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1 AN ACT concerning civil law.

2 Be it enacted by the People of the State of Illinois, 3 represented in the General Assembly:

Section 5. The Common Interest Community Association Act is
amended by changing Section 1-40 as follows:

6 (765 ILCS 160/1-40)

7 Sec. 1-40. Meetings.

8 (a) Notice of any membership meeting shall be given 9 detailing the time, place, and purpose of such meeting no less 10 than 10 and no more than 30 days prior to the meeting through a 11 prescribed delivery method.

12 (b) Meetings.

13 (1) Twenty percent of the membership shall constitute a
 14 quorum, unless the community instruments indicate a lesser
 15 amount.

16 (2) The membership shall hold an annual meeting. The17 board of directors may be elected at the annual meeting.

(3) Special meetings of the board may be called by the 18 19 president, by 25% of the members of the board, or by any 20 method that prescribed in the other is community 21 instruments. Special meetings of the membership may be 22 called by the president, the board, 20% of the membership, or any other method that is prescribed in the community 23

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1 instruments.

2 (4) Except to the extent otherwise provided by this 3 Act, the board shall give the members notice of all board meetings at least 48 hours prior to the meeting by sending 4 5 notice by using a prescribed delivery method or by posting copies of notices of meetings in entranceways, elevators, 6 7 or other conspicuous places in the common areas of the 8 common interest community at least 48 hours prior to the 9 meeting except where there is no common entranceway for 7 10 or more units, the board may designate one or more 11 locations in the proximity of these units where the notices 12 of meetings shall be posted. The board shall give members notice of any board meeting, through a prescribed delivery 13 14 method, concerning the adoption of (i) the proposed annual 15 budget, (ii) regular assessments, or (iii) a separate or 16 special assessment within 10 to 60 days prior to the 17 meeting, unless otherwise provided in Section 1-45 (a) or any other provision of this Act. 18

19 (5) Meetings of the board shall be open to any unit 20 owner, except that the board may close any portion of a 21 noticed meeting or meet separately from a noticed meeting: 22 for the portion of any meeting held (i) to discuss 23 litigation when an action against or on behalf of the 24 particular association has been filed and is pending in a 25 court or administrative tribunal, or when the common 26 interest community association finds that such an action is

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probable or imminent, (ii) to <u>discuss</u> consider third party 1 2 contracts or information regarding appointment, 3 engagement, or dismissal of employment, an employee, independent contractor, agent, or other provider of goods 4 5 and services, (iii) to interview a potential employee, independent contractor, agent, or other provider of goods 6 7 and services, (iv), or (iii) to discuss violations of rules 8 and regulations of the association, (v) to discuss or a 9 member's or unit owner's unpaid share of common expenses, 10 or (vi) to consult with the association's legal counsel. 11 Any vote on these matters shall be taken at a meeting or 12 portion thereof open to any member.

13 (6) The board must reserve a portion of the meeting of 14 the board for comments by members; provided, however, the 15 duration and meeting order for the member comment period is 16 within the sole discretion of the board.

17 (Source: P.A. 96-1400, eff. 7-29-10; 97-605, eff. 8-26-11;
18 97-1090, eff. 8-24-12.)

Section 10. The Condominium Property Act is amended by changing Section 18 as follows:

21 (765 ILCS 605/18) (from Ch. 30, par. 318)

22 (Text of Section before amendment by P.A. 99-472)

Sec. 18. Contents of bylaws. The bylaws shall provide forat least the following:

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

8

(2) the powers and duties of the board;

9 (3) the compensation, if any, of the members of the board;
10 (4) the method of removal from office of members of the
11 board;

12 (5) that the board may engage the services of a manager or 13 managing agent;

14 (6) that each unit owner shall receive, at least 30 days 15 prior to the adoption thereof by the board of managers, a copy 16 of the proposed annual budget together with an indication of 17 which portions are intended for reserves, capital expenditures 18 or repairs or payment of real estate taxes;

19 (7) that the board of managers shall annually supply to all 20 unit owners an itemized accounting of the common expenses for 21 the preceding year actually incurred or paid, together with an 22 indication of which portions were for reserves, capital 23 expenditures or repairs or payment of real estate taxes and with a tabulation of the amounts collected pursuant to the 24 25 budget or assessment, and showing the net excess or deficit of 26 income over expenditures plus reserves;

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(8) (i) that each unit owner shall receive notice, in the 1 2 same manner as is provided in this Act for membership meetings, 3 of any meeting of the board of managers concerning the adoption of the proposed annual budget and regular assessments pursuant 4 5 thereto or to adopt a separate (special) assessment, (ii) that 6 except as provided in subsection (iv) below, if an adopted 7 budget or any separate assessment adopted by the board would 8 result in the sum of all regular and separate assessments 9 payable in the current fiscal year exceeding 115% of the sum of 10 all regular and separate assessments payable during the 11 preceding fiscal year, the board of managers, upon written 12 petition by unit owners with 20 percent of the votes of the 13 association delivered to the board within 14 days of the board 14 action, shall call a meeting of the unit owners within 30 days 15 of the date of delivery of the petition to consider the budget 16 or separate assessment; unless a majority of the total votes of 17 the unit owners are cast at the meeting to reject the budget or separate assessment, it is ratified, (iii) that any common 18 19 expense not set forth in the budget or any increase in 20 assessments over the amount adopted in the budget shall be separately assessed against all unit owners, (iv) that separate 21 22 assessments for expenditures relating to emergencies or 23 mandated by law may be adopted by the board of managers without being subject to unit owner approval or the provisions of item 24 25 (ii) above or item (v) below. As used herein, "emergency" means 26 an immediate danger to the structural integrity of the common

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elements or to the life, health, safety or property of the unit 1 2 owners, (v) that assessments for additions and alterations to 3 the common elements or to association-owned property not included in the adopted annual budget, shall be separately 4 5 assessed and are subject to approval of two-thirds of the total votes of all unit owners, (vi) that the board of managers may 6 7 adopt separate assessments payable over more than one fiscal 8 year. With respect to multi-year assessments not governed by 9 items (iv) and (v), the entire amount of the multi-year 10 assessment shall be deemed considered and authorized in the 11 first fiscal year in which the assessment is approved;

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

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such recordings, that notice of such meetings shall be mailed 1 2 or delivered at least 48 hours prior thereto, unless a written 3 waiver of such notice is signed by the person or persons entitled to such notice pursuant to the declaration, bylaws, 4 5 other condominium instrument, or provision of law other than this subsection before the meeting is convened, and that copies 6 7 of notices of meetings of the board of managers shall be posted 8 in entranceways, elevators, or other conspicuous places in the 9 condominium at least 48 hours prior to the meeting of the board 10 of managers except where there is no common entranceway for 7 11 or more units, the board of managers may designate one or more 12 locations in the proximity of these units where the notices of meetings shall be posted; 13

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

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

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

(13) the method of filling vacancies on the board which shall include authority for the remaining members of the board to fill the vacancy by two-thirds vote until the next annual meeting of unit owners or for a period terminating no later than 30 days following the filing of a petition signed by unit owners holding 20% of the votes of the association requesting a SB2354 Enrolled - 8 - LRB099 16668 HEP 41006 b

meeting of the unit owners to fill the vacancy for the balance 1 2 of the term, and that a meeting of the unit owners shall be 3 called for purposes of filling a vacancy on the board no later than 30 days following the filing of a petition signed by unit 4 5 owners holding 20% of the votes of the association requesting such a meeting, and the method of filling vacancies among the 6 7 officers that shall include the authority for the members of 8 the board to fill the vacancy for the unexpired portion of the 9 term:

10 (14) what percentage of the board of managers, if other 11 than a majority, shall constitute a quorum;

12 (15) provisions concerning notice of board meetings to 13 members of the board;

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

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children; 1

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

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

(19) that special meetings of the board of managers can be 14 15 called by the president or 25% of the members of the board; and 16 (20) that the board of managers may establish and maintain a system of master metering of public utility services and 17 collect payments in connection therewith, subject to 18 the 19 requirements of the Tenant Utility Payment Disclosure Act.

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

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1 who is in arrears on the unit owner's regular or separate 2 assessments for 60 days or more, shall not be counted for 3 purposes of determining if a quorum is present, but that unit 4 owner retains the right to vote on amendments to the 5 association's bylaws;

6 (2) that the association shall have one class of7 membership;

8 (3) that the members shall hold an annual meeting, one of 9 the purposes of which shall be to elect members of the board of 10 managers;

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

12 (5) that special meetings of the members can be called by13 the president, board of managers, or by 20% of unit owners;

(6) that written notice of any membership meeting shall be 14 15 mailed or delivered giving members no less than 10 and no more 16 than 30 days notice of the time, place and purpose of such 17 meeting except that notice may be sent, to the extent the condominium instruments or rules adopted thereunder expressly 18 19 so provide, by electronic transmission consented to by the unit 20 owner to whom the notice is given, provided the director and 21 officer or his agent certifies in writing to the delivery by 22 electronic transmission;

(7) that voting shall be on a percentage basis, and that the percentage vote to which each unit is entitled is the percentage interest of the undivided ownership of the common elements appurtenant thereto, provided that the bylaws may SB2354 Enrolled - 11 - LRB099 16668 HEP 41006 b

provide for approval by unit owners in connection with matters where the requisite approval on a percentage basis is not specified in this Act, on the basis of one vote per unit;

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

15 (9) (A) except as provided in subparagraph (B) of this 16 paragraph (9) in connection with board elections, that a unit 17 owner may vote by proxy executed in writing by the unit owner or by his duly authorized attorney in fact; that the proxy must 18 bear the date of execution and, unless the condominium 19 20 instruments or the written proxy itself provide otherwise, is invalid after 11 months from the date of its execution; to the 21 22 extent the condominium instruments or rules adopted thereunder 23 expressly so provide, a vote or proxy may be submitted by electronic transmission, provided that any such electronic 24 25 transmission shall either set forth or be submitted with information from which it can be determined that the electronic 26

1 transmission was authorized by the unit owner or the unit 2 owner's proxy;

(B) that if a rule adopted at least 120 days before a board 3 election or the declaration or bylaws provide for balloting as 4 5 set forth in this subsection, unit owners may not vote by proxy in board elections, but may vote only (i) by submitting an 6 7 association-issued ballot in person at the election meeting or 8 (ii) by submitting an association-issued ballot to the 9 association or its designated agent by mail or other means of 10 delivery specified in the declaration, bylaws, or rule; that the ballots shall be mailed or otherwise distributed to unit 11 12 owners not less than 10 and not more than 30 days before the election meeting, and the board shall give unit owners not less 13 14 than 21 days' prior written notice of the deadline for 15 inclusion of a candidate's name on the ballots; that the 16 deadline shall be no more than 7 days before the ballots are 17 mailed or otherwise distributed to unit owners; that every such ballot must include the names of all candidates who have given 18 19 the board or its authorized agent timely written notice of 20 their candidacy and must give the person casting the ballot the opportunity to cast votes for candidates whose names do not 21 22 appear on the ballot; that a ballot received by the association 23 or its designated agent after the close of voting shall not be 24 counted; that a unit owner who submits a ballot by mail or 25 other means of delivery specified in the declaration, bylaws, 26 or rule may request and cast a ballot in person at the election

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meeting, and thereby void any ballot previously submitted by that unit owner;

(B-5) that if a rule adopted at least 120 days before a 3 board election or the declaration or bylaws provide for 4 5 balloting as set forth in this subparagraph, unit owners may not vote by proxy in board elections, but may vote only (i) by 6 7 submitting an association-issued ballot in person at the 8 election meeting; or (ii) by any acceptable technological means 9 as defined in Section 2 of this Act; instructions regarding the 10 use of electronic means for voting shall be distributed to all 11 unit owners not less than 10 and not more than 30 days before 12 the election meeting, and the board shall give unit owners not less than 21 days' prior written notice of the deadline for 13 14 inclusion of a candidate's name on the ballots; the deadline 15 shall be no more than 7 days before the instructions for voting 16 using electronic or acceptable technological means is 17 distributed to unit owners; every instruction notice must include the names of all candidates who have given the board or 18 its authorized agent timely written notice of their candidacy 19 and must give the person voting through electronic or 20 21 acceptable technological means the opportunity to cast votes 22 for candidates whose names do not appear on the ballot; a unit 23 owner who submits a vote using electronic or acceptable 24 technological means may request and cast a ballot in person at 25 the election meeting, thereby voiding any vote previously 26 submitted by that unit owner;

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

10 (D) that votes cast by ballot under subparagraph (B) or 11 electronic or acceptable technological means under 12 subparagraph (B-5) of this paragraph (9) are valid for the 13 purpose of establishing a quorum;

(10) that the association may, upon adoption of the 14 15 appropriate rules by the board of managers, conduct elections 16 by secret ballot whereby the voting ballot is marked only with 17 the percentage interest for the unit and the vote itself, provided that the board further adopt rules to verify the 18 19 status of the unit owner issuing a proxy or casting a ballot; 20 and further, that a candidate for election to the board of 21 managers or such candidate's representative shall have the 22 right to be present at the counting of ballots at such 23 election:

(11) that in the event of a resale of a condominium unit the purchaser of a unit from a seller other than the developer pursuant to an installment contract for purchase shall during

such times as he or she resides in the unit be counted toward a 1 2 quorum for purposes of election of members of the board of 3 managers at any meeting of the unit owners called for purposes of electing members of the board, shall have the right to vote 4 5 for the election of members of the board of managers and to be elected to and serve on the board of managers unless the seller 6 7 expressly retains in writing any or all of such rights. In no 8 event may the seller and purchaser both be counted toward a 9 quorum, be permitted to vote for a particular office or be 10 elected and serve on the board. Satisfactory evidence of the 11 installment contract contact shall be made available to the 12 association or its agents. For purposes of this subsection, 13 "installment contract" contact" shall have the same meaning as 14 set forth in Section 1 (e) of the Dwelling Unit Installment Contract Act "An Act relating to installment contracts to sell 15 16 dwelling structures", approved August 11, 1967, as amended;

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

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

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(i) merger or consolidation of the association;

(ii) sale, lease, exchange, or other disposition
(excluding the mortgage or pledge) of all, or substantially

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1 all of the property and assets of the association; and

2 (iii) the purchase or sale of land or of units on3 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.

(q) An association with 30 or more units shall obtain and 18 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 or administered by the association shall maintain and furnish 24 25 to the association a fidelity bond for the maximum amount of 26 coverage available to protect funds in the custody of the

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

For the purpose of this subsection, a management company shall be defined as a person, partnership, corporation, or other legal entity entitled to transact business on behalf of others, acting on behalf of or as an agent for a unit owner, unit owners or association of unit owners for the purpose of carrying out the duties, responsibilities, and other SB2354 Enrolled - 18 - LRB099 16668 HEP 41006 b

obligations necessary for the day to day operation and 1 management of any property subject to this Act. For purposes of 2 3 this subsection, the term "fiduciary insurance coverage" shall be defined as both a fidelity bond and directors and officers 4 5 liability coverage, the fidelity bond in the full amount of association funds and association reserves that will be in the 6 custody of the association, and the directors and officers 7 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.

Until one year after <u>September 21, 1985 (the effective date</u> of <u>Public Act 84-722)</u> this amendatory Act of 1985, if a condominium association has reserves plus assessments in excess of \$250,000 and cannot reasonably obtain 100% fidelity bond coverage for such amount, then it must obtain a fidelity bond coverage of \$250,000.

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

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

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(j) Designation and removal of personnel necessary for the

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1 maintenance, repair and replacement of the common elements.

2 (k) Such restrictions on and requirements respecting the 3 use and maintenance of the units and the use of the common 4 elements, not set forth in the declaration, as are designed to 5 prevent unreasonable interference with the use of their 6 respective units and of the common elements by the several unit 7 owners.

8 (1) Method of adopting and of amending administrative rules 9 and regulations governing the operation and use of the common 10 elements.

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

(n) (i) The provisions of this Act, the declaration, bylaws, other condominium instruments, and rules and regulations that relate to the use of the individual unit or the common elements shall be applicable to any person leasing a unit and shall be deemed to be incorporated in any lease executed or renewed on or after <u>August 30, 1984</u> (the effective date of <u>Public Act</u> 83-1271) this amendatory Act of 1984.

(ii) With regard to any lease entered into subsequent to <u>July 1, 1990 (the effective date of Public Act 86-991)</u> this amendatory Act of 1989, the unit owner leasing the unit shall deliver a copy of the signed lease to the board or if the lease is oral, a memorandum of the lease, not later than the date of occupancy or 10 days after the lease is signed, whichever SB2354 Enrolled - 20 - LRB099 16668 HEP 41006 b

occurs first. In addition to any other remedies, by filing an 1 2 action jointly against the tenant and the unit owner, an association may seek to enjoin a tenant from occupying a unit 3 or seek to evict a tenant under the provisions of Article IX of 4 5 the Code of Civil Procedure for failure of the lessor-owner to comply with the leasing requirements prescribed by this Section 6 or by the declaration, bylaws, and rules and regulations. The 7 8 board of managers may proceed directly against a tenant, at law 9 or in equity, or under the provisions of Article IX of the Code 10 of Civil Procedure, for any other breach by tenant of any 11 covenants, rules, regulations or bylaws.

12 (o) The association shall have no authority to forbear the13 payment of assessments by any unit owner.

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

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units, or both, and multiply by the aggregate percentage of 1 2 ownership of garage units and storage units to determine the 3 vote, or portion of a vote, that garage units or storage units, or both, have. For purposes of this subsection (p), when making 4 5 a determination of whether 30% or fewer of the units, by number, possess over 50% in the aggregate of the votes in the 6 7 association, a unit shall not include a garage unit or a 8 storage unit.

9 (q) That a unit owner may not assign, delegate, transfer, 10 surrender, or avoid the duties, responsibilities, and 11 liabilities of a unit owner under this Act, the condominium 12 instruments, or the rules and regulations of the Association; 13 and that such an attempted assignment, delegation, transfer, 14 surrender, or avoidance shall be deemed void.

15 The provisions of this Section are applicable to all 16 condominium instruments recorded under this Act. Any portion of 17 a condominium instrument which contains provisions contrary to 18 these provisions shall be void as against public policy and 19 ineffective. Any such instrument which fails to contain the 20 provisions required by this Section shall be deemed to 21 incorporate such provisions by operation of law.

22 (Source: P.A. 98-1042, eff. 1-1-15; revised 10-19-15.)

(Text of Section after amendment by P.A. 99-472)
 Sec. 18. Contents of bylaws. The bylaws shall provide for
 at least the following:

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

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(2) the powers and duties of the board;

9 (3) the compensation, if any, of the members of the board;
10 (4) the method of removal from office of members of the
11 board;

12 (5) that the board may engage the services of a manager or 13 managing agent;

14 (6) that each unit owner shall receive, at least 25 days 15 prior to the adoption thereof by the board of managers, a copy 16 of the proposed annual budget together with an indication of 17 which portions are intended for reserves, capital expenditures 18 or repairs or payment of real estate taxes;

19 (7) that the board of managers shall annually supply to all 20 unit owners an itemized accounting of the common expenses for 21 the preceding year actually incurred or paid, together with an 22 indication of which portions were for reserves, capital 23 expenditures or repairs or payment of real estate taxes and with a tabulation of the amounts collected pursuant to the 24 25 budget or assessment, and showing the net excess or deficit of 26 income over expenditures plus reserves;

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(8) (i) that each unit owner shall receive notice, in the 1 2 same manner as is provided in this Act for membership meetings, 3 of any meeting of the board of managers concerning the adoption of the proposed annual budget and regular assessments pursuant 4 5 thereto or to adopt a separate (special) assessment, (ii) that 6 except as provided in subsection (iv) below, if an adopted 7 budget or any separate assessment adopted by the board would 8 result in the sum of all regular and separate assessments 9 payable in the current fiscal year exceeding 115% of the sum of 10 all regular and separate assessments payable during the 11 preceding fiscal year, the board of managers, upon written 12 petition by unit owners with 20 percent of the votes of the 13 association delivered to the board within 14 days of the board 14 action, shall call a meeting of the unit owners within 30 days 15 of the date of delivery of the petition to consider the budget 16 or separate assessment; unless a majority of the total votes of 17 the unit owners are cast at the meeting to reject the budget or separate assessment, it is ratified, (iii) that any common 18 19 expense not set forth in the budget or any increase in 20 assessments over the amount adopted in the budget shall be separately assessed against all unit owners, (iv) that separate 21 22 assessments for expenditures relating to emergencies or 23 mandated by law may be adopted by the board of managers without being subject to unit owner approval or the provisions of item 24 25 (ii) above or item (v) below. As used herein, "emergency" means 26 an immediate danger to the structural integrity of the common

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elements or to the life, health, safety or property of the unit 1 2 owners, (v) that assessments for additions and alterations to 3 the common elements or to association-owned property not included in the adopted annual budget, shall be separately 4 5 assessed and are subject to approval of two-thirds of the total votes of all unit owners, (vi) that the board of managers may 6 7 adopt separate assessments payable over more than one fiscal 8 year. With respect to multi-year assessments not governed by 9 items (iv) and (v), the entire amount of the multi-year 10 assessment shall be deemed considered and authorized in the 11 first fiscal year in which the assessment is approved;

12 (9) (A) that every meeting of the board of managers shall be 13 open to any unit owner, except that the board may close any 14 portion of a noticed meeting or meet separately from a noticed 15 meeting for the portion of any meeting held to discuss or 16 consider information relating to: (i) discuss litigation when 17 an action against or on behalf of the particular association has been filed and is pending in a court or administrative 18 19 tribunal, or when the board of managers finds that such an action is probable or imminent, (ii) discuss the appointment, 20 21 employment, engagement, or dismissal of employee, an 22 independent contractor, agent, or other provider of goods and 23 services, (iii) interview a potential employee, independent 24 contractor, agent, or other provider of goods and services, 25 (iv) discuss , (iii) violations of rules and regulations of the 26 association, (v) discuss or (iv) a unit owner's unpaid share of

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1 common expenses, or (vi) consult with the association's legal 2 counsel; that any vote on these matters discussed or considered 3 in closed session shall take place at a meeting of the board of 4 managers or portion thereof open to any unit owner;

5 (B) that board members may participate in and act at any 6 meeting of the board of managers in person, by telephonic 7 means, or by use of any acceptable technological means whereby 8 all persons participating in the meeting can communicate with 9 each other; that participation constitutes attendance and 10 presence in person at the meeting;

11 (C) that any unit owner may record the proceedings at 12 meetings of the board of managers or portions thereof required 13 to be open by this Act by tape, film or other means, and that 14 the board may prescribe reasonable rules and regulations to 15 govern the right to make such recordings;

(D) that notice of every meeting of the board of managers shall be given to every board member at least 48 hours prior thereto, unless the board member waives notice of the meeting pursuant to subsection (a) of Section 18.8; and

20 (E) that notice of every meeting of the board of managers 21 shall be posted in entranceways, elevators, or other 22 conspicuous places in the condominium at least 48 hours prior 23 to the meeting of the board of managers except where there is no common entranceway for 7 or more units, the board of 24 25 managers may designate one or more locations in the proximity 26 of these units where the notices of meetings shall be posted;

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that notice of every meeting of the board of managers shall 1 2 also be given at least 48 hours prior to the meeting, or such 3 longer notice as this Act may separately require, to: (i) each unit owner who has provided the association with written 4 5 authorization to conduct business by acceptable technological means, and (ii) to the extent that the condominium instruments 6 7 of an association require, to each other unit owner, as 8 required by subsection (f) of Section 18.8, by mail or 9 delivery, and that no other notice of a meeting of the board of 10 managers need be given to any unit owner;

11

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

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

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

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

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than 30 days following the filing of a petition signed by unit owners holding 20% of the votes of the association requesting such a meeting, and the method of filling vacancies among the officers that shall include the authority for the members of the board to fill the vacancy for the unexpired portion of the term;

7 (14) what percentage of the board of managers, if other8 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 contract 12 with a current board member or with a corporation or partnership in which a board member or a member of the board 13 member's immediate family has 25% or more interest, unless 14 15 notice of intent to enter the contract is given to unit owners 16 within 20 days after a decision is made to enter into the 17 contract and the unit owners are afforded an opportunity by filing a petition, signed by 20% of the unit owners, for an 18 19 election to approve or disapprove the contract; such petition 20 shall be filed within 20 days after such notice and such election shall be held within 30 days after filing the 21 22 petition; for purposes of this subsection, a board member's 23 immediate family means the board member's spouse, parents, and 24 children;

25 (17) that the board of managers may disseminate to unit 26 owners biographical and background information about SB2354 Enrolled - 28 - LRB099 16668 HEP 41006 b

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

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

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

13 (20) that the board of managers may establish and maintain 14 a system of master metering of public utility services and 15 collect payments in connection therewith, subject to the 16 requirements of the Tenant Utility Payment Disclosure Act; and

17 (21) that the board may ratify and confirm actions of the members of the board taken in response to an emergency, as that 18 term is defined in subdivision (a) (8) (iv) of this Section; that 19 20 the board shall give notice to the unit owners of: (i) the occurrence of the emergency event within 7 business days after 21 22 the emergency event, and (ii) the general description of the 23 actions taken to address the event within 7 days after the 24 emergency event.

The intent of the provisions of <u>Public Act 99-472</u> this amendatory Act of the 99th General Assembly adding this SB2354 Enrolled - 29 - LRB099 16668 HEP 41006 b

1 paragraph (21) is to empower and support boards to act in 2 emergencies.

(b)(1) What percentage of the unit owners, if other than 3 20%, shall constitute a quorum provided that, for condominiums 4 5 with 20 or more units, the percentage of unit owners constituting a quorum shall be 20% unless the unit owners 6 7 holding a majority of the percentage interest in the 8 association provide for a higher percentage, provided that in 9 voting on amendments to the association's bylaws, a unit owner 10 who is in arrears on the unit owner's regular or separate 11 assessments for 60 days or more, shall not be counted for 12 purposes of determining if a quorum is present, but that unit 13 owner retains the right to vote on amendments to the 14 association's bylaws;

15 (2) that the association shall have one class of 16 membership;

17 (3) that the members shall hold an annual meeting, one of 18 the purposes of which shall be to elect members of the board of 19 managers;

20

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

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

(6) that written notice of any membership meeting shall be mailed or delivered giving members no less than 10 and no more than 30 days notice of the time, place and purpose of such meeting except that notice may be sent, to the extent the SB2354 Enrolled - 30 - LRB099 16668 HEP 41006 b

1 condominium instruments or rules adopted thereunder expressly 2 so provide, by electronic transmission consented to by the unit 3 owner to whom the notice is given, provided the director and 4 officer or his agent certifies in writing to the delivery by 5 electronic transmission;

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

13 (8) that, where there is more than one owner of a unit, if 14 only one of the multiple owners is present at a meeting of the 15 association, he is entitled to cast all the votes allocated to 16 that unit, if more than one of the multiple owners are present, 17 the votes allocated to that unit may be cast only in accordance with the agreement of a majority in interest of the multiple 18 owners, unless the declaration expressly provides otherwise, 19 20 that there is majority agreement if any one of the multiple owners cast the votes allocated to that unit without protest 21 22 being made promptly to the person presiding over the meeting by 23 any of the other owners of the unit;

(9) (A) except as provided in subparagraph (B) of this
paragraph (9) in connection with board elections, that a unit
owner may vote by proxy executed in writing by the unit owner

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or by his duly authorized attorney in fact; that the proxy must 1 2 bear the date of execution and, unless the condominium 3 instruments or the written proxy itself provide otherwise, is invalid after 11 months from the date of its execution; to the 4 5 extent the condominium instruments or rules adopted thereunder expressly so provide, a vote or proxy may be submitted by 6 7 electronic transmission, provided that any such electronic transmission shall either set forth or be submitted with 8 9 information from which it can be determined that the electronic 10 transmission was authorized by the unit owner or the unit 11 owner's proxy;

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

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

12 (B-5) that if a rule adopted at least 120 days before a 13 board election or the declaration or bylaws provide for 14 balloting as set forth in this subparagraph, unit owners may 15 not vote by proxy in board elections, but may vote only (i) by 16 submitting an association-issued ballot in person at the 17 election meeting; or (ii) by any acceptable technological means as defined in Section 2 of this Act; instructions regarding the 18 use of electronic means for voting shall be distributed to all 19 20 unit owners not less than 10 and not more than 30 days before 21 the election meeting, and the board shall give unit owners not 22 less than 21 days' prior written notice of the deadline for 23 inclusion of a candidate's name on the ballots; the deadline 24 shall be no more than 7 days before the instructions for voting 25 using electronic or acceptable technological means is 26 distributed to unit owners; every instruction notice must

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include the names of all candidates who have given the board or 1 2 its authorized agent timely written notice of their candidacy and must give the person voting through electronic or 3 acceptable technological means the opportunity to cast votes 4 5 for candidates whose names do not appear on the ballot; a unit owner who submits a vote using electronic or acceptable 6 7 technological means may request and cast a ballot in person at the election meeting, thereby voiding any vote previously 8 9 submitted by that unit owner;

10 (C) that if a written petition by unit owners with at least 11 20% of the votes of the association is delivered to the board 12 within 14 days after the board's approval of a rule adopted pursuant to subparagraph (B) or subparagraph (B-5) of this 13 paragraph (9), the board shall call a meeting of the unit 14 15 owners within 30 days after the date of delivery of the 16 petition; that unless a majority of the total votes of the unit 17 owners are cast at the meeting to reject the rule, the rule is ratified: 18

(D) that votes cast by ballot under subparagraph (B) or electronic or acceptable technological means under subparagraph (B-5) of this paragraph (9) are valid for the purpose of establishing a quorum;

(10) that the association may, upon adoption of the appropriate rules by the board of managers, conduct elections by secret ballot whereby the voting ballot is marked only with the percentage interest for the unit and the vote itself, 1 provided that the board further adopt rules to verify the 2 status of the unit owner issuing a proxy or casting a ballot; 3 and further, that a candidate for election to the board of 4 managers or such candidate's representative shall have the 5 right to be present at the counting of ballots at such 6 election;

7 (11) that in the event of a resale of a condominium unit 8 the purchaser of a unit from a seller other than the developer 9 pursuant to an installment contract for purchase shall during such times as he or she resides in the unit be counted toward a 10 11 quorum for purposes of election of members of the board of 12 managers at any meeting of the unit owners called for purposes 13 of electing members of the board, shall have the right to vote for the election of members of the board of managers and to be 14 15 elected to and serve on the board of managers unless the seller 16 expressly retains in writing any or all of such rights. In no 17 event may the seller and purchaser both be counted toward a quorum, be permitted to vote for a particular office or be 18 elected and serve on the board. Satisfactory evidence of the 19 20 installment contract contact shall be made available to the 21 association or its agents. For purposes of this subsection, 22 "installment contract" contact" shall have the same meaning as 23 set forth in Section 1 (e) of the Dwelling Unit Installment Contract Act "An Act relating to installment contracts to sell 24 25 dwelling structures", approved August 11, 1967, as amended; 26 (12) the method by which matters subject to the approval of

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

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

(i) merger or consolidation of the association;

7

8 (ii) sale, lease, exchange, or other disposition 9 (excluding the mortgage or pledge) of all, or substantially 10 all of the property and assets of the association; and

(iii) the purchase or sale of land or of units onbehalf of all unit owners.

13 (c) Election of a president from among the board of 14 managers, who shall preside over the meetings of the board of 15 managers and of the unit owners.

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

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

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

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(g) An association with 30 or more units shall obtain and 1 2 maintain fidelity insurance covering persons who control or disburse funds of the association for the maximum amount of 3 coverage available to protect funds in the custody or control 4 5 of the association plus the association reserve fund. All management companies which are responsible for the funds held 6 7 or administered by the association shall maintain and furnish 8 to the association a fidelity bond for the maximum amount of 9 coverage available to protect funds in the custody of the 10 management company at any time. The association shall bear the 11 cost of the fidelity insurance and fidelity bond, unless 12 otherwise provided by contract between the association and a 13 management company. The association shall be the direct obligee 14 of any such fidelity bond. A management company holding reserve 15 funds of an association shall at all times maintain a separate 16 account for each association, provided, however, that for 17 investment purposes, the Board of Managers of an association 18 authorize a management company to maintain the may 19 association's reserve funds in a single interest bearing 20 account with similar funds of other associations. The 21 management company shall at all times maintain records 22 identifying all moneys of each association in such investment 23 account. The management company may hold all operating funds of 24 associations which it manages in a single operating account but 25 shall at all times maintain records identifying all moneys of 26 each association in such operating account. Such operating and

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1 reserve funds held by the management company for the 2 association shall not be subject to attachment by any creditor 3 of the management company.

For the purpose of this subsection, a management company 4 5 shall be defined as a person, partnership, corporation, or other legal entity entitled to transact business on behalf of 6 7 others, acting on behalf of or as an agent for a unit owner, unit owners or association of unit owners for the purpose of 8 9 carrying out the duties, responsibilities, and other 10 obligations necessary for the day to day operation and 11 management of any property subject to this Act. For purposes of 12 this subsection, the term "fiduciary insurance coverage" shall be defined as both a fidelity bond and directors and officers 13 liability coverage, the fidelity bond in the full amount of 14 15 association funds and association reserves that will be in the 16 custody of the association, and the directors and officers 17 liability coverage at a level as shall be determined to be reasonable by the board of managers, if not otherwise 18 19 established by the declaration or by laws.

20 Until one year after <u>September 21, 1985 (</u>the effective date 21 of <u>Public Act 84-722)</u> this amendatory Act of 1985, if a 22 condominium association has reserves plus assessments in 23 excess of \$250,000 and cannot reasonably obtain 100% fidelity 24 bond coverage for such amount, then it must obtain a fidelity 25 bond coverage of \$250,000.

26

(h) Method of estimating the amount of the annual budget,

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and the manner of assessing and collecting from the unit owners their respective shares of such estimated expenses, and of any other expenses lawfully agreed upon.

4 (i) That upon 10 days notice to the manager or board of 5 managers and payment of a reasonable fee, any unit owner shall 6 be furnished a statement of his account setting forth the 7 amount of any unpaid assessments or other charges due and owing 8 from such owner.

9 (j) Designation and removal of personnel necessary for the 10 maintenance, repair and replacement of the common elements.

11 (k) Such restrictions on and requirements respecting the 12 use and maintenance of the units and the use of the common 13 elements, not set forth in the declaration, as are designed to 14 prevent unreasonable interference with the use of their 15 respective units and of the common elements by the several unit 16 owners.

(1) Method of adopting and of amending administrative rules and regulations governing the operation and use of the common elements.

20 (m) The percentage of votes required to modify or amend the 21 bylaws, but each one of the particulars set forth in this 22 section shall always be embodied in the bylaws.

(n) (i) The provisions of this Act, the declaration, bylaws, other condominium instruments, and rules and regulations that relate to the use of the individual unit or the common elements shall be applicable to any person leasing a unit and shall be SB2354 Enrolled - 39 - LRB099 16668 HEP 41006 b

deemed to be incorporated in any lease executed or renewed on
 or after <u>August 30, 1984 (the effective date of Public Act</u>
 <u>83-1271)</u> this amendatory Act of 1984.

(ii) With regard to any lease entered into subsequent to 4 5 July 1, 1990 (the effective date of Public Act 86-991) this amendatory Act of 1989, the unit owner leasing the unit shall 6 7 deliver a copy of the signed lease to the board or if the lease 8 is oral, a memorandum of the lease, not later than the date of 9 occupancy or 10 days after the lease is signed, whichever 10 occurs first. In addition to any other remedies, by filing an 11 action jointly against the tenant and the unit owner, an 12 association may seek to enjoin a tenant from occupying a unit 13 or seek to evict a tenant under the provisions of Article IX of the Code of Civil Procedure for failure of the lessor-owner to 14 15 comply with the leasing requirements prescribed by this Section 16 or by the declaration, bylaws, and rules and regulations. The 17 board of managers may proceed directly against a tenant, at law or in equity, or under the provisions of Article IX of the Code 18 19 of Civil Procedure, for any other breach by tenant of any 20 covenants, rules, regulations or bylaws.

(o) The association shall have no authority to forbear thepayment of assessments by any unit owner.

(p) That when 30% or fewer of the units, by number, possess over 50% in the aggregate of the votes in the association, any percentage vote of members specified herein or in the condominium instruments shall require the specified percentage SB2354 Enrolled - 40 - LRB099 16668 HEP 41006 b

by number of units rather than by percentage of interest in the 1 2 common elements allocated to units that would otherwise be 3 applicable and garage units or storage units, or both, shall have, in total, no more votes than their aggregate percentage 4 5 of ownership in the common elements; this shall mean that if garage units or storage units, or both, are to be given a vote, 6 or portion of a vote, that the association must add the total 7 8 number of votes cast of garage units, storage units, or both, 9 and divide the total by the number of garage units, storage 10 units, or both, and multiply by the aggregate percentage of 11 ownership of garage units and storage units to determine the 12 vote, or portion of a vote, that garage units or storage units, or both, have. For purposes of this subsection (p), when making 13 a determination of whether 30% or fewer of the units, by 14 15 number, possess over 50% in the aggregate of the votes in the 16 association, a unit shall not include a garage unit or a 17 storage unit.

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

The provisions of this Section are applicable to all condominium instruments recorded under this Act. Any portion of a condominium instrument which contains provisions contrary to SB2354 Enrolled - 41 - LRB099 16668 HEP 41006 b

these provisions shall be void as against public policy and ineffective. Any such instrument which fails to contain the provisions required by this Section shall be deemed to incorporate such provisions by operation of law.

5 (Source: P.A. 98-1042, eff. 1-1-15; 99-472, eff. 6-1-16; 6 revised 10-19-15.)

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