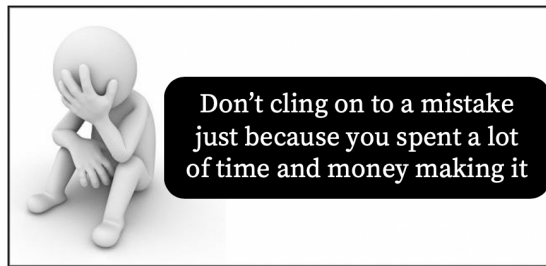


## OPINION

By Your Neighbors,  
Courtney and Jaime  
101 Clark Street



## TRANSPARENCY

Have you heard the subconscious psychology of the “**Sunk-Cost Fallacy**” effect and phenomenon?

1. The phenomenon whereby a person is reluctant to abandon a strategy or course of action because they have invested heavily in it, even when it is clear that abandonment would be more beneficial.
2. “The sunk-cost fallacy creeps into a lot of major financial decisions.”  
(<https://dircompartners.com/en/the-sunk-cost-fallacy/>)

## Cadman Towers Neighbors, We *Still* Have 3 Options!

**The FACT is even “Full Privatization,” and other options are NOT Off the Table “Forever!”**

The main issue at Cadman Towers Mitchell-Lama, in Brooklyn Heights, is a new \$60MM+ debt, which some shareholders say was an “unnecessary overspending.” The second is communication and transparency.

We know that in five or seven years, with or without Mitchell-Lama or Article 11, **our monthly maintenance will likely rise beyond \$3,500 to \$5,000** if the existing debt and unforeseen repairs are not addressed with options.

Three options remain available before shareholders vote to “Semi-Privatize” into an HDFC Article-11. **However**, once becoming an HDFC, the other two options are gone for 99 years. That is a fact; that is the contract, according to the letter of the agreement called the “Proxy Statement.”

Furthermore, the critiques from many about this contract are that:

1. **The “fine print” of the contractual Regulatory Agreement will not be provided until AFTER we sign the contract.** At the Annual Meeting, a board member actually asked to compare, “How many read the Regulatory Agreement before moving into Mitchell-Lama?” You could hear the murmur in the audience. Do we *not* typically read a TV or computer’s Warranty ‘in full detail’ ***only if and when*** the product needs repair?? Purchases usually come with the implied promise of the warranty provided in the box, and we file it, not read it in detail. Yet, who buys any expensive product without the *implied promise* of an existing warranty?? No one! Our Mitchell-Lama is broken, and we need the fine print in the new proposed terms—BEFORE VOTING!
2. The Board and Building are **prohibited** from making financial projections to see if projected revenue outweighs losing the security of Mitchell-Lama.
3. Without those needed projections, the proposed “revenue stream” is supposed to come from the standard “8 to 12” vacancies that happen each year. Reportedly, each of those living here now would pay a 50% flip tax. However, NO flip tax will be collected if a shareholder bequeaths (“in their will”) their apartment to a qualified family member, domestic partner, or roommate, “living with them for two years.” This begs the question, ***“Who, having an eligible family member, domestic partner, or resident living with them (existing or future new buyers), will NOT write up a ‘Legal Will’ to include ‘loved ones’ and avoid the flip tax??”***
4. Henceforth, future shareholders will only pay a 3% flip tax if they move out—unless they, too, bequeath their apartment to an eligible family member, domestic partner, or resident living with them.

5. **THIS “FLIP-TAX” MODEL WILL NOT WORK!** Shareholders do not need the Board to make these financial projections. One does not even need a degree in Mathematics. Points 3 and 4 above say it all. Current and future shareholders alike will try to leave their apartment to a loved one. Only those without eligible family members, domestic partners, or residents living with them will bring in any revenue—maybe one or two per year. Here is that projection: 50% of \$200k is \$100k, and 3% of \$100k is \$3k. ***Do the math—it does not add up with the inheritances!***
6. **Let’s look at affordability** An incoming family of three currently requires a **minimum** income of \$40k/yr. Under the proposed terms of this Article 11, a family of three will need a \$150k/yr. income. These numbers are presented by proponents of the plan in several other ways and optics, but the stark reality is that this is the spread for a family of three—an average \$110k “six-figure” difference.
7. On top of the above Six (6) points, there are six (6) additional critiques/concerns outlined by the “Committee to Preserve Cadman Towers” (at [www.bit.ly/CPCT3-23](http://www.bit.ly/CPCT3-23)), plus a total of “25 Special Risks” outlined by the Attorney General within the Proxy Statement (PART 1, page 1). These are all beyond the scope of a one-page handout. Yet, it remains highly recommended that all shareholders carefully examine each of the three-dozen additional concerns shared by all these sources.



CPCT3-23

With all this concern, rushing this vote works against all three options, including Article 11. Many of us are saying, “This vote needs to be postponed.” There are too many questions and uncertainties that cannot be answered in a couple of months of splintered divide-and-conquer meetings, with no Regulatory Agreement and prohibited from making Financial Projections. Everyone is going to see through all this, and not enough votes will be cast. And a non-vote is a “No” vote.

**By leaving the 3 options on the table** we will all be able to discuss the best way to address the \$60MM loan and upcoming repairs.

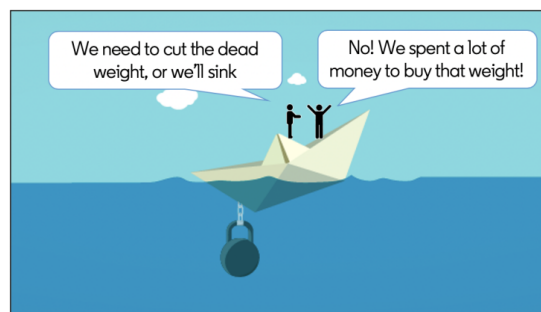
**(1.)** The option to fully privatize is NOT off the table! Speaking with attorneys, who concur, “any agreement can be argued before Judges, with appeals, even using class actions and hardships” to rescind a ten-year-old, 35-year agreement once the debt is paid or refinanced. **Full Privatization IS NOT “OFF THE TABLE FOREVER!”** That is a spin to be argued in a Court of Law first.

**(2.)** The option to remain Mitchell-Lama promises that we may continue to lobby and pressure elected officials to follow through with the promise of affordable housing while waiting for other Coop-Mitchell-Lamas to lead the way. “Why do we have to be the first?” many are asking!

**(3.) Without financial projections and the fine print of a Regulatory Agreement upfront** to fix our broken Mitchell-Lama, the current Article 11 proposal needs time and further negotiation to make it work. For the reasons above and the other items in #7 above, **THIS DOES NOT WORK.** “One would have to be very naïve” to think all these uncertainties are going to stack up to save our ship. **We even CAN Fix Article 11 if we wait!**

## OPINION

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FAQ  
Questions to Ask

**Leave all 3 Options on the Table by Voting “NO” this Time Around on Article 11!**

*Or demand a postponement of the Vote to include a Full Regulatory Agreement and permission to make Financial Projections beyond one year.*