

THE ORSID

— DIGEST —

Q3 Newsletter

TABLE OF CONTENTS

Are Zoom Meetings for Co-ops and Condos Here to Stay?	2
Buying or Selling an Apartment? Meet the team that will help!	3
Tips for the Prospective Buyer Interview	4
Uncommon Solutions	5
Insurance Changes & COVID-19	6
Legislative Updates	7
Welcome to Orsid	8

Are Zoom Meetings for Co-ops and Condos Here to Stay?



Eighteen months ago the city was confronting challenges brought on by the COVID-19 pandemic. Aside from the serious health implications and a world ill-prepared to take on this deadly virus, co-ops and condominiums were immediately faced with how to protect the health and safety of residents and building staff during this global health emergency, while simultaneously maintaining daily operations. At breakneck speed, our boards and their management teams were forced to find new ways of communicating which, included how to safely conduct regular monthly board meetings. Since the onset of COVID-19 New York City has slowly begun to return to its pre-pandemic self. However, the uncertainty of this pandemic and its lasting impact on co-ops and condominiums may result in meetings continuing to be held remotely.

The pandemic also impacted how annual meetings were held. Typically, annual meetings present an opportunity for the building's shareholders or unit owners to come together as a community and meet in person. As we entered June of 2020 - Annual Meeting Season - the number of coronavirus cases were continuing to climb.

With in-person meetings no longer viable, many buildings faced the possibility postponing.

Until, that is, an emergency amendment to the New York Business Corporation Law permitted Co-ops to have annual meetings virtually using an online meeting platform such as Zoom. While the law did not specifically address condominiums, the general belief among practicing attorneys who specialize in the field was, if challenged, the courts would likely rule that the right to conduct virtual, electronic meetings would apply equally to condominiums as it does to co-ops. Currently, the New York State Legislature is considering a bill that if passed, would make this into law. In any event, Boards should amend their By-laws to allow those not physically present to participate and vote electronically. Counsel should draft the amendment to comport with applicable laws (either the BCL or NY Condominium Act) and this should be done by either a shareholder or Board vote within the parameters of the By-laws.

Even though Boards have agreed to host annual meetings electronically, organizing and successfully conducting the meeting has presented boards and their managing agents with obstacles that turned out to be more difficult than anticipated. Complying with the new law while also adhering to the building's own by-laws is one thing. Preparing for the inevitable technology challenges and overcoming the various proficiency levels of the meeting's attendees, we found the best solution to these problems was to organize a practice meeting, or dry-run, with the board a day or two in advance of the actual meeting. This allowed us to demonstrate how the meeting would be managed in "real-time". We went over topics such as: how many attendees were expected to join, how and when to admit people into the meeting so only those who pre-registered were allowed and, how to maintain order when people are speaking or during a question-and-answer session. While not a guarantee to prevent all issues, a rehearsal helped to prepare the board and keep issues to a minimum.

Realizing the benefits of virtual meetings, e.g., no location fees or travel time, increased attendance and a greater chance of achieving quorum, most boards now embrace them. With more than 100 virtual annual meetings successfully held, we have developed a set of guidelines and established best practices that promise to give boards, shareholders, and unit owners the best virtual annual meeting experience possible.



Buying or Selling an Apartment? Meet the Orsid Team that will help!

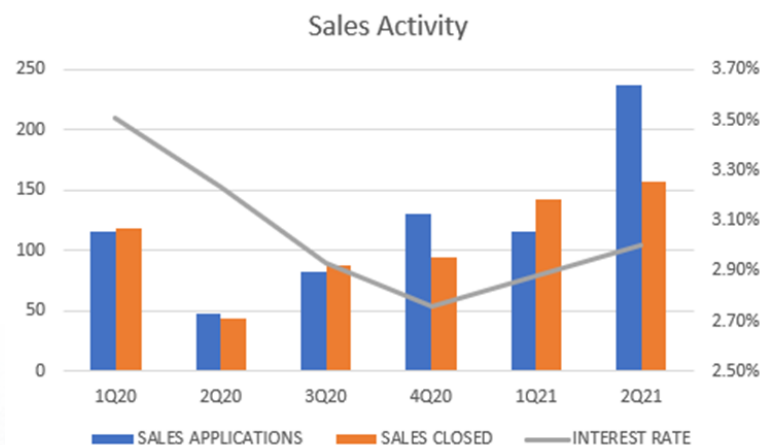
At Orsid, we understand the importance of efficiency, professionalism, and courtesy when it comes to working with our clients. The first interaction we have is often through our Transfers and Closings Department (TCD) that consists of six transfer agents, two closing agents and two assistants who perform a wide range of services. This team of professionals ensures that every sale, transfer, refinance and sublet/lease request related to each property is processed according to the building's terms, policies, and procedures. In addition, the TCD thoroughly reviews all applications prior to submission for review by the Board. This eliminates incomplete or inappropriate applications and maximizes the Board's time, avoiding unnecessary activity.

Each building under Orsid management is assigned its own Transfer Agent, enabling us to provide personalized service to these time-sensitive transactions. The Transfer Agent becomes an expert on the building and communicates regularly with all parties involved, including Boards, attorneys, brokers, banks, prospective buyers, shareholders and/or other representatives. Timeliness and proper communication are key as our transfer agents acknowledge receipt of each application within 24 hours and notify the relevant parties of any missing or deficient items no later than seven business days after receipt.

In April 2020, we turned to the specialized software program, BoardPackager, to help manage the application submission and closing process. This secure, online platform ensures we are in full compliance with the SHIELD ACT by fully encrypting the data to protect and secure all sensitive information. Prospective buyers and brokers can upload personal and financial information, complete applications and pay fees in a secure and digitally seamless manner from virtually anywhere. Since the transactions are performed electronically, BoardPackager keeps all interested parties informed each step of the way, making the process seamless and transparent. Through Board Packager, clients can download and submit applications directly to the Transfer Agent - no more time or money wasted sending paper copies. And, since each board member has their own log-in credentials, the board review process is faster as well.

Transfer Agents are key to helping brokers, purchasers and board members navigate the submission, review and approval process. They are also responsible for ensuring all information and closing documents remain current and compliant with required city and state laws that regulate the closing process. Transfer Agents also provide guidance on individual building requirements and policies, and how best to meet them. Once a sale is approved by the Board, the closing agents take over.

Understanding how important it is to foster a positive working relationship, the Transfers and Closings Department holds weekly meetings. The TCD members provide updates, solicit feedback, share information, and address recurring problems and issues, tapping into the knowledge and experiences of all team members.



While the impact of COVID-19 on sales volume was quite evident in Q2 2020, it took only a few short months for activity to rebound and reach new heights.

Tips for the Prospective Buyer Interview



We have spent many years supporting Boards through the process, we have found there is not a set standard of questions you must ask. What follows are suggestions that probe the key areas of job security, financial stability and the important factors that led potential buyers to your building. While not an all-inclusive or exhaustive list, asking and getting answers will help the Board make an informed decision about a potential new neighbor.

Consider starting out with questions to temper the nerve-racking environment the potential buyer may be expecting, and will perhaps put them “somewhat” at ease:

- What attracted you to this building?
- What attracted you to this neighborhood?
- Do you have any friends or acquaintances in the building/area?
- Have you been looking for an apartment for a while or are you just starting?
- Have you ever lived in a co-op before? Are you familiar with the basics and responsibilities of co-op ownership?
- Would you be interested in serving on the Board or other building committees?
- Do you have any pets? If so, what kind?
- Do you work from home?
- Any hobbies/pastimes to tell us about?
- Any skills that would make this building a better place to live?

All of these suggested questions can help the Board get a feel for who the interviewees are. Then it is time to move on to the “tougher” questions:

- Will you use the apartment for residential purposes only?
- Are you downsizing? (The red flag here is if the answer has to do with saving money).
- Who will be occupying the apartment? (*While this will be in the application, you are looking for consistency between the application and the interview*)
- Are you intending to renovate or make any interior changes?
- How often do you entertain or have parties?
- Have you read the House Rules?

Continued on next page.

The Prospective Buyer interview can be a stressful exercise for the Board and an intimidating process for the potential buyer, even if conducted virtually from the comfort of one’s own living room.

While the interview is designed to understand the financial adequacy of this potential purchaser and if they’ll be a good fit for the building community; the interview can also present a potentially dangerous opportunity for violations of New York’s Fair Housing laws. The odds of avoiding problems and achieving success are increased with a review of the do’s and don’ts for proper preparation.

Here are some questions the board cannot/should not ask without the risk of serious consequences.

- Marital status
- Race
- Color
- Religion
- National origin
- Citizenship
- Gender
- Sexual orientation
- Military status
- Disability

Tips for the Prospective Buyer Interview Continued

And, finally, do not forget about privacy. The set of questions to ask is totally up to you, but the one thing the Board has to get right on behalf of the applicant is privacy. Board members should be familiar with any

written policies the co-op may have related to confidentiality and the duties of any board member who reviews an application.

Investing time in preparation will result in more efficient interviews and increase the odds of successful outcomes.



Uncommon Solutions

At the beginning of the COVID-19 pandemic, supply shortages became routine. As many of us quickly learned, basic cleaning supplies, personal protective equipment (PPE) and sanitizing agents, including those critical products that combated the virus, became very difficult if not impossible to find. Orsid realized that an uncommon solution was the only way around this very serious problem. Our management team made a decision to further leverage Orsid's purchasing power and order supplies, especially cleaning and PPE supplies, in bulk for buildings in need. We designated certain buildings as central distribution hubs for cleaning and PPE supplies, which allowed smaller buildings to leverage their supply needs among a

larger group and ensure that they also received their share. The plan proved effective immediately and allowed us to operate all properties without missing a beat while the supply shortage was at its peak.

With the emergence of the Delta variant of COVID-19, fears arose there would be another shortage, especially with cleaning and PPE supplies. As part of our commitment to ensure that all buildings, small and large, are treated equally and have access to the same resources, the plan was put back on the table. Our buildings were again ready, willing and able to band together to make sure that all had adequate access to valuable supplies. Fortunately, the residential building supply industry appears to have been well stocked and we are currently managing our way through this recent infectious wave without having to implement the common supply plan. We would like to thank all of our suppliers, Resident Managers and building staff members for having been willing to pitch in if needed to find an uncommon solution.

Insurance Changes & COVID-19

It goes without saying that the COVID-19 pandemic presented challenges for buildings and building residents physically, operationally and financially. However, many are not aware of the effect that it has had on the insurance industry. With nearly two years of the pandemic behind us, we are starting to see it's affect on the industry as a whole. The financial impact in the form of premium instability and an uptick in casualty claims is a common trend during economic downturns. When this unfortunate trend is combined with losses of investment income for insurers and re-insurers, it becomes more than obvious that future premiums will face substantial increases. This trend sheds light on what was already a stiffening market driven by circumstances that predate the pandemic.

Prior to the pandemic, market conditions were already putting a strain on premiums and capacity, while the industry was contracting. COVID-19 only further inflamed an already difficult market, especially considering the different variants of the virus which seem to be continuously emerging, and stalling the speed of the economic recovery. There have also been additional endorsements developed to exclude coverage for COVID-related claims both on the property and liability side, which are evolving rapidly and are being monitoring closely by our team. As the insurance industry evolves though the pandemic, Orsid is tracking trends to make sure our buildings receive the best possible policy data and premiums when renegotiating their coverage in the post-COVID world.

The pandemic only further inflamed an already difficult market, especially considering the different variants of the virus, and stalling the speed of the economic recovery.





Legislative Updates

NYC Cooperative and Condominium Tax Abatement Prevailing Wage Requirement

The last edition of this column discussed the legislative passage of a change to the eligibility requirements for The NYC Co-op and Condo Abatement program. On September 6, 2021, this provision was signed into law by Governor Hochul. By April 2022, in order to remain eligible for the Abatement, Co-ops or Condos must certify that all building service employees who are regularly employed at a building for at least eight hours per week will receive the “applicable prevailing wage for the duration of such property’s tax abatement.” The definition of “building service employee includes, but is not limited to, watchman, guard, doorman, building cleaner, porter, handyman, janitor, gardener, groundskeeper, elevator operator and starter, and window cleaner.”

This certification requirement is for all buildings with an average unit assessed value of over \$60,000 or \$100,000 in buildings with fewer than 30 units. Prevailing wages are set by the NYC Comptroller’s Office and are generally equivalent to the labor rates of local 32BJ employees including all benefits. **This may cause a dramatic increase in labor costs for buildings not exclusively using union employees.** We are currently analyzing the specific effects of this legislation on all Orsid managed properties and will advise of our analysis during the 2022 budget season. We also advise our Boards to discuss with legal counsel how to navigate compliance with this new provision along with any agreements for third party provision of such building services.

Exemption for Cooperatives from the Housing Stability and Tenant Protection Act of 2019

In the Spring legislative session, a bill was passed exempting Cooperatives from some of the most onerous portions of the HSTPA. The law would permit Cooperatives to take escrows of more than a month of maintenance from prospective purchasers. Late fee provisions in Proprietary Leases would be now enforceable for up to 8% instead of the current \$50 cap. Attorney’s fee provisions would be enforceable in summary proceedings and many application fees that

were impermissible under the HSTPA would be allowed for Cooperative Shareholders. However, at the time of this article, the law has not yet been delivered to the Governor to sign. If and when it is signed into law, we advise all Cooperative Boards to check with legal counsel on how the new law affects their policies specifically.

NY HERO Act Plans Activated

Earlier this year, the New York Health and Essential Rights Act (“NY HERO Act”), was enacted which requires private employers with 10 or more employees to develop and implement a health and safety plan targeting the spread of future airborne infectious diseases. The number of employees can be “aggregated” for many such worker protection laws where worksites are deemed controlled by or the employees supervised by a larger entity such as a third-party managing agent. For this reason, we have rolled out our compliance with the HERO Act for all of the properties we manage. This will help keep workers safe and avoid significant (up to \$10,000) penalties for non-compliance. Earlier this month, COVID-19 was declared an “airborne infectious disease” which triggered the activation of the HERO Act model plans. This requires the implementation of workplace safety protocols such as masking and daily screening of all employees. We are currently educating all building employees on the safety protocols as required under the plans.

Join our upcoming webinar!

Orsid’s Executive Vice President, Dennis DePaola, in partnership with Aurora Energy Advisors and Logical Building, will cover New York City Carbon Emission Laws & Energy Planning.

[Click this link to register.](#)



Welcome to Orsid

Starting July 2021, we have welcomed the following buildings into the Orsid family:

244 Madison Realty Corp.
244 Madison Avenue
New York, NY 10016

19 East 88th Street, Inc.
19 East 88th Street
New York, NY 10128

In Q3 2021, we have welcomed the following new associates to the Orsid family:

Brandi Abbassi, *Administrative Assistant*

Essie Rainey, *Administrative Assistant*

Stefany Velez, *Administrative Assistant*

Hope Mathews, *Alterations Coordinator*

Krystal Ragnauth, *Alterations Coordinator*

Michal Jacobs, *Account Executive*

Patricia Hennesy-Cuevas, *Transfer & Closing Agent*

Tommy Mansilla, *Administrative Assistant*

Stephen Cohen, *Account Executive*

Wren Sutterfield, *Administrative Assistant*

Jonathan Weaver, *Account Executive*

We are thrilled to welcome back:

Don Skupinsky, *Senior Vice President*

Maty Monteiro, *Associate Account Executive*



We hope you found this newsletter informative. If you have any questions or a story to share for a future edition, please email info@orsidny.com

The Orsid Digest is intended for the Board Members of those buildings managed by Orsid New York. If you would like a copy distributed to your residents, please inform your Account Executive. While every effort is made to achieve accuracy in the information contained in this publication, it is not intended as advice for any specific property. Orsid New York shall not be liable for damages resulting from the use of information contained herein. Please consult with your property manager or the appropriate professionals to address concerns specific to your building.

© Orsid Realty Corp 2021. No material in this newsletter can be used without the express written consent of Orsid Realty Corp.

