

City of Chicago Now Requires Residential Real Estate Developer's License

Paul G. Hull
Stahl Cowen Crowley LLC

In July of this year the City of Chicago enacted a new Ordinance requiring nearly all developers of residential property in the City of Chicago to be licensed under a "Residential Real Estate Developer's License" (Title 4-Chapter 4-40 of the City of Chicago Municipal Code). Following are some of the most asked questions about the new Ordinance:

Q: Who must be licensed?

A: The Ordinance requires all persons to be licensed who: (i) acquire vacant or improved property; (ii) improve the property with a new or rehabilitated residential building; and (iii) sell the improved property or any portion of the property.

Q: Are there additional requirements?

A: Yes. The Ordinance also requires a residential real estate developer to take certain actions in order to deliver various types of information to prospective purchasers including, but not limited to: (i) the posting of the developer's and general contractor's license numbers and general information at both the developer's office, at the subject property and at the marketing office(s) for the property; and (ii) inclusion of the developer's Residential Real Estate Developer's License number on each purchase agreement.

Q: What is the license fee?

A: The license fee is \$125, and is renewed annually (also at a cost of \$125).

Q: How will the City enforce the Ordinance?

A: The City anticipates enforcing the Ordinance by requiring each developer to have a Residential Real Estate Developer's License in order to obtain a building permit for the construction of the residential property.

Q: Are there any penalties for failure to comply with the requirements of the Ordinance?

A: The City may enforce the Ordinance with fines and a possible suspension of a developer's Residential Real Estate Developer's License for up to four (4) years.

Paul G. Hull, an associate of the firm, is also one of the co-chairpersons of the YLS Real Estate Committee for the Chicago Bar Association. At the Committee's October, 2004 meeting, Ms. Mary Lou Eisenhower, Deputy Director of the City of Chicago Department of Revenue, delivered a presentation to the Committee members regarding the new license requirements and the ways the City anticipates enforcing the Ordinance. If you have any questions regarding the licensure requirements, please feel free to contact Paul at (312) 377-7868 or email him at phull@stahlcowen.com.