

AN ACT concerning civil law.

**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 Section 18.5 as follows:

(765 ILCS 605/18.5) (from Ch. 30, par. 318.5)

Sec. 18.5. Master Associations.

(a) If the declaration, other condominium instrument, or other duly recorded covenants provide that any of the powers of the unit owners associations are to be exercised by or may be delegated to a nonprofit corporation or unincorporated association that exercises those or other powers on behalf of one or more condominiums, or for the benefit of the unit owners of one or more condominiums, such corporation or association shall be a master association.

(b) There shall be included in the declaration, other condominium instruments, or other duly recorded covenants establishing the powers and duties of the master association the provisions set forth in subsections (c) through (h).

In interpreting subsections (c) through (h), the courts should interpret these provisions so that they are interpreted consistently with the similar parallel provisions found in other parts of this Act.

(c) Meetings and finances.

(1) Each unit owner of a condominium subject to the authority of the board of the master association shall receive, at least 30 days prior to the adoption thereof by the board of the master association, a copy of the proposed annual budget.

(2) The board of the master association shall annually supply to all unit owners of condominiums subject to the authority of the board of the master association an itemized accounting of the common expenses for the preceding year actually incurred or paid, together 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.

(3) Each unit owner of a condominium subject to the authority of the board of the master association shall receive written notice mailed or delivered no less than 10 and no more than 30 days prior to any meeting of the board of the master association concerning the adoption of the proposed annual budget or any increase in the budget, or establishment of an assessment.

(4) Meetings of the board of the master association shall be open to any unit owner in a condominium subject to the authority of the board of the master association, except for the portion of any meeting held:

(A) to discuss litigation when an action against or

on behalf of the particular master association has been filed and is pending in a court or administrative tribunal, or when the board of the master association finds that such an action is probable or imminent,

(B) to consider information regarding appointment, employment or dismissal of an employee, or

(C) to discuss violations of rules and regulations of the master association or unpaid common expenses owed to the master association.

Any vote on these matters shall be taken at a meeting or portion thereof open to any unit owner of a condominium subject to the authority of the master association.

Any unit owner may record the proceedings at meetings required to be open by this Act by tape, film or other means; the board may prescribe reasonable rules and regulations to govern the right to make such recordings. Notice of meetings shall be mailed or delivered at least 48 hours prior thereto, unless a written waiver of such notice is signed by the persons entitled to notice before the meeting is convened. Copies of notices of meetings of the board of the master association 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 the master association. Where there is no common entranceway for 7 or more units, the board of the master association may designate one or more locations in

the proximity of these units where the notices of meetings shall be posted.

(5) If the declaration provides for election by unit owners of members of the board of directors in the event of a resale of a unit in the master association, 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 directors at any meeting of the unit owners called for purposes of electing members of the board, and shall have the right to vote for the election of members of the board of directors and to be elected to and serve on the board of directors unless the seller expressly retains in writing any or all of those 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 serve on the board. Satisfactory evidence of the installment contract shall be made available to the association or its agents. For purposes of this subsection, "installment contract" shall have the same meaning as set forth in subsection (e) of Section 1 of the Dwelling Unit Installment Contract Act.

(6) The board of the master association shall have the authority to establish and maintain a system of master metering of public utility services and to collect payments

in connection therewith, subject to the requirements of the Tenant Utility Payment Disclosure Act.

(7) The board of the master association or a common interest community association shall have the power, after notice and an opportunity to be heard, to levy and collect reasonable fines from members for violations of the declaration, bylaws, and rules and regulations of the master association or the common interest community association. Nothing contained in this subdivision (7) shall give rise to a statutory lien for unpaid fines.

(8) Other than attorney's fees, no fees pertaining to the collection of a unit owner's financial obligation to the Association, including fees charged by a manager or managing agent, shall be added to and deemed a part of an owner's respective share of the common expenses unless: (i) the managing agent fees relate to the costs to collect common expenses for the Association; (ii) the fees are set forth in a contract between the managing agent and the Association; and (iii) the authority to add the management fees to an owner's respective share of the common expenses is specifically stated in the declaration or bylaws of the Association.

(d) Records.

(1) The board of the master association shall maintain the following records of the association and make them available for examination and copying at convenient hours

of weekdays by any unit owners in a condominium subject to the authority of the board or their mortgagees and their duly authorized agents or attorneys:

(i) Copies of the recorded declaration, other condominium instruments, other duly recorded covenants and bylaws and any amendments, articles of incorporation of the master association, annual reports and any rules and regulations adopted by the master association or its board shall be available. Prior to the organization of the master association, the developer shall maintain and make available the records set forth in this subdivision (d)(1) for examination and copying.

(ii) Detailed and accurate records in chronological order of the receipts and expenditures affecting the common areas, specifying and itemizing the maintenance and repair expenses of the common areas and any other expenses incurred, and copies of all contracts, leases, or other agreements entered into by the master association, shall be maintained.

(iii) The minutes of all meetings of the master association and the board of the master association shall be maintained for not less than 7 years.

(iv) Ballots and proxies related thereto, if any, for any election held for the board of the master association and for any other matters voted on by the

unit owners shall be maintained for not less than one year.

(v) Such other records of the master association as are available for inspection by members of a not-for-profit corporation pursuant to Section 107.75 of the General Not For Profit Corporation Act of 1986 shall be maintained.

(vi) With respect to units owned by a land trust, if a trustee designates in writing a person to cast votes on behalf of the unit owner, the designation shall remain in effect until a subsequent document is filed with the association.

(2) Where a request for records under this subsection is made in writing to the board of managers or its agent, failure to provide the requested record or to respond within 30 days shall be deemed a denial by the board of directors.

(3) A reasonable fee may be charged by the master association or its board for the cost of copying.

(4) If the board of directors fails to provide records properly requested under subdivision (d)(1) within the time period provided in subdivision (d)(2), the unit owner may seek appropriate relief, including an award of attorney's fees and costs.

(e) The board of directors shall have standing and capacity to act in a representative capacity in relation to matters

involving the common areas of the master association or more than one unit, on behalf of the unit owners as their interests may appear.

(f) Administration of property prior to election of the initial board of directors.

(1) Until the election, by the unit owners or the boards of managers of the underlying condominium associations, of the initial board of directors of a master association whose declaration is recorded on or after August 10, 1990, the same rights, titles, powers, privileges, trusts, duties and obligations that are vested in or imposed upon the board of directors by this Act or in the declaration or other duly recorded covenant shall be held and performed by the developer.

(2) The election of the initial board of directors of a master association whose declaration is recorded on or after August 10, 1990, by the unit owners or the boards of managers of the underlying condominium associations, shall be held not later than 60 days after the conveyance by the developer of 75% of the units, or 3 years after the recording of the declaration, whichever is earlier. The developer shall give at least 21 days notice of the meeting to elect the initial board of directors and shall upon request provide to any unit owner, within 3 working days of the request, the names, addresses, and weighted vote of each unit owner entitled to vote at the meeting. Any unit

owner shall upon receipt of the request be provided with the same information, within 10 days of the request, with respect to each subsequent meeting to elect members of the board of directors.

(3) If the initial board of directors of a master association whose declaration is recorded on or after August 10, 1990 is not elected by the unit owners or the members of the underlying condominium association board of managers at the time established in subdivision (f)(2), the developer shall continue in office for a period of 30 days, whereupon written notice of his resignation shall be sent to all of the unit owners or members of the underlying condominium board of managers entitled to vote at an election for members of the board of directors.

(4) Within 60 days following the election of a majority of the board of directors, other than the developer, by unit owners, the developer shall deliver to the board of directors:

(i) All original documents as recorded or filed pertaining to the property, its administration, and the association, such as the declaration, articles of incorporation, other instruments, annual reports, minutes, rules and regulations, and contracts, leases, or other agreements entered into by the association. If any original documents are unavailable, a copy may be provided if certified by affidavit of the developer, or

an officer or agent of the developer, as being a complete copy of the actual document recorded or filed.

(ii) A detailed accounting by the developer, setting forth the source and nature of receipts and expenditures in connection with the management, maintenance and operation of the property, copies of all insurance policies, and a list of any loans or advances to the association which are outstanding.

(iii) Association funds, which shall have been at all times segregated from any other moneys of the developer.

(iv) A schedule of all real or personal property, equipment and fixtures belonging to the association, including documents transferring the property, warranties, if any, for all real and personal property and equipment, deeds, title insurance policies, and all tax bills.

(v) A list of all litigation, administrative action and arbitrations involving the association, any notices of governmental bodies involving actions taken or which may be taken concerning the association, engineering and architectural drawings and specifications as approved by any governmental authority, all other documents filed with any other governmental authority, all governmental certificates, correspondence involving enforcement of any

association requirements, copies of any documents relating to disputes involving unit owners, and originals of all documents relating to everything listed in this subparagraph.

(vi) If the developer fails to fully comply with this paragraph (4) within the 60 days provided and fails to fully comply within 10 days of written demand mailed by registered or certified mail to his or her last known address, the board may bring an action to compel compliance with this paragraph (4). If the court finds that any of the required deliveries were not made within the required period, the board shall be entitled to recover its reasonable attorneys' fees and costs incurred from and after the date of expiration of the 10 day demand.

(5) With respect to any master association whose declaration is recorded on or after August 10, 1990, any contract, lease, or other agreement made prior to the election of a majority of the board of directors other than the developer by or on behalf of unit owners or underlying condominium associations, the association or the board of directors, which extends for a period of more than 2 years from the recording of the declaration, shall be subject to cancellation by more than 1/2 of the votes of the unit owners, other than the developer, cast at a special meeting of members called for that purpose during a period of 90

days prior to the expiration of the 2 year period if the board of managers is elected by the unit owners, otherwise by more than 1/2 of the underlying condominium board of managers. At least 60 days prior to the expiration of the 2 year period, the board of directors, or, if the board is still under developer control, then the board of managers or the developer shall send notice to every unit owner or underlying condominium board of managers, notifying them of this provision, of what contracts, leases and other agreements are affected, and of the procedure for calling a meeting of the unit owners or for action by the underlying condominium board of managers for the purpose of acting to terminate such contracts, leases or other agreements. During the 90 day period the other party to the contract, lease, or other agreement shall also have the right of cancellation.

(6) The statute of limitations for any actions in law or equity which the master association may bring shall not begin to run until the unit owners or underlying condominium board of managers have elected a majority of the members of the board of directors.

(g) In the event of any resale of a unit in a master association by a unit owner other than the developer, the owner shall obtain from the board of directors and shall make available for inspection to the prospective purchaser, upon demand, the following:

(1) A copy of the declaration, other instruments and any rules and regulations.

(2) A statement of any liens, including a statement of the account of the unit setting forth the amounts of unpaid assessments and other charges due and owing.

(3) A statement of any capital expenditures anticipated by the association within the current or succeeding 2 fiscal years.

(4) A statement of the status and amount of any reserve for replacement fund and any portion of such fund earmarked for any specified project by the board of directors.

(5) A copy of the statement of financial condition of the association for the last fiscal year for which such a statement is available.

(6) A statement of the status of any pending suits or judgments in which the association is a party.

(7) A statement setting forth what insurance coverage is provided for all unit owners by the association.

(8) A statement that any improvements or alterations made to the unit, or any part of the common areas assigned thereto, by the prior unit owner are in good faith believed to be in compliance with the declaration of the master association.

The principal officer of the unit owner's association or such other officer as is specifically designated shall furnish the above information when requested to do so in writing,

within 30 days of receiving the request.

A reasonable fee covering the direct out-of-pocket cost of copying and providing such information may be charged by the association or its board of directors to the unit seller for providing the information.

(g-1) The purchaser of a unit of a common interest community at a judicial foreclosure sale, other than a mortgagee, who takes possession of a unit of a common interest community pursuant to a court order or a purchaser who acquires title from a mortgagee shall have the duty to pay the proportionate share, if any, of the common expenses for the unit that would have become due in the absence of any assessment acceleration during the 6 months immediately preceding institution of an action to enforce the collection of assessments, and the court costs incurred by the association in an action to enforce the collection ~~and~~ that remain unpaid by the owner during whose possession the assessments accrued. If the outstanding assessments and the court costs incurred by the association in an action to enforce the collection are paid at any time during any action to enforce the collection of assessments, the purchaser shall have no obligation to pay any assessments that accrued before he or she acquired title. The notice of sale of a unit of a common interest community under subsection (c) of Section 15-1507 of the Code of Civil Procedure shall state that the purchaser of the unit other than a mortgagee shall pay the assessments and court costs required

by this subsection (g-1).

(h) Errors and omissions.

(1) If there is an omission or error in the declaration or other instrument of the master association, the master association may correct the error or omission by an amendment to the declaration or other instrument, as may be required to conform it to this Act, to any other applicable statute, or to the declaration. The amendment shall be adopted by vote of two-thirds of the members of the board of directors or by a majority vote of the unit owners at a meeting called for that purpose, unless the Act or the declaration of the master association specifically provides for greater percentages or different procedures.

(2) If, through a scrivener's error, a unit has not been designated as owning an appropriate undivided share of the common areas or does not bear an appropriate share of the common expenses, or if all of the common expenses or all of the common elements in the condominium have not been distributed in the declaration, so that the sum total of the shares of common areas which have been distributed or the sum total of the shares of the common expenses fail to equal 100%, or if it appears that more than 100% of the common elements or common expenses have been distributed, the error may be corrected by operation of law by filing an amendment to the declaration, approved by vote of two-thirds of the members of the board of directors or a

majority vote of the unit owners at a meeting called for that purpose, which proportionately adjusts all percentage interests so that the total is equal to 100%, unless the declaration specifically provides for a different procedure or different percentage vote by the owners of the units and the owners of mortgages thereon affected by modification being made in the undivided interest in the common areas, the number of votes in the unit owners association or the liability for common expenses appertaining to the unit.

(3) If an omission or error or a scrivener's error in the declaration or other instrument is corrected by vote of two-thirds of the members of the board of directors pursuant to the authority established in subdivisions (h)(1) or (h)(2) of this Section, the board, upon written petition by unit owners with 20% of the votes of the association or resolutions adopted by the board of managers or board of directors of the condominium and common interest community associations which select 20% of the members of the board of directors of the master association, whichever is applicable, received within 30 days of the board action, shall call a meeting of the unit owners or the boards of the condominium and common interest community associations which select members of the board of directors of the master association within 30 days of the filing of the petition or receipt of the condominium and

common interest community association resolution to consider the board action. Unless a majority of the votes of the unit owners of the association are cast at the meeting to reject the action, or board of managers or board of directors of condominium and common interest community associations which select over 50% of the members of the board of the master association adopt resolutions prior to the meeting rejecting the action of the board of directors of the master association, it is ratified whether or not a quorum is present.

(4) The procedures for amendments set forth in this subsection (h) cannot be used if such an amendment would materially or adversely affect property rights of the unit owners unless the affected unit owners consent in writing. This Section does not restrict the powers of the association to otherwise amend the declaration, bylaws, or other condominium instruments, but authorizes a simple process of amendment requiring a lesser vote for the purpose of correcting defects, errors, or omissions when the property rights of the unit owners are not materially or adversely affected.

(5) If there is an omission or error in the declaration or other instruments that may not be corrected by an amendment procedure set forth in subdivision (h)(1) or (h)(2) of this Section, then the circuit court in the county in which the master association is located shall

have jurisdiction to hear a petition of one or more of the unit owners thereon or of the association, to correct the error or omission, and the action may be a class action. The court may require that one or more methods of correcting the error or omission be submitted to the unit owners to determine the most acceptable correction. All unit owners in the association must be joined as parties to the action. Service of process on owners may be by publication, but the plaintiff shall furnish all unit owners not personally served with process with copies of the petition and final judgment of the court by certified mail, return receipt requested, at their last known address.

(6) Nothing contained in this Section shall be construed to invalidate any provision of a declaration authorizing the developer to amend an instrument prior to the latest date on which the initial membership meeting of the unit owners must be held, whether or not it has actually been held, to bring the instrument into compliance with the legal requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the United States Veterans Administration or their respective successors and assigns.

(i) The provisions of subsections (c) through (h) are applicable to all declarations, other condominium instruments,

and other duly recorded covenants establishing the powers and duties of the master association recorded under this Act. Any portion of a declaration, other condominium instrument, or other duly recorded covenant establishing the powers and duties of a master association which contains provisions contrary to the provisions of subsection (c) through (h) shall be void as against public policy and ineffective. Any declaration, other condominium instrument, or other duly recorded covenant establishing the powers and duties of the master association which fails to contain the provisions required by subsections (c) through (h) shall be deemed to incorporate such provisions by operation of law.

(j) The provisions of subsections (c) through (h) are applicable to all common interest community associations and their unit owners for common interest community associations which are subject to the provisions of Section 9-102(a)(8) of the Code of Civil Procedure. For purposes of this subsection, the terms "common interest community" and "unit owners" shall have the same meaning as set forth in Section 9-102(c) of the Code of Civil Procedure.

(Source: P.A. 96-1045, eff. 7-14-10.)