

THE ORSID

— DIGEST —

Q1 2026 Newsletter



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Start Preparing for your Underlying Mortgage Refinance

One of the components that makes co-op ownership unique is its financing structure. Unlike a condominium, cooperative property is owned as a whole, so the entire property can be encumbered by a loan. This financing vehicle is known as an “underlying mortgage.”

The genesis of the underlying mortgage lies in the history in the cooperative form of ownership. NYC saw a burst of co-op's created in the 1970's due to landlords struggling with the limited rental income they could earn due to rent controls and steeply rising expenses/inflation. Landlords converted these buildings into co-ops and sold the apartments to their tenants at reduced prices to be liberated from properties that had become liabilities. Almost all these properties were encumbered with existing commercial mortgages at the time of conversion. Conversion to cooperative ownership, rather than condominiums, provided the pathway to transfer that existing debt to the co-op rather than pay it off, which often involved substantial prepayment penalties and higher offering prices. Thus, the underlying mortgage became a fact of life for co-ops.

As time elapsed with aging infrastructures, increasing municipal and code compliance requirements and low interest rates, most co-ops have leveraged their underlying mortgages to maintain their property by borrowing more money from lenders to meet the increasing expense of capital improvements.

History lessons aside, many if not most co-ops are facing a reckoning in the form of markedly higher interest rates if the co-op is required to refinance their underlying loan now, or in the near future. Board members cannot control interest rates, or the passage of time, and refinancing can come at the most inopportune time. As we saw within the last ten years, historic low rates allowed Boards to take advantage of them and do more to improve their properties.

As mentioned, the underlying mortgage is considered a commercial loan, most of them with 10-year terms trading on the 10-year Treasury Rate plus a spread.

Many co-ops were able to refinance their mortgages five or six years ago when interest rates dipped as low as 2.75 to

3.5%. At the time of the writing of this article, the average interest rate for a 10-year term underlying mortgage for a cooperative apartment building is between 5.7% and 6%. This rate increase can have a significant impact on the co-op's operating costs, should rates remain at this level when an underlying mortgage is refinanced.

As an example, please see the refinance impact on a co-op with current interest rates assuming this is an interest only loan:

Current loan amount: \$4 million
Interest rate: 3%
Annual debt service: \$120,000 (interest only)
New loan amount: \$4 million
Possible interest rate: 6%
Annual debt service: \$240,000

This scenario would double the debt service being paid by the co-op. Please also keep in mind that the above example does not include any potential budgetary increases that may be required to have a balanced budget (such as payroll, insurance premiums, real estate taxes, etc.) In addition, converting an interest only loan to an amortized (or partially amortized loan) would have an even greater impact on debt service because the payments would include both interest and paying down the principal.

Before refinancing, it is also important for the co-op to determine what projects will be forthcoming within three; five; ten; fifteen; and twenty years; and how those expenses will be met. A co-op Board needs to look at the balance in the reserve fund as part of the refinancing exercise. Does the co-op have a mechanism for replenishing those funds? Flip taxes are helpful but should only be considered an ancillary means of adding to the reserve fund, not an assured means of contributing to the fund. To address the cost of upcoming capital improvements, many co-ops add additional principal to the loan amount to cover the closing costs, as well as “cash out” on additional principal to be used exclusively for future capital projects (ex. A co-op may borrow \$500,000 more than the current amount of the loan to fund a hallway renovation project or elevator modernization). The additional principal will of course increase the debt service even more.

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Start Preparing for your Underlying Mortgage Refinance Continued

Though capital is readily available, lenders are selective, focusing on properties with strong fundamentals and a reliable cash flow. Most of our co-op clients satisfy this requirement because of the strength and stability of these properties. As we have seen a rise in interest rates, various lenders have left the market. However, underlying co-op loans continue to strongly appeal to lenders due to excellent management, desirable locations, and historically low default risk. Borrowers seeking underlying co-op loans should not be concerned with securing a lender. They should focus on how the higher interest rates will impact their operating cost when refinancing.

If you look at the underlying mortgage amount, it is usually very insignificant relative to the value of the building, for example, a \$5 million loan for a 120-unit co-op property with an average sale price of between \$1-2,000,000 per apartment. But all costs add up to an ever-larger number as the years go on. Capital repairs are rising, as well as necessary mandatory compliance, which are cyclical and require a perpetual means of funding them.

In the NYC co-op market, savings banks and specialized co-op lenders provide most underlying mortgage financing, with larger institutions such as insurance companies, more frequently providing funding when loan principal amounts near or exceed \$5 million. In 2026, regional and community banks are slowly returning to the cooperative refinancing market.

Lenders have always been thorough in their due diligence in qualifying properties for financing. Even though they are at the threshold of earning increased revenue from lending at higher interest rates (depending on their source of funds), they have recently become even more excruciatingly particular when extending financing. Even top-tier properties, like many of our clients, still must prove themselves credit-worthy when it is time to refinance their underlying mortgage. Factors that affect the rate include healthy reserves, regular capital expenditures and maintenance programs, no legal judgements or liens, limited property and casualty claims, and an extensive list of other underwriting qualifications. The key is a sound financial and long-term capital plan.

Each property is unique, so we cannot provide a specific answer as to what it recommended in this article.

However, Orsid's budget preparation process now includes an analysis and planning for those buildings anticipating this interest rate to jump in the next five to seven years. This includes a possible long-term assessment to pay down the existing principal at the time of refinancing. If a co-op starts an assessment in the amount of \$100,000 each year over the next five years, \$500,000 can be used to reduce the principal resulting in lower debt service when the loan is refinanced.

Orsid is here to guide and support the Board through the refinancing process. Orsid works with many lending institutions and can assist in placing the loan. Please bring your Account Executive into the discussion when mortgage refinancing reaches the top of your agenda.



Revised Laws on Access Agreements

In our [Q3 2023 Newsletter](#) we outlined the steps, challenges and planning for access agreements with neighboring property owners when completing a significant exterior building project (ex. compliance with the Facade Inspection Safety Program – FISP). When a building is planning to commence such a project, it may need the cooperation of the adjoining neighbors (sometimes as many as three, or more!) so that appropriate protections can be placed on the adjoining property’s roof and possibly protective sheds on portions of the adjoining property’s sidewalks. Such safety arrangements require an agreement with the neighbors called an “access” or “license” agreement.

Occasionally, neighbors may be uncooperative or may make cost prohibitive demands when it comes to granting access to their adjoining property. When a neighbor is being difficult, Boards have often turned to the courts to obtain a license where negotiations with neighboring property owners reach an impasse. However, the Real Property Actions and Proceedings Law ([RPAPL §881](#)), the statute providing the court with the ability to grant license to an adjoining owner’s property for such work, did not previously offer clear guidance to property owners, and often has left parties and judges to rely on case law, with limited guidance in many situations. The law has been amended twice in recent months, and although there are still questions left unanswered, the amendments provide much more clarity for parties and courts throughout the process.

What constitutes a “Refusal”

Before the new amendments, it was unclear what constituted a definitive “refusal” to enter into an access agreement by the adjoining property owner, which was a condition to be met before a property owner could seek the court’s assistance in obtaining access to an adjoining property. The statute now clearly states that a “refusal” occurs when the property owner serves multiple notices on the adjoining property owner via certified mail, and such owner does not respond within 60 days. This provides property owners with clarity regarding both the estimated timeline, as well as the steps they should take during the pre-court negotiation process. It also encourages communication from adjoining property owners.

Information Sharing Requirements

The law now adds responsibility for both parties to share certain information. The property owner seeking the license may need to provide plans, specifications, engineering reports, and/or evidence of insurance. Additionally, adjoining owners will need to provide information on their commercial/retail tenants to allow the property owner to add them to the proceedings.

Scope of License

Previously, the language of the statute only vaguely indicated the circumstances where the court could or should grant licenses. Now, the statute more clearly defines circumstances under which the court should grant a requested license. First, the updated statute states that the court shall not grant a license where the property owner seeks access to an adjoining property that is owned, leased, or occupied by a state entity. The updated statute also provides a specific—though non-exhaustive—list of purposes for which the court may grant a license. This includes access for preconstruction surveys, installation of monitoring devices, sheds, and other protective equipment, temporary projections or intrusions into the adjoining owner’s airspace, construction staging, and more.

Crucially, the court’s jurisdiction now clearly includes the ability to grant, in limited circumstances, permanent alterations to the adjoining owner’s property. This includes permanent building supports such as wall ties, tie-backs, anchors, straps and underpinning, as well as permanent relocation of chimneys and flues. Under the previous statute, work such as underpinning could be performed only with the acquiescence of an adjacent property owner.

Conditions of the License

Property owners will need to keep in mind that the law now clearly states that any license granted is subject to several conditions. Except where there is immediate threat to life or property, property owners will need to provide “reasonable” prior notice before entering the adjoining property.

In addition, property owners must make commercially reasonable efforts to adhere to the dates of the license and must seek extensions from the court when needed.

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Revised Laws on Access Agreements Continued

Property owners will also need to provide evidence of general liability insurance in amounts that are commercially reasonable for the entry to the adjoining owner and, when applicable, the adjoining owner's tenants.

Compensation Required

Previously, the statute did not clearly provide any circumstances for which the adjoining property owner was entitled to compensation beyond actual damages stemming from entry. The amended law states that licensees will be required to pay the adjoining property owner for diminution in value or loss of enjoyment. Valuation for such payments will be left up for the courts to determine, and, although this requirement only applies to permissions granted by the court, it is anticipated that this provision will cause adjoining property owners to demand such payments in access agreement negotiations moving forward.

The law also allows the court to require the licensee to pay the adjoining property owner reasonable fees incurred for review of certain documents and plans. Boards will need to consider these potential new expenses when planning building repairs or improvements requiring access to an adjoining property.

Although the statute updates have added much-needed clarity, there are still questions left unanswered by the amendments (ex. whether paying for adjoining owners' legal costs will be required, or whether the new statute will expedite or complicate the process to obtain licenses to adjoining properties.) Orsid will be monitoring how the courts navigate the updated law, and we will guide our managers and Boards accordingly. As always, it is recommended that you confer with your building counsel for legal advice in connection with licenses and major repair and improvement projects.



Uncommon Solutions: Emergency Façade Repair

Orsid manages a Condominium on the Upper West Side that completed an 18-month façade project mandated by the Façade Safety Inspection Program (FISP) in the Spring 2025. Upon completion, the building was designated as “safe” by the NYC Department of Buildings.

In the second week of August 2025, while both the Orsid Account Executive and Supervisor were on cruise vacations in different parts of the world, they received urgent emails that the building was struck by lightning during a serious summer storm. The strike directly hit the coping on the Penthouse level of the building, dislodging a 1 x 2 foot piece of stone. Although the stone landed in the street on a populated block, fortunately, it did not cause any personal injury or property damage. Even though the assigned Orsid team members were both 3,000 miles away and 6 hours ahead, they were able to communicate through emails and satellite phone with the Superintendent, the Board of Directors, the architect and the façade contractor and take swift and appropriate action.

Immediately after the strike, the sidewalk and surrounding area were closed off by the Super. Within 24 hours, a structural shed was installed in the front of the building to protect bystanders. Shortly thereafter, the architect inspected the damaged area and provided a summary of the work that needed to be completed. The summary was provided to the contractor, and a repair proposal was approved by the Board. The stone was fabricated and installed, and all work was promptly completed with 8 weeks from the date of the strike. Orsid, on behalf of the Condominium, filed an insurance claim for the cost of the shed, architect fees and contractor costs, and the insurer remitted payment to the Condominium less, of course, the deductible.

This incident, and many others like it, demonstrates that Orsid stands ready to help our buildings no matter the circumstances, or where we are in the world!



Orsid Spotlight: Annual Meeting Process

At Orsid, we take a team approach in everything we do, including how we prepare and handle annual co-op or condominium shareholder or unit owner meetings. Annual meetings are a vital opportunity for Boards to clearly communicate with their shareholders/unit owners. As your managing agent, we value the opportunity to make your annual meeting run as efficiently as possible, allowing you, as Board Members, to focus on presenting to your neighbors.

To best perform our role in your meeting, Orsid will centralize the planning for all annual meetings, by keeping a meticulous schedule for every building in the Orsid portfolio. This master schedule allows Christine Zeblicky, Vice President of Operations, to manage this process seamlessly. She makes certain that each meeting is staffed appropriately, including a senior administrative staff member. This assembled team attends an internal preparation meeting prior to the scheduled date, and a clear plan is laid out, so everyone knows what to expect.

Our team approach has many facets with one major theme - that we work cohesively. We ensure:

- Everyone is clear about their role and tasks, deadlines, and how to achieve everything on time.
- That all support staff are well-trained, and the preparation call for each Annual Meeting covers

any special circumstances for that particular building.

- That all Orsid staff feel supported and have the ability to execute these meetings flawlessly, so that the Board Members can “shine” in front of their shareholders/unit owners.
- Account Executives work closely with their Boards to collaboratively create the agenda and the presentation for each annual meeting.

We can effectuate three different types of meetings (annual, town halls and special meetings): (i) virtual on Zoom, (ii) in person, or (iii) a hybrid of both. While a hybrid meeting (where residents have the option to attend either in person or via Zoom) is possible, it does come with additional costs for our clients, both for technology and increased staffing. We proudly offer our clients options and have them determine what is best for their resident body. Each Board knows their residents best, and we are here to facilitate bringing the Board’s vision for their meeting to life.

It’s no surprise that each annual meeting comes with its own set of challenges, but whatever they may be, your Orsid team will be there to support you. We simply want to make sure that the underlying structure of the meeting is successful and that all the Board needs to worry about is their role in the meeting. We have received numerous accolades from clients over the years that the way we handle annual meetings is unparalleled. You can rest assured that the Orsid team handles the rest.



Condominium and Cooperative Sovereignty:

Two State-level proposals are attempting to proscribe new standard operating procedures for Coops and Condos. Under [S5089](#), any not-for-profit residential Condo of 3,500 or more units would be required to incorporate new unit owner “rights” into its organizational and operating documents. Some of these changes include timely access to Board minutes and financial statements, prompt and written decisions regarding disputes, changes to voting processes, and adoption of expense limits. Complaints for violations of the law could lead to investigation by the attorney general. While the bill as written would only apply to a small number of very large Condos in the State, we worry that the law could later be extended to a larger number of Condos in NYC which would significantly impede their normal operations and “handcuff” their Boards. We are closely watching the bill which has passed in the Senate but also has died in the Assembly several times in years past.

[S8912](#) would apply to Coops, however, the bill currently contains a provision which would allow New York City to opt out of the law. The bill proscribes many ways Coops would need to change their routine procedures. Among other changes, the bill would allow co-op shareholders to vote to permanently remove their management company, open Board meetings to shareholders and require Boards to hold meetings quarterly, require that the building’s annual budget be provided to shareholders at least a month in advance of the Coop’s fiscal year, and require adherence to a strict procedure for soliciting bids for non-emergency capital improvements. The bill would also add additional record keeping and notices of any violations. While Orsid does not anticipate that this bill in its current form will impact many (if any) Orsid buildings, we are watching closely for any changes or movement.

Co-op Transparency:

As mentioned in the [last newsletter](#), the City Council’s “timing” bill 1120B (now [LL58](#) of 2026), was passed last quarter. The law will apply strict timing restrictions to sale and transfer applications received on or after July 28, 2026. Under the new law, Boards must establish and maintain a complete list of any and

all requirements required for any transfer application to submitted for Board approval. Any application must be reviewed within 15 days and the co-op is required to provide a written acknowledgment that the application is complete or not. If not complete, the acknowledgment must state each item needed to make such application complete with a citation to the application for such item.

Thereafter, Boards will only have 45 days (unless extended) to decide whether an application is granted, conditionally granted or denied. There are a few provisions that would allow a tolling of the time requirements under the law including a “summer recess” period. Orsid is working with our industry partners to implement a system to comply with the law that will minimize any chance of incomplete applications being “deemed complete” and will also prevent fines for failure to meet the new timeframes. As the effective date of the law approaches, we will be communicating next steps and recommendations to our co-op Boards to comply.

Two other bills mentioned last quarter, the “financial disclosure” bill [Int. 438](#) and the “reasons” bill [Int. 407-A](#) have been reintroduced in the exact same form, as bills [Int. 426](#) and [Int. 774](#) respectively. These bills would result in increased workload for Boards and management companies, and violations would result in significant penalties for buildings and Board members. Orsid and the Real Estate Board of New York (REBNY) remain opposed to the bills in their current form and will continue to monitor their progress.

Security Guard Prevailing Wage:

Also covered in our last newsletter is [LL61](#) of 2026 (formerly Int. 1391-A), regarding security guard prevailing wages. Except where a building’s CBA or designated agreement was in place before October 30, 2025, and in such case, beginning upon expiration of such agreement, this law establishes prevailing wages, paid time off and supplemental benefits for private security workers. The wage rates would begin January 1, 2027, paid time off requirements as of January 1, 2028 and supplemental benefit rates as of January 1, 2029.

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Legislative Update Continued

This will impact the budget of any building not providing the wages and benefit levels for security guards as established under the law. Additionally, the bill requires each building to notify its employees of rights and contains anti-retaliatory provisions and penalties. Orsid is reviewing the anticipated cost increases for security services in each affected building budget.

Legionella Response:

[LL 159](#) of 2025, effective May 7, requires that during the period where cooling towers are in use such cooling towers be inspected every three months and tested each month. In March, the Department of Health and Mental Hygiene (DOHMH) held a hearing on [proposed rule](#) for reporting requirements.

The proposed rule implements a wide range of revisions, including amended timeframes, laboratory certification for sample testing, changes to the annual maintenance program and plan, additional requirements for startup and shut down processes, and increased penalties for violations. We have reviewed our compliance procedures and are coordinating with all cooling tower maintenance vendors to verify compliance for the upcoming cooling season. Unfortunately, the additional inspection, testing and reporting requirements will increase operating costs in all affected buildings.

Residential Ground Lease Coops:

As we have [previously covered](#), Residential Ground Lease Coops (“RGLCs”) often lack leverage in ground lease renewal negotiations. [S2433A](#), a 2025 bill attempting to address what happens when a RGLC and their lessor cannot come to a renewal agreement, has seen some movement this quarter. The bill would put annual caps on ground lease rents at the greater of 3% or CPI. Further, unless a RGLC and their lessor can reach an agreement on extension, 10 days prior to the expiration or termination of the ground lease the RGLC must begin the dissolution (deconversion) process. Upon deconversion, residents who had been entitled to occupancy immediately prior to deconversion would be deemed tenants of the building, and must be offered regulated rental leases pursuant to several laws and regulations, including the Emergency Tenant Protection Act of 1974 and the

Rent Stabilization Law of 1969. The bill amends the Emergency Tenant Protection Act to add a method for calculating post-deconversion rent amounts, and, in some instances, gives the Division of Housing and Community Renewal the ability to determine the initial amount. The bill would also empower RGLCs to secure a mortgage for their building (even if not permitted to do so under the ground lease) by only allowing a lessor to deny the RGLC’s request to encumber its interest for “reasonable cause”. Finally, the law would provide a right of first refusal to the RGLC to purchase the underlying property in many cases. We will continue to track the legislation and provide any updates on this bill as they become available.

Biometric Bills:

The New York City Council recently introduced two bills that, if passed, would impact the ability of residential and commercial establishments to use biometric recognition technology. [Int. 428](#) would expressly prohibit residential buildings from using biometric recognition technology to identify tenants or their guests. Building owners already using such technology would be permitted to use it until the applicable contract term for use of such technology ends.

[Int. 213-A](#) is broader and would limit the use of biometric technology by any “place or provider of public accommodation”, including retail establishments. The bill would generally require such places or providers of public accommodation to obtain written consent from any customer prior to collecting biometric data and would prohibit the use of such data to identify customers. The proposal also adds requirements for safeguards and erasure of biometric information, and would prohibit the refusal of service based on a customer’s assertion of their rights.

Pushback is expected on both bills, as they would limit certain security systems that both residential and commercial establishments rely on. We will continue to monitor the status of these bills.

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Legislative Update Continued

NYS Budget:

If passed, the following portions of the proposed 2026 NYS budget are expected to have a significant impact on a number of Coops and Condos.

J-51: Amendments to the J-51 reform program, previously discussed in our [Q1 2025 legislative update](#), are being considered as part of the 2026 annual State budget. While the Executive Proposal suggests increasing the average assessed valuation from \$45,000 to \$60,000, both the Senate and Assembly bills contemplate raising the threshold to \$75,000. The completion dates for projects under the new law would be from June 30, 2026, to June 30, 2030. If passed, this increase would expand the number of Orsid buildings who could avail themselves of this tax benefit.

Mansion Tax: Originally proposed as part of New York State's real estate transfer tax system in 1989 as a flat 1% tax rate, in 2019 the State changed to a progressive tiered system that rises from 1.25% for purchases of \$2MM up to 3/9% for purchases of \$25MM or more. Currently, legislators in both chambers are proposing as part of the State budget an additional "NYC Mansion Tax" on top of the State tax for sales of 1-3 family homes, Coops and Condos as follows:

Up to \$500,000	1.0%
\$500,000 - \$5,000,000	1.425%
\$5,000,000 - \$10,000,000	3.675%
\$10,000,000 - \$15,000,000	4.675%
\$15,000,000 - \$20,000,000	4.925%
\$20,000,000 - \$25,000,000	5.175%
\$25,000,000 or more	5.325%

If passed, the new taxes would apply to any closings June 1, 2026. As the legislation is not finalized and still requires negotiation between the Senate, Assembly and Governor before becoming law, you can contact your State Senator, Assembly Member or the Governor's office directly to share your opinions on the proposed tax.





Welcome to Orsid

In Q1 2026, We have welcomed the following buildings to the Orsid family:

Cielo Condominium

540 East 83rd Street New York, NY 10028

400 East 77th Street Owners Corp.

400 East 77th Street New York, NY 10075

C. True Building Corp.

463 Greenwich Street New York, NY 10013

315 East 72nd Street Owners Inc.

315 East 72nd Street New York, NY 10021

14 East 75th Street Inc.

14 East 75th Street New York, NY 10021

401/65 Owners Corp.

401 East 65th Street New York, NY 10065

40 East End Avenue Condominium

40 East End Avenue New York, NY 10028

4 Tenants Corp.

4 East 95th Street New York, NY 10128

166 East 61st Street Corp. / 166 East 61st Street Condominium

166 East 61st Street New York, NY 10065

84 Associates NY LLC

11 ½ West 84th Street New York, NY 10024

We have also welcomed the following new associates to the Orsid family:

Joel Rivera, *Alterations Manager*

Nya Rodriguez, *Alterations Coordinator*

Anisha Godhwani, *Administrative Assistant*

Claudia Velez, *Onsite General Manager*

Eugenia Valerio, *Closing & Transfer Administrative Assistant*

Max Mojica, *Administrative Assistant*

Esaam Hack, *Administrative Assistant*

Steven Berisha, *Onsite General Manager*

Sam Zucker, *Administrative Assistant*

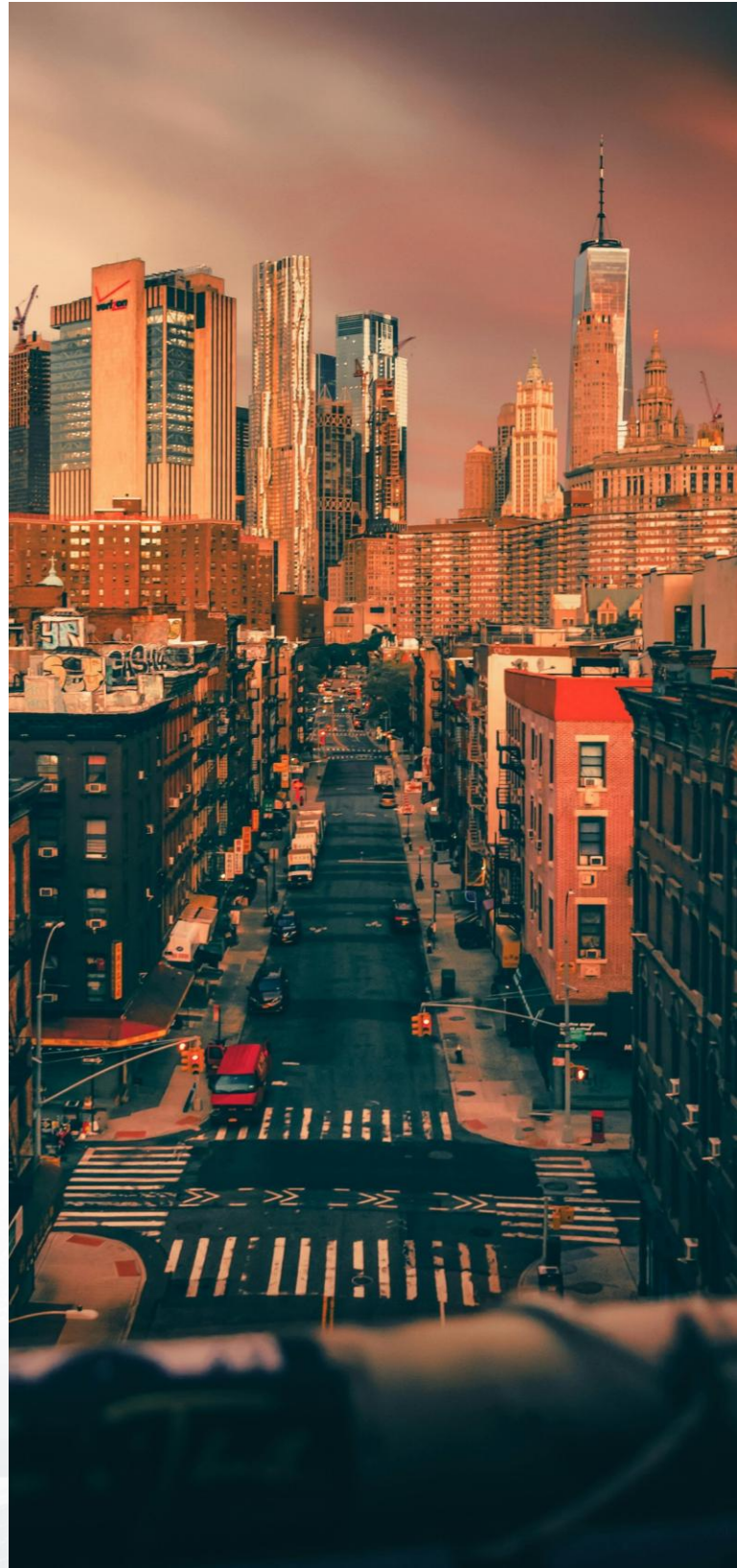
Ari Dedushi, *Account Executive*

Owen Kobrel, *Administrative Assistant*

Cindy Guarineri, *Transfer Agent*

Cheyenne Marrero, *Onsite Administrative Assistant*

Jack Ruggiero, *Onsite Property Manager*



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

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