1 AN ACT concerning property.

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

- Section 5. The Condominium Property Act is amended by changing Sections 18 and 18.4 as follows:
- 6 (765 ILCS 605/18) (from Ch. 30, par. 318)
- 7 (Text of Section before amendment by P.A. 95-624)
- 8 Sec. 18. Contents of bylaws. The bylaws shall provide for
- 9 at least the following:

- (a) (1) The election from among the unit owners of a board 10 11 of managers, the number of persons constituting such board, and that the terms of at least one-third of the members of 12 13 the board shall expire annually and that all members of the 14 board shall be elected at large. If there are multiple owners of a single unit, only one of the multiple owners 15 16 shall be eligible to serve as a member of the board at any 17 one time.
 - (2) the powers and duties of the board;
- 19 (3) the compensation, if any, of the members of the 20 board;
- 21 (4) the method of removal from office of members of the board;
- 23 (5) that the board may engage the services of a manager

or managing agent;

- (6) that each unit owner shall receive, at least 30 days prior to the adoption thereof by the board of managers, a copy of the proposed annual budget together with an indication of which portions are intended for reserves, capital expenditures or repairs or payment of real estate taxes;
- (7) that the board of managers shall annually supply to all unit owners an itemized accounting of the common expenses for the preceding year actually incurred or paid, together with an indication of which portions were for reserves, capital expenditures or repairs or payment of real estate taxes and with a tabulation of the amounts collected pursuant to the budget or assessment, and showing the net excess or deficit of income over expenditures plus reserves;
- (8) (i) that each unit owner shall receive notice, in the same manner as is provided in this Act for membership meetings, of any meeting of the board of managers concerning the adoption of the proposed annual budget and regular assessments pursuant thereto or to adopt a separate (special) assessment, (ii) that except as provided in subsection (iv) below, if an adopted budget or any separate assessment adopted by the board would result in the sum of all regular and separate assessments payable in the current fiscal year exceeding 115% of the sum of all regular and

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

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

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

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

- (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 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 meeting of the unit owners to fill the vacancy for the balance of the term, and that a meeting of the unit owners shall be called for purposes of filling

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a vacancy on the board no later 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;

- (14) what percentage of the board of managers, if other than a majority, shall constitute a quorum;
- (15) provisions concerning notice of board meetings to members of the board:
- (16) the board of managers may not enter into a contract with a current board member or with a corporation or partnership in which a board member or a member of the board member's immediate family has 25% or more interest, unless notice of intent to enter the contract is given to unit owners within 20 days after a decision is made to enter into the contract and the unit owners are afforded an opportunity by filing a petition, signed by 20% of the unit owners, for an election to approve or disapprove the contract; such petition shall be filed within 20 days after such notice and such election shall be held within 30 days after filing the petition; for purposes of this subsection, a board member's immediate family means the board member's spouse, parents, and children;
- (17) that the board of managers may disseminate to unit owners biographical and background information about

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

- (18) any proxy distributed for board elections by the board of managers gives unit owners the opportunity to designate any person as the proxy holder, and gives the unit owner the opportunity to express a preference for any of the known 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; and
- (20) that the board of managers may establish and maintain a system of master metering of public utility services and collect payments in connection therewith, subject to the requirements of the Tenant Utility Payment Disclosure Act.
- (b) (1) What percentage of the unit owners, if other than 20%, shall constitute a quorum provided that, condominiums with 20 or more units, the percentage of unit owners constituting a quorum shall be 20% unless the unit owners holding a majority of the percentage interest in the association provide for a higher percentage;

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- (2) that the association shall have one class of membership;
- (3) that the members shall hold an annual meeting, one of the purposes of which shall be to elect members of the board of managers;
 - (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;
- (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 provide for approval by unit owners 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 only one of the multiple owners is present at a meeting of the association, he is entitled to cast all the votes allocated to that unit, if more than one of the multiple owners are present, the votes allocated to that unit may be

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

- (9) (A) that unless the Articles of Incorporation or the bylaws otherwise provide, and except as provided in subparagraph (B) of this paragraph (9) in connection with board elections, a unit owner may vote by proxy executed in writing by the unit owner or by his duly authorized attorney in fact; that the proxy must bear the date of execution and, unless the condominium instruments or the written proxy itself provide otherwise, is invalid after 11 months from the date of its execution;
- (B) that if a rule adopted at least 120 days before a board election or the declaration or bylaws provide for balloting as set forth in this subsection, unit owners may not vote by proxy in board elections, but may vote only (i) by submitting an association-issued ballot in person at the election (ii) meeting or by submitting an association-issued ballot the association or to designated agent by mail or other means of delivery specified in the declaration, bylaws, or rule; that the ballots shall be mailed or otherwise distributed to unit

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

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

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is ratified;

- (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, provided that the board further adopt rules to verify the status of the unit owner issuing a proxy or casting a ballot; and further, that a candidate for election to the board of managers or such candidate's representative shall have the right to be present at the counting of ballots at such 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 quorum for purposes of election of members of the board of managers at any meeting of the unit owners called for purposes 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 elected to and serve on the board of managers unless the seller expressly retains in writing any or all of such rights. In no event may the seller and purchaser both be counted toward a quorum, be permitted to vote for a particular office or be elected and board. Satisfactory evidence on the the installment contact shall be made available to the

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association or its agents. For purposes of this subsection, "installment contact" shall have the same meaning as set forth in Section 1 (e) of "An Act relating to installment contracts to sell 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:
 - (i) merger or consolidation of the association;
 - (ii) sale, lease, exchange, or other disposition (excluding the mortgage or pledge) of all, or substantially all of the property and assets of the association; and
- (iii) the purchase or sale of land or of units on behalf of all unit owners.
 - (c) Election of a president from among the board of managers, who shall preside over the meetings of the board of 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

- 1 board of managers and of the unit owners and who shall, in
- 2 general, perform all the duties incident to the office of
- 3 secretary.
- 4 (e) Election of a treasurer from among the board of
- 5 managers, who shall keep the financial records and books of
- 6 account.
- 7 (f) Maintenance, repair and replacement of the common
- 8 elements and payments therefor, including the method of
- 9 approving payment vouchers.
- 10 (g) An association with 30 or more units shall obtain and
- 11 maintain fidelity insurance covering persons who control or
- 12 disburse funds of the association for the maximum amount of
- coverage available to protect funds in the custody or control
- 14 of the association plus the association reserve fund. All
- 15 management companies which are responsible for the funds held
- or administered by the association shall maintain and furnish
- to the association a fidelity bond for the maximum amount of
- 18 coverage available to protect funds in the custody of the
- 19 management company at any time. The association shall bear the
- 20 cost of the fidelity insurance and fidelity bond, unless
- 21 otherwise provided by contract between the association and a
- 22 management company. The association shall be the direct oblique
- of any such fidelity bond. A management company holding reserve
- funds of an association shall at all times maintain a separate
- 25 account for each association, provided, however, that for
- 26 investment purposes, the Board of Managers of an association

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authorize а management company to maintain t.he association's reserve funds in a single interest bearing of other associations. account with similar funds The management company shall at all times maintain records identifying all moneys of each association in such investment account. The management company may hold all operating funds of associations which it manages in a single operating account but shall at all times maintain records identifying all moneys of each association in such operating account. Such operating and reserve funds held by the management company for association shall not be subject to attachment by any creditor 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 obligations necessary for the day to day operation and management of any property subject to this Act. For purposes of this subsection, the term "fiduciary insurance coverage" shall be defined as both a fidelity bond and directors and officers liability coverage, the fidelity bond in the full amount of association funds and association reserves that will be in the custody of the association, and the directors and officers liability coverage at a level as shall be determined to be

- 2 established by the declaration or by laws.
- 3 Until one year after the effective date of this amendatory
- 4 Act of 1985, if a condominium association has reserves plus
- 5 assessments in excess of \$250,000 and cannot reasonably obtain
- 6 100% fidelity bond coverage for such amount, then it must
- 7 obtain a fidelity bond coverage of \$250,000.
- 8 (h) Method of estimating the amount of the annual budget,
- 9 and the manner of assessing and collecting from the unit owners
- 10 their respective shares of such estimated expenses, and of any
- other expenses lawfully agreed upon.
- 12 (i) That upon 10 days notice to the manager or board of
- managers and payment of a reasonable fee, any unit owner shall
- 14 be furnished a statement of his account setting forth the
- amount of any unpaid assessments or other charges due and owing
- 16 from such owner.
- 17 (j) Designation and removal of personnel necessary for the
- 18 maintenance, repair and replacement of the common elements.
- 19 (k) Such restrictions on and requirements respecting the
- 20 use and maintenance of the units and the use of the common
- 21 elements, not set forth in the declaration, as are designed to
- 22 prevent unreasonable interference with the use of their
- 23 respective units and of the common elements by the several unit
- 24 owners.
- 25 (1) Method of adopting and of amending administrative rules
- and regulations governing the operation and use of the common

elements.

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- (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.
- (i) The provisions of this Act, the declaration, condominium instruments, other and rules 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 the effective date of this amendatory Act of 1984. (ii) With regard to any lease entered into subsequent to the effective date of 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 occurs first. In addition to any other remedies, by filing an action jointly against the tenant and the unit owner, an association may seek to enjoin a tenant from occupying a unit 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 comply with the leasing requirements prescribed by this Section or by the declaration, bylaws, and rules and regulations. The board of managers may proceed directly against a tenant, at law or in equity, or under the provisions of Article IX of the Code of Civil Procedure, for any other breach by tenant of any

- covenants, rules, regulations or bylaws.
- (o) The association shall have no authority to forbear the payment 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 by number of units rather than by percentage of interest in the common elements allocated to units that would otherwise be applicable.
 - (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 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.
- 24 (Source: P.A. 93-243, eff. 1-1-04.)

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- Sec. 18. Contents of bylaws. The bylaws shall provide for 1 2 at least the following:
 - (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 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.
 - (2) the powers and duties of the board;
 - (3) the compensation, if any, of the members of the board;
 - (4) the method of removal from office of members of the board;
 - (5) that the board may engage the services of a manager or managing agent;
 - (6) that each unit owner shall receive, at least 30 days prior to the adoption thereof by the board of managers, a copy of the proposed annual budget together with an indication of which portions are intended for reserves, capital expenditures or repairs or payment of real estate taxes;
 - (7) that the board of managers shall annually supply to all unit owners an itemized accounting of the common expenses for the preceding year actually incurred or paid,

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together with an indication of which portions were for reserves, capital expenditures or repairs or payment of real estate taxes and with a tabulation of the amounts collected pursuant to the budget or assessment, and showing the net excess or deficit of income over expenditures plus

6 reserves;

(8) (i) that each unit owner shall receive notice, in the same manner as is provided in this Act for membership meetings, of any meeting of the board of managers concerning the adoption of the proposed annual budget and regular assessments pursuant thereto or to adopt a separate (special) assessment, (ii) that except as provided in subsection (iv) below, if an adopted budget or any separate assessment adopted by the board would result in the sum of all regular and separate assessments payable in the current fiscal year exceeding 115% of the sum of all regular and separate assessments payable during the preceding fiscal year, the board of managers, upon written petition by unit owners with 20 percent of the votes of the association delivered to the board within 14 days of the board action, shall call a meeting of the unit owners within 30 days of the date of delivery of the petition to consider the budget or separate assessment; unless a majority of the total votes of the unit owners are cast at the meeting to reject the budget or separate assessment, it is ratified, (iii) that any common expense not set forth in the budget or any

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increase in assessments over the amount adopted in the budget shall be separately assessed against all unit owners, (iv) that separate assessments for expenditures relating to emergencies or mandated by law may be adopted by the board of managers without being subject to unit owner approval or the provisions of item (ii) above or item (v) below. As used herein, "emergency" means an immediate danger to the structural integrity of the common elements or to the life, health, safety or property of the unit owners, (v) that assessments for additions and alterations to the common elements or to association-owned property not included in the adopted annual budget, shall be separately assessed and are subject to approval of two-thirds of the total votes of all unit owners, (vi) that the board of managers may adopt separate assessments payable over more than one fiscal year. With respect to multi-year assessments not governed by items (iv) and (v), the entire amount of the multi-year assessment shall be deemed considered and authorized in the first fiscal year in which the assessment is approved;

(9) that meetings of the board of managers shall be open to any unit owner, except for the portion of any meeting held (i) to discuss litigation when an action against or on behalf of the particular association has been filed and is pending in a court or administrative tribunal, or when the board of managers finds that such an action is

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probable imminent, (ii) to consider information or regarding appointment, employment or dismissal of employee, or (iii) to discuss violations of rules and regulations of the association or a unit owner's unpaid share of common expenses; that any vote on these matters shall be taken at a meeting or portion thereof open to any unit owner; that any unit owner may record the proceedings at meetings or portions thereof required to be open by this Act by tape, film or other means; that the board may prescribe reasonable rules and regulations to govern the right to make such recordings, that notice of such meetings shall be mailed or delivered at least 48 hours prior thereto, unless a written waiver of such notice is signed by the person or persons entitled to such notice pursuant to the declaration, bylaws, other condominium instrument, or provision of law other than this subsection before the meeting is convened, and that copies of notices of meetings of the board of managers shall be posted in entranceways, elevators, or other conspicuous places in the condominium at least 48 hours prior to the meeting of the board of managers except where there is no common entranceway for 7 or more units, the board of managers may designate one or more locations in the proximity of these units where the notices of meetings shall be posted;

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

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- (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 and execute amendments t.o 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 meeting of the unit owners to fill the vacancy for the balance of the term, and that a meeting of the unit owners shall be called for purposes of filling a vacancy on the board no later 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;
- (14) what percentage of the board of managers, if other than a majority, shall constitute a quorum;
- (15) provisions concerning notice of board meetings to members of the board;

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

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

(18) any proxy distributed for board elections by the board of managers gives unit owners the opportunity to designate any person as the proxy holder, and gives the unit owner the opportunity to express a preference for any

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of the known candidates for the board or to write in a 1 2 name;

- (19) that special meetings of the board of managers can be called by the president or 25% of the members of the board: and
- (20) that the board of managers may establish and maintain a system of master metering of public utility services and collect payments in connection therewith, subject to the requirements of the Tenant Utility Payment Disclosure Act.
- (b) (1) What percentage of the unit owners, if other than 20%, shall constitute a quorum provided that, condominiums with 20 or more units, the percentage of unit owners constituting a quorum shall be 20% unless the unit owners holding a majority of the percentage interest in the association provide for a higher percentage;
- (2) that the association shall have one class of membership;
- (3) that the members shall hold an annual meeting, one of the purposes of which shall be to elect members of the board of managers;
 - (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;

- (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 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 only one of the multiple owners is present at a meeting of the association, he is entitled to cast all the votes allocated to that unit, if more than one of the multiple owners are present, the votes allocated to that unit may be cast only in accordance with the agreement of a majority in interest of the multiple owners, unless the declaration expressly provides otherwise, that there is majority agreement if any one of the multiple owners cast the votes allocated to that unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the unit;
 - (9) (A) that unless the Articles of Incorporation or the bylaws otherwise provide, and except as provided in subparagraph (B) of this paragraph (9) in connection with

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board elections, a unit owner may vote by proxy executed in writing by the unit owner or by his duly authorized attorney in fact; that the proxy must bear the date of execution and, unless the condominium instruments or the written proxy itself provide otherwise, is invalid after 11 months from the date of its execution;

(B) that if a rule adopted at least 120 days before a board election or the declaration or bylaws provide for balloting as set forth in this subsection, unit owners may not vote by proxy in board elections, but may vote only (i) by submitting an association-issued ballot in person at the election meeting or (ii) by submitting an association-issued ballot to the association or its designated agent by mail or other means of delivery specified in the declaration, bylaws, or rule; that the ballots shall be mailed or otherwise distributed to unit owners not less than 10 and not more than 30 days before the election meeting, and the board shall give unit owners not less than 21 days' prior written notice of the deadline for inclusion of a candidate's name on the ballots; that the deadline shall be no more than 7 days before the ballots are mailed or otherwise distributed to unit owners; that every such ballot must include the names of all candidates who have given the board or its authorized agent timely written notice of their candidacy and must give the person casting the ballot the opportunity to cast votes for 1 candidate

candidates whose names do not appear on the ballot; that a ballot received by the association or its designated agent after the close of voting shall not be counted; that a unit owner who submits a ballot by mail or other means of delivery specified in the declaration, bylaws, or rule may request and cast a ballot in person at the election meeting, and thereby void any ballot previously submitted by that unit owner;

- (C) that if a written petition by unit owners with at least 20% of the votes of the association is delivered to the board within 14 days after the board's approval of a rule adopted pursuant to subparagraph (B) of this paragraph (9), the board shall call a meeting of the unit owners within 30 days after the date of delivery of the petition; that unless a majority of the total votes of the unit owners are cast at the meeting to reject the rule, the rule is ratified;
- (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, provided that the board further adopt rules to verify the status of the unit owner issuing a proxy or casting a ballot; and further, that a candidate for election to the board of managers or such candidate's representative shall have the right to be present at the

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counting of ballots at such 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 quorum for purposes of election of members of the board of managers at any meeting of the unit owners called for purposes 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 elected to and serve on the board of managers unless the seller expressly retains in writing any or all of such rights. In no event may the seller and purchaser both be counted toward a quorum, be permitted to vote for a particular office or be elected and the board. Satisfactory evidence the installment contact shall be made available to the association or its agents. For purposes of this subsection, "installment contact" shall have the same meaning as set forth in Section 1 (e) of "An Act relating to installment contracts to sell dwelling structures", approved August 11, 1967, as amended;
- (12) the method by which matters subject to 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

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- (13) that matters subject to the affirmative vote of 1 2 not less than 2/3 of the votes of unit owners at a meeting 3 duly called for that purpose, shall include, but not be limited to: 4
 - (i) merger or consolidation of the association;
 - (ii) sale, lease, exchange, or other disposition (excluding the mortgage or pledge) of all, substantially all of the property and assets of the association: and
- 10 (iii) the purchase or sale of land or of units on 11 behalf of all unit owners.
 - (c) Election of a president from among the board of managers, who shall preside over the meetings of the board of 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.
- 23 (f) Maintenance, repair and replacement of the common elements and payments therefor, including the method of 24 25 approving payment vouchers.
 - (q) An association with 30 or more units shall obtain and

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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. All management companies which are responsible for the funds held or administered by the association shall maintain and furnish to the association a fidelity bond for the maximum amount of coverage available to protect funds in the custody of the management company at any time. The association shall bear the cost of the fidelity insurance and fidelity bond, unless otherwise provided by contract between the association and a management company. The association shall be the direct obligee of any such fidelity bond. A management company holding reserve funds of an association shall at all times maintain a separate account for each association, provided, however, that for investment purposes, the Board of Managers of an association company to authorize a management maintain the may association's reserve funds in a single interest bearing of other associations. account with similar funds management company shall at all times maintain records identifying all moneys of each association in such investment account. The management company may hold all operating funds of associations which it manages in a single operating account but shall at all times maintain records identifying all moneys of each association in such operating account. Such operating and reserve funds held by the management company for the

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

Until one year after the effective date of 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

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- 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.
 - (j) Designation and removal of personnel necessary for the maintenance, repair and replacement of the common elements.
 - (k) Such restrictions on and requirements respecting the use and maintenance of the units and the use of the common elements, not set forth in the declaration, as are designed to prevent unreasonable interference with the use of their respective units and of the common elements by the several unit owners.
 - (1) Method of adopting and of amending administrative rules and regulations governing the operation and use of the common 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.
 - The provisions of this Act, the declaration, (n) other condominium instruments, and rules bylaws, 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 the effective date of this

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amendatory Act of 1984. (ii) With regard to any lease entered into subsequent to the effective date of 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 occurs first. In addition to any other remedies, by filing an action jointly against the tenant and the unit owner, an association may seek to enjoin a tenant from occupying a unit 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 comply with the leasing requirements prescribed by this Section or by the declaration, bylaws, and rules and regulations. However, if an association that currently permits leasing amends its declaration, bylaws, or rules and regulations, to prohibit leasing, nothing in this Act or the declarations, bylaws, rules and regulations of an association, shall prohibit a unit owner who is leasing his or her unit or units at the time of the prohibition from continuing to do so, until such time that the unit owner voluntarily sells the unit or units; and no special fines, fees, dues, or penalties shall be assessed against the unit owner for leasing his or her unit or units. The board of managers may proceed directly against a tenant, at law or in equity, or under the provisions of Article IX of the Code of Civil Procedure, for any other breach by tenant of any covenants, rules, regulations or bylaws.

- 1 (o) The association shall have no authority to forbear the 2 payment 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 by number of units rather than by percentage of interest in the common elements allocated to units that would otherwise be applicable. For purposes of this subsection (p), when making a determination of whether 30% or fewer of the units, by number, possess over 50% in the aggregate of the votes in the association, a unit shall not include a garage unit or a 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 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.

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

(765 ILCS 605/18.4) (from Ch. 30, par. 318.4) 2

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

(a) To provide for the operation, care, upkeep, maintenance, replacement and improvement of the common elements. Nothing in this subsection (a) shall be deemed to invalidate any provision in a condominium instrument placing limits on expenditures for the common elements, provided, that such limits shall not be applicable to expenditures for repair, replacement, or restoration of existing portions of the common elements. The term "repair, restoration" replacement means expenditures or to deteriorated or damaged portions of the property related to the existing decorating, facilities, or structural or mechanical components, interior or exterior surfaces, or equipment with energy systems and the functional equivalent of the original portions of such Replacement of the common elements may result improvement over the original quality of such elements or

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

- (b) To prepare, adopt and distribute the annual budget for the property.
 - (c) To levy and expend assessments.
 - (d) To collect assessments from unit owners.
- (e) To provide for the employment and dismissal of the personnel necessary or advisable for the maintenance and operation of the common elements.
- obtain adequate and appropriate kinds of insurance.
- (g) To own, convey, encumber, lease, and otherwise deal with units conveyed to or purchased by it.
- (h) To adopt and amend rules and regulations covering the details of the operation and use of the property, after

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a meeting of the unit owners called for the specific purpose of discussing the proposed rules and regulations. Notice of the meeting shall contain the full text of the proposed rules and regulations, and the meeting shall conform to the requirements of Section 18(b) of this Act, except that no quorum is required at the meeting of the unit owners unless the declaration, bylaws or other condominium instrument expressly provides to the contrary. However, no rule or regulation may impair any rights quaranteed by the First Amendment to the Constitution of the United States or Section 4 of Article I of the Illinois Constitution including, but not limited to, the free exercise of religion, nor may any rules or regulations conflict with the provisions of this Act or the condominium instruments. No rule or regulation shall prohibit any reasonable accommodation for religious practices, including the attachment of religiously mandated objects to the front-door area of a condominium unit. However, if an association that currently permits leasing amends its declaration, bylaws, or rules and regulations, to prohibit leasing, nothing in this Act or the declarations, bylaws, rules and regulations of an association, shall prohibit a unit owner who is leasing his or her unit or units at the time of the prohibition from continuing to do so, until such time that the unit owner voluntarily sells the unit or units; and no special fines, fees, dues, or penalties shall

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be assessed against the unit owner for leasing his or her unit or units.

- (i) To keep detailed, accurate records of the receipts and expenditures affecting the use and operation of the property.
- (j) To have access to each unit from time to time as may be necessary for the maintenance, repair or replacement of any common elements or for making emergency repairs necessary to prevent damage to the common elements or to other units.
- (k) To pay real property taxes, special assessments, and any other special taxes or charges of the State of Illinois or of any political subdivision thereof, or other lawful taxing or assessing body, which are authorized by law to be assessed and levied upon the real property of the condominium.
- (1) To impose charges for late payment of a unit owner's proportionate share of the common expenses, or any other expenses lawfully agreed upon, and after notice and an opportunity to be heard, to levy reasonable fines for violation of the declaration, by-laws, and rules and regulations of the association.
- Unless the condominium instruments expressly (m) provide to the contrary, by a majority vote of the entire board of managers, to assign the right of the association to future income from common expenses or other sources, and

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to mortgage or pledge substantially all of the remaining assets of the association.

- (n) To record the dedication of a portion of the common elements to a public body for use as, or in connection with, a street or utility where authorized by the unit owners under the provisions of Section 14.2.
- (o) To record the granting of an easement for the laying of cable television cable where authorized by the unit owners under the provisions of Section 14.3; to obtain, if available and determined by the board to be in the best interests of the association, cable television service for all of the units of the condominium on a bulk identical service and equal cost per unit basis; and to assess and recover the expense as a common expense and, if so determined by the board, to assess each and every unit on the same equal cost per unit basis.
- (p) To seek relief on behalf of all unit owners when authorized pursuant to subsection (c) of Section 10 from or in connection with the assessment or levying of real property taxes, special assessments, and any other special taxes or changes of the State of Illinois or of any political subdivision thereof or of any lawful taxing or assessing body.
- reasonably accommodate the needs (a) handicapped unit owner as required by the federal Civil Rights Act of 1968, the Human Rights Act and any applicable

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local ordinances in the exercise of its powers with respect to the use of common elements or approval of modifications in an individual unit.

(r) To accept service of a notice of claim for purposes of the Mechanics Lien Act on behalf of each respective member of the Unit Owners' Association with respect to improvements performed pursuant to any contract entered into by the Board of Managers or any contract entered into prior to the recording of the condominium declaration pursuant to this Act, for a property containing more than 8 units, and to distribute the notice to the unit owners within 7 days of the acceptance of the service by the Board of Managers. The service shall be effective as if each individual unit owner had been served individually with notice.

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

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

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

- these provisions shall be void as against public policy and 1
- 2 ineffective. Any such instrument that fails to contain the
- provisions required by this Section shall be deemed to 3
- 4 incorporate such provisions by operation of law.
- (Source: P.A. 94-384, eff. 1-1-06; 94-729, eff. 1-1-07.) 5
- Section 10. The General Not For Profit Corporation Act of 6
- 7 1986 is amended by adding Section 103.35 as follows:
- 8 (805 ILCS 105/103.35 new)
- 9 Sec. 103.35. Leasing units.
- 10 (a) If a common interest community or homeowners'
- 11 association that currently permits leasing amends its
- 12 declaration, covenants, bylaws, rules, regulations, or any
- other instruments, to prohibit leasing, nothing in this Act, or 13
- a common interest community or homeowners' association's 14
- 15 declaration, covenants, bylaws, rules, regulations, or any
- other instruments, shall prohibit a unit owner who is leasing 16
- 17 his or her unit or units at the time of the prohibition from
- continuing to do so, until such time that the unit owner 18
- voluntarily sells the unit or units; and no special fines, 19
- 20 fees, dues, or penalties shall be assessed against the unit
- 21 owner for leasing his or her unit or units.
- 22 (b) As used in this Section:
- 23 "Homeowners' association" includes a property owners'
- 24 association, townhome association, and any similar entity,

<pre>1 and "homeowner" includes a townhome owner</pre>		and '	"homeowner"	includes	а	townhome	owner
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- 2 "Common interest community" means the definition
- 3 provided in subsection (c) of Section 9-102 of the Code of
- 4 Civil Procedure.
- 5 Section 95. No acceleration or delay. Where this Act makes
- 6 changes in a statute that is represented in this Act by text
- 7 that is not yet or no longer in effect (for example, a Section
- represented by multiple versions), the use of that text does 8
- 9 not accelerate or delay the taking effect of (i) the changes
- 10 made by this Act or (ii) provisions derived from any other
- 11 Public Act.
- 12 Section 99. Effective date. This Act takes effect upon
- 13 becoming law.