

COMMUNITY ASSOCIATION FACT SHEET

Although there is no hard data, various sources estimate there are approximately 80,000 properties representing almost 6 million separate housing units among ALL types of community associations.

Terms:

Community Association: a generic term to denote any type of residential development in which each owner is bound to an organization by a set of governing documents that require adherence to a set of rules and payment of assessments.

Condominium: Individual ownership based on a percentage relating to voting privileges and assessment share with the unit defined as the interior space bounded by the floor, walls and ceiling. Common Elements is everything other than the units and are shared by all owners as is the cost of their maintenance. Items that are considered as such include but are not limited to: landscaping, roofs, recreational facilities and utility systems. Whether the item is considered a common or limited common element is usually denoted in the governing documents.

Townhouse/Townhome: Ownership of the lot, dwelling and underlying real estate as defined in the governing documents.

Homeowner Association (HOA): Townhome or detached single family homes that are part of a development with governing documents and may have some shared common areas such as a clubhouse or pond.

Primary Legal Governance (in hierarchal order):

All Community Associations are operated through a Board of Directors elected by the owners; Managers and other professionals act in an advisory capacity. Primary responsibilities of a Board are to: operate and maintain the property, manage the finances including budgeting, engage in long-term planning and enforce the governing documents.

Condominium: Federal law, Illinois Condominium Property Act (ICPA), Association's own Declaration, Articles of Incorporation, Bylaws and Rules/Regulations

Townhouse and HOA's: Federal Law, Section 18.5, 6 and 7 only of the ICPA, Association's own Declaration, Articles of Incorporation, Bylaws and Rules/Regulations and possibly the Illinois General Not-for-Profit Corporation Act

Illinois Condominium Property Act (ICPA) (765 ILCS 605/1 et.seq.)

The most relevant sections of the Act are:

- Section 9: Budgets, Reserves and Allocation of Expenses
- Section 12: Insurance
- Section 18: Contents of Bylaws
- Section 18.4: Powers and Duties of the Board
- Section 18.5: Master Associations and applicability to non-condo properties-typically townhomes or single family homes
- Section 19: Availability of Records
- Section 22: Disclosure requirements to buyers

Illinois General Not-for-Profit Act: Certain sections provide required procedures or "default" ways to operate if the Articles of Incorporation or bylaws do not address them.

Management: Most Boards (if over 30 units) contract with professional management firms to assist in day-to-day operations. Recently a law was passed to license individuals engaged in compensated management functions for associations (Sec. 18.7 of the ICPA). Other associations may opt to be non-compensated self-managed, handling daily operations on their own. Regardless of the type of management an association engages in, ultimately legal and fiduciary responsibility lies with the Board of Directors.

Prepared by: The Association of Condominium, Townhouse & Homeowners Associations' (ACTHA), a not-for-profit organization run by a volunteer board of directors composed of resident owners, mission is to provide information & education to boards and owners of community associations. Programs include educational programs, a certification program for owners, trade shows and a lobbyist in Springfield to represent issues of interest to community associations.