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Illinois Department of Financial and Professional Regulation

Division of Real Estate

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What are the Benefits of Incorporation for Illinois Homeowners and Condominium Associations?

While Illinois law does not require homeowners and condominium associations to be incorporated as a non-profit corporation, there are multiple reasons why such associations should consider incorporating as not-for-profit corporations (if they are not already).

While Section 18.3 of the Illinois Condominium Property Act ("Act") states that condominium associations shall have those powers and responsibilities specified in the General Not-for-Profit Corporation Act of 1986 ("Not-for-Profit Act") "whether or not it is incorporated", an additional layer of liability protection extends to directors and officers of an incorporated association. This means that those individuals serving on the association's board have an added layer of protection under the Not-for-Profit Act. Moreover, incorporating an association may also help facilitate the association's borrowing funds from banking institutions, as most lenders prefer to see the separate legal entity created under not-for-profit law when lending money to an association.

18.5(c)(3); 18.5(c)(4).

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