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Ideas for deflecting defect shock

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BY SANDRA GUY

What can be done to keep Chicago condo owners from finding shocking defects in the buildings where they live?

Lawyer Mark Pearlstein, who represents condo boards in such cases, suggested two possible solutions:

- • The city could appoint private architects to help inspect and oversee condo construction and renovations.
- • The City Council could amend its existing ordinance to set up an escrow fund to cover construction defects.

The provision could be similar to the city of Evanston's 1977 ordinance requiring that 1 percent of the purchase price of each condo unit be set aside in an escrow account. A third party manages the account, which is used to pay to correct defects under warranty.

The escrow fund remains intact to repair common-area elements up to four years after the first condo sale, or two years from the date 60 percent of the units were sold, whichever comes first. The money reverts to the developer after the deadline expires.

Tina Feldstein, board president of the Prairie District Neighborhood Association, said the association is reviewing how to create a construction or development bond to hold developers accountable.