

**PORTIONS OF
THE GENERAL NOT FOR PROFIT CORPORATION ACT OF 1986
805 ILCS 105/101.01 et. seq.**

102.25. Bylaws. The initial bylaws of a corporation shall be adopted by its board of directors. The power to alter, amend or repeal the bylaws or adopt new bylaws shall be vested in the board of directors unless otherwise provided in the articles of incorporation or the bylaws. The bylaws may contain any provisions for the regulation and management of the affairs of a corporation not inconsistent with law or the articles of incorporation.

102.35. Incorporation of an association or society.

(a) When an unincorporated association or society, organized for any of the purposes for which a corporation could be formed under this Act, authorizes the incorporation of the association or society by the same procedure and affirmative vote of its voting members or delegates as its constitution, bylaws, or other fundamental agreement requires for an amendment to its fundamental agreement or, if no such vote is specified, by a majority vote of the voting members present at a duly convened meeting the purpose of which is stated in the notice of the meeting, then following the filing of articles of incorporation under Section 102.10 setting forth those facts and that the required vote has been obtained and upon the filing of the articles of incorporation, the association or society shall become a corporation and the members of the association or society shall become members of the corporation in accordance with provisions in the articles to that effect.

(b) Upon incorporation, all the rights, privileges, immunities, powers, franchise, authority, and property of the unincorporated association or society shall pass to and vest in the corporation and all obligations of the unincorporated association or society shall become obligations of the corporation.

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.

COURTESY OF



**PORTIONS OF
THE GENERAL NOT FOR PROFIT CORPORATION ACT OF 1986
805 ILCS 105/101.01 et. seq.**

"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.

107.05. Meeting 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 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.

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

COURTESY OF



**PORTIONS OF
THE GENERAL NOT FOR PROFIT CORPORATION ACT OF 1986
805 ILCS 105/101.01 et. seq.**

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.

107.15. Notice of members' meetings. Written notice stating the place, day, and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 5 nor more than 60 days before the date of the meeting, or in the case of a removal of one or more directors, a merger, consolidation, dissolution or sale, lease or exchange of assets not less than 20 nor more than 60 days before the date of the meeting, by or at the direction of the president, or the secretary, or the officer or persons calling the meeting, to each member of record entitled to vote at such meeting. 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, in addition to the other requirements of this Section, post notice of member's meetings in conspicuous places in the residential cooperative at least 48 hours prior to the meeting of the members.

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 a particular matter.

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

COURTESY OF



**PORTIONS OF
THE GENERAL NOT FOR PROFIT CORPORATION ACT OF 1986
805 ILCS 105/101.01 et. seq.**

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.

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.

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.

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.

COURTESY OF



**PORTIONS OF
THE GENERAL NOT FOR PROFIT CORPORATION ACT OF 1986
805 ILCS 105/101.01 et. seq.**

(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 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.

(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 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.

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.

COURTESY OF



**PORTIONS OF
THE GENERAL NOT FOR PROFIT CORPORATION ACT OF 1986
805 ILCS 105/101.01 et. seq.**

108.21. 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.

108.25. Notice of directors' meetings. Meetings of the board of directors shall be held upon such notice as the bylaws may prescribe. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Unless provided otherwise in the articles of incorporation or the bylaws, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting, except that no special meeting of directors may remove a director under Section 108.35(b) of this Act unless written notice of the proposed removal is delivered to all directors at least twenty days prior to such meeting.

108.30. Vacancies. Any vacancy occurring in the board of directors and any directorship to be filled by reason of an increase in the number of directors may be filled by the board of directors unless the articles of incorporation or the bylaws provide that a vacancy or directorship so created shall be filled in some other manner, in which case such provision shall control. A director elected or appointed, as the case may be, to fill a vacancy shall be elected or appointed for the unexpired term of his or her predecessor in office.

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.

(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.

COURTESY OF



**PORTIONS OF
THE GENERAL NOT FOR PROFIT CORPORATION ACT OF 1986
805 ILCS 105/101.01 et. seq.**

(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.

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.

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.

COURTESY OF



**PORTIONS OF
THE GENERAL NOT FOR PROFIT CORPORATION ACT OF 1986
805 ILCS 105/101.01 et. seq.**

(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; except that if a director is an officer or director of both parties to a transaction involving a grant or contribution, without consideration, from one entity to the other, that director is not "indirectly" a party to the transaction provided the director does not have a material financial interest in the entity that receives the grant or contribution.

(e) (Blank).

COURTESY OF

