

# Staying Ahead Of The Compliance Traps

By Aida Gashi, R.E.M. Residential



In our dynamic NYC real estate industry, there is an inordinate amount of items on a landlord's and/or property manager's checklist that requires constant attention. Apart from the more obvious ones that come to mind such as collecting rent and addressing repairs, for example, there are the more subtle ones like violations which can take on an almost insidious way of coming to your attention.

What with the many ways that notices of violations, permit expirations and cure date deadlines can go unaddressed because the parties responsible may have been unaware to begin with, what is one to do? At R.E.M. Residential, a property management firm specializing in rentals, based in Midtown Manhattan, the solution was twofold. First, it was to turn to the almost panacean use of technology then creating a compliance division for all the properties managed, helmed by Maria Guzman.

There are many different city agency websites and others, which can be hard to navigate so it is understandable that some landlords might be hesitant to rely on them for full reports and information. In fact, with the preponderance of "e-this and that" indicating electronic-only filing and computerized services, the lack of human interaction and access to quick answers can lend itself to misoneism on the part of landlords. However, at R.E.M. Residential, having found the right sources and compliance monitoring firms, we have easily turned this around and give a resounding yes to technology.

When you have a compliance monitoring company sending you steady streams of alerts regarding complaints, expiration and cure date warnings, nothing will fall through the cracks. There have been occasions when vital mail correspondence has not been delivered in a timely fashion for several reasons: change of office address, mailed to the premises in question and not the management or landlord's office, etc.) This can prove to be a difficult hurdle when addressing the violation and attempting to cure it due to the time sensitivity.

However, when one is provided with an instant e-mail notification, it eliminates many of the obstacles to getting said violation corrected. There are instances where human error can create a morass of problems for an unsuspecting landlord. One example of this is when a building number is incorrectly entered into the system (for example 171 instead of 177) and misleading and incorrect notices are sent to the wrong building.

This causes an unnecessary burden upon the innocent party to prove this violation does not exist and is in error. However, it is

essential for it not to be ignored and swept under the rug for when refinancing or MCI adjustments come along, this will show up. The issue of potentially rising insurance premiums is also tantamount. With the help of the steady monitoring, this unfortunate albeit frequent problem can be quickly eradicated.

If a violation alert comes through the system, the compliance department immediately notifies the respective property manager for that building. To ensure complete transparency, R.E.M. Residential also has landlords on the e-mail alerts and has them included in every correspondence from the compliance monitoring company.

The next step is, of course, to investigate the veracity of the claim. If action needs to be taken, it is now done quickly and at a significantly lower monetary rate. In the example of emergency repairs, city contractors are dispatched to the site to complete the repairs. These contractors are not selected by the landlord, do not go through the usual step of bidding on a job and are very expensive. By having ample notice, management can send their own trusted contractors to take care of the repair and not have to worry about the landlord getting charged exorbitant rates.

Another way that a compliance department, in conjunction with a violation monitoring program, can be invaluable is through streamlining and consolidating the requisite responses to the Environmental Control Board (ECB) and the Department of Buildings (DOB). With the former, one must attend a hearing, show proof of action to address repairs and pay in fines.

The latter issues violations but one must respond to both agencies in the case of a DOB violation. By staying on top of and getting all fines, permits and certified proof in order and not having anything fall through the cracks, compliance monitoring proves to be a major asset.

In NYC property management, having a competent compliance department can save a huge amount of time and money for both managers and owners alike. The many rules and regulations and red tape can be tricky to maneuver successfully and with positive results but with the concomitant technology in having violations overseen and kept track of efficiently, it becomes seamless and beneficial to all involved.

*Aida Gashi*  
R.E.M. Residential  
36 West 37<sup>th</sup> Street, 8<sup>th</sup> Floor  
New York, NY 10018  
Tel: 212-260-8060  
[www.remm.com](http://www.remm.com)