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The Art & Science of Collecting Arrears

Stephen Lasser · Saturday, July 24th, 2010

Another advantage co-ops have over condos is their priority over bank loans in order of payout in a foreclosure, says attorney Stephen M. Lasser of the Condominium & Co-op Group in the New York office of Stark & Stark, where he is a partner. “In a condo, the mortgage gets paid first,” says Lasser. “If the owner doesn’t pay their common charges, it doesn’t really affect the lender. So the lender has no incentive to pay the common charges.”

A co-op, on the other hand “has a statutory lien,” explains Lasser, “and that has priority over the bank. If somebody doesn’t pay their mortgage in a co-op, in most cases the bank will step in and pay the arrears in order to prevent their lien from being wiped out if the co-op sells the apartment.” Download PDF

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