A Practical Guide to Legal Issues for Co-op/Condo Managers and Boards

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with articles from the
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STROOCK’S CO-OP/CONDO PRACTICE

INTRODUCTION

Stroock is one of the largest New York City law firms with a substantial, dedicated cooperative housing and condominium practice. Drawing upon resources from Stroock’s well-established real estate, litigation, income tax, employment and tax certiorari practices, we represent over 200 co-ops and condos in every facet of their management and operations. We counsel clients through the entire co-op and condo life cycle, from the earliest stages of development all the way through the unique issues facing mature buildings, often representing a building or a board for decades. We routinely represent many sellers and purchasers of co-op and condo units.

Our clients include luxury apartment houses on Fifth and Park Avenues; large hotel cooperatives such as The Sherry-Netherland, The Pierre and The Carlyle; and residential and mixed-use condominium associations such as Fifteen Central Park West, Essex House and The Promenade. We are also frequently engaged as special counsel by co-op or condominium entities, as well as developers and sponsors, when they need Stroock’s expertise on discrete projects.

REPRESENTATION OF CO-OP AND CONDO BOARDS

Our team of dedicated Stroock lawyers has continuously represented some of New York City’s most sophisticated co-op and condo boards for more than thirty years. Clients maintain long relationships with us because they know Stroock keeps their business objectives foremost in mind. In the co-op and condo area, this translates into efficient and forward-thinking board advisory services, and keeping our board clients fully informed of legal developments so they are in the best position to make effective judgments.

Stroock’s expertise in representing co-op and condo boards includes refinancing co-op mortgages; negotiating commercial leases; negotiating construction contracts; addressing insurance issues; handling disputes with individual apartment owners; modernizing corporate and condominium documents (including the proprietary lease, by-laws and alteration agreements); and handling day-to-day management issues. In co-op and condo law, Stroock offers up-to-the-minute knowledge in all facets of its representation, from the latest tax developments to current local law requirements.

Stroock attorneys excel in structuring solutions to challenges created by the unique tax structure that governs co-ops (§ 216 of the Internal Revenue Code) and in maximizing a co-op’s ability to minimize its exposure to income taxes attributable to its commercial rent (Subchapter T of the Internal Revenue Code). Stroock has handled a wide range of transactions involving issuance of new co-op shares to non-residential space, from doctors’ offices to large retail spaces.

Stroock attorneys are among the preeminent experts concerning application of the business judgment rule and regularly counsel on board’s fiduciary obligations. Stroock attorneys have shaped and tested this area of the law with extensive litigation and advise
co-op and condo boards on the proper strategies to prevent erosion of their rights. We also counsel both co-op and condominium boards on the array of federal, state and city laws that prohibit discriminatory housing practices.

For several decades Stroock has advised some of the leading co-op boards on issues related to apartment transfers, an area of the law where boards, despite having generally wide discretion, may overstep and face liability. We also advise some of the city’s most prominent condominium boards on their legal rights and responsibilities, including rights of first refusal and condominium flip taxes, in addition to counseling them on day-to-day management issues.

**CO-OP AND CONDO LITIGATION**

Stroock has been litigating crucial cooperative and condominium cases for three decades in every venue. We have experience in all phases of this area of litigation, from conversion and construction issues, to defending boards accused of breaching their fiduciary obligations or violating the business judgment rule, to defending discrimination claims made by employees and prospective purchasers, to the challenge of elections, interpretation of governing documents, alteration disputes, and other areas associated with cooperative and condominium buildings and their occupants.

Finally, when appropriate, we mediate on behalf of our clients, attempting to obtain a more amicable resolution of disputes, which often concern neighbors.

**INDUSTRY LEADERSHIP**

Our attorneys are active leaders of the New York real estate community. Stroock attorneys serve as counsel to the Real Estate Board of New York. Our Real Estate Group represents REBNY on all issues involving the real estate industry in the City and State of New York. Stroock has advised REBNY for many years in connection with development, acquisition, investment advisory services, leasing, joint ventures and financing — or frequently, a combination of the above. We also advise REBNY’s Resident Management Council on cooperative and condominium issues.

Two of our partners serve as regular columnists for the New York Law Journal, as well as specialized periodicals such as Habitat, and are regularly sought out by leading newspapers, periodicals, television and the web for opinions and expert commentary on all matters that impact on the co-op/condo community. We have filed amicus briefs in important appellate cases related to cooperative housing and condominium matters. Stroock attorneys teach classes and seminars in co-op and condo issues, including serving as adjunct faculty at Cardozo Law School and New York Law School, and frequently speak before industry groups and the judiciary. We also serve on committees of various bar associations. One of our partners served as Chairperson of the New York City Bar Association’s Committee on Cooperative and Condominium Law for the 2007-2010 Term.
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