

Buying Guide

Prospective buyers for a co-op must provide detailed personal financial data, tax returns, and professional reference letters to the board in order to be approved for purchase.

MAKING AN OFFER

This is how the bidding process typically works:

01. Your agent will submit an offer on your behalf to the seller's real estate agent, along with the presentation of your qualifications. This may be done orally or in writing.
02. Remember to inquire about the flip tax, as this is sometimes a negotiating point.
03. The seller may accept or counter your offer as part of a price negotiation.
04. In the case of multiple bids, your agent will work with you to structure a "best and final" offer that you are comfortable with.
05. The conclusion of the process will result in agreement upon the price, terms and closing date.
06. You and the seller will need to engage capable and experienced New York City-based real estate attorneys to prepare and review a contract of sale.

Once your offer has been accepted, you will enter the contract stage:

01. Your attorney will exercise "due diligence" by asking for certain key documents from the seller or their managing agent. These typically include: *Proprietary lease or offering plan* ▪ *The building's by-laws* ▪ *Statements of the building's financial condition*.
02. Following your attorney's review and approval, you will sign the contract of sale. At the signing, it is typical to present a deposit of 10% of the sale price.
03. The contract and deposit are forwarded to the seller's attorney, who will obtain the seller's signature.
04. Your deposit is usually held in the seller's attorney's escrow account until the closing date. Normally, any interest earned follows the principal.

Contract signing is followed by the process of board approval:

01. The seller's real estate agent provides you with the building's board requirements and application forms, which may include: *Application* ▪ *Signed financial statements* ▪ *Tax returns* ▪ *Bank statements* ▪ *Brokerage statements* ▪ *Personal and financial letters of reference* ▪ *Professional reference letters* ▪ *Contract of sale* ▪ *Bank financing documents (if financing)*.

“There’s something for everyone in New York.”

— *Stribling Agent*

02. Your agent will assist you in compiling the board package and send it to the seller’s agent, who will review it prior to submission to the building’s managing agent, who will present it to the building’s board of directors.
03. Upon review, the board may or may not ask for additional information. It may also turn you down. When all is in order, the board will arrange to interview you. Participants should be forewarned that the time lapse between submission of the board package and scheduling of the interview varies greatly from building to building, and from season to season. Generally, condominium buyers are not interviewed. If all goes well, official word of approval will come from the building’s managing agent, typically within days of the interview.

With the board’s approval, the final step is the closing.

01. The closing usually occurs in the office of the building’s managing agent. The exact date should be flexible to accommodate everyone (you, the seller, the attorneys, the banks, and the managing agent). It is best to allow for a potential delay of up to 30 days from the closing date specified in the contract.
02. Your agent will schedule a final walk-through inspection of the property for you, immediately prior to the closing.

ESTIMATED CLOSING COSTS FOR COOPERATIVE BUYERS

01. Buyer’s attorney (this varies): \$2,500
02. Bank fees (if financing: application, credit reports, appraisal, bank attorney, etc.): \$2,500
03. Mansion tax: 1% of entire price when the purchase price, inclusive of any transfer taxes paid by purchaser on behalf of seller, exceeds \$1 million
04. Lien search and UCC filing: \$425
05. Managing agent or co-op attorney: \$750
06. Maintenance adjustment: up to one month*
07. Short-term interest adjustment: up to one month*
08. Move-in deposit or fee: \$1,000
09. Flip tax (if any): generally around 2%**

*Prorated for month of closing.

**Flip taxes vary in amount and to whom they are payable (buyer or seller).



“Knowledge and energy are everything. New York is one giant battery and I make sure my clients and customers are plugged in at all times.”

— Stribling Agent

ESTIMATED CLOSING COSTS FOR CONDOMINIUMS & TOWNHOUSE BUYERS

01. Buyer’s attorney (this varies): \$2,500
02. Bank fees (if financing: application, credit reports, appraisal, bank attorney building questionnaires, etc.): \$2,200
03. Recording fees: \$200
04. Mortgage tax: 1.8% of amount of mortgage on loans under \$500,000 or 1.925% of entire amount of mortgage on loans over \$500,000
05. Mortgage title insurance: approximately \$200 per \$100,000 (if financing)
06. Title insurance fee: approximately \$450 per \$100,000
07. Mansion tax: 1% of entire price when price exceeds \$1 million
08. Miscellaneous title charges: \$500
09. Managing agent’s fee: \$500
10. Common charge adjustment: up to one month*
11. Real estate tax adjustment: one to six months**

*Prorated for month of closing.

**Expect to pay eight months’ real estate taxes combined between buyer and seller as an adjustment and escrow established by lender.

NOTE: When purchasing in a new development from a sponsor, the purchaser will typically be required to pay New York City and New York State transfer taxes (1.825%) as well as the sponsor’s attorney’s fee.