



Webinar
August 27, 2025
12:00 p.m.

TRUE OR FALSE: TEST YOUR KNOWLEDGE



Dawn Moody



Gabby Comstock

KEOUGH & MOODY WEBINAR:
TRUE OR FALSE: TEST YOUR KNOWLEDGE

August 27, 2025, 12:00 p.m.

2 hours of continuing education credit will be provided

Test your knowledge during this webinar! Don't worry, no one but you will know your score!

While you may enter this webinar not knowing the answers to some questions that relate

to common situations within a community association, by the end of the webinar, you **will** know the answers. You will also understand why the answers are true or false. Join Dawn and Gabby as they test your knowledge on questions related to meeting notices, meeting minutes, voting at annual meetings, document requests, and rules and regulations. After this 2-hour webinar, you can then test the knowledge of your fellow community association managers and members of the board of directors.

Registration is required for EVERY attendee to ensure continuing education credit can be given.

**Register
Here**

“True or False: Test Your Knowledge” is approved by Community Association Managers International Certification Board (CAMICB) to fulfill continuing education requirements for the CMCA® certification.

It is also approved by the IDFPR to fulfill continuing education requirements for maintaining a community association manager license.



WHAT INFORMATION ARE PROSPECTIVE PURCHASERS ENTITLED TO RECEIVE

Whether your association is a condominium association bound by the Illinois Condominium Property Act (“Condominium Act”) or a common interest community association bound by the Common Interest Community Association Act (“CICAA”), when a unit within the association sells, the seller is to make certain documents and information available for inspection by the prospective purchaser. This information is obtained by the seller from its association. For condominium associations, this is commonly referred to as “the 22.1”, since what is required to be provided is identified in Section 22.1 of the Condominium Act. For associations bound by CICAA, the requirements are mostly the same and provided for in Section 1-25 of CICAA. To avoid liability for the association and management, it is important to provide the correct disclosures.

Unless otherwise indicated, the following is the language from the Condominium Act and CICAA and a brief explanation as to what is to be provided by the association to ensure

compliance.

- (1) A copy of the declaration, bylaws, other condominium instruments, and any rules and regulations

What does this mean? As amendments or amended and restated documents are adopted, the community instruments provided to prospective purchasers must be updated. Failure to provide a prospective purchaser with copies of all of the documents currently in effect could prevent the association from being able to enforce certain restrictions against the new owner. A mechanism should be put in place to ensure that the information provided to prospective purchasers is updated as needed.

- (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

What does this mean? The disclosure does not only have to state what is the amount of the monthly assessments due for the unit, but also the amount due and owing, if any. Most associations identify the outstanding amount due in a paid assessment letter. For this reason, the disclosure should refer the reader to the paid assessment letter. As a reminder, the paid assessment letter must include all outstanding amounts due and owing to avoid the association from being barred to collect any amounts. Therefore, if you have an account pending closing, which is also with the association's attorney for collection, be sure to confirm that all legal fees and costs are posted before issuing that paid assessment letter. It is also a good idea for this disclosure to identify any upcoming or pending chargebacks that will come due so as to ensure the prospective purchaser knows what upcoming expenses will be collected from him.

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

What does this mean? The disclosure must identify not only those expenditures already approved by the board of directors, but also those that are anticipated. By definition, "anticipated" means probable, expected or predicted. Even if a board has not decided if the expenditure will be incurred, if it is under consideration or a possibility, it *must* be disclosed. Failure to disclose the expenditure could impact the association's ability to collect the unit owner's proportionate share of the common expense. The disclosure should identify the actual or proposed work to be done, the estimated cost, and the year when the expenditure may be incurred. It is a good idea to also identify how the expenditure will be paid, if known. If it is unknown, then the disclosure should make it clear that no decision has been made as to how the expenditure will be financed and that at the appropriate time, the board of directors will consider all available options, including budgeting for the expense, using reserves, adopting a special assessment and/or obtaining third party financing. As a reminder, as projects are completed, this section of the disclosure should be updated.

- (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

What does this mean? It is important to identify the most current balance of the reserves. In addition, if any of the expenditures identified in the above paragraph may be paid through reserves, this section must identify what portion of the reserves will be used to finance a project. This ensures that the prospective purchaser has a clear understanding as to what is the "true" amount for the reserves. After all, a reserve balance of \$10,000,000 could seem very healthy, except if \$9,500,000 of those funds are earmarked to be spent in the calendar year. A common mistake we see on disclosures is that the association fails to properly identify the purpose of specific funds within this account.

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

What does this mean? Typically, an association will provide the year end audited financial statements from the previous fiscal year.

(6) A statement of any pending suit or judgment in which the association is a party

What does this mean? Most associations regularly pursue legal action to enforce the restrictions within the association's condominium instruments, either to ensure compliance with the restrictions and/or to ensure all amounts due to the association are paid. Likewise, it is not uncommon for an association to be named as a defendant in a foreclosure action filed by an owner's lender. As these are pending suits that an association is a named party, it is important that the disclosure include a general disclosure of these types of cases so that the association does not have to identify every collection, enforcement or foreclosure action. It is also important that the association identify all other lawsuits involving the association, i.e. personal injury claims filed by a person. The way these suits or judgments are disclosed typically is to include the case caption, case number and the name of the court where the case is pending. It is also best practices to generally describe the lawsuit and indicate whether the association's insurance carrier has appointed counsel to defend the association's interest.

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

What does this mean? Most often the disclosures just will state the name of the agent for the association from whom insurance information can be obtained. That is, it is not common to list out all of the coverage in place. Yet, it is a good idea to include an affirmative statement that the association has obtained all insurance coverage as required by Illinois law and/or the association's community instruments.

(8) For condominium associations only, a statement that any improvements or alterations made by the unit or the limited common elements by the prior owner are believed to be done in good faith and in compliance with the condominium instruments

What does this mean? Most associations do not inspect units before a closing to insure all is done in compliance with the condominium instruments. While it is not necessary that these inspections be done before a closing, it is necessary that the disclosure specifically state that no inspections are done and no representation is being made by the association to ensure that all improvements and alterations have been done in good faith and in compliance with the condominium instruments. If the association is aware of a violation within the unit, the association must disclose it in this section. This will ensure that the association has not waived its ability to demand that the violation be corrected.

(9) For condominium associations only, the identity and mailing address of the principal officer of the association or other officer or agent as is specifically designated to receive notices.

What does this mean? It is recommended that the association's registered agent be the one identified in this section. After all, part of the registered agent's duties is to receive legal notices and advise the association of the same. Since these notices are usually of a legal nature, it is best that the notice be sent to the association's legal counsel. This ensures that the notice is properly and timely addressed.

The Condominium Act states that the information requested is to be provided in writing and within ten (10) business days of the request. CICA states that the information is to be provided within thirty (30) days of receipt of the request.

Associations can charge a fee to provide this information, but it must be reasonable. Condominium associations are limited as to what that amount can be by the terms of the Condominium Act. The Condominium Act does allow the association to charge a greater amount for a request that seeks completion within 72 hours, but again, that amount is limited by statute.

It is important for these disclosures to include only the required information and to provide correct and accurate information. While legal can review the disclosures, ultimately, the disclosures must be made and confirmed by management and the board of directors. After all, you will know what is being discussed, considered, and decided by the board of directors.

The information on these disclosures can change on a regular basis. Since these disclosures can have an effect on the association's legal rights and may affect the association's ability to collect funds from an owner, it is important that management and the board of directors regularly review the disclosure for accuracy. It is not uncommon for an association to have review and approval of the required disclosures on the agenda for every board meeting. Again, this ensures the document is regularly reviewed and changes are made. Remember, these disclosures are not a once a year or set it and forget it project—they need to be part of the board of directors' regular review process.

Finally, it is not uncommon that upon receipt of the above information, the buyer and/or his attorney will have questions. These persons may contact management or a board member directly with their questions. When this happens, management and the board should be very careful in speaking to and responding directly to the prospective purchaser. In fact, they should NOT speak to the prospective purchasers. All communications should be with the seller and/or seller's attorney/representative only. This will ensure that the seller cannot accuse the association or management of interfering with a sale of a unit. Any requests for information beyond what is legally required should be decided by the board. Remember, once more information is given to one seller, that will be the precedent to be followed with future sales. It can be a fine line that management and the board walk because you never want to give more than legally required, yet you do want units to sell. For this reason, it is important for a community association manager to understand how far and how much management should do to assist with a closing. Advice from legal counsel can also be instrumental when dealing with these situations.

If you have any questions, please do not hesitate to contact our office.

Chuck Keough (cmk@kmlegal.com), Dawn Moody (dln@kmlegal.com) and
Gabby Comstock (grc@kmlegal.com)

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Naperville
630-369-2700

Chicago
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info@kmlegal.com

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**Keough & Moody, P.C.,
114 East Van Buren, Naperville, IL 60540**



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