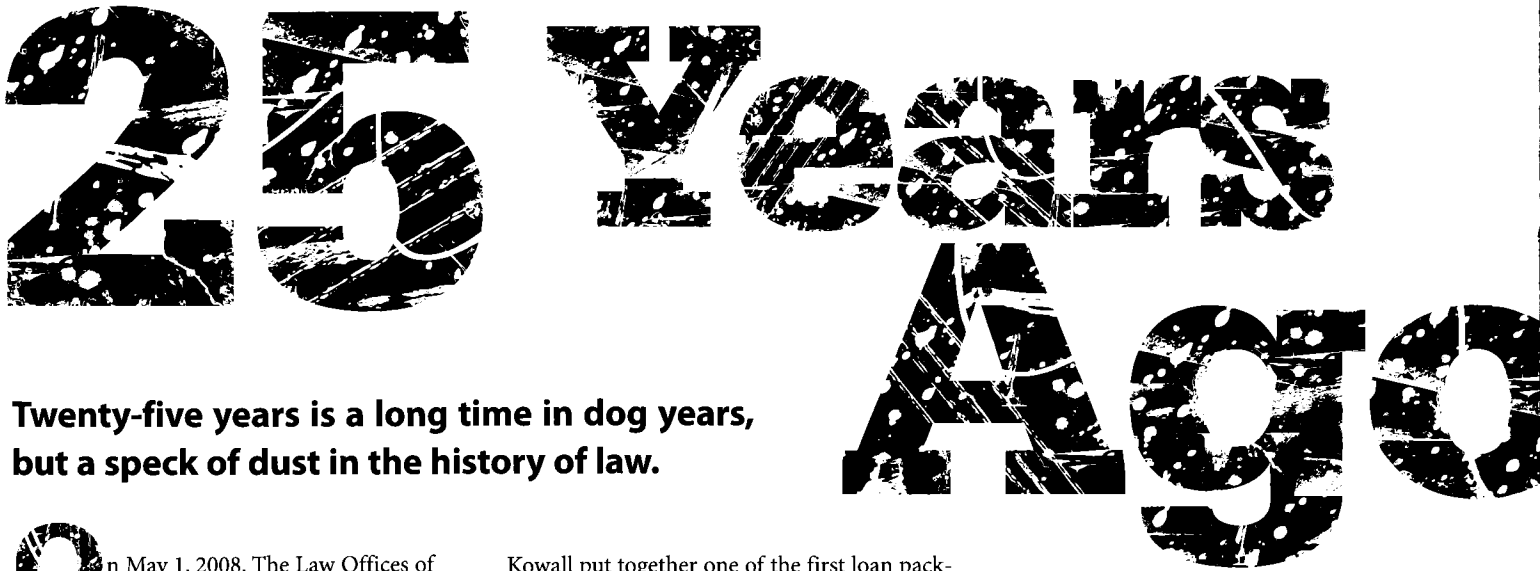


BY JORDAN SHIFRIN - KOVITZ SHIFRIN NESBIT



Twenty-five years is a long time in dog years, but a speck of dust in the history of law.

On May 1, 2008, The Law Offices of Kovitz Shifrin Nesbit celebrated its’ 25th Anniversary. Our anniversary started me reflecting on some notable happenings from the past.

1983

What legal and industry changes have transpired since 1983? Here are some flash-backs: Ronald Reagan was President and got shot, the U.S. invaded Granada, national unemployment was 9.6%, first class postage was 20 cents, Washington defeated Miami in the Super Bowl, Gandhi was best picture, and “crack” is first developed in the Bahamas. (professionals begin to notice behavioral changes in Board members – coincidence?)

In Illinois, there were quite a few less condominium and homeowners associations, with many projects on hold because the average 30 year mortgage was going for 13%, plus 1-3 points. If an Association wanted to pass a special assessment, the Board was limited to five times the monthly assessment or \$300, whichever was greater. Associations had to pay real estate taxes on commonly used property. If a mortgage was foreclosed on a condominium, you had to fight with the lender to determine when the lender had to pay assessments, and speaking of lenders, if an Association wanted to borrow money they had no chance because banks could not comprehend what their collateral would be. (Jordan Shifrin, and Harris Bank’s Robert

Kowall put together one of the first loan packages at the long ago defunct Arlington Federal Savings & Loan.)

Management companies from 25 years ago; Rowell Lolli & Jara, McGill & Poole, Birger Nyborg, J.S. James, Stetson, Sudler-Marling & VMS, and some of the individuals who were “players”; Harry Jones, Frank Jara, Paul Houle, Pat Hart, Earle Felski, Mary Ann Wards, Tim Clum, Lillian Blankenburg, and Kent Arney. Legal fees were about \$40.00 per hour and managers got around \$6.00 per unit.

1988

Flash forward five years; 1988. Ronald Reagan is completing his second term; terrorists kill 9 tourists on a luxury liner at sea, and blow up a PanAm 747 in Scotland; Vice-President Bush runs against Democrat Michael Dukakis for President. The Federal Debt is 2601.3 billion (up 1,000 billion from 5 years before); unemployment is 5.5%; Washington defeats Denver in the Super Bowl; for the first time compact discs outsell vinyl; and the vocal award of the year is Graceland by Paul Simon.

In the industry, The Act has gone through significant revisions, an owners right to review records are codified, a quorum for a condo-owners meeting is now 20% instead of the usual majority; the Association now has “emergency” spending authority, and “no-leasing” and “no-dog” amendments are in vogue, although few do actually pass, and there is no Illinois law on the topic; the term “reserve

study” takes hold; new players in the Illinois industry are PSI, (or new names) Vanguard, Omnibus-Harbor, Mark Cantey & Associates, Highcrest (n/k/a Hillcrest), American Property Management, American Community Management, ALMA, and Association Specialists.

1993

Bill Clinton was in the White House; Federal agents lay siege to the Branch Davidians stronghold in Texas; 2 police officials are convicted of beating Rodney King; cost of a postage stamp is 29 cents; the Bulls win the NBA Championship over Phoenix; Unforgiven is the best picture; and the first human cells are cloned (but no word as to whether it was a Board member!).

In the industry, new development is booming as the economy begins to expand; cities and villages begin to adopt their own condominium consumer protection ordinances; conflicts of interests with directors and family members must be fully disclosed; proxies must now state known candidates; developers and boards of Master Associations must follow turnover disclosure guidelines applicable to condominiums; names from the era introduce new players and say goodbye to Donnie Rudd, Kathleen Ross, Janice Fabiezak, Karen Johnson, Jan Von Essen.

1998

Bill Clinton is knee-deep in the accusations of a sex scandal; the Serbs attack Kosovo; the U.S. Embassies in Kenya and Tanzania are bombed; unemployment is 5.5%; the stock market is exploding creating “dot-com” millionaires overnight; the Bulls win their 6th title in 8 years; 76 million viewers watch the last episode of Seinfeld, and the FAA approves the male impotence drug, Viagra.

In the industry, everything with four walls and a roof is being converted to condominium; “alternative dispute resolution” appears to be the answer to saving the legal system (the question remains unanswered); suing the Board of Directors for breach of fiduciary duty becomes a buzzword for “I didn’t like what the Board did.”; and Condo Lifestyle’s Condo Olympics, a multiple test of skill, brains and agility is in the early years of raising money for Special Olympics.

2003

The Year of the Sheep in the Chinese zodiac; the space shuttle Columbia disintegrates over Texas on re-entry; the Cubs? We don’t even want to think about them (Bartman, Bartman, Bartman); America is embroiled in military combat in Iraq and Afghanistan; the stock market has plummeted since 2000, but real estate sales are at an all time high; speculators are feeding the market place frenzy by “flipping” properties to new buyers at huge gains and 125% equity mortgages are not uncommon; the Insurance Provisions of the Act are completely re-vamped and now displaying the American flag is protected by State law; a disturbing trend begins developing as several management companies and property managers are found to be misappropriating association funds and local authorities are reluctant to prosecute.

2008

And now, here we are 2008. Many of the pioneers and giants in the industry when it first began in the seventies have retired, passed on or moved out of state. The excesses of the real estate boom of the first half of the decade are now paying negative dividends and shaking the economy at its foundation. But, things always go in cycles as we have seen over the last 25 years since the predecessors to Kovitz Shifrin Nesbit first opened its doors; the only constant is change. Associations in 2008 routinely get bank loans for their large capital projects. Boards are much older/educated about rights and obligations, reserve studies are now almost commonplace, good managers now are staying longer in an industry that historically had high turnover and construction standards have dramatically improved. Do we still have a long way to go... of course. But the future is so bright we need to put on our sunglasses...