



September 15, 2014

State of Illinois
Department of Financial and Professional Regulation
Attention: Craig Cellini
320 West Washington, 3rd Floor
Springfield, IL 62786

RE: Comments on Rules for the Community Association Manager Licensing and Disciplinary Act

Dear Mr. Cellini:

We are pleased to submit comments on the Rules for the Community Association Manager licensing and Disciplinary Act on behalf of the Community Associations Institute (CAI) international headquarters and the Illinois Chapter. CAI is the only international organization dedicated to fostering competent, well-governed community associations. For nearly 40 years, CAI has been the leader in providing education and resources to the volunteer homeowner leaders who govern community associations and the professionals who support them. CAI's more than 33,000 members include homeowners, professional managers, community management firms, and other professionals and companies that provide products and services to community associations. Please accept our sincere appreciation for the privilege of providing comments the Department.

Below we have listed our comments in order of section number. We list our primary recommendation followed by our rationale for comment. In the event the Department does not accept our primary recommendations, we also list alternative recommendations in certain sections.

Section 1445.10-Definitions

Recommendation:

Line 127, insert "last known" between "the" and "name"

Rationale:

Identifying the current name, address and phone number of all community associations an applicant managed over the past 10 years may prove to be an administrative burden.

Section 1445.20-Requirements for Licensure Under Section 42(c) of the Act (Grandfather)

Primary Recommendations:

Line 91, strike "; and" and replace it with ".".

Lines 92-111, strike in their entirety and renumber accordingly.

Line 127, insert "last known" between "the" and "name".

Alternative Recommendations:

Line 102, strike “or” and insert on new line “(C) Community Association Manager-International Certification Board (CAM-ICB) Certified Manager of Community Associations (CMCA); or” and renumber accordingly.

Rationale:

We feel it is most efficient for Grandfathering that the Department only require practicing as a Community Association Manager 7 of the past 10 years.

If the Department does not accept our recommendation, then we urge the re-addition of the CMCA designation offered by the CAM-ICB. The CMCA offers a level of protection to homeowners and their communities by offering a trusted credential awarded only to professional managers who have demonstrated competency of the defined body of knowledge of a community association manager.

Also Part (c)(1) as written will provide for an administrative burden. Requiring the Supervising Manager to identify the last known name, address and phone number of all community associations an applicant managed over the past 10 years relieves this problem.

Section 1445.38-Community Association Management Firms

Recommendations:

Line 240, following “.” insert “Firms with multiple branches are considered one firm for the purposes of licensing.” and renumber accordingly.

Line 264, strike “.” and insert in place “in Illinois.”

Rationale:

Requiring a Supervising Manager at each branch location is unnecessary and redundant. Said requirement will impose a financial burden on Community Association Management Firms that will directly result in increased fees to residents living in community association served by Community Association Management Firms.

Part (c)(4) of this section must be clarified so that it applies to only officers in Illinois.

Section 1445.50-Licensure Examinations

Recommendations:

Line 378, insert “a Supervising Community Association Manager and” between “1445.30(a)(3),” and “a Community”

Lines 383-385, strike in entirety and renumber accordingly.

Lines 388-399, strike in entirety.

Rationale:

Section 1445.50(a)(2), found in lines 383-385, recommends an examination that does not comply with statutory requirements 225 ILCS 427/45(e). The examination does not use standards set forth by the National Organization for Competency Assurances.

Section 1445.50(b), found in lines 388-399, attempts to require Supervising Community Association Managers to complete either a PCAM or CPM examination; however, the PCAM and CPM are not examinations, they are designations offered by CAI and Institute of Real Estate Management (IREM), respectively.

Section 1445.70-Renewal

Recommendations:

Lines 641-642, strike “48 hours” and insert in place “30 days”.

Rationale:

We believe 30 days is a more appropriate timeframe and is the amount of time used by other regulatory regimes, such as the Department of Professional and Occupational Regulation in Virginia. A Community Association Management Firm may need more than 48 hours to notify the Department that they are in a temporary facility in the event of an act of god (e.g. fire, flood).

Section 1445.93-Supervision

Recommendations:

Lines 731 and 739, strike “unlicensed assistants” and insert in place “staff supporting the delivery of community association management services”.

Line 776, strike “48 hours” and insert in place “30 days”.

Rationale:

The supervisory requirements of the Supervising Community Association Managers should be precise to include the team of support for the management services delivered by the manager.

We believe 30 days is a more appropriate timeframe and is the amount of time used by other regulatory regimes, such as the Department of Professional and Occupational Regulation in Virginia. The way this is currently worded, if a person quits on Friday at 4 p.m. a Supervising Manager has until Sunday at 4 p.m. to notify the Department.

Section 1445.95-Supervising Community Association Manager Responsibilities

Recommendation:

Line 805, strike “3 days” and insert in place “30 days”.

Rationale:

We believe 30 days is a more appropriate timeframe and is the amount of time used by other regulatory regimes, such as the Department of Professional and Occupational Regulation in Virginia. We believe 30 days is also reasonable for consistency purposes.

Section 1445.120-Association Accounts

Primary Recommendation:

Lines 960-1110, strike in entirety and insert in place “Firms must use Generally Accepted Accounting Practices (GAAP) as defined by the American Institute of Certified Public Accountants (AICPA).”

Alternative Recommendations:

Line 1017, following “.” insert “A Supervising Community Association Manager and/or Community Association Management Firm or a third party vendor may employ a more sophisticated bookkeeping system based on sound accounting principles, including a system of electronic data processing equipment. However, any such system must contain or produce printed records containing the information required by this Section, although it need not be in the same format as provided for in this Section. Compliance with the bookkeeping duties remains the responsibility of the Supervising Community Association Manager and/or Community Association Management Firm. The Supervising Community Association Manager and/or Community Association Management Firm is ultimately responsible for the proper administration of the Association Accounts pursuant to this Section.” and renumber accordingly.

Lines 1019-1028, strike in entirety and renumber accordingly.

Line 1032, strike “10 days” and insert in place “30 days”.

Lines 1056-1067, strike in entirety and renumber accordingly.

Lines 1083-1085, strike “, at the time of the original application for licensure and at the time of renewal of licensure, file with the Department,” and insert in place “maintain” and renumber accordingly.

Lines 1089-1091, strike “consent on those forms to the examination and audit of all Association Accounts, notwithstanding whether the account is identified on the form, by the Department.” and insert in place “make available to the Department within 10 business days of the date of request from the Department.”

Lines 1093-1102, strike in entirety and renumber accordingly.

Rationale:

These requirements may not be applicable or reasonable for certain Community Management Firms and/or community association clients. As a solution to minimize the detail in the requirements and to make them applicable based upon the best practices and highly credible accounting standards in the U.S., we offer the

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suggestion to consider striking the language in the section and inserting the simple requirement that firms use Generally Accepted Accounting Practices (GAAP) as defined by the American Institute of Certified Public Accountants (AICPA).

Should the Department choose not to accept our recommendation to require the use of GAAP, we recommend it move Part (b)(5) to Part (b)(1) and remove Part (b)(1)(A-C). Part (b)(1)(A-C) are too specific for what Management Firms provide to clients and would be overly burdensome for administration.

Also, the Department should require 30 days for Supervising Managers to reconcile each Association Account. Larger firms space out the completion of financial statements throughout the month, 30 days is more reasonable to accomplish this task.

Additionally, Parts (8) and (9) expose Associations to theft. The alternative solution protects Association bank numbers and signer information while making the information available to the Department upon request and a reasonable time frame. Furthermore, larger Management Firms maintain hundreds of accounts and the additional expenses of staffing to comply with the reporting requirement would result in an expensive hardship that would result in increased fees that will be passed along to Illinois residents living in community associations. In comparison to Real Estate companies wherein one escrow account is maintained per office, Management Firms maintain many accounts.

We feel the comments above adequately address the issues that are of concern to the approximately 3.5 million residents living in Illinois 18,000 community associations.

We applaud the Department for its diligent work and providing this avenue for stakeholders to provide input. CAI is honored to continue to participate in the rulemaking process and provide feedback that address our members' concerns.

Please do not hesitate to contact us with any questions or for further discussion regarding these very important regulations.

Sincerely,

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