

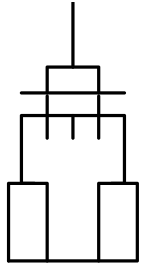
Buyer's Guide



COMPASS

Erez Rose

Owning a home in New York City



Know that there's no "right" time to buy.

If you find the perfect home now, don't risk losing it because you're trying to guess where the housing market and interest rates are going. Those factors usually don't change fast enough to make a difference in an individual home's price.

Remember your home doesn't exist in a vacuum.

Don't forget about factors outside of the physical attributes of your home including noise level, amenities, and what's in the neighborhood. These are factors that are equally as important to your happiness as the inside of your home - and many of these can't be as easily changed as a wall color.

Accept that no home is ever perfect.

If it's in the right location, the apartment might be a bit smaller than you had hoped. The kitchen may be perfect, but there is no laundry in unit. These are things that can be renovated in the long term.

Plan ahead.

Don't wait until you've found a home to get approved for a mortgage, look for an attorney, or consider a moving schedule. Being prepared will make your bid more attractive to sellers.

Don't try to be a killer negotiator.

Negotiation is definitely a part of the real estate process, but trying to "win" by getting an extra-low price or refusing to budge may cost you the home you love.

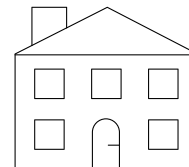


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Erez Rose

How to Buy a Home



01

Find An Agent

Contact, Erez Rose, your real estate agent who is knowledgeable about the neighborhoods you're considering and can help guide your search.

02

Get Pre-Approved

Before beginning your search, your first step is to get pre-approved for a mortgage loan (unless you will be paying in cash for the full price of your home). We can connect you to a mortgage broker. Based on your income and credit history, the mortgage broker will determine how much the bank will lend you, which will help you determine the price range for your search.

03

Visit Properties

Attend viewings and open houses spanning a range of areas and property types. Now is the time to consider your ideal home's location and amenities.

04

Negotiate

Reach an agreement with the seller on price and terms. Once you have seen a home you like, you can put in an "offer," which is a non-binding agreement to pay a certain price for the home. If your offer is lower than the list price, the seller will likely return with a "counter offer" price, which you can choose to accept, reject, or make another offer. We will provide advice on pricing throughout.

05

Review

Analyze the contract of sale, building financials, and board minutes with your attorney. It's best to work with an attorney who specializes in New York City co-op and condo sales. Your attorney's job is vital to protecting your interests, and they have an incredible amount of paperwork to review on your behalf. Therefore, you want to select an attorney who is familiar with these transactions.

06

Sign Contract and Put Down Deposit

07

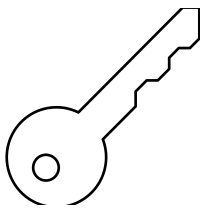
Complete Loan Application

Organize an appraisal with your bank.

08

Prepare Your Board Package

(If you are purchasing a townhouse, skip ahead to Step 10.) Co-ops are run by a board of directors, who will require a board package in order for you to purchase an apartment. A board package generally consists of financial documents including tax returns, bank statements, mortgage commitment from your bank, and letter of reference. After reviewing your package, the board will set an interview date. We will help prepare your board package as well as prepare you for your interview. While condos do not generally require board packages or interviews, you will need to present a purchase application that shows you are financially qualified to purchase the apartment



09

Board Approves the Purchase

10

Bank Issues Clearance to Close

11

Closing Scheduled by Attorneys

12

Final Walk-Through

13

Welcome Home!

Congratulations! You are now a homeowner.

KEY TERMS

APPRAISAL

Assessment of the property's market value, typically done for the purpose of obtaining a mortgage.

COMMON CHARGE

Monthly maintenance fee paid by condo owners. Property taxes are not included in the common charge.

CONTRACT DEPOSIT

A percentage of the agreed-upon purchase price paid by the buyer at the time of signing the contract.

CO-OP SHAREHOLDER

Owner of a co-op unit, since what they are actually purchasing are shares of stock in the co-op corporation.

DEBT-TO-INCOME RATIO

The percentage of an individual's monthly gross income relative to the amount of debt owed.

ESCROW DEPOSIT

Deposit of funds to be transferred upon completion of the deal.

FINANCIAL STATEMENT

A formal record of all your financial assets, debts, and liabilities.

FLIP TAX

A tax levied by a co-op and paid by the seller when a sale is made. They are designed to generate funds for the co-op's cash reserve.

MAINTENANCE FEE

Fees paid by co-op shareholders that contribute to building operations.

LIEN SEARCH

A background check on the property and the seller to ensure there are no outstanding debts or claims upon the property.

POST-CLOSING LIQUIDITY

The amount of cash the buyer must have on hand after deducting the down-payment and closing costs.

PRE-APPROVED

Advanced approval from a bank or other lending institution for a home mortgage.

PRE-QUALIFIED

Potential buyers provide an overall financial picture and mortgage brokers provide an estimate of what level of loan you will likely be pre-approved for.

RECORDING FEE

A fee paid to the local government to officially report a sale of a home; usually paid by the buyer.

TAX ABATEMENT

Newly constructed buildings sometimes receive abatements so that owners do not have to pay taxes on their units for a specified amount of time.

SPONSOR

The entity responsible for developing a new building or converting an existing rental building to a condo or co-op.

Co-op vs. Condo

There are a few key differences between owning a condo and owning a co-op. Owning a condo is like owning a house. Those who buy condos receive deeds and specified pieces of real estate, while those who buy co-ops maintain shares of corporations that own the buildings where their units are. Condos are typically more expensive from purchase to closing but provide more flexibility to the owner.

	Co-op	Condo
Supply	75% of NYC's housing. Built before 1980s.	25% of NYC's housing. Built after 1980s.
Estimated Closing Time	3–4 months after contract signing.	1–2 months after contract signing.
Approval Process	Very strict and thorough. Personal interview required.	Less rigorous—no interview. Quicker to approve.
Ownership Type	Indirect. Stock certificate and lease.	Direct. Buyer owns real property.
Taxes	Some tax deductions can be taken for owner's share. Taxes are included in monthly maintenance.	Owner pays typical homeowner taxes.
Renting Out Your Unit	Limited, based on building regulations.	Investor friendly.
Resale	New buyer must be approved by co-op board.	New buyer will rarely be denied.
Investor Friendly	Rarely.	Yes.

Co-ops

Closing cost estimates for the purchaser

	Fee	Estimated cost
Attorney		
	Your Attorney	Consult your attorney (~\$2,500+)
	Lien Search Fee	~\$350
Bank		
	Points	0%-3% of loan value*
	Bank Application, Credit Check, etc	\$400-\$600
	Bank Attorney	\$900-\$1,500
	Mortgage Origination Rate	0-3% of loan amount*
	UCC 1 Filing	\$125
	Appraisal	\$300-\$1,500**
Building		
	Board Package Processing Fees	\$500-\$2,000
	Credit Check Fee	\$100-\$300 per buyer
	Move-in Fee	\$250-\$500
	Move-in Deposit	\$500-\$1,000 (refundable)
	Maintenance Adjustment	Pro-rated for the month of closing
	Recoanition Aareement Fee	\$200-\$300
		Varies by building. Consult the cooperative's transfer agent & board package
Government		
	Transfer Tax Filing Fee	\$100
	Mansion Tax	\$1M to <\$2M: 1.00% \$2M to <\$3M: 1.25% \$3M to <\$5M: 1.50% \$5M to <\$10M: 2.25% \$10M to <\$15M: 3.25% \$15M to <\$20M: 3.50% \$20M to <\$25M: 3.75% \$20M or more: 3.90%

Condominiums

Closing cost estimates for the purchaser

	Fee	Estimated cost
Attorney		
	Your Attorney	Consult your attorney (~\$2,500–\$5,000+)
Bank		
	Points	0%-3% of loan value*
	Bank Application, Credit Check, etc.	\$400-\$600
	Bank Attorney	\$900-\$1,500
	Appraisal	\$300-\$1,500*
	Tax Escrow	~ 2-6 months of property taxes**
	Mortgage Recording Tax	1.8% of mortgage amount < \$500,000 1.925% of mortgage amount > \$500,000+
	Mortgage Origination Fee	~0 – 3% of loan amount
Building		
	Board Package Processing Fees	\$500-\$2,000
	Move-in Fee	\$250-\$1,000
	Move-in Deposit	\$500-\$1,500 (refundable)
	Common Charges Adjustment	Pro-rated during the month of closing
	Condo Credit Check	\$300-\$500 per buyer
	New Development	1% < \$500,000
	Residential NYC Transfer Tax*	1.425% < \$500,000+
		.
	Progressive NY State Transfer Tax*	.4% for residential transactions < \$3M .65% for residential transactions > \$3M

NYC & NYS Transfer Taxes are paid by the purchaser in case of a new development

*varies depending on lead product/program selected **varies based upon size of loan and lender

Condominiums

Closing cost estimates for the purchaser

	Fee	Estimated cost
Government		
	Recording Fees	~\$250
	Title Insurance	~0.45% of purchase price
	Municipal Searches	\$350-\$500
	Real Estate Tax Adjustment	Pro-rated amount depends on when the tax is collected
	Mansion Tax	\$1M to <\$2M: 1.00% \$2M to <\$3M: 1.25% \$3M to <\$5M: 1.50% \$5M to <\$10M: 2.25% \$10M to <\$15M: 3.25% \$15M to <\$20M: 3.50% \$20M to <\$25M: 3.75% \$20M or more: 3.90%
	Residential Deed Transfers Title	\$75
	Fee Closer	\$100-\$500
	Lenders Policy Title Insurance	Rates may vary



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