

A RESOLUTION

16-730

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

July 11, 2006

To declare the existence of an emergency with respect to the need to clarify that the Mayor may, in his or her discretion, immediately release to any unit owner or the unit owners' association a pro-rata share of a warranty against structural defects, upon a showing that a structural defect exists in any unit or portion of the common elements.

RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution may be cited as the "Condominium Warranty Bond Release Discretion Clarification Emergency Declaration Resolution of 2006".

Sec. 2. (a) The Council of the District of Columbia enacted the Condominium Act of 1976 ("Condominium Act") to regulate the conversion of rental housing to condominiums as well as the registration and governance of condominiums in the District of Columbia .

(b) The Condominium Act included important protections for purchasers of condominium units against structural defects that are found after purchase. These important protections, in the form of a bond or letter of credit, or any other form of security approved by the Mayor, in the amount of 10% of the estimated construction or conversion costs, are meant to warrant against structural defects for which the buyer should not be responsible.

(c) Under current law, it is unclear that the Mayor has the discretion to release that security to the unit owner or to the Unit Owners' Association, upon a showing that covered structural defects exist.

(d) Accordingly, because of the fact that structural defects can often pose a life and limb hazard to unit owners, and often repairs may be expedited by private action by the unit owner, the Council should clarify that the Mayor has the discretion to release the warranty bond, or other security, to avoid unnecessary, costly, and potentially hazardous delays.

Sec. 3. The Council of the District of Columbia determines that the circumstances enumerated in section 2 constitute emergency circumstances making it necessary that the Condominium Warranty Bond Release Discretion Clarification Emergency Amendment Act of 2006 be adopted after a single reading.

Sec. 4. This resolution shall take effect immediately.