewal date.

2 (2) General liability insurance. Commercial general  
3 liability insurance against claims and liabilities arising  
4 in connection with the ownership, existence, use, or  
5 management of the property in a minimum amount of  
6 \$1,000,000, or a greater amount deemed sufficient in the  
7 judgment of the board, insuring the board, the association,  
8 the management agent, and their respective employees and  
9 agents and all persons acting as agents. The developer must  
10 be included as an additional insured in its capacity as a  
11 unit owner, manager, board member, or officer. The unit  
12 owners must be included as additional insured parties but  
13 only for claims and liabilities arising in connection with  
14 the ownership, existence, use, or management of the common  
15 elements. The insurance must cover claims of one or more  
16 insured parties against other insured parties.

17 (3) Fidelity bond; directors and officers coverage.

18 (A) An association with 6 or more dwelling units  
19 must obtain and maintain a fidelity bond covering  
20 persons, including the managing agent and its  
21 employees who control or disburse funds of the  
22 association as additional insureds, for the maximum  
23 amount of coverage available to protect funds in the  
24 custody or control of the association, plus the  
25 association reserve fund.

26 (B) All management companies that are responsible

1 for the funds held or administered by the association  
2 must be covered by a fidelity bond for the maximum  
3 amount of coverage available to protect those funds.  
4 The association has standing to make a loss claim  
5 against the bond of the managing agent as a party  
6 covered under the bond.

7 (C) For purposes of paragraphs (A) and (B), the  
8 fidelity bond must be in the full amount of association  
9 funds and reserves in the custody of the association or  
10 the management company.

11 (D) The board of directors must obtain directors  
12 and officers liability coverage at a level deemed  
13 reasonable by the board, if not otherwise established  
14 by the declaration or bylaws. Directors and officers  
15 liability coverage must extend to all contracts and  
16 other actions taken by the board in their official  
17 capacity as directors and officers, but this coverage  
18 shall exclude actions for which the directors are not  
19 entitled to indemnification under the General Not For  
20 Profit Corporation Act of 1986 or the declaration and  
21 bylaws of the association.

22 Only admitted insurance carriers with a rating of B+ or  
23 higher by A.M. Best Company, Inc., or a comparable rating  
24 issued by a rating agency designated as a Nationally Recognized  
25 Statistical Rating Organization by the United States  
26 Securities and Exchange Commission, are permitted, unless 3

1 admitted carriers have declined the risk for the association,  
2 in which case an association shall utilize the excess surplus  
3 lines to secure insurance coverage.

4 (a-5) Prohibited policies. The following types of  
5 insurance policies are not permitted:

6 (1) a policy covering multiple unaffiliated  
7 condominium buildings or projects; and

8 (2) self-insurance arrangements whereby the unit  
9 owners are self-insured or have banded together with other  
10 unaffiliated associations to self-insure all of the  
11 general and limited common elements of the various  
12 associations.

13 (b) Contiguous units; improvements and betterments. The  
14 insurance maintained under subdivision (a) (1) must include the  
15 units, the limited common elements except as otherwise  
16 determined by the board of managers, and the common elements.  
17 The insurance need not cover improvements and betterments to  
18 the units installed by unit owners, but if improvements and  
19 betterments are covered, any increased cost may be assessed by  
20 the association against the units affected.

21 Common elements include fixtures located within the  
22 unfinished interior surfaces of the perimeter walls, floors,  
23 and ceilings of the individual units initially installed by the  
24 developer. Common elements exclude floor, wall, and ceiling  
25 coverings. "Improvements and betterments" means all  
26 decorating, fixtures, and furnishings installed or added to and

1 located within the boundaries of the unit, including electrical  
2 fixtures, appliances, air conditioning and heating equipment,  
3 water heaters, or built-in cabinets installed by unit owners.

4 (c) Deductibles. The board of directors of the association  
5 may, in the case of a claim for damage to a unit or the common  
6 elements, (i) pay the deductible amount as a common expense,  
7 (ii) after notice and an opportunity for a hearing, assess the  
8 deductible amount against the owners who caused the damage or  
9 from whose units the damage or cause of loss originated, or  
10 (iii) require the unit owners of the units affected to pay the  
11 deductible amount, not to exceed \$5,000.

12 (d) Other coverages. The declaration may require the  
13 association to carry any other insurance, including workers  
14 compensation, employment practices, environmental hazards, and  
15 equipment breakdown, the board of directors considers  
16 appropriate to protect the association, the unit owners, or  
17 officers, directors, or agents of the association.

18 (e) Insured parties; waiver of subrogation. Insurance  
19 policies carried pursuant to subsections (a) and (b) must  
20 include each of the following provisions:

21 (1) Each unit owner and secured party is an insured  
22 person under the policy with respect to liability arising  
23 out of the unit owner's interest in the common elements or  
24 membership in the association.

25 (2) The insurer waives its right to subrogation under  
26 the policy against any unit owner of the condominium or

1 members of the unit owner's household and against the  
2 association and members of the board of directors.

3 (3) The unit owner waives his or her right to  
4 subrogation under the association policy against the  
5 association and the board of directors.

6 (f) Primary insurance. If at the time of a loss under the  
7 policy there is other insurance in the name of a unit owner  
8 covering the same property covered by the policy, the  
9 association's policy is primary insurance.

10 (g) Adjustment of losses; distribution of proceeds. Any  
11 loss covered by the property policy under subdivision (a)(1)  
12 must be adjusted by and with the association. The insurance  
13 proceeds for that loss must be payable to the association, or  
14 to an insurance trustee designated by the association for that  
15 purpose. The insurance trustee or the association must hold any  
16 insurance proceeds in trust for unit owners and secured parties  
17 as their interests may appear. The proceeds must be disbursed  
18 first for the repair or restoration of the damaged common  
19 elements, the bare walls, ceilings, and floors of the units,  
20 and then to any improvements and betterments the association  
21 may insure. Unit owners are not entitled to receive any portion  
22 of the proceeds unless there is a surplus of proceeds after the  
23 common elements and units have been completely repaired or  
24 restored or the association has been terminated as trustee.

25 (h) Mandatory unit owner coverage. The board of directors  
26 may, under the declaration and bylaws or by rule, require

1 condominium unit owners to obtain insurance covering their  
2 personal liability and compensatory (but not consequential)  
3 damages to another unit caused by the negligence of the owner  
4 or his or her guests, residents, or invitees, or regardless of  
5 any negligence originating from the unit. The personal  
6 liability of a unit owner or association member must include  
7 the deductible of the owner whose unit was damaged, any damage  
8 not covered by insurance required by this subsection, as well  
9 as the decorating, painting, wall and floor coverings, trim,  
10 appliances, equipment, and other furnishings.

11 If the unit owner does not purchase or produce evidence of  
12 insurance requested by the board, the directors may purchase  
13 the insurance coverage and charge the premium cost back to the  
14 unit owner. In no event is the board liable to any person  
15 either with regard to its decision not to purchase the  
16 insurance, or with regard to the timing of its purchase of the  
17 insurance or the amounts or types of coverages obtained.

18 (i) Certificates of insurance. Contractors and vendors  
19 (except public utilities) doing business with a condominium  
20 association under contracts exceeding \$10,000 per year must  
21 provide certificates of insurance naming the association, its  
22 board of directors, and its managing agent as additional  
23 insured parties, carrying a commercial liability limit of at  
24 least \$1,000,000, and providing a workers' compensation  
25 policy, even if the insured is self-employed with no additional  
26 employees.



1           (j) Non-residential condominiums. The provisions of this  
2 Section may be varied or waived in the case of a condominium  
3 community in which all units are restricted to nonresidential  
4 use.

5           (k) Settlement of claims. Any insurer defending a liability  
6 claim against a condominium association must notify the  
7 association of the terms of the settlement no less than 10 days  
8 before settling the claim. The association may not veto the  
9 settlement unless otherwise provided by contract or statute.  
10 (Source: P.A. 92-518, eff. 6-1-02.)

11           (765 ILCS 605/18) (from Ch. 30, par. 318)

12           Sec. 18. Contents of bylaws. The bylaws shall provide for  
13 at least the following:

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

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

23                       (3) the compensation, if any, of the members of the  
24 board;

25                       (4) the method of removal from office of members of the

1 board;

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

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

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

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

1 all regular and separate assessments payable in the current  
2 fiscal year exceeding 115% of the sum of all regular and  
3 separate assessments payable during the preceding fiscal  
4 year, the board of managers, upon written petition by unit  
5 owners with 20 percent of the votes of the association  
6 delivered to the board within 14 days of the board action,  
7 shall call a meeting of the unit owners within 30 days of  
8 the date of delivery of the petition to consider the budget  
9 or separate assessment; unless a majority of the total  
10 votes of the unit owners are cast at the meeting to reject  
11 the budget or separate assessment, it is ratified, (iii)  
12 that any common expense not set forth in the budget or any  
13 increase in assessments over the amount adopted in the  
14 budget shall be separately assessed against all unit  
15 owners, (iv) that separate assessments for expenditures  
16 relating to emergencies or mandated by law may be adopted  
17 by the board of managers without being subject to unit  
18 owner approval or the provisions of item (ii) above or item  
19 (v) below. As used herein, "emergency" means an immediate  
20 danger to the structural integrity of the common elements  
21 or to the life, health, safety or property of the unit  
22 owners, (v) that assessments for additions and alterations  
23 to the common elements or to association-owned property not  
24 included in the adopted annual budget, shall be separately  
25 assessed and are subject to approval of two-thirds of the  
26 total votes of all unit owners, (vi) that the board of

1 managers may adopt separate assessments payable over more  
2 than one fiscal year. With respect to multi-year  
3 assessments not governed by items (iv) and (v), the entire  
4 amount of the multi-year assessment shall be deemed  
5 considered and authorized in the first fiscal year in which  
6 the assessment is approved;

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

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

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

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

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

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

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

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

11 (15) provisions concerning notice of board meetings to  
12 members of the board;

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

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

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

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

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

23           (b) (1) What percentage of the unit owners, if other than  
24 20%, shall constitute a quorum provided that, for  
25 condominiums with 20 or more units, the percentage of unit  
26 owners constituting a quorum shall be 20% unless the unit

1 owners holding a majority of the percentage interest in the  
2 association provide for a higher percentage, provided that  
3 in voting on amendments to the association's bylaws, a unit  
4 owner who is in arrears on the unit owner's regular or  
5 separate assessments for 60 days or more, shall not be  
6 counted for purposes of determining if a quorum is present,  
7 but that unit owner retains the right to vote on amendments  
8 to the association's bylaws;

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

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

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

15 (5) that special meetings of the members can be called  
16 by the president, board of managers, or by 20% of unit  
17 owners;

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

22 (7) that voting shall be on a percentage basis, and  
23 that the percentage vote to which each unit is entitled is  
24 the percentage interest of the undivided ownership of the  
25 common elements appurtenant thereto, provided that the  
26 bylaws may provide for approval by unit owners in



1 connection with matters where the requisite approval on a  
2 percentage basis is not specified in this Act, on the basis  
3 of one vote per unit;

4 (8) that, where there is more than one owner of a unit,  
5 if only one of the multiple owners is present at a meeting  
6 of the association, he is entitled to cast all the votes  
7 allocated to that unit, if more than one of the multiple  
8 owners are present, the votes allocated to that unit may be  
9 cast only in accordance with the agreement of a majority in  
10 interest of the multiple owners, unless the declaration  
11 expressly provides otherwise, that there is majority  
12 agreement if any one of the multiple owners cast the votes  
13 allocated to that unit without protest being made promptly  
14 to the person presiding over the meeting by any of the  
15 other owners of the unit;

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

25 (B) that if a rule adopted at least 120 days before a  
26 board election or the declaration or bylaws provide for

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

1           (C) that if a written petition by unit owners with at  
2           least 20% of the votes of the association is delivered to  
3           the board within 14 days after the board's approval of a  
4           rule adopted pursuant to subparagraph (B) of this paragraph  
5           (9), the board shall call a meeting of the unit owners  
6           within 30 days after the date of delivery of the petition;  
7           that unless a majority of the total votes of the unit  
8           owners are cast at the meeting to reject the rule, the rule  
9           is ratified;

10           (10) that the association may, upon adoption of the  
11           appropriate rules by the board of managers, conduct  
12           elections by secret ballot whereby the voting ballot is  
13           marked only with the percentage interest for the unit and  
14           the vote itself, provided that the board further adopt  
15           rules to verify the status of the unit owner issuing a  
16           proxy or casting a ballot; and further, that a candidate  
17           for election to the board of managers or such candidate's  
18           representative shall have the right to be present at the  
19           counting of ballots at such election;

20           (11) that in the event of a resale of a condominium  
21           unit the purchaser of a unit from a seller other than the  
22           developer pursuant to an installment contract for purchase  
23           shall during such times as he or she resides in the unit be  
24           counted toward a quorum for purposes of election of members  
25           of the board of managers at any meeting of the unit owners  
26           called for purposes of electing members of the board, shall

1 have the right to vote for the election of members of the  
2 board of managers and to be elected to and serve on the  
3 board of managers unless the seller expressly retains in  
4 writing any or all of such rights. In no event may the  
5 seller and purchaser both be counted toward a quorum, be  
6 permitted to vote for a particular office or be elected and  
7 serve on the board. Satisfactory evidence of the  
8 installment contact shall be made available to the  
9 association or its agents. For purposes of this subsection,  
10 "installment contact" shall have the same meaning as set  
11 forth in Section 1 (e) of "An Act relating to installment  
12 contracts to sell dwelling structures", approved August  
13 11, 1967, as amended;

14 (12) the method by which matters subject to the  
15 approval of unit owners set forth in this Act, or in the  
16 condominium instruments, will be submitted to the unit  
17 owners at special membership meetings called for such  
18 purposes; and

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

23 (i) merger or consolidation of the association;

24 (ii) sale, lease, exchange, or other disposition  
25 (excluding the mortgage or pledge) of all, or  
26 substantially all of the property and assets of the

1 association; and

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

4 (c) Election of a president from among the board of  
5 managers, who shall preside over the meetings of the board of  
6 managers and of the unit owners.

7 (d) Election of a secretary from among the board of  
8 managers, who shall keep the minutes of all meetings of the  
9 board of managers and of the unit owners and who shall, in  
10 general, perform all the duties incident to the office of  
11 secretary.

12 (e) Election of a treasurer from among the board of  
13 managers, who shall keep the financial records and books of  
14 account.

15 (f) Maintenance, repair and replacement of the common  
16 elements and payments therefor, including the method of  
17 approving payment vouchers.

18 (g) An association with 6 ~~30~~ or more units shall obtain and  
19 maintain fidelity insurance covering persons who control or  
20 disburse funds of the association for the maximum amount of  
21 coverage available to protect funds in the custody or control  
22 of the association plus the association reserve fund. All  
23 management companies which are responsible for the funds held  
24 or administered by the association shall maintain and furnish  
25 to the association a fidelity bond for the maximum amount of  
26 coverage available to protect funds in the custody of the

1 management company at any time. The association shall bear the  
2 cost of the fidelity insurance and fidelity bond, unless  
3 otherwise provided by contract between the association and a  
4 management company. The association shall be the direct obligee  
5 of any such fidelity bond. A management company holding reserve  
6 funds of an association shall at all times maintain a separate  
7 account for each association, provided, however, that for  
8 investment purposes, the Board of Managers of an association  
9 may authorize a management company to maintain the  
10 association's reserve funds in a single interest bearing  
11 account with similar funds of other associations. The  
12 management company shall at all times maintain records  
13 identifying all moneys of each association in such investment  
14 account. The management company may hold all operating funds of  
15 associations which it manages in a single operating account but  
16 shall at all times maintain records identifying all moneys of  
17 each association in such operating account. Such operating and  
18 reserve funds held by the management company for the  
19 association shall not be subject to attachment by any creditor  
20 of the management company.

21 For the purpose of this subsection a management company  
22 shall be defined as a person, partnership, corporation, or  
23 other legal entity entitled to transact business on behalf of  
24 others, acting on behalf of or as an agent for a unit owner,  
25 unit owners or association of unit owners for the purpose of  
26 carrying out the duties, responsibilities, and other

1 obligations necessary for the day to day operation and  
2 management of any property subject to this Act. For purposes of  
3 this subsection, the term "fiduciary insurance coverage" shall  
4 be defined as both a fidelity bond and directors and officers  
5 liability coverage, the fidelity bond in the full amount of  
6 association funds and association reserves that will be in the  
7 custody of the association, and the directors and officers  
8 liability coverage at a level as shall be determined to be  
9 reasonable by the board of managers, if not otherwise  
10 established by the declaration or by laws.

11       Until one year after the effective date of this amendatory  
12 Act of 1985, if a condominium association has reserves plus  
13 assessments in excess of \$250,000 and cannot reasonably obtain  
14 100% fidelity bond coverage for such amount, then it must  
15 obtain a fidelity bond coverage of \$250,000.

16       (h) Method of estimating the amount of the annual budget,  
17 and the manner of assessing and collecting from the unit owners  
18 their respective shares of such estimated expenses, and of any  
19 other expenses lawfully agreed upon.

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

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

1           (k) Such restrictions on and requirements respecting the  
2 use and maintenance of the units and the use of the common  
3 elements, not set forth in the declaration, as are designed to  
4 prevent unreasonable interference with the use of their  
5 respective units and of the common elements by the several unit  
6 owners.

7           (l) Method of adopting and of amending administrative rules  
8 and regulations governing the operation and use of the common  
9 elements.

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

13          (n) (i) The provisions of this Act, the declaration,  
14 bylaws, other condominium instruments, and rules and  
15 regulations that relate to the use of the individual unit or  
16 the common elements shall be applicable to any person leasing a  
17 unit and shall be deemed to be incorporated in any lease  
18 executed or renewed on or after the effective date of this  
19 amendatory Act of 1984. (ii) With regard to any lease entered  
20 into subsequent to the effective date of this amendatory Act of  
21 1989, the unit owner leasing the unit shall deliver a copy of  
22 the signed lease to the board or if the lease is oral, a  
23 memorandum of the lease, not later than the date of occupancy  
24 or 10 days after the lease is signed, whichever occurs first.  
25 In addition to any other remedies, by filing an action jointly  
26 against the tenant and the unit owner, an association may seek



1 to enjoin a tenant from occupying a unit or seek to evict a  
2 tenant under the provisions of Article IX of the Code of Civil  
3 Procedure for failure of the lessor-owner to comply with the  
4 leasing requirements prescribed by this Section or by the  
5 declaration, bylaws, and rules and regulations. The board of  
6 managers may proceed directly against a tenant, at law or in  
7 equity, or under the provisions of Article IX of the Code of  
8 Civil Procedure, for any other breach by tenant of any  
9 covenants, rules, regulations or bylaws.

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

12 (p) That when 30% or fewer of the units, by number, possess  
13 over 50% in the aggregate of the votes in the association, any  
14 percentage vote of members specified herein or in the  
15 condominium instruments shall require the specified percentage  
16 by number of units rather than by percentage of interest in the  
17 common elements allocated to units that would otherwise be  
18 applicable and garage units or storage units, or both, shall  
19 have, in total, no more votes than their aggregate percentage  
20 of ownership in the common elements; this shall mean that if  
21 garage units or storage units, or both, are to be given a vote,  
22 or portion of a vote, that the association must add the total  
23 number of votes cast of garage units, storage units, or both,  
24 and divide the total by the number of garage units, storage  
25 units, or both, and multiply by the aggregate percentage of  
26 ownership of garage units and storage units to determine the

1 vote, or portion of a vote, that garage units or storage units,  
2 or both, have. For purposes of this subsection (p), when making  
3 a determination of whether 30% or fewer of the units, by  
4 number, possess over 50% in the aggregate of the votes in the  
5 association, a unit shall not include a garage unit or a  
6 storage unit.

7 (q) That a unit owner may not assign, delegate, transfer,  
8 surrender, or avoid the duties, responsibilities, and  
9 liabilities of a unit owner under this Act, the condominium  
10 instruments, or the rules and regulations of the Association;  
11 and that such an attempted assignment, delegation, transfer,  
12 surrender, or avoidance shall be deemed void.

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

20 (Source: P.A. 95-624, eff. 6-1-08; 96-55, eff. 1-1-10; 96-977,  
21 eff. 7-2-10.)