

Association of Condominium,
Townhouse, and
Homeowners Associations



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MAY 2016

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See page 8 for details!

FACADE ORDINANCE:

MEETING and EXCEEDING REQUIREMENTS

By: Klein and Hoffman

Surprisingly, this year, 2016, marks the 20th year anniversary of the Chicago Façade Ordinance. In recognition of this milestone, let us review the evolution of the Ordinance, best practices to promote safety and avoid fines, and recommendations to plan for your building's future.

History & Types of Façade Ordinances

Although the Façade Ordinance has undergone some changes in the past twenty years, its primary objective has remained – safety of the public. In 1996, the Department of Buildings (DOB) initiated the Façade Ordinance in response to multiple cases of hazardous material falling from building facades. It requires that all buildings, measuring eighty (80) feet or more in height, file an Ordinance Report. Two types of reports are required by the DOB – Critical Examination Reports and Ongoing Inspection and Repair Program Reports. For each report, an Illinois licensed architect or structural engineer (or personnel under his or her direct supervision) must be retained to inspect the façades and file the necessary documentation.

Basic Filing Requirements

A Critical Exam Report is required every 4, 8, or 12 years depending on a building's classification. Classifications or categories are determined by the amount of corrodible or "at-risk" material found within the building's façade and anchorage systems. For example, vintage terra cotta clad buildings are considered Category III or IV, meaning Critical Exam Reports shall be filed every 4 years. Critical Exam Reports require close-up, hands-on inspections at facades over public ways. Additional inspections may be necessary, depending on the building material, age, or recommendations from previous reports.

Continued on page 4



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TIP OF THE MONTH: Asphalt and Roofing

BY: Alan Seilhammer of HOA Lending Xchange
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Let's do that project another day.... A too often expressed standard position in a community association. The citizenry just does not want to see their costs increase to support a capital maintenance project special assessment. They embrace having the dues as low as possible, always. Having a portion of regular dues going to build a proper reserve balance is painful for them to watch. The contradiction to this logic is that projects only get more expensive because the deterioration of a component leads to deterioration of tangential components. Not replacing leaking windows or siding causes wall framing, sheathing and siding to deteriorate.

A wonderful opportunity has presented itself. Over a recent few months, the price of oil has dropped precipitously and it looks like the current level could be the 2016 experience. I think it is fair to say that we are all loving the price of gas being approximately \$2.33 per gallon when it has been nearly \$2 per gallon higher in recent years. The cost of oil impacts the underlying costs of nearly everything that we do or buy. There are opportunities presented for our exploitation.

Roofing is one of the largest common elements that needs to be regularly replaced. Because it is often so costly to replace, associations opt for patching. But, patching betrays the fact that water penetration is eating away at the underlayment and perhaps the roof rafters. Patching leaves the association open to leaks that bedevil unit owners with damage. Leaks often invoke insurance claims. Insurance claims build a loss history for the association that results in increased premiums. Know that the loss history of an association is passed from one insurance company to another.

Parking area and driveway systems are often one of the most neglected common elements. Having a beaten up and bumpy asphalt environment does not overtly cost anyone anything. It is just ugly and uncomfortable. But, ugly and uncomfortable at minimum affects curb appeal. The re-sale value of units. When a buyer is pulling into a community to view a unit available for sale, if the first experience is pot-holes and frost heaves it immediately and negatively invades the perceptions of the prospective buyer. Property values can be negatively impacted.

The collapse of oil prices is giving us an opportunity to improve these common elements for a moment in time that could be the most cost beneficial we may ever experience. Fuel costs in January 2016 were at the lowest point since 2004. It is not going to get much cheaper than this to perform your roofing project, your driveway system upgrade project or even converting to vinyl siding. If the project to be addressed has a large portion cost component being petroleum based, this is the year to get the project done.

Your roof will need to be replaced. There is no escaping that fact. Your driveway system will eventually need to be upgraded. There is no escaping that reality. Take advantage of this anomaly in current market conditions of the price for petroleum based products.

An additional benefit is the cost of financing. If you do not have access to existing reserves and cannot get a one-time lump sum special assessment approved, banks are happy to provide financing for such products. The additional benefit is that due to the uncertainty of economic conditions internationally, interest rates are at record lows. Banks are fighting for good quality loans which Associations are recognized for being very safe. As a borrower, you are in the driver's seat when negotiating with banks. Rates are historically low.

As much as your association might like to further defer the maintenance on roofing and asphalt projects, know that the project will not go away and the projects will not get less expensive than conditions are allowing for today. Be strategic and step forward to get such projects done.

Continued from page 1

In addition to Critical Exams, Ongoing Reports are due at mid-way points of each critical exam cycle. Ongoing Reports involve a minimum of complete visual surveys of the exterior of the building from the vantage of the ground, roof, adjacent buildings, or accessible balconies and fire escapes. Both required examinations are costly to building owners, but fines for non-compliance range from \$1,000 per day to \$2,500 per day.

Short Form Only Option

In 2009, alterations to the Rules and Regulations offered the 'Short Form Only' program to eligible buildings. In lieu of the Critical Exam Reports and Ongoing Exam Reports, a building may file Ongoing Reports every two years, providing that the building meets the criteria required for participation. Newly constructed buildings, with no hazardous conditions, are permitted to begin the 'Short Form Only' program and file Ongoing Exam Reports starting two years (2) after initial occupancy. The new Rules and Regulations, effective March 1, 2016, states that buildings will not be eligible for the Short Form Only Program if they are vacant, subject to an active court case, have been reported as unsafe, or are more than one (1) year delinquent in filing its Ongoing report.

How to Get the Most Out of Meeting the Ordinance Measure and Manage Costs

Although the Façade Ordinance helps to ensure public safety, it doesn't provide building Owners

with the information necessary to develop a comprehensive work plan. The current Rules and Regulations do not require reporting photographic documentation, which would aid in tracking the rate of deterioration. In addition to submitting Façade Ordinance Reports to the DOB, we offer optional, supplementary reports, to be issued to the Owner, that aide in tracking the rate of deterioration and determine level of importance, urgency and costs of repairs.

Numerous inspections are conducted each year, why not get the most for your dollars at the same time?



These supplementary reports may range from a simple package of annotated photographs to a full Condition Assessment Report, which includes professional opinions of the causes of deterioration, various repair options, work plan recommendations with potential project phases, annotated photographs, and cost estimates for budgeting. Several types of Condition Assessment Reports are available, but the common element is a site visit I

investigation. Preparation of the required Façade Ordinance Report is an ideal time to also complete a Condition Assessment to take advantage of the investigation phase.

The primary difference between the two reports is that the Façade Ordinance Report focuses on hazardous and potentially hazardous building components whereas Condition Assessment Reports comment on maintenance or best practices to decelerate deterioration, avoid tenant disturbances caused by leaks or drafts, or comply with codes unrelated to the façade ordinance. They also typically include a discussion on the causes of the distress observed and a cost estimate to repair the building.

Our lessons learned over the years, tell us that using the cost estimate, the building Owners can, with the assistance of an Architect / Engineer, develop a work plan that is economically responsible while maintaining public safety and meet the goals of the Façade Ordinance. Keep in mind, this step will likely exceed regulations and provide a plan for the building's future.

If your goal is to meet the requirements and get the most for your expenses involved with the inspection, it is worth considering adding a condition assessment as prudent and practical owners.

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A MESSAGE FROM THE EXECUTIVE DIRECTOR

The Value of Relationships

April 16 marked a special day for me. Professionally, it was my first official day as ACTHA's Executive Director. Personally, it was a bit overwhelming meeting hundreds of people who will undoubtedly become a valuable resource in my new role.

As a first-time attendee at the ACTHA Spring Conference, I was impressed with the variety of education topics, the quality of the presenters and the level of engagement between attendees and vendors during the tradeshow. It was a welcoming environment conducive to learning and networking—something not always found at other industry events!

It takes a team effort to move an association forward, and after my short time here I can tell you this: We have a GREAT team! Thank you to all of the members who serve on ACTHA's board of directors, committees and as event volunteers. Your time and dedication to our association has not gone unnoticed. Thanks to our commercial members, who continually support the association financially through sponsorships, advertising and participation in ACTHA tradeshows. Thanks to all of our event speakers, who serve as subject matter experts while sharing their passion and knowledge to educate attendees on various subjects regarding community living.

Like most trade associations and professional societies, ACTHA is very much a relationship business. There is a "speed of trust" that takes place within our association, and members take comfort knowing that they can share issues big and small with each other and get reliable, honest feedback. After witnessing this exchange firsthand between members during the conference, I had an epiphany. It is this level of relationship that delivers unique value to ACTHA members and keeps your commitment to the association each year. There are only a few opportunities each year to not only connect with fellow associations but also a wide-range of vendors to address the needs of those involved with Community Living. ACTHA will always be committed to serving the needs of unit owners and board members throughout Illinois.

I look forward to seeing you at a future ACTHA event!

South Expo | Saturday, September 24 | Tinley Park Convention Center | Tinley Park
North Expo | Saturday, October 15 | Renaissance Chicago North Shore | Northbrook



Mark Swets, CAE
Executive Director

ACTHA ANNOUNCEMENTS

LEGISLATIVE UPDATE

Re-elected to three year terms expiring 2019:

- Jackie Fanter (Wedgewood Commons, Orland Park)
- Beth Lloyd (Partridge Hill T.A., Hoffman Estates)
- Nancy Moreno (Lotus C. A., Morton Grove)

In addition, the Board re-elected its current officers for 2016-17:

- President: Beth Lloyd
- Vice-President: Joe Fong (Westgate Terrace C.A., Chicago)
- Secretary: Jackie Fanter
- Treasurer: Bob LaMontagne (Lake Hinsdale Village, Willowbrook)

The Legislative Session in Springfield is scheduled to adjourn May 31 however the budget impasse may result in the General Assembly coming back or staying in session. Beyond May 31, any legislation passed would require a 3/5ths vote.

In the meantime, several bills affecting community associations appear to be moving towards passage by both houses. Among them are changes to the Ombudsperson's Act largely recommended by the Department of Finance and Professional Regulation which would ease implementation of this new Act.

ACTHA maintains a list of current legislation being considered along with our position and status on the website: www.actha.org We encourage you to visit the site for updated information.



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ACTHA's Educational Conference Program & Trade Show Highlights

Attendees liked leading off with the general session of "Legal & Legislative Forum" coupled with "Ask an Attorney" and then concluding the day with "Ask a Professional." Replied one survey respondent, "I loved having Ask an Attorney and Ask a Professional as bookends to the conference."

Attendees continue to comment that not only are the seminars valuable but meeting and networking with other board members and owners is equally beneficial. "We learned many valuable things. Two board members and an owner attended. We all attended different seminars so we can share what we learned with the others."



Presenters Marica Caruso (Caruso Management Group), Maureen Gold (Harborside III C.A.) and Tanya Briggs (LaGrange Tower C.A.) discuss leadership roles on the board during the 2016 Spring Conference in Oakbrook Terrace.

Photo courtesy of Condo Lifestyles

And comments related to the Trade Show were positive as well. An overwhelming percentage (76%) like the hours—neither too long or too short. But most importantly several attested they made valuable contacts with exhibitors from management to construction project contacts, connecting with potential new vendors and learning about new products. Said one, "I attended the Trade Show only, and enjoyed the opportunity to speak with some vendors and gather information for future projects."

Now what we need YOU to do: when you use an ACTHA vendor member or use a company which exhibited, let them know that it is because of ACTHA. Our commercial members underwrite a significant portion of ACTHA's operating expenses; they are fundamental in being able to keep membership dues low and educational program fees minimal. As one of our respondents said, "We need to impress on ACTHA members the need to patronize the exhibitors."

(Right) Attorneys from exhibitor Kovitz Shifrin Nesbit speak with trade show attendees during the 2016 Spring Conference on April 16.



*Photo courtesy of
Condo Lifestyles*



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First-time Board Member? New Owner? Looking for a Refresher / Primer?

JOIN US for the 2016 LEARN AND LEAD series, ACTHA's signature educational offering for those living in community associations. Taught by leading experts in the field, this six-part program highlights the fundamentals that all board members/owners should know and be familiar with:

- * Governance - Saturday, May 21
- * Administration - Saturday, June 11
- * Finance - Saturday, July 16
- * Meetings/Elections - Saturday, August 20
- * Physical Aspects - Saturday, September 17
- * Insurance/Risk Management - Saturday, October 29

All courses are held from 9-11am (except for the 10/29 course, which is from 9am-12pm) at:
Sauk Trail Community Center,
4455 Sauk Trail, Richton Park, IL 60471

To learn more and to register: www.actha.org/certification

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