

1 AN ACT in relation to property.

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

4 Section 5. The Condominium Property Act is amended by
5 changing Section 18 as follows:

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

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

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

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

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

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

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

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

30 (7) that the board of managers shall annually
31 supply to all unit owners an itemized accounting of the

1 common expenses for the preceding year actually incurred
2 or paid, together with an indication of which portions
3 were for reserves, capital expenditures or repairs or
4 payment of real estate taxes and with a tabulation of the
5 amounts collected pursuant to the budget or assessment,
6 and showing the net excess or deficit of income over
7 expenditures plus reserves;

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

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

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

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

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

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

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

22 (13) the method of filling vacancies on the board
23 which shall include authority for the remaining members
24 of the board to fill the vacancy by two-thirds vote until
25 the next annual meeting of unit owners or for a period
26 terminating no later than 30 days following the filing of
27 a petition signed by unit owners holding 20% of the votes
28 of the association requesting a meeting of the unit
29 owners to fill the vacancy for the balance of the term,
30 and that a meeting of the unit owners shall be called for
31 purposes of filling a vacancy on the board no later than
32 30 days following the filing of a petition signed by unit
33 owners holding 20% of the votes of the association
34 requesting such a meeting, and the method of filling

1 vacancies among the officers that shall include the
2 authority for the members of the board to fill the
3 vacancy for the unexpired portion of the term;

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

6 (15) provisions concerning notice of board meetings
7 to members of the board;

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

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

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

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

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

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

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

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

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

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

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

27 (6) that written notice of any membership meeting
28 shall be mailed or delivered giving members no less than
29 10 and no more than 30 days notice of the time, place and
30 purpose of such meeting;

31 (7) that voting shall be on a percentage basis, and
32 that the percentage vote to which each unit is entitled
33 is the percentage interest of the undivided ownership of
34 the common elements appurtenant thereto, provided that

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

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

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

29 (B) that if a rule adopted at least 120 days before
30 a board election or the declaration or bylaws provide for
31 balloting as set forth in this subsection, unit owners
32 may not vote by proxy in board elections, but may vote
33 only (i) by submitting an association-issued ballot in
34 person at the election meeting or (ii) by submitting an

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

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

33 (10) that the association may, upon adoption of the
34 appropriate rules by the board of managers, conduct

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

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

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

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

5 (i) merger or consolidation of the
6 association;

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

11 (iii) the purchase or sale of land or of units
12 on behalf 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.

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

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

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

27 (g) An association with 30 or more units shall obtain
28 and maintain fidelity insurance covering persons who control
29 or disburse funds of the association for the maximum amount
30 of coverage available to protect funds in the custody or
31 control of the association plus the association reserve fund.
32 All management companies which are responsible for the funds
33 held or administered by the association shall maintain and
34 furnish to the association a fidelity bond for the maximum

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

23 For the purpose of this subsection a management company
24 shall be defined as a person, partnership, corporation, or
25 other legal entity entitled to transact business on behalf of
26 others, acting on behalf of or as an agent for a unit owner,
27 unit owners or association of unit owners for the purpose of
28 carrying out the duties, responsibilities, and other
29 obligations necessary for the day to day operation and
30 management of any property subject to this Act. For purposes
31 of this subsection, the term "fiduciary insurance coverage"
32 shall be defined as both a fidelity bond and directors and
33 officers liability coverage, the fidelity bond in the full
34 amount of association funds and association reserves that

1 will be in the custody of the association, and the directors
2 and officers liability coverage at a level as shall be
3 determined to be reasonable by the board of managers, if not
4 otherwise established by the declaration or by laws.

5 Until one year after the effective date of this
6 amendatory Act of 1985, if a condominium association has
7 reserves plus assessments in excess of \$250,000 and cannot
8 reasonably obtain 100% fidelity bond coverage for such
9 amount, then it must obtain a fidelity bond coverage of
10 \$250,000.

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

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

20 (j) Designation and removal of personnel necessary for
21 the maintenance, repair and replacement of the common
22 elements.

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

29 (l) Method of adopting and of amending administrative
30 rules and regulations governing the operation and use of the
31 common elements.

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

1 (n) (i) The provisions of this Act, the declaration,
2 bylaws, other condominium instruments, and rules and
3 regulations that relate to the use of the individual unit or
4 the common elements shall be applicable to any person leasing
5 a unit and shall be deemed to be incorporated in any lease
6 executed or renewed on or after the effective date of this
7 amendatory Act of 1984. (ii) With regard to any lease entered
8 into subsequent to the effective date of this amendatory Act
9 of 1989, the unit owner leasing the unit shall deliver a copy
10 of the signed lease to the board or if the lease is oral, a
11 memorandum of the lease, not later than the date of occupancy
12 or 10 days after the lease is signed, whichever occurs first.
13 In addition to any other remedies, by filing an action
14 jointly against the tenant and the unit owner, an association
15 may seek to enjoin a tenant from occupying a unit or seek to
16 evict a tenant under the provisions of Article IX of the Code
17 of Civil Procedure for failure of the lessor-owner to comply
18 with the leasing requirements prescribed by this Section or
19 by the declaration, bylaws, and rules and regulations. The
20 board of managers may proceed directly against a tenant, at
21 law or in equity, or under the provisions of Article IX of
22 the Code of Civil Procedure, for any other breach by tenant
23 of any covenants, rules, regulations or bylaws.

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

26 (p) That when 30% or fewer of the units, by number,
27 possess over 50% in the aggregate of the votes in the
28 association, any percentage vote of members specified herein
29 or in the condominium instruments shall require the specified
30 percentage by number of units rather than by percentage of
31 interest in the common elements allocated to units that would
32 otherwise be applicable.

33 (q) That a unit owner may not assign, delegate,
34 transfer, surrender, or avoid the duties, responsibilities,

1 and liabilities of a unit owner under this Act, the
2 condominium instruments, or the rules and regulations of the
3 Association; and that such an attempted assignment,
4 delegation, transfer, surrender, or avoidance shall be deemed
5 void.

6 The provisions of this Section are applicable to all
7 condominium instruments recorded under this Act. Any portion
8 of a condominium instrument which contains provisions
9 contrary to these provisions shall be void as against public
10 policy and ineffective. Any such instrument which fails to
11 contain the provisions required by this Section shall be
12 deemed to incorporate such provisions by operation of law.

13 (Source: P.A. 88-135; 88-417; 88-626, eff. 9-9-94; 88-670,
14 eff. 12-2-94; 89-41, eff. 6-23-95.)