

ILLINOIS LIKELY TO SEE A MANAGER LICENSING LAW THIS YEAR

Legislation has passed both chambers, and will be sent to the Governor.

The hard work and efforts of the Illinois Legislative Action Committee, IL-LAC, paid off last week when both chambers of the Illinois Legislature passed the (Illinois) Community Association Manager Act, SB [1579](#). The Legislature has 30 days to send the bill to the Governor for his signature. The Governor then has 60 days to veto the bill or it becomes law. As the final vote was on May 30, 2009, this means that a final status will be known by August 28th at the latest.

Drafted by members of the IL-LAC working with interested parties in the state, SB 1579 provides for the licensure of community association managers by the Department of Financial and Professional Regulation effective January 1, 2011 (see Section 15 of the engrossed bill).

The Illinois Legislative Action Committee has actively led the legislative efforts on this legislation and its House companion, HB 271. The LAC worked for the past several years with legislators and their staffs to draft this legislation. This year's bill follows a collaborative effort with the realtors lobby on a codification of an association managers standards of professionalism and financial responsibility law (effective January 1, 2008; [Public Act 095-0318](#); [House Bill 1071](#)). Background on that bill can be found at this [link](#).

LAC leaders and volunteers and Chapter members should be recognized for their leadership and involvement in getting this legislation drafted and through both legislative chambers. CAI will provide further information as it becomes available.

If the legislation becomes law, it would implement the following set of regulations in the state:

Legislative Intent

This Act provides for the regulation of managers of community associations, ensuring that those who hold themselves out as possessing professional qualifications to engage in the provision of community association management services are, in fact, qualified to render management services of a professional nature. It also provides for the maintenance of high standards of professional conduct by those licensed as community association managers.

Definitions

Among the key definitions in this legislation:

- "Commission" means the Community Association Manager Regulatory Commission
- "Community association" means an association in which membership is a condition of ownership or shareholder interest of a unit in a condominium, cooperative, townhouse,

villa, or other residential unit which is part of a residential development plan and that is authorized to impose an assessment, rents, or other costs that may become a lien on the unit or lot.

- "Community association manager" means an individual who administers for remuneration the financial, administrative, maintenance, or other duties for the community association, including the following services:
 - (A) Collecting, controlling or disbursing funds of the community association or having the authority to do so;
 - (B) Preparing budgets or other financial documents for the community association;
 - (C) Assisting in the conduct of community association meetings;
 - (D) Maintaining association records; and
 - (E) Administrating association contracts, as stated in the declaration, bylaws, proprietary lease, declaration of covenants, or other governing document of the community association.
- "Community association manager" does not mean support staff, including, but not limited to bookkeepers, administrative assistants, secretaries, property inspectors, or customer service representatives.
- "Department" means the Department of Financial and Professional Regulation.

Key Provisions

Section 15. License required. No person may provide services as a community association manager to community associations in this State after January 1, 2011 unless he or she holds a current and valid license issued by the Department or is otherwise exempt from licensure under this Act.

Section 20. Exemptions; distinction from real estate license.

- (a) This Act does not apply to any of the following:
 - (1) Any director, officer, or member of a community association providing one or more of the services of a community association manager without compensation for such services to the association.
 - (2) Any person providing one or more of the services of a community association manager to a community association of 10 units or less.
 - (3) A licensed attorney acting solely as an incident to the practice of law.
 - (4) A person acting as a receiver, trustee in bankruptcy, administrator, executor, or guardian acting under a court order or under the authority of a will or of a trust instrument.
- (b) A licensed community association manager may not perform or engage in any activities for which a real estate broker or real estate salesperson license is required under the Real Estate License Act of 2000, unless he or she also possesses a current license under the Real Estate License Act of 2000 and is providing those services as provided for in that Act and the applicable rules.

Section 25. Community Association Manager Regulatory Commission ("Commission").

The Community Association Manager Regulatory Commission, consisting of seven members, will be created. These Governor-appointed members will include (five) licensees under this Act, and (two) owners or shareholders of a unit in a community association. After the Commission's creation, all Commission members shall serve five year terms. Section 35 outlines the powers and duties of the Commission.

Section 40. Qualifications.

(a) No person shall be qualified for licensure under this Act, unless he or she meets all of the following qualifications:

- (1) He or she is at least 21 years of age.
- (2) He or she is a citizen or legal permanent resident of the United States.
- (3) He or she has not been convicted of a felony.
- (4) He or she provides satisfactory evidence to the Commission of having completed at least 20 classroom hours in community association management courses approved by the Commission.
- (5) He or she has successfully completed an examination covering the fundamentals of community association management, including the Condominium Property Act, General Not For Profit Corporation Act of 1986, and any other statutes that the Commission deems appropriate as it relates to community association management.
- (6) He or she has not had a license suspended or revoked in any jurisdiction as a community association manager, or the comparable category of licensee, or been convicted of any offense in any jurisdiction arising from actions as a community association manager.

(b) Notwithstanding the provisions of subsection (a) of this Section:

- (1) The education requirement to qualify for the licensing examination does not apply to persons holding a real estate broker or real estate salesperson license issued under the Real Estate License Act of 2000; and
- (2) The examination and initial education requirement shall not apply to persons who, within 6 months after the rules to administer this Act are adopted by the Department, apply for a license by providing satisfactory evidence to the Department and the Commission of qualifying experience or education, including without limitation evidence that he or she has (A) practiced community association management for a period of 5 years or (B) achieved a designation awarded by recognized community association management organizations in the State.

Section 45. Examination. The standard for licensure will be based on a nationally certified test.

(a) Every person who makes application for initial licensure as a community association manager shall personally take and achieve a passing score on a nationally prepared and administered standardized examination for the community association management profession. The standardized examination must be developed according to the basic principles of professional testing standards utilizing psychometric measurement. The examination shall be prepared by an independent testing service designated by the Commission using standards set forth by the National Organization for Competency Assurances and shall be approved by the Department. [Note: This definition describes the Certified Manager of Community Associations exam].

(b) The designated independent testing service shall conduct the examinations at such times and places as the Commission shall approve.

(c) An applicant shall be eligible to take the examination only after successfully completing the education requirements set forth in this Act and attaining the minimum age required under this Act.

Section 50. Fidelity insurance; segregation of accounts. This section outlines the fidelity insurance requirements for the licensee and all partners, officers, and employees of the firm with whom the licensee is employed; separate, segregated accounts for each community association (unless there is a prior arrangement); commingled funds; etc.

Section 55. Disciplinary actions (including fines, revocation or suspension of a license, etc.)

Section 60. Fees.

Section 65. Licensure; renewal; reactivation; reinstatement.

Section 70. Continuing education.

(a) Except as otherwise provided in this Section, each person who applies for renewal of his or her license as a community association manager must successfully complete continuing education courses approved by the Commission at the rate of 4 hours per year or its equivalent or 16 hours over a 4 year period. No license may be renewed except upon the successful completion of the required courses or their equivalent as determined by the Department with the recommendation of the Commission.

(b) The continuing education requirement for community association managers shall consist of a curriculum established by the Commission

(c) Individuals who complete authorized courses in the core curriculum or elective courses to renew a real estate broker or real estate salesperson license shall receive credit for course to calculate the continuing education requirement to renew a community association manager license.

(d) The curriculum developed by the Commission shall qualify as elective courses required to achieve or renew a real estate broker or real estate salesperson license under the Real Estate License Act.

The Regulatory Sunset Act is amended by adding Sec. 4.31: The Community Association Manager Act is repealed on January 1, 2021. **Note:** the Sunset Date is the expiration date of a law.

Section 999. Effective date. This Act takes effect upon becoming law.

- For more Illinois legislative information, or for specifics about SB 1579, go to: <http://www.cai-illinois.org/CAI---Illinois-Legislative-Action-Committee~4417~264.htm>.