

# Owners: It's time to review your property's many filings and agreements—Are they up-to-date?



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Like many things to do in the new year, it is time to sit down and review your property's many filings and agreements.

Are all your required filings (fire department, police department, municipality, insurance company, etc.) up to date? Are you sure your Insurance covers you for replacement value and up to code losses?

Often overlooked, with devastating impact on an owner, are management contracts with your management company. Do not forget any contracts you may, or should have with your employees.

Management contracts can be as simple as a two-page letter of understanding to a complicated 20-plus page, written agreement. Obviously, if you self-manage your property, your emphasis should be on employee contracts. Have you done background checks on them? Do they have criminal records that may affect their responsibilities and subject you to a law suit? Do they have financial problems that may affect their overall judgment and affect your relationship with tenants or other employees? In our litigious society, it is as good a time as any to discuss your employment matters with an employment attorney to make sure you do not violate any

laws or rules, and to make sure you are protected. Your insurance company may have guidelines or classes (workplace violence, harassment classes) or courses or materials to go over with employees.

Written management contracts are essential between owners and their management companies and staff and, like you should be doing with your employees, a detailed background check on your management company and employees is essential. The Internet is a powerful assistant in any background search you may undertake. A blocked social website may mean bad or inappropriate behavior. Police and fire departments require their candidates to open their social media accounts for review.

Items of importance in a management contract include, but should not be limited, to:

1. Specific details as to the responsibilities of each party. As to:

a. The length of the contract. Always avoid automatically renewing contracts, of any kind.

b. What are the manager's fees for their management or rental duties.

c. Set limits on size of a contract or a check that the manager can enter into or sign without your authority.

i. Even though they should provide you every month with copies of any agreements or checks they entered into or signed, regardless, you should demand to know before they are signed or entered.

ii. Perhaps a \$1,500 limit on

checks, unless in the regular course of business, like payroll or monthly service contracts.

1. In today's day and age, anything can be anywhere by overnight delivery in a day or reviewed by you moments after sent by e-mail. It takes only a few moments to review but hours to deal with lost, stolen or missing money.

d. Who handles common charges or other pass along billing to tenants for the premises, if any.

e. Advertising parameters and billing requirements for events.

f. Rental and renewal parameters.

i. Don't forget your lender may have specific requirements you must meet.

g. Parameters as to entering any contracts with outside vendors and providers.

i. If you're not interested in seeing them you should have a designated party (lawyer, senior VP, etc.) review them before signed.

ii. Supervisory responsibilities over those outside vendors and providers.

iii. Do you have a W-9 on file?

iv. Do you have a current copy of their insurance and has the policy been verified?

h. Duties and responsibilities as to hiring, firing or managing employees.

i. Responsibilities as to ordering and supervising repairs and services and their providers as the work is done.

j. Reports and notices.

i. Old fashioned mail/e-mails.

k. Where (if at all) are security

deposits are to be deposited, and maintained?

l. What is the amount of the reserve fund, if any? And where is it on deposit?

m. Responsibility for required disclosures to tenants, suppliers, etc. (if any).

n. Who is responsible for obtaining and making sure all permits are current?

o. Who keeps track of and annually shops insurance policies and other annual contracts to compare pricing?

Also, include:

2. Specific contact people for each side for any designated or specific issue or emergency.

3. Excellent insurance naming you, the owner, and any individuals involved as additional insureds for any negative or negligent acts or actions by the management company.

4. Is your money in a segregated account?

a. Do you have instant access to the information?

b. When and how will you receive your money?

c. Does the management company stay current on the latest tools, such as automatic check machines? As a note, this author still believes that hand delivery of checks and important information to banks is the safest course of conduct.

d. Is your information properly stored?

i. Hard copies in fireproof safes or filing cabinets only.

ii. Everything backed up multiple times and every day.

e. Is the management company safeguarding all personal information that they have on your tenants as well? If not, you can be held responsible for breaches or theft of that information.

f. Is your money insured—by both the managements' insurance policy and banks'—while being held by the management company?

5. Are you assured exactly who and what credentials your specific property manager (now or in the future) will have?

a. If you require or want someone specific, that must be indicated.

6. How are notices given between the parties?

7. Fees and responsibilities for overseeing improvements or repairs?

a. For owner vs. tenants.

This is a semi detailed list of items to be considered in any management contract. Consult your attorney immediately to discuss. If any of these are not in your current contract, move immediately to rectify that. Like any good athlete, it is not unfair for you to request mid-contract modifications if the management company doesn't want you to be a free agent at the end of the existing contract, if there is one.

Happy New Year.

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## New safety law affecting apartment buildings and hotels goes into effect in early 2017



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On December 14<sup>th</sup> in Brownsville, Brooklyn a 1-year-old boy living on the 13<sup>th</sup> floor of 260 Mother Gaston Blvd. died when flames broke out in his high-rise apartment building.

On December 17<sup>th</sup> fire broke out on the 11<sup>th</sup> floor of a 31-story apartment building located at 2111 Southern Blvd. in the Belmont section of the Bronx, killing a woman.

On December 27<sup>th</sup> without warning, a four-alarm fire erupted on the Upper West Side at 515 West 59<sup>th</sup> St. caused by careless use of a candle cited by an FDNY official. Twenty-four people, including four firefighters and an 8-year-old girl, were seriously hurt.

Also on December 27<sup>th</sup>, a fast-moving blaze ripped through a four-story apartment building in Kips Bay at 122 Lexington Ave. Thankfully no residents were injured or killed, but

two dogs belonging to a resident died.

Tragically, serious injuries and deaths in multifamily, residential buildings are thematic. Evidenced by these sad events, heartbreaking incidents occur with regularity and without warning. Thankfully the FDNY has taken new steps and made new measures to help improve the safety of people living in multifamily apartment buildings in New York City.

New York City residential property owners and managers must be aware of a new local law requirement affecting their properties.

In June of 2016, The New York City Fire Department (FDNY) adopted a new rule which has become a brand new New York City safety law:

3 RCNY §505-01, which makes very specific new requirements for apartment and guest room identification signs along with directional markings and exits signs. All apartment buildings and hotels in New York City must comply with this new requirement for apartment door markings and other signs by March 30<sup>th</sup> of 2018. However, if your property

contains any duplex or triplex units, the property is required to comply much, much sooner. Occupancies with multi-floor dwellings (duplex, triplex) units must install these new markings by March 30, 2017.

This new safety law has set very specific standards and requirements for the design and placement of entrance door room number and letter markings for dwelling units. The law applies to all apartments, guest rooms and sleeping rooms in occupancy groups R-1 and occupancy group R-2 buildings as well as installing building additional lobby and hallway corridor directional signs and exit signs.

The idea behind the law is that building owners mark apartment entrance doors with very specific emergency markings that serve to assist firefighters, first responders and building occupants to identify apartment numbers in smoke conditions that obscure the regular (eye-level) apartment door numbers signs.

Citing specifics from the rule, "The marking of entrance doors with emergency markings serves to better facil-

itate firefighting operations, thereby providing a greater level of safety to firefighters and building occupants. The fire emergency marking enables firefighters to identify apartment numbers in smoke conditions that obscure the regular (eye-level) door numbers. Such identification ensures firefighters can more quickly conduct search and rescue operations. Additionally, the fire emergency marking for multi-floor dwelling units will make it possible for firefighters to ascertain whether they are entering the lower level of an apartment, rather than the upper level of an apartment, where temperatures may be unsafe."

The fire emergency marking also assists in identifying apartments that are joined horizontally (such as adjoining apartments that have been combined into a single dwelling unit).

Specific required symbols and apartment numbers must be of a specific size and materials. All of these signs must be either photoluminescent or retro-reflective. The entrance door markings and signs have the further

design requirements: All letters and numbers shall be sans serif, not less than one-half inch in height, and shall use Arabic numerals and/or English alphabet capital letters. All signs are low-mounted and must be placed no higher than 12" inches from the floor at each entrance that has the apartment number.

"This is so when we are crawling on the floor, we can find the apartment," said FDNY spokesman Frank Dwyer. "We must have as much information as possible."

Property owners and managers are advised to take heed to abide by this new safety requirement as soon as possible. This low-cost measure will help control the response to a blackout, fire or smoke emergency and possibly help prevent loss of life.

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