



Hello Shareholders of Glen Oaks Village:

On the March 2007 maintenance bill there is a special assessment which the board had approved with the 2007 budget in November. This special assessment was discussed in detail at the Shareholder Budget meeting in November. It was also disclosed in a flyer that was delivered to all households, a separate budget mailing to all shareholders and also in the news section of our website. It should come as no surprise to anyone. In fact at our November shareholders meeting the unanimous consensus of those present was that this was a preferable way to raise revenue than a permanent increase to the base maintenance. For most shareholders, the out-of-pocket cost of this special assessment should be \$0 or close to it. So in an effort to stave off scores of phone calls to the office we have prepared this FAQ notice. This is a complicated subject but we will do our best to explain it here.

WHY A SPECIAL ASSESSMENT? This special assessment was approved by the board of directors as the least financially onerous way to raise additional revenue to run the co-op. The board felt that since most shareholders will receive a tax credit equal to the assessment thereby negating the effect of the assessment; that this was a better approach than a permanent maintenance increase that everyone would have to pay every month.

WHAT ARE THESE TAX CREDITS AND WHO IS ELIGIBLE FOR THEM? The credits consist of two separate tax credits; a NYC Tax Abatement credit and a NYS STAR credit which are issued by the City and State respectively. Although the co-op corporation pays these taxes on behalf of its owners, we are required by law to pass them through to individual shareholders. To be eligible for **BOTH** credits, you need only complete the NYS STAR application form once (not necessary to file every year). There is no income requirement so all are eligible. To complicate things, the state has created an Enhanced STAR which does have income requirements and is worth more than the basic STAR but must be applied for every two years. These forms are available at the management office or on our website. The STAR credit is given for your primary residence only, so if you have more than one apartment you still only receive one STAR credit. The credit goes to the apartment of record on the date set by the state. If you moved out of your apartment you are out of luck unless you filed a new STAR form with your new address before the deadline. If you moved into an apartment and the previous owner had filed then you are in luck, at least for the current year. To be eligible for the NYC Tax Abatement credit you need to have filed the STAR application form. So filing the STAR application really makes you eligible for both credits. You are entitled to the abatement on up to 3 apartments, but if you own more than 3 you receive NO NYC Tax Abatement credit on any of them. So big landlords generally have a hefty out-of-pocket expense since they must pay the assessment on all their apartments but don't get the off-setting credits. If this all sounds complicated, it is. It all could have been simplified had the city and state simply reduced the co-op property taxes by the amount of those credits. We have to deal with this stuff everyday and base our budgets on these complicated formulas.

HOW ARE THESE TAX CREDIT AMOUNTS DETERMINED? The STAR credit is \$204 (the Enhanced STAR credit is \$383) for all unit types and is determined by NYS. The NYC Tax abatement is determined by the city and unlike the STAR credit it is not a fixed amount but is determined by the number of shares of your primary residence. Oh yea, there is one additional complication; if you are eligible for the STAR credit the city reduces your Abatement credit by 17.5%.

HOW IS YOUR SPECIAL ASSESSMENT DETERMINED? Every shareholder owns shares of stock in the co-op. The number of shares are determined by the size of your unit. All assessments and monthly maintenance fees are based on a per share rate that is set by the board. So if the special assessment rate for the STAR credit is set at \$1.50 per share and you own a lower A unit (104 shares), your special assessment is \$156.00. If you own a lower H unit (160 shares), your special assessment is \$240.00. But remember the STAR credit is \$204 for All units. So in this case if you owned an A you would have a positive cash flow of \$48.00 but if you owned an H, you would have a negative cash flow of \$33.00. It would be great if we could set the assessment based on the type of unit you own so everyone would come out equally. But here's the rub, according to NYS law all co-op shares must be treated equally. This means we cannot charge an H unit a different per share amount then we charge another unit. So what the board has done is to set the rate so that everyone is as close to breakeven as possible. This is another example of where good legislative intentions (treat all shares equally) hurt individual shareholders (denying co-op boards the ability to set variable rates when appropriate).

WHAT DOES THIS ALL MEAN ANYWAY?

Hopefully now when you look at your bill and you see the special assessment is a bit more or less than the off-setting credit, you understand why. Finally, remember that all board members are subject to the same fees and assessments as everyone else, so we are very sensitive to these issues. The board will continue to keep maintenance as low as possible and we have an excellent track record at this. But it does cost money to operate a co-op and besides keeping costs in check which the board does very well, its only other options are to cut spending, institute special assessments, raise maintenance or a combination of these. We think we have made the right choices and decisions for the majority of shareholders living here. We hope you agree. Email us at govonyc@aol.com or check out our website www.glenoaksvillage.com. -The Board of Directors-