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DO YOU NEED TO REGISTER YOUR PROPERTY?

Are you the owner of an apartment building containing at least six (6) rental units? Or do you own two (2) three-family houses which share common facilities (i.e. roof, water, sewer, utility lines, etc.)? If so, and your property is located in New York City or Westchester County, New York's Rent Stabilization Code may require you to register the property, as well as the individual rental units, with the Division of Housing and Community Renewal ("DHCR"). Your failure to file proper and timely annual rent registration statements can prevent you from legally collecting an increase in rent above the last-registered rent amount, can subject you to penalties, and can also delay or prevent a sale or refinance of the property.

Generally, the Rent Stabilization Code ("RSC") applies to properties built prior to January 1, 1974, which contain six (6) units or more. However, there are exceptions which can release a property owner from having to register with DHCR. For instance, an occupied apartment becomes exempt if the legally-regulated rent for that apartment exceeds \$2,000.00 and the tenant's total annual income exceeds \$175,000.00 for a period of two (2) years. Further, any apartment with a monthly rent of at least \$2,000.00 becomes deregulated when it becomes vacant so long as the property owner files a report of decontrol with DHCR.* An apartment may also be exempt if, following serious deterioration to the building, the property owner replaces seventy-five percent (75%) of the building-wide and individual housing accommodation systems.

If no exemptions apply, a property owner must file registrations with DHCR by completing and mailing DHCR an Annual Registration Summary (Form RR-2S), as well as an Annual Apartment Registration Form (Form RR-2A) for each rental unit, prior to July 31st of each year. A completed copy of Form RR-2A must also be provided to the tenant. These forms may be found on DHCR's website: <http://www.dhcr.state.ny.us/Forms/Rent/>. The information required for completion of these forms includes: (1) the name of the property owner, (2) the address of the building, (3) the number of units within the building, (4) the legal regulated rent charged as of April 1st of the year of the registration, and (5) a copy of the lease in effect on April 1st of the year of the registration.

As stated above, failure to file registration statements can prevent or substantially delay the sale or refinance of a property. Potential purchasers of rental properties generally and justifiably request to see DHCR registrations for the previous four-year period before entering into a contract of sale. Potential purchasers want to make sure the rent being charged is legal; they do not want to buy a property that may be the subject of lawsuits by tenants who file rent overcharge complaints with DHCR. Further, lenders generally refuse to provide financing to Purchasers if DHCR records are not available because of owner's failure to file the required registrations. Thus, it is in the best interest of the owner of rent stabilized property to timely file the DHCR registrations annually.

James G. Dibbini & Associates, P.C. has extensive experience in DHCR matters and can assist you with all DHCR issues, including annual registrations, defending against tenant complaints for loss of services or rent overcharge and completion of major capital improvements applications. Do not expose your company or yourself to rent overcharge claims or to a roll-back of tenants' rents. Call or email us today for more information on how to be in compliance with DHCR.

* Currently, proposed legislation is before Albany which, if passed, would affect these exemptions as it is meant to expand rent regulations and severely undercut owners' abilities to raise rents quickly.

Disclaimer: The information provided is not intended to be legal advice, but merely conveys general information related to legal issues commonly encountered.

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