

Real Estate

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Q & A

A Sublet Fee in a Co-op

Q I sublet a studio co-op in Manhattan. When renewing my lease this year and last, I was asked to pay a \$50 fee to the realty company in addition to a fee of \$250 to my broker. Is this the norm when renewing leases in co-ops? ... Edward Seeling, Manhattan.

A Howard Schechter, a Manhattan co-op lawyer, said that while there is no norm for imposing fees when subletting co-ops in New York, it is common for the co-op's proprietary lease to make the shareholder responsible for expenses that the co-op might incur in processing the request for the sublease.

"The typical proprietary lease prohibits subleasing unless the board gives its consent, and permits the board to impose conditions to obtain its consent," Mr. Schechter said. "And this has been construed to permit the charging of fees related to the sublet."

In many cases, he said, the shareholder will usually try to pass these expenses on to the subtenant through a provision in the sublease. "It sounds like the \$50 fee is an administrative fee charged by the managing agent for handling the paperwork connected with the renewal," Mr. Schechter said. "And the brokerage fee is likely based on an agreement made between the broker and the subtenant or the shareholder when the sublet began."

Such an agreement, he said, should be in writing. "If the fee was to be a one-time charge, or if the subtenant never agreed to pay a further charge for a renewal, then the \$250 might not be due from the subtenant."