



Things Change Even in Fee Conversions

By Michael Pang

Change is certain for most things in life. It's no different in fee conversions where just about everything, including prices, laws and attitudes, change. Your association has just asked its fee owner to sell and the response was "not interested in selling" or "NO!" Is that the end of it? Only if you want it to be.

Most of our recent fee conversions involved fee owners (sellers) who were once reluctant to sell. What happened? What changed their minds? A few of the many reasons are:

- Change in personal circumstances (divorce, death, need for cash, etc.).
- Philosophical change.
- Better understanding of investment.
- The next generation is more willing to sell.
- The price offered increased to an acceptable level.

Eventually, most leasehold apartment owners should get a chance to convert their apartments to fee simple ownership. The dynamics of residential leasehold make it advantageous for both the lessor to sell and lessee to buy. However, when, how, and at what price will be entirely up to your fee owner, unless your association proactively seeks its fee conversion. Some general tips to keep in mind are:

1. Don't give up - keep trying; asking or making offers, but not so often as to harass or irritate your fee owner
2. Be respectful and understand that they probably have a very different perspective on things than you do.
3. Get as much information as possible to help you craft an offer or sale concept that might interest your fee owner.
4. Be ready when opportunity arises.
5. Be patient. Eventually most things change.

"No" at one time often changes to "yes" later. Be proactive so you have some input as to when, how and at what price it might happen.

About the author: *Michael Pang is the Founder, President, and Principal Broker of Monarch Properties, Inc. (MPI) and has been involved in representing clients in buying, selling and managing (renting) their residential properties since 1986. In 1991 MPI began developing expertise in the field of condominium and co-op projects in fee conversion and lease rent negotiations. He has been active in these markets for over 20 years and can be reached at 735-0000, fax: 735-4400, email: realty@mpi-hi.com and website: www.mpi-hi.com.*