

Refi Bonanza at Park Plaza Co-op

By Bill Morris



The Park Plaza Co-op in Rego Park, Queens, opened in 1962. »

Ines Guerra doesn't believe in luck, dumb or otherwise. She believes in being alert, being informed, and being ready to jump on an opportunity when one appears.

So it should come as no surprise that Guerra, president of the board at the 446-unit Park Plaza Co-op in Rego Park, Queens, was all ears when Mitchell Unger of the building's management company, the Lovett Group, came to the board with enticing offers from two lenders. By refinancing its underlying mortgage for \$19.5 million with Investors Bank, the board was able to kill three birds with one stone. It lowered its interest rate from 3.4% to 2.75%, reduced its monthly payments by \$12,000, and pumped \$600,000 into a reserve fund that had taken a hard hit when a Local Law 11 facade project ran way over budget. For good measure, Investors Bank, holder of the original mortgage, was willing to shave \$185,000 off the prepayment penalty.

"It was excellent timing, and we jumped on it," says Guerra, a real estate broker who has served as board president for the past six years. "The main goal was to replenish our reserve fund. You have to be sure you can afford to pay for work that needs to be done."

Robert Ginsberg, the board treasurer, adds that the benefits didn't stop with the rejuvenation of the reserve fund. "To us," he says, "reducing our monthly payments on the loan was huge."

With the extensive repairs to the two buildings' facades, balconies, terraces and railings almost complete, the board now has the freedom – and the money – to turn its attention to future projects. The six-member board is made up of people with varying expertise, in the fields of real estate, technology, engineering and finance, and they have developed a wish list of future projects. "We have a board that's responsive to the shareholders," Ginsberg says, "so we didn't have to bring the shareholders into the conversation about how to spend the refi money. We always have things on the back burner."



These include upgrades, and possible replacement, of the four elevators, repairs to the indoor walkways, possibly adding a gym or community room, and repairs to the original plumbing system, which is nearing its 60th birthday in buildings that opened in 1962. "Those are things that we would not have been able to think about without this infusion of fresh money at a lower interest rate," Ginsberg says.

But the board is not in a rush to attack these projects. "We don't need to spend the money right away," Guerra says. "We'll spend it carefully."

This is where the property manager can help. "New York City has mandated many capital improvements with local laws, energy, carbon footprints, so forth and so on," Unger says. "It is management's job to propose and help the boards prioritize these projects."

But first you have to have the money. Ginsberg advises boards to follow the lead of the Park Plaza board. "If you can do a refi that lowers your interest rate and your monthly payment and gives you extra funds," he says, "then I recommend it for any board."

Guerra's advice to other co-op and condo board members has nothing to do with hoping for good luck. "Be alert," she says. "And be ready to take advantage of opportunities when they're presented to you."