

LARCHMONT HILLS OWNERS, CORP. SHAREHOLDERS NEWSLETTER

DECEMBER 2011

**LARCHMONT HILLS
OWNERS, CORP.**

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Larchmont Hills Refinances Mortgage Establishes New Reserve Fund

On September 30, 2011 Larchmont Hills Owners Corp. successfully refinanced the building's mortgage. The new mortgage amount is \$2,850,000 @ 4.25%. The mortgage term is for ten years, the industry standard. The mortgage provides for amortization (Reduction in principal). When the mortgage matures in August of 2021, the balance will have been reduced to \$2,264,132.

By taking advantage of the lower interest rate environment, the net cash proceeds from the refinance to Larchmont Hills Owners Corp. is \$888,372. Larchmont Hills also settled a Real Estate Tax Certiorari proceeding against the Town of Mamaroneck this year that resulted in a reduction in our Real Estate Tax bill and a cash refund of \$57,535 for taxes paid from 2003 – 2010. That means Larchmont Hills has now established a new Reserve Fund of \$950,000!

This is a tremendous financial accomplishment for Larchmont Hills. The funds from our new Reserve Fund can be used for Capital Projects and major building improvements.

2012 Operating Budget

Enclosed is a copy of the 2012 Larchmont Hills Operating Budget. The 2012 budget provides for a 3% increase in the monthly maintenance charges effective January 1, 2012.

The increase is necessary as a result of the additional mortgage interest expense from the mortgage refinance and to offset our high energy costs that far exceeded our budget forecast for this year.

Oil Prices Locked

The Board and Managing Agent have been very diligent in looking for other oil suppliers that offer discounts for large volume users. Larchmont Hills has established a new business relationship with Hess Oil. Hess Oil is the largest supplier of heating oil in New York. In order to head off another increase in maintenance charges or a possible assessment in 2012, the Board has contracted with Hess Oil for the 2011 – 2012 winter heating season. This allows us to budget oil at \$3.00 per gallon for 2012.

Building Repairs

Plumbing by far has been the single largest repair expense in 2011. We had to deal with a leak on the main gas service to the building that involved Con Edison, along with numerous plumbing leaks between apartments and within the walls of the building. Larchmont Hills was built in 1926. As the building ages, so does the plumbing infrastructure. The only way to deal with the plumbing issues is on a case-by-case basis since the building cannot be replumbed in its entirety.

Hallway and Lobby Improvements

As announced earlier in the year, the Board hired an interior designer, Linda Negrin, to develop a makeover of our lobbies and hallways. New brighter light fixtures have already been installed in the upper hallways and we have had a very favorable response from many residents.

No other formal plans for the upper halls have been approved, however a design is being developed that includes new wall paper, repainting of all apartment doors, ceiling moldings and possibly carpeting the floors.

East Wing Lobby - Work is underway in the east wing lobby. A custom painter was brought in by our designer that has already done a beautiful job in repainting the fireplace and lobby ceiling with colors that accentuate their architectural highlights. A color scheme has been selected to repaint all of the apartment doors. The lobby will be completed with a new chandelier, light fixtures and carpeting.

The Board believes that carpeting the lobbies and hallways will be a major improvement to the building. Many of the upper hallway floors have cracked tiles that cannot be replaced. Carpeting would create a very warm, elegant look to the hallways and would eliminate the use of carpet mats at the apartment door.

The carpet under consideration will be installed in the upper hallway of the East Wing lobby only at this time. The purpose is to see how well the carpet stands up. The new commercial carpets today are designed for high traffic areas. The manufacturer of the carpet is Masland, who is a well-respected large producer of commercial carpeting. The carpet can stand up to rain and snow. Pedro has told us that in his opinion, carpeting is easier to maintain than our tile. Masland carpet has been used in our elevators for years and has stood up well to the constant traffic and weather conditions.

The Board is committed to maintain the beautiful "Mediterranean" and Spanish style of the building and welcomes feedback from the shareholders once the East Lobby is completed.

Shareholder Apartment Repairs and Maintenance

Shareholders are responsible to maintain the interior of their apartments including the interior walls and floors. There has been more than one occurrence when a leak developed between apartments and the cause was poor maintenance of the bathroom interior wall or floor tile. In that situation the shareholder whose tile was in disrepair would be responsible for damage to their neighbor's bathroom. If you accidentally overflow your sink or bathtub, the shareholder that caused the damage would be responsible. Another example is a refrigerator ice maker or a dishwasher. Ice makers and dishwashers can leak thereby causing damage to apartments below. Again, the Shareholder who owns the equipment would be held responsible for any building damage. It is very important and required that all Shareholders purchase and keep in force an apartment insurance policy. The insurance policy, which is required by the Co-op, would pay for damages to your apartment and would pay for neighbor's damage as well.

Heating Oil to Gas Conversion

There is a big push in heating industry in New York to convert buildings that burn fossil fuel to convert to natural gas. Natural gas is cleaner, better for the environment and more energy efficient.

Hess Oil has an Energy Services Division that specializes in gas conversions. Our managing agent has met with representatives from Hess who will engage, at no cost to Larchmont Hills, an engineering firm to determine the feasibility and costs to convert Larchmont Hills to a natural gas heating system. Hess Oil has the capability to finance this type of capital improvement and sells natural gas which over the last three years has been less expensive than oil. A future conversion to natural gas or a dual fuel heating system could be a win-win for Larchmont Hills and could potentially lower our annual heating expense.

Fireplace Safety

Working fireplaces are a wonderful amenity to have in the building but can also be dangerous. Residents should be extremely careful when operating their fireplace and take the following precautions:

- Make sure the fireplace flue is open all the way.
- Never leave a fire unattended.
- Never try to cook anything in the fireplace.
- Use a metal mesh screen to contain sparks from the fire.
- Use a supporting grate and place the logs to the rear of the fireplace against the back wall.
- Use of Duraflame logs to start your fire will heat up quickly and create good draft.
- It is recommended that you purchase a safety glass door and enclosure.
- Have your fireplace cleaned. We recommend Mr. Chimney (914) 777-8200.
Expect to pay around \$200.00.

Larchmont Hills 2011 Sales

In spite of a difficult economy and soft Co-op market, three apartments have been resold this year and we would like to congratulate and welcome the following new shareholders to Larchmont Hills.

Elizabeth Cooney	5-G
Marie Claude Pepin	6-J
John and Eileen Fitzgerald	5A

Pedro Rivera and Manuel Marroquin do an outstanding job maintaining Larchmont Hills. The building is kept beautifully and we all appreciate their daily efforts, attention to maintenance issues and hard work. Plus, as always, we are proud that our Holiday Lights always shine bright and we hope make your Holidays at Larchmont Hills just a little bit brighter.

Best wishes for a Merry Christmas, Happy Hanukkah and a Prosperous and Healthy New Year!

