

**Attorneys****Partner**

- Ronald B. Kremnitzer

## **Partner Ron Kremnitzer Quoted In Real Deal Article About Condo Fees**

Partner Ronald B. Kremnitzer, Co-Chair of Pryor Cashman's Real Estate Group, was quoted in the February 2008 issue of *The Real Deal* in an article entitled "Low fees for new condos? Think again – Fees escalate as buildings juggle deluxe amenities, rising costs and ballooning payrolls."

The article by Abby Luby points out that until recently, condo fees have generally been modestly low compared to the maintenance charges at co-ops, which has made a good selling point. However, new construction condos that offer amenities (such as health spas, dry-cleaning services and pet grooming) not only come with hefty price tags at closing time, but increasingly also come with rising monthly common charges.

According to Kremnitzer, "a big piece of the co-op maintenance is the building-wide mortgage, but then again, an individual condo mortgage is usually bigger." He noted that condo common charges combined with condo real estate taxes are typically lower than comparable co-ops, but the condos usually sell for more money. "Now when you go get an individual condo mortgage as opposed to a co-op loan, you generally have a bigger mortgage and pay more interest. The prices for both condo and co-op really are a wash-out, the difference being the purchase price and the ongoing price."

Kremnitzer advises his clients who are buying condos to find out what the projected charges will be over the years. "We look at condo minutes — find out if there have been things like leaks or complaints. But one of the most important things we look at is how much money is the condo holding in the bank, how financially successful the building is. We like seeing a building hold three to six months or more [worth of common charges] in reserve."

Kremnitzer told *The Real Deal* that if a building's budget is \$1 million a year to cover labor, insurance, fuel and normal repairs and is generated solely from common charges, the building should have at least \$500,000 in the bank. However, it's a matter of striking the right financial balance, because some people get nervous if a building holds too much in the bank. "Now they have credit lines and much thinner tax reserves."

To read the entire article, please [click here](#).