

# COMMUNITY ASSOCIATION MANAGER LICENSING WILL BECOME A REALITY

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**T**he Community Association Manager Licensing Act was adopted in August, 2009. Consistent with State requirements for licenses, the Department of Business and Professional Regulation, with the assistance of the Community Association Manager Licensing Board, has begun the process of publishing regulations for the licensing program. All managers must have a license within one (1) year after the licensing rules become final. Based upon the current timetable, managers will have to obtain a license by August 31, 2012, or shortly thereafter.

Members of the Community Association industry must keep in mind the intent of this new law, which is to ensure that those who hold themselves out as possessing professional qualifications, to engage in community management

services, are in fact qualified to render those services. The law has been designed to provide for the maintenance of high standards of professional conduct by those who manage community associations and hold community association funds.

The Statute was designed to ensure that both the administration and discipline of managers is overseen by people in the industry. The Statute designates the Community Association Manager Licensing and Disciplinary Board. The role of the Board is to advise the Department of Business and Professional Regulation on all aspects of licensing rules, enforcement and administration of the program. Recognizing that people in the industry and Board members have a clear practical knowledge of the roles and limitations of community association managers, the Board consists of seven (7) persons with five (5) managers and two (2) owners in community associations. The Board acts as the official advisor to the Department.

**Based upon the current timetable, managers will have to obtain a license by August 31, 2012, or shortly thereafter.**

The basic requirements for a community association manager license are that the applicant must be twenty-one (21) years of age, complete twenty (20) hours of continuing education, pass the required examination, and pay a fee. The Statute states that managers are persons who, for compensation, collect and distribute association funds, prepare budgets, assist in the conduct of meetings, maintain association records, and administer association contracts.

To recognize individuals who have practiced community association management or have achieved a formal designation, the Statute creates exemptions from the  
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education and testing requirements for managers who have been practicing for five (5) or more years, or have the designations of PCAM, CMCA, AMS, CPM and ARM. For those exempt individuals, the managers must apply for their license within six (6) months after the formal manager licensing rules become effective. As of this date, it appears that this six (6) month deadline will expire on March 1, 2012.

The continuing education courses required for the license will consist of classes on community association law, budgets and finances, management personnel, customer service and ethics. The classes will also include courses on maintenance operations, community association insurance and the conduct of meetings.

While the specific courses are not the subject of final approval by the Department, the Department website will publish a list of approved courses. We anticipate that the Illinois Chapter and CAI National courses will qualify for the education program.

In recognition of the education requirement for realtors, continuing education credits for the real estate broker professional license will be given to managers to fulfill their education requirement for manager licensing. This credit for real estate brokerage courses will apply both to the initial twenty (20) hours necessary to obtain the license and future continuing education requirements.

At this point, two examinations have been qualified by the Department for the license test. The CMCA examination sponsored by NBC-CAM (CAI) and the CID201 examination sponsored by The Institute of Real Estate Management (IREM) will be the official tests.

Licensed managers will also provide financial security for their clients. The manager must possess, either directly or through their management companies, fidelity insurance and errors and omissions insurance. The fidelity coverage is essentially the same standard required by the Illinois Condominium Property Act. Errors and omissions covers losses from management mistakes not caused by dishonest acts.

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**In reviewing the types of community associations subject to the law, the Statute applies to condominiums, cooperatives, townhouse and villa associations, and any other residential unit that is authorized to collect assessments, rents (in the case of a cooperative), or any other charges that may become a lien on a unit or a lot.**

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Certain personnel are exempt from the licensing requirement. This exempt group includes office personnel, support staff, bookkeepers, administrative assistants and secretaries, all of whom are not classified as a community association manager. In addition, volunteer self-managed associations who do not compensate anyone for management services, or associations of ten (10) units or less, are also exempt from the requirement of having a licensed manager.

**Consistent with other professional licenses, the term of the license will be two (2) years. The first renewal date for the community association manager license will be August 31, 2013.**

The current fee structure for licenses is the sum of Three Hundred Dollars (\$300.00) for the initial license and a Fifty Dollar (\$50.00) fee to renew the license. However, those persons whose license is deactivated for more than five (5) years will have to pay the sum of Nine Hundred Dollars (\$900.00) to reactivate their license.

While perhaps the subject of future discussions and articles, there are certain clear standards of conduct which a manager must not violate. Failing to know and comply with association documents, misrepresenting material facts, or engaging in fraudulent conduct will generate sanctions from the Department. In addition, a manager cannot provide legal advice or fail to disclose conflicts of interest. The manager must follow the management contract, meaning that the agent must provide the services in the contract. Other instances of potential unprofessional conduct include the failure to comply with State and Federal laws, disclosing confidential information (such as the management fees paid by a particular client) and consistently failing to send timely notices to owners.

Under the Statute, management companies have a limited role. A management company is formally known as a Community Association Management Agency. The "Agency" engages in the business of community association management and employs at least one other manager, as well as the "licensee-in-charge" who is, presumably, the chief executive officer of the management company. The licensee-in-charge assumes primary responsibility for maintaining all records required by the Act and is responsible for compliance by the Agency and its employees with the Act.

The licensing program is an evolving concept and managers can expect to see additional provisions from the Department of Business and Professional Regulation regarding the regulation of the profession.

