

Reviewing the Key Points of Cooperative Interviews

COUNSELS' CORNER

By **Kenneth J. Finger, Esq.,**
Carl L. Finger, Esq., and
Daniel S. Finger, Esq.
Finger & Finger, Chief Counsel,
Building & Realty Institute (BRI)



WHITE PLAINS—The topic of interviewing prospective shareholders for Cooperatives has been presented several times at membership meetings and seminars of The Building and Realty Institute (BRI), including those of The Cooperative and Condominium Advisory Council (CCAC) of the BRI.

Nonetheless, it is an important topic that we are constantly asked questions about. How to conduct an interview, what questions should be asked and what topics to avoid are items that we are asked about.

While this is generally a topic for Cooperatives, Landlords can look to these suggestions for some guidance, as well. It is, however, important to keep in mind that Landlords have additional restrictions, such as Source of Income Restrictions, as well as possibly Emergency Tenant Protection Act (ETPA) restrictions that they must adhere to.

Specifics

What are the key items for boards when interviewing prospective shareholders? How to know if these folks are for your building? There are no hard and fast rules, except not to discriminate based on protected classes.

Beyond the basic financial criteria as determined by each

board, i.e., minimum down payment and percentage of income that goes to mortgage and maintenance, the Board of Directors can look at any number of issues.

The interview can be used to explore any financial issues that need to be clarified from the application package, such as “cash business income,” which is not reported on tax returns, or where the down payment is coming from if not reflected in assets.

The other issues are not so easy. The discussion of some scenarios may help to clarify the subjects and the manner of questioning that may apply.

Steps

Before the Board of Directors can interview a potential candidate - or even decide on whether to interview the candidate - the prospective shareholder must submit a complete application that answers all appropriate questions, including all required documentation, references and background checks.

The Board of Directors should consult with its attorney and have its attorney review the application to make sure that none of the questions in the application are, in any way, unlawfully discriminatory.

Once the Board of Directors has received and reviewed the

application, the Board of Directors must determine whether the prospective shareholder is qualified under the criteria set by the Board of Directors to purchase the shares. It is important that the criteria used

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by the Board of Directors are not discriminatory and that the Board of Directors applies the same criteria to all prospective shareholders that apply to purchase shares and units.

If the Board of Directors decides to make a change to the criteria, the Board of Directors should make the change a global one and apply the new criteria to all future prospective shareholders. This avoids confusion and claims of discrimination.

Again, the Board of Directors should review the criteria and policy with its attorney to insure that it is not discriminat-

ing or using discriminatory policies. At this time, the Board of Directors can decide whether or not the candidate’s application is suitable for an interview.

If, however, in reviewing the application the Board of Direc-

It is always a good idea to make sure that there is more than one board member present to insure against any subsequent allegations of discrimination or improper questioning at the interview by the member of the Board of Directors.

There are several goals for an interview - reviewing the application to confirm that there are no discrepancies and clarifying any minor discrepancies that do exist. It is also important to try and get to know the prospective shareholder on a more personal level (again, without asking questions that could be construed as discriminatory).

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If the prospective shareholder has specific hobbies or an occupation that will carry over into their home (i.e. a professional musician, like a violinist), you can ask questions related to those issues. Some other topics for inquiry may include:


- The proposed occupants of the unit;


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Albano: Business Opportunities Exist In Mount Vernon

MOUNT VERNON—Lou Albano, executive director of The Mount Vernon Urban Renewal Agency and Acting Commissioner of Planning for the city, spoke before The Mount Vernon Chamber of Commerce on Aug. 8.

Albano laid out two programs being offered to businesses in the city. He also shed important insight into the future development of Mount Vernon.

The first program Albano reviewed is the Commercial Facade Renovation Option. The program is an outright grant of up to 75 percent of the cost to commercial owners, business owners and shop owners to renovate the existing facades of buildings and store fronts. The city will assist participants with the design, help them obtain contractors and work with

owners every step of the way, he said.

Albano added that, in the past, the process was filled with pitfalls and took far too long for business owners to be reimbursed. Now, the process has been streamlined, he said.

The second program covered by Albano is called The Sign Grant Option. The program will give an outright grant of up to \$3,000 per sign. If you have a corner property that has two signs, it may be considered as two separate signs. Once again, the programs are available to building owners and shop owners. The city will provide assistance by pre-approving code enforcement and design, he said.

Questions came up that shed light on the future development of Mount Vernon. A

question about installing gates on storefronts was addressed. Albano said that the city would prefer no gates on the outside of buildings for aesthetic reasons. If a gate is installed, it should not be a solid gate, but an open grilled gate and installed inside behind the glass front, he added. Albano said that there is about \$450,000 available for these programs. If funds from the program are not used, he said, they will be

returned to The Department of Housing and Urban Development (HUD).

Albano said that Mount Vernon is also working on senior, low-and middle-income housing that is close to stores and transportation. He added that both the Mount Vernon West and East Train Stations are being considered for rezoning and future development. Recently, Albano said, the city has been approached to develop

the area near the Fleetwood Train Station.

Representatives of The Mount Vernon Chamber of Commerce encouraged all present to provide feedback on ways to improve the quality of life for all residents and businesses. Building owners and shop owners interested in taking advantage of these programs can contact the Urban Renewal Agency at (914) 699-7230, ext. 127.

—An IMPACT Staff Report

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- The reasons for choosing the area/neighborhood.
- Whether or not the prospective shareholder has any questions.

An Important List

Listed below are questions that may be appropriate to ask a prospective shareholder/resident:

- Have you had your own apartment before?
- Why did you leave your previous residence?
- Do you get along well with the residents in your previous residence?
- How were you referred here?
- Have you ever been evicted? If yes, please explain.
- What is your primary Source of Earned Income?
- What is your Total Household Income?
- Have you ever been convicted of a crime? If so, please explain.
- What would you do if a neighbor were causing a disturbance in the building?
- Have you ever been involved in a community group or done volunteer work? If so, please explain.

- Do you have any skills that would benefit the cooperative?

Suggestions

We recommend that when you schedule the interview, you ask that all prospective occupants (other than minor children) attend.

As an additional reminder (in case there is any ambiguity), the protected classes include: race, color, religion, creed, national origin, alienage, citizenship, gender, sexual orientation, marital status, age, military status, and disability (and in New York City, occupation).

Source of Income is also protected in New York City, but not in Westchester County. Do not ask any questions that involve any of those topics, or could be construed to involve any of those topics. If you have any doubt, consult your attorney.

Editor's Note: The authors are with Finger and Finger, A Professional Corporation. The firm is Chief Counsel to The Building and Realty Institute of Westchester and The Mid-Hudson Region (BRI). Finger and Finger is based in White Plains.

Apartment and Condo Market Gains Momentum

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four points to 42. With the MVI, lower numbers indicate fewer vacancies. After peaking at 70 in the second quarter of 2009, the MVI improved consistently through 2010 and has been at a fairly moderate level since 2011, the study said.

Historically, the report said, the MPI and MVI have performed well as leading indicators of U.S. Census figures for multifamily starts and vacancy

rates, providing information on likely movement in the Census figures one to three quarters in advance.

"The apartment and condo sector continues to expand production," said NAHB Chief Economist David Crowe. "This increased level of activity is needed to meet current demand and to compensate for a serious lack of new units developed during the housing downturn."

Q10 New York Realty Advisors Reports Texas Transaction

WHITE PLAINS—Jeanne Cronin, managing director of Q10 New York Realty Advisors ("Q10NY"), recently announced the closing of a \$4.05 million first mortgage loan on a free-standing Best Buy store in Sugar Land, Tex, (suburban Houston).

The property is highly visible from and has convenient access to I-69 (Southwest Freeway), a heavily trafficked thoroughfare that connects Sugar Land to Houston. The loan was originated and placed by Cronin with a Texas bank. The fixed-rate loan was written for a term of 10 years, with the borrower having the option to extend the term for an additional five years. The lender fixed the interest rate at 4.75 percent for the full 10-year term, officials said.

The property is owned and managed by a Midwest-based

real estate family with an extensive portfolio of credit and non-credit single-tenant properties. The lease with Best Buy expires during the term of the loan, but has several renewal options, spokesmen added.

Cronin noted that "although the tenant does not report sales, the lender recognized the strength of the location and the tenant's long-term commitment to this store having recently spent a substantial amount of its own money upgrading the property."

Q10 | New York Realty Advisors, LLC is a member of Q10 Capital, LLC, a leading commercial mortgage banking and investment sales company with 24 offices nationwide. Q10NY worked closely with its Q10 partner, Q10 Amegy Mortgage Capital, which exclusively represents the lender. Paul

Gardaphe SVP of Q10 Amegy Mortgage Capital represented the lender, officials said.

Q10NY has the resources and expertise to successfully provide debt and equity solutions to all types of real estate transactions regardless of property type, size, location and complexity, company spokesmen said. Officials added that the firm's clients are given access to a wide variety of lending sources and a full range of financing products through the company's established relationships with local and national lending sources.

"Our affiliation with Houlihan-Parnes Realtors, a multi-dimensional privately owned real estate company founded in 1891, provides a level of professionalism and expertise unmatched in the market," Cronin said.

Richard G. Schiavone

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