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Q & A

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Conflicting Views on Sponsor Status

Q *I have been a co-op owner for the last seven years and am getting some conflicting information from the management company and the co-op board. Management is stating that I am still a “sponsor unit” or “holder of unsold shares.” As a result, I’m billed for separate “sponsor assessments” that other shareholders do not have to pay. The board’s position, however, is that I am not a “holder of unsold shares” and as a result, I cannot sublet without board approval. How do I resolve this?*

A “It is possible for a sponsor to owe certain assessments to a co-op corporation that are not levied upon other shareholders,” said Alexander Suslensky, a Manhattan co-op and condo lawyer. Such an arrangement may have been agreed upon either at the time of the conversion or as a result of other events, for instance as part of a settlement of litigation between the sponsor and the co-op. Being designated a “holder of unsold shares” often means the owner has special rights, like the ability to sublet without board approval. “There is obviously a discrepancy in the records of the cooperative corporation’s managing agent and its board of directors,” Mr. Suslensky said. “And the agent and the board must reconcile their positions.” Since the agent is hired by the board, in most cases the decision of the board would override the position of the agent.