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Owner Occupancy



It can be. There are many co-ops and numerous condos where the sponsor, that is the developer of the project, still owns units. In most cases, if the sponsor no longer controls the Board, or if the sponsor does control the Board, but manages the building well, having a sponsor presence is not necessarily a bad thing...with two exceptions. First, there will be rental units in the building. The objectives of renters and owners are just not the same. Secondly, banks have significantly revised the owner occupancy guidelines to determine whether or not to lend in a particular building. If the sponsor has a presence greater than 50 percent, and with some banks, even a lower percentage, a potential buyer may not be able to obtain financing in that building. This issue is of particular concern to new construction projects where the sponsor has only sold a few units. It is essential that you understand how large the sponsor presence is in the co-op or condo, to make sure that your bank will underwrite a loan in that building.

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