

# Co-op/Condo Requirements

**To be prepared to act in a speed appropriate to the New York City real estate market, it is suggested that you take these steps before your homefinding visit:**

Select a New York City Real Estate Attorney. They are utilized to close all real estate transactions.

Speak with a Mortgage Lender/Broker and obtain pre-qualification for a loan. This makes you more qualified in the eyes of the seller.

Review your credit report and remove all disputed claims. Reduce your debt, especially outstanding credit card balances.

Have at least 20-30% of the purchase price available in liquid assets.

For Co-ops, your total annual housing costs should not exceed 25-30% of your gross reported income and your total debt should not exceed 35-40% (except in the case of substantial liquid assets).

## **Board packages will require at minimum**

Personal and business reference letters, for which your Agent can provide examples  
Employment verification letters and/or paystubs  
Bank verification letter  
Brokerage Statements  
Net Worth Statement  
Previous two years of tax returns  
Mortgage loan application and commitment  
Landlord reference  
Credit check authorization

Condominiums sometimes require as much information as cooperatives. It is a good idea to have the above materials easily accessible.



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# Co-op, Condo, Townhouses, Houses

## Cooperative

Cooperatives, or Co-ops, comprise approximately 2/3 of owner occupied apartments in New York City. When purchasing a Cooperative apartment, one purchases shares of stock in a Corporation that owns the building and possibly the land beneath it. A stock certificate representing the purchased shares and a proprietary lease giving the right to occupy the apartment are conveyed at closing.

The size of the apartment and its amenities determine the number of allocated shares, which therefore determines the amount of maintenance. Maintenance covers the upkeep of common areas, staff salaries, as well as payment of real estate taxes and interest on any underlying building mortgage.

A Board of Directors, whose duty is to conduct the business of the Corporation and oversee the Management Company of the building, is elected from among the shareholders. Typically, the Board reviews the application of each prospective shareholder or lessee and presides over a personal interview prior to approving any purchase or lease. The Board has the right to approve or deny any applicant without cause.

Most Co-ops require shareholders to occupy their apartments as primary residences, however normally an allowance is made for one or two years of subletting. A prospective lessor is required to submit a formal application and personally interview with the Board for its approval.

Financing a cooperative purchase requires the use of a personal loan rather than a mortgage. The lending institution holds the original stock certificate as collateral, since the lien is actually against the shares. As with a traditional mortgage, the interest on the loan is tax deductible.

The Corporation establishes the amount of allowable financing, the most common amount being 75% or less. Some buildings stipulate 50% or no financing at all.

**Estimated time from accepted offer to closing:** 3-5 months to purchase,  
30 days to lease

## Condominium

The ownership of a Condominium apartment is similar to the ownership of a single-family home. A purchaser of a Condo takes title by deed for not only the apartment but also a percentage of the building's common areas. Each owner pays property taxes to the city and common charges to the Board of Managers for his/her individual units. Real estate taxes are deductible, however common charges are not.

The Board of Managers is elected by the Condo residents to oversee building operations and enforcement of the "house rules." The Board uses the common charges to pay employees, and to repair and improve the building.



# Co-op, Condo, Townhouse, House

## **Condominium (continued)**

Condos did not traditionally have an approval process, however in recent years, they have implemented a procedure whereby purchasers and lessors must submit an application. The Board of Managers reviews this application and must either approve the applicant or exercise the condominium "right of first refusal" to match the purchase price. Although uncommon, the option to purchase the apartment from the current owner, rather than have it transferred to the applicant, is available to the Board.

Most Condo policies toward subletting are considerably more lenient than Co-op policies. By allowing the right to sublet, Condominiums are often the best choice for investors. Lessors should be prepared to submit an application to the Board to receive approval.

**Estimated time from accepted offer to closing:** 2 - 4 months to purchase  
10-30 days to lease

## **Cond-op**

By definition, a Cond-op is a residential cooperative where the ground floor (typically commercial units) is converted into a separate Condominium owned by either an outside investor or the original sponsor of the building. Because the owner of the Condo is not the owner of the Co-op, the Co-op does not receive the benefit from the Condo income.

Cooperatives that operate in the style of a Condominium are commonly yet inaccurately referred to as Cond-ops.

## **Townhouse & House**

A purchaser of a Townhouse receives "fee simple" ownership of real property. The owner is responsible for payment of real estate taxes and maintenance and is solely responsible for approving the sale of the property.



# Step-By-Step-Buyers Guide

## Preparation

Speak with your Real Estate Agent about what you require of a home and a neighborhood. Defining the price range, size of apartment, and building amenities will give your Agent a good starting place for your search, but flexibility in any of these areas will increase your chances of locating a well-chosen home.

Please view the Co-op/Condo Requirements section for a list of items you will be expected to submit.

## Working With Your Agent

Fully disclose your financial situation and your preferences to your Agent. She/he will guide you to the apartment that best fits your parameters, thereby reducing the length of your purchasing process.

## Home Finding Visit

Your Agent will meet you at a predetermined location to escort you to properties matching your established parameters. Communicating your likes and dislikes to your Agent will help he/she locate the perfect apartment in the shortest amount of time.

The best time to view properties is Monday – Friday, 9am to 6pm, although it is still possible to view many things on evenings and weekends.

Although New York City does not have a formal MLS, all reputable firms share their listings, the process for which is overseen by the Real Estate Board of New York. What this means for our customers is that Halstead Agents have access to all available listings.

## The Purchase Process

### Offer

Submit a verbal offer through your Agent. An offer includes not only your preferences such as price, closing date, and included/excluded personal property (light fixtures, etc.), but also your qualifications as a buyer i.e.: current income, job description, net worth and debt status.

### Contract

Once the seller accepts your offer, the seller's attorney supplies your attorney with the contract. Your attorney will review the contract with you which, after execution, must be returned to the seller for signature accompanied by a 10% deposit to be held in escrow until closing.

Until both parties sign a contract, a seller can accept another purchaser's offer. Instruct your attorney to proceed expeditiously.

Immediately apply for a mortgage. The loan process may take 30 days or more to complete and hinges on your ability to provide all the required financial documents to your broker/banker.



# Step-By-Step Buyer's Guide

**Board Package:** While awaiting your mortgage commitment, your Agent will assist you with completion of the Condo or Co-op board package.

Your completed package must be returned to your Agent within 10 days of receipt of the fully executed contract or 3 days from the date a bank commitment letter is received, whichever applies.

Both the application and the Net Worth statement should be typed.

**Interview** Upon review of your application, the board will schedule a personal interview. The Board's decision is customarily made known within 72 hours, however some Boards may take longer.

Meet with your Agent beforehand to prepare.

Upon board approval, notify your attorney who in turn will coordinate the closing date. This may take up to 2 weeks to schedule.

**Inspection** The day before or the morning of the closing, your Agent will accompany you to inspect the property. Make certain to check appliances, the removal of personal property and that the premises are in broom-swept condition.

**The Closing** At the closing, be sure to bring your driver's license or passport, checkbook, and all certified checks as instructed by your attorney.

**Cooperatives and Cond-ops:** Closing is normally held at the office of the building's management company. In attendance are you, your attorney, the seller, the seller's attorney, the lender's attorney, a representative from the management's transfer department, and the real estate Agent(s).

Checks representing the balance of the purchase price and adjustments are exchanged for the keys to the apartment.

**Condominiums and Townhouses:** Closing is normally held at the office of the seller's or lender's attorney. In attendance are you, your attorney, the seller, the seller's attorney, the lender's attorney, the title company closer and the real estate agents involved.

Checks representing the balance of the purchase price and adjustments are exchanged for the keys to the apartment or house.

**Move In Day** Speak to your Agent or the management company regarding the move-in policies of your building. An appointment is often required.



# Building Terms

**Pre-War Buildings** are those built before World War II. These buildings tend to be less than twenty stories and are recognized for features such as larger rooms and/or windows, hardwood floors and high ceilings. These can be doormen or non-doormen.

**Post Wars** are larger buildings than Pre-War, built between the 1950's through the 1970's. Most will have doormen. They can be found on most city blocks constructed of white, red or brown brick.

**Modern Buildings** are generally built from the 1980's through the present and tend to be condominiums. They are mainly hi-rises with doormen and/or concierge services. Many will feature a health club and/or pool within the building.

**Loft Apartments** are usually large open spaces with high ceilings and big windows. They are predominantly located in the downtown neighborhoods and seldom have doormen.

**Brownstones or Townhouses** are usually 4 to 6 stories and are either single-family homes or have been converted into multiple apartments (usually one per floor). Generally, these buildings offer a lot of charm with wood moldings, fireplaces and outdoor space; however, rarely doormen.

**Walk-up buildings** are no more than 6 stories and have no elevator and no doorman. They were originally constructed as multi-family housing. As one can imagine, the higher the floor, the less expensive the apartment.

**Studio** is one or two rooms combining a living room and sleeping area. The kitchen may be within the same room or separate.

**Alcove Studio** (or L-Shaped) is a one or two-room studio with a separate alcove, which can be used as a sleeping area or "walled off" to form a bedroom. Please note that any alteration to the apartment should always be discussed with the landlord.

**Convertible** (or flex) is an apartment with either an alcove that can be "walled off" to create an additional bedroom, or whereby the living room is large enough to split, making an additional bedroom while still retaining some of the living room space.

**Junior** is similar to a convertible in that it is typically an apartment with an alcove adjacent to the living room.

**Duplex or Triplex** are apartments with two or three floors respectively.

**Loft Area or Mezzanine** is an additional space created in apartments with very high ceilings. The loft area is usually constructed above the living room, accessible by a staircase or ladder and typically used for storage or sleeping space.

