



KEOUGH MOODY

October
2019
Newsletter

Hard to believe that fall has arrived and cooler temperatures are here to stay. The cooler temperatures remind us of budget season, annual elections, and changes in the law set to take effect.

In our newsletter, we discuss recent and upcoming changes in municipal, state and federal law. Specifically, the City of Chicago enacted a change to its Municipal Code raising the percentage of owners who must approve the bulk sale of condominiums to developers. On the state level, the Illinois Legislature has (1) assisted associations in their evaluations of requests by owners for emotional support and other assistance animals; and (2) lowered post-judgment interest rates on consumer debt from 9% to 5%. On the federal level, the United States Department of Housing and Urban Development eased its rules for obtaining FHA insured mortgages in order to reduce regulatory barriers which restrict affordable homeownership opportunities.



If you have any questions about the article that follows, please contact Chuck Keough at cmk@kmllegal.com. All of us at Keough & Moody appreciate your continued support. Please write us a review by clicking on one of the links at the bottom of the newsletter!

Chuck Keough

Changes in the law are a constant. During 2019 we have seen laws passed that will change the way we govern and live in our condominium and community associations. As a result, it is important that Association boards and members alike familiarize themselves with these laws.

Assistance Animals

The Federal Fair Housing Act and Illinois Human Rights Act provide an avenue for residents to request a "reasonable accommodation" for an assistance animal, i.e., an emotional support or service animal, if they can demonstrate a need for such animal. Seeking to clarify what is required to establish a need for an assistance animal is The Illinois Assistance Animal Integrity Act, which goes into effect January 1, 2020. Under already existing law, a resident with a disability or handicap must be granted a "reasonable accommodation" for an assistance animal. The Illinois Assistance Animal Integrity Act will require documentation submitted in support of an assistance animal to come from a person who has a "therapeutic relationship" with the resident seeking the accommodation. The Act defines a "therapeutic relationship" as a relationship in which medical care, program care, or personal care services are provided by a physician or other medical professional, a mental health service provider, or a service agency or reliable third party who is "in a position to know about the individual's disability." Moreover, the Act provides that a "certificate, license or similar document" does not alone satisfy the therapeutic relationship requirement. The Act additionally provides that an association is generally not liable for injuries

caused by an assistance animal allowed as an accommodation in this context.

FHA Approval

The United States Department of Housing and Urban Development has changed the rules for obtaining an FHA mortgage loan to purchase a condominium unit. FHA loans are beneficial to many first-time homebuyers, because they typically require a lower down payment than a conventional mortgage loan. Prior to the change that will go into effect October 15, 2019, an entire condominium association had to receive FHA approval before an FHA mortgage loan could be used to purchase a condominium unit within that association. The new rules include a single-unit approval process for up to 10% of units within a condominium association of 10 or more units. The new rules will also lengthen the recertification requirement for approved condo projects from two to three years. Additionally, the requirements for obtaining full project approval will be relaxed. That is, under the new rules, only 50% owner occupancy will be required, and condominium projects will be permitted to have up to 35% of the total floor area dedicated to commercial use.

City of Chicago Condominium Deconversions

A new section to the Municipal Code of Chicago was recently added that concerns sales of condominium property. Pursuant to Section 13-72-085 of the Municipal Code, not less than 85% of the unit owners of a condominium property may, by affirmative vote at a meeting of unit owners duly called for such purpose, elect to sell the property, unless a greater percentage is provided for in the declaration or bylaws. This makes deconverting condominium property to a rental property more difficult for most City of Chicago condominium associations, as the threshold found in Section 15 of the Illinois Condominium Property Act is 75% when the property contains four or more units. It remains that any unit owner who does not vote in favor of the sale and who has filed a timely objection to the sale shall be compensated for his or her interest in the property and entitled to receive reasonable relocation costs. This addition to the Municipal Code of Chicago went into effect when it was passed on September 18, 2019.

Post-Judgment Collections

Effective January 1, 2020 are changes to Illinois law for post-judgment collections on judgments for consumer debt. As condominium and community association assessments are considered to be consumer debt, these changes will govern post-judgment collections for judgments obtained in favor of associations and against unit owners for unpaid assessments. Statutory interest on consumer judgments of \$25,000 or less has been decreased from 9% to 5% per annum. Additionally, consumer judgments can be revived no later than 10 years after entry. This in effect decreases the maximum time allowed to collect on a consumer judgment from 27 to 17 years. Judgments obtained prior to January 1, 2020 will not be governed by the amended law.

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