

BROKER'S GUIDE TO PROPERTY MANAGEMENT
2 CREDIT HOURS

Multiple Dwellings and the Need for Managing Agents (40 MINUTES)

- In New York, any property that consists of three residential units or more, is considered a multiple dwelling, and is subject to additional regulations. Significantly, in order for an owner to avail themselves of the courts for purposes of litigating certain disputes relating to the property, the building has to be properly registered as a multiple dwelling with the Department of Housing Preservation and Development (HPD). The registration status of a building can be obtained from HPD:
- <https://www1.nyc.gov/site/hpd/about/hpd-online.page>
- Any such registration will require the listing of a managing agent and a corresponding office address. The listed agent, along with the property owner can be named as a party in any action maintained by the Department of Housing Preservation and Development against the building.
- The managing agent can be any person over the age of twenty one (21), who resides or has an office within New York City. That being said, any property manager who is going to perform the functions of a broker such as collect rent, rent a property, or list a property for sale, will have to obtain a broker's license. A salesman or secretary can work under the property manager without having to obtain a brokers' license.
- It should be remembered that rental properties under three units, which are not owner occupied, must also be registered with the Department of Housing Preservation and Development. A registration number similar to a multiple dwelling registration will be issued, which must in turn be pleaded when commencing litigation.

Fees Collectable by a Managing Agent (40 MINUTES)

- While a managing agent responsible for the renting or listing of property should be a licensed broker, a broker functioning in that capacity is subject to certain limitations that they otherwise would not have outside of the managing agent capacity.
- For example, managing agents cannot collect broker's fees for the renting of rent stabilized units. In order for a broker to be able to collect a fee for services related to the listing and showing of a unit, the broker must be part of an independent business, unrelated to the landlord or his employees, in order to lawfully collect a broker's fee. If there is no such "arms-length" relationship to the landlord then any broker's fee collected may be construed as having been paid to the landlord and thus constitutes an overcharge subject to triple damages under the Rent Stabilization Code (RSC).
- On the other hand, for any property where a broker's fee can be collected, only a licensed broker can enforce the payment of such fees. Pursuant to Real Property Law 442-D, only a licensed real estate broker can bring suit against a tenants for refusing to pay a fee.

Due Diligence (40 MINUTES)

- On any sale/purchase and to more limited degree, even during changes in management, due diligence must be performed through the managing agent for the property. Proper due diligence, particularly as it relates to purchase of condo/coop units, will require examination of documents such as:
 - Building's certificate of insurance
 - Sublet application
 - Purchase application

- At least two years of recent budgets
- Floorplan of the unit
- Alteration agreement
- Annual Tax Deduction Letter
- Updated House Rules
- COVID rules, regulations, restrictions
- Several years of financials
- Along with the document examination, it is important that a questionnaire be submitted to and completed by the managing agent. A sample questionnaire for condominium as well as cooperative units is attached to this handout.
- There are certainly costs associated with the due diligence, and they should be made clear upfront, preferably before an offer is made. The purchase application should contain the anticipated closing costs for the parties.
- As part of due diligence, alterations restrictions and guidelines should be obtained. Knowing what a buyer can and cannot potentially do is essential. A history of past alterations can and should be obtained from management, where prior alteration applications should be maintained.
- Lastly, for the near future, due diligence should include an understanding of any COVID related rules and regulations for the building.

SKH Heiberger

L L P

COURSE MATERIALS


Course Outline (*Attached*)

BOOKS UTILIZED IN COURSE

N/A

INDIVIDUALS AUTHORIZED TO SIGN CERTIFICATES

Jamie Heiberger Harrison, Esq.



SIGNATURE

LIVE DISTANCE EDUCATION

PROPOSED METHOD: Zoom Video Conferencing/Webinar

This course shall be offered in person via Classroom Instruction or as a Live Distance Education Course.

As a Live Distance Education Course, the Instructor, Jamie Heiberger Harrison, Esq., shall teach using Zoom Video Conferencing/Webinar, utilizing both video and microphone. The Instructor shall monitor attendance and maintain an attendance roster, verifying remote attendance. All attendees must “attend” the course on a device with video and/or microphone for required participation and verification. Course materials shall be distributed to attendees via email.