

Working Toward Common Goals Avoiding Board/ Sponsor Conflict

By Liz Lent

Nothing worth doing is ever easy. That rule of thumb certainly applies when it comes to the creation of co-ops and condos. Whether constructing a new building or converting an existing one, it can be a tricky business. The person or group establishing the co-op or condo must solve a whole flurry of issues before the first resident ever sets foot in the building. His or her partners in this adventure—those brave souls who sign on to be the building’s first board members—have their own interests in mind as well, working together to try and create a place that they can call home.

For sponsors and board members, good intentions abound. There may come a time in even the best sponsor/board relationship, however, when trouble arises and the two find themselves at odds. The best way to prevent these problems - Know what to expect...

In these first months or years, “Its important that sponsors are on the board so that they can conduct the business of trying to sell those remaining units,” says attorney Adam Leitman Bailey of Adam Leitman Bailey PC in Manhattan. By working hand-in-hand with residential board members and others invested in seeing the successful launch of the co-op or condo, the sponsor has a good chance of creating a welcoming and functional environment for new and prospective residents...

It’s good to have an attorney review the initial offering document in order to make sure they build it to the specs they’ve made,” Bailey says. It also helps when residents first move in to have an engineer inspect the building to find or note any problem areas that may need to be repaired either then or at a later date. This initial information will help determine what the reserve fund will be.

