

## Amendment to Condo Act Complicates Amending Bylaws

Public Act 96-55 was recently signed into law by the Governor. It amends section 18(b)(1) of Condominium Property Act. The amendment is effective January 1, 2010.

Section 18(b)(1) governs quorum requirements when unit owners are meeting. PA 96-55 adds the following language at the end of the subsection:

“provided that in voting on amendments to the association’s bylaws, a unit owner who is in arrears on the unit owner’s regular or separate assessments for 60 days or more, shall not be counted for purpose of determining if a quorum is present, but that unit owner retains the right to vote on amendments to the association’s bylaws.”

This amendment does condominium associations no favors. In fact, in my opinion, it is another in a line of poorly thought-out and poorly drafted provision being enacted into law.

First, by its terms it only applies to situations in which the association’s bylaws are up for amendment. It could have said “condominium instruments”, which is a defined term including the declaration and the bylaws and the plat. (Condo Act, Section 2(l)). Or it could have been stated to apply to the declaration and the bylaw. But oddly, it only applies to amendments to the bylaws.

Second, it requires a calculation, in advance of a unit owner vote, of each unit in arrears to see if that unit is more or less than 60 days (2 months?) in arrears in just assessments. Late charges, attorneys’ fees and other non-assessments items must be accounted for to make sure that the 60 day requirement is met. This should make it even more necessary for associations to have accounting rules to explain how part payments are to be applied to an arrearage. That is, if a part payment of an arrearage is made, the association will need rules to determine exactly which items have been paid by the part payment and which remain unpaid. A discussion of the effect of such a rule with the association’s accountant and/or attorney will become necessary in close cases.

Third, the words “shall not be counted for purposes of determining if a quorum if present” need interpretation. Say a unit 60 days in arrears has a 4% interest in the association. Say the quorum requirement is 20% ordinarily. Does this amendment mean that the association effectively only has 96% of its units for quorum and only 96% of 20% (or 19.2%) of the association’s percentage interests need to be present in person or by proxy to meet quorum? Or does it simply mean that the association effectively only has 96% of its interests available from which to find the 20% quorum requirement. I think it means the latter, but I am not certain.

And if it is intended to somehow punish the owners of units in arrears, it is not clear to me how cutting the unit out of quorum, but letting unit vote, is much of a penalty.

I suppose in an association with fewer than 20 units, where every unit has a sizable percentage interest, and quorum is allowed be greater than 20%, the refusal to count a unit towards quorum could mean that quorum is not reached. But that, in my opinion, is as likely to harm the association as the unit owner. That is, if quorum isn't reached, then the amendment cannot pass, even if the votes are otherwise present. I have seen small associations with 2/3rds, or even 3/4, quorum requirements, and amendment votes of an equal or smaller percentage. On those cases, this new statutory amendment may well make those associations unable to pass an amendment if even one of the units is sufficiently in arrears. If the quorum requirement is 2/3rds and just over 2/3 of the percentage interests are present, but one of the units is disqualified from quorum under this provision, you may have the odd result that there is no quorum (so that amendment cannot be voted on and thus fails), but if a quorum was present and the unit, otherwise disqualified, voted, the amendment would pass easily.

I would suggest that the legislature repeal this amendment, and start again.

## Public Act 96-649 May Change the Way Associations Give Notice to Owners (B)

Public Act 96-649, effective 1/1/2010, amends the IL Not-for-Profit Corporation Act. Since most condominium associations are NFP corporations (or at least have the powers of NFP corporations) and most “townhome” associations are also NFP corporations, PA 96-649 will have wide application.

Most the changes relate to allowing electronic communications to be used to take corporate actions.

The Act makes a number of changes to the NFP Act. Among them are:

1. Section 101.80(g) is amended to add to the definition of “delivery” under the NFP Act, the transmittal by electronic means “to the e-mail address, facsimile number or other contact information appearing on the records of the corporation...” Provided however that the articles of incorporation or the bylaws of the corporation authorize or approve such delivery form.
2. Section 101.80(p) goes on to define actions required to be written, or “written consent” as including “any communication transmitted or received by electronic means”. But the articles of incorporation or bylaws could prohibit such electronic communications being used as consents.
3. Section 107.10 sets up a procedure by which electronic communications can be used to allow membership votes, as informal action in lieu of an owners’ meeting. Essentially, a ballot would be emailed to the owners at least 5 days before the voting is to close (20 days for certain specified types of votes). If the vote approves the action, a notice of the approval must be delivered to all owners at least 5 days before it would become effective. Delivery here would include the email delivery of Section 101.80(g).
4. Section 107.50 is amended to allow election of directors or officers by electronic means under 107.10.
5. Section 108.45, which allows informal action by directors, is amended to allow that any consent of directors to the informal action must provide a written record. This relates back to 101.80 (p) and allows the evidence of consent to be by email or other electronic communication.

### Commentary:

A. The Act’s liberalizing of the concept of “delivery” is not automatic. It requires that either the articles of incorporation or the bylaws be amended to include the authority or approval to use electronic means. Either way, a vote of the owners will be needed. But amending the articles of incorporation may only require a majority of the owners (by

percentage interest in condos) which is likely a lower standard than the 2/3rds usually needed to amend bylaws.

B. The use of electronic voting will have, in my opinion, an adverse effect on owners' meeting generally. One purpose of actually having meetings is to allow the owners to vent opinions on the matter before the meeting. As someone who has struggled with very long threads of emails between owners arguing about an issue, I believe that it is better to have those types of arguments in front of other people. For one thing, it is easier to vent when you are in your pjs sitting in front of a computer than it may be when you actually have to look at your opponent on an issue, so the level of argument may well decline. For another thing, it is harder to discuss and possibly amend a motion or resolution up for a vote, when every change would, under the new amendments, require a new notice and at least 5 days to review the change.

C. To the extent that the new amendments allow voting for directors by email, there is possible conflict with the Condo Act, which has its own set of provisions on voting for directors other than at a meeting (See Condo Act, Section 18(b)(9)). Ordinarily, if one act is general and one act is specific, the specific act controls. In this case that would mean that the more specific Condo Act would control over the NFP Act. But the exact inter-relationship between the amended NFP Act and the Condo Act on director voting will have to be worked out.

D. Application of the new amendments to directors' meetings would appear to be minimal. Directors' meetings are almost always required to be "open" and require posted notice in addition to any other notice. Allowing informal action by email still will have almost no place in directors' meetings because of the "open" requirement. But the use of email to deliver notice to those persons to whom notice of a directors meeting is required may well be of help.

E. Associations should consider developing rules to gather the needed email and other electronic communication information from owners. Owners will also want reassurance that their email addresses will be used carefully and not given out to everyone in the association. Careful thought will have to be given to fashioning rules and procedures to handle such privacy issues.

It will take a while to determine if the new Act actually helps associations more efficiently give notice and take various actions, or whether the inconsistencies with the Condo Act simply make matters more confusing.

The full text of PA 96-649 is attached.

**Public Act 096-0649**

SB1390 Enrolled

LRB096 08993 AJO 19132 b

AN ACT concerning business.

Be it enacted by the People of the State of Illinois,  
represented in the General Assembly:

Section 5. The General Not For Profit Corporation Act of 1986 is amended by changing Sections 101.80, 103.12, 107.10, 107.40, 107.50, 107.75, 108.05, 108.10, 108.35, 108.45, 108.60, 108.70, and 110.30 as follows:

(805 ILCS 105/101.80) (from Ch. 32, par. 101.80)

Sec. 101.80. Definitions. As used in this Act, unless the context otherwise requires, the words and phrases defined in this Section shall have the meanings set forth herein.

(a) "Anniversary" means that day each year exactly one or more years after:

(1) The date of filing the articles of incorporation prescribed by Section 102.10 of this Act, in the case of a domestic corporation;

(2) The date of filing the application for authority prescribed by Section 113.15 of this Act in the case of a foreign corporation;

(3) The date of filing the statement of acceptance prescribed by Section 101.75 of this Act, in the case of a corporation electing to accept this Act; or

(4) The date of filing the articles of consolidation prescribed by Section 111.25 of this Act in the case of a consolidation.

(b) "Anniversary month" means the month in which the anniversary of the corporation occurs.

(c) "Articles of incorporation" means the original articles of incorporation including the articles of incorporation of a new corporation set forth in the articles of consolidation or set forth in a statement of election to accept this Act, and all amendments thereto, whether evidenced by articles of amendment, articles of merger or statement of correction affecting articles. Restated articles of incorporation shall supersede the original articles of incorporation and all amendments thereto prior to the effective date of filing the articles of amendment incorporating the restated articles of incorporation. In the case of a corporation created by a Special Act of the Legislature, "Articles of incorporation" means the special charter and any amendments thereto made by Special Act of the Legislature or pursuant to general laws.

(d) "Board of directors" means the group of persons vested with the management of the affairs of the corporation irrespective of the name by which such group is designated.

(e) "Bylaws" means the code or codes of rules adopted for the regulation or management of the affairs of the corporation irrespective of the name or names by which such rules are designated.

(f) "Corporation" or "domestic corporation" means a domestic not-for-profit corporation subject to the provisions of this Act, except a foreign corporation.

(g) "Delivered," for the purpose of determining if any notice required by this Act is effective, means:

(1) Transferred or presented to someone in person;

(2) Deposited in the United States mail addressed to the person at his, her or its address as it appears on the records of the corporation, with sufficient first-class postage prepaid thereon;

(3) Posted at such place and in such manner or otherwise transmitted to the person's premises as may be authorized and set forth in the articles of incorporation or the bylaws; or

(4) Transmitted by electronic means to the e-mail address, facsimile number, or other contact information appearing that appears on the records of the corporation as may be authorized or approved ~~and set forth~~ in the articles of incorporation or the bylaws.

(h) "Foreign corporation" means a not-for-profit corporation as defined and organized under the laws other than the laws of this State, for a purpose or purposes for which a corporation may be organized under this Act.

(i) "Incorporator" means one of the signers of the original articles of incorporation.

(j) "Insolvent" means that a corporation is unable to pay its debts as they become due in the usual course of the conduct of its affairs.

(k) "Member" means a person or any organization, whether not for profit or otherwise, having membership rights in a corporation in accordance with the provisions of its articles of incorporation or bylaws.

(l) "Net assets," for the purpose of determining the authority of a corporation to make distributions, is equal to the difference between the assets of the corporation and the liabilities of the corporation.

(m) "Not-for-profit corporation" means a corporation subject to this Act and organized solely for one or more of the purposes authorized by Section 103.05 of this Act.

(n) "Registered office" means that office maintained by the corporation in this State, the address of which is on file in the office of the Secretary of State, at which any process, notice or demand required or permitted by law may be served upon the registered agent of the corporation.

(o) "Special charter" means the charter granted to a corporation created by special act of the Legislature whether or not the term "charter" or "special charter" is used in such special act.

(p) Unless otherwise prohibited by ~~To the extent permitted in~~ the articles of incorporation or the bylaws of the corporation, actions required to be "written", to be "in writing", to have "written consent", to have "written approval" and the like by or of members, directors, or committee members shall include any communication transmitted or received by electronic means.

(Source: P.A. 92-33, eff. 7-1-01; 92-572, eff. 6-26-02.)

(805 ILCS 105/103.12) (from Ch. 32, par. 103.12)

Sec. 103.12. Private foundations - Federal tax laws. In the absence of an express provision to the contrary in its articles

of incorporation, a corporation, as defined in Section 509 of the Internal Revenue Code of 1986, as may be amended from time to time 1954, during the period it is a private foundation:

(a) Shall not engage in any act of self-dealing as defined in Section 4941(d) thereof;

(b) Shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 thereof;

(c) Shall not retain any excess business holdings as defined in Section 4943(c) thereof;

(d) Shall not make any investment in such manner as to subject it to tax under Section 4944 thereof;

(e) Shall not make any taxable expenditure as defined in Section 4945(d) thereof.

(Source: P.A. 84-1423.)

(805 ILCS 105/107.10) (from Ch. 32, par. 107.10)

Sec. 107.10. Informal action by members entitled to vote.

(a) 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 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. ~~without a meeting and without a vote, if a consent in writing, setting forth the action so taken, shall be signed either: (i) by all of the members entitled to vote with respect to the subject matter thereof, or (ii) by the members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all members entitled to vote thereon were present and voting-~~

(b) ~~Such informal action by members if such consent is signed by less than all of the members entitled to vote, then such consent shall become effective only: (1) if, at least 5 days prior to the effective date of such informal action consent, 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, and (2) if, after the effective date of such consent, prompt notice in writing of the taking of the corporate action without a meeting is delivered to those members entitled to vote who have not consented in writing-~~

(c) In the event that the action which is approved ~~consented to~~ 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 written consent has been conducted given in accordance with the provisions of this Section and that written notice has been delivered as provided in this Section.

(Source: P.A. 84-1423.)

(805 ILCS 105/107.40) (from Ch. 32, par. 107.40)

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.

(Source: P.A. 84-1423.)

(805 ILCS 105/107.50) (from Ch. 32, par. 107.50)

Sec. 107.50. Proxies. A member entitled to vote may vote in person or, unless the articles of incorporation or ~~the~~ bylaws explicitly prohibit otherwise provide, 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. Where directors or officers are to be elected by members, the bylaws may provide that such elections may be conducted by mail.

(Source: P.A. 84-1423.)

(805 ILCS 105/107.75) (from Ch. 32, par. 107.75)

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. ~~All books and records of a corporation may be inspected by any member entitled to vote, or that member's agent or attorney, for any proper purpose at any reasonable time.~~

(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.  
(Source: P.A. 91-465, eff. 8-6-99.)

(805 ILCS 105/108.05) (from Ch. 32, par. 108.05)  
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) The articles of incorporation or bylaws may prescribe qualifications for directors.~~ 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.  
(Source: P.A. 95-368, eff. 8-23-07.)

(805 ILCS 105/108.10) (from Ch. 32, par. 108.10)

Sec. 108.10. Number, election and resignation of directors. (a) The board of directors of a corporation shall consist of three or more directors. The number of directors shall be fixed by the bylaws, except the number of initial directors shall be fixed by the incorporators in the articles of incorporation. In the absence of a bylaw fixing the number of directors, the number shall be the same as that fixed in the articles of incorporation. The number of directors may be increased or decreased from time to time by amendment to the bylaws.

(b) The bylaws may establish a variable range for the size of the board by prescribing a minimum and maximum (which may not be less than 3 or exceed the minimum by more than 5) number of directors. If a variable range is established, unless the

bylaws otherwise provide, the number of directors may be fixed or changed from time to time, within the minimum and maximum, by the directors without further amendment to the bylaws.

(c) The terms of all directors expire at the next meeting for the election of directors following their election unless their terms are staggered under subsection (e). The term of a director elected to fill a vacancy expires at the next annual meeting of the members entitled to vote at which his or her predecessor's term would have expired or in accordance with Section 108.30 of this Act. The term of a director elected as a result of an increase in the number of directors expires at the next annual meeting of members entitled to vote unless the term is staggered under subsection (e).

(d) Despite the expiration of a director's term, he or she continues to serve until the next meeting of members or directors entitled to vote on directors at which directors are elected. An amendment to the bylaws decreasing a decrease in the number of directors or eliminating the position of a director elected or appointed by persons or entities other than the members may shorten the terms of incumbent directors; provided, however, such amendment has been approved by the party with the authority to elect or appoint such directors does not shorten an incumbent director's term.

(e) The articles of incorporation or the bylaws may provide that directors may be divided into classes and the terms of office of several classes need not be uniform. Each director shall hold office for the term for which he is elected and until his successor shall have been elected and qualified.

(f) If the articles of incorporation or bylaws authorize dividing the members into classes, the articles or bylaws may also authorize the election of all or a specified number or percentage of directors by one or more authorized classes of members.

(g) A director may resign at any time by written notice delivered to the board of directors, its chairman, or to the president or secretary of the corporation. A resignation is effective when the notice is delivered unless the notice specifies a future date. The pending vacancy may be filled before the effective date, but the successor shall not take office until the effective date.

(Source: P.A. 84-1423.)

(805 ILCS 105/108.35) (from Ch. 32, par. 108.35)

Sec. 108.35. Removal of directors. (a) One or more of the directors may be removed, with or without cause. In the case of a corporation having a board of directors which is classified in accordance with subsection 108.10(e) of this Act, the articles of incorporation or bylaws may provide that such directors may only be removed for cause no director may be removed except for cause if the articles of incorporation or the bylaws so provide.

(b) In the case of a corporation with no members or with no members entitled to vote on directors, a director may be removed by the affirmative vote of a majority of the directors then in office present and voting at a meeting of the board of directors at which a quorum is present.

(c) In the case of a corporation with members entitled to vote for directors, no director may be removed, except as follows:

(1) A director may be removed by the affirmative vote of

two-thirds of the votes present and voted, either in person or by proxy.

(2) No director shall be removed at a meeting of members entitled to vote unless the written notice of such meeting is delivered to all members entitled to vote on removal of directors. Such notice shall state that a purpose of the meeting is to vote upon the removal of one or more directors named in the notice. Only the named director or directors may be removed at such meeting.

(3) In the case of a corporation having cumulative voting, if less than the entire board is to be removed, no director may be removed, with or without cause, if the votes cast against his or her removal would be sufficient to elect him or her if then cumulatively voted at an election of the entire board of directors.

(4) If a director is elected by a class of voting members entitled to vote, directors or other electors, that director may be removed only by the same class of members entitled to vote, directors or electors which elected the director.

(d) The provisions of subsections (a), (b) and (c) shall not preclude the Circuit Court from removing a director of the corporation from office in a proceeding commenced either by the corporation or by members entitled to vote holding at least 10 percent of the outstanding votes of any class if the court finds (1) the director is engaged in fraudulent or dishonest conduct or has grossly abused his or her position to the detriment of the corporation, and (2) removal is in the best interest of the corporation. If the court removes a director, it may bar the director from reelection for a period prescribed by the court. If such a proceeding is commenced by a member entitled to vote, such member shall make the corporation a party defendant.

(Source: P.A. 84-1423.)

(805 ILCS 105/108.45) (from Ch. 32, par. 108.45)

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 signed 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 bears the signature of one or more directors or committee members.~~ 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 signed 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.

(Source: P.A. 84-1423.)

(805 ILCS 105/108.60) (from Ch. 32, par. 108.60)

Sec. 108.60. Director conflict of interest. (a) If a transaction is fair to a corporation at the time it is authorized, approved, or ratified, the fact that a director of the corporation is directly or indirectly a party to the transaction is not grounds for invalidating the transaction.

(b) In a proceeding contesting the validity of a transaction described in subsection (a), the person asserting validity has the burden of proving fairness unless:

(1) The material facts of the transaction and the director's interest or relationship were disclosed or known to the board of directors or a committee consisting entirely of directors and the board or committee authorized, approved or ratified the transaction by the affirmative votes of a majority of disinterested directors, even though the disinterested directors be less than a quorum; or

(2) The material facts of the transaction and the director's interest or relationship were disclosed or known to the members entitled to vote, if any, and they authorized, approved or ratified the transaction without counting the vote of any member who is an interested director.

(c) The presence of the director, who is directly or indirectly a party to the transaction described in subsection (a), or a director who is otherwise not disinterested, may be counted in determining whether a quorum is present but may not be counted when the board of directors or a committee of the board takes action on the transaction.

(d) For purposes of this Section, a director is "indirectly" a party to a transaction if the other party to the transaction is an entity in which the director has a material financial interest or of which the director is an officer, director or general partner.

(e) The provisions of this Section do not apply where a director of the corporation is directly or indirectly a party to a transaction involving a grant or contribution, without consideration, by one organization to another.

(Source: P.A. 84-1423.)

(805 ILCS 105/108.70) (from Ch. 32, par. 108.70)

Sec. 108.70. Limited Liability of directors, officers, board members, and persons who serve without compensation.

(a) No director or officer serving without compensation, other than reimbursement for actual expenses, of a corporation organized under this Act or any predecessor Act and exempt, or qualified for exemption, from taxation pursuant to Section 501(c) of the Internal Revenue Code of 1986, as amended, shall be liable, and no cause of action may be brought, for damages resulting from the exercise of judgment or discretion in connection with the duties or responsibilities of such director or officer unless the act or omission involved willful or wanton conduct.

(b) No director of a corporation organized under this Act or any predecessor Act for the purposes identified in items (14), (19), (21) and (22) of subsection (a) of Section 103.05 of this Act, and exempt or qualified for exemption from taxation pursuant to Section 501(c) of the Internal Revenue Code of 1986, as amended, shall be liable, and no cause of action may be brought for damages resulting from the exercise of judgment or discretion in connection with the duties or

responsibilities of such director, unless: (1) such director earns in excess of ~~\$25,000~~ ~~\$5,000~~ per year from his duties as director, other than reimbursement for actual expenses; or (2) the act or omission involved willful or wanton conduct.

(b-5) Except for willful and wanton conduct, no volunteer board member serving without compensation, other than reimbursement for actual expenses, of a corporation organized under this Act or any predecessor Act and exempt, or qualified for exemption, from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, shall be liable, and no action may be brought, for damages resulting from any action of the executive director concerning the false reporting of or intentional tampering with financial records of the organization, where the actions of the executive director result in legal action.

This subsection (b-5) shall not apply to any action taken by the Attorney General (i) in the exercise of his or her common law or statutory power and duty to protect charitable assets or (ii) in the exercise of his or her authority to enforce the laws of this State that apply to trustees of a charity, as that term is defined in the Charitable Trust Act and the Solicitation for Charity Act.

(c) No person who, without compensation other than reimbursement for actual expenses, renders service to or for a corporation organized under this Act or any predecessor Act and exempt or qualified for exemption from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, shall be liable, and no cause of action may be brought, for damages resulting from an act or omission in rendering such services, unless the act or omission involved willful or wanton conduct.

(d) (Blank).

(e) Nothing in this Section is intended to bar any cause of action against the corporation or change the liability of the corporation arising out of an act or omission of any director, officer or person exempt from liability for negligence under this Section.

(Source: P.A. 95-342, eff. 1-1-08.)

(805 ILCS 105/110.30) (from Ch. 32, par. 110.30)  
Sec. 110.30. Articles of amendment.

(a) Except as provided in Section 110.40 of this Act, the articles of amendment shall be executed and filed in duplicate in accordance with Section 101.10 of this Act and shall set forth:

- (1) The name of the corporation;
- (2) The text of each amendment adopted;
- (3) If the amendment was adopted pursuant to Section

110.15 of this Act:

(i) A statement that the amendment received the affirmative vote of a majority of the directors in office, at a meeting of the board of directors, and the date of the meeting; or

(ii) A statement that the amendment was adopted by written consent, signed by all the directors in office, in compliance with Section 108.45 of this Act;

(4) If the amendment was adopted pursuant to Section 110.20 of this Act:

(i) A statement that the amendment was adopted at a meeting of members entitled to vote by the affirmative

vote of the members having not less than the minimum number of votes necessary to adopt such amendment, as provided by this Act, the articles of incorporation or the bylaws, and the date of the meeting; or

(ii) A statement that the amendment was adopted by ~~written consent signed by~~ members entitled to vote having not less than the minimum number of votes necessary to adopt such amendment, as provided by this Act, the articles of incorporation, or the bylaws, in compliance with Section 107.10 of this Act.

(5) If the amendment restates the articles of incorporation, the amendment shall so state and shall set forth:

(i) The text of the articles as restated;

(ii) The date of incorporation, the name under which the corporation was incorporated, subsequent names, if any, that the corporation adopted pursuant to amendment of its articles of incorporation, and the effective date of any such amendments;

(iii) The address of the registered office and the name of the registered agent on the date of filing the restated articles.

The articles as restated must include all the information required by subsection (a) of Section 102.10 of this Act, except that the articles need not set forth the information required by paragraphs 3, 4 or 5 thereof. If any provision of the articles of incorporation is amended in connection with the restatement, the articles of amendment shall clearly identify such amendment.

(6) If, pursuant to Section 110.35 of this Act, the amendment is to become effective subsequent to the date on which the articles of amendment are filed, the date on which the amendment is to become effective.

(7) If the amendment revives the articles of incorporation and extends the period of corporate duration, the amendment shall so state and shall set forth:

(i) The date the period of duration expired under the articles of incorporation;

(ii) A statement that the period of duration will be perpetual, or, if a limited duration is to be provided, the date to which the period of duration is to be extended; and

(iii) A statement that the corporation has been in continuous operation since before the date of expiration of its original period of duration.

(b) When the provisions of this Section have been complied with, the Secretary of State shall file the articles of amendment.

(Source: P.A. 92-33, eff. 7-1-01.)