Mel — NY Commercial Building

Partner oversight summary — my advice to you, Mel. You own a share of this building, but you don't run it day to day. Here's how you protect yourself: get the paperwork on a schedule, watch a handful of numbers every period, and check the debt yourself instead of taking their word for it.

My rule: If it isn't in writing, on schedule, and matched to the bank statements, it didn't happen.

1 GET THE PAPERWORK, ON SCHEDULE

EVERY MONTH OR QUARTER

- **Rent roll** — ask them for it every period: who rents each unit, the rent, lease dates, and who is behind
- **Profit-and-loss statement** — make sure it shows income and costs for the period and year so far, vs. budget
- **The real bank statements** for every building account — the actual statements, not a summary; the income has to match the money that went in
- Ask who owes rent, and for how long. Get receipts for large or unusual costs, and a list of every payment over $2,500
- **Pay-out statement** — make sure it shows how much went out, to whom, and the math tied to your share

EVERY YEAR, PLUS ONCE

- The tax return and your **K-1** — the yearly tax form for your share; it has to match the statements and pay-outs you saw during the year
- Get the year-end balance sheet, next year's budget, insurance details, and tax bills with proof of payment
- And once, if you don't already have them: the partnership agreement, management contract, every lease, and the latest valuation

3 ASK THE TWO OPERATORS

- Walk me through last month's figures, line by line — what went up, what went down, and why?
- Who is behind on rent, by how much, and what is the plan for each one?
- What did you pay yourselves — fees plus work by your own companies — at what prices?
- What big repairs are due in the next 12 months, and what will they cost?
- Any new borrowing, fines, lawsuits or claims since last time?
- Are taxes and insurance paid? Show me the receipts. What is the building worth today, and why?

2 WATCH THESE NUMBERS

- **Rent collected, not just rented** — look at rent actually paid vs. rent billed; a building can be fully rented and still not collecting
- **NOI (net operating income)** — money left after running costs, before loan payments; then the **cash left after loan payments** — that's what can actually be paid out to you. Compare both with last year and the budget
- **Cash-on-cash return** — your yearly pay-outs divided by the cash you put in; that's your real return
- **Costs as a share of income** — watch this one: costs creeping up while income stays flat is a slow leak
- **Reserves** — make sure money is being set aside for the roof, heating, elevator and facade work
- **Lease risk** — check how much rent ends in the next 12–24 months, and whether any one tenant is too big a share

4 CHECK THE DEBT YOURSELF

Don't stop at asking them — this part you check yourself, directly or through your own lawyer or title company:

- **Title search** — order one; it shows every recorded loan, lien and judgment. In NYC: ACRIS, the city's online property records. Elsewhere: county clerk
- **Loan statement from the lender itself** — balance, rate, payment, end date, payments current? It has to match the balance sheet they gave you
- **UCC search** — check the state list (NY Dept. of State) of loans backed by the business's assets or rents
- **Taxes and city records** — confirm taxes are paid and current, with no tax liens and no open fines or violations
- **Insurance details** — look at who's named there; every lender listed is one the insurer knows about
- **Ask in writing:** “List every loan on the building — lender, balance, payment, end date.”
- And read your partnership agreement: can they borrow on their own, without you? If yes, that's the clause I'd tighten.

! RED FLAGS

- Watch for this: reports arrive late, the format keeps changing, or answers get vaguer
- Figures or pay-outs that don't match the bank statements, your K-1, or your share
- Vague “repairs” costs growing with no receipts; cheap rents to connected tenants

5 RIGHTS TO LOCK IN

- Get read-only access to the bank accounts and books, and a written report package by a fixed date each month
- Make sure they need partner approval first for: new debt, big leases or costs, and deals with companies they own
- Hold a yearly all-partner meeting, and have your own accountant or lawyer check the books and title every year or two

That's my summary of the full Partner Oversight Checklist. It's guidance from me, not legal advice — the partnership-agreement and lien questions are worth one session with your own NY real estate attorney. — Brent

The Doolan Group
LUXURY REAL ESTATE ADVISORS
Brent M. Doolan · (561) 400-9276 · thedoolangroup@gmail.com · www.TheDoolanGroup.com