

350 BLEECKER STREET CO-OP NEWSLETTER #162

February 7, 2003

The board met on December 15, 2002 and January 7 and 20, 2003, largely focusing on the budget. Among the items discussed:

2003 FEES -- \$5.18 maintenance per share per month

The budget meetings were very difficult. Every board member is a shareholder and no board member enjoys raising the maintenance.

The greatest fiscal crisis New York City has faced in many years led to the largest real estate tax increase in memory. The co-op's real estate taxes are being raised 28%, which is \$93,094 (equal to 45 cents per share per month). In other words, a typical studio of 90 shares will pay an extra \$486 per year in additional real estate taxes. A typical one-bedroom of 140 shares will pay \$756 per year and a typical two-bedroom of 190 shares will pay \$1,026 per year in additional taxes. The taxes are deductible, but the increase is still extreme.

The City's rate was increased 18.5% and the building's assessed value was also raised. The co-op challenges its assessed value whenever possible, and sometimes receives reductions in the increase. However, the board was advised that a challenge this year might not be very successful for two reasons:

- a. Approximately 15 of the 38 Manhattan assessors were indicted for (up to 35 years of) corruption. The indictments reduced the tax agency's responsiveness.
- b. Our apartments have generally been selling for record high prices.

The real estate tax rebates average about \$4 per share this year (about 33 cents per month per share). For a typical studio, this would be \$360 per year, for a typical one-bedroom this would be \$560 per year and for a typical two-bedroom this would be \$760 per year. In other words, the rebates are less than the tax increases.

Tudor advised the board that over 95% of their clients (they manage 75 buildings) are applying the real estate tax rebates towards the giant real estate tax increase. The board decided to adopt that method, too.

If the tax rebates had not been applied to the real estate tax increase, the maintenance would have gone up to \$5.51 per share per month. By applying the tax rebates to the real estate tax increase, the board was able to keep the maintenance increase to only 14 cents per share.

Therefore, maintenance was raised to \$5.18 per month per share from \$5.04.

The sublet fee was kept at \$3 per share per month, the bike room was kept at \$100 per year, the sublet application was kept at \$500 and the late fee was kept at \$50. The 12 lockers will be auctioned this spring, and the minimum expected is budgeted at \$500 per year per locker.

The monthly bills will reflect the increase starting March. The March bill will also reflect the underbilling for January and February. In other words, the March bill will be for \$5.18 per share and will also have a 28-cent per share bill for January (14 cents) and February (14 cents). Bills from April onward will be at \$5.18 per share for noninvestor units.

The April bill will show the tax rebate for the year credited as a "reverse assessment". In other words, the annual tax rebate will show as a credit (for noninvestor apartments) but there will also be a one-time fee equal to the rebate shown on each bill.

People who live in the building are "noninvestors". The City does not give the co-op a rebate for investor-owned apartments, so those owners will not receive the credit. They will have to pay approximately \$4 per share.

If you have questions about your bill, please call Paul Morton at Tudor at 212 557 3600.

The total of the "rebate" and the maintenance increase is about \$98,000 which approximates the increase in the real estate tax.

BUDGET COMMENTS AND QUESTIONS

If you have any suggestions, comments, or questions about the budget, please contact any board member.

MORTGAGE

On January 14, 2003, the co-op's underlying mortgage was refinanced with National Cooperative Bank. The previous mortgage was at 7.82% and the new underlying mortgage is for 5.89%. The new mortgage is for 10 years and the principal is \$4,250,000. It is an interest-only mortgage, so all payments are 100% tax-deductible.

The previous mortgage was originally for \$3,500,000. It was borrowed in December 1995. At the January 2003 closing, the principal was approximately \$3,325,170. The amortization was over 35 years, although the mortgage was only a 10-year loan, so at the end of 10 years the principal would have been approximately \$3,211,000. Due to the amortization, the payments were not completely tax-deductible to the shareholders.

The fees paid at the January mortgage closing included:

- a. Prepayment penalty of \$66,503, which is tax deductible to the shareholders
- b. title insurance of \$27,155
- c. bank attorney fee \$18,300
- d. Tudor fee \$20,000
- e. Credit line fee of \$20,000

The co-op will save about \$64,000 in interest charges the first year of the mortgage. The co-op will save over \$600,000 in interest over the next 10 years, compared to the previous mortgage rate.

The new mortgage ends January 31, 2013. It may be prepaid August 1, 2011 or after. A 2% penalty is charged if it is prepaid earlier than 90 days before January 31, 2013.

Co-op building underlying mortgages usually have prepayment penalties, unlike individual apartment and home mortgages. In New York State, prepayment penalties for individual mortgages are generally illegal.

The co-op received 2 credit lines: a \$1 million line for capital projects and additions to the reserve fund and a \$2 million line in case of an adverse legal judgment. Both credit lines pay interest of prime plus 1.35%. The prime rate is currently 4.25%, so a loan on a credit line would cost 5.6% at the current rate. No borrowing took place on either credit line, so no interest cost is being charged.

THANK YOU, LAURA HERBERT

Laura Herbert retired as President of the board. The other board members thanked her for her work. Laura will remain on the board as a Vice President.

ELIZABETH HOCHBRUECKNER

Elizabeth Hochbrueckner was unanimously elected President by the other board members.

INTERESTED IN JOINING THE BOARD?

The board is keeping a list of people who might be interested in joining it. Between elections each November, board vacancies sometimes occur. If you'd like to consider volunteering, please contact any board member.

SALLY KASTMAN

Sally Kastman died in January at age 93. Her friends remember her as a feisty independent person with a wry sense of humor and a great love of chocolate.

She cherished the memory of her late son, Craig Rodwell, who lived at 350 Bleecker for many years. He was the founder of the Oscar Wilde Bookstore on Christopher Street, the first gay bookstore in New York. He also co-founded the Gay Pride March that takes place each June. His papers have been displayed by the New York Public Library on Fifth Avenue.

Sally was born in Cuba, New York, and also lived in Chicago, where she was an avid golfer.

She is survived by her sister, Lois Wixon, her stepson, Jack Rodwell, and her nephew, Armand Wixon.

Apartments for Sale At 350 Bleecker Street

APARTMENT	SIZE	ASKING PRICE	CONTACT	PHONE NUMBER	E-MAIL ADDRESS	IN CONTRACT
LJ	1 Bedroom	\$399,000	Gerald Germany (Broker)	917-548-9887	geg@corcoran.com	No
1D	Studio	\$298,000	Armanda Squadrilli (Broker)	646-824-8379	squad@aol.com	No
2L	1 Bedroom	\$410,000	Shirley Lomanto	212-319-3000 (W) 516-678-0833 (H)	None	No
3R	1 Bedroom	\$422,000	Armanda Squadrilli (Broker)	646-824-8379	squad@aol.com	No
3X	Alcove Studio	\$330,000	Stephen Gallagher (Broker)	212-769-9831	sgallagher@elliman.com	No
4G**	2 Bedroom	\$685,000	Wigder Frota (Broker)	212-836-1062	wcf@corcoran.com	No
4P*	2 Bedroom	\$682,000	Armanda Squadrilli (Broker)	646-824-8379	squad@aol.com	No
4R*	1 Bedroom	\$430,000	Kenneth B. Newman (Sponsor)	212-319-3000	kennybn@aol.com	No
5G**	2 Bedroom	\$699,000	Steven Hanley	212-691-9383	hanleys@nyc.rr.com	No

If you would like your apartment listed on this webpage, contact any [board member](#).

*Note: 4P and 4R are contiguous. With board approval, they can be combined into one apartment.

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350 Bleecker Street Apartment Corp
2002 Estimate and 2003 Budget

(unaudited)

		Full Year 2002	2002 Budget	2002 Estimate Over/(Under) Budget	2003 Budget	2003 Budget Increase vs. 2002 Full Year
Income						
Commercial Rent	(A)	\$86,000	\$123,750	-\$37,750	\$124,000	44%
Laundry Income		12,132	12,000	132	12,000	-1%
Transfer Fees		89,330	40,000	49,330	89,500	0%
Maintenance	(B)	1,040,679	1,041,587	-908	1,070,520	3%
Bike Room		1,400	1,400	0	1,400	
Interest and dividends		260	2,000	-1,740	4,000	
Late fees		2,400	1,200	1,200	2,400	
Lockers		0	0	0	6,000	
Repair charges		2,465	0	2,465	2,500	
Sublet fees		963	6,000	-5,037	1,200	
Transfer - agency acct of K Newman		5,358	0	5,358	0	
Subtotal other income (Bike Rm thru Transfer)		12,846	10,600	2,246	17,500	36%
Total Income		\$1,240,987	\$1,227,937	\$13,050	\$1,313,520	6%
Expenses:						
Real Estate Tax		337,256	337,256	0	430,350	28%
Mortgage Interest & Principal		294,054	290,526	3,529	250,325	-15%
Other Taxes		13,319	3,938	9,381	14,000	5%
Subtotal taxes and interest		644,629	631,719	12,910	694,675	8%
Insurance		47,827	41,118	6,709	55,000	15%
Management Fee (Tudor)		40,689	40,689	0	41,910	3%
Legal Fees	(C)	158,640	73,000	85,640	125,000	-21%
Accounting		8,038	7,206	832	8,300	3%
Bank charges		10	100	-90	100	
Dues and subscriptions		2,411	1,000	1,411	2,500	
Internet site		75	300	-225	500	
Licenses, permits, violations		241	2,000	-1,759	250	
Misc		2,781	500	2,281	3,000	
Phone		943	840	103	1,000	
Postage		568	100	468	600	
Printing		988	500	488	1,000	
Security system		0	2,500	-2,500	2,500	
Subtotal all other (Bank Charges thru Security)		8,017	7,840	177	11,450	43%
Total Administration		263,211	169,853	93,358	241,660	-8%
ADP fees		1,547	1,201	346	1,600	
Dental insurance		3,717	2,713	1,004	4,000	
Medical insurance		17,951	18,259	-308	20,000	
Payroll (incl Worker's Comp)		189,089	214,782	-25,693	200,000	
Subtotal labor (ADP thru Payroll)		212,304	236,955	-24,651	225,600	6%
Cable TV		299	720	-421	300	
Electricity		14,986	22,802	-7,816	17,000	
Gas for cooking		3,726	3,610	116	4,500	
Gas for steam heat + hot water		24,737	66,796	-42,059	32,000	
Water and sewer		58,881	22,000	36,881	25,000	
Subtotal Utilities	(D)	102,629	115,928	-13,299	78,800	-23%
Architect + engineer		0	2,500	-2,500	500	
Boiler, plumbing, a/c		6,484	8,138	-1,654	7,500	

Electrician	815	364	451	1,000	
Elevator	8,120	8,596	-476	10,000	
Equipment repair	1,419	605	814	1,500	
Exercise Room	0	2,000	-2,000	2,000	
Exterminator	1,245	4,560	-3,315	1,400	
Garden supplies	1,641	936	705	1,750	
Janitorial supplies	12,556	8,306	4,250	13,000	
Landscaping	2,125	3,000	-875	10,000	
Other physical upkeep	2,678	0	2,678	3,000	
Other repairs	7,543	4,825	2,718	8,000	
Painting touch up + carpet repair	2,940	1,000	1,940	3,500	
Tools	1,465	1,500	-35	1,500	
Uniform cleaning	400	265	135	600	
Subtotal Maint & Repairs (Arch thru Uniform)	49,431	46,595	2,836	65,250	32%
Contingency	0	15,000	-15,000	20,000	
AM+G -- roof and façade completion	22,453	22,500	-47	0	
Carpet and painting	8,375	0	8,375	40,000	
Intercom replacement	5,145	5,000	145	0	
Mailbox replacement	0	0	0	15,000	
Water meters for commercial space	5,642	-5,642	11,284	0	
Subtotal Construction/Capital Projects	(E) <u>41,615</u>	<u>21,858</u>	<u>19,757</u>	<u>55,000</u>	<u>32%</u>
Total Expense	<u>1,313,819</u>	<u>1,237,908</u>	<u>75,911</u>	<u>1,380,985</u>	<u>5%</u>
Tax rebate for 2003				\$68,421	
Net Operating Income/(Loss)	(F) <u><u>-\$72,832</u></u>	<u><u>-\$9,971</u></u>	<u><u>-\$62,861</u></u>	<u><u>\$956</u></u>	

Footnotes:

- (A) Commercial rent was underpaid in 2002, per managing agent (Tudor).
 - (B) Maintenance was \$5.04/share/month in 2002. It is \$5.18 in 2003.
 - (C) Overage for 2002 reflects 2001 legal fees billed in 2002 + extra payments for legal fee defense.
 - (D) Co-op was billed for 2 years of water/sewer usage in 2002 due to broken meter.
 - (E) Overage for 2002 due to sub-meters (\$5,358) + carpet invoice (\$8,375) paid in 2002 not 2001 as anticipated.
 - (F) \$367,467 payment was made to Ken Newman for his legal fees in 2002. This figure not included above.
- In 2002 \$370,000 was lent to the co-op by the board at no interest. It was repaid in January 2003.
- During November, \$85,000 was placed on deposit at National Cooperative Bank in anticipation of the mortgage refinancing that took place in January 2003. Actual cash at the end of December was \$75,893 excluding the NCB deposit.