

Five Ways a Co-op Board Protected Its Building from a Shady Managing Agent

By Matthew Hall



Photo by Lorenzo Ciniglio

George McGrath, board president of Forest Hills South Owners

Sept. 24, 2015 — **George McGrath**, board president of the posh co-op called **Forest Hills South Owners**, says his board has maintained a "trust but verify" policy for many years. That legacy includes a simple but effective list of processes when dealing with building finances and management companies.

The board's policy is as follows:

- Insist any operating account is held separately to avoid commingling of funds with accounts from other buildings (illegal, but practiced by Richter).
- Maintain control of your reserve fund.
- Only make transfers between reserve funds and operating accounts when bills are to be paid.
- Make regular reconciliations between your accounts – look at all the bank statements and bills every month.
- Don't become complacent.

"When you see something out of whack, you have to press management, press people who were involved, and ask what really happened," says McGrath. "Make sure you are comfortable with the explanation."

Forest Hills South dumped Charter Management as the police swooped. The co-op could have been at the center of a crime story. Instead, it has become more of a love story. Forest Hills South signed up the **Lovett Group**, a management company that supervises roughly 12,000 apartment units in 70 New York City buildings. That relationship has become a **textbook case of exactly how to run your cooperative or condominium. The board is full of praise for Lovett and vice versa.**

When Lovett arrived, the co-op faced major capital investments. Roofs and aging elevators needed to be replaced in all seven buildings. In addition, the board recognized that evolving dynamics in New York's real estate market meant general improvements were required to keep the curb appeal of its buildings, so the co-op added an indoor gym for residents. All these challenges could have been big problems, but because of the savvy, hands-on board, it turned out to be business as usual.

"The board has its eye on the mark. It makes it easy for us," says **Bob Amato**, account executive with Lovett. Company owner **Ken Lovett** adds that, in his experience, some boards get tripped up by focusing on the minor things. "I had one board president tell me once that his board 'majored in minors.'" Forest Hills South is different, he notes, observing that the board concentrates on the big picture and gets involved: "We had to sit and listen and feel around the property and then work out a game plan. They had their list and we had ours. We went back and forth. The lists cost money to fix. They were in fairly good financial shape but they are now in better financial shape."