

SELECT SECTIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF 1986

805 ILCS 105/101.01 et seq.

**Select Sections of the General Not For
Profit Corporation Act of 1986**

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TABLE OF CONTENTS

<u>SECTION</u>	<u>SUBJECT</u>	<u>PAGE</u>
Sec. 103.10	<u>General powers</u>	2
Sec. 103.30	<u>Homeowners' association; American flag or military flag</u>	3
Sec. 105.05	<u>Registered office and registered agent</u>	4
Sec. 107.03	<u>Members</u>	5
Sec. 107.05	<u>Meetings of members</u>	6
Sec. 107.10	<u>Informal action by members entitled to vote</u>	7
Sec. 107.40	<u>Voting</u>	8
Sec. 107.50	<u>Proxies</u>	8
Sec. 107.60	<u>Quorum of members entitled to vote</u>	8
Sec. 107.75	<u>Books and records</u>	9
Sec. 107.90	<u>Not-for-profit residential cooperative</u>	9
Sec. 108.05	<u>Board of directors</u>	10
Sec. 108.15	<u>Quorum of directors</u>	11
Sec. 108.21	<u>Meetings of the board of directors of a not-for-profit homeowners association or residential cooperative not-for profit corporation</u>	11
Sec. 108.45	<u>Informal action by directors</u>	12
Sec. 112.12	<u>Dissolution of residential cooperative housing corporations</u>	

**TEXT OF SELECT SECTIONS OF THE GENERAL NOT FOR PROFIT
CORPORATION ACT OF 1986**

The complete text of the General Not For Profit Corporation Act of 1986 is contained in 805 ILCS 105, Sections 101.01 through 117.05, of the Illinois Compiled Statutes.

Sec. 103.10 General powers

Each corporation shall have power:

(a) To have perpetual succession by its corporate name unless a limited period of duration is stated in its articles of incorporation;

(b) To sue and be sued, complain and defend, in its corporate name, and shall have standing to sue when one or more of its members would otherwise have standing to sue in his or her own right, providing the interests it seeks to protect are germane to the corporation's purpose, and neither the claim asserted nor the relief requested requires the participation of individual members in the lawsuit;

(c) To have a corporate seal which may be altered at pleasure, and to use the same by causing it, or a facsimile thereof, to be impressed or affixed or in any other manner reproduced, provided that the affixing of a corporate seal to an instrument shall not give the instrument additional force or effect, or change the construction thereof, and the use of a corporate seal is not mandatory;

(d) To purchase, take, receive, lease as lessee, take by gift, devise, or bequest, or otherwise acquire, and to own, hold, hold as trustee, use, and otherwise deal in and with any real or personal property, or any interest therein, situated in or out of this State;

(e) To sell and convey, mortgage, pledge, lease as lessor, and otherwise dispose of all or any part of its property and assets;

(f) To lend money to its officers, employees and agents except as limited by Section 108.80 of this Act;

(g) To purchase, take, receive, subscribe for, or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, loan, pledge, or otherwise dispose of, and otherwise use and deal in and with, shares or other interests in, or obligations of, other domestic or foreign corporations, whether for profit or not for profit, associations, partnerships or individuals;

(h) To incur liabilities, to borrow money for its corporate purposes at such rates of interest as the corporation may determine without regard to the restrictions of any usury law of this State, to issue its notes, bonds and other obligations; to secure any of its

obligations by mortgage, pledge, or deed of trust of all or any of its property, franchises, and income; and to make contracts, including contracts of guaranty and suretyship;

(i) To invest its funds from time to time and to lend money for its corporate purposes, and to take and hold real and personal property as security for the payment of funds so invested or loaned;

(j) To conduct its affairs, carry on its operations, and have offices within and without this State and to exercise in any other state, territory, district, or possession of the United States, or in any foreign country, the powers granted by this Act;

(k) To elect or appoint officers and agents of the corporation, and define their duties and fix their compensations;

(l) To make and alter bylaws, not inconsistent with its articles of incorporation or with the laws of this State, except as provided in Section 102.30 of this Act, for the administration and regulation of the affairs of the corporation;

(m) To make donations in furtherance of any of its purposes; to lend money to the State or Federal government; and to conduct any lawful affairs in aid of the United States;

(n) To cease its corporate activities and surrender its corporate franchise;

(o) To establish deferred compensation plans, pension plans, and other incentive plans for its directors, officers and employees and to make the payments provided for therein;

(p) To indemnify its directors, officers, employees or agents in accordance with and to the extent permitted by Section 108.75 of this Act and other applicable provisions of law;

(q) To be a promoter, partner, member, associate or manager of any partnership, joint venture or other enterprise; and

(r) To have and exercise all powers necessary or convenient to effect any or all of the purposes for which the corporation is formed.

(July 24, 1997)

Sec. 103.30 Homeowners' association; American flag or military flag

(a) Notwithstanding any provision in the association's declaration, covenants, bylaws, rules, regulations, or other instruments or any construction of any of those instruments by an association's board of directors, a homeowners' association incorporated under this Act may not prohibit the outdoor display of the American flag or a

military flag, or both, by a homeowner on that homeowner's property if the American flag is displayed in a manner consistent with Sections 4 through 10 of Chapter 1 of Title 4 of the United States Code and a military flag is displayed in accordance with any reasonable rules and regulations adopted by the association. An association may adopt reasonable rules and regulations, consistent with Sections 4 through 10 of Chapter 1 of Title 4 of the United States Code, regarding the placement and manner of display of the American flag and an association may adopt reasonable rules and regulations regarding the placement and manner of display of a military flag. An association may not prohibit the installation of a flagpole for the display of the American flag or a military flag, or both, but the association may adopt reasonable rules and regulations regarding the location and size of flagpoles.

(b) As used in this Section:

“American flag” means the flag of the United States (as defined in Section 1 of Chapter 1 of Title 4 of the United States Code and the Executive Orders entered in connection with that Section) made of fabric, cloth, or paper displayed from a staff or flagpole or in a window, but “American flag” does not include a depiction or emblem of the American flag made of lights, paint, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping, or decorative component.

“Homeowners’ association” includes a property owners’ association, townhome association, and any similar entity, and “homeowner” includes a townhome owner.

“Military flag” means a flag of any branch of the United States armed forces or the Illinois National Guard made of fabric, cloth, or paper displayed from a staff or flagpole or in a window, but “military flag” does not include a depiction or emblem of a military flag made of lights, paint, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping, or decorative component.

(January 1, 2004)

Sec. 105.05 Registered office and registered agent

(a) Each domestic corporation and each foreign corporation having authority to conduct affairs in this State shall have and continuously maintain in this State:

- (1) A registered office which may be, but need not be, the same as its place of business in this State.
- (2) A registered agent, which agent may be either an individual, resident in this State, whose business office is identical with such registered office, or a for profit domestic or foreign corporation, limited liability company, limited partnership, or limited liability partnership authorized to transact business in this State that is authorized by its statement of purpose to act as such agent, having a business office identical with such

registered office.

(b) The address, including street and number, if any, of the initial registered office, and the name of the initial registered agent of each corporation organized under this Act shall be stated in its articles of incorporation; and of each foreign corporation shall be stated in its application for authority to conduct affairs in this State.

(c) In the event of dissolution of a corporation, either voluntary, administrative, or judicial, the registered agent and the registered office of the corporation on record with the Secretary of State on the date of the issuance of the certificate or judgment of dissolution shall be an agent of the corporation upon whom claims can be served or service of process can be had during the two year post-dissolution period provided in Section 112.80 of this Act, unless such agent resigns or the corporation properly reports a change of registered office or registered agent.

(d) In the event of revocation of authority of a foreign corporation, the registered agent and the registered office of the corporation on record with the Secretary of State on the date of the issuance of the certificate of revocation shall be an agent of the corporation upon whom claims can be served or service of process can be had, unless such agent resigns.

(July 2, 2010)

Sec. 107.03 **Members**

(a) A corporation may have one or more classes of members or may have no members.

(b) If the corporation has one or more classes of members, the designation of the class or classes and the qualifications and rights of the members of each class shall be set forth in the articles of incorporation or the bylaws. The articles of incorporation or the bylaws may provide for representatives or delegates of members and may establish their qualifications and rights.

(c) If the corporation is to have no members, that fact shall be set forth in the articles of incorporation or the bylaws.

(d) A corporation may issue certificates evidencing membership therein.

(e) The transfer of a certificate of membership in a not-for-profit corporation in which assets are held for a charitable, religious, eleemosynary, benevolent or educational purpose, shall be without payment of any consideration of money or property of any kind or value to the transferor in respect to such transfer. Any transfer in violation of this Section shall be void.

(f) Where the articles of incorporation or bylaws provide that a corporation

shall have no members, or where a corporation has under its articles of incorporation, bylaws or in fact no members entitled to vote on a matter, any provision of this Act requiring notice to, the presence of, or the vote, consent or other action by members of the corporation in connection with such matter shall be satisfied by notice to, the presence of, or the vote, consent or other action of the directors of the corporation.

(g) A residential cooperative not-for-profit corporation containing 50 or more single family units with individual unit legal descriptions based upon a recorded plat of a subdivision and located in a county with a population between 780,000 and 3,000,000 shall specifically set forth the qualifications and rights of its members in the Articles of Incorporation and the bylaws.

(August 6, 1999)

Sec. 107.05 **Meetings of members**

(a) Meetings of members may be held either within or without this State, as may be provided in the bylaws or in a resolution of the board of directors pursuant to authority granted in the bylaws. In the absence of any such provision, all meetings shall be held at the registered office of the corporation in this State.

(b) An annual meeting of the members entitled to vote may be held at such time as may be provided in the bylaws or in a resolution of the board of directors pursuant to authority granted in the bylaws. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the corporation nor affect the validity of corporate action. If an annual meeting has not been held within the earlier of six months after the end of the corporation's fiscal year or fifteen months after its last annual meeting and if, after a request in writing directed to the president of the corporation, a notice of meeting is not delivered to members entitled to vote within 60 days of such request, then any member entitled to vote at an annual meeting may apply to the circuit court of the county in which the registered office or principal place of business of the corporation is located for an order directing that the meeting be held and fixing the time and place of the meeting. The court may issue such additional orders as may be necessary or appropriate for the holding of the meeting.

(c) Special meetings of the members may be called by the president or by the board of directors. Special meetings of the members may also be called by such other officers or persons or number or proportion of members entitled to vote as may be provided in the articles of incorporation or the bylaws. In the absence of a provision fixing the number or proportion of members entitled to vote who are entitled to call a meeting, a special meeting of the members entitled to vote may be called by such members having one-twentieth of the votes entitled to be cast at such meeting.

(d) Unless specifically prohibited by the articles of incorporation or bylaws, a corporation may allow members entitled to vote to participate in and act at any meeting through the use of a conference telephone or interactive technology, including but not

limited to electronic transmission, Internet usage, or remote communication, by means of which all persons participating in the meeting can communicate with each other. Participation in such meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

(e) For meetings of a not-for-profit corporation organized for the purpose of residential cooperative housing, consisting of 50 or more single family dwellings with individual unit legal descriptions based upon a recorded plat of a subdivision, and located in a county containing a population between 780,000 and 3,000,000 inhabitants, any member may record by tape, film, or other means the proceedings at the meetings. The board or the membership may prescribe reasonable rules and regulations to govern the making of the recordings. The portion of any meeting held to discuss violations of rules and regulations of the corporation by a residential shareholder shall be recorded only with the affirmative assent of that shareholder.

(August 6, 2002)

Sec. 107.10 Informal action by members entitled to vote

(a) Unless otherwise provided in the articles of incorporation or the bylaws, **except for the dissolution of a not-for-profit corporation organized for the purpose of ownership or administration of residential property on a cooperative basis**, any action required by this Act to be taken at any annual or special meeting of the members entitled to vote, or any other action which may be taken at a meeting of the members entitled to vote, may be taken by ballot without a meeting in writing by mail, e-mail, or any other electronic means pursuant to which the members entitled to vote thereon are given the opportunity to vote for or against the proposed action, and the action receives approval by a majority of the members casting votes, or such larger number as may be required by the Act, the articles of incorporation, or the bylaws, provided that the number of members casting votes would constitute a quorum if such action had been taken at a meeting. Voting must remain open for not less than 5 days from the date the ballot is delivered; provided, however, in the case of a removal of one or more directors, a merger, consolidation, dissolution or sale, lease or exchange of assets, the voting must remain open for not less than 20 days from the date the ballot is delivered.

(b) Such informal action by members shall become effective only if, at least 5 days prior to the effective date of such informal action, a notice in writing of the proposed action is delivered to all of the members entitled to vote with respect to the subject matter thereof.

(c) In the event that the action which is approved is such as would have required the filing of a certificate under any other Section of this Act if such action had been voted on by the members at a meeting thereof, the certificate filed under such other Section shall state, in lieu of any statement required by such Section concerning any vote of members, that an informal vote has been conducted in accordance with the provisions of this Section and that written notice has been delivered as provided in this Section.

(d) In addition, unless otherwise provided in the articles of incorporation or the bylaws, any action required by this Act to be taken at any annual or special meeting of the members entitled to vote, or any other action which may be taken at a meeting of members entitled to vote, may also be taken without a meeting and without a vote if a consent in writing, setting forth the action so taken, shall be approved by all the members entitled to vote with respect to the subject matter thereof.

(January 1, 2014)

Sec. 107.40 **Voting**

(a) The right of the members, or any class or classes of members, to vote may be limited, enlarged or denied to the extent specified in the articles of incorporation or the bylaws. Unless so limited, enlarged or denied, each member regardless of class, shall be entitled to one vote on each matter submitted to a vote of members.

(b) The articles of incorporation or the bylaws may provide that in all elections for directors every member entitled to vote shall have the right to cumulate his or her vote and to give one candidate a number of votes equal to his or her vote multiplied by the number of directors to be elected, or to distribute such votes on the same principle among as many candidates as he or she shall think fit.

(c) If a corporation has no members or its members have no right to vote with respect to a particular matter, the directors shall have the sole voting power with respect to such matter.

(January 1, 2010)

Sec. 107.50 **Proxies**

A member entitled to vote may vote in person or, unless the articles of incorporation or bylaws explicitly prohibit, by proxy executed in writing by the member or by that member's duly authorized attorney-in-fact. No proxy shall be valid after 11 months from the date of its execution, unless otherwise provided in the proxy. Unless otherwise prohibited by the articles of incorporation or bylaws, the election of directors, officers, or representatives by members may be conducted by mail, e-mail, or any other electronic means as set forth in subsection (a) of Section 107.10

(July 2, 2010)

Sec. 107.60 **Quorum of members entitled to vote**

Unless otherwise provided by the articles of incorporation or the bylaws, members holding one-tenth of the votes entitled to be cast on a matter, represented in person or by

proxy, shall constitute a quorum for consideration of such matter at a meeting of members. If a quorum is present, the affirmative vote of a majority of the votes present and voted, either in person or by proxy, shall be the act of the members, unless the vote of a greater number or voting by classes is required by the Act, the articles of incorporation or the bylaws. The articles of incorporation or bylaws may require any number or percent greater or smaller than one-tenth up to and including a requirement of unanimity to constitute a quorum

(September 24, 1986)

Sec. 107.75 **Books and records**

(a) Each corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, board of directors and committees having any of the authority of the board of directors; and shall keep at its registered office or principal office a record giving the names and addresses of its members entitled to vote. Any voting member shall have the right to examine, in person or by agent, at any reasonable time or times, the corporation's books and records of account and minutes, and to make extracts therefrom, but only for a proper purpose. In order to exercise this right, a voting member must make written demand upon the corporation, stating with particularity the records sought to be examined and the purpose therefor. If the corporation refuses examination, the voting member may file suit in the circuit court of the county in which either the registered agent or principal office of the corporation is located to compel by mandamus or otherwise such examination as may be proper. If a voting member seeks to examine books or records of account the burden of proof is upon the voting member to establish a proper purpose. If the purpose is to examine minutes, the burden of proof is upon the corporation to establish that the voting member does not have a proper purpose.

(b) A residential cooperative not-for-profit corporation containing 50 or more single family units with individual unit legal descriptions based upon a recorded plat of a subdivision and located in a county with a population between 780,000 and 3,000,000 shall keep an accurate and complete account of all transfers of membership and shall, on a quarterly basis, record all transfers of membership with the county clerk of the county in which the residential cooperative is located. Additionally, a list of all transfers of membership shall be available for inspection by any member of the corporation.

(January 1, 2010)

Sec. 107.90 **Not-for-profit residential cooperative**

(a) As used in this Section:

“Member” includes the plural “members”, where a membership is jointly held.

“Membership agreement” means the contract and other documents that define the

rights of the member to occupy, use, or possess a portion or all of a parcel of real estate exclusively.

“Class of membership” means a grouping of members based on the same privileges, rights, and manner of treatment by the corporation.

(b) The provisions of this Section apply only to a not-for-profit corporation organized for the purpose of residential cooperative housing consisting of 50 or more single family dwellings with individual unit legal descriptions based upon a recorded plat of a subdivision, located in a county containing a population between 780,000 and 3,000,000 inhabitants, and for which the title to one or more member’s parcels is held by the corporation.

(c) If (i) title for real property occupied or controlled by a member under a membership agreement is held by or is transferred to that member; (ii) more than one class of membership exists; or (iii) the corporation fails to obtain recognition or loses recognition as a Cooperative Housing Corporation under Section 216 of the Internal Revenue Code of 1954, as amended, then:

- (1) The board of directors shall issue notice to the members within 10 days after obtaining knowledge of (i), (ii), or (iii), or within 10 days after the effective date of this amendatory Act of the 91st General Assembly, if the board obtained such knowledge before the effective date of this amendatory Act of the 91st General Assembly..
- (2) At the member’s option, any member may receive a warranty deed for full title to the real property that he or she occupies issued by the not-for-profit corporation, upon presentation of a notarized and written request to the corporation, provided that the corporation holds the title.
- (3) The member may withdraw from the corporation, at the member’s option. The member shall retain his or her interest in any common property held by the corporation or may transfer his or her interest to the corporation for fair value, at the member’s option.

(August 6, 1999)

Sec. 108.05 Board of directors

(a) Each corporation shall have a board of directors, and except as provided in articles of incorporation, the affairs of the corporation shall be managed by or under the direction of the board of directors.

(b) A director need not be a resident of this State or a member of the corporation unless the articles of incorporation or bylaws so prescribe. The articles of incorporation or the bylaws may prescribe other qualifications for directors.

(c) Unless otherwise provided in the articles of incorporation or bylaws, the board of directors, by the affirmative vote of a majority of the directors then in office, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise, notwithstanding the provisions of Section 108.60 of this Act.

(d) No director may act by proxy on any matter.

(January 1, 2010)

Sec. 108.15 **Quorum of directors**

(a) Unless otherwise provided in the articles of incorporation or the bylaws, a majority of the directors then in office shall constitute a quorum; provided that in no event shall a quorum consist of less than one-third of the directors then in office.

(b) The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by the articles of incorporation or the bylaws.

(c) Unless specifically prohibited by the articles of incorporation or bylaws, directors or nondirector committee members may participate in and act at any meeting of such board or committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in such meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

(September 24, 1986)

Sec. 108.21 **Meetings of the board of directors of a not-for-profit homeowners association or residential cooperative not-for profit corporation**

Meetings of the board of directors of a not-for-profit homeowners association or residential cooperative not-for-profit corporation shall be open to any member, except for the portion of any meeting held (i) to discuss litigation when an action against or on behalf of the corporation has been filed and is pending in a court or administrative tribunal, or when the board of directors finds that such an action is probable or imminent, (ii) to consider information regarding appointment, employment or dismissal of an employee, or (iii) to discuss violations of rules and regulations of the corporation. Any member may record by tape, film or other means the proceedings at such meetings or portions thereof required to be open by this Section. The board may prescribe reasonable rules and regulations to govern

the right to make such recordings. 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 articles of incorporation, bylaws, other instrument before the meeting is convened. Copies of notices of meetings of the board of directors shall be posted in entranceways, elevators, or other conspicuous places at least 48 hours prior to the meeting of the board of directors. If there is no common entranceway for 7 or more units, the board of directors may designate one or more locations in the proximity of such units where the notices of meetings shall be posted. For purposes of this Section, "meeting of the board of directors" means any gathering of a quorum of the members of the board of directors held for the purpose of discussing business of the homeowners association or cooperative. The provisions of this Section shall apply to any homeowners association or residential cooperative situated in the State of Illinois regardless of where it may be incorporated.

(February 2, 2007)

Sec. 108.45 Informal action by directors

(a) Unless specifically prohibited by the articles of incorporation or bylaws, any action required by this Act to be taken at a meeting of the board of directors of a corporation, or any other action which may be taken at a meeting of the board of directors or a committee thereof, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be approved in writing by all of the directors and all of any nondirector committee members entitled to vote with respect to the subject matter thereof, or by all the members of such committee, as the case may be.

(b) The consent shall be evidenced by one or more written approvals, each of which sets forth the action taken and provides a written record of approval. All the approvals evidencing the consent shall be delivered to the secretary to be filed in the corporate records. The action taken shall be effective when all the directors or the committee members, as the case may be, have approved the consent unless the consent specifies a different effective date.

(c) Any such consent approved in writing by all the directors or all the committee members, as the case may be, shall have the same effect as a unanimous vote and may be stated as such in any document filed with the Secretary of State under this Act.

(July 2, 2010)

Sec. 112.12 Dissolution of residential cooperative housing corporations

When a not-for-profit corporation organized for the purpose of ownership or administration of residential property on a cooperative basis has members entitled to vote on dissolution, there must be an open meeting and vote of those members before a dissolution may be authorized.

(January 1, 2014)