



SITUATION #2 CASE STUDY

Commercial Property
EXTREME MAKEOVER
Safety & Health
Issues

As receiver – renovated building to achieve positive cash returns

Problem:

Safety & Health Issues/Litigation/Loss of Rents & Income. 156 Greenwich Ave., a mixed-use commercial property was in violation of building codes. The Greenwich Building Dept. & Health Depts had condemned it for carbon monoxide issues, and 'no heat' complaints from tenants. The partner/owners were involved in litigation over the mismanagement of the property.

Need:

A full-service property mgmt company to fix the safety & health code violations, represent in litigation, renovate the property, market and fill vacancies to improve cash flow.

Solutions:

The Court appointed Pyramid as receiver for the property in early 2005. Pyramid took the following actions.

1) Maintenance:

Pyramid's Maintenance and Construction Department was on the job immediately, remedying any and all health & safety issues. With most units vacated, they went to work upgrading the common areas to improve the building's showing to prospects and help retain future renters. The apartments were also renovated so they could be rented out more quickly, and at a higher price. **Over the last 3 years, thanks to the increase in rental income, Pyramid has been able to replace the building's 30-year old leaking roof, and the 20-year old unsafe heating & air conditioning units.**

2) Brokerage:

Tenants had vacated the units because of deferred maintenance. **Pyramid marketed and rented out the units at higher rents.**

3) Court expert Witness :

Attorney Steven Frederick from Wofsey Rosen Kveskin & Kuriansky represented Roberta Tunick one of the partners in the property. He had Russell Munz of Pyramid and Ed Axelrod, Ms. Tunick's accountant based in Darien, CT, serve as expert witnesses when the case went to trial. Munz undertook forensic accounting from 1996-2004, recreating income and expenses for the property by reviewing previous leases, town tax records and costs from accounting records for similar properties Pyramid managed during that time. **The court ruled in favor of Mrs. Tunick.**

Results:

"Pyramid took a building that had been mismanaged in every way and they really straightened everything out," says one of the owners, Ms. Roberta Tunick. Roberta had not received money from the property since 1996 until Pyramid got involved. Her first distribution check was sent in October 2006.

How we did it summary...

Corrected property mgmt problems to increase profits.

- 1.) Pyramid appointed as receiver for property due to litigation between partner/owners, Pyramid acted as expert witness when case went to trial.
- 2.) The Court awarded owner \$992,783 plus attorneys' fees in Jan 2008 based on Pyramid's forensic accounting.
- 3.) Pyramid fixed building code violations, renovated all 4 vacant apts. and fixed water leaks by replacing roof, fixed heater & A/C replacing the roof top units.
 - *"Pyramid took a building that had been mismanaged in every way and they really straightened everything out."* Roberta Tunick
 - Roberta had not received money from the property since 1996 until Pyramid got involved. She received her first distribution check in Oct. 2006.