



Illinois Department of Financial and Professional Regulation

Division of Real Estate

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How Does a Deconversion Work?

Deconversion is the process of selling the entire condominium property to a third party who will turn the condominium units into rental apartments. The deconversion process encompasses the sale of the property under Section 15 of the [Illinois Condominium Property Act](#) (“Act”) and the removal of the property from the Act in accordance with Section 16 of the Act. While a condominium association’s declaration may contain a more stringent requirement, Section 15 of the Act sets forth the minimum approval requirement to sell the property. Its requirements are as follows:

<u>Number of Units</u>	<u>Required Majority</u>
2	Majority of unit owners
3	66 2/3% of unit owners
4 or more	75% of unit owners

Keep in mind that Section 2(h) of the Act defines “majority” or “majority of the unit owners” as the percentage in the aggregate in interest of such undivided ownership. That means that each vote is weighted based upon that unit’s corresponding interest in the common elements as set forth in the association’s declaration. An exception to this rule does exist in Section 18(p) of the Act which provides that when 30% or fewer of the units, by number, possess over 50% in the aggregate of the votes in the association, any percentage vote of members shall require the specified percentage by number of units rather than by percentage of interest in the common elements allocated.

If I do not want to sell, how do I object to the sale of the property?

If the requisite percentage of ownership votes *in favor* of selling the property then the sale shall go through and there is little, if anything, the objecting Unit Owner can do to stop the sale. The Act clearly states that the vote to sell the property shall be binding on all Unit Owners, even on those who object to the sale. That said, any Owner who does not vote in favor of the sale does have the right to file a written objection with the Manager or Board of Managers within twenty (20) days after the date of the meeting at which such sale was approved by the unit owners. Any owner who files such a petition is entitled to receive, from the proceeds of the sale, an amount equivalent to the value of his or her interest, as determined by a fair appraisal issued by a licensed appraiser, less the amount of any unpaid assessments or charges owned by the unit owner. (To determine whether a particular appraiser is licensed by the State of Illinois, use [License Lookup](#).)

How much am I entitled to receive from the sale of my unit?

Effective January 1, 2018, the Act was amended to provide that any unit owner who did not vote in favor of the sale of the property and who filed written objection to the sale with the board of managers within 20 days after the date of the meeting at which the sale was approved is entitled to receive the greater of: (1) the value of his or her interest, as determined by a fair appraisal, less the amount of any unpaid assessments or charges owed by the unit owner; or (2) the outstanding value of any bona fide debt secured by the objecting unit owner's interest which was incurred by the owner in connection with the acquisition or refinance of his or her interest, less the amount of any unpaid assessments or charges owed by the owner. An objecting owner is also entitled to receive from the proceeds of the sale of the property reimbursement for reasonable relocation costs. Relocation costs are determined in the same manner as under the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

How can I be sure that the purchase price is the best we could get?

The Board has a fiduciary responsibility to ensure that the price is competitive within the market. That said, Section 15(b) of the Act states that if there is a disagreement as to the value of the interest of any Unit Owner who did not vote in favor of selling the property, that Unit Owner has the right to hire a licensed appraisal expert to represent him or her in a determination of the property value (the process would include an expert representing the prospective purchaser, the protesting Unit Owner, and one more mutually-designated individual for a total of three [3] appraisers, who then vote to determine the value of that Unit Owner's interest in the property by majority vote or consensus.

If the property is going to be sold, do I have to cooperate if I don't want to sell?

Yes. If the appropriate percentage of unit ownership has voted to proceed with the sale of the association, Section 15 of the Illinois Condominium Property Act binds and creates an affirmative duty on all unit owners to execute and deliver any instruments and to perform all acts in both manner and form as may be necessary to complete the sale. The failure of a unit owner to cooperate may result in both an injunction against the owner as well as a judgment for damages and legal fees incurred in enforcing this obligation.

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