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By KATHERINE DYKSTRA

When Tom Mangne entered his co-op board interview, he thought he'd anticipated everything.

Blake Callaway opted for a co-op over a condo because it offered him a better value.

He'd secured a mortgage for the $450,000 Hudson Heights apartment he wanted. He'd submitted his tax returns. He'd forked over his credit card statements. He'd done everything the board had asked. But it wasn't quite enough.

Halfway through the meeting, the board wondered if he would mind putting one year's maintenance into an escrow account.

"I was not expecting that," says Mangne, who works at a law firm.

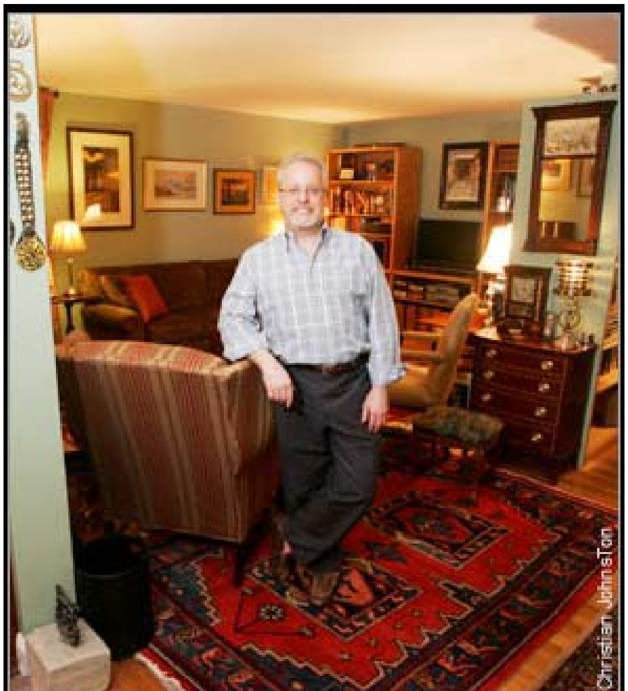
Fortunately for Mangne, he had the money and was able to go ahead with the deal. But not all buyers have been as lucky.

As the economic climate has grown darker and stormier, co-op boards have become increasingly skittish. Many boards have taken a magnifying glass to applications, scrutinizing every investment and every transaction - and increasing the measures with which they ensure a buyer is financially sound. Measures that some buyers simply can't meet.

"I've heard of far more circumstances of turndowns," says broker Joyce Mincheff of Coldwell Banker Hunt Kennedy. "Or a board coming up with a requirement such as additional escrow."

Manhattan Apartments broker Lisa Chin-Tostes agrees, adding, "We weren't seeing that at all a year ago."

In fact, the rules have changed. Boards now have less faith in the value of stock portfolios. In some cases, potential buyers are being asked for financial records that go back six months, rather than the month or two that was common a year ago. And some boards are requesting a second set of financials just before the signing of a contract to ensure that no nest egg or job has disappeared since the buyer initially made the offer.



IN CHARGE: During his board interview, Tom Mangne was asked to explain a number of high credit card purchases. He told the board that he planned on passing the interview, and the buys were for new furniture for his apartment.

"Someone in my office recently got a 40-page application. I've never seen this before, and I've been in the business for 20 years," says Rick Wohlfarth, principal of brokerage Wohlfarth and Associates.

Sutapa Chattopadhyay, with the help of Manhattan Apartments broker Joseph Tedeschi, recently closed on an apartment in 220 E. 57th St. for her son Ayan.

"We had to get three letters of recommendation each," says Chattopadhyay. "Nine letters" total for Chattopadhyay, her husband and her son.

What makes this even more remarkable is that Chattopadhyay and her husband didn't take out a mortgage. They paid in full.

But despite all the new hurdles, co-ops have actually become more attractive to buyers than they were last year.

One reason many first-time buyers have favored condos in the past is because of the low down payments, sometimes as low as 5 percent. But in today's market, many banks want buyers to put more money down. And many condos are now requiring 20 percent down, just like a co-op would.

("No one can get 90 percent financing. The people who can't get through a co-op board and wanted a condo, they're just not buying," says Prudential Douglas Elliman broker Stefani Pace.)

Add to that the fact that co-ops are generally cheaper than condos. According to Prudential Douglas Elliman's third-quarter market report, Manhattan co-ops were priced at an average of $1,056 per square foot, while condos came in at $1,334. Plus, they don't come with the uncertainty of a new-construction condo, where a lack of buyers can lead to a stalled project.

A LITTLE GIVE: A board let Julia Hanes rent her future co-op from her seller for a few months before closing, so she wouldn't move twice.

Yes, co-ops do tend to have higher monthly charges than condos, but a portion of that maintenance is tax-deductible. This, Core Group Marketing broker Ryan Fitzpatrick says, can also make co-ops more affordable than condos.

And because most buyers are well aware that many sellers are desperate, negotiation has become standard.

"Most buyers, when they go to make an offer, they believe they should make an offer 5 to 10 percent below asking price," says Mincheff.

Well aware that his wasn't the first offer the seller had accepted (the last candidate hadn't been able to pass board inspection), Blake Callaway bid $50,000 under the $600,000 asking price for a one-bedroom co-op at 333 E. 53rd St. The seller came back at $575,000. Callaway agreed.

And when Julia Hanes and her broker, Lesley Steiner of Century 21 NY Metro, found her co-op at 430 E. 87th St., it was listed at $249,000. But Steiner knew that the price had been chopped by $16,000 since it was initially listed 34 weeks before - and that there might be more wiggle room. Hanes ended up getting it for $220,000.

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Even further, Coldwell Banker Hunt Kennedy broker Elayne Reimer notes, some buyers, who are forced to dive into their investment portfolios to come up with cash for maintenance and other board requirements, are going back to sellers to re-negotiate.

It's all a delicate balance for buyers and boards. According to Prudential Douglas Elliman's numbers, there were 2,472 co-ops on the market in the third quarter of last year. In the third quarter of this year, there were 3,360 - that's 35 percent more.

As Jorden Tepper, executive director of sales at Century 21 NY Metro, says, it's "basic supply and demand." More properties on the market should bring prices down, he notes.

"People in co-ops don't want to see their properties realize a depreciation in value," Tepper says.

So ultimately, those pesky boards will need to approve someone.