

# 2023 ILAC Update: New CAM and Management Firm Rules

## Background



Illinois instituted individual CAM Licensing in 2012 and the process is overseen by the Illinois Department of Financial and Professional Regulation (IDFPR). The IDFPR through its Division of Real Estate has worked over the past several years to standardize and harmonize requirements of licensed professionals in the State including Community Association Managers and Real Estate brokers.

## Industry and the IDFPR

IDFPR approached the Illinois Legislative Action Committee (ILAC) and negotiated for more than two years to address professionalism, to include consumer protection initiatives, and to accommodate the State's goals of addressing common challenges and licensing standards across professions. Effective June 2, 2023 the new CAM Licensing Rules were adopted and are now in effect.



## What's New?



1. CAM Firm Licensing and New Required Procedures
2. Each Firm Requires a Designated CAM
3. Professional Titles must be updated to "Community Association Manager" and "Property Manager" is no longer permitted
4. CAM Continuing Education and Educational Sponsor Registration are Required
5. Definitions of Unprofessional Conduct

## Where can you learn more?

1. For more information on the most impactful changes, see the attached infographic
2. For Firm Licensing Application and links to the full text of the rules, visit the IDFPR website at <https://idfpr.illinois.gov/profs/cam.html>
3. ILAC and CAI Illinois will publish updates and host educational opportunities on these changes throughout the year!





## Firm Licensing and Designated CAM

- **NEW:** All CAM Firms must be licensed
- Applications are open and Firms **should apply now**
- Initial licenses issued before 8/31/2023 will expire 8/31/2025
- Application fee of \$650



## CAM Firm Requirements

- **NEW:** Required CAM Firm Procedures
  - Notify IDFPR of **every** hire and separation of a CAM from the firm or change in DCAM within 14 days
  - Maintain fidelity/crime, general liability and E&O insurance
  - Unless directed otherwise, all Association Accounts at FDIC insured depositories



## Continuing Education Requirements

- **NEW:** Continuing Education
  - To renew CAM license, 12 continuing education credit hours will be required each renewal period
  - Due by August 31, 2025 for first renewal cycle and each 2-year period thereafter



## Unprofessional Conduct

- **NEW:** Unprofessional Conduct
  - Failure to **comply with governing docs**
  - **Misrepresenting facts**, making inaccurate statements, or acting in fraudulent manner
  - **Providing legal advice** without license
  - **Failing to disclose** conflict of interest
  - **Violating fiduciary duty** to Association
  - Failing to **abide by management agreement and the law**
  - Failing to **maintain** or improper use of **confidential information**
  - Failure to **provide notice and production of documents** to unit owners (as required by State statute or legal documents)
  - **Failing to disclose affiliation agreements** and the terms thereof binding on a client association
  - **Aiding** or assisting a **licensee** or unlicensed individual to **violate Act**
  - **Obstructing an** inspection, audit, **investigation**, examination, or disciplinary proceeding
  - **Failing to return association documents** and property within 30 days following termination
  - **Charging fees not disclosed** in management agreement

### **NEW:** License Application Requirements for Firms

- Is firm custodian of Association Accounts?
- Average number of Association Accounts per year?
- Is there crime/fidelity insurance to cover Association Accounts?

### **NEW:** Firms required to have Written Policies covering:

- Firm is responsible for Act compliance
- CAM firm will maintain Association Accounts in compliance with Act
- Licensees must now be referred to as "Community Association Managers"

### **NEW:** CE Courses that Count

- CE credits may be earned for attendance or participation in **courses by CAI** that maintain **CMCA, AMS, or PCAM**
- Courses offered by CAI, CAMICB, ABOMA, IREM, ACTHA and State sexual harassment training counts

### **NEW:** Firm DCAM Required

- Each licensed firm must designate a single licensed leader called a **Designated CAM (DCAM)**
- DCAM shall supervise all licensed/unlicensed firm employees
- DCAM is ongoing requirement for firm licensure

### **NEW:** Firm Transitions

- Unless otherwise stated in management agreement, CAM firm shall transition all accounts, funds, ledgers and statements and/or respond to Board of Directors record requests **within 10 days**

### **NEW:** Course Providers

- Only courses provided by sponsors who have certified their programs through the State of Illinois will count toward CE requirements

### **NEW:** DCAM Responsibilities

- Implement and Communicate Office Policies
- Oversee compliance
- Train employees on requirements of federal, state, and local ordinances
- Supervise Association Accounts
- Supervise firm advertising

### **NEW:** IDFPR Audits of Firm Records

- Department may audit firm accounts to ensure compliance with separate, segregated accounts for each association and ensure **no commingling of funds** among associations

### **NEW:** Course Providers

- CE sponsor must be approved by IDFPR through application
- Must verify attendance and issue certificates