

The New York Times

Real Estate Q&A

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Lender Says No to Co-op Sublet

By JAY ROMANO

February 2, 2012

Q. *I want to sublet my co-op apartment in Chelsea, and I know that paperwork must be submitted to the management company to get approval of my subtenant. The co-op board also requires a letter from the bank stating that it approves. But the bank said it would allow a sublet only if I was called up for active military service, died or had an extreme medical emergency. Because I bought the unit to be “owner-occupied,” it says it can restrict my ability to sublet. Is this right?*

A. “The co-op corporation is correct in stating that it will not allow the sublet without the lender’s consent,” said **Adam Leitman Bailey**, a Manhattan real estate lawyer. But a “recognition agreement” between the lender and the co-op contains language to the effect that the lender’s approval shall not be “unreasonably withheld.” **Mr. Bailey** said the writer should check the “security agreement” that he signed with the lender at the closing to determine whether the lender may restrict subleasing.