

N. Side condo association starts out on rocky road

By Mark Pearlstein
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Q I live in a condominium building on the Far North Side of Chicago that has been converted from rental apartments.

Last March, we had our turnover meeting to elect the new owner board. Two weeks after the meeting, the board president hired an attorney for the association without the consent of the other board members.

The board then decided to fire the management company hired by the developer. Representatives of this company were threatened with arrest for criminal trespass if they were seen on site and all common-area locks were changed. The board then signed contracts with two new management companies, one for accounting and one for on-site management. This was done without a vote of the residents, which appears to violate both Illinois law and our bylaws.

The board called a meeting last month to ratify the decisions they had already made, but only with five days' notice to the owners. At this meeting, the association attorney stated that the management company hired by the developer could be terminated if the contract ran for more than two years, or on six months' notice stated in the agreement.

Is the board getting bad advice, or are they in over their heads? Should the owners have made a decision regarding the firing of the developer's management company and the hiring of new companies?

A Not exactly a smooth transition for a new association. You have a series of errors and misunderstandings by both the board and the ownership.

Let's take it from the beginning.

The board president cannot decide alone to hire association counsel. Like other association contracts, the decision to retain an attorney must be made by the board at an open meeting.

The board has the exclusive right to make a decision to terminate or hire a management company. Owners do not vote on this decision.

If the board chose to terminate the management company hired by the developer, the directors must follow the term of the contract and provide the required notice in the agreement. Unless the contract runs for a period of more than two years from the date of the election of the first board, which in your case is March 31, 2007, the board should follow the advice of the attorney and provide the required notice of termination.

Locking out the representatives of the old management company and threatening them with arrest is absolutely ridiculous, and I could use stronger terms. There is a transition between the date of termination and the commencement date of a new management contract. During that period, the existing company continues to manage the property by collecting as-

sessments, paying bills and maintaining the common elements. The agent must have access to the property until the termination date.

Hiring two separate companies for accounting and building management is unnecessary. Most experienced management companies are very capable of performing both functions.

My advice is for the board and the ownership to read the declaration and bylaws and the Illinois Condominium Property Act or spend some time with an attorney who can explain board members' and owners' rights and obligations.

This series of missteps will only harm the association and affect property values.

Q Our condominium declaration and bylaws were adopted in 1979. We are curious to see what more recent condominium documents include. How can we review modern condo documents? If more recent versions are in line with our thinking, can we adopt a new set of documents in total, or just amend our existing documents?

We are also looking into adding a bathroom and washers and dryers for each unit in our vintage building. This work will be done as a building project. Where do we begin in terms of the owners? Do we have to have 100 percent owner agreement to proceed? What role does the board play?

A To review new condominium documents, obtain a copy of the declaration and bylaws from condo conversions or new-construction projects in your area. There have been a number of changes to the Condominium Act since your document was recorded 26 years ago. The association should have an amended and restated declaration that will not only contain revisions required by law, but also eliminate any references to the developer.

The addition of a bathroom and laundry equipment to each unit is an ambitious project that will require the approval of two-thirds of the unit ownership. The percentages of ownership for each unit will not change, but the additions and alterations will require the approval of a supermajority of the owners.

The board should hire an architect to supervise the project. The architect will retain a plumbing contractor to determine whether existing piping systems can accommodate laundry equipment, or the scope of pipe replacement necessary for servicing the equipment. The architect will also prepare the plans and specifications for the addition and obtain cost estimates through a competitive bidding process.

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